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Introduction

The mission of State Farm Casualty Insurance Company is to help people manage the risks of everyday life, recover from the unexpected, and realize their dreams. In fulfilling this mission, State Farm has become the leader in the industry, reporting more than 100 billion dollars in assets in 2009, more than any other personal lines insurance company in the United States. However, industry leadership is not limited solely to the amount of assets State Farm can claim.

State Farm is recognized consistently as a communication leader, both internally and externally. State Farm Red Magazine, one of the insurer's internal communication vehicles, has been awarded a Bronze Anvil from the Public Relations Society of America. It's campaign, the 50 Million Pound Challenge – an innovative effort in the African-American community to help people get fit, lose excess weight, and stem the toll of weight –related diseases that threaten millions of Americans – has been award a Silver Anvil by the PRSA, as well. Most recently, the company took home a 2012 Silver Anvil in the Public Service category for “Eat, Fry, Love: A Cautionary Tale - Reducing Holiday Cooking Fires.” The five-minute YouTube video starring actor William Shatner focused on mitigating turkey fryer fires (Public Relations Society of America, 2012). Furthermore, the company's slogan, Like a Good Neighbor, State Farm Is There©, debuted in 1971, and in 2009, was selected for addition to the Madison Avenue Advertising Walk of Fame. Clearly, State Farm is a leader in the industry for more than just its financial heft.

However, the challenge of social media presented State Farm with a unique opportunity. Could a company with more than 68,000 employees, in an industry that is heavily regulated, adopt technology as quickly and effectively as other companies? Would being a recognized leader in the field be enough for the industry giant to ensure success in a user-generated platform? The goal of this study is not to enlighten those who wish discover a best practice in the adoption of social media into a corporation, but rather to tell the story of how State Farm has overcome the obstacles presented in establishing its own social media identity. The purpose here, then, is to examine the steps the insurance industry's leader took as it first became involved in social media, and perhaps to showcase how a large, heavily regulated industry

leader adapted and adopted the new platform in a way that could provide a benchmark to the insurance and financial services industries.

Case study serves as the appropriate methodology for an investigation of this nature, as it allows researchers to uncover the process by which State Farm was able to successfully leverage its social media, and also provides a depth of analysis not found in other methodologies. Finally, the case study allows the researchers to answer the four basic questions of research; definition, fact, value and policy – in this case, leading to a better understanding of the successful adoption of new communication tools by a major corporate entity.

Challenges for the Insurance Industry

Each state has its own insurance department and commissioner; therefore, any external message output must be scrutinized to ensure it does not violate any state's unique regulation. As a result, insurance companies could be viewed, in terms of communication, as operating with a high risk aversion, and a low risk tolerance.

However, in the insurance and financial services industry, risks abound. The Insurance Information Institute provides unbiased information about insurance and serves as a resource for insurance professionals and consumers. However, communicating concepts in insurance is not a task for the faint of heart. The following example from the Institute is an explanation, in brief, of how insurance companies set rates, and showcases the complexity in communicating information about insurance:

States monitor insurance company solvency. One important function related to this is overseeing rate changes. Rate-making is the process of calculating a price to cover the future cost of insurance claims and expenses, including a margin for profit. To establish rates, insurers look at past trends and changes in the current environment that may affect potential losses in the future. Rates are not the same as premiums. A rate is the price of a given unit of insurance - \$2.50 per \$1,000 of earthquake coverage, for example. The premium represents the total cost of many units. If the price to rebuild a house is \$150,000, the premium would be 150 X \$2.50. Rates vary according to the likelihood and potential size of loss. Using the example of earthquake insurance, rates would be higher near a fault line and for a brick house, which is more susceptible to damage, than a frame one (Insurance Information Institute 2010).

While the concept of insurance is not necessarily difficult, explaining it can be. The above explanation showcases the challenge of communicating insurance information via social media. One of the main challenges in any communication via social media (especially for a large organization) is to be able to personalize that information to a given audience member, in other words, to engage individual members en masse, but also making personal connections. The larger the organization, and the more stakeholders involved, the more difficult this can become. However, because each policyholder has unique characteristics intrinsic to his or her own particular situation, the challenge for State Farm to engage their audience members becomes exponentially difficult.

An additional challenge found in the insurance industry lies in the complexity of policy writing. Those who set rates and ultimately determine policies for individuals are not the same employees who are handling the communication function, or necessarily engaging with consumers directly. Therefore, it is imperative that those who are responsible for communicating directly with consumers understand some of the intricacies of the insurance industry, though it would be impossible to expect those who are engaging with consumers to know all of the actuarial policies. The challenge, however, is that consumers expect those with whom they communicate *will* know that information, thereby making clear communication with consumers critical.

