A Framework for Social Analytics

Including Six Use Cases for Social Media Measurement

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with Charlene Li

Includes input from 39 ecosystem contributors
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Executive Summary

Organizations today increasingly rely on social media to answer questions about their business: What do our customers think about us? What do they say about our competitors? What questions do they have about our products and services? Where and when do they talk about us? What do they love, and—as painful as it may be to hear—what do they hate?

But social media is rife with challenges. It’s data intensive, messy, and unstructured; continuous rather than episodic; and characterized by increasing numbers of new behaviors that must be captured, measured, and interpreted over time. Hundreds of tools and services—both established and new—take varied and conflicting approaches to social media monitoring, engagement, measurement, and analysis.

According to research conducted in late 2010 and early 2011 by Altimeter Group, 82% of corporations expect to have a brand monitoring solution in place this year, while 48% reported that their primary internal focus was to develop ROI measurements for social media. While social media monitoring has become mainstream, companies still struggle with how to measure, analyze, and act on social data and insights.

This report is intended primarily for business people who are tasked with understanding, interpreting, and acting on social data—executives, strategic planners, social strategists, and marketers. It will outline the key challenges of social data, propose a value-based framework for social analytics, and recommend clear and pragmatic steps that companies engaged in social media must follow to ensure they are gaining insights, measuring effectively, interpreting accurately, and taking appropriate action—both today and in the longer term.
Open Research

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Disclosures

Your trust is important to us, and as such, we believe in being open and transparent about our financial relationships. With their permission, we publish a list of our client base on our website. See our website to learn more: http://www.altimetergroup.com/disclosure.

Ecosystem Input

This report could not have been produced without the generous input of some of the leading market influencers and solution vendors who have a vested interest in identifying and bringing to market the innovations that will shape the future of social analytics. Please keep in mind that input into this document does not represent a complete endorsement of the report by the individuals or companies listed below.

Vendors

Awareness
NetBase
salesforce.com

Context Optional
NM Incite/Nielsen
SAS Institute

Coremetrics/IBM
Omniture/Adobe
Lithium/Scout Labs

Crimson Hexagon
PageLever
TweetReach

Facebook
Position2
Visible Technologies

Gnip
Power Reviews
Cruvee/Vintank

Google
Radian6
Wildfire Interactive

LinkedIn
Retailigence
Webtrends

Meltwater Group

Brands & Agencies

Adobe Systems
DIRECTV, Inc.
PETCO Animal Supplies

American Express
Edelman
RadioShack Corp.

Best Buy
EMC Corporation
Toyota Motor Sales, U.S.A.

Converseon
Novartis AG
WCG

Dell
Ogilvy & Mather

Altimeter Group also received feedback, direction, or information from the following industry experts: Lora Cecere, Andy Donner, Margaret Francis, Julian Lambertin, Jeremiah Owyang, Blake Robinson, Erica Swallow, Alan Webber, and Macala Wright-Lee.
Strategy Before Technology

“It is of the highest importance in the art of detection to be able to recognize, out of a number of facts, which are incidental and which vital. Otherwise your energy and attention must be dissipated instead of being concentrated.”

–Sherlock Holmes, “The Reigate Puzzle,” 1893

Putting ROI in Context: The Business Value of Social Media

“What is the ROI of social media?” This is one of the most frequently asked questions related to social strategy. While 48% of social strategists reported earlier this year that their primary internal focus is to develop ROI measurements, ROI is just one metric in the social business toolkit. Rather than focusing on social media as a monolithic entity, businesses should evaluate it based on its contribution to a range of business goals. Says Richard Binhammer, Strategic Corporate Communications, Social Media. and Corporate Reputation Management, Dell Inc., “There is no single ROI for social media.”

The business impact of social programs also varies based on where you sit in the organization. C-suite executives care about measures such as revenue, customer satisfaction, and brand reputation, while business unit heads, line management, and individual contributors focus on other, more granular metrics specific to their goals. Altimeter Analyst Jeremiah Owyang laid out an organizational, roles and metrics-based view in his ROI Pyramid published December 2010.

Some metrics are activity-based (such as fans, likes, shares), while others are result-based (such as conversions). While both have value, the key is that every social media metric should tie to a business metric, which should map to a business goal (Figure 1). There is a relationship between a corporate objective, a supporting business unit metric, and a social media metric. The key, as with any analysis, is to distinguish causation from correlation.

Figure 1. Tying Social Media Objectives to Business Objectives
A Framework for Social Media Analytics

Despite the advances in integrating social media into business, the majority of companies we recently surveyed do not have standard frameworks in place to measure its value. This is true not only of companies just beginning to engage, but of more than half of Advanced companies (Figure 2).

Figure 2. Tying Social Media Objectives to Business Objectives

“We have standard measurement frameworks across the company to help benchmark deployments.”

Because social media is still a wide-open landscape, the first impulse is to start with one or more measurement tools as a way to focus attention, drive insight, and learn from experience. But while this approach fosters organizational learning, it doesn’t address the most fundamental requirement for social strategists: to be able to articulate, quickly and with confidence, the strategic business value of social media.

The framework on the following page details the critical steps to building a business-focused social measurement strategy (Figure 3).
Step 1 (Strategy): Align Your Social Strategy with Business Objectives. The first—and often most overlooked—step in social media measurement is to determine what you’re trying to accomplish and how you will approach it. This means starting with core business objectives, such as corporate priorities, business unit/product objectives, or Management By Objective (MBOs). Then lay out the business strategies that support these objectives—before you start to develop or assess any social strategies.

Note that, while you should always think in terms of the future, the reality of this market means that you must plan for the present. This is the best way to ensure that your measurement strategy is realistic enough to serve your needs today, and adaptable enough to serve them in the future.

Step 2 (Metrics): Determine How You Will Measure Success. Metrics development should follow the same process. First, determine how you will measure success from a business perspective—whether it is to drive brand/product awareness, source competitive insights, improve search engine placement, contain call center costs, generate leads, or simply learn—before you approach it from a social perspective.

Step 3 (Organization): Evaluate Your Organization’s Readiness to Measure Social Media. This is one of the most critical elements of social media measurement strategy. Assess your resources, the level of domain, analytical and tool expertise needed, and the current state of internal collaboration. Many companies lack sufficiently trained staff for social media measurement and delegate it to overcommitted and under-prepared employees—a recipe for failure.
Step 4 (Technology): Choose Tools in Light of Strategy, Metrics, and Organization. Once you know what you’re trying to accomplish, how you’ll measure success, and what resources you have available, you’re ready for tool selection. This is still a very new industry, so be aware that tools are as yet immature and change quickly. There is no single best tool for every objective or every business.

This report will dive into each of four parts of this framework. Let’s begin with the first step, which defines how you will measure social media in the context of your business strategy.

Let Business Objectives Guide You: The Social Media Measurement Compass

As with any journey, you need to know what direction to take to reach your destination. The Social Media Measurement Compass will help you chart your journey and stay on course (Figure 4). Each direction represents a specific business use case for social media.⁶

The following pages present these use cases in more detail, along with sample metrics and the associated insights that they can deliver. This is not intended to be an exhaustive list of every possible metric, but rather a guide to the most common ways to evaluate the impact of social media on your business. Within each use case, you will find specific insights, metrics, and actions that you can take.

Figure 4. The Social Media Measurement Compass

Source: Altimeter Group
1. **Brand Health**: Brand health—a measure of how people feel about, talk about, and act toward your brand—is of primary concern for executives and the most common use case for social data. Applying social insights to your brand can add richness to market research efforts, help prevent or mitigate crisis, and uncover threats and opportunities.

