



3 Key Ways To Measure Social Marketing ROI By: Laura Patterson

Are you investing more in social marketing this year? If so, you are among the many marketers making this same decision. EMarketer estimates that four out of five U.S. businesses with at least 100 employees will be marketing on social media this year, and U.S. ad spending on social networks is expected to reach over \$3 billion.

How do you plan to measure the ROI of your investment? Many marketers use site traffic as their primary metric plus "soft" metrics such as counting fans and followers and positive buzz. But more and more companies are looking for social marketing metrics that pack a better business punch, such as an increase in the number and rate of conversions.

Unfortunately, a recent study by Alterian found that 80% of the 1,500 marketers who completed the survey do not have a good understanding of how online conversations are impacting their business. As usual, the bottom line is being able to measure the impact on, well, "the bottom line."

What information do you need to measure the value of social marketing on the bottom line?

Understanding two key variables will help you learn whether your additional investments in social marketing are leading to incremental revenue opportunities:

1. The level of engagement with followers, advocates, influencers and readers.
2. The impact of engagement on acquiring new prospects and improving customer loyalty.

Both variables will require measurement and analytical capabilities. To measure the first element you will need to be able to monitor and understand the relevant social conversations. The Alterian study found that fewer than one-third of marketers have a strong understanding of the social media conversations happening around their brand, and 31% have very little or no understanding at all. If you aren't monitoring the conversations relevant to your product and companies, it's time to begin.

And once you have the information, you will need analytical capabilities -- another missing link. The Alterian study also revealed that many marketers still have limited analytical competency in general; about 39% of the 1500 respondents are using ad-hoc tools to measure social media conversations. If you're investing in social marketing and counting on it making a difference, it is

also time to identify and add the systems, skills, and processes necessary to monitor and measure engagement.

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