

Social Media

The Opportunities and Constraints in
Southeast Asian Emerging Markets



BAKER & MCKENZIE

EXECUTIVE
SUMMARY

THE 5 MYTHS

THE IMPORTANCE
OF SOCIAL MEDIA

THE FIVE PHASES
OF ENGAGEMENT

WHAT ARE THE
OPPORTUNITIES AND
WHERE

WHAT ARE THE
CHALLENGES

RECOMMENDATIONS
AND NEXT STEPS

ABOUT THE REPORT



Foreword

Technology and the Internet have brought global organisations, communities, companies and individuals closer together by overcoming time and distance. This has led to an appetite for two-way social interaction, brand “co-ownership” between companies and customers, and the development of a sharing economy.

Companies, whether established or growing, can benefit tremendously from social media use. The challenge is how to maintain and adapt a consistent corporate image across such vibrant media, especially in a culturally diverse and social media-savvy region like Southeast Asia and, in that process, how to navigate the various legal frameworks that apply.

Chapter 1 (“The Importance of Social Media”) of this report sets out a brief overview of social media and its impact on the emerging Southeast Asian economies along with concerns companies have in getting involved.

Chapter 2 (“The Five Phases of Engagement”) discusses different social media strategies and how your company can progress and invest at the right speed.

Chapter 3 (“What are the Opportunities and Where?”) explores the opportunities for social media in the key emerging Southeast Asian economies and helps you tailor your efforts to align with the diverse cultures and assess the best platform for your purposes.

Chapter 4 (“Where are the Challenges?”) highlights some of the legal considerations in investing in social media — from inadvertent disclosure of sensitive information to protection of intellectual property, defamation and data protection — and in what phases of engagement these considerations are likely to arise.

Chapter 4 also provides links and details of a variety of materials which Baker & McKenzie has available to assist in understanding the legal issues that arise in undertaking any social media strategy.

In addition, our website at <http://www.bakermckenzie.com/APSocialMedia> provides access to a range of further information and materials.

Chapter 5 (“Recommendations and Next Steps”) provides a step-by-step guide to help you to move forward in developing your social media strategy and gain insight on what will work for you; help you stay flexible in the face of the unexpected and manage the risks.

The bottom line is customers no longer want to be merely talked to and told. They want to be listened to and engaged with. Knowing how to navigate the complex world of social media effectively and manage the risks can give you a competitive edge.

We hope you find these insights useful as you consider your social media strategy in Southeast Asian emerging markets.

Anne-Marie Allgrove
Chair, Asia Pacific Information Technology & Communications Industry Group



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Executive Summary

It is rapidly becoming a basic business expectation to have some sort of social media presence, be it on the “Big Four” of Facebook, Twitter, LinkedIn, or Google+, or any of dozens of other platforms. While companies increasingly recognise the benefits of online platforms for dramatically improving reach and influence, there is growing corporate anxiety over *what* platforms are required, *when*, and *how* to manage the risk of engaging in social media.

Top of mind for most companies is this: how much investment is required, what is a reasonable expected return and how can return on investment (ROI) be measured. Based upon extensive interviews and research, this paper discusses a five-phase engagement model and identifies the costs and benefits related to each level of engagement. Two conclusions are immediately clear: social media provides an extraordinarily cost-effective way to accelerate engagement, but the prospects and costs are significantly different at each phase of engagement.

Across Southeast Asia some 530 million people carry more than 600 million phones, of which more than half are already engaged in some form of social media, with a quarter active on Facebook.¹ Yet, less than 20% of companies surveyed have an interactive social media strategy, with less than 5% having a coherent internal social networking programme.

Opportunities abound. Individual use of social media is prolific and growing, and social commerce is identifiable as the next big growth area with both global and local platforms ploughing the terrain. The challenges for organisations throughout the region can be confronting. Data protection, data sovereignty, and intellectual property rights are all increasingly contentious issues for which there is no consistent regulatory response. Governments in the region are debating whether to apply existing communications or media legal frameworks or develop new regimes specifically governing social media.

A focused social media strategy offers significant opportunities for fast traction across the markets of Southeast Asia. Doing social media well and moving from one phase of engagement to the next, however, requires a strategic approach, investment, and sound advice. To stick to the “Big Four” of social media, or move to custom market platforms? To build internal capacity through training and hiring or to outsource? The best performers in this game will know when to obtain the necessary guidance, seek sound advice on local understanding and interpretation, and temper their social media involvement with solid governance control policies. This paper outlines the choices that exist and provides illustrations of what is working, with a focus on the emerging economies of Southeast Asia: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.



The **5** Myths of Corporate Social Media in Southeast Asia

1 Social media lowers marketing costs

This is perhaps the most prevalent and perturbing social media myth. Perturbing? After all setting up a Facebook page or a Twitter account is free. The reality is turning out to be far different as successful social media users have discovered. The rewards can be profound, but so can the investment required to make an initiative successful. To be successful, social media requires investment, and the greater the engagement, the greater the cost.

2 Facebook, Twitter, Google or LinkedIn will suffice

The Big Four are far from dominant. For every Facebook user, there is an increasing number of local-platform devotees: Kaskus, Detik and TokoBagus in Indonesia; Sanook, Pantip and Kanook in Thailand; Sulit in the Philippines; ZingMe, Tamtay, Banbe and Vatgia in Vietnam; Zalora, Rentlord and Reebonz in social commerce, to name just a handful.

The Big Four should perhaps be thought of as training wheels – a good environment in which to learn the potential of social media before you actually begin making headway in the markets and strategies of your choice, where a far more targeted approach is necessary. To be successful in local marketing in Southeast Asia, corporate social media users need to consider the local leading platforms.

3 Southeast Asia is not ready for social media: the infrastructure doesn't exist

As noted in the executive summary, some 530 million people in Southeast Asia have more than 600 million mobile phone accounts. There are an estimated 420 million active mobile users and up to a quarter of those are already on Facebook. Because it is a social application, Skype is carrying more international traffic than all other Southeast Asian telecommunication service providers combined.

4 There are no reliable social media metrics

This rather strange myth has served to cause much confusion among executives and allowed marketing budgets to be procured without sufficient accountability. The reality is that there are a number of metrics, all of which are rapidly increasing in sophistication, and many, many specialised measurement tools.

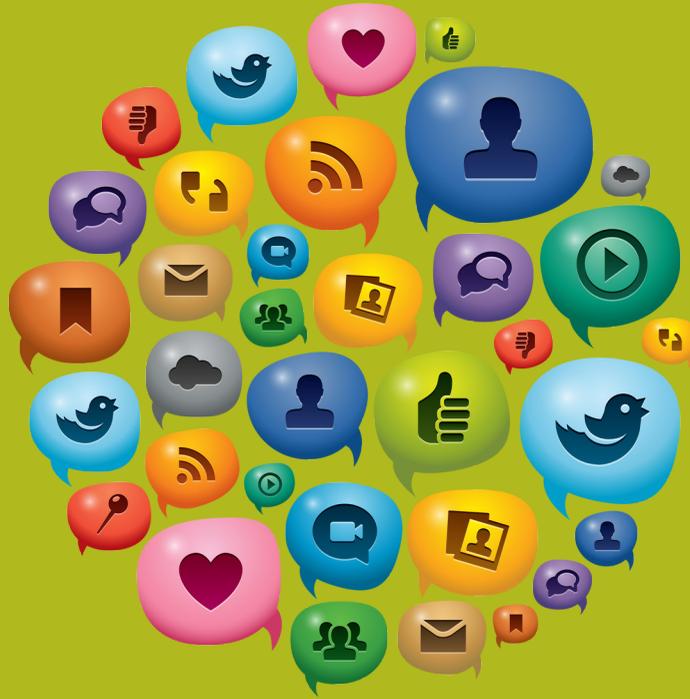
It is not the lack of metrics that is an issue, but the applicability of individual metrics and how to combine various metrics to achieve specific business objectives.

5 There are no social media success stories

Social media success stories are beginning to abound. In this paper, we snapshot some of the more innovative ones, including Citibank, Nation Broadcasting Corp., AirAsia and Indosat. The real issue is not success *stories*, but successful corporate social media *strategies*. Those will take some time to emerge. To appreciate why, we need to start by defining social media itself.



1



The Importance of Social Media

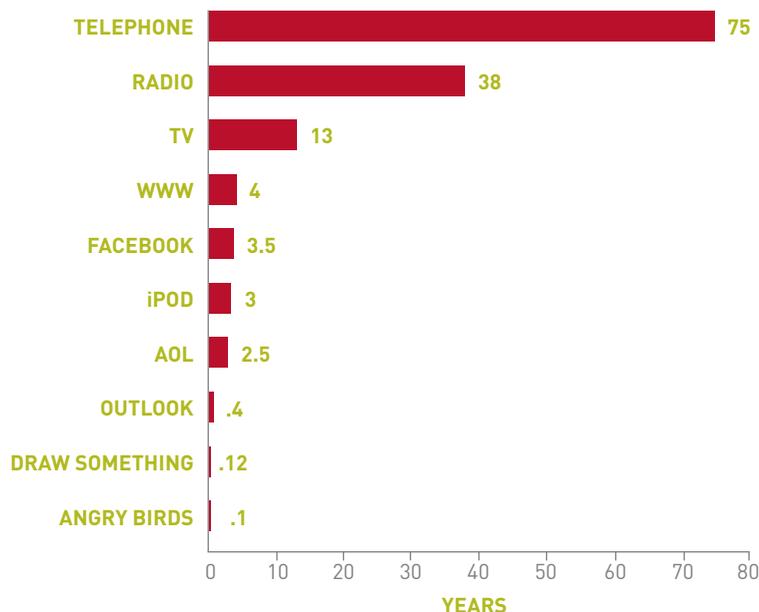
It took 75 years for the telephone to reach 50 million households, while TV took 13. LinkedIn, launched in 2003, achieved 50 million users in six years; Facebook took less than four years and Google+ hit the 50 million mark in less than one. Twitter took all of nine months. Google, Facebook and Twitter stand out as the giants of the sector, but they are not anomalies. The pace is picking up.



The dramatic expansion of social media networks and the opportunities for companies to benefit are profound and tantalising. Social media increases *potential* reach and influence immediately, **externally**, in terms of customer access, marketing and feedback, and **internally**, through collaboration and productivity tools.

Revenue opportunities increase through greater reach, while upfront costs are minimised. The increasing expectation for businesses of all sizes, from multinational corporations to small and medium-sized enterprises, to have multiple social media presences is not surprising.

