

Creating a cost benefit equation for social media

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This article seeks to identify ways for qualifying and quantifying the success of social media campaigns. It places social media within the context of marketing, explaining that it represents just one aspect of a well considered and executed marketing plan, and as such demands that a return on investment be calculated. The misunderstanding of costs involved in social media and vagueness about benefits are broken down and a method for true cost benefit analysis sought.

I was recently asked to present an outline for a marketing strategy in fifteen minutes. Before I even began planning it, my first action was to clarify for myself, what I understood a marketing strategy to involve. In 2004 I had written a report entitled *The Nature of the Advertising, PR and Marketing Industry*.¹ I was working at KMP Digitata, a Stockport based digital agency as a copywriter and as my role there was somewhat intern-like in nature I was asked to summarise the nature of the advertising, PR and marketing industry. It was not a commercial report, more a demonstration that I understood the context of the industry I was writing for. A key trend I identified was that advertising was suffering but PR was on the rise. Upon reading over the report six years later, I realise that today I'm more inclined to consider marketing as something that has grown and developed; building upon itself rather than shedding old skin and endlessly seeking the new. As a result in my presentation I said that one should look at marketing in terms of evolution of communication.

In the beginning we sought to reach consumers and make them think, believe or do what we wished. This was advertising and we shared news about products and services. Next we sought to improve our reputation with our potential consumers. This was PR and we shared news about why we were green or ethical or just plain

¹ The report is available on my website at www.kathrynashcroft.com/advertising-pr-and-marketing-report.html

darned fantastic people. Most recently we have started to demonstrate that we listen to consumers and potential consumers and significantly we respond in an open and transparent way. This is social media and we now seek out the news.

Social Media has not replaced the earlier forms of marketing and I believe those that argue so are mistaken. There is still value to be had in a well designed, well placed advert in an appropriate publication or forum. Likewise, creating a brand identity to sell a vision of a product or service is an intrinsic part of any business plan. A marketing strategy then, needs to incorporate advertising and PR as well as social media. The challenge cuts both ways - while there are those that singularly promote social media as the best vehicle for marketing, there are also those that need convincing of its merits. And even among those who are cautiously in favour of pursuing social media as a marketing tool, there is great concern about how the return on investment can be calculated.

ROI is an important term here. As much as I deride those that view social media simply and as nothing more than an additional format for sending out their message, those that really miss the point are those that praise social media due to the fact it is "free." I have been amazed at the numbers of people that completely fail to calculate hours worked as a cost. If I sit and create a Facebook page and it is well maintained with good traffic but requires an hour of each working day and results are negligible then this is an expensive exercise. If I create a great little advertising concept that gets slotted into the local newspaper at a couple of hundred pounds but sees customers come through the door then this is a cost effective exercise. The key is measurement and as such, social media is never free.

Measuring the Unmeasurable

On Monday 19th July 2010, Birmingham City University held a seminar on digital participation. It followed the presentation by Lord Carter on the final Digital Britain report in June 2009 which the seminar organisers summarised as thus:

The report highlighted the need to engage a wider cross section of the public in going online; identifying that such engagement would result in the inefficiencies and economic benefits expected from living and working in the

digital age. It referred to this area of work as “Digital Participation” and subsequently tasked Ofcom with setting up a Digital Participation Consortium. The event was called *Measuring the Unmeasurable: Digital Participation Seminar* and sought to provide ‘a forum for discussion of the meaning and measurability of Digital Participation, focusing on the three main measurable promoted by the Digital Participation Consortium – Reach, Breadth, Depth.’²

I found the event enormously helpful as it looked at the implications for digital participation that extend beyond business. Many of those that I look to for advice and information about using social media are business practitioners and their excellent advice focuses on how to utilise social media for my personal benefit (or that of the organisation I’m working for). This is great but it was incredibly helpful to appreciate how others use and consume digital resources. Paul Watson, Director of Social Inclusion through the Digital Economy (SIDE)’s talk on ‘Social Inclusion through the Digital Economy’ was an eye-opener and cast important light on the idea that social exclusion from the digital economy not only leads to misery but comes at a loss of billions to that economy.³

Alison Preston, a senior Research Associate at Ofcom, then spoke about their findings. Through two surveys (*Tech Tracker* and *Media Literacy Tracker*) Ofcom has been measuring digital participation. Four aspects of participation are being examined; Reach (who uses the internet, where they use it and how they access it), Breadth of engagement (levels of interest, engagement and fluency and the range of types of activity), Depth of engagement (user contributions and content creation, protection and privacy and understanding content) and Social and economic impact (the extent to which being online leads to more social contact and the extent of transacting and the perception of savings made). Non-participation is also examined and the interest levels of non-users and their main reason for not having the internet at home.

