Improving ROI with social media marketing KPIs

KPIs. We've all seen references to them but what are they and how do we best use them to improve our Return on Investment (ROI)

Key Performance Indicators apply in any industry and in any marketplace. For those working in digital marketing, finding the right KPIs to track which will drive ROI increases can be a tricky business.

Apparently, according to Forrester, there are no "right" social KPIs and 44% of marketers say they haven't been able to show the impact of social activities at all. Another 36% say they have a good sense of the qualitative, but not quantitative, impact of social initiatives.

Respondents said they felt "stuck with engagement metrics" which didn't tell them anything about the business impact of their social content strategy. Others fall victim to thinking there is an industry standard set of KPIs that will reveal their social impact in relation to other brands.

But there simply isn't a single set of KPIs which works for every brand. We need to find the right ones to measure in order to get the necessary insights we need to tailor our social content strategy and get that important ROI.

How do we do this?

There are around 2.8 billion social media users globally - a figure which is expected to rise to three billion by 2020. Social media's influence still hasn't reached a peak and it is still considered to be a relatively new channel for directing marketing efforts.

A lot of brands and businesses aren't getting a great ROI from their social media efforts, or digital marketing strategies, and one of the prime reasons for this is that they don't measure performance.

According to SimplyMeasured's most recent State of Social Media Marketing report, nearly 1 in 5 of the brands surveyed indicated that they never had conversations about social ROI:
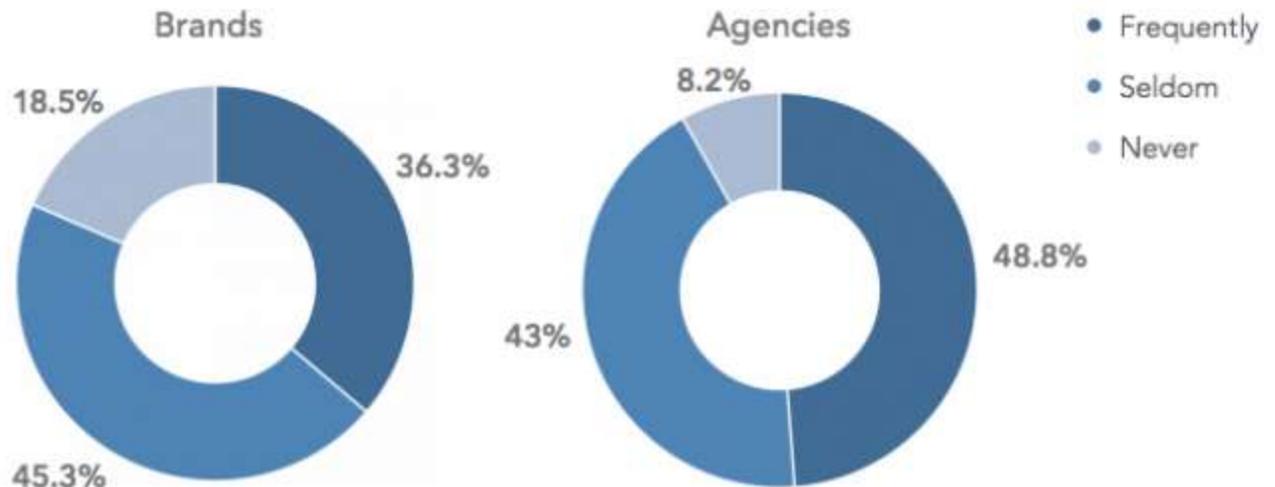
SimplyMeasured's State of Social Media Marketing report

The 2017 Report shares the survey results from 2,738 social media marketing professionals from 111 countries and it has some enlightening insights:

- **Agencies are pushing for results from social more than brands**: 73% of agencies set goals for either web traffic or conversion goals, while only 57% of brand marketers do. This indicates that social marketers at agencies have stronger goal-setting (and achieving) baselines than social marketers within the brand environment.
- **Almost half of respondents reported analytics software as their most-needed resource**: But less than a quarter claim they have the budget necessary for analytics software.
- **Social is definitely a marketing function, and ROI is definitely our #1 challenge**: The percentage of social media teams that live within the marketing organization has grown from 49% in 2015, to 63.2% in 2016, to remaining relatively stable at 64.7% in 2017.
- **Meanwhile, 61% of social marketers grapple with determining ROI in 2017 - the same percentage as 2016**: The lack of major flux in either of these categories tells us that marketing departments own social media by and large, but are failing to understand how it contributes to the bottom line

You can read the full report here

Specific goals are needed

The above insights are supported by a Demand Marketing & Socedo study which found that when social media goals are identified and tools are put in place to measure metrics, social media ROI triples.