How long it took to reach 50 million people



Source:

G. Kofi Annan, "Radio Took 38 Years to Get 50 Million Users, Angry Birds Space Took 35 Days," Trickle-Up, 1 May 2012

Alexandra Chang, "60 Million Microsoft Outlook.com Users Isn't All That," *Wired*, 19 February 2013

The impact of social media across Southeast Asia

Across Southeast Asia, the trend has been accelerated by the extraordinary uptake of mobile phones and their use as social media devices, leapfrogging otherwise non-existent infrastructure. Indonesia is the world's fourth-largest Facebook market. The Philippines has been declared the Social Networking Capital of the World, and may well be the world's most lucrative micro-remittance market. The Prime Minister of Malaysia portrays himself as one of the most astute social media leaders in politics.²

According to Nielsen, more than 50% of Asians who use social networks will be directly influenced, showing "a direct correlation between positive social media sentiment and actual purchase."³

“ Use of social media by consumers in Asia Pacific is higher than any other region in the world. With increasing ownership and reliance on Internet mobile capable devices, we will see an exponential increase in cross-platform behaviour and mobile social media engagement. ”

Yasir Yousuff
Managing Director, *NM Incite*



The Challenges for Corporations

The challenges are equally confronting, particularly across a region where linguistic, religious, ethnic, and political sensitivities vary as much as they do across Asia. Various scandals also continue to emerge, even in more mature social media markets such as in Singapore.⁴

Some organisations remain wary of social media for a number of reasons, including:

- the prospect of negative comments about the company or its products going viral;
- the increasing expectations of clients and personnel from instant communication; and
- the blurring of the line between personal and professional behaviour on social networks in a bring-your-own-device (BYOD) environment.

The key question for most companies is how to guarantee a reasonable rate of return on their social media investment.

This same question is asked of any marketing and distribution medium, but there are vital differences with social media, including:

- its instantaneous global reach, *amplified by “recommendations,”*

“likes” and “followers” who “share” their opinions and preferences with others in their network, their network’s network, and so on; and

- the fact that social media encompasses a set of tools that goes well beyond marketing to facilitate business development and operational execution. Social media holds out the promise for companies to grow faster, sustainably and cheaper.

Social media presents an entirely new approach to leveraging communications platforms to advance a company’s development, both internally and externally. It has the potential to level the playing field, by making cost-effective enterprise-grade tools available to all, and instantly enabling global reach. The impact of these changes may very well determine who wins and who loses in the next phase of economic development.





Early Adopters, Strategic Solutions

Focused objectives

The corporation’s social media objectives are focused on making sure they monitor online conversations carried on about them, get their own messaging out effectively across the various promotional channels, and are able to immediately manage any issue that may arise. “So, whether it is somebody who is not happy with our service, or should there be a major outage, we have the social media channel to communicate quickly in addition to traditional media,” said Regina Seow, Citi’s managing director of Corporate Affairs for Asia Pacific.

Citi takes separate, complementary approaches to managing social media streams for Citi, the corporation, and Citi, the national businesses. The Corporate Affairs team drives social media for Citi on the corporate level, while country business teams drive social media engagement campaigns on the consumer level. Benefits accruing are assessed on two levels: as applicable to the global financial organisation and to the individual market. This allows the two sides of the organisation to respond effectively to developments for their different requirements.

Transitioning phases: a learning process

Citi’s initial approach was around awareness. In Asia Pacific, various countries’ marketing teams explored and started with Facebook pages. “About five years ago we decided we needed a more concerted strategy,” and a corporate Facebook page was created, followed by a Twitter channel, then YouTube. Simultaneously, the Consumer business (Citibank) developed their own Facebook pages to facilitate country promotion programmes. “We tried to coordinate, coming up with similar look and feel for design, branding, etc.,” Seow said.

This convergence over three years has resulted in a more coordinated approach where the country business people engaged in social media and global/regional corporate affairs teams regularly catch up on what each group is doing, as well as to refine the process. On a daily basis, media clips and press releases from each country are also featured on Citi’s social media channels. Having standardised the process on this platform, the investment is “only about an hour a day,” for all relevant feeds to be coordinated, tweeted, posted, etc.

Investment

Where Citi has had to invest is instructive. For example, separate agencies have had to be employed to monitor traditional media and social media as the group has not been able to find a single third party able to effectively monitor both traditional and social media. Neither have they

managed to find the best way of monitoring Citi, Citibank and the various entities and businesses of Citi.

“When we started exploring social media, we asked the question: should we go the way retail goes? [But] we’re not in the mass market retail business. Our clients, customers and stakeholders tend to be the emerging affluent and we are limited in the way we are able to market our products and services—so quite different market segments. So if you compare our social media engagement to the retail-type products and services, then we are nowhere in that level. It’s not necessary for us to be in every social media channel and every time. But within the financial industry, I think we’re pretty organised in terms of our social media engagement,” Seow said.

Returns

Citi is cautious about the return on investment thus far, seeing preparedness as crucial. Individual countries have seen benefits, with India cited as a particular recent success with their first online mega sale.

Meanwhile, on the corporate level, Citi believes it is getting its key messages out there and has a good idea of “what is being discussed about us out there so that we can mitigate the risk or issue when necessary.” More importantly, from Citi’s point of view, its social media channels would serve as quick channels of communications should the need ever arise.

“ We have built the social media element into our process - marketing, advertising and corporate communications. Like it or not, we know our customers are out there, and social media gets to them faster, so it was important that we had social media channels ready and not just depend on traditional media. ”

Regina Seow
Managing Director, Corporate Affairs, Asia Pacific, *Citi*



2

social
media

The Five Phases of Engagement

“

Social media is word of mouth on steroids . . . [but] it's not enough anymore to tell people that you have 10 million impressions from a YouTube video. All that says is there is chatter about your brand. Finance isn't going to care if you have people watching your YouTube videos or adding you to their Pinterest boards, if you don't hit your sales goals. Without revenue, chatter is just chatter.

”

Marita Scarfi

Former CEO, Organic⁵



Ideally marketing or engagement costs *should* decrease with the use of social media. That is much of the attraction. It is increasingly recognised, however, that a successful social media strategy requires significantly *greater investment* in early deployment. The deeper the social media strategy, the greater and more regular the investment.

The ROI of any social media strategy is best expressed as Benefits + Amplification divided by Cost $\left(\frac{B + A}{C}\right)$

BENEFITS

The immediate impact from any campaign or engagement strategy. For example, the increase in sales or brand recognition from advertising or promotion.

AMPLIFICATION

The *additional* benefit expansion due to the global reach of the platform *plus* the replication and deepening of that reach, e.g., if a campaign becomes viral.

COSTS

All costs that can be separately attributed to being engaged with social media, including the costs of legal compliance, the costs of dedicated teams of social media managers, or of outsourcing to social media marketing companies.

How much investment? That depends on the objectives and the phase of engagement. From our research, we have identified five phases of social media progression. These five phases are outlined, for both internal and external social networking objectives, in Table 1 on the next page. They have then been mapped on an ROI performance graph to show where various companies currently sit.

In this section we explain the Social Media Engagement model and illustrate the ways in which companies across the region are approaching the social media opportunity.

“ The funny thing is that there is a cost here. By making yourself transparent, your customer support costs and overheads go up because you become more accountable as a company, and this is tricky. . . . We have multiple channels that people can use to reach us – by phone, email, Twitter – and believe it or not, people leave their complaints on Facebook. So why did I create a Facebook page? Because it was two years ago, and in that time, my perspective on pages was to reach customers. But it’s two years later now, and people are using Facebook and social media to reach us! ”


Colin Tan
CEO, Rentlord

Mapping the Social Media Experience: What is the Appropriate Phase?

Social media provides an extraordinarily cost-effective way to engage both customers and employees, and accelerate development, but the prospects and costs differ widely between industries and markets. The model differentiates between internal and external use of social media, and assigns values and resource requirements for each phase. It also offers an analysis of the potential amplification and ROI that *could* be expected at each phase.

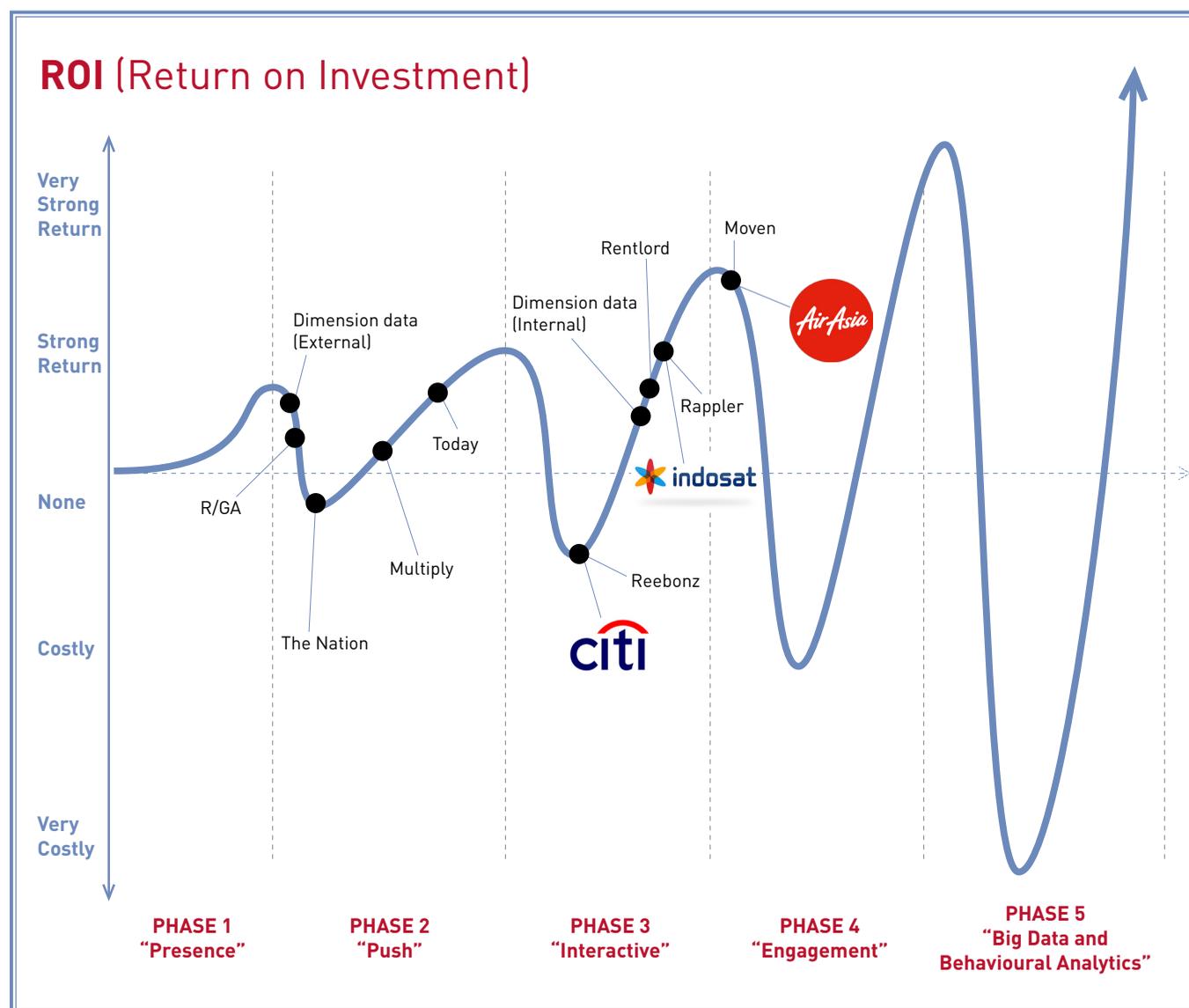
TABLE 1: FIVE-PHASE SOCIAL MEDIA ENGAGEMENT MODEL

