Businesses Still Trying to Figure out Social Media

Last week I was visiting with a group of business owners after a Small Business Round Table Session as they were talking about next month's "hot topic", which will focus on using social media in the marketing plan. In general, they were very frustrated with trying to figure out how best to use their time and resources for their marketing budget. This is a common concern. Here are some thoughts and suggestions.

The research is showing that business marketers know that counting fans, “likes” and followers is not the best way to measure success in social media marketing. Yet these metrics are often the top benchmarks for performance. It’s not surprising, then, that marketers consider calculating return on investment to be the biggest challenge of using social media, and that a majority of them believe they cannot measure social media campaigns effectively.

Debra Aho Williamson, eMarketer principal analyst and author of the new report, “Social Media Measurement: Getting to the Metrics that Matter.” states that "Marketers often think of social media measurement as listening and monitoring. But that is only one part of a fragmented process, which has contributed to a lack of focus for both marketers and vendors, it has also created a culture of data overload, in which metrics that do not have much business value have more importance than those that contribute to the bottom line."

This observation is further supported in research from Chief Marketer which found that two in five marketers have little confidence in the effectiveness of their ability to measure social media. Therefore, the need to prove effectiveness is more important than ever. As top marketing executives plan how much to invest in social media and whether to shift funds from other marketing channels, they need metrics that show not only that their brands have a lot of friends but that those friends actually affect the bottom line.

Small business owners must apply business-level analysis to social media measurement to determine its true impact on their sales. This will require going beyond brand metrics to understand social media’s effect on a company’s bottom line including how it has contributed to lead generation and sales.

Plus they need to also understand how well social media performs relative to other types of marketing. Integrating social media analytics into other business analytics will help, as will developing ways to show how social media helps make other marketing more efficient.

My observation is that more business-to-business companies are using social media as part of their marketing mix. Some have found that sites for professional networking, like LinkedIn, are an effective way to generate leads, while more casual social media mainstays, such as Facebook, Twitter and YouTube, are helping B2B firms reach customers in new ways. In addition, some point out that leveraging social media for branding and awareness-building can help humanize B2B companies, establish them as thought leaders, and offer new touch-points for connecting with customers and prospects.

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