The Art and Science of Proving Social ROI

Content

Introduction

Amidst overwhelming competition to reach new customers and grow market shares, brands are doubling down to invest in social media, whether by advertising or increasing activity across these channels. In fact, between 2014 and 2016, social media advertising budgets worldwide doubled from US $16 billion to $31 billion (Statista).

And that number is set to climb.
But what do marketers have to show for it?

The Challenge

Imagine you're a marketer evaluating post campaign performance. After painting a rosy picture of the stellar click-through and engagement rates from your sponsored posts, or the reach earned from influencers used, your Chief Marketing Officer (CMO) hits back with questions like these:
- How much sales did we generate from each dollar spent?
- How many new customers did we acquire from each influencer?
- How many people who clicked on our Facebook post, actually completed their purchase?

Sound familiar?

Mary Meeker's 2017 Internet Trends reported **61% of social media advertisers citing measuring ROI as their top concern**; ahead of securing budget and resources (38%), and tying social campaigns to business goals (34%). On top of that, engagement is still the go-to metric for measuring success on social media (56%).

But while likes, comments and shares indicate a thriving campaign reach, they are not the be-all and end-all of social media marketing. After all, a well received piece of content or an active fan base does not necessarily lead to a purchase.

Marketers may recognise the business potential of social, but are unable to demonstrate its impact on the bottom line due to:
- Lack of established methods for tying social strategies with business goals,
- Misaligned metrics and KPIs for measuring success on social, or
- Minimal processes for sharing insights from social, or making it actionable for other departments

ROI, Defined

Return on Investment (ROI) is a direct measure of how effective a marketing activity was in creating monetary or non-monetary value for the company. While this "value" varies with the nature of each business, marketing ROI can be considered, in its simplest form, as a ratio between gain and cost.

$$ROI = \frac{\text{(Quantitative \& qualitative value created - Marketing Investment)}}{\text{Marketing Investment (Budget, time, and effort spent)}}$$

Tracking ROI is essential to several things, such as:
- Measuring the success of your marketing activities,
- Optimizing marketing activities and spend,
- Securing higher budgets for future campaigns, and
- Calibrating your social media strategy based on past performances of similar campaigns

Identifying Value

There is a lot more to a brand's social activity than posting content and engaging your fanbase. Attributing activities to quantifiable and precise outcomes, can help shift organisational perspective of social from a "branding tool" to an effective platform for product launches, driving revenue, influencer partnerships, customer experience and lead generation.

This eBook will guide you through:
1. The steps to combine art and technique in your marketing activities
2. The metrics to use when showcasing your campaign's performance, and
3. How to demonstrate the value of social in the bigger picture, that is your business objective

STEP 1:

Sketching Out Your Objectives

1. Sketching Out Your Objectives

Prior to crafting a campaign or report, consider:

The end goal

What are the short-term and long-term goals you are setting out to achieve from this activity?

