



Social Media ROI Within the Business-to-Business Realm

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The ideas presented are intended to provide a concrete framework from which any organization can clearly evaluate the ROI, regarding its social media activities.

Assumptions

1. You have a website
2. Your website is or has been optimized for organic (non-paid) search
3. You currently have invested in a paid search effort (PPC)
4. You understand that your PPC ads on Google, Yahoo, Bing, etc. are used as *channels* that take the user, NOT to your homepage, but to a specific landing page (housed within your website), incorporating:
 - a. Specific content directly tied to your sponsored link content (PPC Ads)
 - b. An information capture form
 - c. Some incentive type, *perceived by your target audience* as inherently valuable beyond the subject of your sponsored link (e.g., download our new white paper on XYZ subject) that incents targets to fill out and submit a lead
5. You track monthly web activity through Google Analytics or some other activity tracking program

Getting started – Establishing a baseline PRIOR to Social Media deployment

1. Based on monthly activity tracking data, determine the number of site visitors you received over the preceding 12 months
2. Determine the number of submitted leads you have received each month – those that reached out to you via your website and asked you for more information, to submit a quote, etc.
 - a. This data should include *both* PPC and organic results

Deployment

1. Once you know what your historical web activity and web-based lead generation activity has been on a monthly basis over the preceding 12 months, it's now time to deploy your Social Media initiatives
 - a. Remember, any Social Media tactic – LinkedIn, FaceBook, Flickr, Youtube, etc.) should be designed/implemented with ONE primary goal in mind: driving more qualified users to your website to fill out and submit your "Contact Us" form AND driving more users to your search engine based PPC sponsored links that, in turn, take them to and promote the submittal of PPC specific landing pages/info capture forms/qualified leads
2. Over the next 12 months you can compare historical activity levels, pre and post social media deployment to determine if you have moved the needle from four interdependent perspectives:
 - a. Increased website and PPC landing page visits leading to
 - b. Increased qualified lead flow leading to
 - c. Increased quoting activity leading to
 - d. Increased sales revenue



Deployment (cont'd)

3. If your website/lead gen activity remains unchanged over the 12 months during social media deployment, this could be caused by:
 - a. The specific social media tactical mix is not optimum
 - b. What has been set up has not been set-up correctly – there may be some unknown conversion obstacles that exist within the tapestry of your social media tactical approach
 - i. These types of issues can be costly and easily avoided by seeking out and outsourcing this expertise, at least in the short run, to prove the concept that social media can, in fact, provide a quantifiable return on investment, driving incremental business revenue
 - ii. Once you know that social media works for your business, you can transfer the knowledge from your outsourced partner to internal personnel or just maintain the outsourced relationship depending on the economies involved
 - c. Your business and your target audience may not be a fit with social media – Although, if your business enjoys a reasonable amount of website activity, this should not be the case.

At this point, we now understand how social media can impact a business-to-business organization as well as how to provide quantifiable evidence of this impact. Now, let's turn to a revenue discussion or how to quantify this impact from a revenue perspective.

The back-end: Quantifying the dollar value

1. As before, we must first go back to our 12 month baseline, *before* social media deployment
2. Looking back over this 12 month period, we can know how many leads coming in from the online world resulted in quotes
3. We can also determine how many of these quotes resulted in closed business
4. Based on your knowledge of your typical customer's initial sale amount and that customers' life time value (CLTV), you can determine the economic opportunity represented by each of these quotes *

* You can also use the same approach to determine the economic value of every online lead that is generated, but that falls outside the scope of this particular article and will have to be discussed in a future article.



The back-end (cont'd)

1. A next step is determining how many sales occurred and revenue amounts generated via your web activity over a 12 month period; divide by 12 and you have your monthly revenue baseline
2. Now, look at the number of sales/revenue generated over the 12 month period with social media deployed; divide by 12 and you can now compare revenue with and without social media
3. Take your total costs for social media planning, deployment and administration (hard and soft) and subtract them from the incremental revenue you now know was generated via your social media efforts; the numerical result provides an indication regarding the value or lack thereof for social media within your business environment

Conclusion and an important caveat

While you can always look to revenue and come up with *correlations* between any marketing effort and revenue generation, to be sure, this relationship cannot, nor can it ever be, considered a *causal* relationship; correlations are the *best* we can do.

The reason for this is that ANY marketing tactic, at its *most* effective, can only do one thing: generate a qualified lead.

Marketing will NEVER make a sale, unless we are talking about an ecommerce scenario and, in most cases, we are not. The only way we can draw a causal versus a correlational link between marketing and revenue is to assume that Sales is PERFECT. In other words, Sales closes EVERY qualified lead it gets from marketing...and we all know this does not occur.

In the realm of B-to-B, the role of marketing is qualified lead generation and the role of Sales is closing the deal. Assuming that sales and marketing are well aligned regarding objectives and shared expectations (e.g., what constitutes a qualified lead) – it is always a dangerous assumption that more leads = more sales.

Social media is nothing more than just another marketing tactic. It, like direct mail, PR, print advertising, eNewsletter sponsorships, rich media ads, and or eMail marketing, is *only* as effective as how it is deployed.

You should now understand how to quantify the economic viability of social media regarding your business and then be able to determine if it's appropriate for your needs. In most cases, on the business-to-business side, you will find that it can be a powerful tool to help you drive your business forward. I emphasize that it is only one important element and cannot carry the marketing load on its own. If not part of an integrated marketing effort, it will, more than likely, not pay off on its promise.

**About Blaine Adams**

Blaine Adams is an engagement focused marketing and sales transformation consulting firm helping its clients create, improve and deploy best in class strategy, marketing and sales initiatives to achieve short and / or longer term business objectives. Engagements can be longer term (1-2 years) or shorter term (less than a year) depending upon requirements and objectives. For some clients, we function as a virtual Advertising Agency, leveraging Creative, Research, Media and Copywriting freelance relationships that stretch back more than 15 years. We provide the fire power and Big Ideas of the BIG Agency without our clients having to pay for the Big Overhead that comes with Big Agency relationships.

For other clients we take on senior management roles in an effort to help assess, understand and resolve a variety of business issues from building out infrastructure, launching a new professional services practice area or refreshing a mature brand.

In some instances it's about solving sales and marketing process issues, building strong internal Teams or optimizing websites and collateral content.

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Process Improvement:

Marketing & Sales Transformation

