

AN EMPIRICAL STUDY ON SOCIAL MEDIA MARKETING FROM A STRATEGIC DECISION MAKING PERSPECTIVE. (LINKING METRICS TO OBJECTIVES USING RATE OF INVESTMENT)

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ABSTRACT

Social media technologies are continuously transforming the ways consumers interact with each other and with firms. These changes constitute a fundamental shift in the marketplace--consumers have greater opportunities to voice their opinions and connect with their peers, with increased influence over marketers and brands. Some people think that social media is platforms, such as Facebook, Instagram, or Twitter. But social media goes well beyond specific platforms. Everything that we do through social media linked and in here we find out why a teenager sends a Snapchat message to a friend with a Dunkin' Donuts filter. A fashion blogger with over 12,000 followers posts an outfit of the day on Instagram. These are examples of how people communicate in our digitally enabled world. The goals of the communication vary. People could be strengthening social bonds, creating community around a shared interest, or sharing information and ideas. But all of these social interactions are digitally enabled. With the growth of new technology, extensive Wi-Fi coverage, and the rising adoption of smartphones, social media usage continues to increase, with almost a third of the world's populations accessing a social media network at least once during the month. Social media users include people all over the world and of all

ages and backgrounds. Companies are taking advantage of these trends and shifting more money into social media marketing.

Key Words: Dunkin' Donuts, fashion blogger, Snapchat, Wi-Fi,

INTRODUCTION

Social media marketing is the use of social interactions to provide value to companies and brands. Inherent in this definition is the idea that social media is not a platform or specific technology. Instead, social media is about understanding how various digital technologies facilitate interactions between consumers and other consumers and between consumers and companies. Because technology is constantly changing, we focus on the principles underlying these social interactions and the value that such interactions can create for consumers and brands.

For example, according to a survey of chief marketing officers conducted in August of 2017, spending on social media as a proportion of the total marketing budget was expected to increase from current levels of about 10% to close to 20% of the total budget over the next five years.

This increase varies by sector, with higher increases projected for consumer products, companies relative to companies in the business-to-business, product and service sectors.

SOCIAL MEDIA MARKETING PROCESS

The social media marketing process begins with setting clear and actionable objectives. These objectives are generally focused on (1) influencing brand awareness, knowledge or attitudes; (2) motivating action, such as a purchase or request for additional information; and (3) accomplishing objectives with fewer resources. Business objectives often focus on growth in sales revenue or profitability within a particular customer base. A clear understanding of business objectives is needed in order to develop our social media marketing goals, which should be designed to contribute toward reaching the more general business objectives.

For example, a business-to-business company might have an objective to increase sales. Social media marketing could then be used to identify new leads. Or a fast-food restaurant may have a goal of increasing revenue, by increasing customer spending per visit. Social media could be used to persuade customers to make specific add-on purchases each time they visit the store.

First, we often use social media marketing to influence brand awareness, knowledge, and attitudes. Think about the purchase funnel. If consumers are not aware of a brand, or if their perceptions and evaluations of the brand are negative, they are not likely to consider or purchase the brand.

Social media marketing will be more effective to the extent that we can accurately diagnose whether consumers lack awareness or knowledge about the brand or have negative perceptions of the brand. The more precise our understanding is of where our consumers are in the decision journey, the

better able we are to develop effective, actionable objectives

Second, we often want to motivate an action from our target audience. This action could be a purchase. But it could also be a step toward purchasing-- for example, signing up for a test drive, registering for a webinar, clicking on a link to obtain product information, or even providing a product review. We might also want to encourage our current customers to purchase their consumer product more frequently and can achieve this outcome by increasing satisfaction and loyalty.

THE SOCIAL MEDIA MARKETING PLANNING PROCESS

Step 1: Develop objectives

Social media marketing starts with a specific marketing objective. What is it that your brand is trying to accomplish with social media marketing efforts? Are you trying to increase brand awareness? Change or reinforce brand perceptions? Gather data about the consumer? Improve customer service and the consumption experience? Drive website visits and sales? Identify customer leads? These are some of the possible marketing objectives that can be addressed by social media marketing.

Step 2: Identify target networks of people

Strong objectives focus on changing attitudes, perception, or behavior within a particular target segment of consumers. A clear understanding of that segment's beliefs, behaviors, and attitudes is important in order for us to (a) design and curate effective content and (b) select the appropriate technology and networks for distribution of the content.