The nature of your business

In what ways will this campaign benefit your organization or move it closer to overall business goals? For an example, an e-commerce brand might look into increasing store visits by their followers, while a B2B company would benefit from generating new leads via sponsored posts on social.
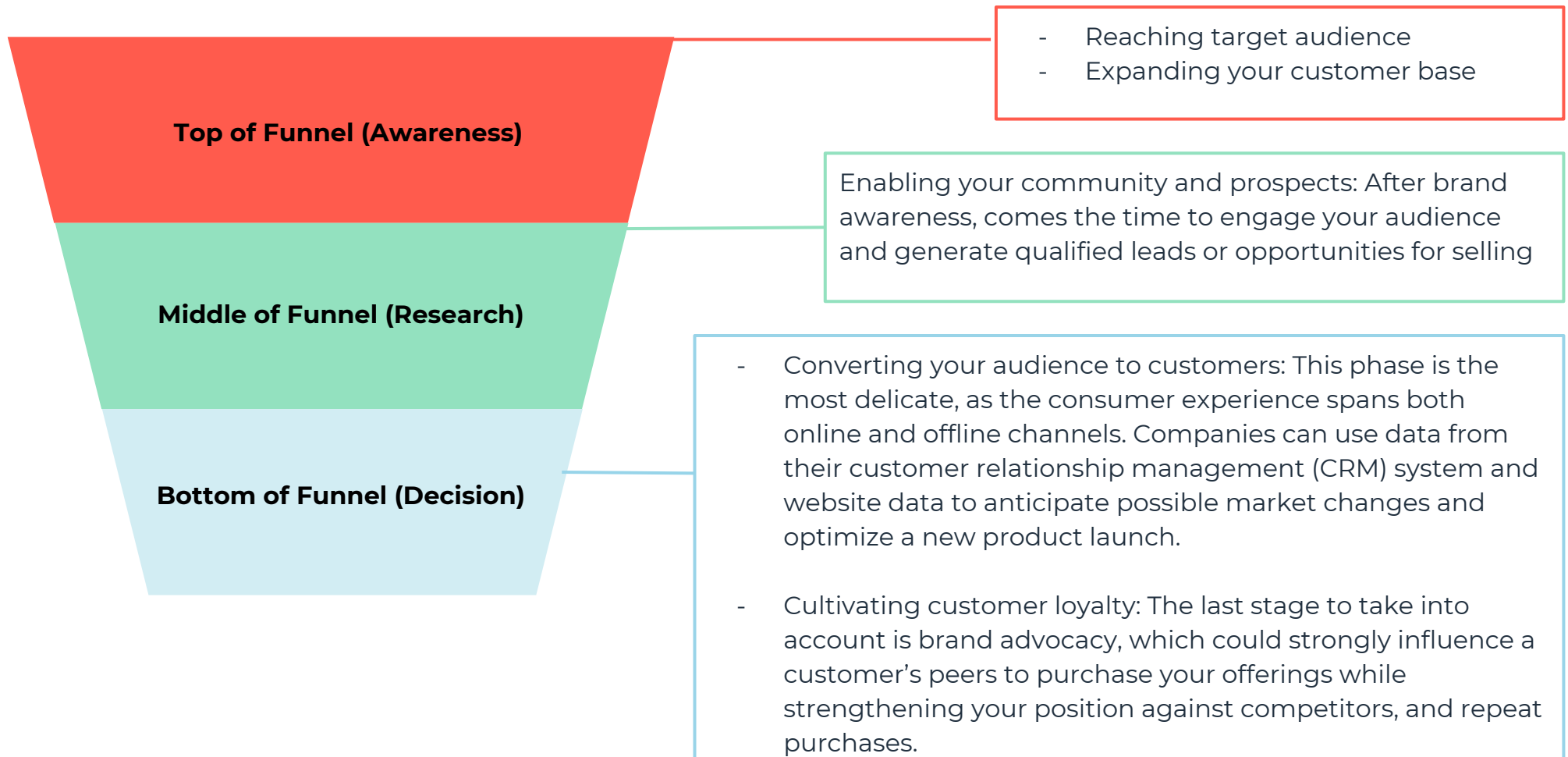
Quantitative & qualitative objectives

How is your time and money in social paying off? Get a robust understanding with a well-defined set of goals.

1. Sketching Out Your Objectives

Framing Your KPIS and Marketing Funnel

Structuring and categorizing reports is essential to analyzing how well social has paid off at each stage of the customer's journey, and to allow you to determine attribution. As such, it is important to associate objectives with relevant stages in the marketing funnel, such as:

Top of Funnel (Awareness)

- Reaching target audience
- Expanding your customer base

Middle of Funnel (Research)

Enabling your community and prospects: After brand awareness, comes the time to engage your audience and generate qualified leads or opportunities for selling

Bottom of Funnel (Decision)

- Converting your audience to customers: This phase is the most delicate, as the consumer experience spans both online and offline channels. Companies can use data from their customer relationship management (CRM) system and website data to anticipate possible market changes and optimize a new product launch.

- Cultivating customer loyalty: The last stage to take into account is brand advocacy, which could strongly influence a customer's peers to purchase your offerings while strengthening your position against competitors, and repeat purchases.

1. Sketching Out Your Objectives

For your initial report, start by laying out the status quo of your business, and where it stands. Then for subsequent reports, use these insights as a benchmark to assess how various campaigns have affected your goals and objectives.

Social media marketing objectives can generally be broken down into three broad categories:

Revenue

Brand building and nurturing

Customer experience

Revenue Objectives

Attributing revenue and new customer acquisition to social media activities is the most direct measure of how much returns your campaigns have delivered.

Revenue earned KPIs
- Completed purchases via click to buy buttons on your brand's social media page, or by customers who clicked through your campaign to your e-commerce store
- Exclusive discount codes redeemed from your social media campaign
- Increase in total revenue earned during the campaign; while this is trickier to measure, it can provide a rough estimate of how your activities contributed indirectly to your company's sales, given the multifaceted nature of the customer's journey. This applies to lead generation as well.