A topical (albeit extreme) example of using social media monitoring to understand brand health is the recent closure of *News of the World*, following allegations that the paper improperly intercepted voicemails. Paul Mason, a BBC Economics columnist, wrote, “Large corporations pulled their advertising because the scale of the social media response allowed them to know what they are obsessed with knowing: the scale of the reputational threat to their own brands.”

Monitoring can also add an additional layer of insight to common business metrics such as Net Promoter Score (NPS). For example, while American Express tracks social media metrics as a part of overall brand health data, Pepper Evans, vice president, Digital Brand & Social Media Development, says that the company does not yet attempt to correlate sentiment explicitly with NPS. Rather, they look at the two in context and view sentiment metrics as a complement to—rather than a replacement for—NPS.

Following are examples of what you can learn about the health of your brand, as well as how you can measure and act on it (Figure 5).
2. Marketing Optimization: Social data is invaluable to marketers because it can help them learn how their programs perform in the real world, as well as drive decision making for new content and campaigns. An emerging best practice is to integrate measurement strategy into the initial planning of a campaign to facilitate learning, accountability, and continuous improvement.

For example, American Express recently partnered with YouTube and VEVO to live-stream a Duran Duran concert as part of their “Unstaged” series. They incorporated a Google chat widget to better understand how many people talked about the concert and, if so, whether they referenced American Express in their comments. The goal was to determine whether and how the live-stream experience influenced purchase intent and brand perception to better understand how to tune future initiatives. “We would love to use analytics to influence the type of content we create,” Pepper Evans says.
It’s important to note that not all campaigns, channels, and metrics are created equal. Some are designed for awareness (building the marketing funnel), while others are focused on revenue or other goals, so factor this into your measurement strategy accordingly. In addition, some social channels (YouTube, for example) are notorious for generating much more negative sentiment than others, so consider those nuances as well.

While social media measurement offers insight into campaign performance, it can also be used to tailor communications to specific groups or individuals. “If we could determine more about our customers, their likes, and dislikes and tailor communications to them based on what they’ve expressed they’ve liked before, that’s where we want to go,” says Chip Ross, senior manager, Social Media at DIRECTV, Inc. “That’s the endgame—personalization.”

Following are some examples of how social data can be used for marketing optimization (Figure 6).

**Figure 6. Marketing Optimization, Metrics, and Actions**

<table>
<thead>
<tr>
<th>Themes</th>
<th>Insights</th>
<th>Metrics</th>
<th>Actions</th>
</tr>
</thead>
</table>
| Overall Campaign Performance  | Performance of social compared to traditional advertising campaigns     | Revenue, conversions, leads per dollar spent compared to traditional programs | Planning
Develop future campaigns based on insights. |
|                               | How segments perform against each other                                  |                                              | Advertising
Focus on highest-potential markets or groups (geo- or demographic). |
|                               | Whether social cannibalizes other channels                               |                                              | Segmenta
Develop programs geared to highest-value customers, prospects.         |
| Content Performance           | How many people viewed, shared, liked your content                       | Visit loyalty by content Sentiment, retweets, likes, fans, followers by content Revenue, conversions, leads by content
Segmentation: how videos, calls to action perform                         | Program Development
Develop programs based on lifestyle insights. |
| Channel Performance           | Effectiveness of programs by social channel/network: Facebook, Twitter, YouTube | Visit loyalty/view-/click-through by channel Sentiment by channel Retweets, likes, fans, followers by channel Revenue, conversions, leads by channel |
| Timing Impact                 | Most effective times to post social content and engage                   | Time-parting analysis by conversation topic  | Investment
Plan social channel utilization/investment. |
| Influencer Identification     | Where to find advocates and detractors                                   | Most active/followed by campaign, channel Sentiment by influencer |

Source: Altimeter Group
3. Revenue Generation: Social media isn’t usually the most efficient strategy for direct revenue generation, but it can have demonstrable impact on lead generation and conversion, among other things. The key is to understand the role social media plays in the purchase process and then tune it to support the ways that consumers use social platforms in the context of your brand. Richard Binhammer of Dell advises companies to think about revenue holistically—“not just as a transaction, but as a relationship.”

This means looking at social media from the perspective of the customer, rather than treating it as just another sales channel. PETCO is an example of a company that takes a holistic approach to social media. “From a revenue perspective,” says John Lazarchic, vice president of eCommerce for PETCO, “Facebook is a low revenue source for us. We don’t look at Facebook and Twitter and see that they’re driving huge revenue.”

“For us,” he continues, “social is more about engaging the customer, which means conversations about their pets. Our Facebook pages have a little information about products or promotions, but we do it rarely. We try to use Facebook more as an interactive brand tool. When we look at the data on likes and comments, we see almost universally they are comments or conversation about pets. People just love to talk about their pets.”

But that is only half the story. According to Lazarchic, the social tools on the PETCO site drive significant interaction. The company has seen that ratings and reviews drive conversion and sales and reduce return rates. Further, they’ve found that people who engage with their “Ask and Answer” tool have higher engagement and higher sales. While 1% of shoppers use “Ask and Answer,” it influences 10% of revenue on the site.

“When consumers are on Facebook, they’re not in a shopping mode,” Lazarchic says. “They may follow a retailer because they have an affinity for a brand, but they’re not there because they’re looking for dog food.” Furthermore, consumers’ social graphs don’t necessarily mirror their interests. “Let’s say I’m into aquariums. Maybe a few of my friends share my interest,” he continues. “But if I go to the PETCO community, I’ll find a whole group of people who love aquariums. The forums are about technical questions and expertise, whereas Facebook is more about engaging with friends.”

But, Lazarchic cautions, what’s true for PETCO may not necessarily be true for all brands, such as fashion. “I am in a consumable-driven business. I encourage retailers to look at their consumers, consider their demographics, and figure out their reason for being on social platforms,” he stated. “Do you consider your friends to be dog nutrition experts? Probably not, but you might trust them to give you advice on whether something looks good on you.”

Lazarchic advises brands to take the long view and understand that social media is still new and evolving. “What’s true today may change tomorrow, so this is just a snapshot in time of how we engage with our customers,” he says.
To measure the relationship between social media and revenue, you will need access to a web analytics platform, such as those offered by Omniture/Adobe, Coremetrics/IBM, and Webtrends. Build a relationship with your web team to determine what insights you are looking for, what data you’ll need, and what tools (such as tagging, widgets, or specific URLs) are most effective for capturing it (Figure 7).

