



Measurement Matters: Getting to ROI with Social Media

by Nancy Pekala

Three billion. That's the number of dollars projected to be thrown at social media by the year 2014. With that kind of spend, CMOs in both B2B and B2C companies will be asking the all-important question: What's the ROI on our social media efforts?

Measurement of ROI on social media will become a critical issue for all organizations to address as they continue to engage with customers in multiple digital channels.

"Measurement is hard," acknowledged [James Clark](#), Co-Founder, [Room 214](#), during the AMA's recent virtual event, [Social Media: Cracking the Code](#). "Organizations need to create a solid social media plan, identify what needs to be measured and why."

"Measurement is not ROI," Clark stressed. "Let's be real clear on that. An increase in positive sentiment is not a financial metric. An increase in positive opinion is not a financial metric. You need to tie it back to appropriate financial metrics that it will impact."

Clark acknowledged a trend to redefining ROI to fit social media channels. "We're seeing terms like Return on Participation, Return on Engagement and Return on Trust. However, there seems to be a lack of fortitude to push through and understand the financial impact of efforts in social media."

He suggested that organizations make sure their analysis of Return on Engagement includes the impact of social media efforts on specific financial metrics such as number of sales leads.



Clark acknowledged that analyzing social media data to get to an ROI measurement can be a daunting task. Determining the actual impact and correlation between the cause and effect of generating positive return on investment can be challenging for organizations.

"It's a sophisticated process," Clark said. "Not many companies have the internal resources necessary or the knowledge to get through it."

He suggested that one of the most significant challenges organizations face in this area is tying social media measurement to their financial metrics such as increase in revenue earned or cost reductions.

With so much data available, Clark said a new era is emerging that will lead to the rise of the statistician. “There are different levels of social media analysis that can be conducted based on the data,” Clark said. “Is it cohort analysis? Did a combination of tactics result in leads? Where’s the independent relationship between the variables that lead to those social media results?”

Clark noted that another goal of organizations using social media today is to understand the acceleration cycle and shortening that timeframe when engaging potential customers online.

Social Media ROI: Tools and Tips

Online Monitoring Tools

[Radian6](#)

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[Techrigy SM2](#)

[Google Alerts](#)

[Monitoring Tool Directory](#)

[Sysomos](#)

[Crimson Hexagon](#)

Other Must-Read Resources

[Net Promoter Score](#)

[Marketing Performance](#)

[Measurement/Management](#)

[Measurement and Metrics Guidebook](#)

[How to Measure Social Media ROI](#)

[Social Influence Marketing](#)

[Customer Experience Programs](#)

[Basics of Social Media ROI](#)

[Conversation Impact](#)

While much discussion around social media work centers on B2C, opportunities exist for B2B as well. “In B2B, you’re trying to create deeper relationships with individuals,” Clark said. “The B2B twist focuses on how their product can help someone else grow their business.”

“The question for B2B companies is ‘What are we providing to our customers that helps them be more efficient and grow their business?’ The challenge lies in the fact that often times, these conversations are not public,” Clark explained.

He suggested that B2B companies focus on targeting and identifying those people who have the greatest impact,

learning who they are, what they need and what issues they are struggling with. The emergence of Social CRM is really about how to best target that one individual within an organization that is engaging, or would likely engage, with you. For instance, if an organization identifies someone on Twitter who makes the purchasing decisions for his company but who has few followers, it makes sense to engage with that person.

One key measurement in the social realm is sentiment analysis. The level of sentiment and emotional context of that sentiment is valuable information that can lead to real business results. One good place to start is through the use of monitoring tools which not only help measure traffic from social media efforts but also share of voice and sentiment level.

It's critical that organizations acknowledge and respond to both negative and positive conversations. This feedback also needs to be tracked over time. What's the ratio of conversations in terms of volume, polarity/intensity, qualitative faction and specific customer feedback?

Ultimately, social media measurement should inform an organization on whether it is increasing or decreasing positive opinion over time through its social media efforts.

Clark also suggested that organizations not just look at time but volume as well. "If you tracked 100 posts and 20 are negative, is that enough for your organization to make a decision around your marketing program? In other words, is this a good sample size of sentiment that would have an impact? And is the sentiment true? You need to understand where the sentiment is coming from and determine whether the source has strong or weak ties to the organization."

Which metrics are most important for a social media program? Clark said it varies based on the organization and the organization's business metrics. "What are the metrics that CMOs are running the business on? You need to associate those with your social media efforts. Your goal is to make sure your data is positively impacting those business metrics."

Take Five: Article Takeaways

1. Understand the numbers.

Identify those metrics most critical to your social media program and understand what they are telling you about your online engagement.

2. Develop a strategy based on financial gains.

What is the strategy? Which business metrics will you use as a baseline to measure social media success?

3. Understand the resources needed before starting.

Who is going to manage the metrics program? What's needed to accomplish it?

4. Find and build a hero.

Identify and engage someone inside the organization to champion the importance of social media measurement.

5. Establish an ROI metrics timetable from the start.

What time frame are you attempting to deliver social media results? Establish a timetable.

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