



Social Media ROI: A Model for Small Businesses

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All conclusions and recommendations are solely the responsibility of Porter Consulting.

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“Half the money I spend on advertising is wasted; the trouble is I don’t know which half.”

John Wanamaker,
Consumer
Marketing
Pioneer, circa
1885

Executive Summary

While large corporations can make inroads in measuring ROI, it can feel like hit-and-miss for small firms. It’s not always feasible for smaller businesses to hire specialists or fund sophisticated tests to validate endless iterations of their marketing strategies.

If you are a small-to-mid-sized business (SMB) with a limited budget for social media, this paper is for you. It provides coaching from your peers gleaned from our recent SMB survey. It also provides an innovative, iterative methodology ideal for SMBs developing their best fit approach to exploit social media for new revenue.

This information will help you make sound social media investment decisions and then make sense of the results of your investments.

Results from the Social Media Survey

Porter Consulting reached out to social media marketers with a survey focusing on smaller firms, including both business-to-business and business-to-consumer companies. Our goal was to get a sense of how social media veterans think about ROI today.

Initially, our theory was that an investment in social media by a small company would only be justified if a tangible monetary return could be measured and experienced. This was borne out of the following results:

1. 78% of the s who responded to our survey recognize the value of justifying their companies’ investment in social media marketing. ROI is important to them.
2. Many of the respondents believe that social media programs deliver intangible benefits, such as building brand awareness and deepening customer relationships. These same respondents also valued tangible benefits, citing lead generation as the number one benefit their companies realized via social media.
3. Of the respondents that measure the effectiveness of their social media marketing, 77% use lead generation as this measure.

Commentary

1. Measuring social media ROI is very important to small firms. When their marketing budgets are limited, they don’t want to invest money in activities that won’t lead to revenue or potential revenue.
2. Small firms are being smart about their social media investments. They aren’t wasting resources on programs that don’t deliver clear, tangible results.
3. What we have observed as being most significant is that small firms have grasped the value of lead generation as an effective metric for measuring social media impact. The amount of business created in a customer relationship is unknown when initial interest is expressed. It is the job of the sales team to close the customer and create revenue for the company.

Lead generation is therefore a straightforward metric for measuring ROI as it relates to social media. It can be leveraged effectively in an N=1 social media ROI experiment.

Simpler is Better with N=1

N=1, also known as an “N of 1 trial,” is a type of clinical trial that uses only a single patient.

That's right. Instead of recruiting thousands or tens of thousands of patients, administering some treatment or prescribing some dietary change, measuring patients' responses, and then analyzing the results in aggregate, in an N=1 trial, researchers:

- Recruit a single patient,
- Measure that patient's problem to establish a baseline,
- Introduce a treatment, and
- Take a new measurement to evaluate the effects of that treatment.

Some N=1 Examples

The beauty of N=1 experimentation is that it can be a cost-effective way of drawing meaningful conclusions from readily accessible data. In fact, it's so cost-effective and easy to do that you may already be doing it yourself in your personal life.

Do you use a wearable, such as a Fitbit or similar device, that gathers data about your activity level? Do you use that data to make meaningful changes in your life? If so, you're conducting N=1 research!

Personal devices that measure sleep quality, blood glucose levels, heart rate, and even productivity are part of an exploding market in N=1 tools that people use to enhance their lives and achieve their goals for self-improvement.

So, can we apply this trend to tracking marketing ROI—for example, our return on social media marketing?

Putting N=1 to Work for You

Today's marketers are better equipped to measure marketing ROI than our great-grandparents. Thanks to digital marketing, big data analytics, and software algorithms that can track prospect and customer behavior, marketers have the tools they need to unravel and quantify the mysteries of customer acquisition and conversion.

At least, that is the theory. In practice, marketing ROI requires companies to invest some resources. It requires time, maturity, and enough fluctuation in sales volume that changes can actually be detected. But even small firms don't need to rely on instinct and vision alone. Enter the power of N=1.

So, how might a firm set up such an experiment?

