

Social Media: Return on Investment

Author, Chris Tomlinson

A Peppersack White Paper

August 2015

www.peppersack.com

Copyright © 2015 - 2020 Peppersack. All rights reserved

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

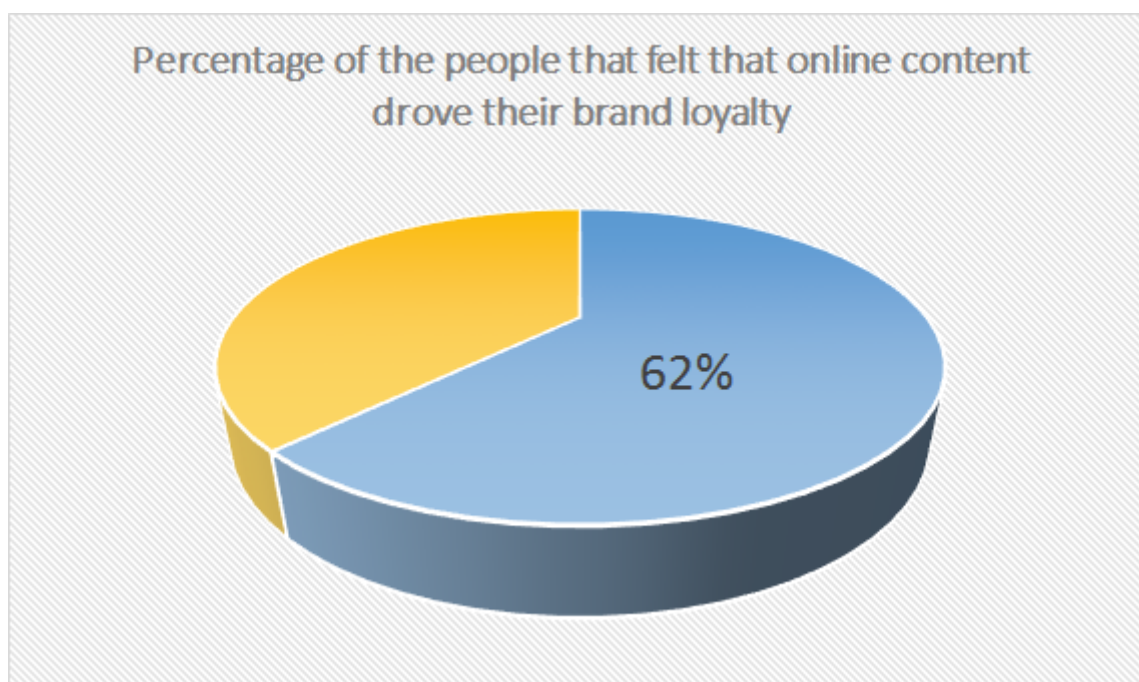
Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

Social Media: Return on Investment by Chris Tomlinson

Introduction

Measuring the Return On Investment (ROI) for online marketing initiatives can be time consuming and often confusing. This is particularly true with social media where quantifying and qualifying returns can be if not elusive, then far from easy. Social media Return On Investment (SROI) seeks to provide businesses and their stakeholders with a way to measure values that falls outside of the typical profit and loss statement. Factors like customer engagement, environmental impact, brand recognition and customer experience all impact a business at many levels. It is important to measure these soft metrics especially in today's market, where the success of a business has a lot more to do with its connection to customers than ever before. This trend isn't going away. In a recent study by NewsCred, 62% of the millennials polled felt that online content drove their brand loyalty. What's more fully engaged consumers spend up to 23% more with the brands they are engaged with than their less involved counterparts (<http://blog.accessdevelopment.com/customer-loyalty-statistics-2015-edition>). What this equates to for business owners and marketers is actual sales of goods and services. Meaning that the difficult to quantify metrics like engagement and brand perception play a big part in the metrics that all stakeholders understand; cash returns.



This paper will explore how a business new to the world of social media can go about implementing a strategy to monitor and track returns on social media marketing. It will investigate SROI, setting goals, launching social media campaigns and identifying, tracking and measuring trends. In short we will explore the best practices in SROI.