**Figure 7. Revenue Generation Insights, Metrics, and Actions**

<table>
<thead>
<tr>
<th>Themes</th>
<th>Insights</th>
<th>Metrics</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Effectiveness of social channels for conversion and revenue generation</td>
<td>Leads by channel</td>
<td>Advertising</td>
</tr>
<tr>
<td></td>
<td>Whether the social experience influences purchase behavior</td>
<td>Conversions by channel</td>
<td>Focus on highest-potential markets (geo- or demographic).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales by channel</td>
<td>Assortment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Visit loyalty</td>
<td>Focus on highest-impact products or services (geo- or demographic).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[Stated] intent to purchase</td>
<td>Customer segmentation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revenue by review rating</td>
<td>Develop programs for highest-value customers.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revenue by product by channel over time</td>
<td>Campaign Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revenue derived from social channels compared to direct revenue</td>
<td>Develop campaigns, promotions based on lifestyle topics.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Investment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Make investment decisions based on social channel performance.</td>
</tr>
<tr>
<td>Search</td>
<td>Impact of social media on search results</td>
<td>Improved search engine placement that drives increased traffic</td>
<td></td>
</tr>
<tr>
<td>Relationship</td>
<td>Whether social media is helping increase customer loyalty over time</td>
<td>Customer lifetime value</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transaction size</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transaction frequency</td>
<td></td>
</tr>
</tbody>
</table>

Source: Altimeter Group

4. **Operational Efficiency**: While social media requires up-front investment and ongoing resources, it can deliver both hard and soft cost containment benefits to organizations over time. One example is brand advocacy, where customers help or market to each other, extending the company’s reach. Another is one-to-one interactions that occur in public, such as when a representative responds to a customer through a social channel such as Twitter, addressing an issue through the relatively inexpensive digital channel that would otherwise have been handled through a more costly chat or phone interaction.
While social interactions support the customer experience, they also offer scale, because solving one person’s problem is visible to other people. “In communities, more people read posts by a factor of 10 than those that post questions or answer them,” says Charles Miller, director, Digital Care/Social Media Strategy at DIRECTV, Inc. “Solving one customer’s problem in public view with one interaction versus the cost of repeatedly answering similar issues in one-on-one agent interactions is a cost benefit that is hard to beat, especially when you add the value that peer authority brings to the table.”

Social media measurement can also offer insight into the most effective way to address a particular service issue more cost-effectively. Best Buy noticed a trend in which many customers from Latin America were calling the toll-free Spanish number to order products from Latin America for pickup in the United States. To facilitate this process and help its Latin American customers buy products for U.S. family and friends, the company posted detailed instructions in its blogs and forums, but saw that this content did not resonate with website visitors.

The company decided to create a video in Spanish to demonstrate the ordering process. They placed the video, with a call to action, on the landing page of its Spanish-language website. As a result, the company decreased calls on this topic to its Spanish-language toll-free number by half. They then made a second video in English. Now, whenever customers come to the English-language website from an international IP address, they are served with a pop-up box that offers help with international ordering.

The following chart provides examples of how to measure the impact of social media on operational efficiency (Figure 8).

**Figure 8. Operational Efficiency Insights, Metrics, and Actions**

<table>
<thead>
<tr>
<th>Themes</th>
<th>Insights</th>
<th>Metrics</th>
<th>Actions</th>
</tr>
</thead>
</table>
| Call Containment/Deflection| Potential cost savings from contained (deflected) calls | Percentage of inquiries in social channel that were resolved; i.e., did not culminate in 1–1 chat or call center call | **Identify Inefficiencies**  
Align web/social content to customer questions and issues; move most popular social answers into knowledge base.  
**Extend Advocate Reach**  
Develop advocacy/”super fan” network to accelerate impact. |
| Advocate/”Super Fan” Identification | Who is driving the savings?  
What topics do they prefer?  
Which advocates/”super fans” are most respected? | Most active advocates  
Sentiment/hot topics by advocate  
Kudos, likes, shares, retweets by advocate | |
| Cost Containment Opportunities | Which services issues are best answered online?  
Knowledge base gaps | Most frequent questions online versus in call centers | |

Source: Altimeter Group
5. Customer Experience: Social media can have an immediate impact on the customer experience, which leads to multiple additional benefits throughout the organization, such as brand health, cost savings, and increased revenue.

DIRECTV’s number one customer satisfaction metric is reliability of service. They incorporated a process to detect broadcast issues with channels. “If we can identify broadcast problems in social channels quickly,” Miller says, “we can detect the velocity of an issue, keep customers informed, and help customers both on and offline. As soon as we see a problem emerge on social, we move to investigate and solve it in-house to complement existing processes. Social is our early warning system.”

Dell is in the process of evolving a set of service levels for acknowledgement of issues online to ensure that there is accountability across the organization for how customer issues are handled. When it comes to issues raised in social media, says Michelle Brigman, director, Social Media Listening Command Center at Dell, “Silence is no longer acceptable.”

It’s also important to realize that not all channels are created equal, and customers will have different expectations of how companies behave based on where they are interacting. “There is a greater expectation of asynchronous conversation on communities, so we foster engagement by hanging back a bit to encourage customers to help each other,” says Gina Debogovich, senior manager, Communities, Best Buy. “At the same time, if you post on Facebook, there is an expectation that you are speaking to Best Buy directly. That said, social is ever-evolving, but this is where we see the customer mindset currently.”

The following chart provides examples of how to measure the impact of social media on the customer experience (Figure 9).
Figure 9. Customer Experience Insights, Metrics, and Actions

<table>
<thead>
<tr>
<th>Themes</th>
<th>Insights</th>
<th>Metrics</th>
<th>Actions</th>
</tr>
</thead>
</table>
| Attitudes               | How people talk about your brand and product when you’re not “there,”    | Common keywords                                                        | **Service Improvement**  
 |                         | and how it compares to traditional service channels                      | Common topics in social versus in CRM/call center software             | Set service levels; identify and act on service, product issues.        |
|                         |                                                                          | Acceleration of keywords or phrases                                     | **Optimization**  
 |                         |                                                                          |                                                                         | Align content and service focus to top issues in social channels.      |
| Intensity               | Momentum of a topic or issue                                             | Most common words associated with keywords “love” and “hate” in         | **Engagement**  
 |                         |                                                                          | relationship to your brand                                             | Directly engage with and address service issues, positive or negative. |
| Context                 | Sentiment and emotion drivers                                           | Correlate with corporate metrics, such as NPS and customer satisfaction  | **Issues/Crisis Management**  
 |                         |                                                                          |                                                                         | Identify and act on emerging issues/crises.                            |
| “Blind Spots”           | “What are we missing” in relation to NPS or customer satisfaction scores |                                                                         |                                                                         |
| Issues and Crises       | Service and product issues                                              | Volume/acceleration of terms related to your product, service, brand,   |                                                                         |
|                         | Emerging crisis                                                         |                                                                         |                                                                         |
| Service Levels          | Performance of social CRM                                               | # of service issues addressed in social media                          |                                                                         |
|                         | How quickly your organization responds to issues online                 | % escalated and resolved inside/outside social media                    |                                                                         |
|                         |                                                                          | # positive ratings and reviews                                          |                                                                         |
|                         |                                                                          | Retweets, content shared                                                |                                                                         |

Source: Altimeter Group
6. Innovation: Companies such as Starbucks and Proctor & Gamble have pioneered the idea of crowdsourced innovation on sites like MyStarbucksIdeas.com and pgconnect.com. But not every company has the resources to devote to the implementation and maintenance of purpose-built innovation platforms.

Nonetheless, companies can still derive benefit from monitoring the social web for feedback and ideas that both identify opportunities and reduce risk. The opportunity in social data is to make listening a consistent discipline throughout the organization so that crowdsourced feedback becomes a regular ingredient in the innovation process. “In an ideal world,” says Pepper Evans of American Express, “we would use social analytics to listen and respond to product feedback, ultimately leading to product innovation. We would love to evolve based on what we hear in the industry.”

The following chart (Figure 10) provides examples of how to measure the impact of social media on innovation.

