



MONITORING AND MEASURING SOCIAL MEDIA ROI

Abstract

Measuring social media ROI is relevant for businesses since it provides an outlook on how marketing budget has been spent. Significantly, assessing ROI reveals gaps in businesses' social media strategy. Businesses need practical strategies to expand their reach, and it pays to monitor and measure social media marketing activities and goals. This POV discusses ways on establishing and measuring a company's social media ROI.

Introduction

Social media is where a business' target audience interacts frequently. Hence, return of investment (ROI) in social media has emerged a key metric. Additionally, it is a source of debate and is destined to become even more so with the rapid spread of social media use alongside tight budget restraints. In a tightening economy, businesses have to ensure they receive a return on their marketing spend by

analysing questions on market positioning, decision-making, and engagement. To reinvent ROI, different meanings and acronyms are introduced – return on influence or return on engagement – and new ROI calculators are created.

In an attempt to justify their efforts and measure their strategies, marketers are under constant pressure. As a result, they default to strategies that can be reliably

implemented and measured, regardless of the success. This holds good for social media marketing that demands qualitative measures rather than quantitative data, which is usually common to internet marketers. However, measuring ROI helps determine the need for social media in an organisation, define its worth, and understand how it fits into the overall marketing strategy.*



The importance of social media

Social media is not just a fad any longer but has become an integral part of the contemporary business landscape. According to the [Digital 2022: Global Overview Report](#), as of January 2022:

- People have spent 12.5 trillion hours online.
- About 5.31 billion (67.1%) people have access to mobile phones.
- About 4.95 billion (62.5%) people have access to the internet.
- About 4.62 billion (58.4%) people are active across social media platforms.

These users spend, on an average, 2 hours and 27 minutes on social media and use 7.5 social media platforms each month.

And with double-digit growth in social media users over the past two years, businesses now have a ready-made and quick-and-easy avenue to reach their target customers. About 93% of marketing professionals rely on social media platforms to promote their respective businesses.^[1]

However, a successful social media marketing campaign depends on several factors. In addition, calculating social media ROI is not a straightforward task.

You need to factor in the time, money, and efforts invested against social media metrics and key performance indicators (KPIs) to determine social media ROI accurately.^[2] But once you understand what drives the most ROI for your business, you can develop and implement effective social media marketing strategies. As a result, you can improve your business' marketing performance and save resources that you can dedicate to other functional areas.

What drives the most ROI for your business?

Calculating social media ROI does follow a one-size-fits-all approach. You need to move beyond the concept of ROI and think about other factors that can add value to your business. So, how do you determine what factors drive the most ROI for your business?^{[3][4]}

- **Define the relevance of social media:**

You need to evaluate the purpose of your presence on social media. Do you want to raise brand awareness? Do you want to build an online community? Or do you want to reach the target customers and get the most out of your ads? Each of these can contribute to your social media ROI, but first, you need to define what you want to get out of your social media presence.^[3]

- **Understand your audience:** Being present on every social media platform because your customers are present is not an effective strategy. You need to understand your audience, create target personas, and map your offerings relevant to their needs. This way, you can determine content types and various social media platforms that would deliver the maximum exposure and an opportunity to engage with the target customers.^[4]

