

# Demystifying Social ROI

A brief guide for CMOs



A brief book with big ideas  
for building measurable  
growth through social media

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## About Hootsuite

Hootsuite is the world's most widely used social media management platform with 16 million customers including 800 of the Fortune 1000. With Hootsuite's scalable solutions, best-of-breed integrations, and strategic guidance, you can drive real business results on social media.



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It's more than coupons or contests



# Why read this book?

This little book helps CMOs answer big questions about the ROI of social media.

It explains why marketing teams struggle to connect social metrics to real business outcomes. And it shows you examples of organizations using social media to lower costs and increase sales.



As you'll see, social is the right channel for digital growth.



But most teams measure it the wrong way.



This book will help you fix that.



# Getting there

Why organizations stumble on social ROI



# ROI isn't just doing better on Facebook.

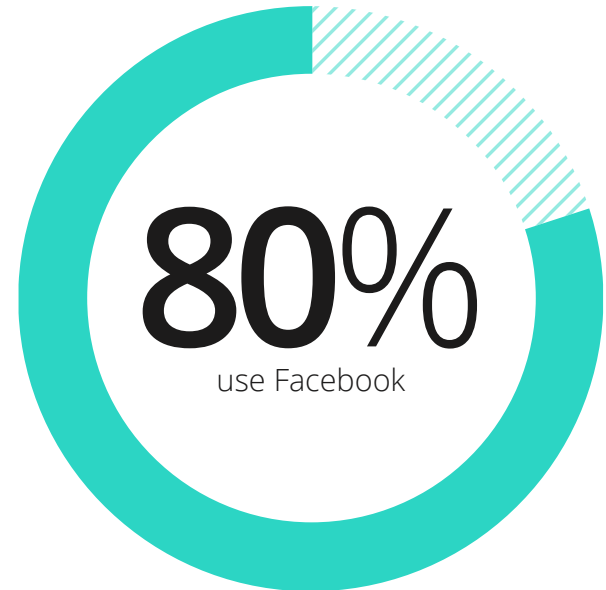
Boosting video views on Facebook or building a bigger Instagram audience might win awards. But it doesn't (necessarily) correlate with higher revenue, lower costs, or compelling brand differentiation.

“80% of Fortune 500 companies have active Facebook pages.

But only 20% are able to quantitatively prove social media's impact.



Harvard Business Review,  
"What's the Value of a Like?"



# Or buying (more) analytics tools.

The CMO Survey found that CMOs plan to increase their spending on marketing analytics by 229% in the next three years. Data definitely helps. But you need to know where to look and what to measure.

**229%**  
increase in spending

“ CMOs plan to increase their spending on marketing analytics by **229%** in the next three years.

The CMO Survey,  
“Highlights and Insights  
August 2017.”

# Or finding the perfect social metric.

It's engagement rate one day, conversion rate the next. New social metrics come and go. But the core problem doesn't change: It's tough to connect social metrics to visible lifts in revenue.



If you can't  
show the value  
social adds to  
business and  
brand results,  
you're at a  
disadvantage.

Every year, the effectiveness of traditional media declines. At the same time, the influence of everyday experts—like customer advocates, YouTube experts, and peers on social media—continues to climb and influence how consumers discover and buy.

“98% of digital consumers are social networking [...] these figures counter the idea of the ‘social media bubble’ bursting. In fact, **it’s more influential than ever.**”

GlobalWebIndex, “98 percent of digital consumers are social networking.”

Most leaders get this. But their teams still struggle to know where to spend their time on social and what metrics to measure. At Hootsuite, we found that the best answer to ROI comes from asking a better question.



# Going from guesses to quantitative answers

Follow these three steps to measure ROI



Every week or so, our value realization team (the team at Hootsuite who help our enterprise customers refine their measurement strategies) gets an email with a version of this question.

*Hello Hootsuite,  
Our company is new to the world of social.  
We want Hootsuite to help us prove to our  
c-suite the return on investment for social  
media. That way, we can hire a bigger team  
and monetize social.*

Over the years, we've discovered there's no single ROI formula that works for every organization. (Sorry about that). But we've helped thousands of organizations change how they approach measurement. And here's what we've found: asking the right question is everything. In the next section, we'll show you how to ask a better ROI question, making it easier to measure your progress and attach real-world outcomes to social metrics.