**Figure 10. Innovation Insights, Metrics, and Actions**

<table>
<thead>
<tr>
<th>Themes</th>
<th>Insights</th>
<th>Metrics</th>
<th>Actions</th>
</tr>
</thead>
</table>
| **Opportunities and Threats** | Service and product opportunities and issues (marketing, design, service) | Terms such as “idea,” “I wish,” “I hate,” “I love” in relation to brand and competitors Acceleration, unusual volumes of new terms (trending terms, top keywords) | **Product Innovation** Identify customer likes/dislikes for input into product roadmap.  
**Service Innovation** Identify customer likes/dislikes for input into service roadmap. |
|                    | Competitive opportunities and threats                                      |                                                                         | **Engagement** Identify/engage on topics that appeal to the community. |
|                    | Emerging crises                                                          |                                                                         | **Marketing** Market back how consumer-led innovation has been used; demonstrate company’s support/appreciation of its community. |
| **Idea Resonance** | Which ideas gain most traction/resonate most strongly?                   | Number of ideas (volume) Sharinig of ideas (RTs, likes, shares) Acceleration and reach of idea topics over time | **Trend Spotting** Identify trends to be evaluated against corporate criteria. |
|                    | Customer requests in context                                              |                                                                         | **Competitive Intelligence** Monitor competitors’ innovations, as well as community response. |
|                    | Perspective on popularity of ideas                                       |                                                                         |                                                                         |
| **Idea Impact**    | Idea impact                                                              | Popularity and sharing of ideas Trends over time                        |                                                                         |
|                    | Effect of time on the above                                              |                                                                         |                                                                         |

Source: Altimeter Group
Social Media Measurement Challenges

“Data! Data! Data!” he cried impatiently. “I can’t make bricks without clay.”
–Sherlock Holmes, “The Adventure of the Copper Beeches,” 1892

How to Calculate Social Media Metrics

The previous pages include only a tiny fraction of what you can learn and measure—and what actions you can take—based on social data. Here’s the hitch:

There is no magic bullet and no definitive set of metrics for social media.

Your challenge is to use the previous pages, your own experience, and the internal resources at your disposal to develop the metrics that best describe and measure value for your business. Following are sample formulas to help you frame these metrics mathematically (Figure 11).

Figure 11. Sample Measurement Formulas

<table>
<thead>
<tr>
<th>Use Case</th>
<th>Example</th>
<th>Sample Formula</th>
</tr>
</thead>
</table>
| **Brand Health**       | Social Share of Voice                | Brand Mentions 
                                                                                       Total Competitive Mentions on Social Channels  
                                                                                            [Brand + Competitor A + Competitor B + Competitor C ...] |
| **Marketing Optimization** | Relative Campaign Engagement    | Retweets + likes + fans per dollar spent of Campaign A  
                                                                       Retweets + likes + fans per dollar spent of Campaign B |
| **Revenue Generation**   | Visit Loyalty by Social Channel      | Total Website Visitors from [Social Network] Who Have Returned Within Past 30 Days  
                                                                       Total Website Visitors from [Social Network] |
| **Operational Efficiency** | Community Impact                   | Average purchase value on [Social Network or community]  
                                                                       Average Purchase Value [all channels] |
| **Customer Experience**  | Social Service Level                | Number of Service Issues on [Social Network] Acknowledged within 4 Hours  
                                                                       Total Number of Service Issues Noted on [Social Network] |
| **Innovation**          | Idea Acceleration                   | Number of [IDEA] Topic Mentions in [END DATE]  
                                                                       Number of [IDEA] Topic Mentions in [START DATE] |

Source: Altimeter Group
Challenges of Social Data

Now that you have identified your business objectives and laid out a set of metrics to support them, it’s time to look at the measurement challenges you’ll need to keep in mind and factor into your measurement strategy. Following are the most common challenges of social data (Figure 12).

Figure 12. Social Data Challenges

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Description</th>
</tr>
</thead>
</table>
| Disparate Sources             | • Most brand conversations occur off the main website, outside the reach of traditional web analytics providers.  
                               | • New apps generate data from an ever-increasing array of sources, each with different characteristics.  
                               | • Social analytics solutions are still new; few case studies from which to learn.                                                          |
| Inconsistent Dataset          | • Different tools have different filtering capabilities.  
                               | • Solutions can only draw from public Facebook posts to protect privacy.  
                               | • Different tools have different access to the Twitter "fire hose."  
                               | • Crawlers and spam filters also affect dataset results.                                                                                  |
| New Behaviors                 | • Social media creates new behaviors that must be interpreted, and the value must be understood. Examples:  
                               | • A “Like” on Facebook  
                               | • A re-tweet on Twitter  
                               | • A check-in on Foursquare  
                               | • Answers vary based on industry and business objective.                                                                                   |
| Language Limitations          | • Industry terms, such as wine-tasting notes: “barnyardy,” “woodsmoke”; or car aficionados: “sick,” “slammed”  
                               | • Slang and abbreviations: LOL, OMG, TTYL, ROFL  
                               | • Irony and sarcasm  
                               | • Emoticons :-)  
                               | • Uneven support for global languages                                                                                                      |
| Different Analytical Approaches by Vendors | • Differing approaches to data collection affect results:  
                               | • Keyword-based is the simplest and least expensive, but least accurate.  
                               | • Natural language processing and algorithmic approaches are more sophisticated and expensive.                                              |

Source: Altimeter Group
Beyond Social Data: Beware Shaky Metrics

There are few conversations about social media that don’t mention one of the following increasingly common “metrics”: engagement, influence, reach, and sentiment. While they can be useful, each has intrinsic pitfalls, so use them wisely. Following are some recommendations.

**Give preference to result-oriented—rather than activity-oriented—metrics.** One of the biggest pitfalls of social media measurement is the tendency to report activity-based metrics without demonstrating the corresponding result. This means looking at an increase in fans, followers, or page views as an end in itself, rather than as a step toward a specific goal.

Use *The Social Media Measurement Compass* to put activity-based metrics in context: Did the additional followers also correlate with additional conversions? Did you see a Y% increase in conversions for every X% increase in followers?

*Every metric should pass the “So what?” test in the context of your business goals. If you can’t answer “So what?” to your metric, question the value of measuring it in the first place.*

**Know The Limits of Your Dataset.** As described in Figure 12, your data set may contain some fundamental issues. For example, “Reach” as a metric is problematic because it is based on the rapidly shifting and inconsistent data set of social media.

For example, the full Twitter “fire hose,” or the complete feed of Twitter, is massive and only available to a handful of companies. You also have to contend with the fact that your results only capture publicly available Facebook data. As a result, if you know that you have data from 80% of active blogs but only 5% of Twitter, you’ll need to note that you are basing your conclusions on an inconsistent sample, especially if you are trying to demonstrate impact across the entire social web. This is particularly important for smaller brands or business-to-business companies that typically have a small relative number of brand mentions.

*Caveat your data and communicate confidence levels for metrics based on inconsistent data samples.*

**Understand the Limits of Text Analysis.** Sentiment is also tricky because, while computers are excellent at remembering and storing facts (like the “Watson” supercomputer from Jeopardy! fame), they are less able to interpret nuances such as sarcasm and slang, which can dramatically affect meaning. Even if it were logistically and financially possible to have a team of people read and interpret every single post about a brand, humans frequently disagree on matters of interpretation, so sentiment will always be an imperfect science.

*Communicate confidence levels for sentiment data and then benchmark it. Even if you have an imperfect data set, understanding the “typical” range of sentiment and keyword ranking will reveal any variances that require additional investigation.*
**Clearly Define Synthetic Metrics.** Synthetic metrics—like “engagement” and “influence”—are composed of multiple ingredients and can have infinite definitions (Figure 13).\(^\text{13}\) For example, media companies may measure engagement based on the amount of time people spend on a website, because this translates to increased ad revenues. But if your focus is on selling products, a more relevant approach would be to define engagement based on sharing behaviors like retweets and content sharing, which expand the marketing funnel.

