

# KDPaine & Partners

## What a ROI: How to Measure What Matters in the 21<sup>st</sup> Century

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# Signs that it's the end of the world as we know it

1. Marketers working in social media report a 58.8% better conversion rate for organic search traffic than those not using Social Media\*
2. Tablets are preferred to PCs for doing just about anything
3. Coke + P&G have announced they won't pay for eyeballs, only engagement
4. Twitter had scores 15 minutes ahead of Bruins official web site
5. NPR won the White House Photo Award
6. 1 person, @ACarvin from NPR beat out established MSM in Egypt & raised \$6K
7. The CEO of a hospital won a union battle via blogging.
8. Grandmothers are the fastest growing segment on Facebook
9. PR Professionals Agreed on standards of measurement

# The Barcelona Principles

1. Importance of Goal Setting and Measurement
2. Measuring the Effect on Outcomes is Preferred to Measuring Outputs
3. The Effect on Business Results Can and Should Be Measured Where Possible
4. Media Measurement Requires Quantity and Quality
5. AVEs are not the Value of Public Relations
6. Social Media Can and Should be Measured
7. Transparency and Replicability are Paramount to Sound Measurement

# AMEC Social Media Task Force Recommendations



## Focus on Outcomes

- ☀ Need to define outcomes and goals in advance — getting on the social bandwagon is good, but evaluation of success is ultimately tied to goals
- ☀ Can't define or manage purely within PR/communications silos
- ☀ Outcomes will likely span multiple business goals



## Starter Set of KPIs

- ☀ Basic quantitative data (# posts, # views, # fans) easy to measure — useful but not terribly valuable
- ☀ Need to get into more quality and context, similar to media analysis
- ☀ Fits into “valid metrics” grids from post-AVE task force (next slide)



## Influence Rating/Ranking

- ☀ “Influence” and “authority” are domain-dependent and often client-specific
- ☀ “Influence” and “popularity” aren't the same
- ☀ Influence is multi-level, online and offline
- ☀ Similar to editorial credibility, online influence is a variable asset



## Content Sourcing

- ☀ Not all sources are created equal — know what you're getting/not getting
- ☀ Garbage in, garbage out — critical challenges for analytics/measurement
- ☀ Industry needs transparency from vendors on content sourcing, quality

# Barcelona Principle #6

1. Social media measurement is a discipline, not a tool; but there is no “single metric”
2. Organizations need clearly defined goals and outcomes for social media
3. Media content analysis should be supplemented by web and search analytics, sales and CRM data, survey data and other methods
4. Evaluating quality and quantity is critical, just as it is with conventional media
5. Measurement must focus on “conversation” and “communities” not just “coverage”
6. Understanding reach and influence is important, but existing sources are not accessible, transparent or consistent enough to be reliable; experimentation and testing are key to success

# Myth Busting

1. Someone needs to own Social Media
2. Social Media  $\neq$  Facebook
3. Eyeballs  $\neq$  Awareness
4. Followers  $\neq$  Influence
5. Likes  $\neq$  Engagement
6. Engagement  $\neq$  ROI
7. What matters may not be sales
8. Sentiment may not matter
9. It's not about you



# Myth #1: Someone needs to “own” social media

2000-2004

Social Media/CGM  
emerges as a technology  
function



Social  
Media

2004-2010

Force-fitting Social Media  
into Existing Structure



2010-2015

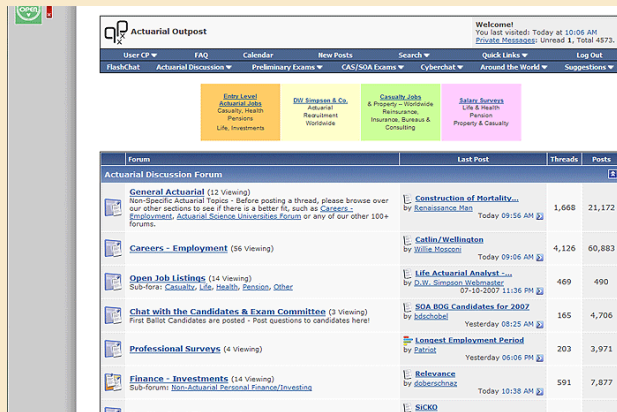
Integrating Social Media  
into the Organizational  
DNA



# Myth #2: Social Media $\neq$ Facebook



LinkedIn Groups



empireavenue  
The Social Media Exchange



**GROUPON**  
Collective Buying Power

**Quora**



Gowalla  
vs  
foursquare





# Myth #3: Eyeballs are not awareness



MSM

Online

Social  
Media

Eyeball  
counting

HITS

Outcomes



# Myth #4: Followers/Reach does not = influence



Measure what matters



There is no “bible”