Finally, as with any large corporation, there are multiple communication avenues that must be realized. In the case of the insurance industry, there are thousands of agents across the United States who act as a point of initial contact for policyholders. These agents allow for State Farm to be the largest insurance provider, but also limit the impact corporate communication may have, as most consumers, when there is a problem, will first contact their agent – or at least they used to. In the age of social media, consumers *might* contact their agent first, or they might tweet about it, post about it, blog about it, etc., and most of the time, that social media interaction is not with their agent, but rather with the company. Although, many agents do leverage social media communication for business purposes. Therefore, the challenge of communicating with consumers via social media from a corporate perspective is an understanding that the customer also has an agent whom may also be in contact with them. The customer only wants their problem resolved, but with multiple avenues for communication come multiple opportunities for messages to be misunderstood, misinterpreted, or in a worst case scenario, conflicting.

Perhaps the biggest challenge facing the insurance industry is that it is often viewed as a necessary evil. A service consumers pay (sometimes large amounts) for, in the hopes that they

will never have to use it – and if they do use it, consumers are often predisposed to believe that the company is the “enemy”. In other words, the challenge for the insurance industry is that while consumers may recognize the need for the product, they may not “feel good” about having to purchase it. Many insurance companies try to combat this through attempting to connect with their consumers, often through social media that integrates successful advertising campaigns and slogans. And in this area, State Farm was at risk of falling behind.

State Farm Not Connecting

State Farm faces serious competition in the consumer engagement area. Other insurers have capitalized on innovative and interesting advertising to engage with consumers on multiple levels, including social media. In fact, all of the top four consumer insurance companies in the United States (State Farm, Allstate, GEICO, Progressive) have a strong social media presence. The researchers question whether or not State Farm’s business leadership translates to its position among its competitors in social media.

According to the 2010 Brand Keys Customer Loyalty Index survey, Allstate ranked first among insurance companies, followed by Progressive, State Farm, GEICO and Nationwide (Management Services 2010). What is perhaps most interesting about the 2010 list is that Progressive was second, up from fifth in 2009. While the exact reasoning for Progressive’s jump is likely attributed to multiple factors, including slow expansion into new consumer markets, such as recreational vehicle insurance policies, there is one distinguishing characteristic that occurred during that time frame that likely also had a key impact, the introduction of Flo, the quirky Progressive “spokeswoman” who began appearing in Progressive television and print advertising. In fact, Progressive founder and president, Robert Passikoff, attributes their sudden rise in the index to Flo’s presence and her apparent connection to Progressive consumers.

State Farm would later introduce its own version of Flo, an unnamed bilingual “spokesperson” named George, to appear in television and Internet advertising. However, it quickly became apparent that George had neither the likeability nor television presence to attract the same type of following that Flo commanded. Eventually, the researchers observed the advertising campaign featuring George was abandoned, while Flo continues to be the star of Progressive’s campaign.

As Progressive began to rise quickly, the other insurance giants sensed the blood in the water, and also went on the offensive. Allstate senior vice president Joseph Richardson, on April 30, 2010, announced the company’s plans to dethrone State Farm and claim the majority of the \$235 billion market within ten years. In a speech to Allstate agents, Richardson said:

We've declared our commitment to be the No. 1 provider of consumer protection in the U.S. That's a powerful statement about being the best. Yes, the best. Doesn't it feel good to say? Just think about how great it will feel when we achieve it, and State Farm – and every other competitor – looks up to us (Daniels 2010)

And while Allstate proves to be State Farm's largest business competition, GEICO – rife with advertising cavemen, geckos, piles of money with eyes and others – is rising quickly. In the Insurance Information Institute's (III) list of top ten writers of private passenger auto insurance by direct premiums, the growth continues. From 2009 to 2011, Berkshire Hathaway Inc., GEICO's parent company, grew .9% in market share. While this change seems incremental, it is fastest growth among the top five insurers in the category. Indeed, between 2009 and 2011, GEICO narrowed the gap between itself and second-place Allstate while adding 1,864,639 written premiums to its book of business. (2011) In blogs and studies about social media, State Farm receives little to no attention, not the case for GEICO. GEICO has realized that its communication efforts cannot survive on advertising alone.

In one example of social media being used to target audiences, both GEICO and Allstate have started several platforms to engage with motorcycle owners and enthusiasts. While it was recently halted in favor of a motorcycle Facebook Page, GEICO's Mygreatrides.com allowed motorcyclists to share photos, stories, posts and calendar events with like-minded people (GEICO 2012).

Allstate's AllStateGarage.com offered a more user-friendly version of that concept prior to serving as a redirect to a motorcycle sweepstakes page (2012) From posting rich media, to contacting agents about motorcycle insurance, both sites tapped into the need for customized content for targeted audiences. State Farm has no niche platform for the motorcycle market, but does address them via Facebook, as illustrated in a Facebook post from May 11, 2010:

May means motorcycles...let's hit the road! In honor of Motorcycle Safety Awareness Month, here's some resources from the Motorcycle Safety Foundation to help protect you on that ride. Find out about rider courses in your area, safety tips and more...