TweetLevel and BlogLevel by Edelman do a good job of making their definitions transparent, which ensures that anyone using them clearly understands what they’re getting. Like disclosing nutritional information on a cereal box, being transparent about the ingredients in social media metrics is an industry best practice.

*Don’t settle for synthetic metrics on the surface; be sure to dig down to understand their ingredients, and be transparent when you communicate them to others.*

Ultimately, the point is not to avoid shaky metrics altogether, but to “show your math” the way you did in high school.

*Figure 13. Buyer Beware: Synthesis Metrics (continued on next page)*

<table>
<thead>
<tr>
<th>Metric</th>
<th>Definition</th>
<th>Why It’s a Fallacy</th>
<th>Examples(^\text{14})</th>
<th>What to Do</th>
</tr>
</thead>
</table>
| Engagement Is Undefined| To hold the attention of; to induce to participate\(^\text{15}\)          | No consistent definition of the social behaviors that constitute engagement.      | To “like” a person or brand on Facebook <br> To “follow” a person or brand on Twitter <br> To retweet or share a piece of social content | *Be very clear about how you/your organization defines engagement based on business objectives.*  
  *Visit loyalty?*  
  *Retweets?*  
  *Sharing of content?*  
  *A combination?*  
  *The questions to ask:*  
  *What is the result of the action being taken?*  
  *What business goal does it support?* |

---

\(^\text{13}\) For example, media companies may measure engagement based on the amount of time people spend on a website, because this translates to increased ad revenues. But if your focus is on selling products, a more relevant approach would be to define engagement based on sharing behaviors like retweets and content sharing, which expand the marketing funnel.

\(^\text{14}\) Examples include “Likes,” “Follows,” “Retweets,” and “Content Sharing.”

\(^\text{15}\) The fallacy lies in the assumption that engagement on its own is a meaningful metric.
<table>
<thead>
<tr>
<th>Metric</th>
<th>Definition</th>
<th>Why It’s a Fallacy</th>
<th>Examples</th>
<th>What to Do</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sentiment Is Inaccurate</strong></td>
<td>An attitude, thought, or judgment prompted by a feeling. Usually expressed in media measurement as positive, negative, or neutral</td>
<td>Algorithmic sentiment analysis is usually approximately 75% accurate. It cannot account for sarcasm, context, slang, or interpretation. Even humans can’t agree sometimes on whether a specific post is positive or negative.</td>
<td>Sarcasm. “I just got my shoes from [STORE], but they were two different sizes. Great!” Context. Review on Amazon: “Just read the book!” (positive) versus the same comment on Flixter (negative) Slang. I &lt;3 Biiiiieeebeerrrrrrrr!</td>
<td>Determine how much you are willing to invest to achieve a satisfactory level of accuracy. Set expectations in advance as to the confidence level that you are aiming for. Look at data directionally rather than as a point in time so you can see both usual and unusual variations. Drill down into anything that looks unusual.</td>
</tr>
<tr>
<td><strong>Reach Is Inconsistent</strong></td>
<td>How many people [potentially] saw a specific piece of content, and how far it was shared.</td>
<td>Unlike the traditional media notion of reach, which relies on a relatively stable population of outlets, social media is a moving target. Not all blogs are active. Different organizations have access to different percentages of the Twitter “firehose.” The speed of activity streams means that someone may never see a tweet if they weren’t logged in to Twitter or Facebook when it posted.</td>
<td>If someone has 100 followers, each of whom have 100 followers, hypothetical reach would be 10,000. But if your company only has access to 1% of Twitter, you’re missing a large part of your sample. If a person wasn’t logged in to Twitter when your tweet went by, does it count?</td>
<td>Like sentiment, reach analysis requires a clear set of expectations at the outset and must be tied to clear business objectives. If you’re using reach numbers to gauge the success of a program or your share of an online conversation, know that you’re never going to have a 100% confidence level. Set a level for each channel and for each metric.</td>
</tr>
<tr>
<td><strong>Influence</strong></td>
<td>The act or power of producing an effect without apparent exertion of force or direct exercise of command; the power or capacity to cause an effect in an indirect or intangible way</td>
<td>In order to gauge influence, one must be able to show cause and effect. Further, not all influence is created equal. Just because someone has a large social media following does not mean that they can influence all followers on all topics. Does Ashton Kutcher (7.3M Twitter followers at the time of this writing) influence car buyers? Stroller buyers? Computer buyers? Does Lady Gaga influence headache sufferers?</td>
<td>Influence is based on context (is this person regarded as a subject-matter expert in your market). The best way to find influencers is to look at results—e.g., conversion through social channels—and trace it back to the source.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Altimeter Group
Organizational Considerations

“It is, of course, a trifle, but there is nothing so important as trifles.”
–Sherlock Holmes, “The Man with the Twisted Lip,” 1891

Organizing for Social Media Measurement

Once you’ve addressed Step 1 (Strategy) and Step 2 (Metrics) of the social media measurement framework, it’s time to move to Step 3 (Organization). Organizational readiness is one of the most critical—and underestimated—aspects of social media measurement.

Jeremiah Owyang has written extensively about how companies should organize for social media; the table on the following page lays out options for how to prepare your organization to support social measurement based on how you are organized (Figure 14).19

Outline Team Roles and Responsibilities

Irrespective of your organizational model, you’ll need to outline the roles and responsibilities of your measurement team, including:

• What resources and skill sets you have in-house
• What additional resources and skill sets you need
• Who will set strategy and process
• Who is responsible for tool selection
• Tool selection process
• Required training and education
• How you will collaborate with other groups
• Other issues, such as how culture affects sharing and decision making

What’s most important at the outset is to lay out your current (realistic) state, as well as your future (likely realistic) state, so you know what you have to work with, what you can reasonably do with it, and what you will need to get to full capacity.
Figure 14. How to Organize for Social Media Measurement

<table>
<thead>
<tr>
<th>If Your Company Is ...</th>
<th>You Should Initially ...</th>
<th>With the Following End State in Mind:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decentralized</td>
<td>Discover others in your organization who are implementing social media measurement. Facilitate measurement strategy. Build common measurement processes among groups and business units. Discover what tools others are using, and look for economies of scale.</td>
<td>Distributed measurement Clear and consistent standards and processes End state: scale and consistency</td>
</tr>
<tr>
<td>Centralized</td>
<td>Build a measurement team. Set measurement strategy. Build measurement processes for groups and business units. Select tools. Educate peers and departments on social media measurement.</td>
<td>Centralized measurement Consistent standards Clear accountability and control Laying the groundwork for coordinating/distributing measurement over time End state: control and consistency</td>
</tr>
<tr>
<td>Hub and Spoke</td>
<td>Build a “Center Of Excellence” (COE) team. Set measurement strategy. Build common measurement processes among groups and business units. Lead or facilitate tool selection. Educate on social media measurement. Implement collaboration among groups.</td>
<td>Coordinated measurement Clear standards and shared processes COE is a resource for the business Focus on helping other groups scale their social media measurement efforts quickly and consistently End state: scale and consistency</td>
</tr>
<tr>
<td>“Dandelion”</td>
<td>Extend COE to other departments. Continually monitor, update, and collaborate on measurement strategy. Extend measurement processes among groups. Lead or facilitate tool selection. Educate on social media measurement. Support collaboration among groups.</td>
<td>Coordinated measurement on a business unit by business unit scale Clear standards and shared processes COEs are resources for the business Focus on helping and coordinating with other groups as needed End state: scale and consistency</td>
</tr>
<tr>
<td>Holistic</td>
<td>Continually monitor, update, and collaborate on measurement strategy. Facilitate tool selection and review. Educate on social media measurement. Promote collaboration among groups.</td>
<td>Coordinated measurement on a corporate scale Clear standards and shared processes Focus on helping and coordinating with other groups as needed End state: scale and consistency</td>
</tr>
</tbody>
</table>

Source: Altimeter Group
Outsource or Bring In-House?