# Asking a smarter ROI question

What's the ROI of our social presence? It's a common question. But one that keeps you stuck at guesswork.

To solve the ROI puzzle, you need to be specific about what you want to achieve with social media.

- **What business challenges do you want social to help solve?**
- **How will you map your business objectives to social KPIs?**
- **Did you hit your quarterly business goals? If so, what contribution did social make?**

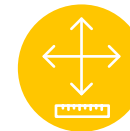
Until you've answered those questions, it's difficult to "prove" social media ROI.

You might be able to demonstrate excellent social media performance ("Our Facebook page gets lots of traffic!") but it will be difficult to correlate this general activity back to specific outcomes for your business.

At Hootsuite, we guide our customers through **three stages**, helping them create a framework to measure the value of social media.



These steps are:  
**define,**



**measure,**



and **prove.**

**Let's walk through them.**

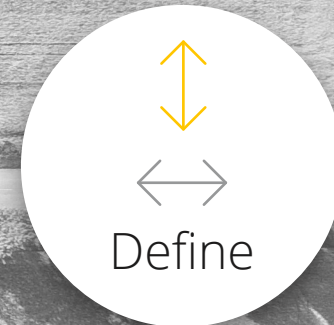


# 1. Define

## What do you want social to solve?

It's your job to define the business objectives for every marketing channel—including social media. A common mistake is to let social teams create bottom-up metrics. It's understandable—you don't work in the weeds of social media algorithms and the specialists will suggest specific metrics to track.

But social teams will predictably choose social network-focused metrics such as reach, impressions, and engagement. Be clear that you expect social to help solve tangible business challenges such as beating revenue targets, lowering operational costs, increasing efficiency, differentiating your brand, or increasing customer satisfaction. And then ask the social team to map their social KPIs to your business objectives.



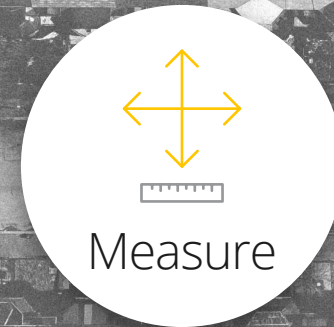
## 2. Measure

Is social moving you towards your business targets?

Next, set targets for the social team and get them to start tracking against those goals. Make these goals time-bound with clear targets (such as “social channels are expected to deliver 5,000 attendees to our yearly conference”). In this phase, you can now see if your social strategies are helping you achieve real business outcomes.

For example, if your business goal is to increase customer loyalty, the social team should be tracking metrics like LTV attributable to social content and average shopping cart transaction value. If the goal is to reduce customer service costs, the social team can quantify call deflection cost savings by answering customer questions and sharing content on social.

As these KPIs are mapped to business objectives, it will be easy to keep your team’s eyes on the bottom line. If top-line sales have slipped but the social team sends you glowing reports of increases in Facebook traffic, it’s easy to see that social tactics and business outcomes have become disconnected. Refine your social strategy and metrics to get back on course.

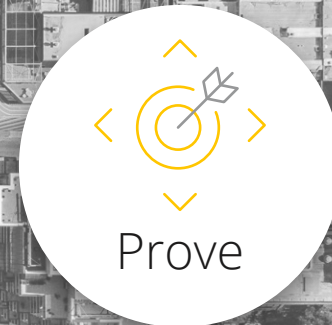


# 3. Prove

## Did you hit your business goals?

You've defined what social can help solve. You've mapped social metrics to specific business outcomes. And now, because you've created a clear expectation for social media, you properly measure the value.

Frame your ROI analysis with three questions. Did your organization achieve your business goals (the ones you decided social could help solve)? If yes, what social tactics were successful in helping the company reach those goals? If no, how can we tune our social strategy to hit these goals next quarter?