Clearly, State Farm's attempt to engage paled in comparison with two of its very strong competitors.

Based on their rate of growth, GEICO seems to be the largest threat in the competitive landscape for State Farm. The former government insurance company is now owned by Berkshire Hathaway Inc., and now offers insurance lines beyond what was once exclusive to transportation in the property and casualty insurance category. As of the 2010, when State Farm began to invest more in its social media efforts, GEICO was number one on the list of Fortune's world's most admired companies in property and casualty insurance. State Farm was number eight on the same list. Additionally, two more of State Farm's competitors, Travelers and Allstate, ranked four and five respectively (Fortune, 2010).

The research firm, Hay Management Consultants, conduct a parallel study to the Fortune Most Admired rankings to determine correlations between rankings and company goals. Their findings suggest that the most admired companies are more than twice as likely as other large companies to set non-financial goals for their executives, including building human capital, contributing to corporate social responsibility, and building customer loyalty (Management Services, 2010). It seems that social media is a tool that could showcase these desired characteristics in a company.

State Farm, as the reigning leader in insurance in the United States, is facing challenges from its competitors who seek to better connect with targeted audiences through both traditional advertising and social media. However, State Farm has not allowed the social media revolution to pass them by, and in fact has been active on social media platforms since 2007. The following recounts the early foray of the insurance giant into social media, and how State Farm is trying to reconnect with its audiences.

Like a Good "Social" Neighbor

State Farm initially became involved in social media through the 50 Million Pound Challenge, a safe introduction for the insurance giant as the program did not subject the company to the privacy, risk and management issues associated with the heavily regulated industry. The Challenge provided the pilot the insurer needed to experiment with the various social media nuances. The basic premise behind the challenge was to gather large numbers of people committed to losing weight. It was particularly focused on the African-American community, which is hit especially hard by obesity-related challenges.

The Challenge Tour began in April 2007, and was a way for State Farm to reach out to cities across the United States by holding events that included nutrition and exercise tips, free health screenings, entertainment and presentations from celebrities, a community walk for healthy living, and presentations from nutrition and health professionals. The program included online resources, as well as traditional resources, such as brochures, CD's, menus, and

challenge kits. In July 2007, State Farm launched a YouTube channel in support of the 50 Million Pound Challenge. Originally designed as a way to re-broadcast commercials to an online audience, the channel provided a “safe” way for State Farm to establish a social media presence, and to interact with consumers in a platform that did not create privacy issues. A little more than two years after the YouTube channel was established, in September 2009, the milestone of one million upload views was reached. And while this vanity metric could be considered impressive for any company, it pales in comparison to Internet sensations and memes that regularly receive multiple millions of views.

State Farm realized that simply rebroadcasting commercials would not be a likely way of engaging multiple publics, and that to maximize the potential of the medium, innovative steps would have to be taken. By August 2009, State Farm was looking for a way to augment its presence on YouTube. Utilizing its leverage from previous concert sponsorships, State Farm teamed up with OK Go!, an established viral Internet sensation (Johnston 2010). Capitol Records set up the meeting between Damian Kulash, the band’s lead vocalist, and State Farm representatives. Kulash, however, was apprehensive of State Farm, fearing that obvious brand placements would detract viewers. The lead vocalist explained that the band’s fans were as media-savvy as the band; a brand placement video would never become viral. To his surprise, State Farm granted complete creative license. Kulash said the brand placements were tasteful and State Farm representatives even attended the shoot.

"The guys really had the idea for the video ahead of time, but they were partners in the truest sense of the word," said State Farm National Sponsorship Manager Todd Fischer. "They were leading the brainstorming themselves, in terms of how we could best integrate State Farm...Both of us really put our heads together as to what would be most credible and most natural" (Johnston 2010).

The result was the most visible social media content State Farm has been associated with, to date. In six days after its March 1, 2010 release, the video already had six million upload views. As of June 2012, the video had reached more than 36 million total views. Though the video is hosted on the band’s page, arguably State Farm’s YouTube presence, the video had helped State Farm achieve in a matter of a few months something it had been unable to do during the course of nearly two and a half years.

State Farm began using Twitter in September 2008, under the handle @statefarmins. It was started following an advertisement gone awry. In the commercial, State Farm depicts bicycle riders as oddly dressed people who are embarrassed by biking to work. The commercial stated: "State Farm can get you back behind the wheel by saving you hundreds on car

insurance. And you can pay your way with a plan that fits your budget. Call, click or visit and start saving your way. Like a good neighbor, State Farm is there." The end features a man wearing cycling shorts in an office setting, who is ridiculed by a coworker. Bicycle enthusiasts were irate over the subversive tone of the commercial. The blog post had 59 comments, with almost all echoing the post (Naparstek 2008).

