

## **Social Media in the 2009 Inc. 500: New Tools & New Trends**

### **Conducted by:**

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The [Center for Marketing Research](#) at the University of Massachusetts Dartmouth recently conducted a new in-depth and statistically significant study on the usage of social media in fast-growing corporations. This new study revisits the Center's study of Inc. 500 social media usage for the third consecutive year, making it a valuable and rare longitudinal study of corporate use of these new technologies.

The new study compares adoption of social media over three years (2007, 2008 and 2009) by the Inc. 500, a list of the fastest-growing private U.S. companies compiled annually by Inc. Magazine. For details about the 2009 Inc. 500 and the complete directory of the included companies, please visit Inc. Magazine's website at [www.Inc.com](http://www.Inc.com).

In 2007, the Center's first study of this group and their use of social media was released and revealed that the Inc. 500 was outpacing the more traditional and larger Fortune 500 companies in their use of social media. For example, at that time, [some research](#) showed that 8% of the Fortune 500 companies were blogging compared to 19% of the Inc. 500. This difference continued in 2008 with 16% of the Fortune 500 blogging vs. 39% of the Inc. 500. And it appears the Inc. 500's lead in blogging will continue in 2009 with the Inc. 500 now blogging at a rate of 45%. (The update on the Fortune 500 is expected soon.)

As in the earlier studies, the 2009 study is the result of a nationwide telephone survey of those companies named by Inc. Magazine to the Inc. 500 list under the direction of researchers [Nora Ganim Barnes](#) and [Eric Mattson](#). All interviews took place in October and November of 2009. The 2009 list was released in the September issue of Inc. Magazine. In this third iteration, thirty percent (148) of the Inc. 500 participated, making this research statistically valid at +/- 7%.

This research proves once again that social media has penetrated parts of the business world at a tremendous speed. It also indicates that corporate familiarity with and usage of social media within the Inc. 500 has continued to grow in the past 12 months.

The respondents in this study, as in the first two studies, are diverse in industry, size and location. They include 5 of the top 10, 12 of the top 25, and 38 of the top 100 companies from the Inc. 500 list. The 148 companies who responded were asked the same detailed questions concerning their usage and measurement of social media that were asked of the Inc. 500 approximately one year and two years earlier. Questions probed the familiarity of respondents with six prominent social media (blogging, podcasting, online video,

social networking, message boards and wikis). In order to maintain the integrity of all comparisons, all those tools studied in the first two studies were included in this follow-up research. In 2009, several new tools were added including the popular microblogging service Twitter and other popular social networking sites like LinkedIn, Facebook, and MySpace.

In addition to questions about current usage, the responding executives were asked about their intention to adopt the social media technologies they were not currently using and about their perceived level of success with tools they were using now. The research question concerning the importance of social media to each responding company's marketing strategy was repeated in this third year of research in order to gain important trend data.

The latest version of the study also includes new questions on the use of social media tools for recruiting and evaluating employees as well as for communicating with stakeholders other than customers. More detailed questions about the responding companies' corporate blogs and social media policies were also included for the first time.

A few findings worth highlighting:

**Social networking continues to lead the way.** The technology that continues to be the most familiar to the Inc. 500 is social networking with 75% of respondents in 2009 claiming to be "very familiar with it" (compared to 57% in 2008). Another noteworthy statistic around familiarity is Twitter's amazing "share of mind" with sixty-two percent of executives reported being familiar with the new microblogging and social networking platform.

**The adoption curves for different social media technologies are not all the same.** Interestingly, while social networking and blogging have enjoyed growth in actual adoption, the use of message boards, online video, wikis and podcasting has leveled off or declined. The addition of Twitter (considered by respondents to be both a microblogging site and a social networking site) in the latest study shows that an amazing 52% of the Inc. 500 companies are already using this tool for their business.

**Regardless of the particular technology, social media matters and is here to stay.** Forty-three percent of the 2009 Inc. 500 reported social media was "very important" to their business/marketing strategy. And an incredible 91% of the Inc. 500 is using at least one social media tool in 2009 (up from 77% in 2008). In addition, as they ramp up their usage, the Inc. 500 companies are also seeking to protect themselves legally, with 36% having implemented a formal policy concerning blogging by their employees.