Influence  $\neq$  Reach, GRP, or  
any other magic bullet



All influence is relative



A computer cannot tell you  
who matters most



# Myth #5: Likes $\neq$ Engagement



Impressions



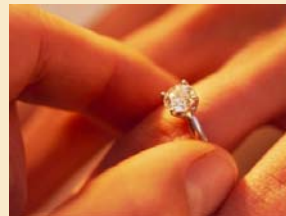
Likes



Followers



Consideration



Trial

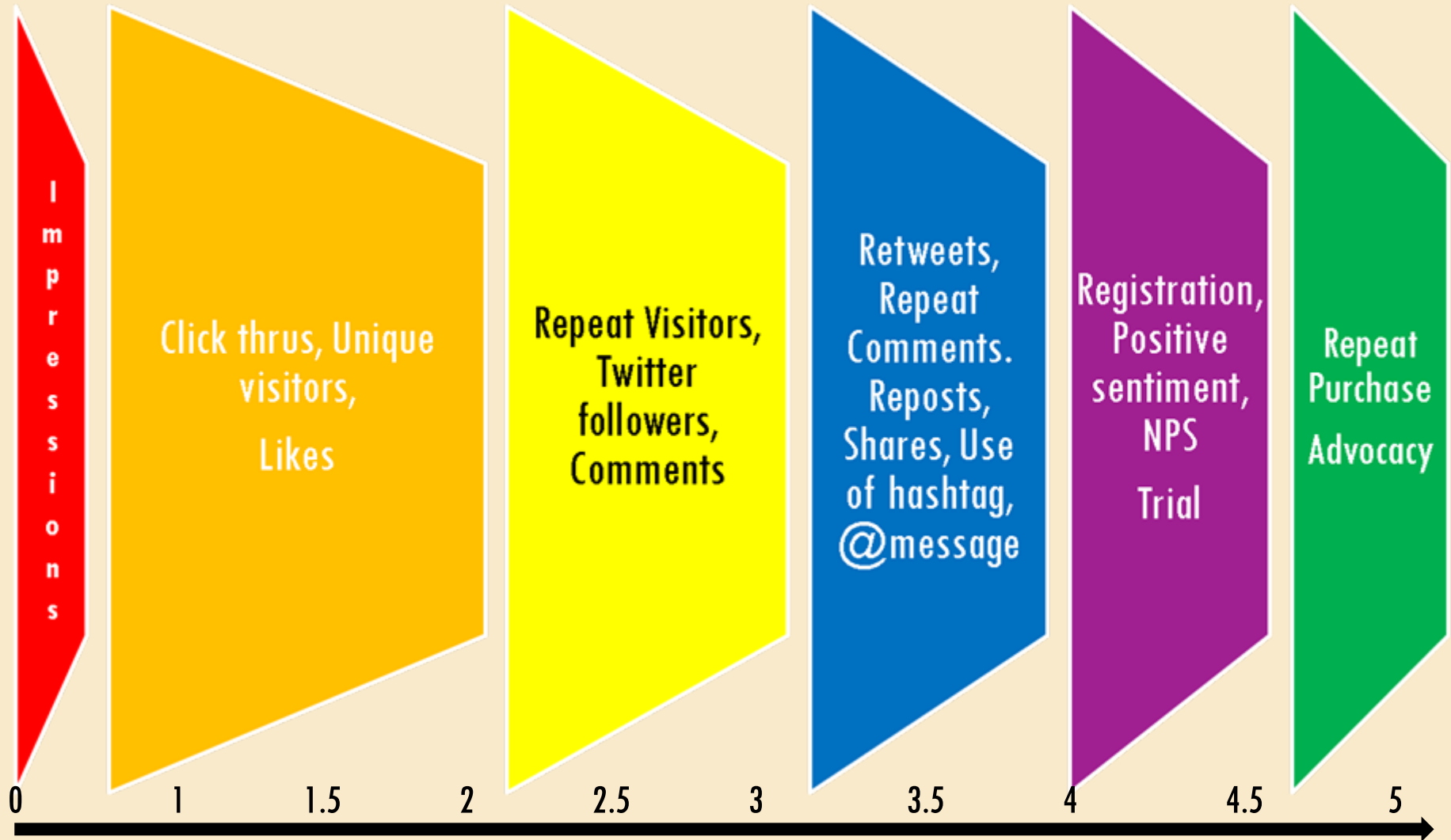


Purchase



Advocacy

# The Engagement Scale



# Myth #6: Engagement $\neq$ ROI



Going where the fish are = Greater efficiency:



44 % of junk mail goes to landfills unopened .

Response rates  $< 0.25\%$  now acceptable; on average less than 1 % of all emails is opened & acted upon.



Greater engagement:



Quilted Northern



Greater loyalty: Listen for need, respond with help



In 2008, Wells Fargo and SAP measured increase in new accounts from community sites



Home Depot



Network Solutions

Need some help  
with that lawn?