State Farm listened and pulled the advertisement. Tim Van Hoof, director of marketing communications for State Farm, penned an e-mail to those who reached out to State Farm directly. It addressed the power of responding to customer feedback: "We value direct consumer input as we make decisions about our advertising messages and safety programs. As a mutual company with no stockholders, we work hard to be good stewards of our policyholders' money (Van Hoof 2008). The authors believe the company began its Twitter account to listen more directly to conversations to help mitigate another incident like the bicycle commercial. And several opportunities – both proactive and reactive – have come from the account since.

In January 2010, Charlene Li, co-author of "Groundswell," a primer on social media's impact on business, tweeted to her 29,500 followers, "Demo'ing power of social. Reply w/name of your car insurance carrier & on scale of 1 to 10 if you would rec'd them (10=Yes!)" Li's reach and use of a 1-to-10 scale produced 89 responses during the following several hours.

Immediately after her question, recommendations for State Farm and Progressive spiked. Several insurers noticed and rebroadcast Li's call to their followers, in this order: AAA, State Farm, AllState, AmFam, Progressive, USAA. After USAA tipped off their large, loyal fan base, their numbers shot up past State Farm and Progressive. The final tally (insurer, number of recommendations, average score): USAA, 21, **9.9**; State Farm, 17, **8.8**; Progressive, 11, **8.0**; AllState, 10, **8.6**; GEICO, 4, **8.5**; Amica Mutual, 3, **10.0**; AmFam, 3, **9.3**. Seventeen other insurers were mentioned, including AAA, Liberty Mutual, and Nationwide, but no mention of Travelers, Esurance, or Farmers. One response read, "I don't even know who my car insurance is with!" The results, though not scientific, underscore the power of Twitter as a communication, recommendation and feedback channel.

Surprisingly, compared with other Fortune 50 companies in social media, State Farm has a strong Twitter presence. While several other companies have more followers than the insurer, the authors factored in the aggregate of followers spread over more than one account. Of Fortune 50 accounts with only one handle, State Farm is second only to the popular retailer Target (see appendix). In property and casualty insurance, State Farm ranked second only to USAA in April 2010. @statefarm accounted for 5,600; @usaa_news, 8,700 followers. State

Farm currently has two main accounts: State Farm at more than 23,000; and State Farm Nation® at more than 27,000 followers.

More potently, State Farm uses Twitter as a customer service channel, addressing positive and negative comments, and providing messaging when situations arise. For example, in November 2009, a customer complained via Twitter that State Farm was sending him mail from three separate agents. All three mailings were advertisements. On October 22, 2009, he posted the following tweet: “Got the same direct mail piece from 3 different State Farm Insurance agencies on the same day. #MailFAIL” (Baraga 2009). On October 27, 2009, @statefarm replied: “@JBaraga, I fixed your mail issue, & it shouldn’t happen again. Have a great day!”. He subsequently replied, thanking State Farm for fixing the issue (Baraga 2009). This seemingly common interaction between brand and customer happens daily, but social media has added a new layer to the interaction: free publicity.

Baraga, who also has a blog, wrote a blog post about the Twitter customer service State Farm provides and its implications for businesses. In the post, he wrote about social media and customer service while describing his point of view as a consumer. It read, in part:

State Farm is a \$61 Billion company, yet they had a one-on-one online conversation with me – a guy from Pittsburgh who commented about a simple direct mail flub – and in doing so, earned some kudos and generated positive buzz about their company. By simply showing that they were paying attention to me, the marketplace, and the online conversations about their company, State Farm did a great deal to restore the image of their company in my mind. They adopted an emerging technology, they used it to listen to the marketplace, and they responded (Baraga 2009).

By reaching out to customers via Twitter and providing immediate feedback, State Farm turned a negative customer experience into a positive one. While State Farm and other companies have been providing customer service for several years, Twitter provides a larger voice for positive – and negative customer experiences.

State Farm started its official Facebook page in May 2009, but this was not the insurer’s first Facebook presence. The company’s program to educate teens about driving safely, aptly named Teen Driver Safety, started a page in October 2008. The presence is used to promote all things Teen Driver Safety, from re-posting stories about Graduated Drivers Licensing laws, to links to studies from State Farm’s research partner, the Children’s Hospital of Pennsylvania. A post from February 25, 2010, reads: “Parents with new teen drivers will want to be sure to check out our brand new Steer Clear Mobile app, now available for iPhone and iPod touch. This great

new tool not only helps teens become safer drivers, it also helps them qualify for up to a 15% discount on auto insurance!" As of June 2012, the page had more than 6,100 Likes.