**It's better to get comfortable with a few assumptions** rather than waiting for a perfect ROI model. **You'll trade a bit of accuracy for speed**, helping you iteratively adjust budgets and tactics.

**David Creighton,**  
*director of value realization  
and analytics at Hootsuite*

## Don't wait for the perfect ROI model

Even if you hire a market research firm to build a sophisticated ROI model, it can be difficult to draw a straight line between social activity and direct revenue.

"Unlike data tracked in your website analytics, social data is unstructured and varied in format as it comes from different public sources," says David Creighton, director of value realization and analytics at Hootsuite.

"It's better to get comfortable with a few assumptions rather than waiting for a perfect ROI model. You'll trade a bit of accuracy for speed, helping you iteratively adjust budgets and tactics."



# Using social to solve business problems

Lessons from forward-thinking companies





# Using social to turn data into new revenue

As a publisher with 11 media properties, **Grupo Expansión** had millions of followers and mountains of valuable social data. With Hootsuite, they were able to demonstrate the real-world dollar value of social media.

Grupo Expansión owns brands like Elle, InStyle, and Expansión en Alianza con CNN in Latin America. They used Hootsuite Impact—our ROI measurement solution—to unite organic and paid social data. With a clear view of performance, they were able to assign dollar values to their social media campaigns.

Their 70-person social team used insights from the data to tune content performance. And sales teams used the data to show advertisers the exact dollar value of promotion on Grupo Expansión's social media properties, leading to new advertisers and more revenue.



# 200%

**revenue growth from social—**  
more growth than any other channel  
within the organization



Social media results are now a part of the organization's overall key performance indicators.



# Using social to differentiate in a saturated market

With a little help from Hootsuite, [eHarmony](#) found a match between social media activity and new customers.

eHarmony optimized their social ads and improved their customer service workflows with Hootsuite, leading to an impressive 65% increase in subscriptions.

eHarmony also improved how they tracked data, proving that Facebook drives more subscriptions than any of their other digital channels.



# 65%

**increase** in subscription conversions



“

Social media is a great place for businesses to communicate, **but at the end of the day, we're a business with a bottom line.**

We need an ROI on resources and time spent to show that we're earning subscribers.

eHarmony

 eharmony



# Using social to increase operational efficiency

**Spectrum Health System** gets a lot of questions about health online. As a not-for-profit health organization, they're required to respond to patients and need to make sure that the public finds credible health advice on social media.

With Hootsuite, they increased the speed and efficiency of their responses on social media across 12 hospitals and 23,000 employees.

Regulation demands they respond to all direct inquiries within 24 hours. Before, they'd need to manually find social media mentions and route those questions to the right department. Now, social media monitoring is automated with Hootsuite and our Brandwatch integration.

# 23,000

**employees** working together on social

# Using social to save time, money, and kittens

**Fairfax County**—a local government in Virginia, USA that serves 1.1 million citizens—uses Hootsuite’s platform to unite 40 departments on social media.

With one secure system, they can tie social media activity back to practical outcomes such as boosting clinic visits, keeping citizens safe during natural disasters, and finding homes for pets.

**The Fairfax County Animal Shelter** has mastered how to create engaging content on social media. They used this reach to decrease pet euthanasia rates from 28% to 13%.



# 95%

**placement rate of adoptable pets**  
since Fairfax County Animal Shelter  
began their social presence

# Using social to acquire new customers

**Visit West Hollywood**, a tourism organization in California, wanted to boost room bookings. They used Hootsuite Ads (our social ad management solution) to improve their targeting and reach qualified prospects.

The result was a 172% increase in room nights booked (compared to a previous campaign that didn't use Hootsuite Ads). They also reduced their cost per click by 20%, helping them reach a bigger audience at a lower cost.

In addition to saving money, they gained new insight into their customers. From studying what business travelers clicked to refining demographic targeting, social data has helped them build new buyer personas.



# 172%

**increase**  
in room nights booked



# Using social to educate the public

For [DaVita Inc](#), a Fortune® 500 company and one of the largest kidney care companies in the United States, their goal wasn't to increase revenue. Instead, they wanted to use social media to educate the public about kidney disease.