Step 3: Create and curate content

Engaging the consumer is the foundation of social media marketing. Social media marketing content differs from traditional marketing content in a few important ways.

First, social media marketing is social. Social media involves connecting people with each other in a two-way engagement. This engagement can be consumer-to-brand communication (and not just brand-to-consumer) as well as consumer-to-consumer communication.

Second, social media marketing content often does not feature the brand as a key component of the message--the brand can be incidental to the messaging. In other words, social media messages are not explicitly about promoting the brand in social media messages, the message may focus on issues or topics that are important to consumers, with the brand playing a more subtle role.

Third, social media marketing content is most effective when it is co-created by the consumer. While the brand loses some control in this process, when consumers create and help to evolve content, the content is more authentic and engaging.

Step 4: Select technology

The selection of a technology, or platform, to share and distribute our content comes toward the end of the social media planning process (Li and Bernoff 2011). The social media is about enabling social goals among *people*--that is, it is about people first. Therefore, selection of a platform is driven by who is communicating and what they are communicating about.

Facebook, Twitter, or Instagram are not social media. They are merely software platforms that enable social media-- that are shared among people. Therefore, choosing a platform comes later in the planning process--technology decisions are driven by

our objectives, targeted networks, and the content.

Step 5: Measure and assess

How do we measure the effectiveness of our social media expenditures, whether in the form of money, time, energy, or other resources? How to measure social media effectiveness is probably one of the most common questions we receive. Assessing the return on investment (ROI) of our social media expenditures starts with having a very clear and actionable objective that we are trying to obtain. Having a clear objective allows us to identify appropriate metrics for measuring our success. While this sounds simple, it can be quite challenging to implement.

SOCIAL MEDIA AND THE MARKETING PARADIGM

Marketers are increasingly shifting their budgets from traditional marketing to social media marketing. Social media marketing is about conversations among consumers or between consumers and a brand. The *Implications for marketing* in traditional marketing communications, marketers send the same message to a specific audience. *For example*, an advertisement might be shown during a television program that is popular with the target market. This is an example of one-to-many communication.

With the introduction of social media, marketers could send the message out to a mass audience, but they can also send that message to an individual consumer. *For example*, they could reach out to a specific consumer on Twitter to address a complaint. Importantly, social media enables consumers to more easily communicate directly with brands and with each other. Therefore, communication has evolved

from being one-to-many to being one-to-one or many-to-many. This shift from one-to-many communication to one-to-one and many-to-many communication has several important implications for marketers.

First, the social media audience is not passive. That means that the audience can take ownership or control over the messages so as to shape it in a way that is more meaningful to them, connecting the brand to their interests and relationships with others.

For example, Coca-Cola initially did not own their Facebook page. The page was developed and completely managed by fans of the brand. When the page took off with over 1 million fans, Coke faced a strategic decision about how to proceed. While the Coca-Cola Company ultimately took control of the page, the brand benefited from the authenticity and passion of the consumer-generated content. On the downside, this level of consumer engagement can be risky as the brand does not have complete control over messaging.

Second, because consumers connect through their interests and share with connections in their social network, social media enables an ability to find brands in a way that might not be possible with more traditional forms of advertising.

Finally, because people in social media connect around their networks of interest, the audience is potentially more narrow but better targeted than it is with traditional media.

In concert with the availability of big data, we are able to identify and communicate with people in a very specific and targeted way.

As we will see, a successful social media marketing campaign will require resources for content development, message

distribution through influencers in advertisements, and human resources to monitor and manage ongoing conversations with consumers.

Finally, social media marketing requires an investment. It is not free, but instead changes how we do business and use our resources.

WHAT ARE SOCIAL MEDIA MARKETING OBJECTIVES

How do we make sure that social media marketing provides value for the company? It's easy enough to put content out on social media platforms. But are our efforts bringing any value to the consumer and to the firm? Good outcomes start with well-formulated, actionable objectives. In the last section, we examined the role of social media marketing on the consumer decision journey. We now take a step back and think about social media marketing in the context of the business. Finally, we can strive to accomplish these outcomes with fewer resources. For example, can we improve our ability to respond to customer problems more quickly and efficiently using social media? Can we use consumer input to crowd source ideas in the product-design process? Developing clear and actionable social media marketing goals that are tied directly to business objectives and are linked to the consumer-decisions journey is the first step in designing an effective social media marketing strategy.