Another of State Farm's Facebook presences, titled State Farm Careers, features information about starting a career at State Farm. The crux of this page, from its information tab: "ONE COMPANY. MANY CAREERS. Our commitment to customers makes us the No. 1 insurer of cars and homes in the United States and an insurance leader in Canada." Posts on this page range from current job listings at State Farm, to people posting inquiries regarding how to get a job at the company. The page had more than 16,000 Likes as of June 2012.

The company's largest Facebook presence can be found at its State Farm Nation page. The page launched in September 2010 and differentiates itself as a lifestyle channel. From its description: "State Farm Nation on Facebook is where you discuss life's challenges and opportunities, connect with others facing life-shaping decisions, find helpful tips and information while you search for your place in the world, and plenty more." State Farm Nation on Facebook reached one million Likes less than one year after launch. As of June 2012, the page had more than 1.24 million Likes.

The aforementioned Facebook pages comprise the official Facebook presence for State Farm. However, when conducting an initial search for State Farm in Facebook in 2010, several other pages appeared, including: State Farm Home Run Trivia Challenge, State Farm Bayou Classic, State Farm Research and Development Center, State Farm Territorial Cup Series, State Farm (as an interest), and several others. Another page, titled plainly "State Farm Insurance," had more than 2,000 Likes and said State Farm started in Denver, Colorado. All of these are examples of both brand diversification and splintering.

The content State Farm uses to populate its flagship Facebook presence [facebook.com/statefarm](https://www.facebook.com/statefarm) spans from advertising promotions to information about loss mitigation for policyholders. More than any of its other social media presences, the company uses Facebook to cross-promote media from other social media platforms. For example, when State Farm invited Jim Cantore to test weather-simulation machines in its Building Technology Research Lab for a series of morning segments on The Weather Channel, the insurer linked to photos taken at the event on Flickr. From April 7, 2010: "If you missed the Weather Channel's Jim Cantore broadcasting live from our Building Technology Research Lab, check out the pictures on our Flickr page" Posts like this underscore a key function of social media: expanding the breadth and depth of awareness for public relations activities. In contrast, the post's comments speak to one of the most pressing challenges State Farm and other brands face in social media: lack of control. This is one of the comments from the Tornado Week post in April:

Why would you advertise tornado week when YOUR COMPANY SENT MY PARENTS WHO ARE IN THEIR 80s a letter in Feb. telling them you are canceling their

policy because they live in a hurricane state?! And they have been with State Farm forever. Shame on you for doing this to people in their 80s!!!! They have been faithful customers for more years than I can (Facebook)

The post details a customer experience one person had and shared in the comments channel. The authors found several instances in which a post had nothing to do with the subsequent comments. People commenting on State Farm Facebook posts are using the channel mostly to vent about negative experiences. Further, and perhaps more surprising, State Farm did not address the negative post. That is, at least the State Farm page did not address it. Here is a comment immediately following the negative comment:

Michelle, I'm truly sorry about your parents dilemma, but if you want to blame someone for your parents being canceled, I would start with the Florida governor... Kenny is right, there is a lot behind Florida and the insurance issue. Not just with State Farm, but the entire insurance industry in that state (Facebook).

The comment author does not identify himself as a State Farm employee per se. Upon further investigation, his Facebook page lists his location as Bloomington, Ill., home to the State Farm Headquarters. Relying on the crowd to police negative comments seems to promote a direct violation of the company's Code of Conduct. It reads in part: "Only respond to inquiries about State Farm if you have authority. Media contact and public discussion about State Farm should be conducted through authorized spokespersons" (State Farm Insurance)

To remedy issues like people trolling its social media properties, State Farm mitigates brand and reputational damage on Facebook and YouTube by establishing clear participation rules. In an attempt to maintain a level of understanding around privacy and, perhaps, some level of control in social media, State Farm sets clear rules for its platforms. In 2010, the company's Facebook page read: "The State Farm Facebook page is a place where people can share, discuss and discover great information and ideas. We ask that participants adhere to the following guidelines: Protect your personal info; Be courteous; Stay on topic; Keep it safe." State Farm went even further, providing a disclaimer:

Disclaimer: Comments made by the public are not always verified, and do not necessarily reflect the views, policies or practices of State Farm. By using this page you agree to the following: 1: You accept personal jurisdiction in the United States of America, State of Illinois

of and your actions will be governed exclusively by the laws of the United States of America, State of Illinois. 2: You grant State Farm the permanent, irrevocable and fully transferrable right to reproduce your comments, images or other posted content for business purposes. 3: You agree to hold State Farm harmless from claims against State Farm related to your postings or use of this Service. State Farm reserves the right to modify or change these guidelines without notice, and to delete any post or ban any user at any time and for any reason. (Facebook)

The authors believe that by including terms of participation, State Farm hoped to create a user-friendly, and brand-friendly, venue for both policyholders and various other publics to discuss and comment on State Farm content. This, coupled with terms of service on all social networking sites the organization uses, helps mitigate the risk of the sites becoming a venue exclusively for complaints and ranting about negative experiences. A few examples of this are available in the discussion section.