They used Hootsuite to raise awareness of kidney care with targeted content. This led to an 82% increase in completed risk assessment quizzes and a 90% year-over-year increase in kidney education health appointments.

With Hootsuite's Content Library (a feature that allows preapproved content to be shared across distributed teams), they united their 40-person team with approved content. This shrank approval times, while keeping individual messages credible and on-brand.

DaVita

+90%

**YOY increase**  
in kidney education appointments



# Using social to identify new business growth

Most brands listen for social mentions of their products and services. But **Unilever** wanted to look deeper and used social data to uncover future growth opportunities for their baking, cooking, and spreads businesses.

As documented by the IPA (the world's most influential professional body for practitioners in advertising), Unilever worked with the marketing research agency Kantar TNS to combine social data with traditional market research.

This new approach was part of Unilever's digital transformation efforts to "make greater use of digital technology and inspire the company to think and act differently."

Using social listening, Unilever uncovered eight cooking-related opportunities with a potential €500M of additional growth for Unilever. The final cost of the research was €0.5M, compared to the initial budget of €1.4M.

Source: The IPA, "[Unilever Fats Insights: A Social Works Case.](#)"



€900K

saved  
in market research costs



And found €500m  
of product line growth.



# Social ROI

It's more than  
coupons or contests





Marketing leaders are no longer just the pitch people for the business, **but are key drivers of business, financial and operational success.**

Gartner  
“The State of Marketing 2016: What Gartner for Marketing Leaders’ Research Surveys Reveal.”

Of course, social media can be used to boost brand awareness and sales. But increasingly CMOs are seeing the value stretch far beyond a promotional role.

You can use social data to act first on the next big product opportunity in your market. Or refine your risk management workflows with better security and sharper listening tools. Sophisticated organizations even use social data to gauge consumer demand, informing supply chain decisions.

In our recent study of 400 social media leaders (in partnership with Altimeter), we found that brand awareness and customer service still topped the list. But social is also being used to guide customer insights, grow loyalty, and lower operational costs.



So how can you **gain new value from social** across the customer lifecycle?

