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# Calculating Your Social Media Marketing Return on Investment

A How-To Guide for New Social Media Marketers

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This guide provides practical advice for developing a goal-based approach to measuring your social media marketing return on investment (ROI).

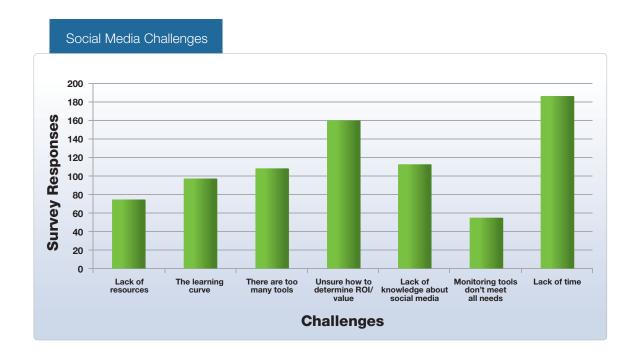
## Introduction

You have started your social media marketing. You are posting to Twitter and Facebook and interacting with your fans and followers. You feel like things are going well, but you are unsure how to determine the ROI and impact of your social media efforts. Don't worry; you are not alone!

## Social Media ROI

We recently surveyed 414 iContact customers to learn more about *their* challenges and goals with social media. According to the survey respondents, their largest social media challenges are:

- 1. Lack of time
- 2. Uncertainty about how to determine ROI
- 3. Lack of knowledge about social media





There is clearly a need for sharing and learning more about social media marketing and its ROI. Many social media marketers look to transfer their familiarity with email marketing to social media marketing. This is a good first step, but to really take your social media marketing to the next level, you need to deeply analyze social media and its ROI.

Now, let's look at what our survey respondents want to accomplish with their social media efforts:



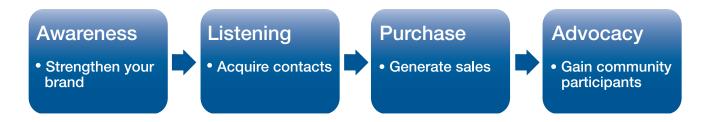
It is very easy to jump in and start measuring your ROI by counting how many Facebook fans and Twitter followers you have. Or you could get more advanced and measure retweets and likes. Although these are important social media components to track, a goal-based approach to ROI will help you better understand the "why" behind the "how" of your marketing initiatives.

Like email marketing, there is no universal rule for how to measure the ROI of your social media efforts. The return on your investment in social media marketing, however, should directly tie in to the goal of your social media presence and messages. As noted in our survey, most respondents focus on strengthening their brands, generating sales, and acquiring contacts.



There are two important facts in these results that are worth highlighting:

- 1. Survey respondents are more interested in using social media to "talk" than to "listen." Note that the top three goals focus on engaging with social audiences. The two least-favored goals (collecting competitive intelligence and monitoring business) gear more toward using social media to "listen" to the market.
- 2. The top three goals are similar in that they are all phases in the customer purchasing process. A typical purchasing process starts with becoming aware of a brand, then showing enough interest to become a contact, and finally, deciding to make a purchase. It is important to understand your role in the purchasing process:



Let's dive in to the important role social media plays in each of these steps.

# Step One - Strengthen Your Brand

In the world of social media, your brand is driven by the sum of all social interactions regarding your company. Keep in mind that these social interactions do not necessarily have to involve you; people can talk with their networks about you.

## Attention

Attention is all about your marketing efforts and their effectiveness. It is no longer enough to have a large set of social media followers; they also have to be engaged with your brand.

### Reach

How many people can you potentially interact with when you use social media? It is simply the maximum number of people you can reach through your social networks. If you have content that is getting noticed and that interests people, then your reach will likely grow as people want to hear more. Your brand reach is analogous to the size of your email marketing list.