Although exceptions exist, the available research suggests that most social networks primarily support pre-existing social relationships. Facebook is used to maintain existing offline relationships or solidify offline connections, as opposed to meeting new people. These relationships may be weak ties, but typically there is some common offline element among individuals who friend each other. In State Farm's case, this could be policyholders who have the same agent. The company is positioned uniquely with its agent model of business.

More than 18,000 agents spread across United States and Canada provide an offline opportunity unmatched in State Farm's category. This smacks of social media opportunity for the nation's largest insurer. Pew Research found that 91 percent of U.S. teens who use social networks do so to connect with their offline friends (Boyd and Ellison 2007). To engage Millennials, State Farm must continue to enable its agents to own a share of those conversations. The line between online and offline continues to blur.

Social media, as well as gambling, pornography and other sites, are blocked for most local employees at State Farm, as is the case with many companies. As of May 2010, only 4,500 of 68,000 employees had some kind of social media access because of their job description (Denham 2010). About the same number of agents had agent Facebook pages. State Farm had provided the naming convention "NAME – State Farm Agent." When establishing rules in 2010, the use of this naming convention was one of the requirements agents must have satisfied to have a Facebook presence. Providing agents with uniform access

to Facebook has positioned State Farm to take advantage of unique opportunities, ideas and reach available on the world's most popular social network.

"They're not encouraged to sell product on Facebook," said Matt Edwards, a social media team member in State Farm's public affairs department who helped create the agent training program. "They are encouraged to be out there as a member of the Facebook community. It's easier to connect with people, they can provide interesting insights if their policyholders are following them" (Calderon 2010).

On March 1, 2010 an internal online training program was made available to all agents to train them in ways to use Facebook to effectively bolster their State Farm businesses. Agents provide localized State Farm content to their fans after completion of the training course, which then opened a content bank to agents (Ibid.). "It's been very helpful for me. I use it with my existing clients as a way to broadcast need-to-know information specific to State Farm, as well as the industry," said Chad Gregorini, an agent in Aspinwall, Penn. His agent page had 211 fans as of June 2010. His page was part of the initial State Farm pilot program. He has been using Facebook professionally since 2009 (Ibid.)

Though State Farm, like many other insurance companies, seems to have fallen to the laggard end of the diffusion of innovations continuum on many things regarding social media adoption, the company was first – in all categories – with a bold advertising act in April 2009. Us Weekly sold sponsorship of its then-new Facebook profile to State Farm. It was a first time for any brand to do that on the social network website, as well as a first for a company's fan page. The State Farm sponsorship on Us Weekly's Facebook page extended a campaign the company ran with the celebrity magazine. It was a controversial business decision at the time because Facebook received no revenue from the deal (Ives 2009).

Not so good neighbors

Due to the social media phenomenon, organizations are open to criticism that was once relegated to a "letters to the editor" page, or maybe the potential lone protestor standing outside of a corporate office. Because of the ease of "protest" that social media provides, as well as the ability to unite many people in opposition, organizations must today be aware of a whole new set of detractors. Many times, consumers may have a legitimate complaint, while others simply "troll" sites looking to cause problems; however, because of the massiveness of social media, all organizations should take complaints or detractors seriously. State Farm is no exception, and has had its share of detractors via social media.

Spurred by a personal tragedy in February 2005, Angela Russell is the most visible social media opponent of State Farm. Her campaign, State Farm Sucks, features a website,

several Twitter handles and various other social media platforms. In November 2009, Angela Russell increased her number of anti-State Farm accounts to thirty, started promoting an online petition, and accelerated the rate of automated, duplicate updates she sent to followers. Here is an average tweet from Russell: "Please read how State Farm Ripped off a widow & 2 little girls after their house burned <http://bit.ly/37GVU>." She uses bit.ly, a shortened URL service, to track how many people have clicked her Twitter links. This informs the frequency of her specific tweets and which messages to polish.

In 2010, Twitter suspended many of Angela's thirty State Farm-related Twitter accounts, and left her with three. As of 2010, the authors used a search string to determine she had expanded that to seven: @statefarmsucks; @Cunning_Punt; @sf_s_twit_jail; @DUMP_STATEFARM; @Toast_n_Jammies; @PeterGargan; and, her most recent, @state_farm_pr. In June 2010, Russell had 23,967 total followers, up from 3,339 in December after her suspensions.