PHASE	USE	BENEFITS	COSTS	ROI	
Presence	External	Static promotion or presence page. Rarely updated	Presence and promotion	Limited dedicated resource	Overall costs comparatively low, but low gains = low ROI
	Internal	Company profile; internal directory	Corporate awareness	Limited to updating employee information	
1-way Push	External	Proactive marketing and promotions	Active gains (“likes” and “recommends”) with some network amplification effects	Requires maintenance of active profile page: marketing department or outsource	Costs rise as do potential gains; ROI is <i>experimental</i> and narrowly focused
	Internal	Recruitment programmes	Broadens pool of candidates; removes intermediaries	Requires timely responses and consistency with recruitment portal	
2-way Interactive	External	Customer enquiries, complaints; sourcing comments, input, feedback	Increases personalisation and recall; automates and speeds feedback	Requires well-trained staff	ROI measured in terms of <i>enhanced reputation</i> and increased recall when things go well, but could lead to loss if things go wrong.
	Internal	Media monitoring	Immediate crisis and risk management	Ongoing vigilance required; requires staff trained across broad scope of business interests	ROI measured in terms of increased ability for business expansion (by domain, by geography) when business runs smoothly, but could lead to loss if things go wrong.
Engagement	External	Dedicated CRM channels, monitored feeds, developing and cultivating audience	Customer loyalty, client relationship; built successfully will have significant network amplification effects	Requires dedicated engagement staff on a full-time basis	ROI includes increased loyalty and market information. Network amplification means that gains from good practice can easily be lost by bad practice.
	Internal	Collaboration in real time across platforms, time zones; group discussions	Project completion time and time to market (responsiveness) increases dramatically	Requires understanding of dedicated platform and internal training for use; corporate firewalls required	ROI measured in time savings, cost savings (e.g., travel), crowdsourcing (e.g., innovative ideas from non-core team members).
Big Data and Behavioural Analytics	External	Behavioural analysis with big data mining and social analysis	Monitoring across multiple platforms for brand awareness, loyalty	A specialist ongoing project requiring highly professional staff or outsourcing	ROI judged on strategic outcomes, such as product design, new products, markets, pricing, bundling, etc.
	Internal	Internal KPIs and performance metrics	Performance-based staff engagement (includes recruitment, retention, and promotion programmes)	A specialist ongoing project requiring highly professional staff or outsourcing	Out/insourcing a more fluid and dynamic process based on real-time performance needs. Performance-based metrics more transparent and rewarding.

SOURCE: TRPC Pte Ltd



One phase is not inherently better than another. Aspiring to a phase that doesn't align to a company's objectives, sector, experience or skill sets is likely to end up costing far more than it returns, and the company overall will end up stuck below the cost-neutral line on the graph below. Moving from one phase to another is costly and requires significant investment before a return becomes apparent. Below we map out the criteria for each phase and examples of each phase follow.





Phase 1

PRESENCE

Establishing presence is the standard starting point for companies going digital no matter their size or longevity. One incumbent telecommunications service provider, for example, commented, “We have not used social networking in any marketing or promotional capacity.” As it stands, while they have had a digital presence for several years, they do not have an official corporate presence on Facebook, Twitter, YouTube, Google+ or Pinterest. Nevertheless, “We are [now] building a local social network ourselves,” said a company representative.

Many SMEs across Asia sit in Phase 1 and will be perfectly happy with the returns they see. An SME that establishes a well-constructed and locally focused site with, say, a Facebook page, may well find that is all they really require. The key – and investment – here is in making sure that the site is “well-constructed.” A generic website these days is the equivalent of a listing in the Yellow Pages directory, albeit less locally targeted if not set up well.

Phase 2

PUSH

The push phase is all about initial outward orientation: news updates, promotions, recruitment notices, and so on. Across Southeast Asia, the corporate approach has largely been tentative, at the experimental early phase. A number of industries in Southeast Asia, such as telecommunications service providers, agencies and the print media, find themselves in this early-stage phase.

A multinational bank recently launched its local Facebook page and social media strategy. In response to being asked how they were progressing several months in, a spokesperson for the bank commented, “We just launched it. It is quite new . . . For the launch we tried to be conservative. We tried not to make a big move . . . We have a target for the number of fans, our primary target, because we need time to build the content and engagement; engagement is not what we can expect unless we have a [substantial] number of fans. We are concerned if we make a big move now, and a lot of activity [happens], maybe we cannot control [the communications].”

Recognising when a sector and company’s ROI can be maximised is a crucial strategic starting point. To cite Edric Sng, Digital Media Editor of *Today Singapore*:

“A news brand’s social media feed has certain constraints that other commercial entities will not face. Primarily, objectivity and credibility in reporting cannot be sacrificed at any cost, because if we lose that, we lose our entire reason for being. We are acutely aware that it is very easy to read any comment issued by a news brand as official editorial. What appears as a ‘1-way Push’ may in fact be a considered sequence of articles meant to develop and cultivate the loyalty of a specific audience-in-the-know, curated by a dedicated, full-time engagement staff monitoring responses across multiple platforms . . . sometimes the parameters of interaction/engagement have been considered, and maximum ROI may not necessarily come with maximum engagement.”

Phase 3

INTERACTIVE

Banks and a number of Southeast Asian e-commerce sites find themselves in the early stages of this phase, where more resources are being invested to monitor and manage feedback. For example, some have implemented observable service standards, or personalisation for clients within their platforms.

The transparency and accessibility that social media afforded OCBC Bank in Singapore put them in good stead during a four-hour service disruption to ATM, Internet and phone banking services in September 2011. At a time of intense customer dissatisfaction, media watchers noted that OCBC’s communications were “open and timely, especially on their social media channels.”

Both customers and clients increasingly expect more once they reach this point, and staff must be trained to mitigate the risk arising from negative activity. As Amnart Treernarat, Vice President at Nation Broadcasting Corp., remarked, “If you allow people to comment, you must have the team to monitor and moderate the content. We have two shifts for day and night. Up to 95% of user posts are all right, but there are always some comments which are sensitive, and may need to be discussed in committee.”

Phase 4

RELATIONSHIP MANAGEMENT AND ENGAGEMENT

Engagement indicates that the company is not only listening to the feedback but is beginning to incorporate those responses into product development, strategic initiatives or customer relationship monetisation.

For example, Moven, an online banking and financial management company, taps into customer data on social media to help reach financial goals, such as credit scores, social influence, and shopping patterns. Moven tracks customer sentiments using Salesforce's Radian 6 software to determine where consumer spending is trending, and drive insights from social media accounts to create a financial personality profile, specific to each customer. This not only increases recall, but can also help drive purchasing decisions.

Phase 5

BIG DATA AND BEHAVIOURAL ANALYTICS

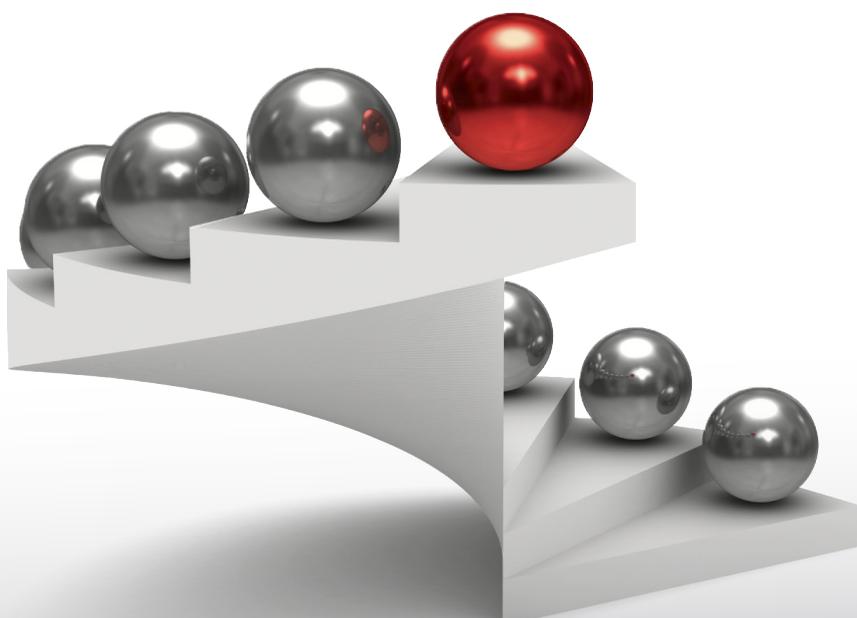
*"According to the evidence, Facebook's algorithms are capable of remarkable precision, proving to be 95% accurate in predicting race and ethnicity, 88% accurate in predicting male sexual orientation, 80% accurate in predicting religious beliefs and political affiliations and 75% accurate in predicting personality types and emotional stability."*⁶

The most engaged phases – ongoing customer/client relationship and data mining – are about deep capture of the data that social media provides, leading to better market understanding and better, and more dynamic, market positioning. But these are difficult to achieve and there are very few companies doing it well at this point in time. A significant issue for most companies in this phase is the cost involved.

Even with such increasingly rich data on hand, CEO of Moven Scott Bales sees the difficulty of moving towards and monetising the last phase: making sense of user data in a meaningful way. "What [companies] should be investigating, which is difficult to measure, is the influence of peer sentiment on purchase decisions, [such as] extracting the correlation between what your friends on Facebook like, post, etc., against purchases."

Social media data is largely *unstructured*. There is no tagging system to make sense of social media data through normal analytical tools. It is difficult enough to analyse and act on the available data already collected. To *successfully* enter the latter phases of social media engagement requires building robust systems to analyse the huge amounts of data flowing in from social media and how they then link to all the other touch points consumers have with a brand.

To make use of all this data requires investing in people such as strong database specialists to put the data into forms that can be analysed; statisticians who can understand the data and its impact; experts at understanding behavioural data, and so on. This is a significant investment.