Perhaps most importantly this paper will seek to explain what comes next. Tracking SROI won't benefit the long term health of your business if the information gained is not put to use. For that reason the integration of SROI strategy will be discussed including; justifying the cost of social media to the people who hold the purse strings, setting goals and developing strategies to achieve them.

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

Setting Up ROI Tracking on Social Media Platforms

There is, it seems, a never-ending stream of social media platforms. It can seem daunting to try and create a presence on all of them at once. This would just waste resources and be counter-productive. With some market research and preplanning it's much easier to focus your strategy and get the greatest ROI possible on your social media investments by concentrating your efforts on the most relevant platforms. Any business that attempts to take on every social network at once probably won't get anything of value accomplished. To start it's best to focus on just two social networks and perhaps have a couple more in the background where the business will have a presence, but will be less active. Identify which social media platforms your customers are already using. This can be found out easily enough by researching the statistics for customer demographics or simply asking customers which social platforms they use. Another easy way to identify demographic information is to implement analytics tracking tools like Google Analytics. By keeping track of which channels are referring traffic to the company's website, you can get a sense of which social media sites are having the most impact by directing customers to the business.

Once the main and the ancillary social media networks have been decided it is time to determine strategies for monitoring and tracking returns on the platforms. One obstacle is that you cannot always track like for like metrics. Each social media platform, from Facebook to LinkedIn offers analytics in its own way. The strategy mentioned above - measuring referral rates to a site - can help identify a baseline to determine which platforms are working and which might not be worth the effort, but this isn't a complete picture. The key to setting up a successful SROI strategy that can evaluate returns between social networks and give a clear idea of how promotional and communications efforts are paying off, is by identifying the metrics that are core to the success of the business. Measuring categories such as the number of comments or engagement scores, the amount of traffic driven to a website, total number of followers and the like, will give a breakdown that is easier to compare.

Most social platforms have monetized in such a way that it is now possible to sponsor updates or advertise websites and products. Facebook, for example has comprehensive promotional features that allows organizations to target wide ranging or specific audiences. Many platforms only require a company to pay for the number of actions actually taken allowing control over budgets. Others charge a flat fee for guaranteed exposure without being able to guarantee click throughs. The needs and requirements of each individual company are fundamental to decision making as each campaign will be different.

It is best to first launch pilot test programmes to evaluate different social networks for effectiveness, but don't be tempted to give up if success is not apparent within a week or two. As counterintuitive as it might seem, it's actually a good idea to give your pilot programs a timeframe that runs along the lines of months rather than weeks. While you don't want to put all of your efforts into an uncertain venture, making small scale attempts that can be beta tested over an ample amount of time will give you more accurate indication of potential returns than a full blown effort conducted in a short timeframe. Keep an eye on how issues are trending and give your pilot studies enough time to fully run their course before giving up on, or committing to them.

Running any business is time consuming and it's common to let social media take a backseat during busy periods. This is a mistake, however, keep tracking and control in the foreground by committing to a social media schedule. Make sure dates are set in calendars to check costs and metrics. Progress should be checked on a regular and ideally on a daily basis. At a minimum, time should be dedicated each week to make sure the social media strategy is staying on track, this way adjustments to campaigns can be made before resources are wasted. Trying to save a little time by cutting corners now will come back to bite you

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

when you are forced to spend additional time addressing an issue or completely redesigning a social media strategy after problems have surfaced. Consistent and lasting results require consistent and ongoing investment in management time.

Determining Key Performance Indicators and Setting Goals

SROI for SROI's sake isn't going to do much good. However, if a business has a clear concept of what its goals are, it will be much easier to align a strategy that will impact the bottom line. A large part of this will be determining key performance indicators (KPIs) and goals before social campaigns are launched. For instance, if a main goal is driving new customers to a website, the ultimate goal should be to increase click through rates to the website. If engagement with customers and clients is a goal, and it should be, then the focus should be on the number of comments, likes, shares and messages received. Making sure you know what you're looking for will save time in the long run. We will discuss KPIs and goal setting in more detail later, but you will appreciate already that setting the right goals is fundamental to achieving a successful outcome.