These serial accounts alone are in violation of Twitter's prohibition against mass account creation. Other spam violations of hers include follower churn, multiple duplicate updates, and unsolicited @replies, all in an attempt to garner more followers. Russell created @sf_s_twit_jail the day after 27 of her accounts were suspended, to mock Twitter's action against her.

In late 2010, she launched the aforementioned @state_farm_pr, which violates Twitter's impersonation rule. While she attempts to cover herself with the parody exclusion (by including a disclaimer in her bio), Twitter's Parody Policy says her username and communications with users are too deceiving to be protected.

This particular Twitter account came only a few days after the launch of a similar, anti-corporation Twitter handle was started. @BPGlobalPR produces regular content from internal British Petroleum public relations staff meetings, as well as 140-character missives about the company's involvement in the worst man-made disaster in U.S. history. One tweet from the web page reads: "In honor of World Ocean Day we held a company screening of "Deep Blue Sea" this afternoon. [#bphallday](#)" (Stick 2010). The Twitter presence rose to world-wide fame through social and traditional media. When British Petroleum representatives were asked if they would like to take the site down, they responded in the negative – even though it violates Twitter's terms of services. Perhaps @state_farm_pr followed the same reasoning.

Russell's tactics led to several re-tweets and petition signatures, because she started getting many more messages in front of many more eyes. Also, following Russell's tactical adjustment, the researchers noticed a tripling of the number of "State Farm" mentions on Twitter, from all of her updates. At her most prolific spamming, Angela produced more than

40,000 updates in 12 days. Several social media Web sites recommend public relations practitioners search their company's brand, followed by "sucks" to find and address detractors. The term continues to prove effective for spreading Russell's message.

Larry Chiang is a Business Week blogger who mounted an offensive against State Farm over what he feels is an unfair settlement for repairs to his wrecked car. Chiang recorded a video with both cars and explained what happened at the scene of the accident. He then posted messages about State Farm to Twitter, which were rebroadcast by his more than 3,500 followers. In Spring 2010, he hosted an anti-State Farm party at the social media/music conference SXSW.

In February 2010, a blogger took notice of Larry Chiang's Twitter posts and began to write about it. The post featured State Farm and highlighted the company's apparent lack of response to Chiang's plight. In the post, titled, "Scared of Something?", Amy Freeland said State Farm was making a grave error by not responding to Chiang's persistent posts. "Something tells me this State Farm story is destined to end up a social media cautionary tale (Freeland, Scared of Something? 2010).

According to a subsequent post, State Farm's Griffin Hammond – a past community manager on Twitter for the insurer – contacted Freeland, saying he would like to explain State Farm's side of the story. She obliged. He said State Farm has been in touch with Larry over a variety of platforms and that Chiang's personal State Farm agent is working with him to resolve the issue. He also explained how State Farm uses Twitter to resolve customer service issues, like Chiang's.

If Chiang and Russell were to be considered social media issues, on Friday, Feb. 4, 2011, the community managers for State Farm's flagship presences at the time encountered what could be considered as a social media crisis on Twitter. State Farm's jingle has become synonymous with its iconic brand, which was evidenced in the company's re-deployment of it in 2010. At 6 p.m., the community managers noticed the jingle tagline inspired the hashtag #statefarmwasntthere, which had become a trending topic on the site.

By 8 p.m., there were more than 18,000 mentions for the hashtag; by 9 p.m., more than 25,000 mentions. The team coordinated responses both publicly and internally to leadership to address the situation in real time. Twitter's search site failed to continue loading #statefarmwasntthere tweets shortly after 10 p.m. Mentions had tallied nearly 40,000.

Discussion

From all gathered research, analysis, interpretation and observation, State Farm appears to be executing social media effectively. The company began in social media only a few years ago. It faces heavy regulation and challenges in the social media space. But the

Good Neighbor seems to be defying its traditional, closed reputation. That is, State Farm is currently doing what all other insurers – all other organizations – are currently doing: exploring the waters.

The authors also contend – at least for companies in State Farm’s category – share of voice on social media might not trump traditional advertising placements and promotion. After all, if the goal of social media entrance is to satiate market share by simply having a presence, then State Farm already has a developed strategy it could analogue for social media: sports sponsorships.

The Good Neighbor insurer is consistently recognized as one of the top sports advertisers in the world. In a May 2010 issue of “Sports Business Journal,” State Farm was featured as one of the top 25 brands in sports marketing. Competing with GEICO and Allstate among sports ad buyers in its category, the company has been innovative in its sports advertising to differentiate itself. For example, at more than 40 colleges around the country, State Farm used an opportunity in basketball marketing no other sponsor had previously examined.

The space between the basketball hoop’s backboard and support beam bear the words “State Farm” and the company’s red-and-white State Farm Insurance logo. The result is a constant consideration piece fans see during every lay-up and exciting dunk. Moreover, State Farm could appear serendipitously in other media because of the strategic placement.

