**Metrics**

While followers, reach, traffic and lead prospects may be the metrics that marketing agencies will promote, the metrics that matter are those that relate to business productivity and efficiency.

1. LEAD CONVERSION RATE

Having a total viewing audience of several million people for a social media campaign is useless if it results in few or no sales. While it is important that awareness is raised to be able to sell goods and services, this awareness creates lead prospects, not lead conversions. Blogging, shareable media (such as infographics, imagery and video) and business stories released in social channels can help convert a prospect to a sale, but they should only be considered effective where they demonstrably reduce the total cost of customer acquisition. Lead conversion rates provide an effectiveness ranking for social activities and help generate a guide on how much you should spend on each task to ensure maximum ROI. Lead conversion rates can also have the added benefit of demonstrating where awareness campaigns are effective. Where such awareness campaigns fail, they should be cut. (Advertisers beware!)

2. SHARE OF VOICE

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Share of voice around product conversations is a useful metric for social media, but a higher share of voice is not necessarily better. If your company is the only contributor to social conversation about a product or set of keywords, then it’s clear that you are neither educating your audience about your product range, nor are audiences interested in talking with you about your services. So, share of voice needs to be measured with a consciousness of where the conversations are taking place (more social places = better; and conversations happening outside your own social presences have a higher value than conversations you initiate). Share of voice metrics should also take note of what is being said, if all conversation is negative, or if it is poorly informed conversation, then it is valueless. An informed, influential and committed share of voice is more likely to affect lead conversion rates, so even if that share is small, it provides a better value return on investment.

3. ENGAGEMENT VALUE

The most important difference between social media and traditional media is that the conversation is two-way. As such, engagement is an obvious metric for success of any social media strategy. But as with share of voice metrics, more does not necessarily mean better. If engagement is low level (e.g. likes, retweets and favourites) it is of lesser value than more sophisticated, conversational engagement. Conversation that is limited to idle banter is of lesser value than conversation that leads to a purchase decision, or positive endorsement in other channels. So, engagement should be measured hierarchically, with an aim of converting engagement to lead conversions.

4. TIME, OVERHEAD SAVINGS

One of the most undervalued metrics for social media ROI is the cost savings that can be generated through social activities affecting business efficiency. These savings may be derived from reduced headcount spend in customer service, improved service efficiency and reduced infrastructure spend for tracking service transactions. It’s also important to consider the overall reduction in direct customer service queries, where social channels can inform customers before any issues arise.

5. PRODUCTIVITY

The last, but probably the most important, metric that determines social media ROI is one bound to business processes. Product design, problem-solving and intra- and extra-organisational communication efficiency can all be improved using social media. As a metric, productivity works in the same way it does for whole economies: the ratio of inputs to outputs. But where social media are supporting business processes, productivity should be measured comparatively with traditional methods. So, where a new product is tested in a social channel as opposed to a real-life scenario (say, in a focus group), you have the costs of mounting a public trial, as well as analysing feedback and making assumptions about generalisability of that feedback. Social media enable bigger, more distributed trials, and they can even facilitate crowd-sourced design of new products. As a metric, productivity should indicate how much simpler social media-supported systems are when compared with traditional processes.

Social media isn’t just a bolt-on to a marketing strategy. It’s a business optimisation tool. ROI needs to be calculated in terms of total cumulative benefit to the firm, not just eyeballs across advertising content or a set of PR messages. Once business begins to calculate ROI with these metrics, we might finally see mainstream adoption and, ultimately, better customer experiences.

Source: Financial Review, as at https://www.afr.com/technology/five-metrics-for-measuring-social-media-return-on-investment-20140911-jyavs, as on 26th September, 2018