Defining Social Media ROI

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Social Media renders everything you know about measurement obsolete

Old School Communications

- The definition of timely has changed
- The definition of reach has changed
- GRPs & Impressions are irrelevant in social media
- The definition of success has changed
  - The answer isn’t how many you’ve reached, but how those you’ve reached have responded

21st Century Role
Signs that it’s the end of measurement as we know it

1. The Army did more recruitment via a video game than they did thru all their other advertising efforts
2. Procter & Gamble is now paying for engagement, not eyeballs
3. Sodexo cut $300K out of its recruitment budget using Twitter
4. HSUS generated $650,000 in new donations from an on-line photo contest on Flickr
5. IBM sells more with a $500 podcast than it does from an ad
6. 11 Mom’s turned around Wal-Mart’s image and delivered measurable increases in sales.
7. In a week, the Red Cross raised $35 million for Haiti relief via texting
8. Facebook USERS translated the site from English to Spanish via a Wiki in less than 4 weeks and cost Facebook $0
9. 78% of consumers trust peer recommendations, only 14% trust advertisements
10. Only 18% of traditional TV campaigns generate a positive ROI
11. More people use Facebook daily than Google
12. More companies have a Twitter account than a public facing blog. Twitter sees 300K new registrations per day.
A measurement timeline

MSM

Eyeball counting

Online

HITS

Social Media

Engagement
The shifting sands of marketing

From
Traditional advertising

To
PR
Mobile
Search
IPTV
VOD
Events
Transactional Ads

Impressions & Eyeballs

Engagement
Impact-based metrics

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It’s not just about marketing anymore

Conversations

Customer Service
Marketing & Sales
Competitive Intelligence
Business Analytics
HR

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Old School Metrics

- AVEs
- Eyeballs
- HITS (How Idiots Track Success)
- Couch Potatoes
- # of Twitter Followers (unless you’re a celebrity)
- # of Facebook Friends/Fans (unless they donate money)
New School Metrics

- **Influence** = The power or ability to affect someone’s actions.
- **Engagement** = Some action beyond zero
- **Advocacy** = engagement driven by an agenda
- **Sentiment** = contextual expression of opinion — regardless of tone
- **ROI**: Return on Investment — no more no less. End of discussion
The Engagement Decision Tree

Awareness → Consideration → Preference → Trial → Purchase

Find → Observe/Lurk → Participate → Engagement → Purchase/Act/Link/WOM
Measurable Goals for Marketing Today

1. Marketing/leads/sales/
2. Mission/safety/civic engagement
3. Relationship/reputation/positioning

To fix this

Or get to this

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Goals drive metrics, metrics drive results

