Real ROI From Social

In 5 Steps

Marketers are under more intense business pressure than ever before, and the emergence of social has changed the marketing landscape forever.

Marketers are overwhelmed by the number of routes to reach their audience and the volume of information delivered through these channels. Yet marketers need to show value to the business stakeholders they're accountable to; but to date, it's been hard to track dollars back to marketing activities. Measuring ROI is a primary challenge for 57% of marketers,[1] but only 12% of companies[2] were able to track the effectiveness of their social media efforts against revenues.

The good news is that real ROI from social is achievable today. Leading retailers and major brands are currently capturing these results—and so can you by following these five steps and applying the mathematical equation they collectively add up to.

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5 steps to achieving ROI from social

1: Be social where shoppers are buying

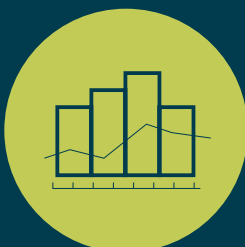**2:** Enable conversations that help consumers buy

3: Get found with fresh user-generated content

"love!"
★★★★★
"best purchase"

4: Use multiple paths to show ROI

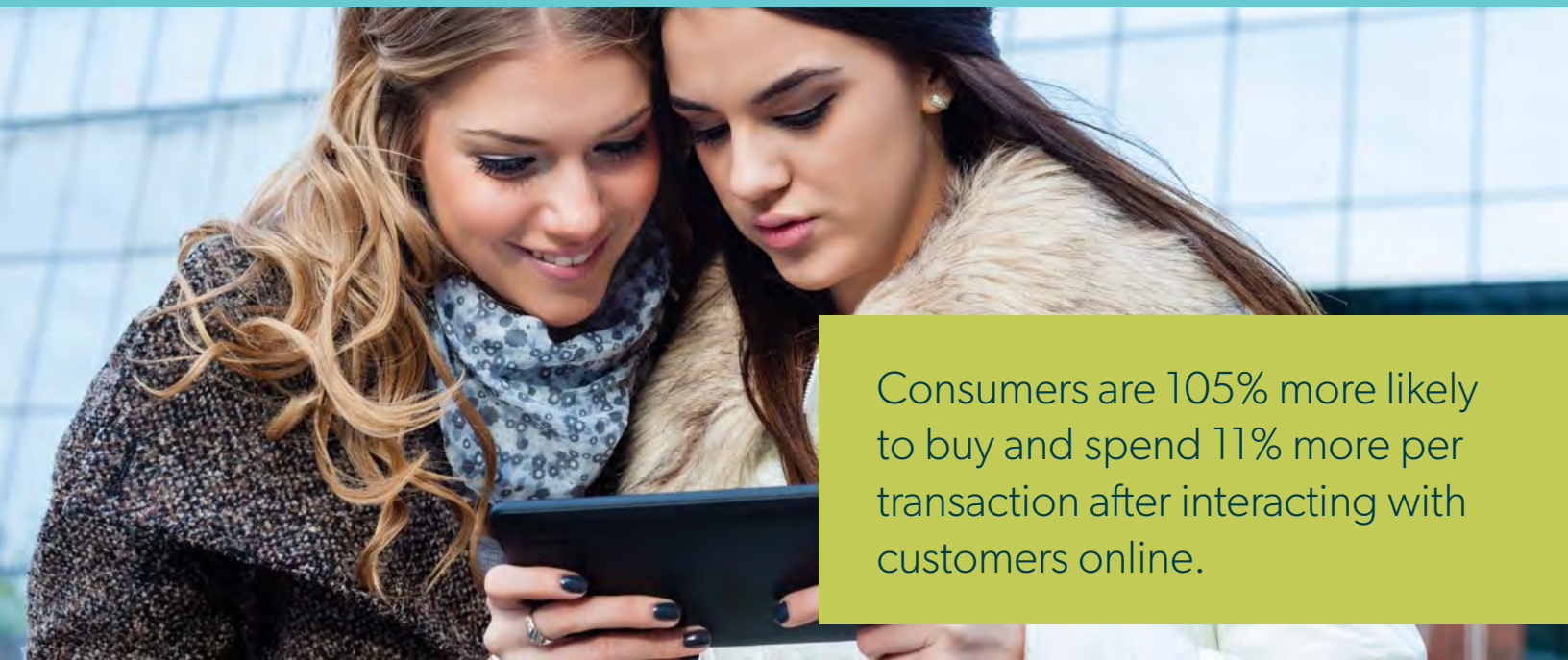**5:** Measure your social mix to optimize results

1 Be social where shoppers are buying

Today, buyers have access to more information online, on more sites, than ever before. Relying on those sites, however, does not constitute a sound social strategy or deliver real ROI. Although the average shopper checks 10.4 different information sources[3] before making a purchase, research shows that what motivates buyers most is engaging with other consumers who plan to use or are using the same products and services. And, according to past indications, consumers are 105% more likely to buy and spend 11% more per transaction after interacting with other consumers online.[4]

Why is that? Because shopping has always been inherently social and consumers' desire for interaction, opinions, and advice from like-minded peers online is greater than ever before. Seventy-four percent of shoppers rely on social networks to guide their purchase decisions.[5] And many consumers trust the opinions of others nearly 12 times more than messaging that comes from brands.[6]

Your audience wants to see what others like them are saying, and you want them to see those conversations at the exact point where they are moving through the buying cycle and considering your products and services. Other social channels and sites can help facilitate and amplify conversations about your products or services. However, you need to enable user-generated content (UGC) at every point along the consumer's buying journey, such as your product brand site, retail sites, social channels, and search engines. This is where the relationship between social and commerce is most effective—and powerful.

