



The Future of Social Media ROI: From Likes to Relational Metrics

Measuring the success of social media interactions cannot be done using traditional ROI metrics. The nature of the communication channels involved requires a brand new approach.

Last year's record haze that blanketed Singapore and surrounding countries caused enormous social media chatter. Singaporeans turned to Twitter and Facebook to voice their concerns, fears and complaints about the smog emanating from burning Indonesian farmland across the Malacca Strait in nearby Sumatra. Many were worried that respirator masks were in short supply as citizens descended on pharmacies to stock up.

3M, a major supplier of N95 face masks was quick to respond. The company jumped into action, forming a crisis team of 20 employees dedicated to coordinating with the government and its supply chain to make sure there were enough masks to go around.

3M Singapore's social media team was also hot on the ball, publishing tips, alternative advice on how to battle the haze and even advised on different types of respirators available. In addition, the brand also recognised kind-hearted samaritans by sending 3M gift packs and heartfelt letters from the management thanking them for their courage and graciousness during a time of national anxiety. As a result, 3M received greater positive social media mentions and experienced an 87 percent lift in people joining their social media community and interacting with other customers of the brand.

Relationship building was the central tenet of 3M's social success. By investing the time, energy and tools to cultivate relationships, they created a sustained interaction with customers, especially important as the haze has recently re-emerged across South East Asia.

The ROI discrepancy

But despite pockets of excellence in growing consumer engagement and sustainable relationships, there is a worrisome disconnect between marketers jumping into social media and their ability to effectively measure their success.

In a recent **2012 industry report**, 86 percent of marketers agreed that social media was important for their business and this trend is here to last, with 46 percent of business leaders **planning to increase their social media budgets** in 2014 by buying ads on Facebook or advertorials on groups of blogs. Yet, **a recent Adobe report** mentioned that only 12 percent of marketers feel capable of measuring social media ROI.

How is ROI is currently measured?

As with any other mass media such as print ads or TV, marketers typically assess the effectiveness of their social media efforts at various points of the

customer journey. To illustrate, social media (for example, ads on Facebook or blogs) might help potential customers discover a product or service, form an opinion about it, strengthen one's conviction that they respond to a specific need of these potential customers and decide to purchase the product or service.

Social media analytics provide metrics that accurately estimate how many customers are converted across their journey. For instance, number of views of a Facebook ad might reflect an increase in awareness; number of clicks might reflect interest about a product; similarly, companies might use the number of fans as a reflection of their interest in their products; and finally, online purchases capture the conversion of new customers.

Today, most brands and companies use one of a combination of these metrics to assess social media efforts. For instance, many business-to-business (B2B) companies, such as Dassault Systèmes, measures social media effectiveness through cost per lead or customer acquisitions. Other measures, often favoured by business-to-consumer (B2C) companies include metrics of Brand Impressions Frequency, and Reach. Companies also use more specific metrics such as product sales, referral site traffic or even social product mentions.

While each of these metrics do represent a portion of social media activity, together, they can look like a kaleidoscope that slows down marketers' understanding of the true value of social media. Worse, they can sometimes mislead executives in their strategies. To illustrate, a brand might get much more revenues from 1,000 highly interactive fans who post one comment each, than from one million fans who rarely interact with brands.

So why are these metrics so popular today, if they are so dangerous? First, they are very simple to assess (given they are numbers). Second, they are aligned with metrics that are well understood by companies' marketing departments because already used for other media channels, such as reach and frequency. Finally, having an army of fans and followers represent a goal that is easily communicated to senior management.

From positional equity to relational equity

Yet, on all three counts, relying on these metrics is simply in absolute contradiction of the essence of social media – communication tools that create and strengthen relationships between people. It would be a gross mistake to think that social media ROI can be measured as any other communication channel, precisely because its nature is fundamentally different from that of other media channels.

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Rather than being a “stock media”, where the number of impressions represents the main outcome, social media is a “flow media”, defined by the depth and breath of relationships between brands and various stakeholders.

While many organisations tend to place too much importance on the quantity that accurately represents their position in the competitive landscape – i.e.. their *positional equity* – at a given moment, what they often overlook is the *relational equity* with their community and stakeholders. For example, in many of our conversations with top executive management, managers tend to compare how well they are doing in terms of fans and follower count against their competitors.

While this is a start, we believe that what they should really be paying attention to is how close their brand is to their community - how many comments do the social assets receive everyday? How many of them are being replied to? What is the social sentiment of the brand? While positional equity is determined by quantitative measurements such as number of likes, fans, shares, etc., relational equity requires more refined measurement as it is determined by the *kind* of responses or feedback on your posts/photos/videos/infographics (for example, thank-you messages, messages of encouragement, positive shares, etc).

To assess relational and positional equities, we call for managers to build and rely on *relational metrics*, not *positional ones* and act accordingly to maximise these metrics.

From presence to action

Some brands have already paved the road by adopting strategies and best practices that focus on building, strengthening and measuring relationships with their customers. For instance, one of U.K.'s largest fast food chains, **Pret A Manger** has invested significantly into nurturing relationships with customers.

Despite having a smaller community than its competitors, the brand has focused its efforts on responding effectively to customers, offering great value and exclusive discounts to their community and turning community-sourced recipes to actual products. Pret A Manger even shared the story of how its coffee is grown. The company's content clearly reflects the brand's positioning around creativity, passion for fresh food and good humour. This has resulted in a Facebook “People Talking About” score of 1.39 percent (which means 1.39 percent of people who saw a post reacted to it by talking about it or sharing it), while most Facebook pages typically score below 1 percent.

The future of social media ROI

As with 3M Singapore, these brands have invested the time, energy and tools to cultivate strong relationships with their communities. This is the first step on a longer journey focused on creating and evaluating relationships. Instead of blindly investing in paid reach, such as adverts, brands should focus on what truly matters in the long-term and create sustained interactions with customers.

As a second step, companies should focus on building relational metrics, in addition to positional ones. Importantly, managers should make the distinction between positional equity and relational equity early on in the phases of planning their social media marketing strategy. Next, marketers and business managers should **focus on their content strategies**.

We live in a time where social media has disrupted industries, started a myriad of political movements and has even contributed to overthrowing governments. Every business wants to harness the power of social media. Yet, with the fast-changing nature and proliferation of platforms, many businesses get all caught up with being present on social media, reporting its success to management in conventional ROI terms, and tend to forget about growing engagement. What businesses need to do when measuring ROI is take into account both the positional and relational to reflect social media's true added value.



David Dubois is an Assistant Professor of Marketing at INSEAD. Follow David on Twitter [@dldubois](#).

*Marcus Ho is the co-founder of **SocialMetric (blog)**. He is also the author of the book **Social Payoff**.*

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