

- How much money are we investing?
- What's the time frame we are working towards?

Once you have established the R and the I you can concentrate on execution.

That is to say:

$(\text{Money gained from activity} - \text{cost of activity}) / \text{cost of activity} = \text{ROI}$

You will receive a number. If you want to understand your ROI as a percentage, multiply your ROI figure by 100.

## KPIs

In addition to ROI you can also choose to use Key Performance Indicators (KPIs) to monitor specific areas of your overall social activity. Again, depending on the nature of your business and your goals, different KPIs should be used. Below are some examples suitable for different activities.

$\text{Active Audience} = \frac{\text{Active advocates (last 30 days)}}{\text{Total advocates}}$
$\text{Audience Engagement} = \frac{\text{Unique advocacy influencers}}{\text{Total advocacy influence}}$
$\text{Conversation Reach} = \frac{\text{Number of advocacy driven conversations}}{\text{Total volume advocacy traffic}}$

Figure 1.1: Advocacy KPIs

$$\text{Share of voice} = \frac{\text{Brand Mentions}}{\text{Total Mentioned (Brand + Competitors)}}$$

$$\text{Audience Engagement} = \frac{\text{Comments + Shares + Trackbacks}}{\text{Total Views}}$$

$$\text{Conversation Reach} = \frac{\text{Total People Participants}}{\text{Total Audience Exposure}}$$

Figure 1.2: Dialog KPIs

$$\text{Issue Resolution Rate} = \frac{\text{Total issues resolved satisfactorily}}{\text{Total service issues}}$$

$$\text{Resolution Time} = \frac{\text{Total inquire response time}}{\text{Total number service inquiries}}$$

$$\text{Satisfaction Source} = \frac{\text{Customer feedback input}}{\text{All customer feedback}}$$

Figure 1.3: Support KPIs

## Can you measure?

Even if you or your superiors or predecessors have managed to successfully sell-in the absolute necessity of doing something in the social sphere, the next step in proposing to measure social media can be controversial for various reasons. There are a lot of people who say you can't measure social media, so here are some of the arguments you might come across and should be prepared to address.

## **1. There are too many entry points for us to determine the key interaction**

We can take an overview of what is happening on social media channels. This will provide analytics that we can make assumptions from, but the element of guesswork is too high to deem it scientific or mathematic. When was the last time you bought something on the back of reading a tweet?

We can take measurements from the key social media channels and even extend that to lesser-used and emerging channels. However, we are unable to access all sharing hotspots, and sharing is a key element to social media. Email and Instant Messaging are also key sharing formats, but they are private and impenetrable. This means we are unable to pinpoint the exact point of brand or product buy-in.

## **2. Social media is not a transaction, it's a relationship**

Social media is not where the action happens. Social media is a space where conversations begin. It is a useful tool to take measurements of brand awareness from, but it will never deliver the bottom line number we seek.

We can measure certain elements of the customer interaction through social media.

### **Awareness**

The key awareness metric can be ascertained by assessing if more people know about your brand than they did previously. This figure can be reached by taking brand mentions, brand proposition mentions, positive mentions and share of voice. Share of voice is the

number of brand mentions divided by the total number of your industry mentions. Industry mentions is the total number of your brand mentions plus your competitors. Once you reach this number, you compare it against the previous period. This figure cannot specify if any financial transaction has taken place at this point and so cannot be considered an ROI metric.

## **Reach**

Reach can be considered as knowing how many people can hear what your brand is saying. This figure can be generated by calculating the rise in followers or fans in a given time period. This will also require some social media analytics tools to demonstrate the geographical information of the users. These tools include Facebook Insights and LinkedIn analytics.

## **Traffic**

Are your posts bringing people to your website? When you broadcast or publish through your social media channels, are you driving traffic to your website or are your posts missing the mark? Google Analytics will produce reports to show you where your website customers are coming from, but not necessarily why. This means that you cannot identify a sales lead that was generated as a direct result of your post.

## **Engagement**

If you join traffic with click-through rates, you will understand what impact your output is having on your customers. You will be able to look at “likes”, shares, retweets and positive buzz created by your activity. This is like laying one layer on top of another. You will see a picture, but not a complete end-to-end customer journey relating to one user.

## **Intelligence**

What are they saying and how are your followers reacting to you? This type of information is useful and interesting, but it can act like a massive disparate focus group to capture the general mood of your audience. It would not be common practice to generate an ROI figure on the basis of market research.

To calculate ROI, you need to understand the relationship between the money that you have spent against the money you have gained as a consequence of your activity (investment).

### **3. What are you measuring with ROI?**

When considering ROI, what will you do with the eventual figure? Is it to determine the impact of your investment for your brand or product? Or is it to understand how well your social media is performing against the other channels in your marketing strategy e.g. advertising, email, pay per click. Is it to understand how you will build your next marketing plan and how to allocate your budget?

This is not as scientific as it may seem, despite the fact that a mathematical equation is involved. Social media is a communications tool which is in a constant state of flux and growth. The social media space is rich with newcomers on an annual basis. It is also full of the almost-rans; those who have not scaled the heights of Twitter, Facebook and YouTube, but are by no means defunct. The third group concerns those who do a similar job (sharing, favourites etc.) and who have loyal followers but who will never have a tipping point of followers because they operate in a saturated marketplace.

It also does not follow that you can throw more investment at social media to see a greater return. There comes a point where

too many posts or interactivity can cause customers to become overwhelmed.

#### **4. Calculating your investment**

What costs should you include when assessing your investment, which costs would you have had anyway? What price are you placing on your social media activity? Are you calculating the cost of the staff paid to do it, or the social media agency who is acting on your behalf? Also, when thinking about your return, what are you measuring?

Are you measuring the impact through increased brand awareness or are you looking at directly generated sales? You will need to take a firm viewpoint and stick to it in order for your figures to mean anything period on period.

#### **5. Calculating worth**

You cannot attach a meaningful value to a social media fan or follower. Liking a page on Facebook is not the same as having the means to buy that brand. For example: you could be placing a meaningless monetary value on the Facebooker who “likes” your page yet spending zero money, while attaching no monetary value to the physical customer who actually buys your product without prompt from advertising or marketing.

This means that you can place an importance on a Facebook “like” when it has an actual monetary value of nil. For more on this read how Bulmers calculate the value of a fan on page 36.