Being social where shoppers are buying attracts like-minded consumers to those sites where your products and services are being sold, provides robust yet measurable data that delivers insights from which to build business-driven social initiatives, and allows you to track and measure against ROI.

Consumers are 105% more likely to buy and spend 11% more per transaction after interacting with customers online.
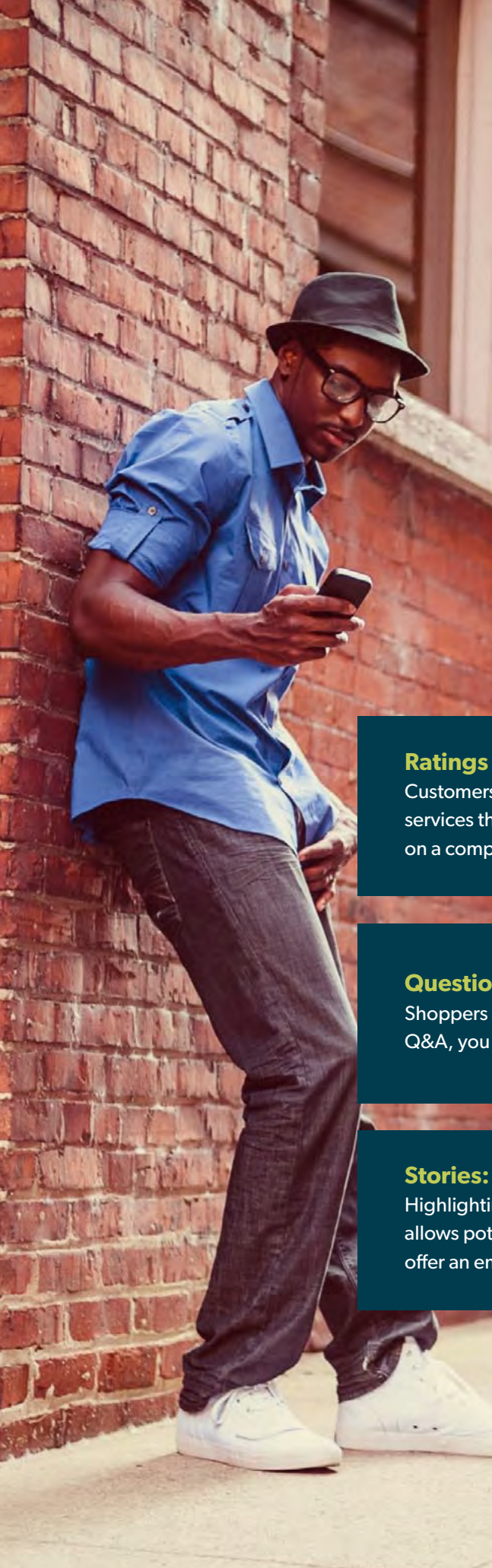
2 Enable conversations that help consumers buy

The advantage of enabling social conversations throughout the buying cycle is that you can facilitate the type of shopper interactions that will directly support the sale. There are three mechanisms you can employ to build the volume of user-generated content that will help you achieve ROI from social and give consumers the information they need wherever they are in the buying process:

Ratings and reviews:
Customers love to rate and share their opinions about the products or services they buy. Fifty-one percent of Millennials say consumer opinions on a company's website have a great impact on their purchasing decisions.[7]

Questions and answers:
Shoppers often have questions about a product they are considering buying. By facilitating Q&A, you reduce the consumer's barrier to purchase and shorten the sales cycle.

Stories:
Highlighting product usage or service benefits through inspiring real-life experiences allows potential buyers to see themselves in the stories of your existing customers. Stories offer an emotional connection to your offering and act as super-charged testimonials.

If you provide the mechanism for enabling user-generated content on your site, your customers will start the conversation. Because consumer opinions have a high level of trust, you want this information in your customers' voice throughout the buying cycle so that nothing stands between the shopper and "Buy now."

"love!"
★★★★★
"best purchase"

3 Get found with fresh user-generated content

Nearly two-thirds (61%) of consumers use search engines to help with product research leading up to a purchase.[8] Having user-generated content on your site or your retailers' sites provides a lift in SEO that helps consumers find you.

Conversations about your products provide fresh content, which search engines look for when generating search engine result pages (SERP). The greater the volume of fresh content on your site, the higher your product pages will appear in organic search results. For example, Evans Cycles, a UK-based bicycle and cycling gear retailer, saw a 23% increase in search engine visits to products pages by integrating user-generated content onto its product pages. In addition, the number of search terms referring to the retailer's product pages increased 14%.[9]

User-generated content can also help you optimize for search. By analyzing the conversations on your and your retailers' sites, you can see the words and phrases your audience uses when talking about your products or services. You can then use this insight to revise the keywords on your product pages as well as update your outbound messaging.