An executive summary of the data follows with more detailed information. To be added to the Center's email distribution list and receive notification of the most recent research and writings concerning social media, please email Eric Mattson ([eric@ericmattson.com](mailto:eric@ericmattson.com)) or Nora Barnes ([nbarnes@umassd.edu](mailto:nbarnes@umassd.edu)).



## Executive Summary

In 2007 the results of a groundbreaking study into the adoption of social media within the Inc. 500, an elite group of the fastest-growing companies within the United States, were released. As one of the first studies of corporate social media adoption with statistical significance, it proved conclusively that social media was coming to the business world and sooner than many anticipated. Since then, the Inc. 500 has been studied each year in an effort to look at longitudinal change in the adoption of these fascinating digital communication tools.

The companies who responded were asked the same detailed questions concerning their familiarity with, usage of and measurement of social media. The survey used in the 2007, 2008 and 2009 studies all ask a range of questions with regard to six prominent social media (blogging, podcasting, online video, social networking, message boards & wikis). Given the frequently uncertain definitions of these media, common understanding of each form was sought by providing definitions from Wikipedia.

The 2009 survey was expanded to include new tools that have emerged as popular channels for many businesses. For example, the social networking category was examined more specifically and data was collected on use of Facebook, MySpace, Twitter and LinkedIn.

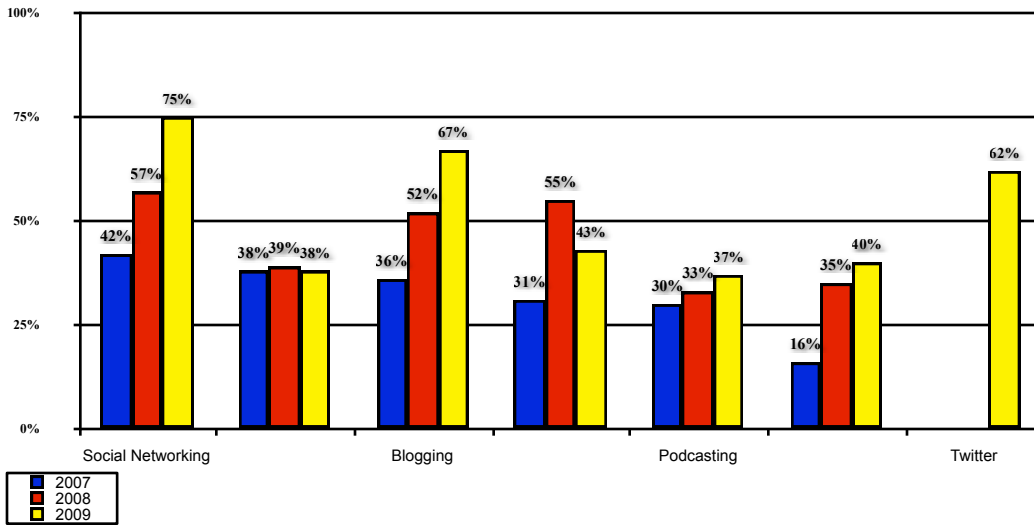
Thirty percent (148) of the Inc. 500 participated, making this research statistically valid at +/- 7%.

As in the past, respondents were asked to rank their familiarity with each technology from "very familiar" to "very unfamiliar." The social media that was most familiar to the Inc. 500 in all three studies is social networking.

As of 2009, 75% of respondents claim to be "very familiar" with social networking tools. In 2007, 42% percent were "very familiar" with social networking and 57% were "very familiar" in 2008. However, as the graph below shows, across the board a significant percentage of the companies are "very familiar" with each of the technologies studied.

In the 2007 study, wikis were the least familiar to the Inc. 500, but in 2008 wikis jumped ahead of podcasting in familiarity. In 2009, there is no significant difference between familiarity with message boards, podcasting and wikis. The bottom line is that the Inc. 500 continues to learn about social media at a very quick pace (see graph below).

