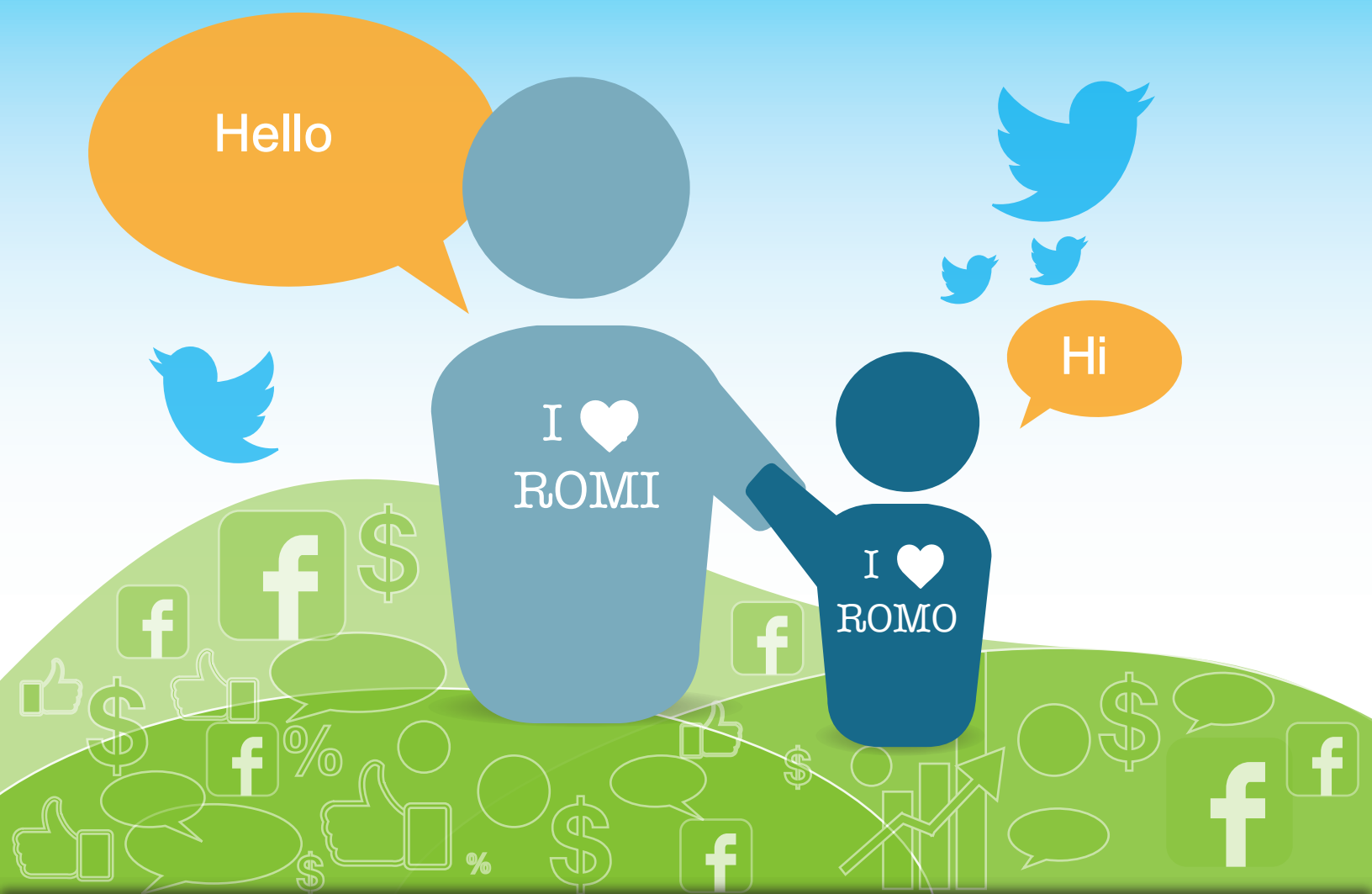


The State of Social Media Marketing: Industry Report 2012: New ROI Framework

September 2012

Meet Social ROMO and Social ROMI



awareness
social marketing software



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I ♥
ROMI

Return On Marketing Investment (ROMI) — overall social marketing contributions to the business over time, usually year-over-year. For more on ROMI, visit [Wikipedia](#).

