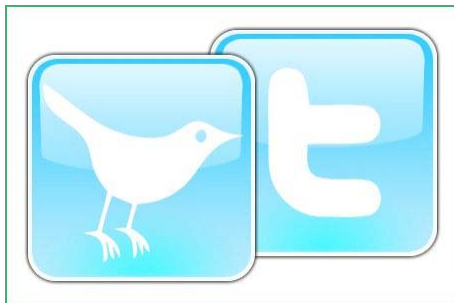


Twittering Away Time & Money

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One of the most common questions asked these days is “How should we measure the value of all the social marketing things we’re doing like Twitter, Linked-in, Facebook, etc.”

The best answer is really WHY are you doing them in the first place? If you can’t answer that, you’re wasting your time and the company’s money.

Sounds simple we know, but we’re stunned at how unclear many marketers are about their intentions/expectations/hypotheses for how social media initiatives might actually help their business. In short, if you can’t describe in two sentences or less (no semi-colons) WHAT you hope to gain through use of social media, then WHY are you doing it? Measurement isn’t the problem. If you don’t know where you’re going, any measurement approach will work.

Here’s a framework for thinking about social measurement:

1. Fill in the blanks: “Adding or swapping-in social media initiatives will impact _____ by _____ extent over _____ timeframe. And when that happens, the added value for the business will be \$_____, which will give me an ROI of _____. This forms your hypotheses about what you might achieve, and why the rest of the business should care.
2. Identify all the assumptions implicit in your hypotheses and “flex” each assumption up/down by 50% to 100% to see under which circumstances your assumptions become unprofitable.

3. Identify the most sensitive assumption variables - those that tend to dramatically change the hypothesized payback by the greatest degree based on small changes in the assumption. These are your key uncertainties.
4. Enhance your understanding of the sensitive assumptions through small-scale experiments constructed across broad ranges of the sensitive variables. Plan your experiments in ways you can safely FAIL, but mostly in ways to help you understand clearly what it would take to SUCCEED – even if that turns out to be unprofitable upon further analysis. That way, you will at least know what won't work, and change your hypotheses in #1 above accordingly.
5. Repeat steps 1 thru 4 until you have a model that seems to work.
6. In the process, the drivers of program success will become very obvious. Those become your key metrics to monitor.

In short, measuring the payback on social media requires a sound initial business case that lays out all the assumptions and uncertainties, then methodically iterates through tests to find the model(s) that work best. Plan to fail in small scale, but most importantly plan to LEARN quickly.

Measure social media like you should any other marketing investment: how did it perform versus your expectations of how it should have? If those expectations are rooted in principles of profit-generation, your measurement will be relevant and insightful.

This R3 analysis is done in collaboration with MarketingNPV