Beyond internal organization, many companies look to an agency or vendor to manage some or all of their monitoring and analysis. This can be a practical option for the short or even long term, but only if you do the following:

**Balance Skill Sets: Analysis, Tool Mastery, and Domain Expertise.** Tool vendors tend to have a more advanced level of analytical (and clearly tool) expertise; but they frequently lack domain expertise. Agencies can be a good choice, but probe on all three skills sets; unless they have a specific measurement offering, chances are they will be novices—or focused primarily on marketing campaigns—when it comes to analysis.

Finally, no one will know your business better than employees, so outsourcing can affect your ability to extract insight if the agency or vendor is not an expert in your industry. Ensure that your internal team actively manages the external team so they have the appropriate guidance to deliver relevant and actionable insights.

**Consider Information Sensitivity.** While social data is public, your business plans are not. Asking an outside vendor to research social attitudes on a particular topic can tip your hand on issues such as product direction, competitive moves, acquisition plans, executive transitions, or other issues that must remain within the boundaries of your organization—especially if your company is publicly traded or operates in a highly regulated industry. Even companies that choose to outsource some aspects of social monitoring and measurement must have trained staff available to handle sensitive research requests.

**Plan for Knowledge Transfer.** It’s challenging to educate an organization when measurement and monitoring are done externally. If you outsource, build in processes to ensure you are reaping the benefit of all relevant insights in a form you can share, and which will support organizational learning.

**Implement Checks and Balances.** If you task your agencies with measuring the success of their own programs, put checks and balances in place to ensure you’re getting the complete picture. This process has more to do with gaining a clear perspective and less to do with conflicts of interest; you must ensure that your monitoring program is focused externally as much or more than it is internally.

**Compare Insourced and Outsourced Expenses.** While outsourcing monitoring and measurement can reduce the need for Full-Time Employees (FTE) in the short term, it can be more expensive in the longer term. Depending on how your organization budgets, that may be an acceptable tradeoff, but make sure you are aware of all hard and soft costs that may hit your budget.
Case Study: How Dell’s Social Listening Organization Evolves

Dell is an organization whose social media maturity enables it to scale its listening efforts effectively. This is critical for a brand with more than 26,000 social media mentions per day.

Dell’s Social Media Listening Command Center

Dell operates under the philosophy that “Everyone is listening,” and created a Social Media Listening Command Center in December 2010. While Dell is organized in the Holistic model for social media, it uses a hybrid holistic/coordinated model for listening.

The goal is to embrace social media as an organization and as an integral part of the workday, while supporting all employees with social media “air cover.”

While the Social Media Listening Command Center includes a ground control team, it is not the only location in which employees listen. A significant number of the more than 100,000 Dell employees—beyond the command center and social media team—listen to social channels as part of their daily responsibilities.

“We have a dual strategy when it comes to listening,” Richard Binhammer says. “The first part is that we push listening deep into the organization. The closer people are connected to customers, the better.” To support that philosophy, the company makes training and tools a priority for staff, enabling them to incorporate social media as a tool in their day-to-day operations.

The second part of the strategy, Binhammer says, is embodied in the Command Center; the ground control team maintains a macro perspective on issues so that groups within Dell don’t duplicate efforts and are instead able to focus on addressing customer concerns.

The next evolution of listening, says Maribel Sierra, director of Global Social Media and Communities at Dell, is the notion of a “social radio,” which Dell is currently building. The social radio will enable employees at the company to “tune into” conversations relevant to their group or line of business. “This is the next level of how we can bring listening to everyone at Dell,” Sierra says.
Choosing a Social Media Monitoring Tool

“It is a capital mistake to theorize before you have all the evidence. It biases the judgment.”

–Sherlock Holmes, “The Sign of the Four,” 1890

Finally, Step 4 (Technology) of the social media measurement framework is to select the technology that best supports your business objectives, metrics, and organization. In mature markets, business buyers know what features they need, who the market leaders are, and what differentiates vendors from each other. Not so with social media monitoring and analytics, in which the landscape is muddy, tools are immature, the market is moving (and consolidating) quickly, and no single solution offers all the necessary pieces.

Assessing Your Social Media Monitoring Priorities

Below is an assessment tool to identify your organization’s top priorities. Remember that in this nascent market, the most important criteria will always be company vision and viability. Not all vendors will meet all of your top criteria, so you may need to shuffle your priorities until you have separated the true “can’t-live-without” features from the “nice-to-have” ones.

Evaluating Social Media Monitoring Vendors

The following vendor selection requirements were the most commonly cited in discussions with more than 30 vendors, brands, agencies, and thought leaders in the social media measurement space (Figure 16).

Remember that this is a very young, emerging, and consolidating market, so keep in mind that many of the vendors are relatively young companies with small teams.

In addition to feature/function, remember to probe for vision, since it will be the only constant as this market continues to evolve. Educate yourself fully before making a selection, and use the Priority Assessment Tool to remind yourself of the features that are most critical to your organization.

For each section, circle the statement that best describes your business (Figure 15). Assign 1 point for “1,” 2 points for “2,” and 3 points for “3.” Sections that score “3” are your top priorities.
## Figure 15. Social Media Monitoring Priority Assessment Tool

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data Quality</strong></td>
<td>1. Keyword-based search is fine for our needs.</td>
</tr>
<tr>
<td></td>
<td>2. Sophisticated text analytics/natural language processing is important.</td>
</tr>
<tr>
<td></td>
<td>3. Sophisticated text analytics/natural language processing is critical.</td>
</tr>
<tr>
<td><strong>Scalability</strong></td>
<td>1. We have up to 5,000 brand mentions per day.</td>
</tr>
<tr>
<td></td>
<td>2. We have 5,000–10,000 brand mentions per day.</td>
</tr>
<tr>
<td></td>
<td>3. We have more than 15,000 brand mentions per day.</td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td>We can handle all monitoring/reporting in house.</td>
</tr>
<tr>
<td></td>
<td>2. We need ad-hoc support from our vendor for some monitoring/reporting.</td>
</tr>
<tr>
<td></td>
<td>3. We need continuous ongoing services from our vendor for monitoring/reporting.</td>
</tr>
<tr>
<td><strong>Platform Education</strong></td>
<td>1. Online/web-based education is fine for our needs.</td>
</tr>
<tr>
<td></td>
<td>2. We need a one-time training session that includes 1–1 interaction.</td>
</tr>
<tr>
<td></td>
<td>3. We need access to ongoing account services and 1–1 education/support from our vendor.</td>
</tr>
<tr>
<td><strong>Domain Expertise</strong></td>
<td>Expertise in our industry is:</td>
</tr>
<tr>
<td></td>
<td>1. Nice to have</td>
</tr>
<tr>
<td></td>
<td>2. Important</td>
</tr>
<tr>
<td></td>
<td>3. A true differentiator for us</td>
</tr>
<tr>
<td><strong>Language Support</strong></td>
<td>1. We only track English-language mentions.</td>
</tr>
<tr>
<td></td>
<td>2. We track multiple languages, but only on an ad-hoc basis.</td>
</tr>
<tr>
<td></td>
<td>3. Multiple language support is a must-have.</td>
</tr>
<tr>
<td><strong>Workflow Support</strong></td>
<td>1. We require minimal workflow support.</td>
</tr>
<tr>
<td></td>
<td>2. We need e-mail integration, plus audit trail capability.</td>
</tr>
<tr>
<td></td>
<td>3. We require full workflow features in our monitoring solution.</td>
</tr>
<tr>
<td><strong>Compliance Integration</strong></td>
<td>1. Compliance integration is not an issue for us.</td>
</tr>
<tr>
<td></td>
<td>2. Compliance integration will be important in the future.</td>
</tr>
<tr>
<td></td>
<td>3. Our monitoring solution must integrate with our compliance solution.</td>
</tr>
<tr>
<td><strong>Alerting</strong></td>
<td>1. Alerting is not important to us.</td>
</tr>
<tr>
<td></td>
<td>2. Hourly or daily alerting is fine for our needs.</td>
</tr>
<tr>
<td></td>
<td>3. Exception-based alerting is critical to our business.</td>
</tr>
<tr>
<td><strong>Summary</strong></td>
<td>Force rank all sections that scored a &quot;3,&quot; and list the top three in priority order, where #1 is the top priority.</td>
</tr>
</tbody>
</table>

