

Understanding Social Media ROI

Best practices for measuring and maximizing
social media marketing





Overview

There's no denying the magnitude and increasing impact that social media is having upon the business world. Marketing professionals in every industry are reevaluating their business plans and strategies to incorporate this growing phenomenon – which is clearly here to stay.

Social media ROI is one of the hottest topics in the social media ecosystem as it relates to marketing. Social media is changing the way the world looks at itself. Online communities create an immediate forum for solicited and unsolicited customer feedback, commentary, suggestions, referrals, and yes even slander. These consumer messages can be powerful and detrimental at the same time. Careful consideration should be given to the variety of vehicles and response options available when implementing a social media program.

How can marketers accurately measure the results of past marketing activities and how can they predict future results?

This white paper presents a framework for businesses to more effectively measure the ROI of social media. It outlines the key dimensions of marketing metrics which are critical to determining the success of each social media campaign. It will also help marketers to learn from social media, react to what consumers are saying, and help influence future results.



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Uncharted territory

The goal of any marketing investment is to help the company drive revenue, capture market share, and strengthen brand value at least cost and risk. When beginning a new marketing strategy, marketers need to analyze many scenarios to make sure they fully understand the implications for their brand. How can you accurately track results, how can you diagnose and rectify potential problems that may arise?

These same types of questions were heard over a decade ago when the Internet was all the rage. Marketers quickly figured out how to measure the response to marketing investments on the Internet. Now in very similar situation, smart marketers are scrambling to get their companies involved with social media in order to capitalize on early opportunities. The most common barriers include the uncertainty factor, the fear of 'losing control' of their brands, and the lack of knowledge surrounding ROI measurement.

Qualitative benefits of social media

Before diving into the metrics, let's take a quick look at some qualitative benefits of social media:

Brand awareness – quickly spread your name, logo, and message

Customer interaction – instant voice of the customer (VOC) feedback, open participation, and another way to create dialogue

Credibility – active involvement in social media creates trust and credibility with your audience

Loyalty – people are passionate and loyal to brands that listen

Referral business – wise use of social media can create a wave of loyal evangelists that will generate referral business



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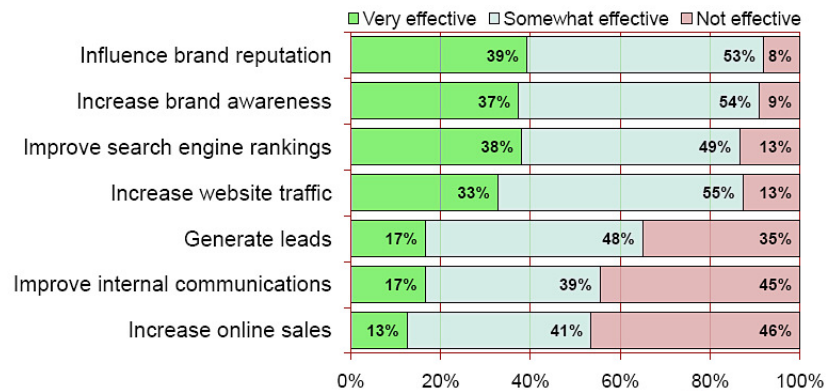


Measuring social media performance

Conventional marketing success metrics are not enough to effectively measure social media ROI. Social media simply has more broad and lasting effects on an organization than just increasing revenue. Plus there are emotional and sentimental factors which need to be accounted for. These “intangible aspects” are what make most marketers uneasy about social media. Some people tend to over analyze situations or make them much more complicated than they really are. With a little planning and proper data analysis, measuring social media ROI is not that difficult.

Don't over analyze the intangible aspects of social media – focus on simple and relevant qualitative goals.

What's social media good for?



Source: MarketingSherpa's Email Marketing Benchmark Survey

As the above chart indicates, social media is either very effective or somewhat effective for a number of sales and marketing initiatives.



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Know which metrics you want to benchmark

In planning any social media activity, you need to first define your success metrics for that initiative. Note: this is the key! You want to **choose metrics that translate into a business context** for your organization. Ignore the meaningless metrics like “number of followers” or “number of views”. A successful campaign is more than just getting attention.

These types of statistics, if tracked properly, can help to measure and monetize the results of your social media campaigns.