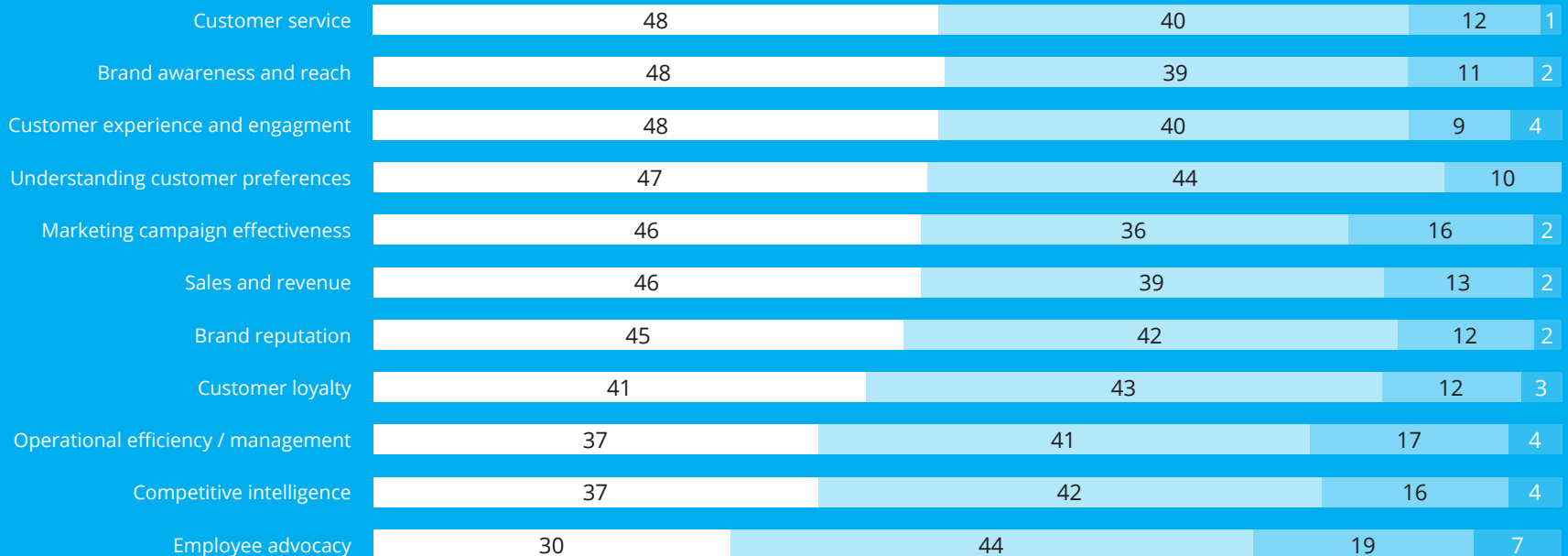


As you'll see, **social can influence customers** at each step of their journey from awareness to advocacy.



# To what extent are you measuring the business impact of social on each of the following?

- We have set established KPIs that link social to these areas
- We have tried to measure the impact of social but do not have the right metrics in place
- We are not measuring the impact of social but are looking into how
- We are not measuring the impact of social and do not have plans to



Source: Altimeter and Hootsuite, "Beyond ROI: Unlocking the Business Value of Social Media," 2017.



# Awareness

AccorHotels, a hospitality brand with 4,000 hotels in 92 countries, wanted to better align with how modern travelers research and evaluate different hotel and vacation options.

AccorHotels partnered with Hootsuite and focused on extending their reach and connecting with travelers one-to-one.

With frontline staff and hotel managers on social, they were able to create a social front-desk experience. It was a strategy that helped more travelers discover and choose AccorHotels.

Their online audience increased from 4.5 million to 10 million.

## Awareness

Evaluation

Acquisition

Engagement

Advocacy



# Evaluation

Most brands focus on attention-grabbing tactics. But this misses a bigger hook: product research in social channels. As the research firm GlobalWebIndex found, 40 percent of 16-24-year-olds use social media to research products.

Consider the retail brand [Herschel Supply Co.](#) They catapulted from a tiny retailer to global brand by mastering Instagram's aesthetic codes. As Slate put it, Herschel's brand became "a global phenomenon, glimpsed wherever hipsters dare to tread."

Herschel uses Instagram both as a fashion magazine and a product catalog. It's an approach that fits the social habits of their audience, an audience that uses Instagram to discover new things, get inspired, and buy.

Source: GlobalWebIndex, "40% of 16-24s use social media to research products."

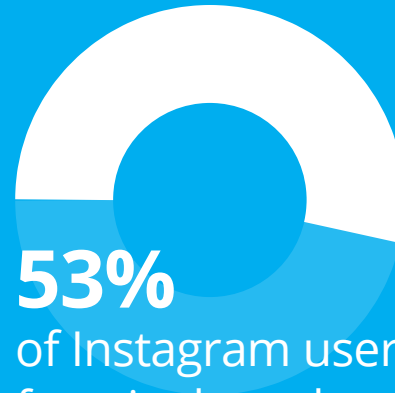
Awareness

**Evaluation**

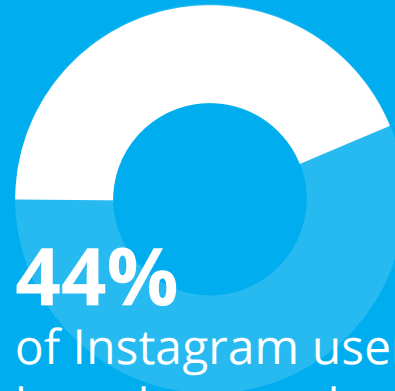
Acquisition

Engagement

Advocacy



of Instagram users follow their favorite brands on the photo and video sharing network



of Instagram users conduct brand research on the network



# Are you ready for this shift?

For product research, search still leads the way. But social is catching up.

As GlobalWebIndex found, more and more consumers are skipping search engines and going straight to social channels to research products and services.

