

Social Media ROI & How It Can Be Measured

Many brands have taken a leap of faith and jumped both feet into the Social Media pond & causing some ripples. What about those brands still nervous about getting their feet wet, where is the ROI model that will help them take the plunge?

Steve Richards, MD, Yomego finds out.

Many brands have taken a leap of faith and jumped both feet into the social media pond, causing some notable ripples and the odd wave of consumer adulation along the way. But for those brands still nervous about getting their feet wet, where is the ROI model that will give them the confidence to take the plunge?

LinkedIn profiles are becoming as important as business cards, and every self-respecting brand at least has a Twitter and Facebook strategy, but how can customer engagement through social channels be attributed to incremental profits? And if, as Alterian reports, DM is hardest hit (40% cutting budgets by 20%), how are the trail-blazing brands attributing – and justifying – their spend?

Ignore it at your peril

A household name travel brand recently told us they'd decided to dismiss the merits of a specific social media strategy. *"Get the product right, and the rest will take care of itself,"* they said.

They have a point. The product – its integrity and the way it's marketed and supported – is always the foundation stone but social media channels offer such huge scope, for customer engagement, building reach, trial and loyalty, the 'trust to luck' policy is increasingly rare.

Facebook has over 350m active users (with 130 friends each), spending 55 minutes each day during which they post 40m+ status updates. Twitter has its critics, but 27.3m tweets are sent each day (10bn a year) – and key influencers can make or break a \$m product launch in under 140 characters.



Big Numbers. But does anyone actually make any money?

Twitter itself might struggle to make a buck. But many of its users have found a way.

Model and TV presenter, Kim Kardashian, with 2.8m followers, reportedly earns \$10,000 per tweet.

Musician Soulja Boy, and internet gurus Guy Kawasaki and John Chow are also paid for their tweets through ad server ad.ly.

But you don't have to be a 'celebrity' to cash in. Dell's main Twitter account now has over 1.5 million followers, and last year they made more than \$6.5 million in orders for PCs, accessories and software through promotions on Twitter (source: Bloomberg, Dec 8). Whilst this is just a drop in the ocean of Dell's annual revenue of \$61.1 billion, those sales were achieved at negligible cost.

Manish Mehta, vice-president of the online unit at Dell sees Twitter as an important form of customer interaction and recognises its potential; "It's a very vibrant channel for us and it's growing aggressively. It's not just our reach and growth that has progressed; it's that it's happening globally."

Street Cred

Social media is also driving customers to consume more offline by increasing footfall. Burger King created a Facebook app encouraging users to prove their love for the Whopper by “sacrificing” 10 of their friends in exchange for a free burger. Facebook blocked the application, citing a violation of its terms and conditions of service, but not before users had deleted 233,906 of their contacts on the site. (source: The Wall Street Journal). The brand followed this up recently by running a 41-city social media tour to find the best ‘game-changing’ basketball players in each neighbourhood – with promotional offers available to those who engaged with the campaign.

Starbucks CEO Howard Schulz has also made a firm commitment to social media, and the brand has been rewarded with fanatical followings on Facebook and Twitter, where the company uses promotions to drive sales.



Entrepreneurial companies have instinctively embraced social media. The Albion Bakery in London uses Twitter to broadcast when a fresh batch of bread or cakes are ready.

Perhaps the most innovative use of social media is the approach adopted by Blendtec, who increased their sales 500% through a series of quirky YouTube videos entitled “Will it blend?” where their CEO Tom Dickson blends articles ranging from glow sticks to an iPhone (the video featuring the iPhone has received over 4 million views to date). The videos themselves have now become a revenue stream because of the value of the ads placed around them, and the company has built a whole website around the videos.



So how can brands measure and *attribute* this success?

At Yomogo, we encourage clients to treat social media like any of the other fully paid-up members of the marketing mix. If a company measures marketing campaigns by reach, as for print and TV ads, the same (CPM) metric can be attributed to social media spend. It's might not be fully automated but it can be measured. Tools exist to measure reach on Twitter. The value of ‘retweets’ can also be tracked in terms of reach but the third-party advocacy of a positive retweet carries more value and impact. A PR agency might attribute a premium to this kind of implied endorsement so a positive retweet should be given the same boost. Many brands will also have a value of a customer visit to their website.

Visits and even coupon redemptions generated via social media channels (eg via Twitter User Lists, facebook user walls, blogs, seeded content) can be tracked so another value metric can be assigned.

LinkedIn and Twitter can be used directly to generate individual sales leads. A client will normally know how much it costs to generate a sale via telesales, for instance, so the cost and value of leads direct from social media can be viewed in context.

So the bottom line, on the bottom line so to speak, is that the value and contribution of social media marketing should be aligned to the client's existing effectiveness metrics.

Keeping it Real(time)

Social media has never been short of measurement and tracking tools. SocialMention and SocialToo can help give a top-line indication of how your brand is faring in the social sphere, whilst bit.ly can track the number of clicks and traffic sources of people following particular URLs. Twitter Analyzer can provide information on the reach and number of retweets of your Twitter posts.

Most of these tools, however, will provide stats without the insight and recommendations for future strategy. **Our Social Media Reputation (SMR) reports*** provide a popularity index (out of 100) for clients alongside comparative scores for competitors in their sector. What's more, we have seen a direct correlation between a % increase in SMR performance (and aggregation of reach and sentiment metrics) and a commensurate increase in sales. The reports also come with an evaluation of performance on various social media channels and recommendations for future activity. Scores can also be applied to personalities and topical brands such as our recent report on the main **UK political parties****.



The danger of doing nothing

It's no coincidence that most of the brand-related social media horror stories have involved companies who have fail to embrace the potential of social media. The apocryphal "United breaks guitars" video, seen now by 7m people on YouTube was attributed to have knocked 9% off the share price of United Airlines.

Social media may involve a new set of KPIs, an open mind and a tailored creative approach, but the benefits can be hugely effective and can we measured in context with your other marketing metrics.

Just don't wait too long to dive in.

More Information

*<http://www.yomego.com/Social-Media-Reputation-Scores.html>

**<http://econsultancy.com/blog/5313-politics-and-social-media-the-good-the-bad-the-ugly>