

For Brands, Social Media Shows Returns But Measurement Hurdles Remain

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Executives see improvements in marketing and sales efforts, and market share gains as a result of well-planned campaigns

C-suite executives are increasingly convinced of the benefits of engaging with their customers on social media platforms. A February 2012 survey of 329 senior executives in North America by management and digital consulting firm PulsePoint Group and the Economist Intelligence Unit found that the vast majority of companies who had invested in social media saw a positive shift in their bottom line as a result.

Executives who said their companies had established an extensive social media presence reported a return on investment that was more than four times that of companies with little or no social network engagement activity.

The benefits of social media were especially pronounced in a few select areas. Fully 84% of executives polled said that social media campaigns had increased the effectiveness of marketing and sales efforts, while 81% said a social media presence had helped their companies increase market share.

Companies should use social media to create spaces for consumers to have meaningful conversations with employees and other stakeholders. Almost seven in 10 respondents said they had seen a spike in their sales by letting customers talk about their brands on social media platforms, even if some of that dialogue was negative. This kind of approach builds trust and credibility with consumers, potentially transforming them into brand advocates whose value is immense, if difficult to measure.

Despite these positive signs for social media campaigns, assessments of their effectiveness remain largely subjective. Almost half of executives said that the major impediment to social media campaigns was the lack of a standardized metric that can measure a return on investment. While measuring followers and Facebook “likes” provides marketers with a hard number, no one yet knows how those numbers translate into a quantifiable return for brands.

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