# Myth #6: Engagement $\neq$ ROI



## Better ideas, products

- ✦ Exxon spent 25 years trying to find a solution to reclaim spilled oil. Then, “Crowdsourced” it & found a solution for \$5000 vs. \$100/barrel for reclaimed oil



## Make more money

- ✦ Sodexo cut \$300K out of its recruitment budget using Twitter
- ✦ Ford got 10,000 advance orders for the Fiesta thru social media
- ✦ Using SAS data, Organic predicted truck test drives & tampon sales



## Prevent brand damage

- ✦ 1 person --Dave Carroll (United Breaks Guitars) cost United \$180M—the cost of more than 51,000 replacement guitars. Taylor Guitars increased sales 25%.

# Myth # 7: What matters may not be sales





# Myth #8: Sentiment may not matter



Assumes sentiment exists



80% of conversation is neutral, just making an observation



Majority of business doesn't evoke sentiment



Requires lots of data



Once you eliminate spam, content farms and invalid mentions, make sure content volume is sufficient

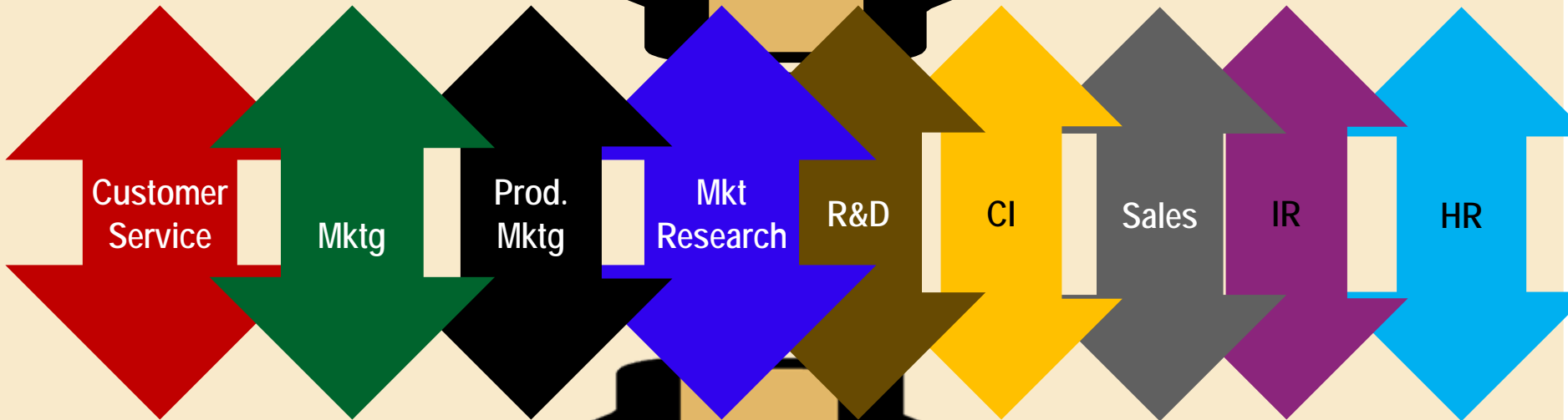


Assumes sentiment drives action, but you need analytics to prove it





A funnel diagram with a black outline. The top of the funnel is a wide, light beige trapezoid containing the word "Conversations" in a black, sans-serif font. The funnel narrows towards the bottom, where it is represented by six small, solid-colored triangles pointing upwards. From left to right, the colors of the triangles are green, black, blue, brown, yellow, and purple. The background of the entire slide is a light beige color.




Savings, shorter cycles, more  
renewals, better ideas, research


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# Implications


 You don't own your brand, your customers do

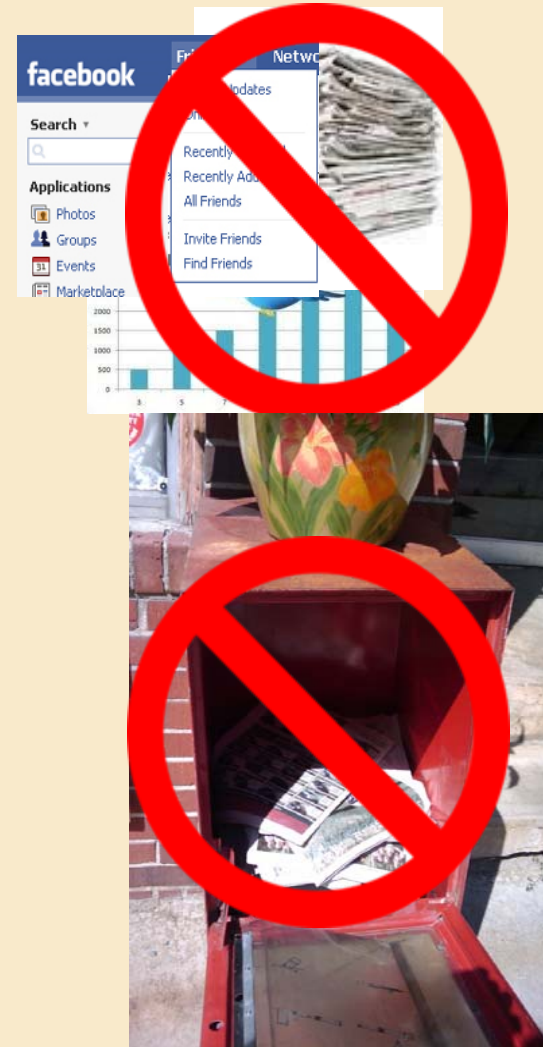
 The conversation is taking place with you or without you.

