

Social Media Marketing Success for your Business

Why Social Media Must Be in Your 2013 Marketing Plan



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Executive Summary

Social media marketing is rapidly becoming a critical mechanism to influence and drive key business objectives. Interactive marketers who know the secrets to engaging prospects and customers on social sites and to analyzing return on investment can improve their business-impacting metrics, such as website visits, conversions, and sales.

Marketers are investing heavily in social media, but measuring the return from those investments remains elusive. Too many organizations are relying on gut instinct and crude metrics to assess payback from their growing social media presence. Without an accurate measurement framework, they risk misinterpretation that can lead to misinformed decisions on budget allocations and marketing mix.

This white paper explores the opportunities and challenges in social media marketing and outlines practical solutions for assessing the return on investment of your initiatives, from social networking sites to blogs to syndicated videos. It covers how you can:

- Better understand, engage, and target social media users
- Understand social media payback in the context of the overall online marketing mix
- Understand the total impact of impression-based campaigns
- Appropriately attribute credit to social media channels and campaigns
- Use social media analytics to continually refine and improve initiatives

THE SOCIAL MEDIA MARKETING GOLD RUSH

Social media is the fastest-growing marketing channel in the world. Spend on social media marketing in the U.S. will grow annually at a 34% compound rate through 2014, according to independent research firm, Forrester research, Inc. By then, social media marketing will amount to a \$3.1 billion industry, surpassing email marketing in terms of spending, Forrester said in a 2009 report.¹

From the Fortune 100 to small and medium businesses, marketers have industriously built out a social media presence in just a few years. The hyperactive growth of such companies as Facebook and Twitter has prompted many organizations to plant their flags on the social media landscape, without much planning as to how their marketing investments can be measured and effectively optimized.

In fact, marketers cannot afford to wait to riddle out the details. Competitors are diving into social media, and evidence suggests strong payback for companies whose products enjoy positive reviews from social media users. Marketers that can persuade prospects and customers to join a company's Facebook fan page also stand to gain.

Consider:

- 67% of Twitter users who become followers of a brand are more likely to buy that brand's products²
- 60% of Facebook users who become a fan of a brand are more likely to recommend that brand to a friend³
- 74% of consumers are influenced on buying decisions by fellow socializers after soliciting input via social media⁴

¹ Forrester research, inc. "U.S. interactive Marketing Forecast, 2009 to 2014," July 2009.

² imoderate.com, "engaging Consumers via Facebook, Twitter Makes Them More Likely to Buy, recommend," press release, March 10, 2010. ³ ibid. ⁴ BusinessWeek, "Does Social Media Sway Online Shopping?" august 31, 2009.

The Broadening Reach of Social Media Marketing

Social media marketing is more than just setting up a Facebook fan page and monitoring brand sentiment. As the social media gold rush continues to unfold, marketers are becoming increasingly sophisticated in their use of social networking sites, syndicated videos and blogs to engage customers and prospects.

- **Social networking sites.** Facebook, LinkedIn, MySpace, and other sites are attractive because ads can be demographically targeted based on gender, age, and interests as reflected by the socializer's list of fan pages. Marketers also seek to engage customers with corporate fan pages and branded applications, and strike up a dialogue with consumers via Twitter.

- **Syndicated videos.** Videos are increasingly accepted as a means of reaching a larger, targeted audience with interactive and engaging content. Videos may be hosted on YouTube or other providers and syndicated across networks, or be featured on a company-owned web property.

- **Blogs.** By consistently delivering high quality content, successful blogs enjoy a large and segmented readership and offer marketers a good opportunity to demonstrate thought leadership, promote their brands and products and, most importantly, to engage in meaningful dialog with clients and prospects.

- **User review sites.** From computing to automobiles, from leading retailers to niche communities, the social landscape is full of sites at which users swap opinions and recommendations. Marketers are taking advantage with display ads and expert commentary and technical guidance.

As marketers deepen their commitment to social media, they face vexing questions on how to measure the return on investment (ROI) of social media campaigns and assets:

- Does social media marketing pay off in conversions and revenue?
- Which campaigns and channels perform best and which perform worst?
- Is social media cannibalizing other online marketing initiatives?
- How can we measure ROI of a social media display ad, if the user doesn't click it?
- Which segments of our blog followers are most likely to buy our products?