² Taken from introductory material provided at Measuring the Unmeasurable: Digital Participation Seminar, Monday 19th July 2010 at Birmingham City University

³ Taken from ‘Social Inclusion through the Digital Economy’ presented by Paul Watson at Measuring the Unmeasurable: Digital Participation Seminar, Monday 19th July 2010 at Birmingham City University

The surveys have revealed some interesting data. 77% of over 16s in the UK (in the 2010 Ofcom Tech Tracker) said they used the internet with a further 5% using the internet by proxy (using someone else to access online information). This 5% of internet by proxy users are most likely to fall into the over 65 age bracket so marketing to this age group requires consideration for the fact that the person receiving the message is not the final consumer. There were also some surprising (for me at least) results, 31% of users don't visit new sites (this figure is affected by age with older users being less likely to visit new sites). Another surprise was that 22% of people have signed an online petition; when people are online, over a fifth are actively sharing their views in a valuable way. There is also still confusion over how the internet works however, with a majority of users understanding search engine norms but experiencing confusion and indifference in significant areas. For instance, a fifth of people trust brands such as Google and believe websites listed on them are more reliable than those listed on other search engines.⁴

This is all very interesting but how can it help us to build a cost benefit equation? To begin doing that, one needs to take the Digital Participation Consortium's three main measurables and consider them within a social media context.

Digital participation in a social media context

1. Reach

Essentially, you need to identify who you are communicating with (or wish to communicate with) and where and how they are engaging that communication. Are you talking to a mother on a PC in her living room or a commuter on their Smartphone on a train? There is little point in creating a campaign around foursquare if those you reach don't use mobile internet and absolutely no point at all if those you reach are among the 5% that use the internet by proxy.

⁴ Taken from 'Measuring Digital Participation' presented by Alison Preston at Measuring the Unmeasurable: Digital Participation Seminar, Monday 19th July 2010 at Birmingham City University

2. *Breadth*

What levels of interest, engagement and fluency do those you are communicate with (or wish to communicate with) have with different mediums and what is their range of types of activity. Are you talking to someone who uses Facebook to look at pictures of their family but doesn't know what a Facebook page is or are you talking to someone who utilises twitter to promote their photography by monitoring tweet searches relating to them, their competitors and industry terms? Social media engagement sits on a scale and you need to be aware of not just where you sit on it, but where those you wish to talk to sit on it. If 31% of users don't visit new sites, you must at least consider the possibility of the people you are reaching being reluctant to jump between social media platforms.

3. *Depth*

What degree of contribution and content creation do those you are communicating with (or wish to communicate with) make? 22% are savvy enough to sign online petitions but a similar number think Google actively monitors all content listed in its search results (of course there may be overlap with these figures). It is not communication if you are reaching passive consumers (although you could argue that that falls under a success in the advertising or PR aspects of your marketing campaign).

By considering these key questions, one can begin to phrase questions that can define objectives for a social media campaign:

- Who do you want a relationship with?
The equivalent of an advertising or PR audience.
- Where do you want that relationship to take place?
Do you want to engage with mobile internet users or will it suffice to talk to those at home, work and internet cafes?

- How do you want that relationship to take place?
Do you want to be talking in real time. Do you want to monitor or place controls on the relationship?
- What are their interests?
Are they interested in news, products or experiences?
- What level of engagement do they have?
Will they respond to surveys, simple questions asked via twitter or not at all?
- How fluent are they in various platforms?
Are you pitching yourself correctly or are you being either confusing or patronising?
- How much do they want to contribute?
How are you going to pace your communication to avoid overkill?
- What kind of content do they create?
Are you able to access and understand what they are sharing?

These questions are far from exhaustive but they suggest ways in which one can create a profile for those targeted by a social media campaign.

Defining the aim and objectives of a social media campaign

What do you want to achieve? It shouldn't be a difficult question to answer but with social media there is a distinctly wrong answer. What lots of people seem to want to achieve from a social media campaign is free advertising and PR and the way they want to do this is to use social media as a way of getting the message *out*. I was once told that it was important to put links to the organisations website in tweets as this was their most valuable marketing tool. That was all very well and they were of course entitled to want whatever they wanted but their network wasn't their audience, it was their network and they'd have done far better to have considered

the wants of the followers they were talking to. As an analogy, that kind of approach is like being at a cocktail party and shouting about yourself. Let people know that you're great by all means but it helps lubricate things if you ask them about themselves, introduce them to other interesting people and make the occasional witty or insightful comment about the decor.