● Search Engines

● Social Media



Source: GlobalWebIndex



# Acquisition

A few years ago, Pepsi canceled their Super Bowl ads and bet the factory on shareable user-generated content. Their Refresh Project earned 80+ million social votes. But sales and market share shrank. You can spot the ROI problem.

Where Pepsi tripped, **Coke** found a different path. Their #ShareaCoke campaign—which featured popular names on cans with the aim of friends buying each other Cokes—combined product personalization with irresistible social content.

ROI was easy to prove. Sales rose by 11 percent in the U.S. “The campaign was more successful in driving sales than in any previous market that had run the campaign,” says the IPA.

It's a good lesson for brands. Without a clear plan for how awareness turns into sales, you'll be stuck trying to pay the rent with Facebook likes.

Source: The IPA, “Coca-Cola: An IPA Social Works Case Study.”



Awareness  
Evaluation  
**Acquisition**  
Engagement  
Advocacy

**11% rise**  
in US sales with their  
#ShareaCoke campaign



# Engagement

Lysol wanted to know if their Facebook engagement contributed to real sales. Their agency analyzed all Facebook activity in the last 18 months.

Did Facebook drive sales? Not directly. But Facebook engagement was still valuable.

As their agency Gain Theory explained, “both Facebook paid and earned activity had a significant direct impact on the path to purchase. Paid had the greatest impact on ‘compare’, by reinforcing the brand message to those core target audiences already aware of the brand and further along the path to purchase ... there was an indirect impact from Facebook paid and earned throughout the path.”

The attribution lesson? You can’t measure social in isolation. You need a holistic digital measurement model to see the connection between your customer’s purchase steps.

Source: The IPA, “Lysol: an #IPASocialWorks Case Study.”

Both  
Facebook  
paid and  
earned  
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direct impact  
on the path to  
purchase.”

Gain Theory

Awareness

Evaluation

Acquisition

Engagement

Advocacy





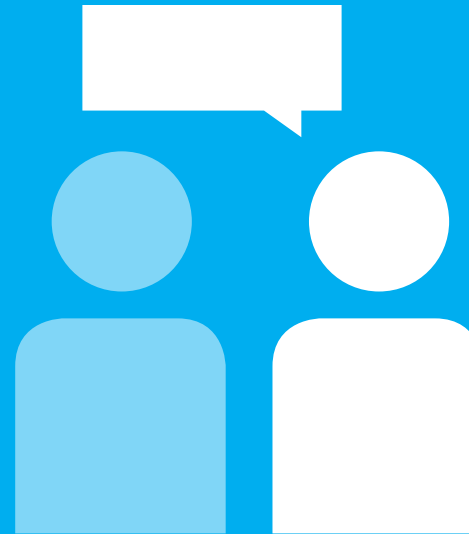
# Advocacy

From customer communities to micro-influencers, brands know the power of getting customers to (willingly) share and endorse products.

This peer-to-peer activity is key for passing your product into new hands. Half of all global internet users are posting reviews online each month, according to GlobalWebIndex.

Employees, of course, have also become a key part of this story. As Edelman's global study of trust found, employees are seen by the public as more credible spokespeople than government officials, board of directors, CEOs, or financial analysts. It's clear that with the old sources of trust failing them, people are turning to a familiar source: each other.

Source: Edelman, "2017 Edelman TRUST BAROMETER," 2017.