 When your leadership team is talking bottom line, you can't be talking about "hits" or "likes"

 If you're not there, the competition will be

 The definition of timely has changed

 The definition of success has changed — it isn't how many you've reached, but how those you've reached have responded



# 6 Steps to Measuring Engagement

1. Define the “R” in your ROI
2. Define the “I” = investment
3. Establish benchmarks
4. Define your metrics
5. Pick a tool
6. Figure out what it means, change and measure again



# Step 1: Define the “R” = Clear measureable objectives



What problem do you need to solve



Don't do it if it doesn't add value



You can't manage what you can't measure, set measureable goals

# Don't ask me, ask your stakeholders



Questions you need to know the answer to:

- ✦ What keeps them up at night?
- ✦ What are they currently seeing?
- ✦ Where do they go for information?
- ✦ What influences their decisions?
- ✦ What's important to them?
- ✦ What makes them act?



# Measurable Goals for Communications

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



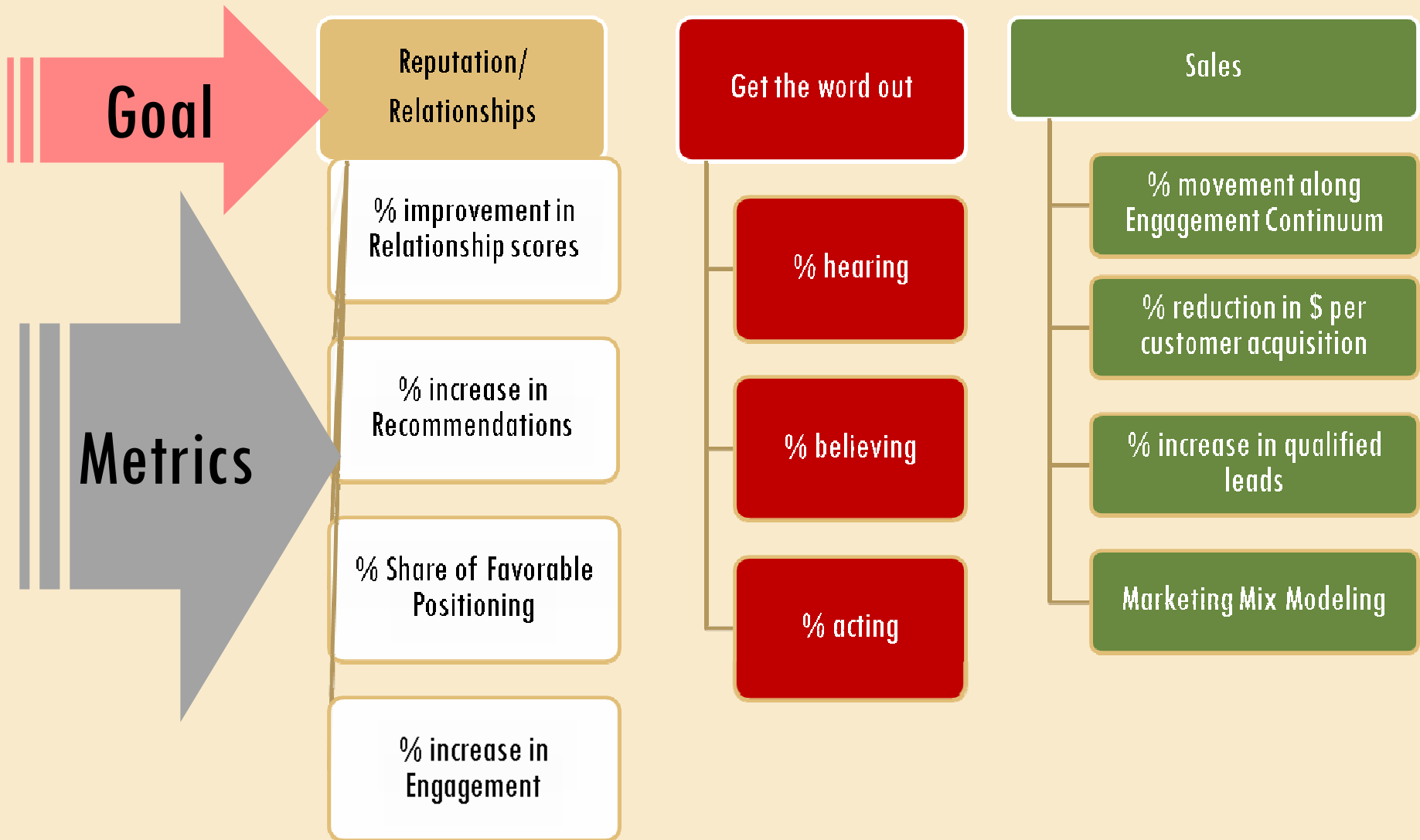
To fix this



Or get to this



# Goals drive metrics, metrics drive results



## Step 2: Agree upon the “I”



**It's not free anything**



**Facebook > \$10K**



**Sponsorship \$**



**Investment includes:**



**Internal resources**



**External resources: Agency, Consultants etc.**



**Senior Management time**



**Opportunity costs**



# Step 3: Establish benchmarks



A peer group



