

ROI Measurement of Social Media Activity

Are you trying to figure out how social media is impacting your bottom line? Are you already measuring but not seeing the results you had hoped for?

One of the reasons measuring the return on investment (ROI) of social media has sparked so many discussions is because it's not easy.



"The main barrier to end-to-end measurement is the lack of a true social customer relationship management (CRM) solution."

There are many working hard to bring a full solution to market, many marketers are simply cobbling together data they receive from web tracking solutions and social monitoring solutions.

Unfortunately, this will only give you pieces of the story. Those with proprietary CRM systems will have the toughest hurdle, which is a challenge I have personally faced. In the short-term, the only hope is to integrate tracking cookies on your site and work with a development team to integrate with your CRM.

However, you can **build** an effective measurement strategy if you take a holistic view to social media lead generation. Here are four tips to make sure you are measuring the full impact of social media on your bottom line.

#1: Define Your Inputs for Lead Generation

In order for any type of measurement strategy to be effective, it's critical to **determine which key factors should be included**. From a lead generation standpoint, there are two key lead generation inputs.

- **Indirect and Direct Response Conversion Points**—These may be different based on your business model, but generally speaking, you would want to measure those who filled out your lead forms. These would then be given a lead score that defines the prospects' interest level. Then you would break these scores into meaningful ranges and measure your social prospects within each range. Specifically look for the number of leads and the growth rate in each range.
- **New Business Campaign History**—This is likely one of the most undercounted areas where social media plays a large role. Look at all of your new business for the month against the campaign history that has been reported in your cookies. How many times was social media an "assist" at any point in the campaign history leading up to the sale? How many times was social media the direct "conversion point" for the sale? How many times was social media the "originating lead source" for the prospect? Are these numbers growing at a healthy rate? If not, where do you need to adjust your strategy? Define a dollar value for different points in your lead cycle, define the costs for those efforts including the staff time required to execute and see where social media is showing the most impact for ROI.

#2: Use Lead Scoring to Place Leads Into the Proper Place in the Sales Funnel

When marketers talk about measuring the ROI of social media, many consider it a very cut-and-dried discussion. Either social media is delivering profit to the company or it isn't.

While I agree with the premise, I also recommend that you take a step back before you make decisions based solely on numbers.

We discussed using lead scoring to define where customers are in the buying cycle. While there are likely very lengthy formulas for lead scoring that companies are using, I've found the best approach is the K.I.S.S. (keep it simple, stupid) philosophy. Break your leads into three distinct pools of prospects. Define timeframes for conversion based on your business and the standard buying cycle.

- **Slow**—These prospects are likely in the pre-research/awareness phase. They find what you say interesting and they want to follow it, but they aren't looking for a solution right now. You want to stay top of mind with these prospects for when they *are* ready to buy, but you don't want to invest a lot of time from your sales force. This is a great opportunity to send these leads your relevant FREE content at some regular interval that isn't annoying, but enough that you don't fall off the radar.
- **Medium**—These prospects are in the research/consideration phase. They are looking at products to be considered as a solution. You want to find the tipping point for these prospects to move them into the next stage in the funnel. It is likely that most of your marketing dollars get spent converting these prospects.
- **Fast**—These prospects are in the decision-making/buy phase. They want a solution and they have a clear time frame for when they need it. It is likely that most of your sales team spends their time actively working these prospects. Generally, marketing takes a back seat on special marketing offers in order to not "delay" the sale.

#3: Understand Where Social Media Efforts End and Sales Efforts Begin

Why are these different points in the buying cycle important to social media measurement? Because social media is just another lead generator. Once the lead comes in, your normal sales process takes over. That process may include marketing efforts and sales team efforts.

However, if you are reaching prospects at the pre-research/awareness phase with social media and you do not have marketing programs or sales processes to support it, you may cut bait on the only marketing effort that is touching this group. A hard-sell approach with slow prospects risks losing their business forever. Before you write off social media as not delivering the ROI you anticipated, make sure to review your sales and marketing efforts.

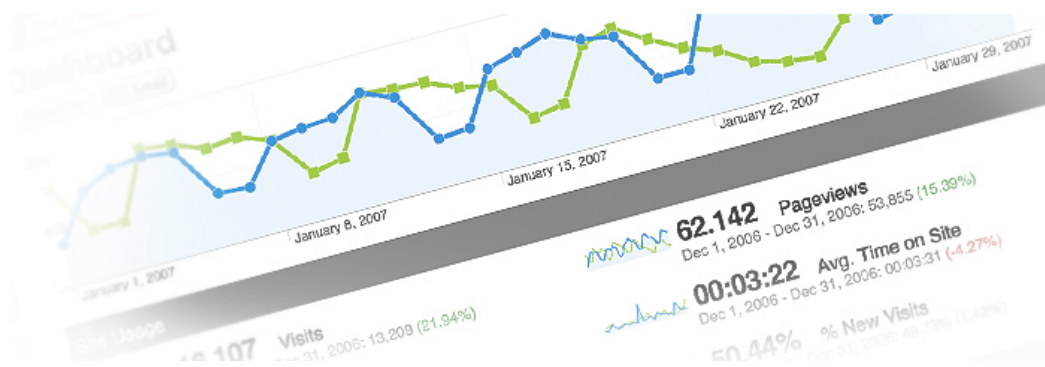
If you don't have an awareness program as part of your strategy, it could be the reason you aren't converting these leads. Evaluate social media for the value it really brings to the table and make sure you don't overlook some of the areas where social media is already delivering ROI to your company.



#4: Ask Yourself Where You Need to Optimize Your Social Media Lead Generation Efforts

Here are some key questions to ask when evaluating your social media efforts:

- Is there a bottleneck in your lead funnel? Review where leads are getting caught and reevaluate your approach.
- Are you able to convert leads at the same or lower costs than other channels with social media?
- Do you need to stop any activities that are causing leads to fall out of the sales funnel?
- Are you reaching people at points in the buying cycle when other channels can't?
- Are you placing more people into the sales funnel at a lower cost? At what rate is it growing?
- Have you aligned your sales process with leads that aren't ready to buy today?



This is just a starting point for discussions around ROI measurement. There are many variables specific to each company that makes it difficult for generalizations to provide a solution. The key is to understand your specific goals of social media utilization and base your return on these goals – whether it's driving business in quiet periods, or a campaign based around a new product or offering; all have quantifiable results.

Should you like to know any more about deploying a social media strategy, campaign or platform, or would like to know more about our social media and digital PR strategies & services, then shoot us an email at sayhello@milk-media.com and we will help point you in the right direction for maximum return on your digital presence and ensure your social space is working the way YOU want it to.



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