How to Launch a Social Campaign Driven By Social ROI

SROI can lend the data driven edge needed to craft a successful social campaign. Whether launching a new product, trying out a new target audience or plugging a new promotion. It's valuable to feedback what is learnt from tracking SROI and implement this in the business. Pay attention to the audience. Do they respond well to posts that ask them for their input? Maybe video content has achieved high visibility rates. Whatever customers respond to should inform future social campaigns and give a great idea of what the people who are engaged with the brand are interested in and respond to. By applying the same monitoring tactics used to develop your social media strategy, you can continue to redesign and optimize the campaign to ensure that overtime, it becomes more tailored to your customers' needs and interests.

Measuring Social ROI

As mentioned earlier, there are some obstacles to measuring SROI including the differences in the method and type of data collection undertaken by different social platforms. However, by determining some standards to use as a baseline, a strategy for measuring and making sense of the data collected as you track your SROI can be developed. Not all factors measured are easy to quantify, but by finding ways to make sense of the trends and information and by taking a holistic look at SROI between different social outlets a business can begin to understand and to really engage with clients and customers - and countless potential customers as well.

Measuring the Intangible

Whilst it's relatively easy to measure traditional ROI there are many variables within SROI that are more difficult to quantify. If a business is looking at returns from an ad campaign, for example, it is an easy process to determine the cash amount put into the campaign (both in real terms and in time) and measure that against the amount of money made based on sales. When developing SROI, however, things can get a little grey. Engagement, brand recognition and brand value are difficult to tie to real sales, but it's widely accepted that these impact sales overall and are, in fact vital to a business as a whole.

69% of millennial consumers see brand recognition and trust as a leading factor in their choice to remain

DIGITAL MARKETING SERVICES

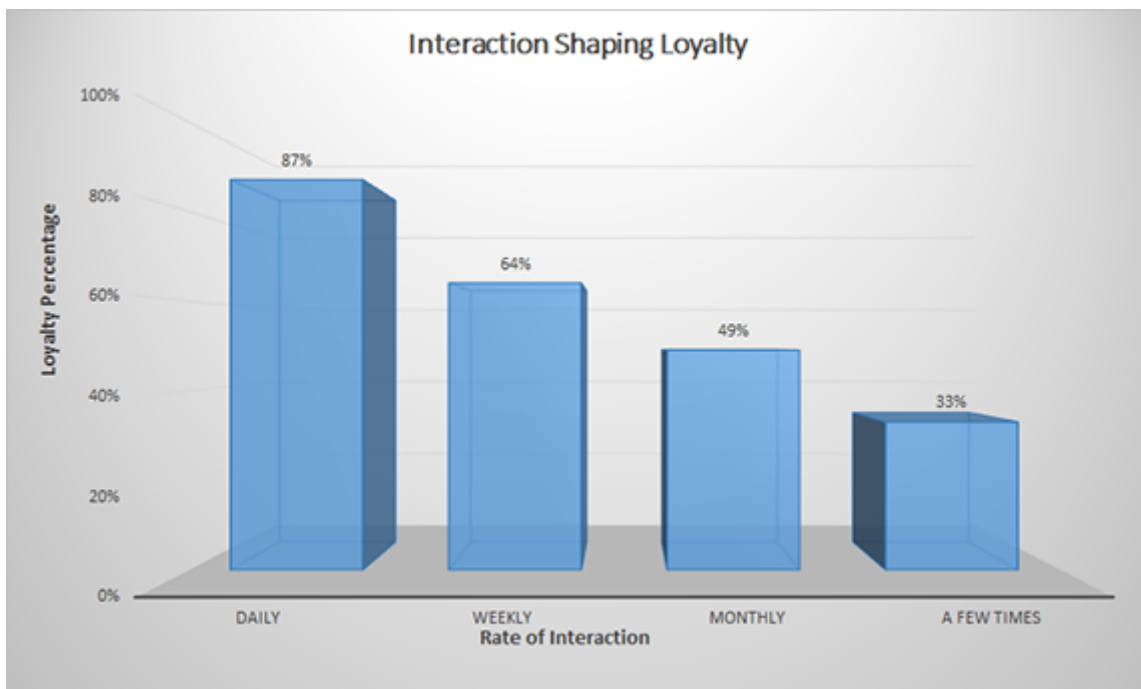
Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