At a high level, all you need to do is:

1. Design a tailored social media program that fits your budget and resources.
2. Implement it.
3. Measure the results.
4. If it works, keep going.
5. If it doesn't work, drop it and try something else.

¹https://en.m.wikipedia.org/wiki/N_of_1_trial

Tools You Can Use

When we followed up on our survey by reaching out to social media marketers and asking them to share what lead generation tactics work best for them, it became obvious that there is no “one size fits all” lead generation template. Instead, from the respondents’ answers, each one had settled on their own best fit approach. For example:

- Word of mouth. For one company, 95% of its leads arose due to word of mouth.
- Media. Another respondent reported that they do “tons” of video and print testimonials, which they use to leverage with their social media and websites.
- References. “Prospects really want to hear what my customers have to say about our work,” one respondent noted.
- Customization. Another one of our respondents replied that designing any effective lead generation program “depends on your needs and budget. Only an individual analysis of your business will allow anyone to know what to suggest.”

Tactic Options

The specific tactics that our survey respondents found successful in enhancing their social media efforts include:

- Identifying groups that are naturally receptive to your message
 - Leveraging local Chambers of Commerce
 - Networking groups, including local face-to-face groups and online networking platforms (LinkedIn, Alignable)
 - Service clubs and charity sponsorships
- Leveraging customer successes
 - Customer testimonials, including video, print, and online
 - Leveraging social media to encourage the sharing of testimonials
- Traditional Internet-based approaches
 - Email marketing
 - Leveraging social media to regularly engage with prospects
 - Facebook ads
 - Paid searches
 - Organic searches using strong keywords
 - Local SEO (Search Engine Optimization)

Execution

Select tactics that fit your budget, skillset, expertise, and access to professionals, including internal and external professionals such as social media or marketing agencies, writers, and SEO experts. And don't forget to consider where your prospects spend their time. "Figure out who your ideal customer is and where they are," wrote one of our social media contacts. "Do they spend time on LinkedIn, Facebook, networking meetings? Go where they are and get your message out to them."

Tight targeting

This same respondent offered another excellent piece of guidance: "The more personal the contact, the better." Make sure your program includes actual engagement. Don't think you can just publish something online or on some social media platform and that will be enough. Social media programs work best when there's an actual person interacting with your potential prospects.

And don't overlook the importance of face-to-face conversations. Be a "close listener," one respondent advises. Another observes that meeting clients personally often leads to obtaining referrals.

Consistent presence

When you do social media, engage with other members of the platform on a regular and consistent basis. As one of our survey respondents puts it, "The keys are having a set plan and calendar, assets that pertain to that plan, and someone who is engaging with your audience daily."

We couldn't agree more. When it comes to social media, out of sight is out of mind—and out of mind means that prospects will find your competition instead of you.

Establish a baseline

Another critical element of your experiment is that you need to give it enough time to work. As one of our respondents remarked, "Organic traffic... doesn't normally happen overnight."

Respondents also noted that you won't know how effective your program is unless you fully commit. Once you've launched your new program, stick with it. "Run a campaign for at least a quarter," one of our respondents recommends, "so that you can compare the quarter to past years."

Once your program has been up and running for at least three months, you can start to glean some insights and make some decisions. Compare your baseline data—the number of leads in a given period before you started your experiment—to the number of leads you're generating today.

Next Round Decisions

The key question you want to answer is a simple one: Are you generating more leads now?

If you are, your N=1 social media experiment is a success. Congratulations!

If not, take some time to consider what went wrong—and what you can modify to drive better results over time.

How We Can Help

For any company, calculating the ROI of marketing programs is a key business priority. But while large corporations can invest in specialized resources and sophisticated testing, small businesses must adopt scaled-down approaches to tracking ROI.

At Porter Consulting, we can help you analyze your current marketing and social media strategies and design new programs that can drive results—without breaking your budget.

Short on resources? Our experts can step in with services to support your programs, including all aspects of collateral generation and social media content.

Contact us today to get started on the road to effective marketing strategies that will drive measurable business results for your company.

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