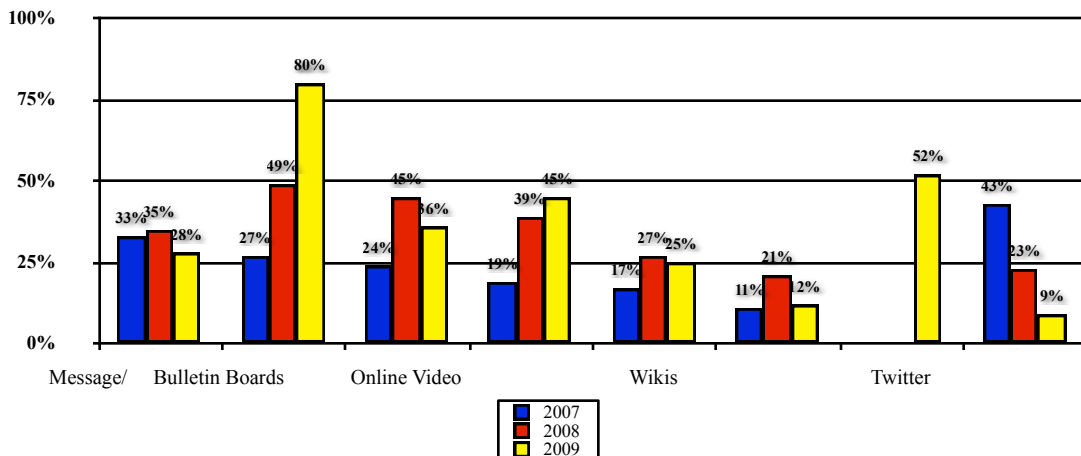
How familiar are you with the following social media? (% Very Familiar)



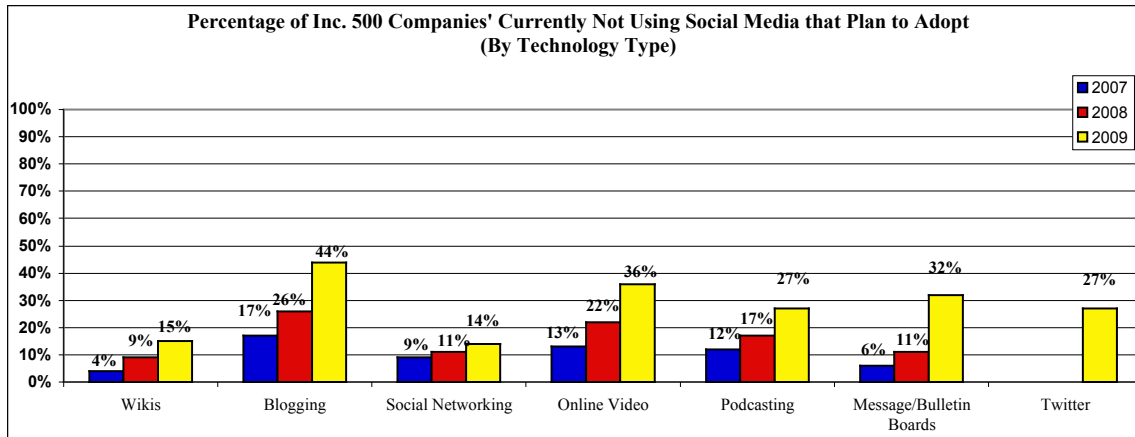
From familiarity, the survey moved into the companies' actual usage of social media. The companies were asked in 2007, 2008 and 2009 if they were using the six social media discussed above and, if yes, for how long they had been using them. They were also asked if they planned to adopt tools they were not currently using.

Again, the results are surprising. While familiarity is related to adoption, even the least familiar tool has 37% adoption (podcasting). Social networking and blogging have enjoyed growth, while the use of message boards, online video, wikis and podcasting has leveled off or declined. The addition of Twitter (considered by respondents as both a microblogging site and a social networking site) in the latest study shows that 52% of the Inc. 500 is using this tool for their business. An amazing 91% of the Inc. 500 companies are reporting use of at least one of the social media tools studied in 2009 (see graph below).