loyal to a brand. By being there for customers when an immediate sale is not on the line fosters a sense of trust which can improve loyalty and drive future sales. Social media can also be a powerful outlet for delivering good customer service, which 76% of American consumers indicated as the litmus test of how much a brand values them. Businesses have been quick to pick up on this, as have the consumers. More and more frequently, customers are turning to social media to vent their concerns or seek help, and it's paying off. 80% of the customers who shared a concern about a company via social media and had that concern addressed, felt a greater sense of loyalty to the brand (<http://blog.accessdevelopment.com/customer-loyalty-statistics-2015-edition>).

Aside from the purely data-driven value gained from measuring SROI efforts, businesses can gain valuable insight about customers by engaging with them. When customers (or potential customers) have questions, concerns or feedback, there is a good chance that they will engage with a company online. Companies who do well at listening to what their customers say and make it easy to start a dialogue with them greatly improve the overall impression of their brand and are perceived as more engaging and accessible. Social media allows a business to put itself in touch with its customers more often and with much less cost and time required than traditional offline channels. This interaction is incredibly valuable to a business' success, as the more often interactions take place the higher the loyalty and advocacy will be.



While a business can't always assign a numeric value to this kind of return, it's still easy to see that it impacts the bottom line. For this reason a business should accept the fact that not everything can be accurately quantified. It's important to measure metrics and tangible returns, but it's equally important to consider indirect returns via engagement and brand building. Track and measure the returns on things like number of comments, messages, likes, reposts, etc. just as you would sales and profit, because they do have a very tangible effect on the health of the business.

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

Identifying Trends

One of the best ways that monitoring your SROI can inform a business is by helping to identify trends. Aside from measuring the sheer volume of engagement, actually listening to what customers are saying can be equally important. Is a business receiving a particular question or request fairly regularly? It might be time to update the FAQs. Find out what kind of content customers respond to, through discussion gain insight on their interests and feedback and make an effort to pick out the trends they share.

Trends can also help when it comes to optimizing social media strategy. Applications such as HootSuite help determine prime times for posting across various social networks based on the behavior of the unique network of a particular business. Products like these are designed to simplify measuring SROI by aggregating data and automating the posting process. This enables a campaign manager to post information when they know the audience will be there to see it based upon the trends in their past behavior. Monitoring trends allows a business to do more than just tailor content it allows it to automate the distribution of it at optimal times.

Tracking ROI on Various Social Networks

Part of what makes HootSuite work is that it tailors the approach to an individual network by appreciating their characteristics and differentiating between them. Chances are high that a LinkedIn network will be active at different times of the day than a Facebook or Twitter network, so there is no one size fits all. The same is true for the type and the quantity of your engagement. For example, posts with prominent pictures might get a lot more response on Facebook or your blog, but may not elicit the same responses when posted to Twitter. Tracking the ROI on each social network independently help tailor a strategy that gets far better returns. Tracking your ROI across multiple social networks might be tricky, but overcoming the differences in comparing the various networks will be well worth it when you have the complete picture of how social returns are stacking up, both independent of each other and all together.

Putting Social ROI to Use

All of the analytics tracking and metrics measuring in the world won't mean a thing if the knowledge gained is not fed back into the business. Social strategy shouldn't exist in a vacuum, because no part of a business operates completely independently of the others. The information gathered can be used to improve all functions of a business, from the customer experience to the types of products on offer. Making the most of the boundless insights gained through an effective SROI strategy will involve some trial and error and the degree to which the different facets of a business are involved will vary greatly and will change over time. Despite all of this, with some planning and a little flexibility you can truly immerse your business in the benefits of a clearly defined SROI strategy.