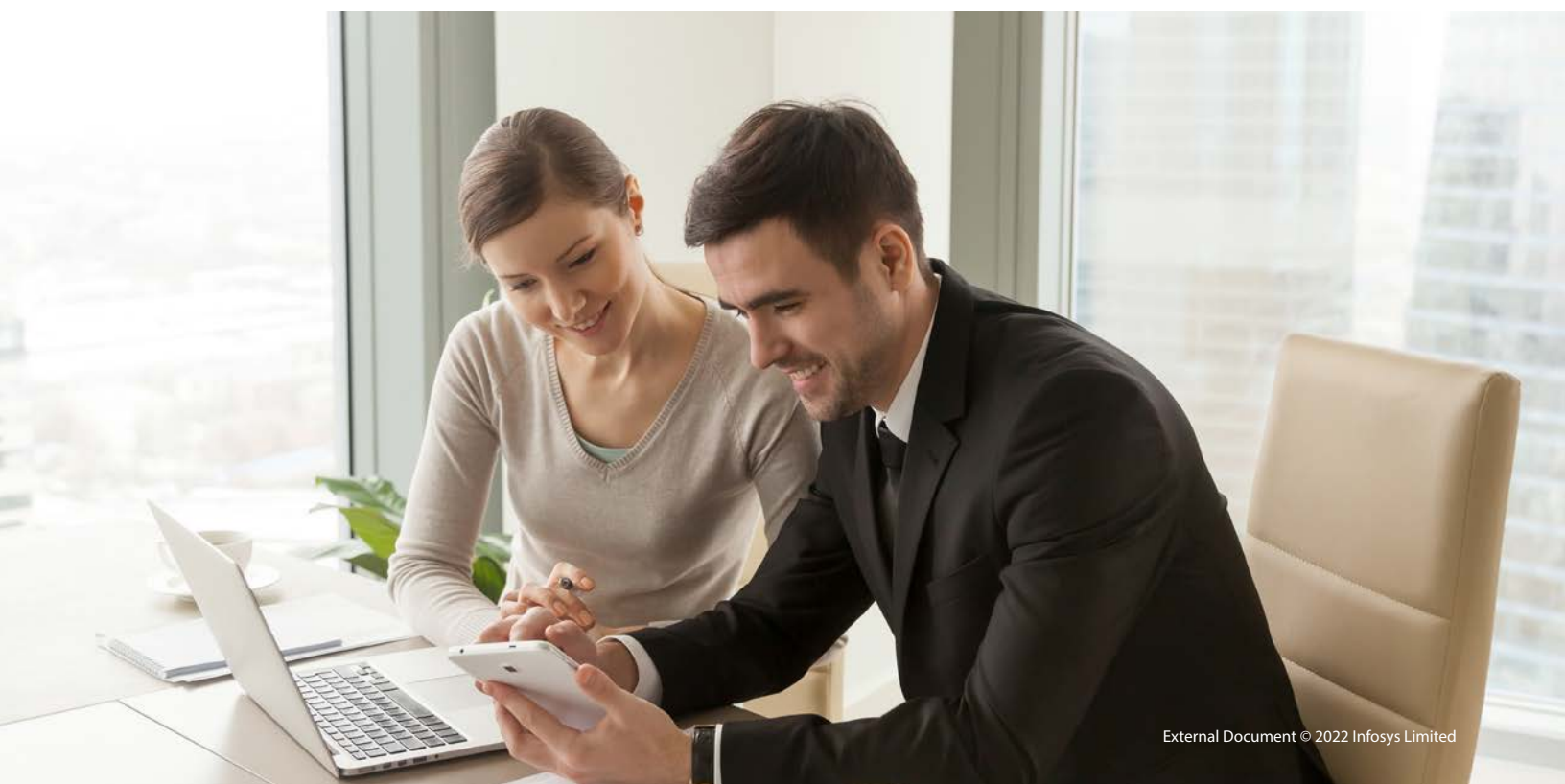
- **Study the competition:** Studying your competition helps you understand the

best social media platform to reach your intended audience. Looking at the media and content formats your competitors are using, what social media platforms are delivering them the maximum engagement, and their posting frequency help you in improving your social media ROI. After all, you are trying to reach a similar audience.^[4]

- **Set actionable SMART goals:** Measure social media ROI by tracking social media metrics. You can leverage these metrics to set actionable SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) goals. Starting with small – but sustainable – goals, such as getting new followers or email list sign-ups, you can understand what works, and then tweak your social media strategy and drive maximum ROI.^{[3] [4]}
- **Formulate a social media plan:** The social media plan should revolve around ways to maximise reach: the best time

to post when your target audience is active and the particular social media channel. Other successful social media campaigns can serve as a template to design your social media content and plan.^[4]