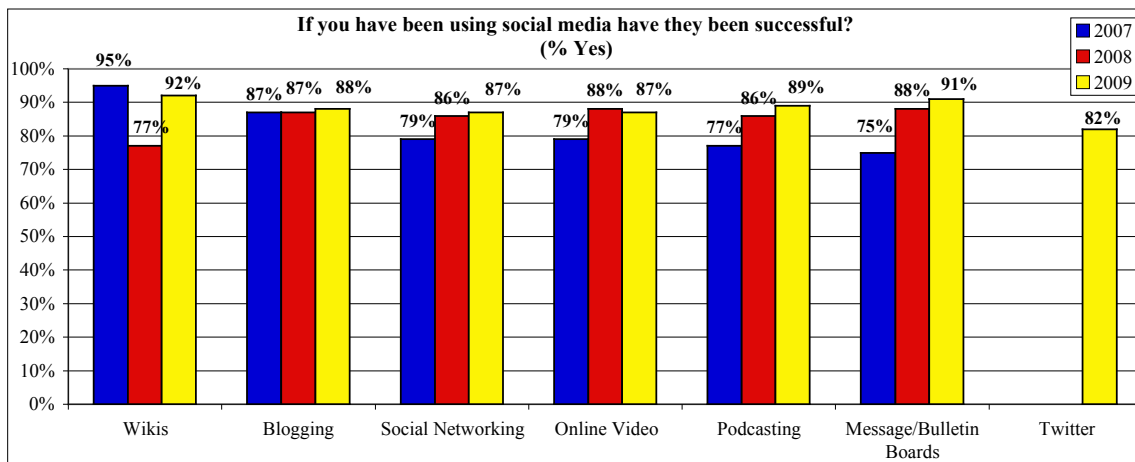
Which of the following types of social media does your company currently use?



When asked if they plan to adopt any of the social media technologies that they are not currently using, they clearly intend to continue immersing themselves in these tools. Forty-four percent of those without corporate blogs intend to have one. Twenty-seven percent of respondents who do not currently have a business presence on Twitter plan to move into that space. Even though the use of online video appears to have dropped slightly, the intent to adopt it appears strong (see graph below).

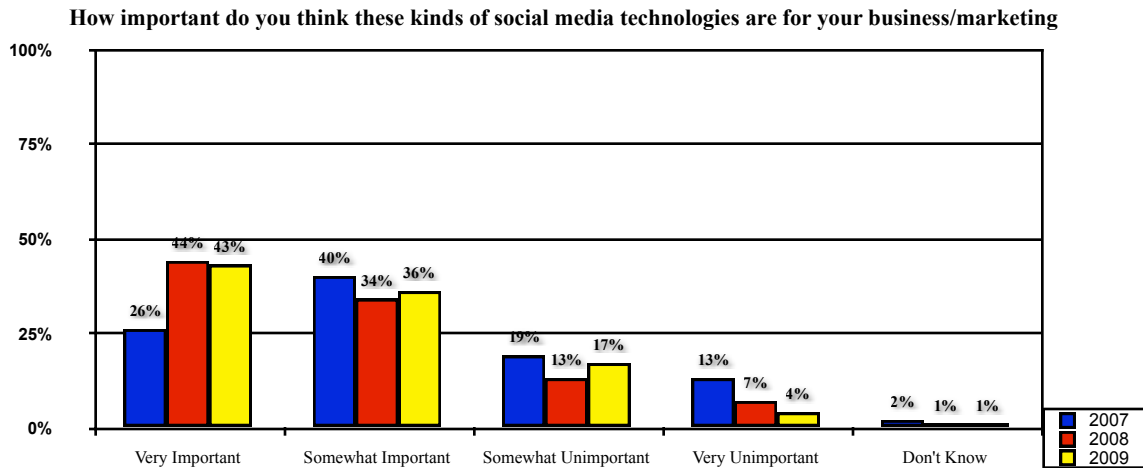


When asked if the use of social media has been successful for their business, the overwhelming response is that it has. Twitter users report an 82% success rate while every other tool studied enjoys at least an 87% success level. Measuring success was investigated and most respondents report using hits, comments, leads or sales as primary indicators (see graph below).