Justifying Costs

As previously discussed, not everything measured through SROI tracking can be easily assigned a cash amount. For this reason, attempting to justify the costs associated with implementing and maintaining a SROI strategy or of launching social campaigns can be difficult. Whether trying to justify costs to yourself, or the need to get the buy-in from someone holding the purse strings, knowing where the bottom line sits is critical. Managers should seek to identify cash metrics where possible, but it's also necessary to accept that some elements of social returns can't be quantified. This may mean educating leaders and

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

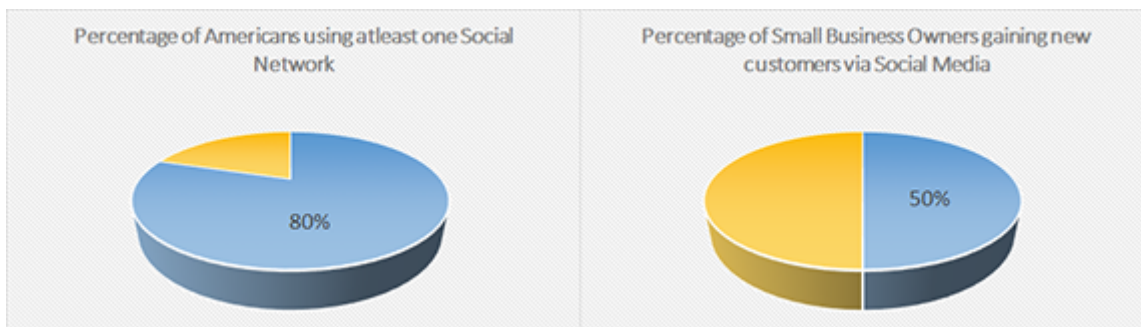
Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

counterparts on why soft metrics are so important to the health of a business by outlining the benefits like loyalty, feedback, customer support, et cetera. Be prepared for some resistance and have arguments ready to support your strategy. The indirect ROI benefits that social media can bring are just as real as the conversion rate. They just take a little more understanding and can be a bit harder to track.

Running a business often means paying very close attention to the margins, and one of the main benefits of utilizing social media is that it doesn't have to cost much. Most platforms are designed to allow scalable, targeted advertising campaigns with set budgets to be developed. Businesses could simply use the platform's free services to connect with and engage your customers. There are a myriad of free tools that can help, from Google Analytics to the individual free metrics tracking that most social networks offer for business pages. Highlighting the cost savings and the targeted nature of the spending that is necessary should help win the buy-in needed to get things off the ground. When you are trying to sell the idea of social media, some people just won't get it right away. It's up to you to educate them on the statistics (such as those mentioned above) and to identify the positives. Take a look at the number of views being received from social campaigns and translate that into the amount a business would have to spend via other forms of advertisement; chances are good that there will be a significant advantage to the social side of things when looked at from that angle.

Another good strategy is to underline the potential costs of NOT giving the social side its due.



Over 80% of Americans now use at least one social network (<http://www.socialmediaexaminer.com/26-promising-social-media-stats-for-small-businesses/>). That means that customers are already there, as well as countless other potential customers. Highlight competitors' social media strategies to create a sense of urgency and to show those who are hard to convince that these method can, and do, work for your industry. If your business doesn't position itself in the social world, you can bet your competitors are, and the cost of that potential lost business must be factored in. 50% of small business owners report gaining new customers via social media (<http://www.socialmediaexaminer.com/26-promising-social-media-stats-for-small-businesses/>). The chances are high that this 50% are the ones who do more than just create a Facebook page and abandon it. People are more likely to purchase from the brands they follow, with 51% of Facebook users and 64% of Twitter users stating they are more likely to do so. Selling your social vision doesn't have to be difficult, and investing the time (or, potentially, money) to track social ROI across all available platforms should seem like a business fundamental once the facts about the importance of social media are known.