Brand reach = Facebook fans + Twitter followers



Every piece of content you share can also be shared by your fans and followers. When they do so, even more people see your content. This results in the following equation for content reach:

#### What is a share?

A share is a like or retweet of your content from one of your fans or followers, respectively.



If this equation is overwhelming, don't worry; there is easy-to-use software out there that calculates your content reach.

Let's walk through a simple example. Let's say you tweet a joke to your 100 Twitter followers, and one of them finds it funny enough to share with their network. They then retweet the joke to their 1,000 followers. This is how you would calculate both your brand reach and your content reach:



In the world of email marketing, the content reach metric would be similar to being able to measure the total number of people who could potentially see your message through both your list and the forward-to-a-friend feature. The reality is that most email recipients do not bother to use the forward-to-a-friend link and rather just hit the forward button in their email clients. In this case, social media provides a clearer picture of your potential audience.

#### Engagement

Engagement comprises both content engagement, or how engaged your audience is with your content, and brand engagement, which is what your audience is saying about your brand.





#### Content

How engaged is your audience with your content? Content engagement can be measured by social media shares (i.e., retweets, likes). The level of your content engagement helps you understand if your content resonates with your audience. For example, did your audience feel connected with your content enough to share it with their networks?

#### What is a reply?

A reply is a public response to a tweet. The Twitter username of the recipient begins the reply.



Perhaps you have a call to action to click on a link to get more information. You can also measure content engagement with the following equation:



This metric begs the obvious question: Which pieces of content generate the most engagement? As a marketer, you should dive into what types of content drive the highest engagement with your audience. Just like not every email has the same content or same call to action, not every social media post should have the same purpose.

Interactions with your brand are not always generated as responses to your content. This leads us to another type of engagement: brand engagement.



#### Brand

What is being said about your brand that is not being generated by you? For example, are people finding your latest news release and tweeting it to their followers? Are people who are unhappy about a customer service experience venting online?

#### What is a comment?

A Facebook user can begin a conversation about a post by using the Facebook comment feature.

#### What is a mention?

A mention occurs when a Twitter user references your brand. Any tweet with your brand's Twitter username is a mention.



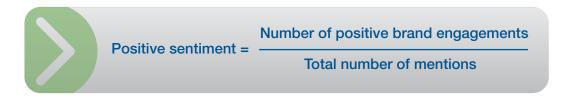
You'll notice that brand engagement is just content engagement plus everything else. Unlike many other social media ROI measurements, higher brand engagement is not necessarily better.

As you can see, it is not enough to have a large reach if your audience is not engaged; likewise, having an engaged audience that is very small is also not ideal. You can think of this as simply:



## Sentiment

What is being said about your business on social networks? Remember, your brand and its strength are tied to each micro-interaction (an everyday interaction a consumer has with a product, brand, or service) regarding your company, its products, etc. You can use tools to help you determine the sentiment of that attention. Negative attention is not your goal, so measuring positive versus neutral versus negative comments is helpful.



The challenge with sentiment is that it is difficult to measure. There are tools that scour Facebook and Twitter, calculate the total number of mentions, and attempt to determine if the mentions are positive, negative, or neutral. The accuracy of these tools, however, is difficult to determine; this is where we begin to enter



the art, rather than the science, of social media ROI measurement. Remember that like almost all ROI measurements, sentiment should be measured relative to prior performance. As long as you consistently measure sentiment, it can be a good *general* indicator of how much attention your brand is receiving in social media outlets.

A Quick Summary – Email vs. Social Media			
	Email	Facebook	Twitter
<b>Content Responses</b> How can people respond your content?	to Open Click	Like Post comment Click	Retweet Reply Click
<b>Content Responses</b> How can people respond your brand?	to Subscribe Unsubscribe	Like Unlike Wall comment	Follow Unfollow Mention
<b>Discovery</b> Where do people go to fin your content?	d Inbox	Facebook News Feed	Twitter feed Twitter search Search engines
<b>Network Responses</b> Are there any delivery challenges?	Bounces	N/A	N/A

## Step Two – Acquire Contacts

As a social media marketer, it is important to understand and quantify your list of social media followers. The most common way to do this is to measure the growth in brand reach. It is also recommended that you understand how your actions affect your brand reach. Most tools help you measure this with a simple line graph or table:

You can clearly see that there is growth in the number of Twitter followers. This type of table or graph answers the question "What is the current/historical follower count?" The more insightful question is "Did I do anything to make these numbers change? If so, what was it, so I can replicate this success?"