Introduction

Marketers the world over are trying to answer the most important question about what they do – namely, can they quantify the value they provide to the business and show that the funds and resources invested in marketing, including social marketing, do indeed pay back? Our [State of Social Media Marketing](#) report confirms that measuring social marketing ROI is the leading challenge for marketers, as indicated by 57% of respondents.

To address the social ROI question, Awareness set out to develop a new framework for measuring social marketing value. We posit that social marketing value has two sides – overall social marketing contributions to the business over time (usually year-over-year), and specific social marketing contributions to customer engagement and sales (usually campaign-based and short-term).

The first type of social marketing contribution is what is commonly referred to as return on social marketing investment (social ROMI), and the other - return on social marketing objectives (social ROMO).

Social ROMI looks at the entire social marketing spend of a company over a given period of time and aims to determine social marketing's overall contributions to the business – such as sales and increased market share.

Social ROMO is goal-oriented, measuring results from specific social marketing campaigns or initiatives, and is point-in-time or short-term based. To put it another way, there is one social ROMI, but there can be multiple social ROMOs.



I ♥
ROMO

Return On Marketing Objective (ROMO) — specific social marketing contributions to customer engagement and sales, usually campaign-based and short-term.



ROMO of flash sale on Facebook = 500 products sold

ROMO of sweepstake on website = 1,500 entries

ROMO of online buy = 2,000 clicks, 200 leads

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“
No longer satisfied with collecting ‘Likes,’ fans, followers and viral hits, companies are now asking harder questions about the real value of these social network interactions.”

Paul Verna, eMarketer,
Top Digital Trends
for 2012

Social ROMI Demystified

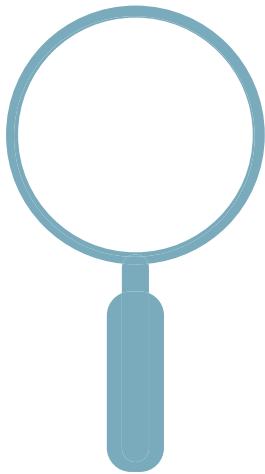
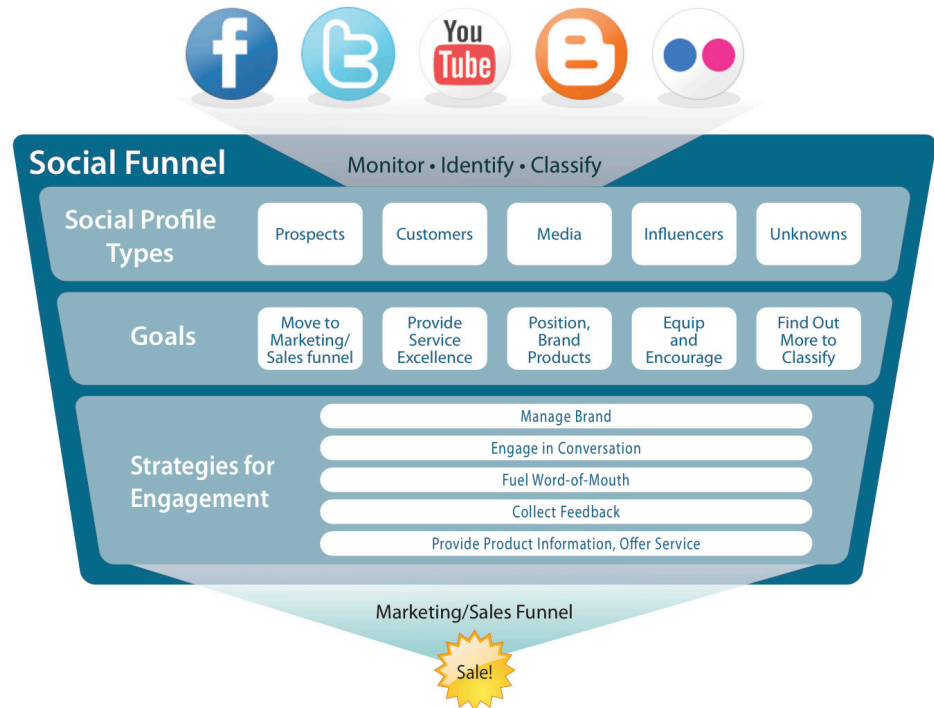
Traditionally, marketing departments have looked at ROMI as the number of leads they push down the sales and marketing funnel that eventually make a purchase. Marketers usually look at the funnel as a three-stage process:

- 1 New people entering the top of the funnel (e.g. new site visitors)
- 2 Percentage of the new people engaged with some aspect of the company (e.g. visiting multiple pages, downloading content etc.) in the middle of the funnel
- 3 Percentage of engaged prospects or visitors who become customers at the bottom of the funnel

Traditional top-of-the funnel tactics include advertising (online and offline) and purchases of lists - a disruptive, “push” model that is no longer working (although some marketers are having a hard time letting go). With only 14% of consumers trusting advertising messages, marketers need a new way to think about building awareness and interest in their offerings – one that is value-based, open and collaborative with the millions of prospective buyers now choosing to spend their time on social networks.

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The Social Marketing and Sales Funnel is a framework designed to help marketers manage prospect and customer relationships to drive business results in the new age of social marketing. The funnel has four core components:

1. Social profiling:

Allows marketers to identify and segment their social following, as well as use the social web to identify and segment potential new buyers.

2. Goal-setting:

Marketers establish goals for each profile types to help drive specific business results – new leads, new sales, or increased share of wallet.

3. Engagement strategies:

Marketers design specific strategies to help achieve the business results set out under goal-setting.

4. Measurement:

This is where marketers pull it all together to determine individual success of their campaigns and their actual contributions of marketing to the business.

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To put the Social Marketing and Sales Funnel into action, we look at two specific areas of marketing – Social Marketing Automation and Social CRM:

Social Marketing Automation aims to identify new prospective buyers, segment them, and design specific campaigns to encourage them to buy from your company.

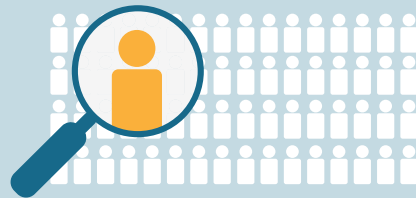
Social CRM aims to further engaging existing customers to keep your brand top-of-mind, keep customers in the fold, or to get them to buy again or buy more from your company.

SOCIAL PROFILING

Social Marketing Automation New Buyers

WHAT?

Identify new prospective buyers from the social web.



WHY?

To increase your top-of-the-funnel numbers at a fraction of what you can get from disruptive advertising.

HOW?

Find new social users who will benefit the most from your offering. You need to listen for people: monitor for specific keywords, mentions of competitive brands, specific expressions that designate need or purchase intent. Set up your keyword-monitoring dashboards, and capture not just the mentions, but who mentions them.

Social CRM Existing Customers

Identify all of your social followers across social networks .



To increase your understanding of the types of followers, and have the ability to segment and target them with specific messaging or offers.

Collect all of your social followers in a social database that allows you to capture demographic information and activity data (likes, shares, posts, etc.).

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SOCIAL PROFILE SEGMENTATION AND SCORING

- WHAT ?
- WHY ?
- HOW?

Social Marketing Automation New Buyers	Social CRM Existing Customers		
<p>Use the principles of successful customer relationship management – remember that not all prospects and customers are the same, need the same, or have the same value for your company. Apply specific scoring rules to your social prospects AND social followers to prioritize them for personalized, meaningful and value-based campaigns.</p> 			
<p>To increase your qualified leads and sales and grow your business.</p>			
<p>You need the ability to prioritize your social profiles by applying a scoring logic to them. Review your business goals and use them to guide your scoring rules. For example, if you want to identify your top brand ambassadors, consider looking for social followers who have followed you for three months, have interacted with your content over 10 times across social networks, and have shared their support and love for your brand with their social graph multiple times. Once you have your rules in place, prioritize your social follower list.</p>			
<p>SAMPLE SOCIAL SCORING USES</p> <table border="0"> <tr> <td style="background-color: #4F81BD; color: white; padding: 10px;"> <ul style="list-style-type: none"> Identify social followers who are not customers yet but likely to become such. Identify industry influencers who are most likely to influence prospective buyers. </td> <td style="background-color: #FF9933; color: white; padding: 10px;"> <ul style="list-style-type: none"> Identify social followers who are not customers yet but likely to become such. Identify industry influencers who are most likely to influence prospective buyers. </td> </tr> </table>		<ul style="list-style-type: none"> Identify social followers who are not customers yet but likely to become such. Identify industry influencers who are most likely to influence prospective buyers. 	<ul style="list-style-type: none"> Identify social followers who are not customers yet but likely to become such. Identify industry influencers who are most likely to influence prospective buyers.
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Social Engagement: The next step in moving your followers down the Social Marketing and Sales Funnel is to engage them in specific campaigns. Begin to tailor your communications and offers to the specific needs of your various audience segments. Answer these questions:

What is it that you can offer the different segments of prospects and buyers to get deeper engagement, new sales, and an increased share of wallet?

How are you going to engage external influencers to your brand?

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ACTIONABLE SOCIAL ANALYTICS:
From Social Media Metrics to Business Insights



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For a complete framework on Social ROMO, download our complimentary eBook: [Actionable Social Analytics: From Social Media Metrics to Business Insights](#)

Social ROMO Demystified

You'll use Social ROMO to measure the effectiveness of individual campaigns and social programs with your Social Engagement campaigns. Social ROMO (return on marketing objective) is the process of assessing the success of your social Marketing Automation and Social CRM engagement activities. Social ROMO needs to be focused on how well marketers are generating interest from new prospective buyers as well as the level of engagement and commitment from current customers. Below we outline the two key ways marketers can approach measuring success with prospects and customers.

1. Lead Generation Effectiveness

To understand lead generation effectiveness, you'll need to know how many of your total leads came via social channels.

$$\text{Social Lead Gen Effectiveness} = \frac{\text{\# of new leads from social channels}}{\text{\# of total leads}}$$

Tie social Marketing Automation with traditional Marketing Automation. This integration will allow you to better understand your prospective audience and determine the optimal ways to nurture ongoing relationships for new sales.

2. Marketing Program Effectiveness:

To measure your overall social marketing program effectiveness, you'll want to concentrate on specific metrics, at the campaign level, the platform level and at the specific instance level (by post) for your customers.

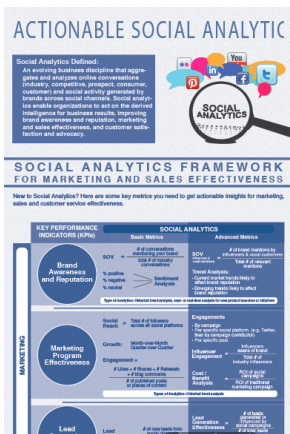
- Analyze your campaign across all platforms: Twitter, LinkedIn, SlideShare, Facebook, promotional buys and influencer mentions.
- Analyze specific platform effectiveness.
- Review all posts and identify those that drove the most clicks to your assets. Examine specifics – word choice, use of hashtags, links, etc. This analysis will help you identify optimal ways to draft future posts for the most clicks and engagement.

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- Analyze contributor effectiveness – Review the performance of individual contributors to determine who was most successful in driving your current followers and customers to action. This will help guide how you allocate resources in future campaigns.

Measure the following key metrics to establish your social ROMO by specific social media campaign:



For more social metrics refer to our [Actionable Social Analytics infographic](#)

Marketing Program Effectiveness

Basic Metrics

Advanced Metrics

Social Reach = Total # of followers across all social platforms

Growth: Month-over-Month
Quarter-over-Quarter

Engagement =

Likes + # Shares + # Retweets + # blog comments

of published posts or pieces of content

Engagements

- By campaign
- Per specific social platform (e.g. Twitter, then by campaign contributor)
- Per specific post

Influencer Engagement

Influencers aware of brand

Total # of industry influencers

Cost / Benefit Analysis

= ROI of social campaigns

ROI of traditional marketing campaign

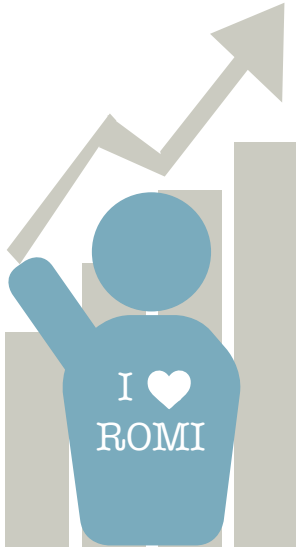
Beef up your Analytics

Capture intelligence from your analytics in your Marketing Automation system (for prospects) and social CRM system (for customers) – a 360-degree view of your prospects and customers now needs to contain insights from all sources: Web, social, past purchase information, and customer service interactions.