Goal Setting and Using KPIs

Despite the difficulty of measuring indirect returns they are still very important to a business. The question then becomes: how to measure them? This is where Key Performance Indicators (KPIs) come into

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

play. At the outset of a new social strategy or the implementation of a SROI tracking initiative, a business should determine exactly what it is that will define success for the business. Cash flow should be on this list, but what about customer satisfaction, engagement, and loyalty? Bring other business leaders into the fold and work to find out what returns they'd like to see from a particular social campaign or platform, then figure out how best to track and measure them. For example, if a company is spending too much time fielding customer questions and complaints, lowering that number could be a KPI. By monitoring the number of these types of interactions via traditional methods and comparing them against the numbers that are handled through social media. Will determine what kind of impact social outlets are having on the amount of time employees are spending on customer questions and complaints. For a better understanding a business could monitor the average time it takes to handle these types of issues through traditional means versus the time it takes to do so via social media.

What a business chooses to use as a KPI will have everything to do with the goals, obstacles, and capabilities of the business. Social KPIs might include total number of followers, sales made through social outlets, customer engagement rates or the traffic that is referred to a company site by social pages. Whatever is chosen to be tracked, it's vital to understand how the metrics related to the KPIs relate to the success of the business. Otherwise a business might end up with a stream of data that managers find hard to interpret.

Using Social ROI to Drive Future Campaigns

Even businesses experienced in social media and social media tracking aren't going to get everything right the first time. Sometimes a social campaign will be launched that fails to meet targets; clients and customers just won't engage with a business on certain social platforms or with certain content. There might be a shortfall on the preferred number of followers or on ideal rates of growth. There are many ways a business can underperform on social media. Each of these failures is a learning opportunity that will help the business perfect its social strategy over time. As touched on earlier, tracking social ROI will tell a business what resonates with customers and what turns them off. This invaluable data will help fine tune the approach. For instance, a business may try posting the same content with different headlines or formats and running a comparison. Do followers engage more when asked a question? Do they click on video content or prefer short written posts? Track the returns; clicks, shares, likes, and comments across different types of content and soon a picture will emerge of what a network likes to see.

This might feel a little like experimentation at first - it is. There are some rules of thumb that can be used, such as the statistical best times to post on each network or the length of posts that average the most response but this is all very generic information. What is really going to matter to a business is the behavior of the specific network and the individual tastes of a business' customers. A B2B company might have better luck engaging clients during work hours, a B2C company you may find that customers are more responsive over the weekend or at lunch. Using the data gathered through SROI tracking will provide an outline of best practices that are unique to a particular company and allow them to refine the effort and maximize results. Metrics should be constantly fed back into the campaign, by tracking returns now a business will be prepared to roll out new products effectively in the future. They will know the kind of headlines that catch customers' attention, whether they like humorous or informative content, if they respond better to Facebook or LinkedIn and when the best time to reach out to them is.

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

Tying SROI to the Business

This brings us to our final point, which is perhaps one of the most critical: making social media returns work for the business both on and offline. Track the types of messages and comments received to help the business build a more informed picture of the company's clients. Are people having issues with one aspect of service more than another? If so can this be corrected now and avoided when developing future offerings. Did customers really respond to that customized assessment offered as an online promotion? That could be something to develop as a permanent service. SROI doesn't just impact what a business does on social media. It should be used to supplement and bolster the business as a whole. The data gained from tracking social ROI allows every part of the business to improve; changing the focus from fixing mistakes and backtracking to innovation and gaining new business.

It's key that all parts of the business have a voice in the social strategy and SROI tracking. Find out from individual leaders what their group is really struggling with (or, for a smaller business, spend some time analyzing each individual component) and make the social strategy work for them. For example, if a business is having trouble finding really good software engineers, a social recruitment initiative could help. If business development just can't seem to win the market in a certain demographic, directly track the ROI for that group to come up with a better strategy. There are endless opportunities for a business to benefit from SROI data, it just has to make sure that it's asking the right questions.