New customers acquired KPIs
- Number of fans and followers who completed purchases on your e-commerce store
- New marketing qualified leads generated from social content and campaigns. This can be measured as an overall number as well as year-on-year growth
- Selling opportunities created directly from a paid or non paid activity on social (for B2B brands)

Brand Building and Nurturing Objectives

While brand building and nurturing have less direct impact on your bottom line, they are nevertheless useful for:

- Developing brand trust amongst your target audience, making it easier to sell products and services or build customer loyalty,
- Keeping your brand on top of mind with consumers, and
- Converting followers on social media to customers and eventually, advocates

Brand Building KPIs

- Reach earned from boosted/sponsored posts, dark social posts, and non-boosted posts
- Share of voice before, during and after a campaign
- Engagement rate i.e. ratio of likes, comments, and shares to number of people reached
- Brand Sentiment. Average brand sentiments vary across industries, thus understanding consumer sentiment can help to identify if a crisis has occurred or if your brand is favoured amongst netizens

Nurturing Objectives KPIs

- Completed purchases or discount codes redeemed by accounts that were previously inactive, after clicking through your social media campaign
- Inbound leads that request a product demo after downloading a sponsored content on social (for B2B brands)
- Number of User generated content that tags your brand handle or uses an official brand hashtag

Customer Experience Objectives

A multichannel strategy ensures all points of contact and sales are mobilized, meaning the consumer has access to all products and services he or she wishes, be it on smartphone, tablet, email, social networks, or in store.

With social becoming more and more entrenched in commercial channels, brands need to not only increase engagement on social networks, but also use it to accelerate the path to purchase, by delivering or managing all encompassing customer experiences at every touchpoint. This includes:

- Enhanced customer care by social teams
- Ensuring a seamless omnichannel experience

Customer Care KPIs
- Response rate of social care teams or chat bots vs other customer care channels
- Number of customer cases resolved via social channels as a percentage of total cases resolved across all channels
- Amount of time taken to resolve a case via social channels
- Consumer sentiment on your brand's social channels; this indicates whether customers are satisfied with your brand's social care, or are resorting to venting their grievances on your social posts.

Omnichannel Performance KPIs
- Number of online registrations for in-store events, or orders placed through social channels
- Consumer sentiment on social channels and overall; this indicates whether the overall transition from social to website or in-store was a seamless one
- Key topics, sentiment, and volume of posts from customers who geotag your business' location, i.e. stores, restaurants, hotels, and headquarters.

STEP 2:

Filling In Your Metrics

2. Filling in Your Metrics

Just like how an artist would gather the appropriate materials for his or her piece, it is important to be mindful of the following when choosing metrics to measure your social media activities against:

- **Keep it simple**: With a plethora of marketing technologies, data visualization platforms and analytics tools, it's easy to get overwhelmed. Focus on a few, relevant metrics that allow you to make strategic decisions quickly.

- **Benchmark**: Monitor the evolution of your metrics over the course of the campaign. With digital data, marketers can now optimize campaigns in real-time to ensure they hit their objectives.

- **Stick to the same timeframe**: It is important to keep reporting consistent, so you can track and benchmark progress accurately.

- **Tie it back to your overall objective**: This will help prove the value of your social activities to your managers and stakeholders. For example, if your campaign objective is to increase online store sales, you could look at click through rates, revenue generated via social, basket size, and cost per sale generated.

Selecting Your Metrics

Page Tracking is essential to attributing traffic or revenue generated from the various platforms used in your campaign. Create a dedicated landing page, and use an Urchin Tracking Module (UTM) builder to create unique tracking links for each medium, including influencers.

Cost should be monitored to keep it consistent or ideally, low. This includes cost per click or impression for campaign performance, and cost per dollar earned or lead generated for ROI reporting.

Selecting Your Metrics

Click-through Rate (CTR) is an indicator of how compelling your content is getting internauts to leave whatever social network they are on to visit your website or store. To get the full picture of your CTR performance, it is imperative to analyze it in context of:

- Sign up form or purchase completion rate
- CTRs of similar advertisers

Reach earned indicates how relevant and engaging your content or campaign is for your target audience

Engagement rate denotes how active and engaged your brand's online community is. It refers to the ratio of likes, comments and shares to your community size. .