Control groups vs. other department



Over time



Whatever keeps your C-Suite up at night



# Step 4: Define your KBI



You become what you measure, so pick your KBI carefully



You decide what's important



Benchmark against peers and/or competitors



**The Perfect KBI:**



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



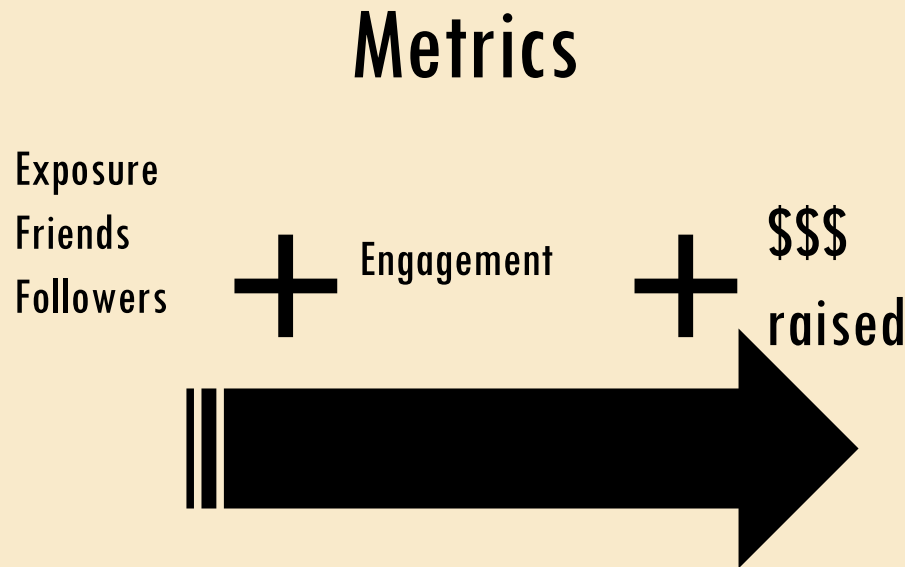
Different tactics



# Step4: You need to think like an Olympian



**Start**



**Goal**

**Results  
to Date**

Category	Metric 1	Metric 2	Metric 3	Progress Towards Goal
Marketing	365 Members	21 Followers	1 sponsor	\$1000 raised
Strength	100 pounds + 10 miles	200 pounds 20 miles		Pass test
Sailing	3 top 30 finishes	3 top 20 finishes	3 top 10 finishes	20% increase in position each race

# Typical KPIs



## From External Sources :

- ☀️ % increase/decrease in share of desirable conversations over time
- ☀️ % increase in share of posts and comments by channel i.e. YouTube, Slide Share, Flickr, etc.



## Engagement metrics from Internal Sources

- ☀️ % increase in repeat vs unique visits
- ☀️ % increase in time on site, pages per visit
- ☀️ % increase in blog subscriptions/registrations
- ☀️ % increase in visits to unique URLs
- ☀️ % increase in downloads



# Why an Optimal Content Score?



You decide what's "desirable" vs "undesirable."