Southeast Asia's Social Media League Ladder

Companies cannot control what social media users say on their channels, but they can adopt policies which help them mitigate the amplification effect of badmouthing. Malaysia Airlines' Mohd Hisham Saleh, Head of Social Media and Innovations, tells us about their method of dampening brand detractors: they co-opt them instead.

"You will have brand advocates, as well as brand opponents, so you need to have a troll strategy in place for your social media channels. If we find any 'red-alert' [negative] comments, we don't really report them unless they are making wild allegations. If customers complain on a fake website [i.e., a site which claims to be representing Malaysia Airlines], we tell them that they can follow us on our official Facebook. Sometimes we contact the person directly and ask them if they want to assist us instead. Usually these people are fans, but they just go to extremes.

"We did this for our plane spotters, those who take photos of planes at the airports – they go to the extent of jumping the fence to take photos, and get into trouble, leaking the photos. What we did is we contacted each one of them, and made them official Malaysia Airline plane-spotters.

"In the event that we have a new plane, we invite them and tell them that 'You are the first person who gets the privilege of the photo, but you need to ensure that the photos are not leaked on the usual sites.' This is one of the success strategies we did [to control social media exposure for Malaysia Airlines]."

What are the takeaways? Potential benefits increase exponentially due to amplification – but so does potential risk; any ROI can very easily be lost due to poorly managed increased exposure. **Constant vigilance and effort is required for social media success – and the effort and investment required increases as a company progresses through the phases.**

Inappropriately aspiring to deep levels of social media engagement can be as damaging for a company as a lack of vigilance. For many companies big data analysis remains beyond their needs, as well as beyond their reach. Very few companies in Southeast Asia have made anywhere near that progress. **Less than 20% of companies across the region have moved beyond presence and simple promotion, and less than 5% of companies have developed a coherent internal social network strategy that is working** as effectively as it could. The table below illustrates where each industry could expect to place on the social media engagement model, and where – overall – the companies within that sector are currently placing.

Social Media League Ladder: Southeast Asia

SECTOR	POTENTIAL ROI PHASE	SOUTHEAST ASIA POSITIONING
Retail	4	1/2
Hospitality	4	3
Travel	4	3
Banking	3/4	2
Finance	4	3
Telecom	4/5	2/3
Advertising	4/5	2/3
Publishing	2/3	2
Medical	4	1/2
Education	4	1

Source: TRPC Pte Ltd





Direct Impact – Crowdsourced Network Monitoring

Multi-use social media channels

Indosat, one of the largest telecommunications service providers in Indonesia, uses social media as:

- an interactive platform for promotional messages, such as promotions, games and competitions;
- a customer-service channel to answer questions on service offerings and telecommunications up-time, handle complaints and channel feedback to the right department; and
- a means of sentiment analysis and crowdsourced feedback for breakdowns and improvements.

Close to 30 social media specialists are employed across two corporate functions – marketing and customer service – to handle the volume of feedback that comes in via social media, primarily on Facebook and Twitter. This includes personal accounts of the company’s directors, who monitor their own social channels, supported by the corporate social media team. This ensures relevant info is directed to management, and questions on management and the company are responded to.

“We do follow-up on everything that gets through the social networks, and many times it points to the direction of a problem or an opportunity. It’s definitely very useful: the decision tree is much faster and much shorter, so consumers of a company can interact directly with a director of the company,” said Erik Meijer, Director and Chief Commercial Officer of Indosat.

Transparency offers both risk and opportunity

Indosat is cognisant that once they open themselves to discussions, “you open yourself up to negative publicity as well.” But overall transparency is seen as not simply positive but necessary for the company’s development and competitive positioning. “One thing that’s been useful for us is that we get to know what’s important for consumers by monitoring the chatter on social media. There are a lot of ideas that come out, and a lot of improvements [we] can make. It is a tool for . . . innovating our service.”

Social media tools, however, are not a panacea, and while useful for taking the temperature of the market, feedback from social media is treated as “indicative at best . . . it is not a representative market; it is not a market survey as there are some people who tend to get a lot of attention because they are . . . more ‘shouty’ and more connected than other people,” Meijer said.

Gains: Crowdsourcing network monitoring

One important efficiency gain has been crowdsourcing telecommunications service delivery feedback in real time. Indonesia’s geographic spread as the world’s largest archipelago makes the process of monitoring network signal delivery challenging. Breakdowns or inconsistencies are channeled through social media to the network team for investigation on a real-time basis, dramatically improving Indosat’s response time.

“One of the things which we often get is customers who tweet saying that ‘My 3G signal is gone in my area,’ or ‘I used to have a good signal and now it’s gone,’ and that always gets forwarded from our social media team to our network team to investigate. Then we try to find out if the base station is down, the electricity is down, transmission was idle. Social media helps us respond faster to these issues. We take things like breakdowns very seriously,” said Meijer.

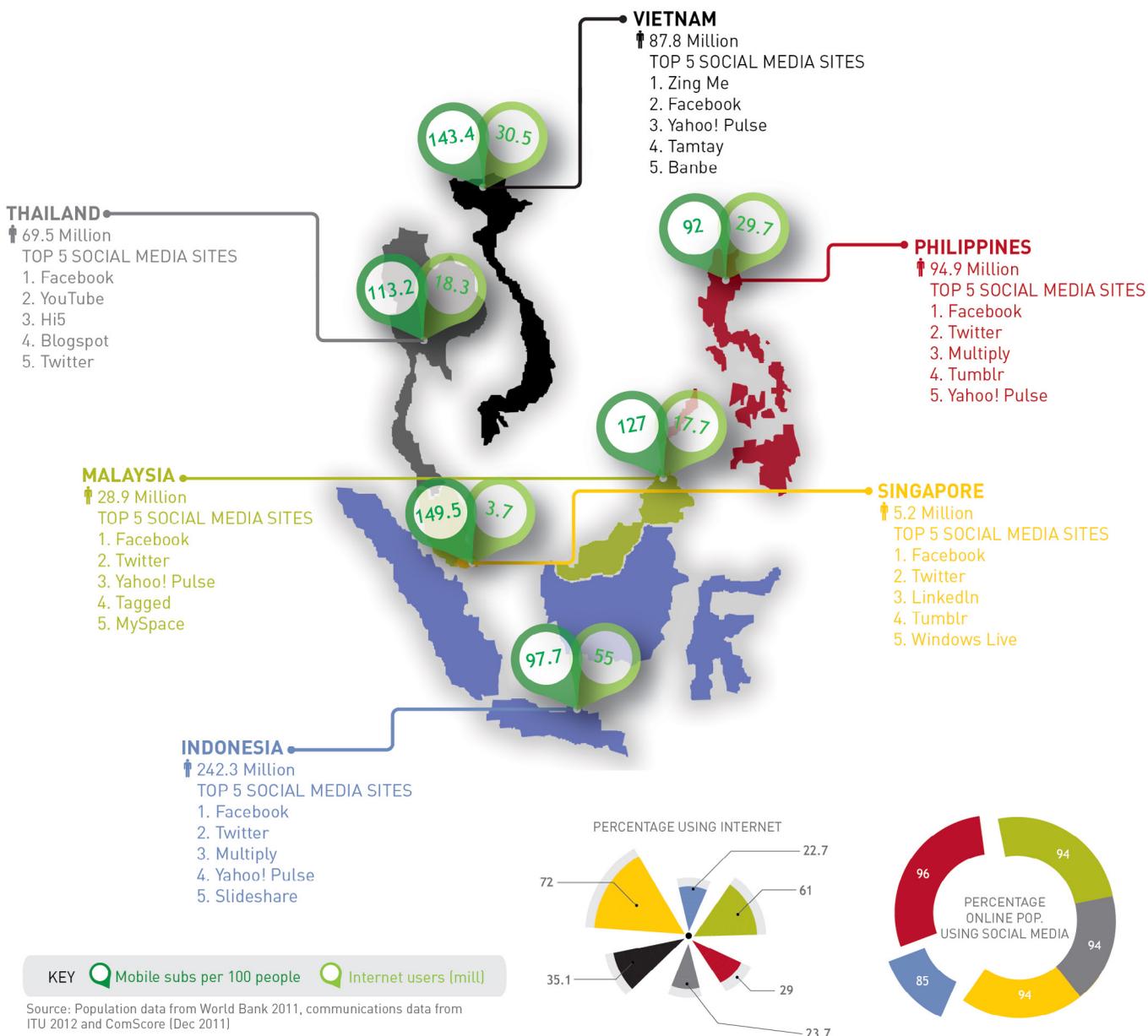
“For us, it’s very simple: if you’re not actively participating, you don’t know about . . . [the] negative stuff that happens, and you cannot manage it. So we chose to be actively involved . . . and the moment that you interact and engage your customers, followers and social media audience in the right way, they’ll actually provide solutions and answers. You can easily turn negative issues into positive issues.”