Source: Altimeter Group
Figure 16. Social Monitoring Vendor Selection: Requirements & Questions (continued on next page)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Why This Is Important</th>
<th>Key Questions to Ask</th>
</tr>
</thead>
</table>
| **Data Quality**         | Some tools (Radian6, Lithium/Scout Labs) use keyword search, while others (Visible Technologies, Converseon) use Natural-Language Processing (NLP), text analytics, or algorithmic analysis (Crimson Hexagon). Transparency is key. Expect to pay more for NLP, text analytics, and algorithm-based tools that offer more accurate sentiment analysis. | 1. How do you collect and process data?  
2. Is it machine-only? Machine and human?  
3. How much custom configuration can we expect?  
4. What is your source for Twitter data? How much of the “fire hose” do you provide?  
5. How do you handle spam filtering?  
6. How accurate is your sentiment analysis? |
| **Scale**                | Scale refers to the ability of the tool to handle multiple, simultaneous searches with acceptable levels of data latency. This is critical if you have a brand with many thousands of brand mentions, or in a crisis when you must make quick decisions. | 1. How many simultaneous queries can you handle?  
2. What are your data latency parameters?  
3. How do you ensure service quality during crises? |
| **Professional Services**| Be realistic about your resources and experience. A solution that seems inexpensive will quickly eat up resources if you do not have trained staff who can use it. Some vendors (Crimson Hexagon, Visible Technologies, NetBase) offer reporting services; the alternative is to use an agency. | 1. What services do you offer?  
2. Can you provide ad-hoc reports, as well as standard and rush turnaround times? Within what time frames? (important during crisis) |
| **Training and Education**| Some vendors offer in-depth training in social media monitoring, while others train only on the tool itself. Consider training if you are new at social media monitoring and/or you don’t have any staff trained in social media listening or data analysis. | 1. What kind of training do you offer? Training on the tool itself, or do you include training on how to interpret results?  
2. Can you train our team to disambiguate searches and/or construct effective searches?  
3. Can you provide ad-hoc guidance? |
| **Domain Expertise**     | While all industries require domain expertise, there are some in which conversations can include a high degree of jargon or “terms of art.” Knowing what to listen for is key. Factor the learning curve into your decision. | 1. How many clients do you have in our industry?  
2. What are examples of the types of insights you can deliver?  
3. What are the listening best practices in our industry? |
| **Language Support**     | Some tools support multiple languages, while some support English only. Some tools, such as Crimson Hexagon, use an algorithmic approach that supports any language. | 1. What is your approach to multiple language support?  
2. How accurate is it?  
3. What is on your roadmap? |
| **Workflow Support**     | This is critical for organizations that need to share insights with multiple stakeholders, such as line of business, legal, risk management, product, corporate communications, or compliance. | 1. What workflow capabilities do you offer?  
2. Are they integrated with e-mail?  
3. How are workflow interactions flagged, tracked, prioritized, and archived? |
| **Data Integration**     | This may not be an issue today, but it will be in a year as technologies mature to connect social data to the customer profile. | 1. What are your plans to integrate with other enterprise systems, such as CRM?  
2. What else is on your roadmap?  
3. What are your plans for mobile access? |
| Compliance Integration | Organizations in regulated industries (financial services, healthcare, etc.) require sophisticated workflow, records retention, and audit trail capabilities, among others. | 1. Do you now or do you plan to offer integration with compliance systems?  
2. What is the timeline? |
|------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Alerting               | Very few vendors offer anything other than hourly or weekly alerts. Some, like Visible Technologies and Omniture/Adobe, offer exception-based alerting, saving you the step of having to do a query to check on significant changes in metrics. | 1. Do you offer alerting?  
2. What kind of alerts do you offer?  
3. Are you able to alert me if sentiment or another metric drops below a certain range?  
4. Do you offer mobile access for alerts? |
| Pricing                | Expect a range of pricing models, from workspace to keyword to user- to volume-based. Inexpensive tools can quickly add up when scaled across an organization. | 1. What is your pricing model?  
2. How do multiple users/licenses/workspaces/volume affect what we will pay? |

Source: Altimeter Group
Using Multiple Tools

Given the different use cases and needs across organizations, as well as the fact that many tools now have the ability to capture social data, it’s common for large companies and agencies to use a range of social media monitoring and measurement tools. Given the state of the market today, there is no “one tool to rule them all,” so don’t be surprised if you find that your company already uses multiple tools—and types of tools—to get the job done.

The key is not the number of tools used, but whether they are, individually and collectively, the right ones for the job in terms of effectiveness, price performance, service, support, and results. Luckily, some very good tools, such as those offered by Simply Measured, Shareaholic, Export.ly, TweetLevel/BlogLevel by Edelman, TweetReach and others, are either free or available at a very low cost. This doesn’t have to be a budget-busting process.

The challenge is that businesses end up patching together inconsistent data points from disparate tools and departments to tie social media initiatives to business objectives. This mish-mash of social data—a little from here, a little from there—creates a condition we call “Frankenmetrics,” a stitched-together muddle that may function in the short term but cannot scale in the longer term, as it relies on piece-parts from multiple data sources and platforms. Your choice becomes either to use a relatively clean (though limited) data set or stitch together data from multiple sources, knowing that this is time-consuming and there will be data disparities.

The cure for Frankenmetrics—eventually—will be the maturation of this market, as platform providers begin to integrate social data from different parts of the organization into a single, integrated dashboard. The best example today is related to measuring conversion or other revenue-generating activities; engagement data comes from listening platforms, while attribution data comes from web analytics platforms, which are typically confined to web teams. Web analytics providers such as Omniture/Adobe, Coremetrics/IBM, and Webtrends are trying to solve this problem by offering integrated platforms, but these offerings are still relatively new. (Omniture’s Social Analytics platform was still in private beta at the time of this writing.)

For now, let your social media measurement framework guide you. Clearly define your goals and strategies; focus on the metrics that support them; find your data sources; and align your organization to capture, analyze, and interpret this data. In this way, you will position yourself to measure the right things, interpret social data effectively, extract relevant insights, and take appropriate action.
Summary of Recommendations

“Come, Watson, come!” he cried. “The game is afoot.”
–Sherlock Holmes, “The Adventure of Abbey Grange,” 1904

As stated earlier in this report, the landscape for social analytics is still very new. Expect features, tools, and vendors to change rapidly; do not let that distract you. A social analytics strategy deeply grounded in the business will be more adaptable—and ultimately more successful—than one focused on tools and features.