Time, money and effort have to be considered when making these plans. As much as a business might like to track every aspect of social returns, they may not have the budget to hire a full time social media person to do the job. Even if they do that person will still have to split their time between finding and creating content, engaging with customers, and analyzing returns. However, even if a business doesn't have the budget to run a full social media department, it doesn't mean that they can't find a scalable solution that works. Listen to business leaders and find out how to can tie social media into the strategy as a whole. It can't operate effectively in a silo and they may even find resources from within the company. They might already have a skilled marketing person in-house who can help create good content for social sites, for instance. Identifying goals and targeting key areas will help a business find a sustainable level of effort and commitment. Be sure not to overextend by trying to track everything every day; instead, pick focus points and pay special attention to them. The rest of the information can be evaluated less frequently and it may be established that some things aren't worth tracking at all.

At the end of the day, customers choose a company because they like the company. It's not because they have the most followers or the best posts. It's because the products and services work for them and they feel good about the image that the brand has. Don't lose sight of this when dealing with customers via social media. Remember they are more than an engagement percentage, they are real people. Make sure that the messaging, tactics and ideology remains consistent from one area of your business to the next. Clients and customers are going to look for that stability. If what a company is saying on its social pages conflicts what they might hear from a sales person or read on a website they are going to see the business as inconsistent and confusing. Use what is learnt from SROI to perfect the social strategy, but don't let it evolve in isolation or it will start to conflict with brand image.

Summary

It should be evident from this paper that tracking the return on social investment will vary between different businesses and campaigns. As such traditional marketing and development tactics won't always work. The common theme to be found is that a social media presence is a goldmine of priceless insight

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36

and information which can be put to work in all facets of a business, but that flexibility and experimentation are necessary to make it work.

From the initial set up and implementation of social strategies and SROI tracking, managers should be thinking in terms of business goals and tying the social strategy to them. There are best practices to be found, certainly, but the networks that are chosen and the amount of resources invested – monetary investment as well as manpower – will be unique to each business.

The same is true when it comes to measuring returns from social investments such as interactions and insight to customers' lives. There are some indirect returns like engagement and recognition that can be difficult to quantify from a cash perspective that impact the business and need to be monitored. The business as a whole must be actively involved in the social strategy from the first post to the analytics. It can be difficult to justify the costs and investment needed to build and maintain a social and SROI tracking regime but again and again the data shows these efforts are worthwhile. Social media provides direct access to customers and potential customers like never before, so outside of direct sales, there is a lot of value to be gained from a good social media strategy.

It may take some educating to get the buy-in necessary, but with the scalable and often free or inexpensive tools available, it's very achievable. The insight gained from SROI tracking should be used to continuously improve both the social media campaign and the business as a whole. If a thoughtful, holistic approach is taken to identifying and measuring social returns the business knowledge gained can be invaluable to the decision making process.

Works Cited:

<http://blog.accessdevelopment.com/customer-loyalty-statistics-2015-edition>

<http://www.socialmediaexaminer.com/26-promising-social-media-stats-for-small-businesses/>

About Peppersack

Peppersack is a leading digital marketing agency providing SEO and content marketing services that deliver results. Our search engine optimisation services will help to raise your page rank. We deliver proven results in the form of traffic to websites and sales inquiries through integrated inbound marketing campaigns. We make it easy for your potential clients to find you. These services are based on a disciplined approach to research, analysis, business planning and reporting. Support services include content development, social media management and creative design and development.

Contact Peppersack

Please contact us for help and advice with your digital marketing and communications

Email: contact@peppersack.com
Telephone: 0161 926 3670
Atlantic Business Centre
Atlantic Street
Manchester
WA14 5NQ
web: www.peppersack.com

DIGITAL MARKETING SERVICES

Peppersack Limited, Atlantic Business Centre, Atlantic Street, Altrincham, WA14 5NQ

Tel: 0161 926 3670 Email: info@peppersack.com Web: www.peppersack.com

Registered in England and Wales 11th August 2009, Registered Number 6997254, VAT Number 981 3013 36