Without specific goals, marketers had no idea what social media was doing for them - it's impossible to know what has meaning when there are no targets to be measured against. The study also found that more than half of the participants had no integration between their social media channels/management systems and their marketing and sales systems.

This disconnect between social media efforts and accurate measurement is one of the biggest reasons why identifying ROI is so difficult.

One of the most important things to understand is that, as a business, you can't just "do social". A social media strategy doesn't exist in isolation. It should be used to enhance whatever promotional activity and marketing the business is already doing.

What should we measure?

Deciding which social KPIs to measure is almost as much of an art as creating the content in the first place. There are hundreds of tools capable of measuring thousands of different metrics so you need to identify which social media KPIs are important to your brand.

Buffer's Kevan Lee says the key elements of tracking ROI are:

- Identifying your monetary investment in social media
- Attaching a monetary amount to your social media goals

Your objectives should be representative of what you want social media to help your company achieve. If you need help determining goals, use the SMART framework – specific, measurable, attainable, relevant, and timely.

There are various methods to assign a cost, including lifetime value, the potential value of each website visit in sales, average sales (if you are a business which sells a product) and how much you would pay if you used adverts to achieve the same result.

Determine individual goals

Your individual goals will determine the KPIs you should be measuring, and they can be broken down into the following categories:

1. Brand Awareness/Reach
2. Engagement/Leads
3. Website Traffic/Visitor Personas (target audience)
4. Conversion/new clients/sales

Focus on the social media KPIs relevant for the platforms your brand is on and those that have direct relevance to your targets.

Concentrate on metrics which answer a number of areas including whether you're reaching the right people, whether they are engaging with your brand, whether you're getting inquires about your product or service and how many of those inquiries lead to new customers or sales.

Understand your customer mindset

Gaining insights into how people are interacting with your content is vitally important. If you don't know who is engaging with your content, you won't have any context behind your metrics.

Look at creating customer personas which will give you unique insights into your existing customers and brand followers and then use them to tailor content which will attract new ones.

SimplyMeasured's 2017 State of Social Media Marketing report

According to Hootsuite: "The brand awareness created by social media - measured through metrics such as likes, shares, or retweets - is valuable, but not enough."

Disconnect between social and business outcomes

In a survey quoted from Altimeter, only 34% of organisations felt their social strategy actually connected to their business outcomes.

Industry Analyst at Altimeter, Ed Terpening expands on this in an article for Prophet Thinking in which he discusses a joint project carried out with Salesforce to look at both ROI of social media management tools and the practice of social business. The full report can be downloaded from Salesforce here.

Social media managers were asked to select the four most important key features needed in a customer support tool. By far, the leading feature was Analytics & Reporting (89%), followed by the breadth/number of social platforms supported (63%) and Integration with CRM (59%).

Analytics tools

SimplyMeasured's report found also that analytics software was the resource most needed for marketers at both brands and agencies to do their best work. But only 24.1% of brands reported having the funds for much-needed social analytics software.

There are more than 500 tools in the market to measure a campaign's performance on different social media platforms and they range from the free tools available on each social media platform, through Google Analytics and up to the big players like Hootsuite and Buffer.

