



**miller bernstein** LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS  
CHARTERED ACCOUNTANTS

# The Impact of Social Media on Your Business – What to Consider



# The Impact of Social Media on Your Business – What to Consider

Social media sites, such as LinkedIn and Facebook, as well as strategies involving blogs, forums, videos and backlinks, provide your business with colossal opportunities to build your brand image and grab new customers. It can be as simple as mounting a campaign to get people to “like” your offering or creating compelling branded YouTube videos. There is also the possibility of reaching out to consumers who are dissatisfied with one of your competitors. The point is, a social media marketing campaign, whether simple or complex, must be evaluated for its effectiveness, lest you end up pouring money down the drain. The proper selection and measurement of metrics is essential to judging the impact of social media upon your business, so here are several ideas to consider:

1. **Your metrics should be goal driven:** Each social media campaign you develop needs to be assigned and measured against specific goals. If you are building brand awareness, concentrate on engagement metrics, including friend/followers, offering ratings, web mentions, likelihood to recommend (net promoter score) and so forth. On the other hand, if you want to increase sales via your social media campaign, your metrics should concentrate on conversion rates, abandoned shopping carts, revenue per customer and other similar measures.
2. **Verify metric validity:** Be very sure that the metrics you use actually measure what they are intended to measure. That is, can you link metric measurements to specific outcomes? For example, when should you judge a consumer to be engaged with your business? Is it when consumers retweet a post, or like one of your articles? Extensive research, including customer interviews, may be necessary to test the validity of the assumptions underlying the interpretation of a metric.
3. **Focus on leading indicators:** The most popular leading indicators of social media engagement include click-throughs, page views, Likes, shares and comments. These can be powerful indications of sales outcomes. By tracking these early indicators, you’ll have a better sense of the payoff your strategies will receive.
4. **Dashboards are powerful:** Consider creating a dashboard that tracks metrics from a number of social media sources. Marketers use dashboards to quickly access and monitor aggregated source data to provide an overall view of the brand’s or company’s performance. A real-time dashboard allows your marketers to spot trends as they develop.



5. **Craft meaningful benchmarks:** You can develop useful benchmarks by maintaining a database of campaigns and outcomes. These benchmarks let you judge the relative effectiveness of your current campaigns by setting their context. Ask your ad agency if it can provide data from the campaigns of other companies so that you have a broader view of which benchmarks have the most meaning.
6. **Test, test, test:** Don't be afraid to spend money on experiments that let you better comprehend the impact of social media upon your business. It can be as simple as measuring consumer activity before and after a social media campaign. Create separate treatment and control groups with matching observable characteristics. For example, you can use the same demographic group from two different cities, one as control and the other exposed to your campaign.
7. **Spend wisely:** Meaningful information is valuable, so expect to spend money to get it. That may mean upping the budget allocated to measuring return on investment by expanding the use of metrics. Dollars may have to flow to new tools and technology, increased staff, new agency partnerships, innovative models and bigger customer databases.
8. **Know your opportunity costs:** What's the downside of ignoring social media, just because you can't measure your marketing ROI perfectly? The cost to ignore may be greater than the cost to proceed. Don't let the perfect crowd out the good.
9. **Your models should be predictive:** Metrics should also face forward, predicting the outcomes of your tactical decisions. This means leveraging your metrics into powerful models and then using a range of inputs to forecast the most likely outcomes.
10. **Respond to feedback:** If your measurements are telling you that your social media campaigns are less than fully effective, figure out what additional information you need in order to improve results. Incorporate and use this additional information to correct your course quickly, as needed.
11. **Don't chase fads:** New tools come and go. Consider the new ones but don't abandon the good old standbys. After all, if they have proven valuable and valid in the past, then they fit your goals. If you constantly go chasing new metrics, your social marketing efforts could descend into chaos.