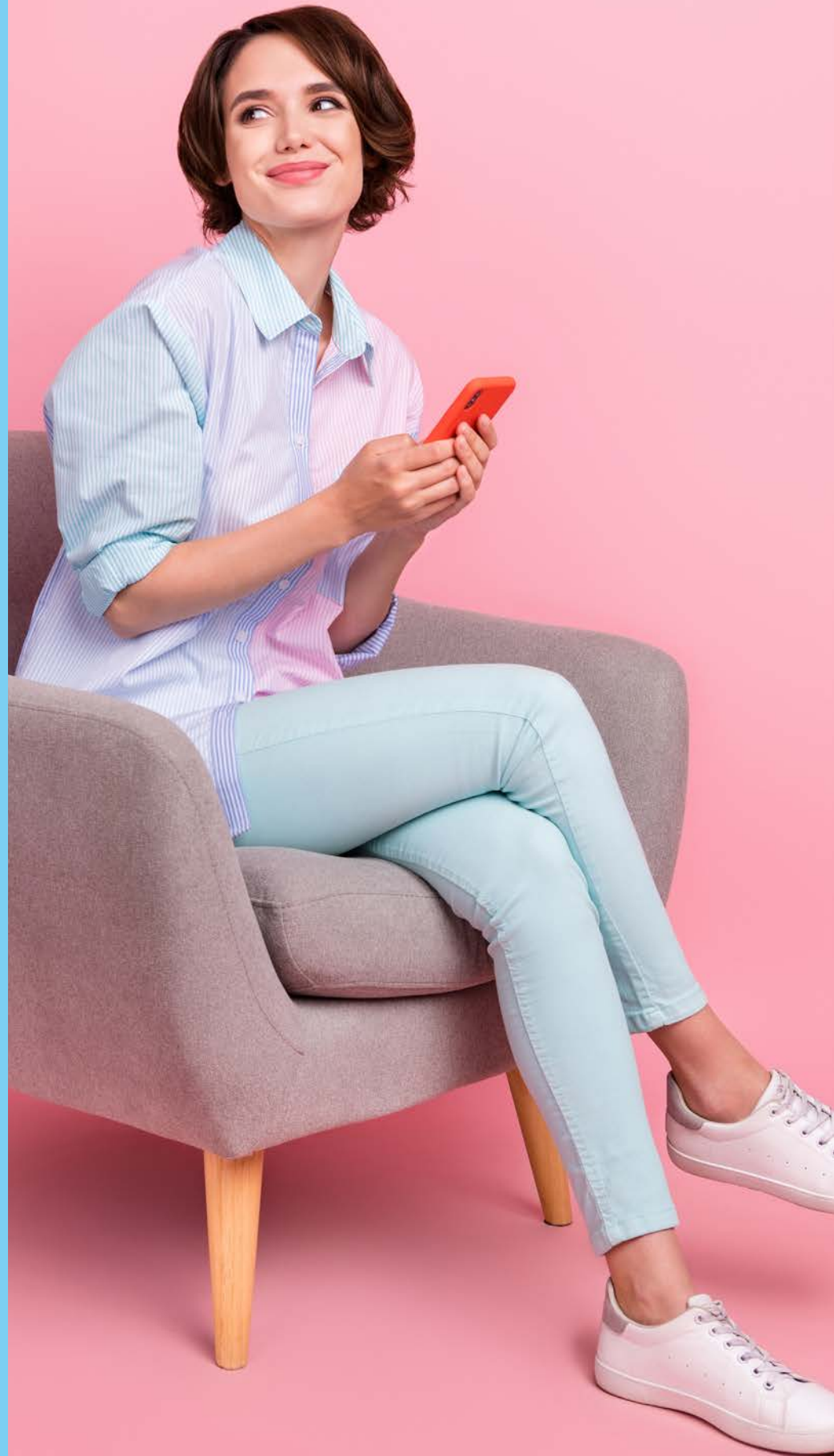
- **Measure your goals:** Once you have defined your objectives and set a social media plan, the next step is to measure and track them. Different analytics tools help you set goals and measure your social media presence against them. This way, you can determine whether your social media plan is driving ROI or whether it can be tweaked further.^[3]
- **Track your social media expenses:** You cannot determine whether your social media ROI is positive or negative without measuring your expenses. Social media expenses go beyond money and must include time, content creation, social media tools, and ad costs while calculating your social media ROI.^[3]



Tracking social media ROI

The next step in determining social media ROI is tracking your social media ROI.