**Goal**
- Reputation/Relationships
  - Relationship scores
  - Recommendations
  - Positioning
  - Engagement

**Metrics**
- Get the word out
  - % hearing
  - % believing
  - % acting

**Sales**
- Engagement Index
- Cost per customer acquisition
- Web analytics
- Sales leads
- Marketing Mix Modeling
<table>
<thead>
<tr>
<th>Goal</th>
<th>Action</th>
<th>Output Metric</th>
<th>Outtake Metric</th>
<th>Outcome Metric</th>
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</thead>
<tbody>
<tr>
<td>Get the word out about safety issues</td>
<td>Twitter campaign</td>
<td>Number of followers, Number of posts</td>
<td>% trusting AAA as a reliable source of information, % increase in tweets and retweets</td>
<td>Reduction in safety hazards, Reduction in accidents</td>
</tr>
<tr>
<td>Increase in creative class venues downtown</td>
<td>Flickr/Youtube photo contest</td>
<td>Number of entrants</td>
<td>% change in share of “creative/artistic” positioning in traditional and social media</td>
<td>Increase in requests for information for space, Increase usage of support materials/ funding</td>
</tr>
<tr>
<td>Adoption of a new product</td>
<td>Facebook page, YouTube video</td>
<td># of friends, followers that participate in the conversation, Length of threads, % recommending product &amp; visibility</td>
<td>% awareness, % preferring brands</td>
<td>Increased web traffic to info site, Online orders, Market share</td>
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<tr>
<td>Conversation Type</td>
<td>January</td>
<td>February</td>
<td>March</td>
<td></td>
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<tr>
<td>-----------------------------------</td>
<td>---------</td>
<td>----------</td>
<td>-------</td>
<td></td>
</tr>
<tr>
<td>Making an observation</td>
<td>142</td>
<td>152</td>
<td>46</td>
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<tr>
<td>Expressing support</td>
<td>20</td>
<td>40</td>
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<td>Offering an opinion</td>
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<td>Rallying support</td>
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<td>5</td>
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<tr>
<td>Advertising something</td>
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<tr>
<td>Asking a question</td>
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<td>2</td>
<td>6</td>
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<tr>
<td>Distributing media</td>
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<td></td>
<td></td>
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<tr>
<td>Making a suggestion</td>
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<td>3</td>
<td></td>
<td></td>
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<tr>
<td>Giving a shout-out</td>
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<td>2</td>
<td>1</td>
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<tr>
<td>Calling for action</td>
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<tr>
<td>Expressing criticism</td>
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<td>1</td>
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<tr>
<td>Disclosing personal information</td>
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<td>Putting out a wanted ad</td>
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<tr>
<td>Expressing agreement</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruiting people</td>
<td>1</td>
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<td></td>
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<tr>
<td>Answering a question</td>
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<td></td>
<td></td>
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<tr>
<td>Expressing surprise</td>
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<td>1</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>206</td>
<td>213</td>
<td>321</td>
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</table>
Moving conversation from observation to support
Media Engagement & Online Giving

Online Revenue
May 15th - June 18th in $USD

- 35,152,789 OTS
- 6,253,852 OTS
The 7 steps to the perfect 21st Century Measurement Program

1. Define the “R” — Define the expected results?
2. Define the “I” -- What’s the investment?
3. Understand your audiences and what motivates them
4. Define the metrics (what you want to become)
5. Determine what you are benchmarking against
6. Pick a tool and undertake research
7. Analyze results and glean insight, take action, measure again
Step 1: Define the “R”

- What return is expected? — Define in terms of the business or mission.
- What problems are you trying to solve?
- What were you hired to do? What difference are you expected to make?
- If you are celebrating complete 100% success a year from now, what is different about the organization?
- If your department is eliminated, what would be different?
Reach & Influence are not ROI!

Revenue minus cost = ROI

Revenue = $$ in or $$ not spent

**HSUS**
- Flickr Revenue: $650,000
- Contest Cost $1000
- ROI = $649,000

**Sodexho**
- Twitter costs: $30,000
- Cost savings: $300,000
- Net savings (ROI): $270,000
ROI = revenue or savings.

ROI = cost savings
+ Cost of program
- Cost elimination

ROI = greater efficiency
+ Cost of program
- Cost of doing something “the old way” (cost per percentage point gained)

ROI = greater revenue
+ Cost of program
- Value of leads/sales
How Social Media Impacts Financial Performance

Generates Revenue, Sales, Profit
- Social Media can drive sales, market share, adoption, preference
- Social Media can drive donations & membership

Drives Efficiency
- Better audience targeting
- Reaching more people with a credible message for less money

Avoids Catastrophic Cost
- Listening + Quality counsel helps to mitigate impacts of crises
How Social Media Impacts Internal Costs*

- Increases employee satisfaction and engagement, leading to greater efficiency, increased retention, lower turnover rates, lower recruitment costs, and higher productivity
- Provides greater transparency and commitment to and from employees
- Lowers legal costs by increasing social capital
- Change employee behaviors such as greater levels of focus on key areas such as safety, quality, call response times
- Creates a platform should it be necessary to communicate bad news at some stage in the future

* Note items here can also refer to other internal publics such as trade association members.
How Social Media Affects Public Policy

- Creates public awareness, understanding, and support for legislation, regulation, and political candidates
- Affects voter behavior
- Helps pass legislation, regulation, and initiatives
- Affects specific companies and industries through appropriations, tax impacts, and regulatory changes that can affect any and all aspects of a business
- Instigates and perpetuates grassroots campaigns
Step 2: Define the “I”

Social Media is not “FREE”
- Ning
- Facebook
- Promoted Tweets

What is the investment?
- Personnel
- Agency compensation
- Senior Staff time
- Opportunity cost
Step 3: Define your audiences and how you impact them