Incorporating user-generated content into your site ensures that shoppers find your products and services, and these increased visits can lead to an increase in sales. In addition, the greatest number of consumers visiting your site, the higher the volume of user-generated content, which has a direct affect on ROI.

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4 Use multiple paths to show ROI

Given the rapidly evolving and dynamic social landscape, it's no surprise that many companies continue to rely on a "spray and pray" approach. Marketers fear missing out on the next big thing while competitors jump in and claim first-mover advantage. The risk is that without a centralized social strategy, companies will dilute their efforts (and budgets), ensuring that ROI from social initiatives remains elusive or siloed.

Given the many facets to consider with any social strategy, anchoring your efforts where they have a direct impact on revenue—at every point in the buying journey where shoppers are considering your products and services—is the key to achieving ROI. With user-generated content as the cornerstone of your strategy, you can effectively measure the return on your social investment in three key areas: increased transactions, increased revenue per transaction, and decreased product returns.

Increase in transactions:

To measure an increase in transactions, you need to establish baseline metrics for the pages that will incorporate user-generated content and for those that will remain static. Using cookies, track the source of buyer transactions on your website, then calculate the percentage increase in transactions from the pages with user-generated content and multiply that total increase against the total volume of purchases. Hong Kong Import Ltd., an online fishing retailer, realized a 250% increase in conversion from consumers who interacted with user-generated content on its site.[10]

Increase in revenue per transaction:

You can determine the increase in revenue per transaction the same way you track and calculate an increase in transactions. Track the average purchase size from buyers who have interacted with user-generated content on your site vs. those who have not. Rubbermaid saw a 10% incremental increase in revenue per visit from shoppers who read reviews.[11]

Decrease in product returns:

You can determine the decrease in returns by querying customers at the point of return about whether they referenced product-specific user-generated content before making the purchase. The difference between the "yes" and "no" answers will show the cost savings from decreased returns. On average, the inclusion of user-generated content at point of sale can decrease returns by up to 23%.[12]

These three measurements show real ROI from a strategy focused on user-generated content. Taken together, though, these measurements give you an even more complete ROI picture. The calculation looks like this:

Real return from social =
increase in transactions
x increase in revenue per transaction
+ total savings from decrease in product returns
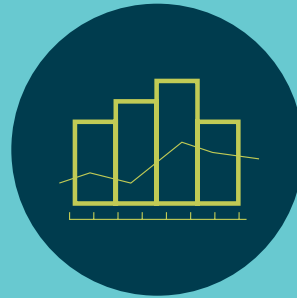
5 Measure your social mix to optimize results

By centralizing your strategy around user-generated content and measuring ROI around transactions and returns, the role of your other social channels becomes clear—connect and drive traffic to the point of purchase.

The idea is to break out and measure the impact that each of your social platforms and channels has on traffic and KPIs at the point of transaction. Once you've established a baseline for each channel, you can tailor and test different social content types, formats, and messages to see how they perform. This process will provide the data you need to maximize your social investment and allocate your budget to your highest performing tactics and social channels.

In summary:

1: Establish separate channel benchmarks for key response and conversion metrics

2: Analyze the traffic from your social channels to determine the range of purchase paths

3: "love!"
★★★★★
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Provide user-generated content and related social content to address buyers' informational needs

4: Map traffic from your social channels to the purchase paths

5: Measure the effectiveness of each channel's KPIs and against a baseline ROI to determine lift

Using this integrated approach, centered on user-generated content, you can leverage existing social channels to drive an increase in the volume of conversations around your products and services at the exact points where consumers are going through the buying cycle. The greater the volume of user-generated content, the more favorable your ROI will be. This is the key to finally aligning social and ROI in a way that is direct and measurable for the benefit of your business.

About Bazaarvoice

Bazaarvoice, a leading social commerce solutions company, assists clients in bringing the voice of the customer to the center of business strategy. With over 2,000 clients globally, including over half of the Internet Retailer 500, over 20 percent of the Fortune 500 and over one-third of the Fortune 100, Bazaarvoice helps clients to leverage social data derived from online word of mouth content to increase sales, acquire new customers, improve marketing effectiveness, enhance consumer engagement across channels, increase success of new product launches, improve existing products and services, effectively scale customer support, decrease product returns, and enable retailers to launch and manage on-site advertising solutions and site monetization strategies. This online word of mouth content can be syndicated across Bazaarvoice's global network of client websites, shopper media sites and mobile devices, making the user-generated content that digital consumers trust accessible at multiple points of purchase. Headquartered in Austin, Texas, Bazaarvoice has offices in Amsterdam, London, Munich, New York, Paris, San Francisco, Stockholm, and Sydney. For more information, visit **www.bazaarvoice.com**, read the blog at **www.bazaarvoice.com/blog**, and follow on Twitter at **www.twitter.com/bazaarvoice**.

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