Why Asian firms are wary of social media

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Faced with a massive fridge recall in Australia last year, South Korea's LG Electronics did something bold: It tweeted about it.

By Western standards, the move may not seem particularly daring, but in an Asian culture where the fear of "losing face" underlies most decisions, it was nothing short of revolutionary. And it won the firm a crisis-management award.

LG's approach, however, remains the exception, as Asian businesses eye digital media warily. Only 40 percent of the region's top companies use branded media channels like Facebook and Twitter for corporate marketing purposes, compared to 79 percent globally, and just 12 percent have corporate blogs, compared to 33 percent worldwide, a recent survey by public-relations firm Burson-Marsteller found.

"The Asian multinationals are far more tentative and circumspect with respect to social media than their Western counterparts," said Bob Pickard, Burson-Marsteller Asia Pacific chief executive.

The reasons behind Asian firms' slow embrace of the digital world are numerous, complex and vary by geography and industry, but at the root, they are cultural.

Setting up a page on Facebook or launching a corporate blog gives a firm a "face" with its stakeholders, helping to make it seem more approachable, caring and responsive.

That's the upside. The downside, as many early adopters found out, is that when something goes wrong or customers are unhappy, having an online presence via a blog or a social-media site exposes the company to very direct and public criticism.

No wonder many brand executives mourn the days of the straightforward press release.

"Social media is agile and nimble and opens a conversation that makes people feel important to the brand," Pickard said. "But it can also be fluid and out of control. The risk of losing face creates a dampening effect on adoption."

The notion of control is key. It is precisely the uncontrollable aspect of social media that's discouraged many from giving it a try.

"The mentality in many Asian cultures is that you want to be in control," said Kenneth Hong, LG's global communications director. "And taking risks, such as changing your communication strategy, using digital more is, well, risky."

Further complicating the matter is the fact that Asian companies tend to be highly hierarchical organizations where experience and seniority often trump enthusiasm and creativity.

As a result, the executives presiding over strategic decisions such as that of developing a social-media presence are often the ones least equipped to do so, lacking an intuitive understanding of the medium and its benefits. And for fear of seeming ignorant, they will often shy away from broaching the topic in the boardroom.

"Behind these numbers and the low adoption of digital media are meetings where for 'face reason' social media are not embraced by senior people who may not have an instant feel for it," Pickard said.

Meanwhile, the incentive for brand managers to push for a social-media strategy is minimal, as the risks far outweigh the potential rewards in most cases.

"From their perspective, you can't be fired for doing TV. So you do TV, and you do print, and you reach 98 percent of the population without having to take a major risk," said Joe Nguyen, who heads Internet research firm ComScore's Asian operations.

The lack of a precise way to measure the impact of using these new channels doesn't help the case for a social-media strategy. While a company can track the number of followers its Facebook page has, establishing a link between that number and brand awareness, for instance, takes time and costs money.

"Since the market is relatively new, the firms are unsure of the return of investment," said Audrey Heng, a Singapore-based analyst with research firm IDC.

As a result, online advertising has been slower to grow in Asia than in other parts of the world. In Singapore, it represented only around 6 percent of total advertising spending last year. That compares to 24 percent in the U.K. for the first half of 2010, according to the Internet Advertising Bureau.

Still, there are positive signs. During the global economic downturn, digital spending accelerated in Asia, as budget pressures convinced many firms to give online advertising, which is cheaper than TV, a go. In Singapore, digital advertising spending jumped 26 percent to S$64.6 million (around $51 million) in 2009, according to the Interactive Advertising Bureau.

Though few Asian companies have jumped on the digital bandwagon, a handful have been extraordinarily successful at it.

One of them is airline AirAsia, which was one of the region's first companies to embrace online advertising as a cheap, flexible and efficient way to gain customers.

Its strategy is multi-pronged. The group uses its popular Facebook page, which has more than 800,000 followers, to advertise deals and answer questions. Roughly 13 percent of new visitors to AirAsia.com come via Facebook.

"We started our presence on Facebook in April 2009," said AirAsia Chief Executive Tony Fernandes. "We did it for various reasons, but the most important was because we wanted to humanize our brand."

The experience generates priceless insight for the company.

"When we advertise on traditional media, what we get is a monologue. We can't gauge what our audience are thinking," Fernandes said. "But when we advertise on social media channels, we create a dialog with our online audience. We get feedback on what they feel and think about our offerings by looking at the comments and the number of 'likes' and 'share.' "

AirAsia also has a well-written English-language blog that features daily, full-length articles about Asian destinations as well as contests inviting participants to share their travel experiences.

"AirAsia has always tried to be different," said Nguyen. "They're low-cost and at some point they figured out that their target group of young people with not a lot of money was mostly on Facebook, and they just went for it."

The airline's strategy has paid off partly because it's devoting permanent resources to the effort. A key reason Asian firms haven't had much success with social media is that, while they are keen to launch a blog or a micro-site in relation to a new product, they do not want to commit to a longer-term campaign.

"Once the campaign is over, they forget about it," said Nguyen. "The agency that handled it goes away and the people who followed the site stop doing so once it's not longer regularly updated."

What these firms need is skilled, dedicated, and often English-speaking staff. In the absence of that, the effort peters out quickly. The Burson-Marsteller survey found that 55 percent of branded social-media channels are inactive.

The same gradual desertion often happens with corporate blogs. The best Western ones, such as those of Caterpillar Inc., Starbucks Corp. or Oracle Corp., are updated frequently and reach well beyond product pushing. The AirAsia blog is updated daily and reads like a travel magazine. A recent post followed the author along Route 13, the only paved road running across Laos from north to south.

But again, this is the exception, Asian companies tend to regard blogs as a way to distribute content rather than a place to interact with followers. More often than not, the ability for users to leave comments is turned off.

There are countries where readers are more engaged than others, however. China and South Korea have the chattiest users in the region, according to Burson-Marsteller.

As for blogs run by CEOs, they are extremely rare in Asia.

"There are few superstar CEOs with a big personality," said ComScore's Nguyen. "CEOs of Asian companies are not that comfortable with the limelight. You don't see them expressing industry opinions. They tend to keep to themselves and run the business."

So how do you convince Asian companies to give Facebook and Twitter a swirl?

You show them what the competition is doing.

"Benchmarking is the most powerful tool," said Burson-Marsteller's Pickard. "We have a lot of Asian companies in our portfolio that are communicating overseas for the first time. You teach them that they must communicate in these markets in the ways that consumers there want to be reached."