Benchmark against peers and/or competitors



Track activities against OCS over time



**Desirable:**



Mentions of the brand



Key messages



Positioning



Visibility



**Undesirable**



Omitted

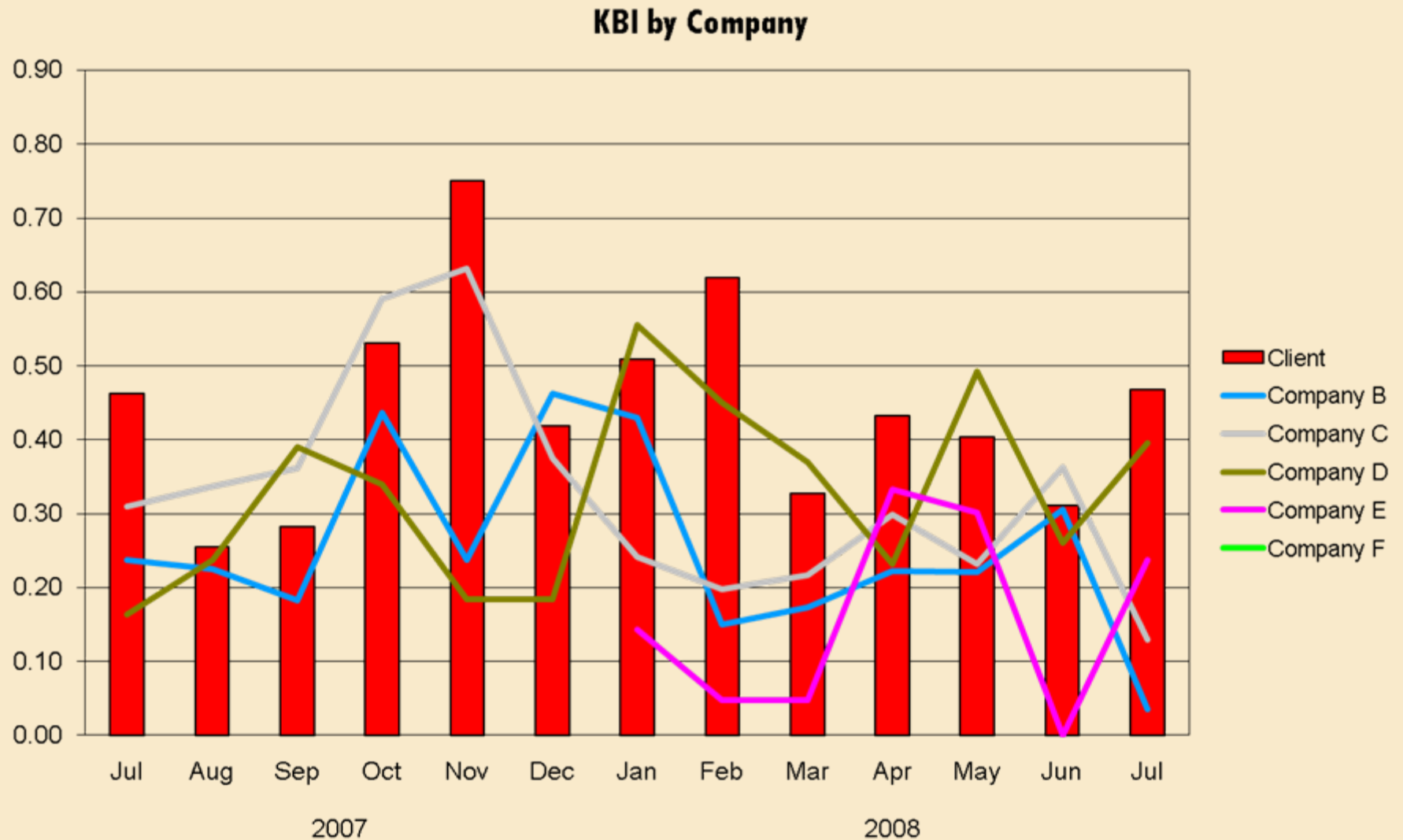


Negative tone



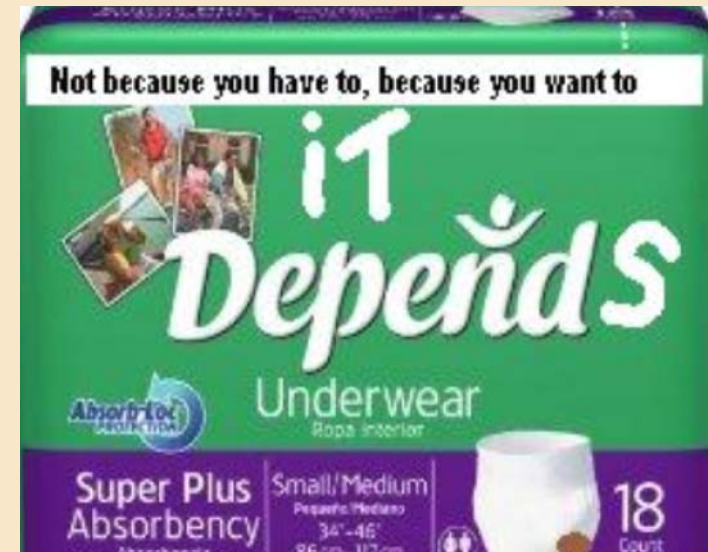
No key message

# Trend against competition with KBI



# Step 5: Pick the right measurement tools

- 🔍 If you want to measure messaging, positioning, themes, sentiment: **Content analysis**
- 🔍 If you want to measure awareness, perception, preference: **Survey research**
- 🔍 If you want to measure engagement, action, purchase: **Web analytics**
- 🔍 If you want predictions and correlations you need two out of three