- Collect social media profiles (social IDs) across all relevant networks by customers or prospects.
- De-dupe, rinse, and classify.
- Nurture relationships with prospects across all touch points – email, web and social channels.

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Measuring Social ROMI

Now it is time to analyze your social ROMI. To revisit from the previous section, social ROMI looks at the entire social marketing spend of a company over a given period of time and aims to determine the overall contributions of social marketing to the business – such as new sales, cross- and up-sells, and increased market share. Here's how marketers can calculate their social ROMI:

1. Add all your marketing expenditures

- Social marketing budgets: creative and outreach costs, cost of discounts and promotions, etc.
- People and resources
- Technology investments – including social Marketing Automation and Social CRM system costs

2. Determine social marketing's contribution to business results

Percentage of sales influenced by social marketing, increases in revenue from existing customers, increases in market share, etc.

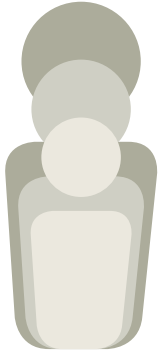
3. Calculate your social ROMI

Do this on a quarterly or annual basis:

$$\text{SOCIAL ROMI} = \frac{\text{Social Return (total \# of leads, sales, cross- and up-sells)}}{\text{Social Investment}}$$

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Conclusion: Growing your social ROMI & ROMO

As marketers shift spend from traditional advertising to social marketing, they will be in a position to affect the impact of social outreach on sales, revenue and market share. As companies reduce spend on expensive, disruptive modes of “push” advertising and move spend to nimble and responsive ways of connecting with prospects and customers via social platforms, they will start to realize the true potential of social. Our recommendation is – start by shifting some portion of your traditional marketing dollars to social, calculate the impact, tie to business results, and then ask for more. Rinse and repeat until you have turned your marketing department into a true social marketing organization that is supported by a flexible technology stack that helps you make informed and business-driven marketing decisions.

Additional Resources

[The Social Funnel: Driving Business Value with Social Marketing](#)

This eBook helps CMOs and social media strategists think about organizing and optimizing social marketing and lays out the steps and best practices to get the most value from social media investments.

[Actionable Social Analytics: From Social Media Metrics to Business Insights](#)

This paper delivers a comprehensive definition of social analytics and a new framework for how to drive actionable social analytics to increase marketing and sales effectiveness.

[Social Engagement: How to Crack the Code of Social Interaction](#)

In this eBook, marketers learn the keys to engagement, based on the collective data of more than 100 Awareness customers. Learn tactical tips like when and where to post to drive the most engagement.

[3 Keys to Influence: Understanding and Leveraging Social Capital](#)

This white paper offers marketers a framework for maximizing their social influence strategy and teaches tools and techniques for measuring your brand’s relationships in the social realm, the differences between internal and external influence and how to take advantage of each, and best practices for leveraging social capital.

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About Awareness

Awareness Inc.

With a unique combination of technology, experience and thoughtful support, Awareness enables smart marketers to efficiently and effectively generate ROI from 100% trackable social media interactions. It is the leading provider of OnDemand Social Marketing Automation Software designed specifically to address all key aspects of social media marketing—from demand generation to customer acquisition and social customer engagement. The Awareness Social Marketing Hub, the company’s flagship social marketing software, is the only solution available that ties Social Prospecting, Social Scoring and Social Profile Database into one solution resulting in a detailed social marketing ROI. Awareness works with some of the world’s leading brands and marketing agencies including MLB, Comcast, Likeable Media, Raidious, American Cancer Society, Tiger Woods Foundation, The Carlsberg Group, Mindjumpers, Nuance, DemandWare, Trend Micro, and Computer Associates. Backed by NorthBridge Venture Partners, Awareness is headquartered in Burlington, Massachusetts.

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