Erik Meijer
Director and Chief Commercial Officer, *Indosat*

Social Media in Emerging Asia

Social: Individual Use is Prolific, Not Yet for Corporates

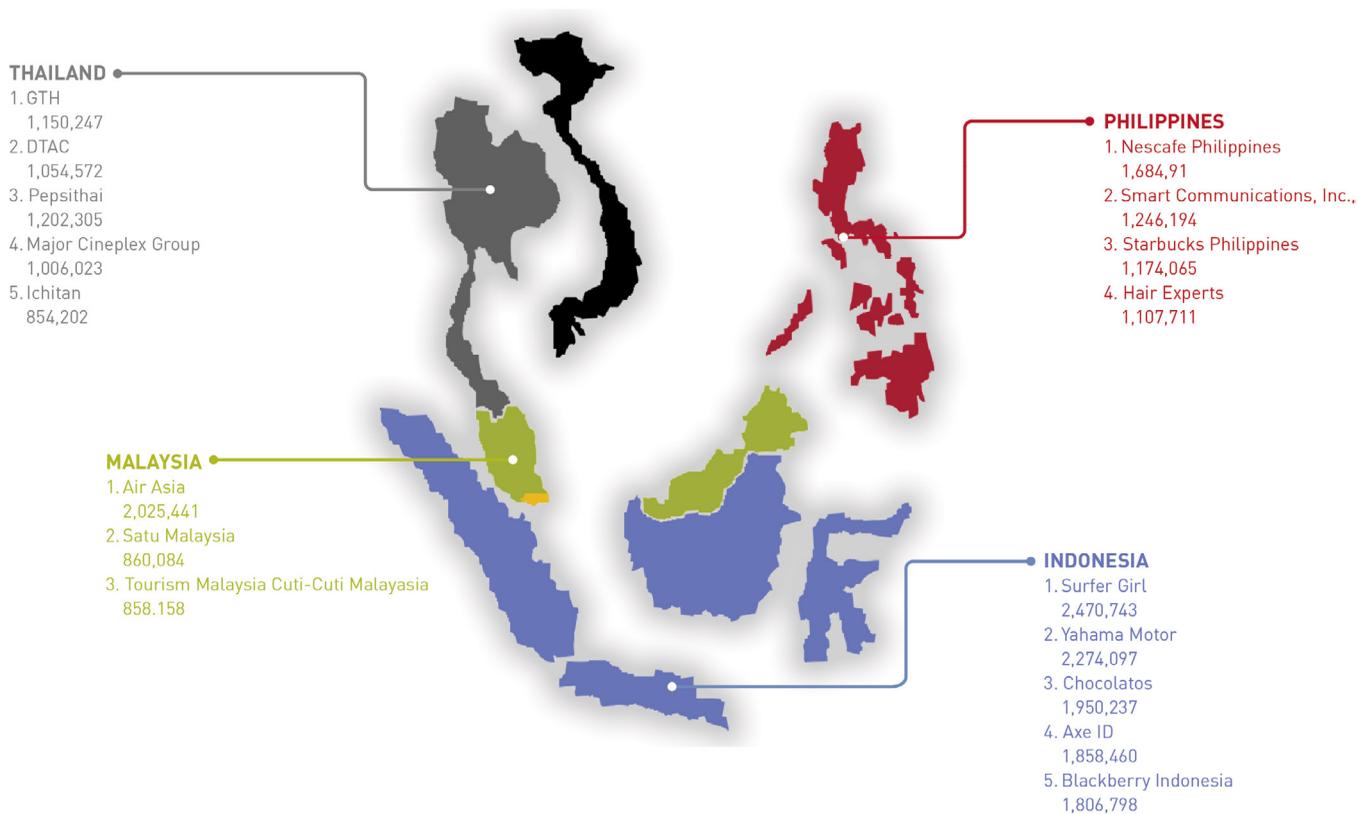
While there is a recognised explosion in the level of individual usage of social media, overall corporate strategic application has been far more limited. Companies have largely been cautious, taking a “toe-in-the-water” or experimental approach. A multinational bank remarked, “We mainly just use Facebook, which is linked to our Twitter account. We also have Instagram, Google+ and FourSquare accounts, but these are not active yet.” This situation, however, is changing rapidly.



Top Brands Per Country

Local: Local Players for Local Markets

Where regional corporate strategic social media initiatives are being undertaken, they are being implemented by local and regional players, rather than the larger MNCs. For many, this is counter-intuitive given the greater resources and deeper global experience MNCs bring, but is often the result of centralised governance policies. The result is that many of the larger MNCs go ahead and set up Facebook, Twitter or LinkedIn accounts but do not go much further, even when local staff recognise the strengths of local platforms. While the top five social network sites by country may *look* similar at first, the reality is far more competitive and diverse. The takeaway is a simple one: to be successful over the long term, you need to understand the local social media platforms.



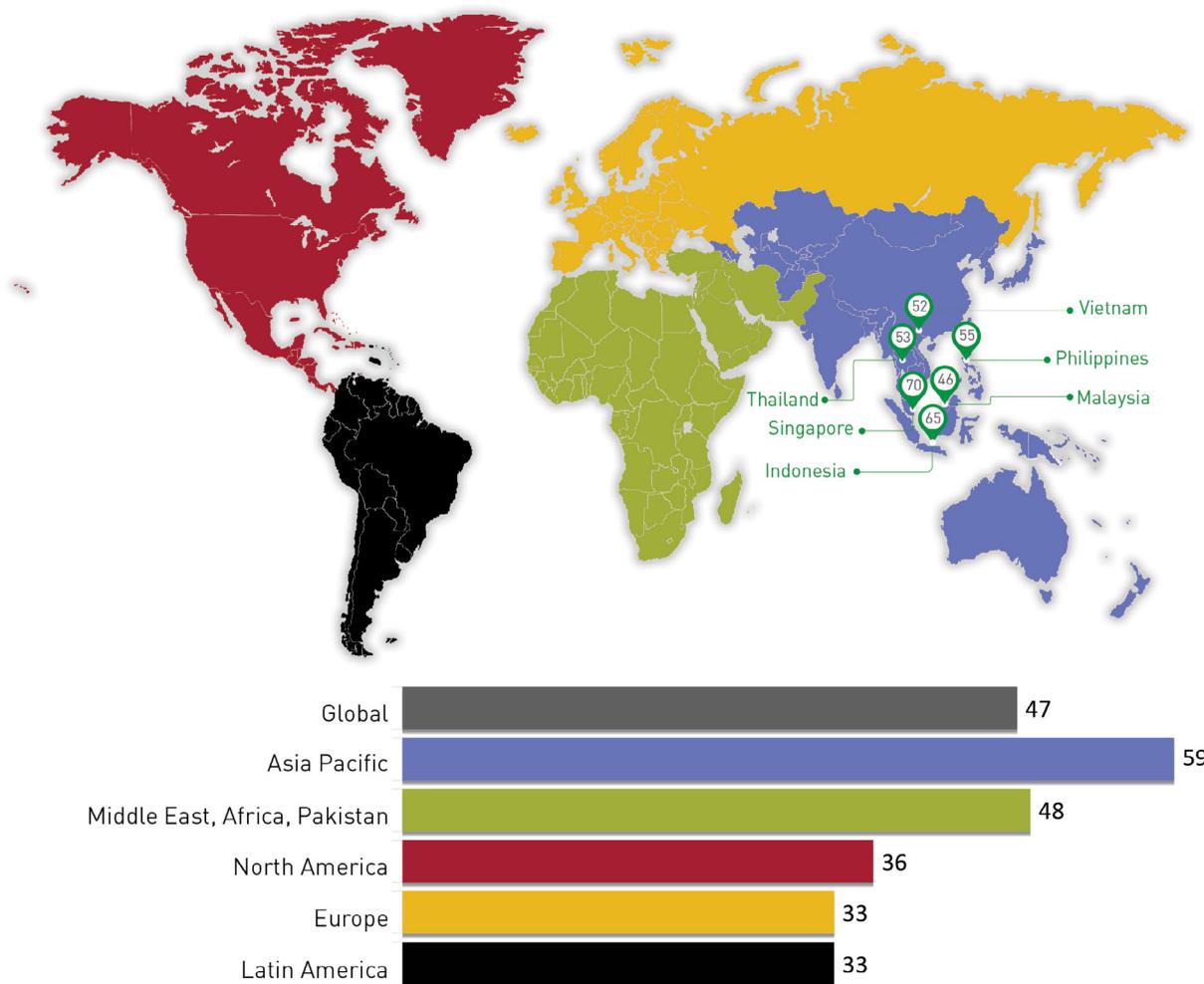
The ranking is based on an accumulation of members within the social network of brands in ASEAN which includes Facebook likes, Twitter followers, YouTube subscribers, and Instagram followers as of 21 August 2012

Source: Thailand, Malaysia, Indonesia, Philippines brands from Zocialinc - Aug 2012

Mobile Phone Access to Social Networks (%)

Mobile: Social Media in Your Pocket

The vast majority of usage across Asia is from a mobile device. This is something Asia has in common with other economically emerging regions, but differs from the development trajectory in the West. Some of the global traditional social media players have had trouble moving successfully into mobile data capture. With the amount of data that is being generated on the move but not captured or used, the opportunities are flying by.



Source: Nielsen 2012



Mobile phone access by region

Local Markets in Southeast Asia:

Social Local Mobile



Indonesia

Key local platforms: Kaskus; Detik

If Facebook was a country, Jakarta would be the capital.⁷ As of 2013, Indonesia has some 47 million registered Facebook users, making it the fourth-largest Facebook market in the world.⁸ But Indonesians are not monogamous in their use of social media. Indonesia is also the fifth-largest Twitter market in the world and BlackBerry's second-largest market (driven by free instant messaging).

Social media is increasingly used in Indonesia as an online platform to call for social justice, or to publicly embarrass government officials. It has become a tool in the fight against corruption. Indonesia has also rapidly become one of the most exciting multiplayer gaming markets in the region and a hotbed for apps developer communities.



Malaysia

Key platform: Blogger

Malaysia has been notable for its use of social media by politicians, including Prime Minister Najib Razik; Khairy Jamaluddin, Chairman of UMNO's Youth Wing; and former Prime Minister Dr. Mahathir Mohammed. Personal political decisions to adopt social media are further underscored by government support, evident through initiatives such as Malaysia's Social Media Week, supported by the Ministry of Information, Communication and Culture.

While no prevalent local social media platforms yet exist – Malaysians prefer Facebook, Twitter, Pinterest, YouTube and others – social media pioneer Friendster is now headquartered in Kuala Lumpur, which may be an early indicator of knowledge transfer and a reverse brain drain given the levels of top-down attention focused on the social media sector.



Philippines

Key local platform: Sulit

"Social Networking Capital of the World"⁹ was the title bestowed on the Philippines in 2011, with 9 out of 10 online Filipinos using sites such as Facebook. In absolute numbers, the Philippines ranks as Facebook's eighth-largest market globally, with approximately 30 million Filipinos actively registered.

The Philippines has always demonstrated a healthy appetite for new media communications. There was phenomenal SMS uptake in the late 1990s, with SMS use helping to organise the protests and rallies that were instrumental in the "People Power 2" uprisings that overthrew the president. Smartphone uptake in the Philippines is also reportedly the fastest in the region. Innovatively, the carriers have all begun offering "dedicated social media data packages" in response.





Singapore

Key local platforms: Hungrygowhere, Chope, Reserveit

Singapore's status as a regional hub means that much of the development is led by regional, rather than domestic, opportunity. Collaborative platforms, from LinkedIn and Dropbox to Slideshare and Yammer, have been driven throughout Asia by regional headquarters present in Singapore, and the army of local and expat workers commuting to and from neighbouring economies.

Local platforms do develop early in the cycle, focusing on the local market, but eyeing regional growth once proof of concept has been achieved. Sectors bearing fruit include the location-based services space, particularly transportation and hospitality, travel, and finance. Examples include Deal.com.sg; Sgag, a local version of 9Gag; inSing, a local news site; Gothere; and Hungrygowhere.

The success of two local online real-time restaurant reservation systems, Chope and Reserveit, can be attributed to their keen local understanding of Singapore's obsessive fascination with food. Capitalising on these compulsions has created a new expectation among Singaporeans: any restaurant worth its salt will have some form of direct online seat and time reservation system available. Time is money.



Thailand

Key local platforms: Sanook, Pantip, Kapook, VoiceTV

Thailand has quietly been one of the leading gaming markets regionally for well over a decade, both for developers and for users. Thus, while Hi5 was originally Thailand's most popular social media platform, focusing on photos and messaging, it was overtaken in 2010 by Facebook offering games (Farmville, Café World, Restaurant City), as well as existing Hi5 features.