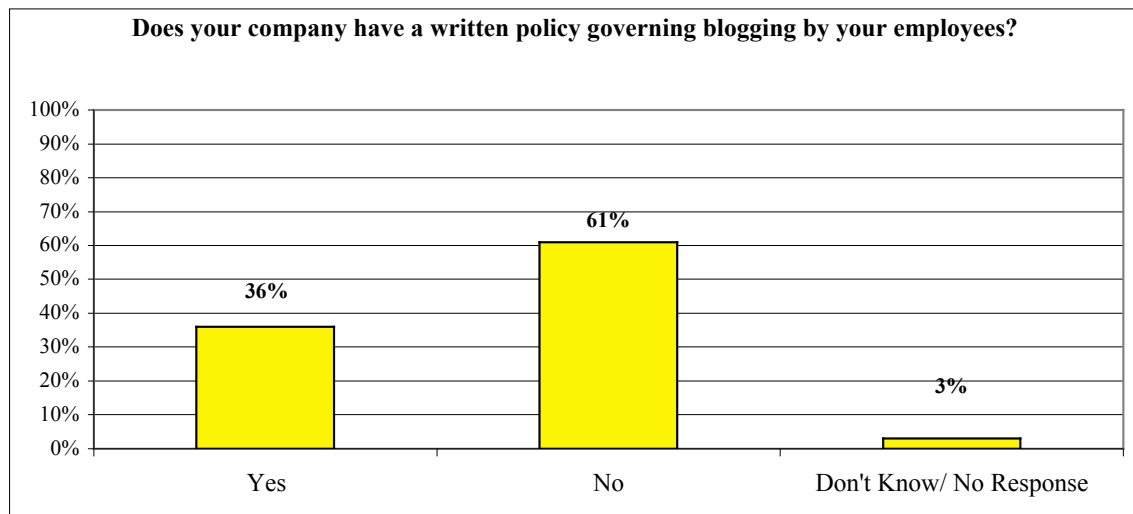


Not only is this widespread adoption being driven by strong familiarity but also from the recognized critical role of social media to a company's future success in today's online world. When queried on the importance of social media, 26% of respondents in 2007 felt that social media is "very important" to their business and marketing strategy. That figure rose to 44% in approximately one year. It remains virtually the same in 2009. It is clear

that this group of fast-growing companies considers the use of social media as a central part of their strategic plans (see graph below).