Amber Naslund's eBook, *Getting a Foothold in Social Media: A Get-Started Guide for Small and Medium Businesses* is a great starting point for getting to grips with social media and she suggests that 'if your business is brand new, try taking the pulse of your competition as well as setting realistic but challenging goals for your business that you can measure against later.' She suggests the following as examples of the kind of goals you might develop:

- Greater share of voice vs. competitors online
- More repeat customers/increased brand loyalty
- Improved buying cycle: more leads with shorter sales cycle
- More favourable brand sentiment/positive mentions online or in media
- Positive product/service reviews
- Reputation as a thought leader in your space
- Better understanding of your customers' needs/wants
- Improved customer service/customer satisfaction

This list reflects a wish list rooted in an actual understanding of what social media can be used to achieve. Naslund explains that conversations are going to happen whether you're participating or not and if you take a hard, realistic look at your brand through the rest of the world's eyes, you can better understand how to talk to them. Most of all if people want to talk to you, they expect you to do so in a human fashion, 'not by pushing links and promotions and "buy me" stuff at them all the time. Trust is a fragile thing, and it's built on the back of relationships rooted in conversation.'⁵

Once you have a clearer sense of your goals, measuring their success is relatively straightforward. Let's take the example of a museum: your overall marketing goal is to increase visitor numbers. You use advertising (as I said above) to reach consumers and make them think, believe or do what you want - namely to visit your

⁵ Find Naslund's book at <http://www.brasstackthinking.com/2008/11/getting-a-social-media-foothold/>

attraction; you provide information about exciting events or benefits for tour operators. You use PR to improve your relationship with potential consumers; you let them know that you are committed to green tourism and that your ethics include supporting local industries. You can conduct market research to measure the effectiveness of these strategies; you can ask visitors how they heard about your museum and examine consumer trends about factors influencing choice.

It is clear that PR takes a distinct approach from advertising and its execution and analysis has become a standard part of marketing activity. It is my view that the distinct approach required for social media will also integrate into marketing strategy and that the distinctiveness will become as obvious as the jump we made from advertising into PR.

So what do you use social media for? Well for the kinds of things that Naslund suggests; you seek to get your museum talked about by engaging in discussions about museums and visitor attractions in your geographical area or market segment, you increase your reputation by demonstrating that you not only listen to your visitors but that you respond to them and you develop a better understanding of your visitors needs and develop your service accordingly. To illustrate this, you might add a comment to a blog or forum discussing the difficulties facing visitors who are blind and then encourage discussion on your Facebook page and update fans of how their suggestions are being implemented. You follow those involved in the discussion on twitter and monitor how your competition is talking to these potential visitors. When it comes to a group booking a day out, you are at the forefront of their mind.

In these terms social media is brilliant. I'm yet to have a proper conversation with anyone about its applications without them agreeing that its potential is unlimited. The key issue however, is that the time and energy that can be invested into it is also unlimited. If it is to be part of a well considered and executed marketing plan, a return on investment is demanded.

The cost benefit equation

So you've decided on your aim (to spread the message that your museum is responsive, relevant and meets the needs of your visitors) and you have set out your objectives (to engage in relevant debates, to demonstrate an evolving service that responds to visitor needs and so forth). Your aim and objectives sit within your broader marketing aim of increasing visitor numbers.

Calculating the ROI is then a case of selecting how to measure your successes. If you want to be considered a thought leader in your space then you quantify and qualify your successes. To quantify, you count, you count how many times your observations are retweeted, how often your comments on blogs and forums are responded to and how many questions are directed at you. I would argue that values need to be placed on these to represent the time invested, for instance a retweet is given a value of one but a request for you to contribute a guest blog might be given a value of 25. By doing this, you qualify your successes. You then track your hours invested in social media and count your successes. Over time you may see that while you spend three hours a week on twitter, it brings fewer results than the hour you spend writing your blog.

This sits within evaluating the successes within the reach, breadth and depth considerations you have made and is replicated for each of the goals you set within the breakdown of your aim and objectives.

Kathryn Ashcroft is the Marketing Manager of the Dean Heritage Centre in Gloucestershire. She is passionate about the potential of social media but demands evidence of the value of anything she invests her time and energy in. Kathryn is contactable via her website www.kathrynashcroft.com where she publishes a weekly column.