In a sign that social media is already established as an official communications channel in Thailand, the prohibition in promoting a candidate or political party from 6 p.m. on the day before an election until the closing of poll centers on the election date has been interpreted to also cover the promotion by means of social media, including Twitter.¹⁰ While users of Twitter and Facebook can post in local language, there is a recognised content gap being filled by local sites Pantip and Sanook, which are increasingly popular because of their localised content.

Thailand also remains distinctive for its *lèse majesté* regulations (prohibiting the dissemination of material derogatory to the monarchy). Recent government regulations suggest that the act of "liking" a post on Facebook, or performing a similar action on other social media sites, may itself be treated as a *lèse majesté* offence.



Vietnam

Key local platforms: 24H.com, Bao Khuyen hoc, Dan Tri Online, Vatgia

Although most Vietnamese use social media, businesses lag behind. Facebook is the most used site in Vietnam and the choice for Vietnamese enterprises, including state-owned businesses such as Vietnam Airlines.

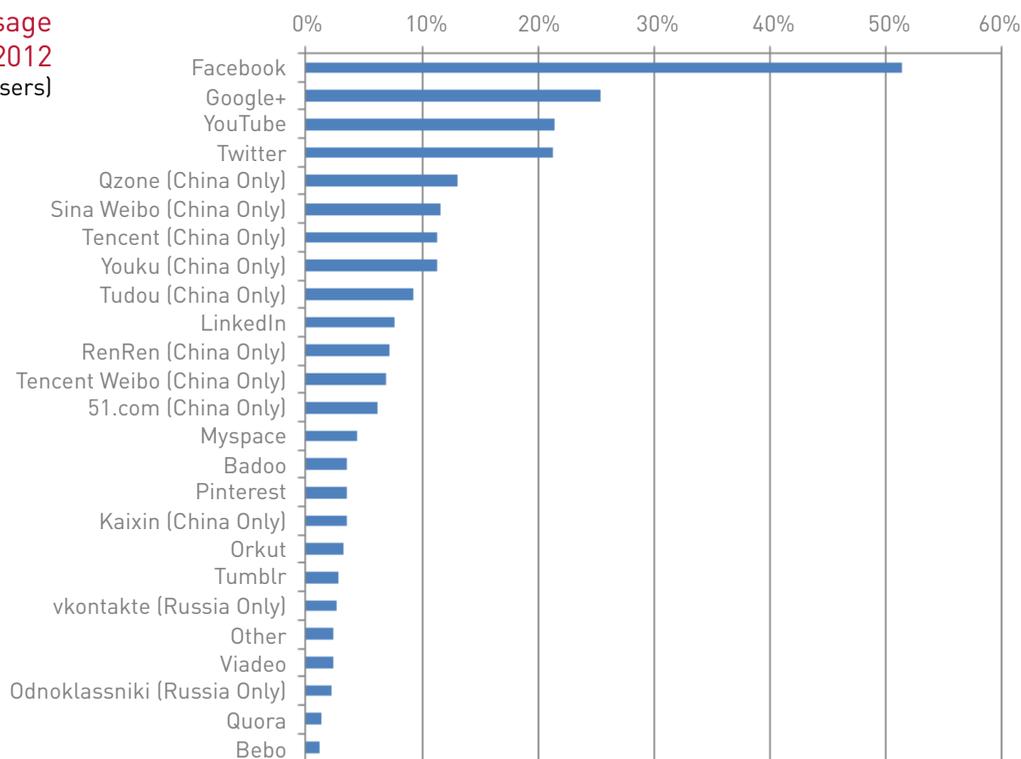
Provisions of the recent Decree No. 72 could be interpreted to disallow posting news stories (or their links) on social media sites. However, according to representatives of the Ministry of Information and Communications, these provisions are intended to distinguish between truly personal websites and websites that provide general information as de facto, and unlicensed, news websites.

Over-The-Top ("OTT") services may also be the subject of new regulations. The availability of free OTT communication services such as WhatsApp and Viber have challenged the business of domestic phone network providers, thus creating a domestic interest group that is lobbying for increased regulation of OTT providers.





Social Platform Active Usage December 2012 (% of global Internet users)



Source: GlobalWebIndex Q1 2013.

Global Giants vs. Local Champions

The common view is that the big are getting bigger and the small are not surviving.¹²

Two key data points undermine this view. First, global statistics agencies are only capturing the most rudimentary mobile usage and, as shown, Asia's usage is disproportionately mobile. In addition, certain communities, such as specialist communities and religious groups, have begun creating *darknets*: Internet access sites and social media sites that are not spidered by the global engines. Second, is the increasing use of aggregated social media feeds. A user in Thailand may well maintain a Facebook page, but they are often using their Facebook identity to log into half a dozen other platforms, and spending far more time on, for example, Pantip or Sanook.

Thailand, Indonesia, Vietnam and the Philippines have all developed local social media platforms that compete with the global giants. Vietnam is a particularly good example, Facebook still remains the most popular social media platform in Vietnam followed by the local platforms ZingMe and Go.vn.

Different Social Media, Different Amplifiers

What does this mean for companies looking to develop a regional social media strategy?

If the objective is engagement, interaction or behavioural analytics — and consumer understanding — investing in local platforms is a necessity. If your local partners or advisors think that they understand the market, but they don't understand the local platforms (including their strengths and weaknesses), they don't understand local consumer behaviour as you need them to.

Micro-blogging sites such as Twitter, Tumblr, Blogger and Wordpress are popular. This is reflective of a particularly strong blogging culture across Southeast Asia. Blogging sites create an open platform for people to raise opinions and share ideas in much more detail than sites like Facebook. They represent opportunities and challenges for companies looking to get messages to go viral, but should be approached with caution.



Most Tweeted, Most Tweeting

Managing crises

On 10 January 2011, AirAsia flight AK5218 from Kuala Lumpur to Kuching skidded off the runway during heavy rain, causing panic amongst passengers and injuring four. The incident resulted in disruptions to Kuching Airport and prospectively grounded the budget carrier's high-flying ambitions.

In a proactive response, AirAsia took to Twitter and Facebook to manage the crisis, addressing passengers' concerns and maintaining updates on the incident and flight information. CEO Tony Fernandes also promptly responded on Twitter, helping to personalise the crisis and demonstrating the company's commitment to addressing the issue.

Managing customers

Ironically, AirAsia's use of social media is far more focused on customer acquisition and customer engagement than crisis management. The airline is known to be the world's "most tweeted carrier" due to its extensive use of social media, and one of the top three "Airlines Talking Champions" (as awarded by Ezeer.com, a social networking specialist for travel reviews). The company's front-facing social media sites work hard to carry lively discussions on different cultures and cuisine, in order to convince customers to book tickets to different destinations along with marketing campaigns such as the "SGD\$1 Flight BIG SALE."

AirAsia emphasises the importance of social media for handling customer engagement, i.e., obtaining feedback, attending to queries and acknowledging complaints: "Apart from getting feedback and hearing opinions, we also provide an eye to [customers] to see what life at AirAsia is all about. Through Instagram, we post photos of staff events happening at various AirAsia offices. This gives them the opportunity, indirectly, to be part of AirAsia and embrace the company, not just merely as guests on our flight."

Announcements of job openings are also posted on the Facebook note function, generating huge interest which the carrier has been able to turn into direct revenue; one campaign generated some 589,000 seats. The same channels are also used to acknowledge complaints on ticket availability, payment methods and competition terms and conditions.

Managing growth

The airline industry has been one of the most proactive early adopters of social media technologies, with over 75% of airlines investing more than 90 man-hours per month on social media. Budget airlines have been particularly active in this regard. Even within the sector, AirAsia is a stand-out example of the use of social media for driving engagement and business objectives.

Third-quarter 2012 earnings showed a 12% year-on-year increase in passengers carried, while revenue passenger kilometres increased 8%. AirAsia's PR executive Anita Hadi credits the success of the group's social media strategy to expanding consumer base: "By being able to expose and make our brand more visible, we are able to convert those who did not use our services before to fly with AirAsia."

“As opposed to traditional media, we are now able to have two-way communication with guests and respond in a timely manner. Social media enables us to reach to the world, giving us a borderless audience reach.”

Anita Hadi
PR Executive, AirAsia



4



Where are the Challenges?

Legislators and policy makers charged with the regulation of social media are often faced with vexing issues, as the laws in this region have generally not kept pace with technological developments. In many cases, trying to apply existing regulatory frameworks for traditional telecommunications or media products to nascent social media offerings is akin to attempting to fit a square peg in a round hole. Such uncertainty exists with any type of Internet platform, but is probably exacerbated by the speed at which new features and services develop in the social media space.



Contentious issues arise even where governments *have* acted to update their laws. The Cybercrime Prevention Act passed by the Philippine Senate in September 2012 extended the offline laws of libel online, threatening to hold anyone associated with a site on which offending material is posted criminally liable.¹³ If the law is eventually implemented, companies may need to put in place robust vetting and approval processes for their social media assets. This is to minimise libelous comments posted by customers that may potentially drag a company into a legal quagmire.

Jurisdictional Issues

One of the fundamental issues that needs to be resolved before we can even begin discussing which law should apply is this: whose laws should apply. Due to the nebulous nature of the Internet, it is often not clear what jurisdiction applies to an offence that takes place on a social media platform. This in turn leads to uncertainty regarding which country's laws apply, which country has the power to prosecute the offence and in which country can the perpetrator effectively be brought to justice. It is not always the case, as one would like to assume, that these countries are one and the same.

Faced with such uncertainty, some governments have implemented technical measures to mitigate the potential loss of control. The "Great Firewall of China" is an obvious example, but there are others from Southeast Asia as well. Between 2009 and the end of 2012 access to Facebook was restricted by the government of Vietnam.

Vietnam continues efforts to manage and regulate online and social media content. The recent Decree No. 72, could be interpreted to prohibit the posting of news articles and other general information on social media, and requires social media sites to locate a server in Vietnam - although it is unclear whether this provision applies to cross-border suppliers of social media.

The Draft Law on Information Security would obligate entities operating on networks to help prevent "information conflict" - broadly defined as conflict between organizations intended to, for example, undermine information systems or create political or social instability. This Draft Law thus appears to make social media providers at least partially responsible for preventing the posting of certain prohibited content.