The Complex Relationships Between Social Media Marketing and Your Main Website

Often, marketers view social media as yet another online channel (albeit new and exciting), similar to other channels such as natural and paid search, email, and affiliates. It is becoming clearer, however, that not all social media initiatives drive prospects and customers to the business' main website in the same way. Social-izers—individuals who seek meaningful interactions with peers and like-minded people—interact differently with different social media offerings and services. To better understand this phenomenon, let's look at Twitter and Facebook from the perspective of visitor acquisition (and reacquisition).

When it comes to pulling individuals to the website, Twitter behaves similarly to search advertising. Twitter users proactively select the topics, people, and companies they wish to follow. When they receive updates that are relevant and interesting to them, and if those updates contain links, those users are likely to interrupt their engagement with Twitter, click on the link, and visit the destination website.

Search advertising works in a similar way, individuals voluntarily identify their needs and wants, and advertisers, in turn, attempt to pull them to their websites by serving relevant ads.

Facebook users, however, exhibit more heterogeneous behavior. While some users immediately respond to targeted ads or to inviting links and click their way out of Facebook onto marketers' websites, other Facebook users are not in a hurry to interrupt their social activity. In many ways, Facebook behaves as a semi-closed environment, in which individuals engage friends and brands on pages and applications without necessarily extending this engagement outside of Facebook in the short term. Users may eventually arrive at advertisers' websites—often via different channels—but not before they have had meaningful interactions with the brands on Facebook.

Marketers, therefore, must view Facebook both as an acquisition channel—and track click-through rates to the main website—but also as a place to nurture and cultivate prospects and customers until they become ready to transact on the main website. We will discuss the need to accurately attribute website behaviors and conversion to Facebook initiatives that drive both direct and indirect traffic to the main website later in this white paper.

The Measurability Mandate for Social Media Marketing

Success in online marketing hinges on effective budget allocation and marketing mix decision making.

Practitioners and executives must be able to identify the marketing campaigns and assets that help drive the business' top and bottom lines, and invest in and optimize them accordingly. This of course requires access to comprehensive, granular, and accurate web analytics data with which marketers can measure campaign performance and understand the complex website behaviors of prospects and customers.

Performance measurements should not occur solely within the confines of individual channels and campaigns. The best online marketers measure performance and ROI in a comprehensive view that comprises all online channels, be they social media, paid and natural search, email marketing, or display ads. That holistic perspective equips you with the insights needed to launch your best

campaigns across the best channels based on the unique drivers of *your* business.

Marketers do recognize the need to better measure social media marketing performance. In fact, 81% of senior marketers and CMOs hope in 2010 to measure social media investments by quantifiable, bottom-line data—by revenue, conversion, and average order value, according to the CMO Club/Bazaarvoice survey.³ That's a change from a 2009 focus on such web-centric metrics as site traffic, page views, and numbers of fans.

Yet, the study reveals that “social media measurement is still the biggest marketing challenge. CMOs say they need to know how to start measuring social media's impact, how to understand who they're reaching, and where social media fits within the overall marketing mix.”

Success in social media marketing requires having access to and continuous use of a robust analytics solution that can uncover the total impact that such investments make on the business. Such a solution must expose data that practitioners and executives care about; namely, the metrics that show how social media investments impact the business' top and bottom line. The solution should allow marketers to compare social media ROI to the performance of mainstream online channels. The next section details the capabilities that reliable and comprehensive social media analytics must have.

Keys to Social Media Analytics Success

To recap, social media analytics helps marketers precisely measure the performance of all social media marketing assets and campaigns that generate both direct and indirect traffic to the main website, and assess the ROI of social media marketing against other online marketing channels. Keys to social media analytics success are the following capabilities:

- Attribute relative credit to social media investments for influencing customer acquisition, persuasion, and conversion

- Compare the direct traffic generated by social media to direct traffic from campaigns of mainstream online channels

© CMO Club and Bazaarvoice, "CMOs Plan for higher Social Media Measurability in 2010," December 2009.