- There is no “audience.” There are multiple constituencies
- Should you blog or Twitter? Don’t ask me, ask your customers
- Understand your role in getting the audience to do what you want it to do
  - Raise awareness
  - Increase preference
  - Increase engagement
Step 4: Define your benchmarks

- Past Performance
- Different programs, different tactics
- Think 3
  - Peer
  - Underdog nipping at your heels
  - Stretch goal
- Whatever keeps the C-suite up at night
Step 5: Define your Key Performance Indicators (KPIs)

The Perfect KPI

- Gets you where you want to go (achieves corporate goals)
- Is actionable
- Continuously improves your processes
- Is there when you need it

KPIs should be developed for:

- Programs
- Overall objectives
- Different tactics
Step 5: Define your Key Performance Indicators (KPIs) carefully because you become what you measure

- **Cost savings**
- **Efficiency**
  - Cost per message communicated
  - Cost per new lead/customer acquired
- **Productivity:**
  - Increase in employee engagement/morale
  - Lower turnover/recruitment costs
- **Engagement:**
  - Ratio of posts to comments
  - % of repeat visitors
  - % of 5+min visitors
  - % of registrations

- **Trust:**
  - Improvement in relationship/reputation scores with customers and communities (Loyalty/Retention)
- **Thought leadership:**
  - Share of quotes
  - Share of opportunities
- **Message penetration**
  - Positioning on key issues
  - Improvement in favorable/unfavorable ratio
  - Improvement in Optimal Content Score (OCS)
Step 6: Pick a tool

1. Content Analysis
   - Look at the whole conversation, not just your brand
   - Separate out paid content vs. organic

2. Analytics
   - Web Analytics:
     - Not just visits
     - Downloads, coupons, registration
   - Business Intelligence/Analytics

3. Surveys
   - Segmentation, segmentation, segmentation
   - Get as specific as you can get
## Step 6: Selecting a measurement tool

<table>
<thead>
<tr>
<th>Objective</th>
<th>KPI</th>
<th>Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase inquiries, web traffic,</td>
<td>% increase in traffic</td>
<td>Web Analytics:</td>
</tr>
<tr>
<td>recruitment</td>
<td>%s of clickthrus or downloads</td>
<td></td>
</tr>
<tr>
<td>Increase awareness/preference</td>
<td>% of audience preferring your brand to the competition</td>
<td>Survey: Online -- SurveyMonkey, Zoomerang or Mail</td>
</tr>
<tr>
<td>Engage marketplace</td>
<td>Conversation index greater than .8</td>
<td>Web analytics or Content Analysis: TypePad, Technorati Omniture, Google Analytics</td>
</tr>
<tr>
<td></td>
<td>Rankings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% increase in engagement</td>
<td></td>
</tr>
<tr>
<td>Communicate messages</td>
<td>% of articles containing key messages</td>
<td>Media content analysis —</td>
</tr>
<tr>
<td></td>
<td>Total opportunities to see key messages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost per opportunity to see key messages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>% aware of or believing in key message</td>
<td>Survey</td>
</tr>
</tbody>
</table>
1. Content Analysis requires a content source:

Free:
- Google News/Google Blogs, RSS feeds, Technorati, Social Mention, Twazzup, Tweetdeck, Seesmic, Hootsuite

$500+
- Radian 6, Techrigy, Sysomos, Visible Technologies, Scout Labs, Cyberalert, CustomScoop, e-Watch, Crimson Hexagon

$40,000+
- SAS SMA, Cymfony, Biz 360, Nielsen, Attensity
Next: A way to analyze content

- Automated
- Human:
  - Census vs. random sample
  - Sentiment vs. Topics
  - The 80/20 rule — Measure what matters because 20% of the content influences 80% of the decisions
Why you need a Kick-Butt Index?