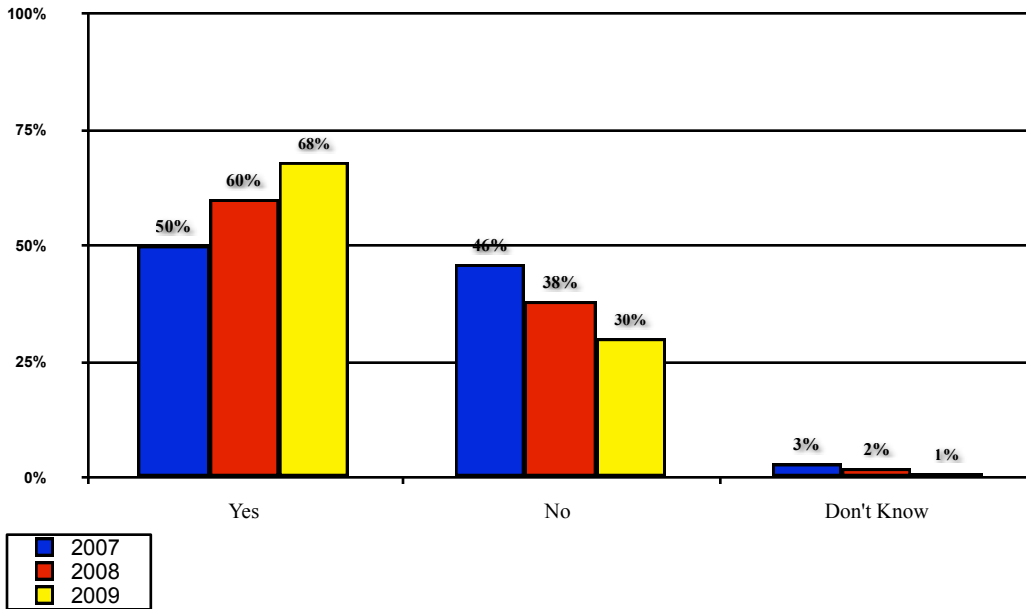


With the Inc. 500 recognizing the importance of, expanding their familiarity with and increasing their usage of social media, it should come as no surprise that they're also seeking to protect themselves from some of the potential legal pitfalls. In this third iteration of this benchmarking survey, we asked a new question to explore if the respondents company had a policy around blogging by their employees. Thirty-six percent answered affirmatively.

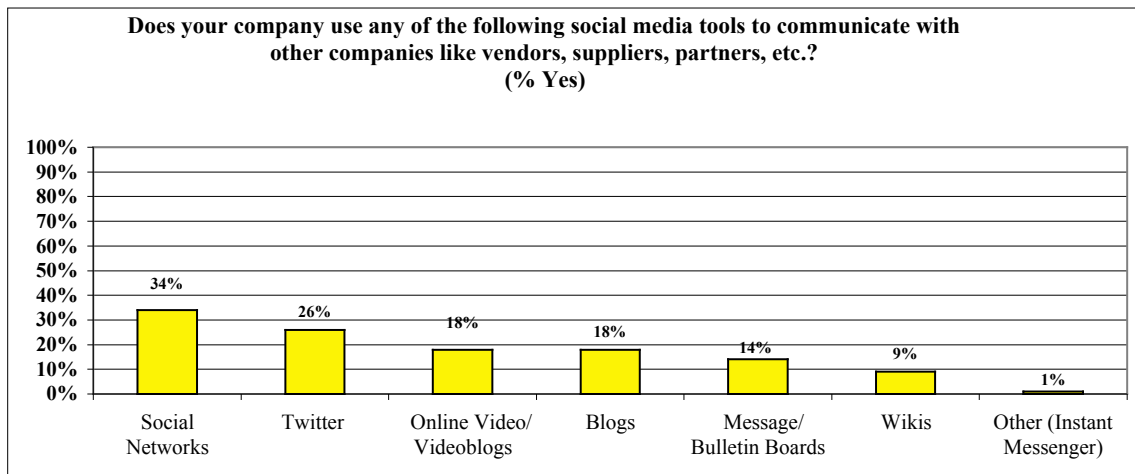


All respondents were asked if their company monitors its brands or company name in the social media space. Sixty-eight percent reported that they do monitor their products and brands. That number is up from 60% in 2008 and 50% just two years ago. Clearly, the Inc. 500 are becoming more sophisticated in the use of social media both for joining conversations and for listening to them.