Legal and Regulatory Issues

Even if we put such jurisdictional issues aside, companies who want to successfully leverage social media need to be aware of the many local law issues they may face. Such issues may stem from differences in cultural norms and varying religious, ethnic and political sensitivities in each jurisdiction. For example, in Thailand, anything that is seen as offensive to the ruling monarchy is blocked. In fact, more than 70,000 websites were blacklisted by the government in 2011 because of alleged *lèse majesté* violations - most were international.¹⁴ YouTube has already been banned several times for posting videos deemed offensive by the government because of the country's unique *lèse majesté* laws.¹⁵

Besides such local issues, there are a myriad of other issues of which social media users need to be mindful. Some are more keenly associated with a particular phase of the engagement model described in section 2 of this report, although issues applicable to a lower phase in the engagement model will also be relevant in higher phases. In other words, the more advanced a company is on the engagement model, the more issues it will need to consider.

The **Philippine Cybercrime Law** criminalises activities such as identity theft, hacking, illegal access of computer data and online trafficking, but the law also contains vaguely worded provisions on libel and a "takedown clause" on websites, and allows for searches and seizures without a warrant.

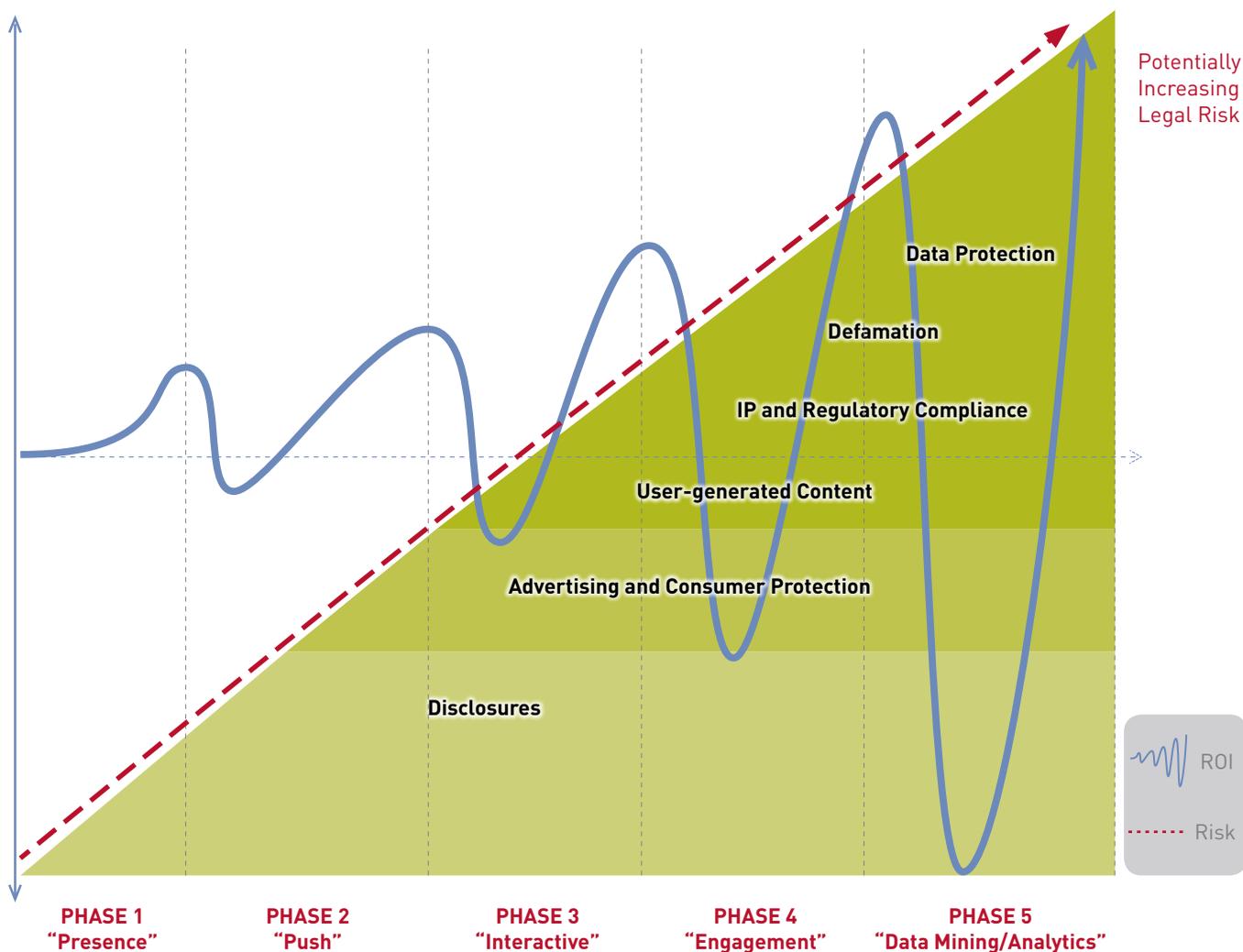
These provisions provoked protest globally (with the *#Notocybercrimelaw* hashtag becoming the third-highest topic on Twitter worldwide at one point), and petitions questioning the law's constitutionality.

Three weeks after the bill was signed into law, the Supreme Court issued a Temporary Restraining Order suspending implementation of the law in its entirety for a period of 120 days. The suspension has since been extended indefinitely.





Potentially Increasing ROI



Phase 1: Presence

The moment a company starts to put out information on a social media platform, it runs the risk of exposure in terms of advertising claims and consumer protection issues as well as the potential inappropriate disclosures. Social media has dramatically sped up the impact of such disclosure, exponentially extended its reach, and made it virtually impossible for the company to suppress the information once disclosed.

At times, the disclosure does not even take place on social media assets that the company controls. Employees making postings in their personal capacity through their own social media accounts may unwittingly expose the company to reputational or other types of damage. For example, the CFO of Francesca Holdings was terminated after tweeting and posting comments on Facebook about details of board meetings, the release of earnings data and the sales of secondary stock.

This is especially true with the blurring of the lines between the social and professional spheres caused by the advent of the BYOD workplace environment. It is no longer sufficient for companies to rely on the standard non-disclosure or confidentiality provisions in the employment contract. Most companies have found it necessary to protect their interests by instituting a specific social media policy, which provides guidance to employees around the use of social media, particularly when they are representing the company.

Phase 2: Push

During the next phase of engagement the company may start to push out more than just information about the company and its products and services. The proactive dissemination of marketing messages through social media increases potential to trigger advertising or consumer protection issues. The publication of false claims could,

for example, lead to exposure under labelling, product liability, misrepresentation or unfair trade practices laws. Campaigns that rely on viral marketing need to be reviewed to ensure that they do not fall foul of anti-spam regulations.

It is a well-known fact that companies that successfully use social media networks to engage with consumers experience a higher rate of conversion. Word-of-mouth “recommendations” or “likes” from a friend or a fellow “follower” are particularly convincing, and the power of the message is amplified through network effects. This has increased the temptation for companies to engage in practices such as “astroturfing,” for example, by planting employees in forums or hiring bloggers to write positive or favourable reviews about their products or services. Unfortunately, such tactics have a habit of backfiring spectacularly.

The *Wal-Marting Across America* campaign is instructive in this regard. Wal-Mart was portrayed favourably in a blog featuring a couple, Laura and Jim, as they journeyed across America in an RV, parking for free at various Wal-Mart stores across the continent. The bloggers posted interviews with various happy Wal-Mart employees, which would have been a major publicity coup for Wal-Mart if not for the fact that it was eventually discovered that the entire trip was sponsored indirectly by Wal-Mart. Jim turned out to be a professional photographer at *The Washington Post* and was forced by his employer to pay back money received for the trip and to remove his photographs from the blog.

However, as much as this was unflattering for Wal-Mart, it was ironically an even bigger PR disaster for Edelman, the PR firm that organised the whole publicity stunt. CEO Richard Edelman has lectured extensively on how to use blogging as a medium for getting messages across, and helped devise rules for companies trying to tap into the blogosphere. The company had also hired Steve Rubel, a prominent blogger, to help clients devise strategies on how to use blogs effectively. Both Edelman and Rubel eventually had to issue statements apologising for the botched campaign (see sidebar).

Phase 3: Interactive

When a company enters the interactive phase, the conversation becomes two-way, as customers are allowed to post content on the company’s social media assets. This, of course, has the potential to create a whole host of issues for the company, a number of which have already been alluded to. For example, while other Southeast Asian jurisdictions may not have *lèse majesté* laws along the lines of Thailand, comments that are likely to incite violence, are prejudicial to racial harmony or otherwise are objectionable on the grounds of public order or morality are likely to contravene cybersecurity, sedition, content regulation or other laws. Such offences are often criminal in nature.

While social media users may potentially be able to avail themselves of exemptions in a number of Asian jurisdictions in respect of infringement arising from user-generated content (e.g., in Singapore, such safe harbour provisions can be found in the Electronic Transactions Act as well as the Copyright Act), there have been a number of cases where companies have been held liable for content posted by their customers. In 2009, Allergy Pathway offered up undertakings to the Australian court committing to refrain from repeating certain misleading representations that they had made in their brochures and other marketing materials. The company was subsequently held to be in contempt by virtue of having breached the undertakings, based on testimonials written and posted by customers on Allergy Pathway’s website, Facebook wall and Twitter page. It was determined that the company was aware that the testimonials had been posted, and accepted responsibility for their publication when it took no action to remove them.

Intellectual property rights is another area where potential pitfalls may arise. Consumers may post content that infringes copyright or trademarks of a third party. Again, while there may sometimes be exemptions that companies can rely on, often such exemptions require that the company be a mere conduit, and not be in a position to exercise control over the content posted by its users. This illustrates the conundrum faced by companies which use social media over whether and how much they should moderate user-generated content.

“ I want to acknowledge our error in failing to be transparent about the identity of the two bloggers from the outset. This is 100% our responsibility and our error; not the client’s. ”

Richard Edelman
CEO, Edelman

“ Our firm failed to be completely transparent. I am sorry I could not speak about this sooner. I had no personal role in this project. ”

Steve Rubel
EVP, Global Strategy and Insights

In early 2009 the offices of Thai online newspaper *Prachatai* were raided by the Crime Suppression police following accusations of hosting *lèse majesté* content.

Chirannuch Permchaiporn, the webmaster, was arrested for violating Article 15 of the Computer Act. Although she did not post the original 10 comments, she was found guilty of *failing to remove the posts quickly enough*, and was sentenced to an eight-month suspended sentence and fine – three years after her initial arrest.

The government’s broad interpretation of the law implied that anyone – be it a Wi-Fi provider for a coffee shop or the host of a social media page – could be found guilty of *lèse majesté* violations.

The implications for businesses using social media are severe: businesses could find themselves responsible for posts made by others on their social media bulletin boards, forums, walls, etc.



Most social media platforms require users to grant the operator a broad licence for them to reproduce, display, distribute and, in some cases, modify and adapt the content posted on the platform. Companies that encourage their users to submit content to their social media site need to ensure that they obtain an appropriate licence from their users as well.