Awareness

Evaluation

Acquisition

Engagement

**Advocacy**

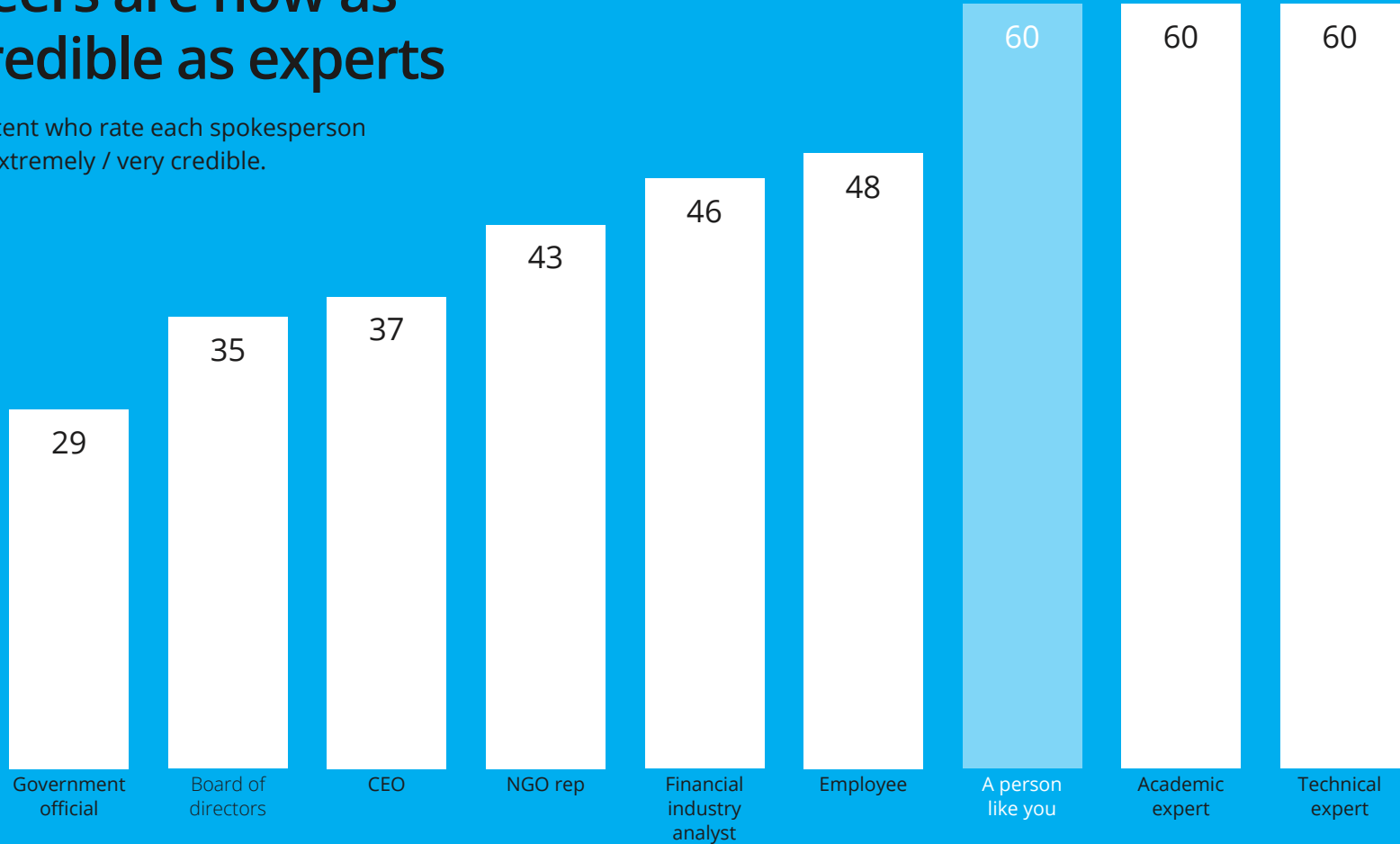
**50%** of all global internet users are posting reviews online each month

GlobalWebIndex  
"Brand Discovery, Insight Report Q3, 2017."



# Peers are now as credible as experts

Percent who rate each spokesperson as extremely / very credible.



Source: Edelman, "2017 Edelman TRUST BAROMETER," 2017.





**CMOs are asking the wrong question.** Instead of asking ‘How can we prove Facebook is working for us?’ they should be asking their teams to prove that social is helping to hit business objectives.

**Graham Gullans,**  
*director of customer analytics  
at Hootsuite*

## The key to social ROI

### **It's you.**

Without guidance from CMOs, marketing teams will default to the easiest path: using social media to grow impressions and traffic.

“The reason why teams never come back to CMOs and show social media’s value is because you’ve never told them what the business is really trying to accomplish,” says Graham Gullans, director of customer analytics at Hootsuite.