These metrics should be analyzed together, to give you the complete picture on your campaign's performance and what needs to be optimized to drive more results.

For example,
- If reach and engagement is high but CTR is low, consider what could be deterring your audience from clicking through the creative to your offer, e.g. CTAs not being compelling or enticing enough.

- If CTR is high but the cost per sale or lead is higher than expected, consider how you can increase purchase or contact form completion on your website, or narrow the audience targeted to ensure only the most qualified prospects see and click through your campaigns.

STEP 3:

Showcasing Your ROI

3. Showcasing Your ROI

Now that you've crafted a well rounded image of your campaign's performance, it's time to frame and showcase your ROI to your audience: the decision makers in the company.

Given every project, campaign and business is unique, an ROI report is not a standard "color-by-numbers" piece, but it should be continuously updated and present the following:

- Campaign objectives
- Metrics used to assess performance
- Campaign performance
- Progress and challenges encountered
- Trends and insights from your consumers, competitors, and industry

Choosing Your Medium

Generally, ROI reports are divided into four categories:

Type of report	Who reads it?	What to report?
Daily dashboards	Campaign manager	- Daily fluctuations - Indicators of a potential crisis or cases related to social care and responsiveness
Weekly KPI reports	Senior manager	- Benchmark previous weeks' performance - Segment results for the reporting period, as well as key metrics
Monthly reports	Top management	- Objectives achieved from campaigns - Competitive benchmarking
Quarterly performance reviews	Senior decision makers	- Focus on strategy, actions, problems, and priorities - Market trends and consumer insights - Progress, deadlines, and future actions

The end goal of quarterly reviews is to optimize and fine tune actions, with post campaign reports to complement them.

The 3C's of ROI Reporting

The golden rule when drawing up a social media report is to focus on your target consumers and whether the campaign is making them take the desired actions: what their needs are, and what possible measures can be drawn to fulfil these needs.

Your analysis should clearly visualize what is working and what can be improved upon, so as to help your marketing team achieve objectives, and allow management to make smart data-backed strategic decisions by understanding consumers better.

These are the three C's for reporting social ROI:

> **Conciseness**

> **Context**

> **Clarity**

Conciseness
A small set of metrics that are strongly related to your objective, is the best way to attribute success to activity.

Context
Managers are often pressed for time and thus gloss over details. Presenting data in a clear and concise manner, alongside time frame studied, or notable events helps explain any trends shown in a glance.

Clarity
Set out clear parameters for your report, and dedicate a page for the methodology used to calculate the metrics.

Analyzing and reporting ROI is constant and continuous. Set up a schedule for monitoring KPIs to optimize social media activity, and translate objectives into daily work processes.

PAINTING A BIGGER PICTURE WITH SOCIAL

With social hitting an all-time high of 3.196 billion active users and 42% penetration worldwide in 2018 (We Are Social, Digital in 2018), networks like Facebook, Twitter and Instagram are not diminishing in their value for brands, both as a marketing and communications platform, as well as a goldmine of precious consumer and industry insights.

Brands must break away from a siloed approach to social monitoring as a marketing tool, with internal leaders championing the distribution and use of social intelligence to enable accurate decision making across all business departments.

Only then can companies unlock the full potential of social media for:
- Product development,
- Anticipating future trends,
- Detecting competitors' strategies,
- Market research,
- Identifying new business opportunities,
- Expanding market shares,
- And more

About Digimind

Digimind is the leading social media monitoring and competitive intelligence software, designed for brands and agencies who want to accelerate digital transformation through an insights-driven approach. Recognised by Forrester and Gartner, Digimind's best-in-breed technology transforms social and online data into actionable business insights, enabling marketers to effectively plan, execute, and analyse their marketing strategy.

Founded in 1998, Digimind is headquartered in New York, Paris, Singapore, and Rabat, serving more than 600 customers worldwide including LinkedIn, Sony, McCann Worldwide, and Lexus.

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The Digimind marketers in New York, Singapore, and Paris are specialists in Social Media and Insight Driven Marketing strategies that enable organizations to perform better. They share their best practices as well as customer cases through white papers and ebooks.

RESOURCES.

Digimind Resources

Digimind's Marketing and Insights department offers you many resources to help you plan, execute and analyze your marketing strategies by keeping up on best practices and the latest trends in insight driven marketing.

Find more resources