- Understand the total impact that social media investments have on the business from both direct traffic (click-through) and indirect traffic (view-through) perspectives
- Compare the view-through/click-through performance of social networking websites against other impression-based campaigns, such as syndicated video, blogs, microsites, and display ads
- Let's look at each of these capabilities in more detail.

Attribute relative credit to social media investments for influencing customer acquisition, persuasion, and conversion

In the past, advertisers and marketers fully relied on last-click attribution models to determine the impact of their campaign on business objectives and adjust campaign budget and content accordingly. Wherever visitors came from right before they converted was all that mattered. Today, marketers realize the limitations of this model. They understand that the visitor consideration cycle is longer than a single website session, and that visitors must be exposed to multiple touch-points—often via different channels—before conversion takes place. Marketers, therefore, must be able to determine the relative credit for social media investments for influencing customer acquisition, persuasion, and conversion. A robust attribution system offers the following capabilities:

- Gain a comprehensive picture of visitor behavior across channels
- apply different attribution logic (first, last, average, custom)
- Look backward or forward in time
- Change the length of time to evaluate a campaign

Compare the direct traffic generated by social media to direct traffic from campaigns of mainstream online channels

Marketers should aggregate and compare the performance of social media investments to other online channels, such as paid and natural search, email, and referring sites. They must look not only at click-through rates, but also evaluate campaign performance using business-impacting metrics, such as page views, sales, and conversion events. These key performance indicators must be attributed; that is, marketers must understand if their social media initiatives are better suited for customer acquisition, persuasion and/or conversion; if there are different channels that are better suited for each objective; and if any budget allocation adjustments across channels should take place.

Understand the total impact that social media investments have on the business from both direct traffic (click-through) and indirect traffic (view-through) perspectives

Socializers exhibit heterogeneous behavior. While some users immediately respond to targeted ads or to inviting links and click their way out of their favorite social network onto marketers' websites, other users are not in a hurry to interrupt their social activity. In many ways, social networking websites behave as semi-closed environments, in which individuals engage friends and brands on pages and applications without necessarily extending this engagement outside of the social network in the short term. Users eventually arrive at advertisers' websites—often via different channels— but not before they have had meaningful interactions with the brands on the social network.

Marketers, therefore, must not only view social networks both as an acquisition channel—and track click-through rates to the main website—but also as a place to nurture and cultivate prospects and customers until they become ready to transact on the main website. Which means they must account for the indirect lift (or view-through traffic) that social networking creates for other channels.

Only when marketers account for both click-through and view-through traffic can they measure the total impact

Compare the view-through/click-through performance of social networking websites against other impression-based campaigns, such as syndicated video, blogs, microsites, and display ads

Now that marketers have more options to reach customers and prospects via new interactive channels, it's important to compare the complete ROI (click-through and view-through) of different initiatives using the same business-impacting metrics. Consolidating performance

Conclusion

The relative nascence of social media marketing is both a challenge and an opportunity. On one hand, marketers cannot afford to underestimate the power and potential of this vast and global phenomenon. At the same time, they can't afford to simply throw money at social media and hope they hit the jackpot.

Like any online marketing endeavor, social media marketing needs measurement to excel. But certain characteristics of social media marketing—the prevalence of impression-based messaging and the “soft” cultivation of brand and reputation—defies quantifiable measurement by basic, off-the-shelf marketing tools.

As you chart your social media journey, be sure to fully comprehend the many nuances and complexities you are bound to confront along the way. Focus on quick-hit payback, but not at the expense of long-term viability, or with shortcomings that can compromise your efforts. Though its growth has been rapid, social marketing is still relatively new. The time is right to get it right the first time.

that social media investments have on the business.

data from multiple marketing vendors, display advertising partners, and social networks can be difficult. But once marketers have these reports available, they can make apples-to-apples comparisons between, say, un-clicked videos to un-clicked ads and see which channel more effectively drives conversion for traffic that arrives via a third channel. Based on the data, marketers can make budget allocation decisions. They can, for instance, halt a display ad campaign and use the budget to create additional syndicated videos.