In the eighth inning of a May 2010 Major League Baseball game between the Philadelphia Phillies and St. Louis Cardinals, a 17-year-old male jumped over a fence and ran through the baseball stadium, Citizens Bank Park. A Philadelphia police officer fired a Taser gun at the boy, causing the running boy to collapse, lifelessly. He was seized in left-center field, in front of a large State Farm wall panel advertisement.

The Associated Press photo of the 17-year-old became the choice graphic for print, web and television journalists alike. While stories may not have mentioned State Farm – though several people commented on posts to that effect – the brand was still there. This is just one example of unintended publicity surrounding advertising placements.

“Consumers consume media differently from three years ago,” said Mark Gibson, assistant vice president for advertising at State Farm in Bloomington, Ill. “It’s not enough to just run a 30-second commercial in a program.” State Farm’s goal – similar to the OK Go placement – is “naturally, seamlessly integrating the brand into a venue in a way that doesn’t take away from the event,” Mr. Gibson said (Elliot 2007).

Indeed, for social media best practice to be employed, people share content like the boy running across the field and being halted by a rotund security guard. Normatively, in the newly emerging world of social media, this is a prime piece of social content. There are several reasons the 17-year-old boy gained social media attention. First, it is a case of wrongdoing by a publicly paid authority figure. Then, there is physical pain involved, a recurring theme in Internet memes. Finally, the story stirs people into public debate. Though no sane company would ever encourage this sort of thing – especially not an insurance company – it is stories like this that most often gain attention in social media. This is one of the reasons State Farm’s sponsorship of the OK Go video was so innovative. The insurer insisted the brand placements not make the video feel like a corporate sponsorship.

Because of social media’s inherent ubiquity and ambiguity, organizations –especially large ones like State Farm—have struggled to provide one clear voice among all channels. One reason might be the “silo” of large corporations. Instead of traditional systems theory, which states that any set of interrelated parts can influence and control one another through communication and feedback loops, silos are completely disconnected within organizations (Baran and Davis 2006).

Each department sincerely – and convincingly – believes it owns social media. Certainly the scale and scope of social media could lend itself to a variety of departments. In an insurance and financial institution like State Farm, several departments could perceive issues in social media to directly affect them. State Farm spreads social media strategy, leadership and response duties among several departments, including: Public Affairs, Marketing, Enterprise Internet Solutions, Strategic Resources and Human Resources all have a seat at the social media table.

In their aptly named article, A Communication-Based Marketing Model for Managing Relationships, Duncan & Moriarty propose a communication-based model of “relationship marketing” and discuss how communication is the foundation of the “new” customer-focused marketing efforts. In doing so, the two show the intersections between marketing and communication.

Duncan and Moriarty believe marketing and communication overlap at three points—messages, stakeholders, and interactivity—they then develop a communication-based model of marketing. The scholarly work’s primary purpose is to teach marketers communication theory. The authors demonstrate how interactive communication at three levels—marketing, marketing communication, and corporate –lead to building successful long-term relationships with stakeholders.

Moreover, several studies have attempted to identify both the best department and structure for social media ownership within organizations. Of these structures, the one most traditional organizations employ is the multiple hub and spoke model. In this model, large companies that offer several products comprise departments that function almost autonomously. This organizational model requires constant communication from all teams to be coordinated which can result in excessive internal noise. Executives must buy in to all initiatives prior to launch, which can mitigate the chance of a well-developed project or idea being “killed” in later stages of development.

The advent of social media brought with it several semantic definitions. The descriptions of social media, as stated in the social media overview, are “social” enough to allow anyone to participate. Though, this creates silos in businesses. And, the authors indicate, for older businesses like State Farm, this only compounds the confusion and layers of bureaucracy. In a blog post on Advertising Age, titled, “Who Owns Social Media Anyway,” the author describes what the innovation has done to the current landscape within corporations:

PR firms see social as an extension of their birthright in influencer marketing; ad agencies see it as a new frontier of high-impact ad impressions (for example, earned media); the growing crop of word-of-mouth agencies and buzz-monitoring firms see this as birthright (Blackshaw 2010).

What was once spent on major advertising campaigns has since been differed, in part, to social media. And this harkens to the study’s initial question: “What do organizations that “do social media” actually do? The probable answer lies in Blackshaw’s quote: outsourcing social media projects to vendors who claim to be experts. But how effective can vendors be from the outside in a channel that demands more engagement, immediacy and transparency than ever before?

The result of the confusion is a missed opportunity for brands that hemorrhage capital in a desperate attempt to share voice with consumers who would rather watch a home video of 12-year-old Greyson Chance playing a piano pop song at his sixth grade recital or share a “Bad Luck Brian” meme image that taps their personality. State Farm and other Fortune 50 companies must decide: Are they willing to do what it takes to compete with that?

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