# Step 5: Selecting a measurement tool

Objective	KPI	Tool
More efficient customer acquisition	% decrease in cost per customer acquisition % increase in leads vs. activity	Web Analytics + CRM
Reduction in churn	% renewal rate by activity % repeat traffic	Web Analytics + CRM
Engage marketplace	Conversation index greater than .8 Rankings % increase in engagement	Web analytics or Content Analysis: TypePad, Technorati Omniture, Google Analytics
Communicate messages	% of articles containing key messages Total opportunities to see key messages Cost per opportunity to see key messages	Media content analysis —



# 1. Measuring what you can't control



## Content sources:

- Google News/Google Blogs, RSS feeds, Technorati, Social Mention, Tweetdeck, Radian 6, Sysomos, Alterian, Visible Technologies, Scout Labs, Cyberalert, CustomScoop, e-Watch, Crimson Hexagon, Boardreader



## A way to analyze that content

- Computers vs Humans
- Census vs. random sample
- Sentiment vs. Topics
- The 80/20 rule — Measure what matters because 20% of the content influences 80% of the decisions

# Cautionary Tales



Google Gamers



“Not” lists



The better we get at managing the flow, the better the spammers get at pushing stuff at us



# Tool #2: Measuring what you can control



## Web analytics



Google Analytics



Web Trends



Omniiture



## SEO



Page Rank



Post Rank



## Influence



Twitalyzer



Traackr



## CRM/Business Intelligence



SAS

# Tool #3: Measuring perceptions



## 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)

## Step 6: Tying it all together: Research without insight is just trivia



Find your “Abby”



Look for failures first



Check on what the competition is doing



Then look for exceptional success



Compare to last month, last quarter, 13-month  
average



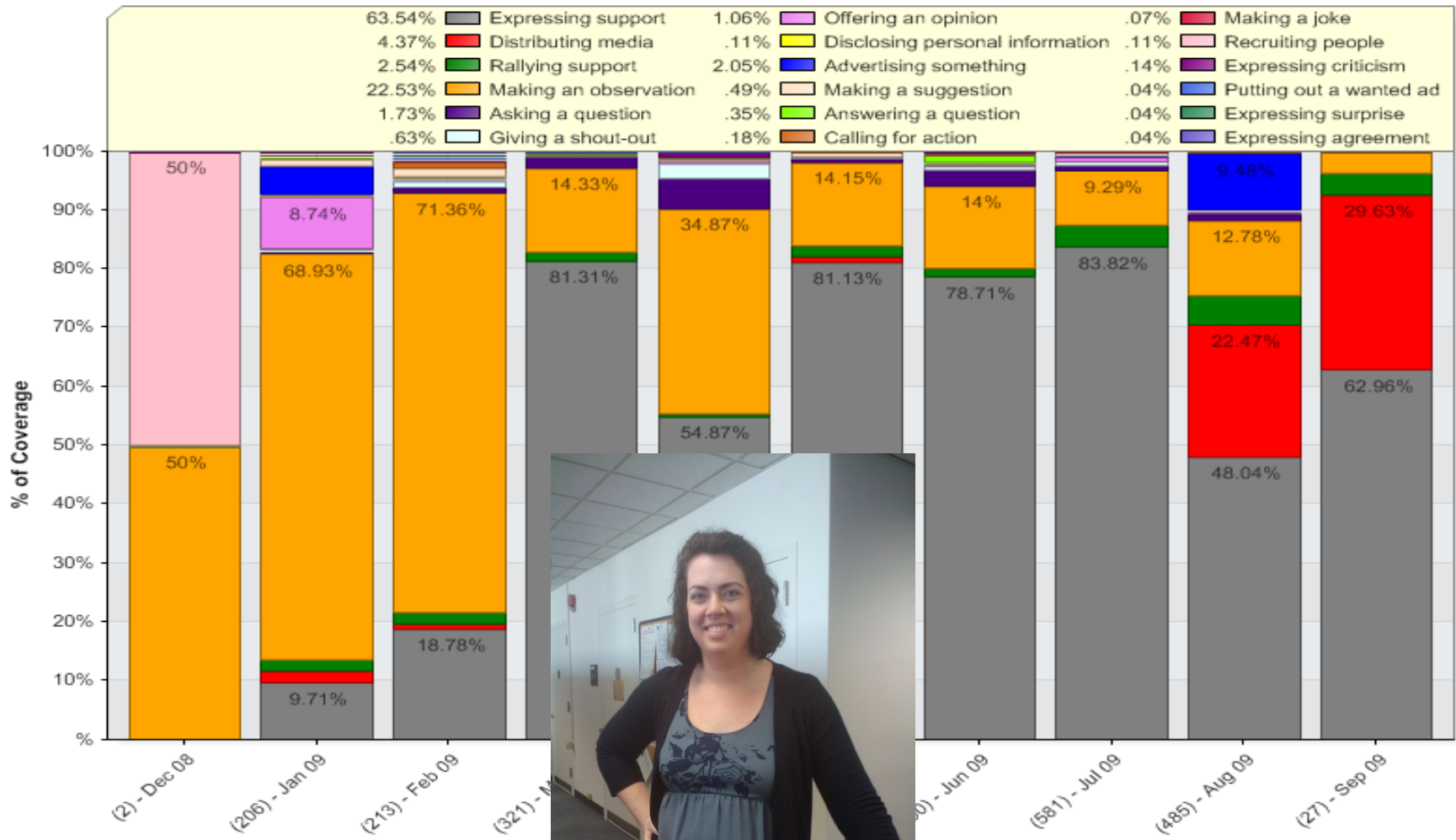
Figure out what worked and what didn't work