Number of:

- People who complete a “get more info” form
- People who use a specific campaign coupon code
- People who download a white paper
- New features suggested by users (that are implemented)
- Repeat and unique visitors
- New customers / sales
- People who tweet / retweet something about us
- Blogs that link to us
- Things we learned about our customers
- Reduction in support costs

The idea is to define relevant success metrics that translate into meaningful business context. For example **quantitative** metrics may include number of sales, new leads, new qualified subscribers, while **qualitative** could track satisfaction levels, loyalty, visibility, amount of interaction, feedback. For qualitative goals, don’t get too complex, use simple rules as metrics.

Set your campaign goals based on these metrics. **Your return is successfully meeting or exceeding these goals.** Implement your campaign, monitor the metrics and goals (daily), and filter out channels and strategies that don’t get good returns. **Repeat often!**



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Examples of qualitative campaign success metrics

Campaign to build Loyalty and Trust

Be nice to customers who mention your company or product name on Twitter and Facebook.

| Success metrics | Goal |
|---|--|
| Amount of positive comments sent to customers per week within a given time period | N amount of positive conversations about your company or product per week |
| Amount of conversations that started from those comments | |

Campaign to increase Satisfaction

Engage with customers and prospects using social media and ask what they would like from you.

| Success metrics | Goal |
|--|--|
| Amount of good suggestions received that are new ideas | N amount of suggestions collected per month and |
| Amount of the suggestions that your company implements | N amount that you actually implement. |

Establish clear and realistic goals to most effectively measure your social media ROI.

Campaign to increase Authority

Start a blog on a topic that relates to your company and that you are an expert on. Focus on writing authoritative and interesting content first, promoting your company second.

| Success metrics | Goal |
|--|--|
| # of influential blogs linking to you | N page rank by a certain date |
| Page rank relative to that of your competitors | Nth position in page rank relative to competitors by a certain date |
| Amount of organic traffic/month | N% of organic traffic per month |
| % of traffic that converts to sales | \$N per month attributable to referrals from blog |



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Examples of quantitative campaign success metrics

Campaign to increase Offline Sales

Implement a promotion on a social media platform or combination of networks. Give participants a printable campaign voucher so you can track where offline sales originated.

| Success metrics | Goal |
|-----------------------|--|
| Monthly sales | \$N monthly sales |
| Monthly store traffic | N% increase in store traffic over the promotion period |

Campaign to increase Online Sales

Use Twitter to inform prospects about special promotions, capitalizing on Twitter's real-time nature for exclusive, limited-customer / limited-period offers.

| Success metrics | Goal |
|--|--|
| Monthly sales attributable directly to Twitter | \$N monthly sales |
| New customers attributable directly to Twitter | \$N monthly sales directly attributable to Twitter |
| Monthly revenue generated from customers originating from Twitter (i.e. did the customer go back later of their own accord and buy more) | |

Express yourself in unique and creative ways that you could never do with traditional marketing.

Campaign to increase Reader Subscriptions/Prospects

Start a monthly e-Newsletter with timely and interesting content.

| Success metrics | Goal |
|------------------------------|-------------------------------|
| # of new subscribers | N new subscriptions per month |
| Open and click through rates | N% open rate |
| | N% click-through rate |



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Image absolutely makes a difference and first impressions are critical.

Conclusion

Remember that driving targeted traffic from social media sources is only half the challenge – especially if you’re trying to sell something. Flawlessly-executed social media campaign includes transitioning the prospect through a logical path (or landing page) on your website. Your message should be cohesive, compelling and relevant to your audience.

Continuously test new creative messages and customer incentives. Track all response information and adjust your benchmark accordingly. **Design to sell.** Image absolutely makes a difference and first impressions are critical. This includes everything: your material, your website, your message, and your culture. You can’t do it all by yourself. Don’t be afraid to hire a designer, copywriter, or social media marketing specialist to assist.

About us

waveSpawn combines best practices of traditional marketing with social media networking to provide you with the most effective communication solutions. We specialize in helping companies to understand social media marketing and to develop strategic solutions to meet their communication objectives. When you’re ready to truly talk with your customers and prospects, we’ll help you find the best way to do it. Strategic ways that will increase your visibility, strengthen your brand, and help your business continue to grow.



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