Date	Twitter Followers
May 1	100
May 2	101
May 3	106
May 4	106
May 5	110



Date	Twitter Followers	Twitter Posts	
May 1	100	One tweet to download white paper	
May 2	101	Two tweets about latest product release	
May 3	106	No tweets	
May 4	106	Tweet asking customers for product feedback	
May 5	110	Thank-you tweet for feedback	

Let's now look at the same information with your brand's Twitter posts:

Suddenly, you can start to see how your actions had an impact on your Twitter follower count. In this example, the Twitter follower count increased after sharing content about your latest product release and after asking people for product feedback. In this case, the type of content and its subject resonated with potential followers enough to help them get over that inertia and click the Follow button in Twitter.

It is not just what you say on Facebook and Twitter that can help you grow your following. The key is to look at your social media efforts holistically and to tie them back to the goals you are looking to achieve. For example, your website and email have content that is valuable; simply adding social sharing toolbars to these can help increase the number of touch points with potential fans and followers.

## Step Three – Generate Sales

Now that you have an audience built with your hard work, how do you turn these contacts into revenues? The traditional marketer wants to drive quantifiable results to justify the time investment, but the reality is that they are difficult to truly measure. For example, consider the following scenario in which a potential customer:

- 1. Visits your website
- 2. Follows your brand on Twitter
- 3. Views several tweets and downloads a white paper that was discovered via Twitter
- 4. Visits your website to learn more
- 5. Signs up for your email
- 6. Becomes a paying customer



So did social media play a role in generating that sale? How do you measure its impact? In the social world we live in, the days of having a single channel to interact with your customers are gone. Your goal is to make every micro-interaction a positive one that leads a customer through the decision-making process.

That being said, there are some things you can do to attribute and gauge the impact of your social media efforts.

- **Surveys** One way to help gauge the impact of your social media efforts is to survey your customers. Ask them if your social media efforts contributed to their purchasing process.
- Social Media–Specific Offers Another idea involves creating social media–specific offers or special landing pages only promoted through your social media marketing. You can track traffic and actions on these pages, and because these pages are specific to your social media efforts, you can tie sales back to social media.
- **Google Analytics** If you use Google Analytics (or any other analytics software), you can create social media–specific campaigns and tag those campaigns and links accordingly. This can help you determine how many visitors to a particular landing page came from a social media source.
- **Different Links** Use different links in your social media posts to help attribute traffic sources more accurately. For example, use a different link for your tweet than you use for your Facebook post to help determine if your traffic came from Facebook or from Twitter.

If you absolutely insist on quantifying the revenues resulting from your social media efforts, please do your research on available solutions. These solutions typically involve using browser cookies to track if a purchaser clicked on a link in a social media posting.

## Step Four – Gain Community Participants

You've done everything right: You have a decent and growing social media presence. You have even been able to generate some revenues from your social media efforts. So how do you take it to the next level?

In the social world, the best way to market your products and services is to have others do it for you. Your goal is to create brand advocates who believe enough in your brand to help you sell your products and services. Here are two events that actually happened:



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- iContact was at ad:tech in San Francisco, and a couple of people approached our booth. We started up a conversation and were answering some questions about our product when another visitor (who had been standing silently) chimed in and started answering questions and talking about how great our product is. It was such a great feeling to know that someone was willing to do that. Needless to say, we're willing to bet that the people asking the questions left that booth with a positive microinteraction.
- 2. Recently, a company asked its Twitter followers for a positive product recommendation to help it win a new customer. Although asking for advocacy is not ideal, in this case it worked; several tweets extolling the company's product helped the company win a deal.