LEVERAGING NETWORKS

Take one LinkedIn account as a group of social networks. Each of these groups is made up of people with whom one shares information, experiences, and behaviors, some on a regular basis, and others less

frequently. In addition, these groups are governed by a set of norms or values. In this unit, we explore the key elements of social networks, so that we can capitalize on these networks to engage consumers in peer-to-peer sharing. We reconnoiter the key elements of social network draws on network theory. A network is comprised of a distinct set of entities, or nodes, that are connected by links or ties. In a social network the nodes are social entities, or actors, who are often individuals, but they could also be organizations, such as a club, or departments within a company. The ties between these nodes represent various types of relationships. This idea is very important. We could group people together by common characteristics.

For example, by demographic categories, these groups would not necessarily comprise a social network. Relationships, through which people or actors share information and experiences, are central to the definition of a network.

The stronger the relationships in a network, the more powerful that network is for spreading information. Let's look at two properties of these ties to relationships between pairs of actors, or dyads, in social networks. Information can travel between two actors in just one direction, or in both directions. Understanding the structure of social networks can help us identify how information is likely to flow within that network, and who the key members of that network might be. We can measure an individual's role within a network by looking at the directionality of the connections, the strength of the connections, and how central the actor is to the social network.

CALCULATING SOCIAL MEDIA ROI: LINKING METRICS TO OBJECTIVES

SEVEN-STEP PROCESS

We recommend a seven-step process for calculating social media ROI:

1. Start with objectives
2. Identify social media metrics that connect to those objectives
3. Track the appropriate metrics
4. Assign a monetary value to each metric
5. Calculate investment
6. Calculate return or benefits
7. Calculate the ROI and assess

Note that this process is driven by our business and marketing objectives.

Formula

$$\text{ROI} = (\text{return} - \text{investment}) / \text{investment}$$

METRICS

Goal	Key Question	Possible Metrics
Increase brand awareness	How many people see the content?	# of impressions; reach
Change brand perceptions	How do people feel about my brand?	Brand sentiment measures; poll data measuring brand attitudes (e.g., Twitter polls)
Increase brand consideration	How many people engage with the content?	# of likes, shares/retweets or comments; click-through without a purpose, saves to wish lists, etc.

Your ability to calculate ROI hinges on identifying the correct metrics to track. There is no set of metrics that is important for everyone. The metrics that matter to you depend on your industry, type of business, consumer characteristics, product or service consumption attributes, and most importantly the goals you want to achieve. Generally, these goals are linked to moving consumers through the purchase funnel (including post-consumption processes) or by creating efficiencies in marketing efforts--for example, by providing faster customer service or by reducing marketing research expenses. Therefore, we need to consider which metrics best reflect the objectives we are trying to accomplish.

The Table below provides some possible metrics that are associated with specific

marketing and social media objectives here are some key points to remember as you select social media metrics. First, the metrics in this table are suggestive, but not comprehensive or mutually exclusive. For example, measures that reflect engagement with content such as likes or comments can also reflect increases in brand awareness, as these actions increase the organic reach of the content.

Second, specific metrics are highly dependent on the platform's measurement capabilities. Platforms are continually innovating and developing new features for tracking social media behavior. Some platforms, such as Facebook and Twitter, provide more ability to track than do other platforms, like Snapchat.

Finally, remember that metrics should be driven by the business objectives--there is

not a “one size fits all” formula for selecting metrics.

CONCLUSION

Social media is about engaging consumers in conversation with each other and with the brand. These conversations are sparked, facilitated, and leveraged by marketers to meet specific objectives. By starting with a clear understanding of business objectives, we can design social media marketing campaigns that provide value to the company. Social media marketing is not technology or a specific platform. Social media marketing involves the use of communication channels to help brands and organizations to better understand their customers and competitors, to provide superior customer service and enhance the consumption experience, to capitalize on positive brand conversations, and to co-create brand awareness, meaning, and products with the consumer. The way we contemplate the social media marketing is how it can use it to achieve business goals.

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