Phase 4: Engagement

In the next phase of development, the company is likely to actively engage its customers over the social media platform. Besides allowing consumers to post content on the company's social media assets, the company may also open up avenues for consumers to share feedback or submit complaints regarding the company's products and services. While this may be a useful customer relationship management tool if handled well, there is also the potential for disgruntled customers to overstep the boundary in venting their frustrations, and for the adverse impact of such bad press to be likewise amplified.

Such criticisms need to be addressed with diplomacy and extreme sensitivity, as the company may suffer reputational damage even if it is on the right side of the law. In 2009, a lady was fined and sentenced to jail in Indonesia for complaining about a hospital's service in a mailing list, which eventually went viral on Facebook.¹⁶ The hospital successfully filed a defamation suit against the lady under the Information and Electronic Transaction Law, but the severity of the punishment meted out resulted in such a public backlash that the hospital was compelled to drop the action.

In the worst-case scenario, angry and tech-savvy customers may well create a dedicated website or social media page to allow other consumers to air their grievances about a company publicly. Prominent companies such as Microsoft, PayPal, American Express and United Airlines have all been the subject of such corporate complaint sites that may even spoof the corporate website. Companies may also be targeted and impersonated not by dissatisfied customers, but malevolent actors. Hackers may deface a company's social media assets, or use them to propagate false messages. The Twitter account of Associated Press was recently hacked and a post regarding explosions at the White House was sent from the compromised account. This caused US stock markets to tumble about 1%, albeit only momentarily. It has been suggested that investors who lost money as a result could seek redress against Associated Press for being negligent or failing to take reasonable steps to prevent the publication of information under its name.

Phase 5: Data Mining/Analytics

It is likely that social media users would collect some form of personal data from their users during all phases of engagement. However, in the final phase of the engagement model, social media users are likely to mine data from their users extensively, and dramatically increase the use of analytics to derive actionable insights and competitive advantages from such data. Such activities would need to be assessed against the backdrop of global data protection and privacy laws, including in a number of Asian jurisdictions, such as Singapore, Malaysia and the Philippines.

It might be said that there is a fundamental tension between social media and data privacy laws, since social networking sites are, by design, premised on the sharing of information. The operators of social media platforms are likely to be adequately protected through the terms of use and privacy policy of the platform. However, the evolving use of data does present risks in terms of data already collected. Often there are reputational repercussions even when users are technically permitted by the terms. However, it is not uncommon to see companies neglecting to put in place their own terms of use and privacy policies to allow them to use, disclose or process personal data collected through their social media assets.

Additional considerations arise if personal data collected is transferred across borders. Just as we started off this section discussing jurisdictional issues that may arise, the lack of consistency and coherence in the evolving legal landscape in this region is likely to confound all but the most sophisticated social media users. Different requirements could apply to the same piece of personal data, possibly at the same time, and it is important for companies to ensure they have a clear understanding of the applicable regimes and derive a strategy to address the requirements whilst maximising the returns.

A large regional bank commenting on the additional administration required to manage social media intellectual property rights: "Another [dedicated staff] helps with the physical posting . . . she coordinates with the agency for content development and review of pictures. We have to check if the picture is royalty-free, to avoid copyright issues."

Global Privacy Handbook

Focus on achieving and maintaining "compliance" by downloading Baker & McKenzie's Global Privacy App



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Adapting to Change, Changing to Adapt



Support from the top

Thailand's Nation Multimedia Group (NMG) is the largest media group in the country in terms of varieties of media offered to the public, including *The Nation*, a popular English-language daily; TV stations like the Nation Broadcasting Corp.; and other digital assets. In 2012, Chairman Suthichai Yoon mandated the use of social media across the group. As a result, social media use is now integrated into employees' key performance indicators: all employees are expected to use their judgement and adopt social media as appropriate to their job function, such as reporters having personal Twitter accounts.

Adapting to change, changing to adapt

Allowing employees to use social media came about with the media group's attempts in recent years to transform its advertising base into a more service-oriented business structure and make its content platform more interactive. To successfully make the transition, NMG believes that employees need to be using the same digital tools that the company provides its customers. In so doing, it also has an opportunity to lead, at least partially, the conversations that result.

Its newspapers now display icons and addresses for their Twitter and Facebook pages on the front page each day (this can be found on the top left corner of the newspaper). It has also developed a mobile app to promote both access and convenience, along with a photo app, iSnap, which allows readers to unlock extra content such as videos when they take a photo of the icon in the newspaper.

Risky business

While the political situation in Thailand has stabilised in the last few years, media agencies such as NMG which have expanded into social media are still facing increased corporate risk from increased exposure on various

platforms. In particular there is the risk from *lèse majesté* violations under Thailand's Computer Crimes Act, which holds both users and intermediaries (such as webmasters and content hosts) accountable for controversial or illegal content deemed derogatory to the monarchy.

Monitoring user-generated content is therefore key to mitigating the paper's liability. According to Nation Broadcasting Corp. Vice President Amnart Treenarat, "If you allow people to comment, you must have the team to monitor and moderate the content. We have two shifts for day and night. Up to 95% of user posts are all right, but there are always some comments which are sensitive and illegal, and may need to be discussed in committee."

In addition to the comment-monitoring team, *The Nation* also makes the most of the peer-censorship taking place in Facebook where, according to deputy editor Asina Pornwasin, "We rely on the crowd themselves to monitor the comments, and people can report to their social media editors and managers about such content."

“ If you allow people to comment, you must have the team to monitor and moderate the content. We have two shifts for day and night. Up to 95% of user posts are all right, but there are always some comments which are sensitive and illegal, and may need to be discussed in committee. ”

Amnart Treenarat
Vice President
Nation Broadcasting Corp.



5



Recommendations and Next Steps

With the region undergoing dynamic growth in social media use, what key issues should companies interested in social media move forward? We identify four takeaway points:

Key Takeaways

Identify your goals, and set clear and measurable objectives

1 Set your targets

Today, a mobile phone app can reach 50 million downloads in less than a month; a song or dance craze can become a global phenomenon without a corporate contract in place (and no formal marketing budget); a company can expand into a new market, servicing, tracking and anticipating customers without a physical presence.

Social media can benefit companies handsomely if three questions can be answered correctly:

- What is the objective of the social media strategy?
- What phase of social media engagement is the company in?
- What phase would the company like to move towards?

Two crucial assessments are required to make sound strategic decisions:

- What is the investment the company is willing to put in?
- What are the measures of success?

Equally, however, social media can return very little (and can increase risk disproportionately) if the objectives and measurement are *not* clear at the outset.

Any company should be able to identify where it sits on the corporate engagement chart. Every company should then be able to see where its investments become worthwhile.

While the corporate approach to social media in Southeast Asia has been relatively cautious to date, that landscape is changing fast. A focused social media strategy still offers significant opportunities for fast traction and early-mover advantages. With increased social engagement comes increased risk: social media creates vulnerability from customer complaints, personnel grievance and corporate disclosure, amongst others. Across Asia, broad social media deployment risks demonstrating companies' ignorance of local laws and customs.

For companies to be successful, they need to be prepared to hold themselves accountable through measurement. They should be ready to learn, adapt and adjust as they progress. They also need to recognise that progression necessarily requires investment.

To do well, be prepared to invest; to excel, be prepared to invest *and* be dedicated

2 You can't afford *not* to invest

There are 600 million phone accounts for 530 million people across Southeast Asia, with more than 50% already active on social media. Less than 20% of companies across the region are proactive in social media at this point in time. The opportunity is substantial but it will narrow fast.

Transitioning from one social media phase of engagement to the next requires investment. The deeper the social media engagement, the greater the investment and the longer the time required for a return on investment. Companies need to be prepared to invest in the necessary expertise, skill sets and training.

They also need to be prepared to outsource where necessary. Social media is still in the early stages of development and everyone is learning. A continual trade-off will come into play: should a company pay for the necessary outsourced expertise *or* pay to train and develop internal skill sets so as to build for the future? Once again, this all comes back to where on the engagement chart a company aspires to be. Deep customer engagement and big data mining will be for very few companies – even in the long term.





Seek sound advice from a strategic and legal perspective

3 Prepare for the unexpected

Getting sound advice, in terms of strategy and the market and in respect of local legal and regulatory requirements, is critical, both before entering a market, but on a “regular” basis. The markets under review in this paper are some of the most vibrant and fastest-growing social media markets in the world, but often times opportunities will only be visible to market participants – seeking their input becomes critical.

The regulatory changes across the region – around data sovereignty, data protection, regulatory compliance, and other key issues – are only going to increase in the coming years. No government yet has an established framework for these issues, and they goalposts now continue to move for most economies.

Of course, the external environment is only part of the picture in developing a successful social media strategy, particularly for a region as diverse and dynamic as Southeast Asia.

Any social media strategy needs to be accompanied by governance policies

4 Common sense is neither common nor sensible as a policy

The New York Times is famous for having set this social media policy: “Use common sense and don’t be stupid.” It has had several crises to manage since. Expecting the best in people is admirable but not sensible corporate risk management. As Erik Hauser, a recognised thought leader in experiential marketing, has noted, “The notion that an online community will self-regulate is absolute hogwash.”¹⁷

Social media has dramatically sped up the impact of corporate disclosure. Once the image, the file, the curt refrain is exposed, the digital footprint tends to last. Social media governance and risk management policies provide an important first line of defence for both employees and employers, and offer a direct reference point for the company.

Prevention in this environment is not only better than cure; curing a breach or trespass may not be an option.

The virtual water cooler is a powerful platform to be able to influence the conversation and should be targeted as such: strategically, ambitiously and genuinely. After all, several hundred million voices are actively waiting to be heard.



End Notes

- ¹ Google Public Data Library, <http://www.google.com.sg/publicdata/directory>
- ² Sources:
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About the Report

This report is published by Baker & McKenzie based on research undertaken by TRPC Pte. Ltd., a boutique consulting and research firm with over 25 years' experience in the telecommunications, media and ICT industries in the Asia Pacific.

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About this report

This report is based on in-depth interviews and discussions with senior executives who are involved in, or have oversight of, their organisation's social media strategy. A total of 68 organisations operating in Southeast Asia were approached between January and March 2013, with 43 case studies developed for inclusion. Participating organisations were selected to gain insights into the experiences of companies in their social media journeys.

This report is a result of a 3-phase research program developed to explore and advise on effective social media strategies in Southeast Asia. The first phase involved preliminary data gathering through desk research and interviews to construct basic test hypotheses and themes and prepare for key informant interviews. The second phase focused on conducting in-depth interviews to determine significant market issues and key trends. The third and final phase involved the collation and analysis of all information to form the case studies and key research findings of the report.





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EXECUTIVE
SUMMARY

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