- **Select the KPIs to track:** The first step in monitoring your social media ROI is to select the KPIs to track based on your purpose and goals. These KPIs may include reach, engagement, leads, or conversions, depending on the social media metrics selected.^[5]
- **Install tracking pixels for conversion:** Conversion – getting the user to complete an action – is an important factor to track while calculating social media ROI. Installing a tracking pixel on your social media page sets up tangible action for your audience to complete and allows you to track when the user completes an action. Depending on your KPIs, the conversion may be availing subscription, filling out a form, downloading content, or purchasing a product.^[5]
- **Monitor investments and returns:** Calculating returns on social media is not as straightforward as on other avenues. You need to consider the cost of your time, time and monetary investment in content creation, cost of social media channels used, and advertising spending. It also requires you to assign a monetary value to the tracked goals and actions to calculate lifetime value or average sales.^[6]
- **Quantify social media ROI:** Once you have calculated your investments and returns, measure social media ROI with a simple formula: $(\text{Returns} - \text{Investments}) \times 100 / \text{Investments}$.^[6]



Tools for tracking social media ROI

Although tracking and measuring your social media ROI may seem complicated, the process becomes simple if you select the right tools for the job. Some of the most popular tools with a DIY approach to tracking social media ROI are:

- **Google Analytics:** It helps you track your campaign and goals. You can also collect data across different platforms and understand your customers' online journey concerning your chosen KPIs. These insights drive ROI for your social media campaigns.^[3]
- **Google URL Builder:** This tool helps you add parameters to a URL, allowing you to capture data about your social media campaign, such as the source of traffic. Additionally, you can also assign traceable links to your campaign.^[3]
- **Sprout Social:** This tool helps you schedule, manage, and track your social media posts. This allows you to not only understand your customers but also engage with them to drive your social media ROI.^[3]
- **Customer LTV calculator:** This tool allows you to calculate the lifetime value (LTV) of your customers. Such calculations reveal the long-term impact of your social media investments and help track your social media ROI.^[3]



Ways to increase social media ROI

Once you've identified the tools to track and monitor social media ROI, the next step is to find ways to improve and enhance ROI.

- Creating a social media plan helps you organise your content across promotional, awareness and engagement, decide on the optimal time to post, and select the right social media platform for maximum reach. You can also draw inspiration from successful campaigns to enhance your present campaign.^[4]
- Mining social data and getting insights helps you understand key nuances that can increase your social media ROI. Metrics such as the best-performing content or time for most engagement can make or break your campaign, and you can use this data to run a successful social media campaign.^[3]
- Instead of choosing a single plan, start with smaller pilot tests with different campaign variations. This way, you can verify the results on a smaller scale and avoid risks by not placing all the eggs in a single basket.^[3]
- Integrating behavioural insights from your target audience into social media campaigns not only improves the marketing efforts but also drives ROI. Understanding how people engage with the content or when they are most active help in creating a successful social media plan and campaign.^[7]
- Leveraging verified influencers – and using their reach to spread your message – helps you drive social media ROI. Influencers are more relatable to customers compared with any celebrity hired for a marketing campaign and drive purchase conversations with their unique style and voice.^[8]
- Emphasising social commerce to bridge the gap between product research on social media and final purchases can increase your social media ROI. Social commerce ties social engagement with retail success, allowing you to drive more sales through social media platforms by linking your social media presence to your online stores or marketplaces.^[3]

Conclusion

In today's digital world, social media presence is a must if you expect your business to grow. With social media platforms, you can reach your target customers, engage with them, and drive conversion. In the beginning, it might seem pointless to invest in social media since the ROIs cannot be clearly quantifiable. However, once you understand your goals and expectations, you can create social media plans and campaigns that drive ROI in terms of KPIs relevant to your business purpose.

*For organisations on the digital transformation journey, agility is key in responding to a rapidly changing technology and business landscape. Now more than ever, it is crucial to deliver and exceed on organisational expectations with a robust digital mindset backed by innovation. Enabling businesses to sense, learn, respond, and evolve like a living organism, will be imperative for business excellence going forward. A comprehensive, yet modular suite of services is doing exactly that. Equipping organisations with intuitive decision-making automatically at scale, actionable insights based on real-time solutions, anytime/anywhere experience, and in-depth data visibility across functions leading to hyper-productivity, Live Enterprise is building connected organisations that are innovating collaboratively for the future.

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