Social teams excel at proving social media performance. But they don’t really know why video views or customer engagement rates matter to the business. They just know more is better.

You can help by applying targets. “Tell your teams that they need to grow awareness by 40 percent among a specific customer segment. Or tell them that social is expected to get 10,000 people at five events. These are all things that can be measured by social.”





Poorly timed posts or ads during times of crisis can make brands appear to be tone-deaf to current events, **potentially damaging brand reputation and even stock price.**

Forrester Research,  
"The Forrester Wave™: Social Media Management Solutions, Q2 2017."

## A few metrics to guide you

To tell a true ROI story, you need new metrics.

Use the metrics on the following pages to build a social strategy focused on business value and customer needs.

### Brand health

Use real-time monitoring to correct false product information on Facebook, detect early threats (such as a potentially viral customer complaint on social), and lock down social accounts during a crisis.

### Competitive position

Use organic and paid social data to measure your brand's online dominance and better understand key purchase drivers.



## Conversions

Measure the revenue contribution of organic and paid social media campaigns, whether by syncing social data with CRM systems or tracking direct ecommerce sales with UTM parameters.

## CSAT or Net Promoter scores

Use superior social customer service to boost customer loyalty, satisfaction, and customer advocacy.

## Customer experience

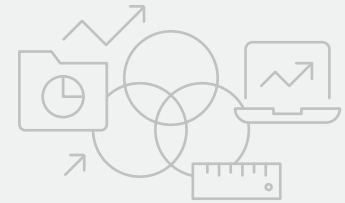
Use social to gather fast feedback about their purchasing experience, refine customer journeys, and identify unmet needs.

## Customer loyalty

Measure the LTV of social followers versus other digital channels and boost your average order value with social content.

## Lead generation

Use tactics like social selling and employee advocacy to increase downloads, conversions, and time-to-close rates.



## Lifts in sales

Track whether campaigns and social contests make a dent in moving products off the physical or digital shelf.

## Market research costs

Use social data to mine customer insights and uncover new areas of brand growth. Social data offers customer insights at a lower cost than traditional market research.

## Risk management

Track the ability of social to mitigate security incidents such as stopping phishing attempts, deleting spam accounts, and detecting malware or counterfeit products.

## Talent retention

Attract and retain top talent with social content, employee advocacy, and internal corporate communications.

# Tools to help you measure ROI in clear, tangible ways.



## Measure social ROI

Hootsuite Impact is a social analytics solution that helps you measure ROI and use social data to influence strategic decisions across your business.

***Learn more at [hootsuite.com/products/impact](https://hootsuite.com/products/impact)***

## Reduce the cost of paid social

With Hootsuite Ads, your teams can create higher performing social ads at a lower cost.

***See how at [hootsuite.com/products/social-ads](https://hootsuite.com/products/social-ads)***

## Unite social and digital data

Capture social data and send to Salesforce, Marketo, and Microsoft Dynamics with Hootsuite's ecosystem. Our platform also integrates with tools like Tableau, Adobe Analytics, and Google Analytics.

***Browse our integrations at [apps.hootsuite.com](https://apps.hootsuite.com)***

## Build your measurement framework

Hootsuite's value realization team helps enterprise organizations link business objectives to social metrics. From building measurement frameworks to setting competitive benchmarks, they'll guide you towards growth.

***Email [sales@hootsuite.com](mailto:sales@hootsuite.com) for more information***



We hope this little book clears up some of the mystery around social media ROI.

Organizations just like yours have cracked the code. If you'd like a little light in the right direction, we're here to help.



Say hello to  
[@Hootsuite](https://twitter.com/Hootsuite)

or email us at  
[sales@hootsuite.com](mailto:sales@hootsuite.com)

#### ACKNOWLEDGEMENTS

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Written by James Mulvey.  
Designed by Eric Uhlich.

Thanks to Hootsuite's Graham Gullans and David Creighton for their ROI and measurement expertise. Their ideas and frameworks shaped this guide.

Special thanks to the IPA (for their excellent case studies) and GlobalWebIndex (for their valuable data on social behaviors and trends).