Building this type of advocacy is not easy; it takes a lot of work. There has to be a passionate connection to your brand. But once connected, your advocates can help you answer support questions and encourage others to become customers, probably even faster than you can.

Here are several examples of brand advocacy at work:



FutureFriendly Future Friendly 13 by tide Thx Megan for ur review of concentrated @tide: less powder, same clean! Now that's #futurefriendly http://tinyurl.com/3qeclke #shespeaks 3.lun



iContact iContact 13 by scottpackard @iContact First sale today from my first #email campaign. Awesome service, thanks. #awesome << thanks for the love @scottpackard 2 hours ago

## Conclusion

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Your social media marketing goals may or may not be tied to the purchasing process, which involves strengthening your brand, acquiring contacts, generating sales, and gaining brand advocates. Whatever your goals may be, it is important to use a goal-based approach for evaluating your social media marketing efforts' ROI. It is not until you fully understand your objectives that you will know whether social media is working for your business.



## Appendix: Social Media Glossary



Facebook

- **Facebook Page** Facebook Pages are associated with businesses and organizations. These used to be called Fan Pages.
- **Fan** A fan is someone who joins a Facebook Page by clicking the Like button for that page. Fans see updates from that Facebook Page in their News Feeds.
- **Facebook Profile** This is a personal Facebook account. It is not recommended that you create a Facebook profile for your brand.
- **Wall** The part of a Facebook Page or Facebook profile where fans and friends, respectively, can post messages for anyone to see.
- Like When Facebook users click the Like button, they let their Facebook friends know they like particular content, and they give their friends an opportunity to read the content and click the link. This is analogous to a contact forwarding your company's email to friends.
- **Comment** Facebook users can begin a conversation about a post by commenting on it.



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- **Username** In tweets, you often see Twitter usernames preceded by @. Including this symbol creates a link to the user's profile on Twitter.
- **Retweet** Twitter users can retweet a message to forward it to all of their Twitter followers. Retweets begin with RT.
- **Reply** A reply is a public response to a tweet. The Twitter username of the recipient begins the reply.
- **Direct Message** Commonly known as a DM, a direct message is a personal message sent to someone. It requires that both the sender and the recipient follow each other, and it is not publicly visible. The message begins with a D and is followed by the username of the message recipient.





- **Mention** A mention occurs when a Twitter user references your brand. Any tweet with your brand's Twitter username is a mention.
- **Follower** A follower is someone who follows your brand on Twitter. Followers receive your tweets, so it is important to grow your follower count.
- **Hashtag** Hashtags include text following a #. Hashtags highlight keywords or topics in a tweet. Twitter users often search by hashtag to find all tweets related to a topic.



Facebook and Twitter

• Share – A share is a like or retweet of your content from one of your fans or followers, respectively.



## About iContact

iContact is a purpose-driven company based in Raleigh, NC, working to make email marketing and social marketing easy so that small and midsized companies and causes can grow and succeed. Founded in 2003, iContact has more than 300 employees and more than 700,000 users of its leading email marketing software. iContact also provides the event marketing platform Ettend. As a B Corporation, iContact utilizes the 4-1s Corporate Social Responsibility Model, donating 1% of payroll, 1% of employee time to community volunteering, 1% of equity, and 1% of product to its local and global community as part of its social mission. iContact works hard to maintain a fun, creative, energetic, challenging, and community-oriented company culture.



## About the Author

Peter Ghali (@pghali) has more than 15 years of experience in various engineering and management roles at companies such as Intel, Analog Devices, and Motricity. As a senior product manager at iContact, Peter leads the company's social media and mobile initiatives, and launched iContact for Salesforce. In addition to email marketing, Peter has experience in delivering mobile marketing and e-commerce solutions to market.