**Are you monitoring your companies name or brands in social media now?**

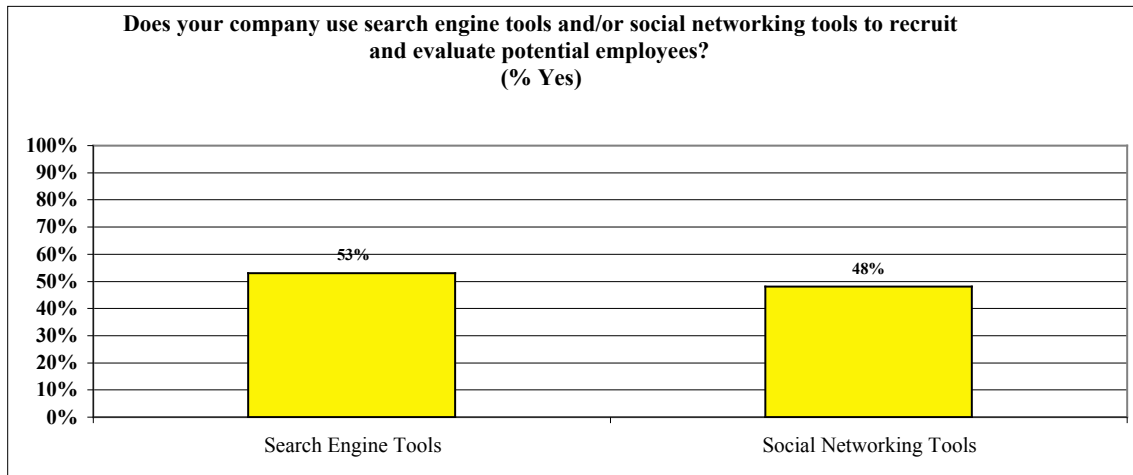


For the first time in this series of studies on the Inc. 500, executives were asked if their company uses social media tools to communicate with other companies like vendors, suppliers or partners. Again, social networking is the most widely used with 34% reporting they employed these tools. Twitter is being used by 26% of the Inc. 500 for this purpose. It is interesting to note that 1 in 4 Inc. 500 companies consider Twitter an appropriate vehicle for B2B communications. This could signal an important change in the popular conception of Twitter and how it is being used (see graph below).



Another question added to the 2009 study focused on the company's use of search engine and/or social networking tools to recruit and evaluate potential employees. With the ease of access to information on people, it is no surprise that over half of the Inc. 500 are using search engines to assist in the recruitment and evaluation process (see graph below).

Google was the most popular search engine cited by executives. Forty-eight percent indicated using social networking sites such as Facebook, LinkedIn and Twitter.



From familiarity to usage to importance, social media has expanded rapidly within the Inc. 500. And, for the first time, 3-year trends in familiarity, adoption and importance to mission have been documented in a statistically significant, longitudinal study. Plus this third study begins to shed light on exciting new social media tools like Twitter, new uses of social media like recruitment & hiring, and the emergence of social media policies. With almost every responding company using at least one form of these exciting new technologies, social media is clearly here to stay in the business world and the future will be fascinating. The only question is: What will 2010 bring?

*To be added to our email distribution list so that you can stay abreast of our most recent research and writings, please email [eric@ericmattson.com](mailto:eric@ericmattson.com) or [nbarnes@umassd.edu](mailto:nbarnes@umassd.edu).*

## **About the Authors**

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Eric Mattson is the CEO of Financial Insite Inc., a Seattle-based boutique research firm focusing on technology innovation in finance and banking. He's also an independent social media scholar whose research has appeared in BusinessWeek, Inc. Magazine and a number of other publications.

Prior to his current endeavors, Eric ran direct marketing, market research and marketing analytics for SanMar, one of the largest generic clothing wholesalers in the United States. Eric is a proud graduate of the University of Washington where he earned dual degrees in business administration and mathematics as a Washington Scholar. He can be reached at [\*\*eric@ericmattson.com\*\*](mailto:eric@ericmattson.com).

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Nora Ganim Barnes earned a Ph.D. in Consumer Behavior from the University of Connecticut and is a Chancellor Professor of Marketing and Director of the Center for Marketing Research at the University of Massachusetts Dartmouth.

Nora has worked as a consultant for many national and international firms including the National Pharmaceutical Council, the National Court Reporters Association, and the Board of Inquiry of the British Parliament, Scotts Lawn Care Co, Distilled Spirits Council of the US and others. Business Week, Inc. Magazine, Computer World and other business media as well as the Providence Journal, Boston Globe, Chronicle of Higher Education, Washington Post, LA Times, New York Times and NY Daily News have covered her work. She has been named a Senior Research Fellow and Research Chair by the Society for New Communications Research. Nora can be reached at [\*\*nbarnes@umassd.edu\*\*](mailto:nbarnes@umassd.edu).

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