Tools like Beacon enable online businesses to understand the true impact of social traffic by delivering next generation analytics technology. It is a platform dedicated to revealing how social media users behave once they reach your website. The dashboard shows traffic and four key target areas: Social Engagement, Traffic by Channel, Visitor Retention and Bounce Rates (Soft and Hard):
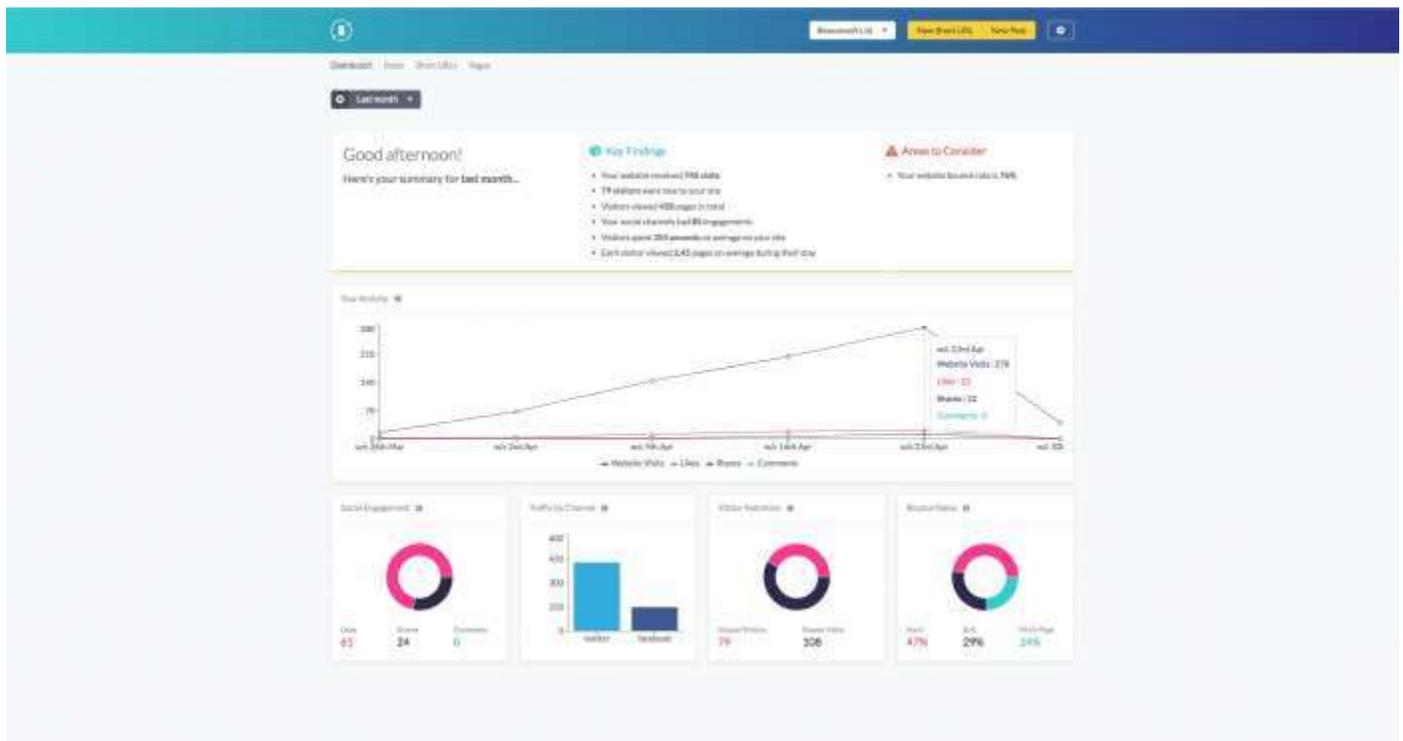
Beacon's Dashboard

Social listening tools

There are also social listening tools which will help you discover what potential customers think of your brand. Reddit Keyword Monitor Pro, Hootsuite Insights, Buffer, Crowd Analyzer and Google Alerts can all be used to monitor mentions of your brand, competitors, product and anything else you might consider relevant to your business.

You can then use these captured insights to influence your online presence and help improve brand sentiment. Use tools like Socedo to identify potential customers on Twitter based on keywords in their job titles and in their tweets, mentions of certain brands and influencers, as well as the handles they follow.

You can then use the data obtained from social monitoring to test one campaign against another and get some of that all important ROI information.

To conclude

Improving your ROI through the use of social media marketing KPIs doesn't have to be complicated but it does require some thought and preparation first. Identify your business goals and then look at how social media KPIs can be used to measure and monitor those. Once you have this information, you can then look at strategies to improve performance.

Using social insights gained through special tools like those mentioned in this article, gives you the important information needed to make changes which will improve ROI. Make sure whatever software platform you choose can integrate these results and make sure people see them - it's not good enough just to measure and monitor, you have to act on the findings.

Set up a template using whatever tool you feel most comfortable with, a Google Spreadsheet for example, and make sure you record each activity carried out on each social media platform and the outcomes of any campaigns.

To meet the measuring ROI challenge, you'll need to update and adapt your strategy constantly and make use of the valuable insights you gain from past and current social media campaigns.

There's always more to test, more to learn and – ultimately – more to gain for your business. Good luck!