Move resources from what isn't working to what is



# The ROI of Emily

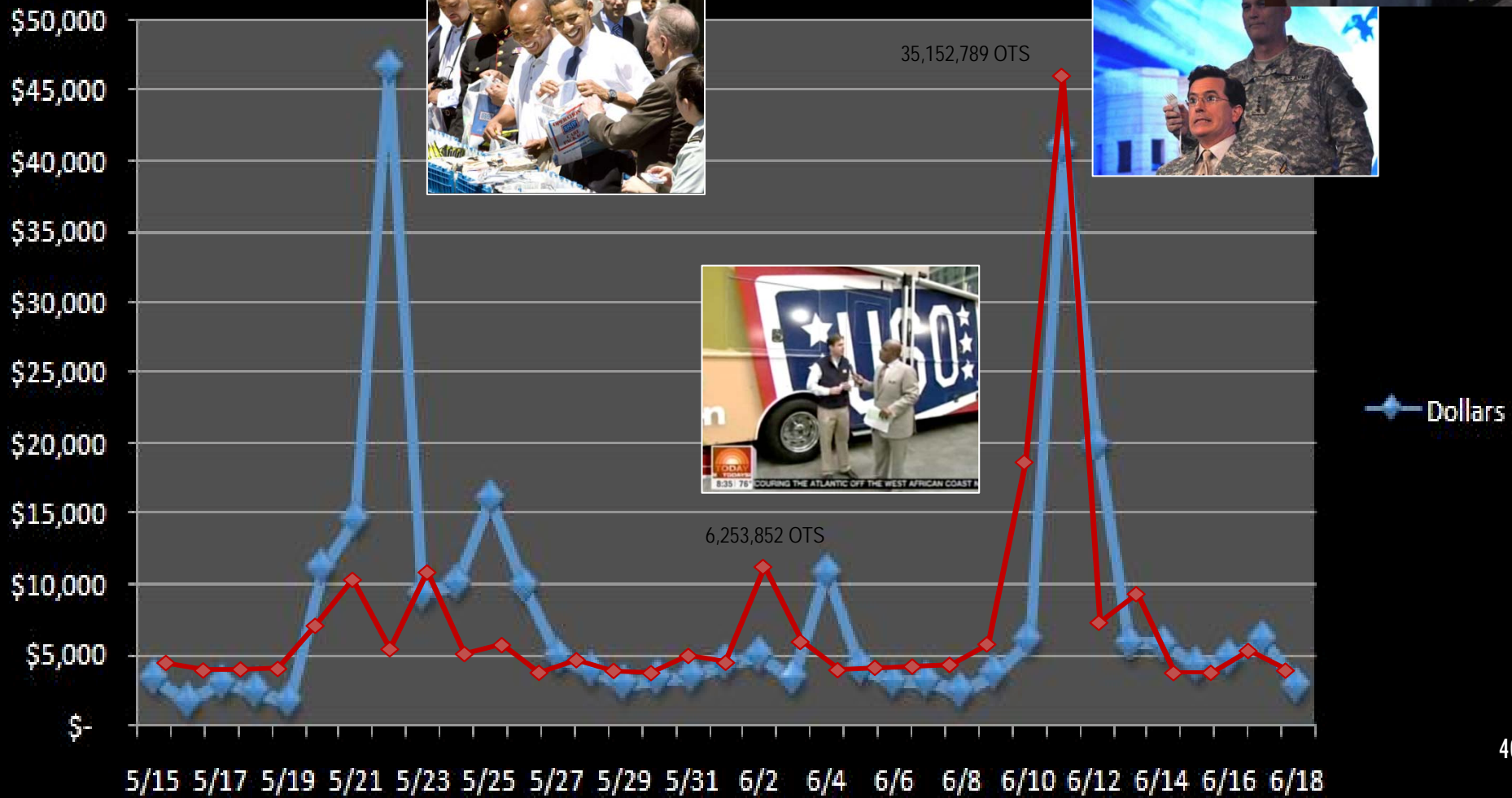


# Media Engagement & Online Giving



## Online Revenue

May 15th - June 18th in \$USD





# Thank You!



For more information on measurement, read my blog: <http://kdpaine.blogs.com> or subscribe to The Measurement Standard:

[www.themeasurementstandard.com](http://www.themeasurementstandard.com)



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