Social media ROI: 10 companies that made it work

Ready to prove that there is such a thing as social media ROI? Use these proven examples to make your case.

By Lauren Fisher | Posted: October 10, 2011

The question of whether or not social media drives return on investment (ROI) still plagues many marketers and brands. The issue is not always as straightforward as it seems. There are multiple ways to measure the benefits of social media, and it isn’t as simple as looking for a direct sales return at one end with social media input at the other. You need smart tracking and measuring to fully capture the benefits of a social media campaign. While looking for direct ROI is one way to do it, there are other values to measure social media marketing.

I’ve put together a list of case studies that prove the ROI of social media through direct monetary return, customer loyalty, repeat traffic and more.

1. Social media outperforms banner ads

An excellent way of ascertaining the value of social media is to look at how it performs compared with more established channels or advertising methods, such as banner ads. While you can’t compare on a pure cost basis, you can look at how both perform in terms of the quality of traffic they drive to your site.

In this case study from Ignite Social Media, Ignite took one of their (unnamed) clients and compared a banner ad campaign first to a social competition, and then to a social game involving a sweepstake. The banner ads and social mechanics drove traffic to the same website. The traffic the social game drove to the site was 6.5 times more effective in terms of cost per visitor than the banner ads, and drove 5.67 times more visitors. You can find more details on the site.

In this case study, the quality of traffic from the social media campaigns was more effective than the banner ads. While buying ads might seem like a good idea, it’s not necessarily going to provide long-lasting value for your brand.

2. Social media saved Cisco $100,000

Providing an alternative way of viewing the ROI of social media, this case study from Cisco shows how social technologies saved the company more than $100,000 on a product launch.

Instead of using its traditional method for launching a product, which would have been costly, Cisco looked to social media. While its product launches normally involve flying in high-profile executives and purchasing costly newspaper ads, Cisco instead ran a launch entirely online. It even turned to Second Life, staging a pre-launch concert.

While the online launch saved Cisco money, it also allowed the company to reach a wider audience, further extending the value of the campaign. The online launch cost one-sixth of what a traditional product launch would cost, and produced better results. This is a great example of how social media can change the way a business operates, and drive ROI where you might not expect it.

3. Old Spice put its money where its mouth is

To really see the value of a social media campaign and how it can drive ROI, take a look at one of the most famous and successful social media campaigns from Old Spice.

Through its campaign—which included sending personalized video messages to social media fans and celebrities—Old Spice gathered some impressive stats that showed where the buzz was.

The reach of the Old Spice campaign is not in doubt, but did it actually impact sales? According to the
marketing agency behind the campaign, yes. Since the original campaign launched with Isaiah Mustafa, sales increased by 27 percent. But in the three months after the height of the campaign, sales were up by 55 percent, reaching 107 percent in the final month of the social media campaign.

Old Spice is now the number one body wash brand for men. These figures show that a well-executed social media campaign can drive significant ROI for your business.

4. Restaurant chooses private social network

To prove that social media can also drive ROI for small businesses, a restaurant shows that you can use social technologies in different ways to drive customers.

Houlihan's is a U.S-based restaurant chain that has around 100 restaurants. Its main competitor, Applebees, has more than 2,000. With a small marketing budget and a lot of common sense, Houlihan's marketing manager managed to drive sales directly from a private social network run via Ning.

The restaurant launched the network, called "HQ," in early 2008. By combining its social media campaign with email marketing, Houlihan's quickly built up 10,000 members on the network, allowing it to send exclusive discounts and promotions to customers.

In one campaign that the restaurant ran for a "Sex and the City" promotion, the restaurant estimated that "7,000 to 13,000 people heard about our newest promotion because of an HQ member." This shows the strength in running your own social network, and how sometimes a private network may be the way to offer exclusivity and encourage word of mouth.

5. Social media keeps Crème Brule Man traveling

If you're looking for a good example of social media ROI, look no further than the Crème Brule Man. The Crème Brule Man is a food truck that keeps people up to date about its next location via Twitter.

In this case, social media is actually keeping the business going, as it allows the owner to reach a new audience and alert people as to where he'll roll up next. Showing that social media can support an entire business is a good way to prove its value.

In just over a year, the truck's Twitter account has gathered more than 12,000 followers, an impressive number for a small business with a relatively small geographic target.

6. Social media customers are more valuable

While looking at the direct revenue driven by social media channels, smart companies should also look at the long-term impact of social media activity and consider how valuable social media customers are after the initial sale or contact point.

A case study from CareOne is useful here. CareOne introduced a new social customer care team to use social technologies to reach out to current and prospective consumers. It found that customers that came through one of these social touch points filled out the customer consultation form at a higher rate than other customers—a rate of 179 percent. They also completed their first payment through the company at a higher rate of 732 percent.

This shows that social technology can help you to not only qualify leads, but also drive more engaged traffic. The outcome of a personal contact through social media is that the customer will ultimately trust you more, and will be more invested in the company by the time he completes the sale. This leads to an increased likelihood that he will convert.

7. ROI from Facebook ads

Proving that ROI from paid social media activity also performs well, this case study looks specifically at the value driven from Facebook ads.

Vamplets is a small business that makes baby vampire dolls. It introduced Facebook ads as a new channel for driving revenue. Despite a fairly small Facebook ad budget of $250 per month, Vamplets is generating an additional $1,000 in revenue from the ads. This gives the company a positive ROI of 300 percent and shows how cost-effective Facebook ads can be, particularly when you're reaching out to a more unique or targeted audience.

8. Subway Slim Down Challenge

In another good example of comparing social media to traditional marketing, the Subway Slim Down Challenge has some impressive ROI figures. The case study, released by Say It Social, shows how Subway used social technologies to raise awareness of the Slim Down Challenge and recruit speakers.
The strategy included a social competition launched via a customized Facebook page. This was part of a full marketing strategy for the campaign but, despite being active across a range of channels, Subway found that 71 percent of the traffic that went to the registration page came directly from Facebook.

This is an impressive case study that shows how social activity can outperform established marketing channels such as TV, newspaper ads and websites.

9. Reviews drive sales

People have widely discussed that opening your products to reviews—and even inviting negative reviews—doesn't have to negatively impact your brand. By displaying both the good and bad reviews you show that people can trust your brand; any issues people experience are clearly displayed, demystifying the purchasing process for new customers.

An interesting case study from Cars.com shows that pages that featured ratings and reviews had a 16 percent higher conversion rate, and a 100 percent higher rate of traffic to dealers' sites. This shows the positive impact that social technologies can have on your site to improve the purchase cycle.

10. Reducing customer service costs

Some people may view this final case study somewhat negatively, as it looks at how saving on staff costs can drive social media ROI. As more brands open up through social media however, they find that people in their communities often begin to answer each other's queries with regards to product questions and other topics.

InfusionSoft used social technologies to better inform its customers and keep them up to date. It previously had one customer service agent to 72 customers, but reduced that to one agent per 172 customers through social media. The satisfaction rating increased by 10 percent, which no doubt led to repeat business and more customer referrals.

Though this might be an another way of viewing ROI, it shows that social technology can make real business savings, allowing you to invest money elsewhere or in developing these technologies themselves.

Lauren Fisher is one of the founders of Simply Zesty. A version of this article originally ran on The Next Web.