- You decide what’s important:
- Benchmark against peers and/or competitors
- Track activities against OCS over time
- Understand the cost of perfection vs good enough
# How to calculate your KBI

<table>
<thead>
<tr>
<th>Score</th>
<th>Score</th>
<th>Score</th>
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<tbody>
<tr>
<td>Quality score</td>
<td>+10</td>
<td>0</td>
</tr>
<tr>
<td>Tonality</td>
<td>Positive</td>
<td>3</td>
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<tr>
<td>Positioning</td>
<td>Contains</td>
<td>2</td>
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<tr>
<td>Messaging Quotes</td>
<td>Contains</td>
<td>3</td>
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<tr>
<td>Competitive mention</td>
<td>Does not mention</td>
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</tr>
<tr>
<td>Total Score</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Visibility Score</td>
<td>+10</td>
<td>0</td>
</tr>
<tr>
<td>Brand Photo</td>
<td>Contains</td>
<td>3</td>
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<tr>
<td>Dominance</td>
<td>Focal point</td>
<td>3</td>
</tr>
<tr>
<td>Visibility</td>
<td>Headline mention</td>
<td>2</td>
</tr>
<tr>
<td>Target publication</td>
<td>Top Tier</td>
<td>2</td>
</tr>
<tr>
<td>Total Score</td>
<td>10</td>
<td>0</td>
</tr>
</tbody>
</table>
Charting KBI over time between divisions

Optimum Content Score Relative to Competitors
The Percent Difference Between Each Business Unit’s Average Optimum Content Score and the Average Optimum Content Score of Tracked Competitors for each Business Unit

[Graph showing percent difference over time for various business units and events such as Patriot (Korea), Glory APS and VIIRS vs., APG-63 (v3), RISS, GBS, MALD, NPOESS; BOE B-52 jammer, etc.]
Trend against competition with KBI

Optimum Content Score by Company

- Client
- Company B
- Company C
- Company D
- Company E
- Company F

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KBI makes it easier to compare value
Assessing the Value of Engagement

Level 1: Searchers - % Unique Visitors

Level 2: Lurkers - % Repeat visitors > 3-5/month

Level 3: Casuals - % Comments, friends, followers

Level 4: Actives - % repeat comments, retweets, participation in threads

Level 5: Defenders - % Advocating, recommending, defending the brand
10 ways Improved Relationships Affect ROI

1. Increases likelihood to purchase / consider your brand(s)
2. Minimizes the effects of a crisis
3. Reinforces communication of organizational values
4. Rebuilds trust after a crisis
5. Establishes credibility of new products / companies; ease of market entry
6. Commanding higher prices, lower costs, premium on stock price
7. Enhances recommendations / word of mouth leading to faster adoption
8. Increases customer loyalty / renewals / satisfaction
9. Improves the attracting / retaining of talent
10. Lowers legal costs
Survey tools & tips

SurveyMonkey, Zoomerang, Benchpoint

Segment by:
- Media source/type
- Demographics
- Psychographics

A/B testing is critical
Aspects of relationships

- Control mutuality
- Trust
- Satisfaction
- Commitment
- Exchange relationship
- Communal relationship
Components of a Relationship Index

Control mutuality
- In dealing with people like me, this organization has a tendency to throw its weight around. (Reversed)
- This organization really listens to what people like me have to say.

Trust
- This organization can be relied on to keep its promises.
- This organization has the ability to accomplish what it says it will do.

Satisfaction
- Generally speaking, I am pleased with the relationship this organization has established with people like me.
- Most people enjoy dealing with this organization.

Commitment
- There is a long-lasting bond between this organization and people like me.
- Compared to other organizations, I value my relationship with this organization more.

Exchange relationship
- Even though people like me have had a relationship with this organization for a long time; it still expects something in return whenever it offers us a favor.
- This organization will compromise with people like me when it knows that it will gain something.
- This organization takes care of people who are likely to reward the organization.

Communal relationship
- This organization is very concerned about the welfare of people like me.
- I think that this organization succeeds by stepping on other people. (Reversed)
How to implement relationship metrics

Step 1: Conduct a benchmark relationship study
Step 2: Implement PR program
Step 3: Conduct a follow up relationship study
Step 4: Look at what’s changed
Step 7: Analysis - Research without insight is just trivia

1. Look for failures first
2. Check to see what the competition is doing
3. Then look for exceptional success
4. Compare to last month, last quarter, 13-month average
5. Figure out what worked and what didn’t work
6. Move resources from what isn’t working to what is
Actionable Conclusions

Ask for money
Get Commitment
Manage Timing
Influence decisions
Get Outside help
Just Say No
Thank You!

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