

Keeping Up with Social Media

Is social media the right channel to improve company's image? Are there risks that I need to be aware of in using social media for business purpose?

Harry, Jakarta

There are 2.3 billion active social media users in the world. In Jan 2016, statistics from GlobalWebIndex showed that Indonesian spent 2.9 hour per day on social media (rank #9 globally) and 20% of the country's population bought online (rank #18 globally). Other statistics from Brand24 showed that in Indonesia, there are 1.3 million LinkedIn users and 29 million Twitter users. In Jakarta alone, there are 11 million Facebook users, and Jakarta post 2.4% of the 10.6 billion tweets worldwide – social media is indeed a powerful channel in Indonesia.

Social media is a useful tool to generate new business and interact with consumers. As any new communication technology, it has the potential to improve market efficiency. Social media may more broadly distribute information to users of services and may help users and providers find each other and match products and services to users' needs.

Bear in mind that in selecting the platform of social media to use, you need to consider some profile demographics, such as age of your target market, product or service you want to promote, and the operating system your target market use.

Interested in Using Social Media? Understand the Risks!

The use of social media to attract and interact with customers can impact risk profile, including legal, reputational and operational risks.

Legal risks arise from the potential for violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards.

Those risks also arise in situations in which your policies and procedures governing certain products or activities may not have kept pace with changes in the marketplace. Failure to adequately address these risks can expose a lawsuit.

Reputation risks arise from negative public opinion.

Activities that result in dissatisfied consumers and/or negative publicity could harm the reputation, even if you have not violated any law.

Operational risks can arise from inadequate or failed processes, people, or systems, the root cause can be either internal/external.

Social media is one of several platforms vulnerable to account takeover and the distribution of malware.

Managing Your Social Media: Deploy Good Governance & Risk Management

Before signing up, be clear on your main purpose of using social media, do a risk assessment. If it is for communication channel then people managing your account should be responsive, have good product knowledge, engaging your customers and shows that they are working to solve issues or concerns raised. Don't hire inexperienced and part-time administrator to manage your accounts.

Institute social media policies, establish social media goals and create strategy from those goals. You need to align the usage of social media to your company's overall sales & marketing strategy.

Be sensitive to privacy concerns, fraud & brand identity, consumer complaints and inquiries, and language use.

Ensure the security of your network and accounts, there should be controls in place to protect systems and safeguard customer information from malicious software.

Remain aware of developments involving relevant laws and regulations, and periodically evaluates and controls use of social media to ensure compliance.

KEY POINTS

- Social media can be useful as sales & promotion tool, communication channel, and source of information to understand emerging risks.
- To manage potential risks, you should ensure that risk management programs provide oversight and controls commensurate with the risks presented by the types of social media engaged.



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THE POWER OF BEING UNDERSTOOD

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