Following is a summary of recommendations from the previous pages.

1. Use the Social Analytics Framework to Plan Your Measurement Program.
   a. Start with your business objectives and strategies.
   b. Identify the business metrics that support them.
   c. Build your social metrics to support your business objectives. (Remember that there are many ways—not just ROI—to measure the performance of social media initiatives.)
      i. Use the Social Media Measurement Compass to identify the use cases that are most relevant to you.
      ii. Based on those use cases, develop a prioritized list of the most valuable things you can learn about your social media initiatives.
      iii. Develop the metrics that support your business metrics.
      iv. Use the sample formulas to build your own custom formulas.

2. Educate Yourself About the Limitations of Your Social Data.
   a. Start prioritizing the importance of text analysis, language support, and spam filtering.
   b. Evaluate how user behaviors, such as likes, shares, and check-ins, could drive your business.
   c. Start a lexicon of terms that have specific meaning for your company or industry.
   d. Define and set expectations about your metrics.
      i. List the ingredients in synthetic metrics.
      ii. Communicate confidence levels for metrics based on inconsistent data.
      iii. Give preference to result-based—rather than activity-based—metrics.

3. Evaluate—and Be Realistic About—Your Organizational Readiness and Needs.
   a. Identify your organizational model for social media.
   b. Based on that model, outline the roles and responsibilities of your measurement team, including:
      i. What resources you need
      ii. Who will set strategy and process
      iii. Who is responsible for tool selection
      iv. How you will choose tools
v. Required training and education
vi. How you will collaborate with other groups

c. If you choose to outsource some or all social media monitoring:
i. Balance domain expertise, analytical skill, and tool mastery
ii. Consider information sensitivity
iii. Plan for knowledge transfer
iv. Implement checks and balances
v. Compare expenses

4. Choose a Vendor or Vendors.

a. Use the Social Media Monitoring Priority Assessment Tool to identify your top priorities.
b. Identify and rank any additional criteria the tool doesn’t cover.
c. Ask the suggested questions—and any additional questions—of the vendors you interview.
d. Build your short list based on vendors’ support of your expressed priorities.
e. Consider how multiple tools will complement each other.
The Future of Social Media Measurement

“I never guess. It is a shocking habit—destructive to the logical faculty.”
– Sherlock Holmes, “The Sign of the Four,” 1890

Like the old Hindu fable of the blind man and the elephant, the state of social analytics depends a lot on where you happen to be standing. This is partly because social media has such broad impact, and partly because we are still at the early stages of learning what it will really mean for business in the long term. Here are some predictions:

Social Is One of Many Signals—Data Is King

Over time, what we think of as “social analytics” or “social intelligence” will become an integral—and eventually indistinguishable—element of the enterprise’s ability to sense, interpret, and recommend actions based on signals from the market. The notion of “social media” will become an artifact of this transition, as the ability to adapt and respond to social, commerce, and other market signals becomes the norm.

One of the greatest impacts of the transition to the adaptive business is the advent of “Big Data”—the algorithmic increase in unstructured data that will stem from continuous interaction with customers, communities, and markets. According to IBM, 90% of all the data in the world was created in the past two years alone.

As “Big Data” becomes a reality, it will be up to the platform providers to process, analyze, and recommend action based on this data. Clearly, this future state is several evolutionary steps away from social media monitoring and will require an entirely new processing and analytics approach that is able to make sense of both the unstructured nature and the sheer volume of data.

The ability to capture, interpret, and act in real time based on signals from social media in the context of other enterprise data will become a tremendous competitive advantage over time. Companies such as Dell, which is well on its way to making listening a core competency of the organization, will be well-positioned to handle big data, a capability that will take their competitors years to replicate.

Goodbye 20 Questions; Hello Predictive Analytics

Today’s analytics tools require a highly manual, iterative approach, not too different from the child’s game “20 Questions.” For example, if you want to understand sentiment about your new product, and then understand what is driving that sentiment, you have to write a query to deliver the answer.

But, for business, “20 Questions” is no fun at all; it’s time-consuming, fraught with risk, and eminently unscalable. We are already seeing social media monitoring platforms that include both time- and event-based alerting to let users know of unusual activity or trends in real time. (Omniture’s soon-to-be-released Social Analytics does this, as does Visible Intelligence.) Soon we will see analytics evolve from the “20 Questions” approach to true predictive analytics.
As this market matures, key differentiators—text analytics/Natural Language Processing, scalability, integration, data quality, language support, and alerting—will become checkbox items, while the true differentiator will become the ability to process “Big Data,” extract relevant intelligence, and predict high-probability outcomes—social or otherwise.

Rather than expecting analysts to play “20 Questions” with their tools to extract insight, the tool will sense changes in sentiment and proactively alert the business user both to the change and to the probable reasons for it. *The onus will now be on the tool to deliver insights,* while the analyst’s job will become one of interpretation in the context of the business.

**Excuse Me, Do You Speak Data?**

As the enterprise becomes more dependent on external signals to influence decisions and take action, the ability to “speak data” will become a critical skill for anyone who works within the social, adaptive business. While machines will do much of the brute force analysis, the ability to interpret data will mean the difference between analysis paralysis and organizational agility.

Dell has already begun to scale for this eventuality, at least as it relates to social business; a broad spectrum of people within the organization are expected to listen and respond to customer and community signals on a regular basis. To that end, the company also has a robust training and education program for social media.

EMC is moving in a similar direction; the company recently appointed a “Chief Listener” who works with business units and geographies to drive the discipline of listening throughout the organization. While Dell and EMC are relatively unique examples today, that will change over time as data fluency becomes a coveted—and ultimately expected—skill set.

Expect, however, that even as businesses develop the ability to “speak” and interpret data, they will also have to grapple with the cultural implications of the data-driven enterprise as data becomes even more widely available. Cautions Altimeter analyst Lora Cecere, “Data versus intuition is a big change management issue.”

In the end, the organizational and cultural implications of data-driven business will turn out to be even more disruptive than the data itself. The businesses that succeed in the data age will be the ones that can learn from disruption—whether technology or organizational—and use it to build stronger and more reciprocal relationships with customers and their entire ecosystems.
Endnotes


2 Ibid.


4 The Best Buy international ordering example in the “Operational Efficiency” section is a real-life illustration of how the company was able to reduce the cost associated with a specific type of phone inquiry by addressing the issue on the social/digital channel.


6 Like a navigational compass, the Social Media Measurement Compass simply gives you a starting point and a direction for social media measurement based on a common set of business objectives. There’s no need to limit yourself to just one direction/use case if more than one is relevant to your position. As you’ll see in the tables presented, many of the same metrics are used for a range of purposes throughout the organization.


8 ZoomMetrix has done some very nice work on segmentation, where they looked at the ROI of a specific feature, in this case, a web video: http://www.zoommetrix.com/traffic-analysis/measuring-roi-using-segmentation.

9 When you are looking at the impact of social media on conversion or other indicators, it’s important to differentiate between causation and correlation. To prove causation, companies would have to do A/B or multivariate testing, comparing the population who engaged with social media to those who did not.

10 Michael Wu of Lithium has done interesting research related to measuring community behavior, engagement, and ROI. You can find his posts here: http://lithosphere.lithium.com/t5/Building-Community-the-Platform/bg-p/MikeW.

A typical sample of Twitter data from most social media monitoring solutions is between 1% and 10% of the Twitter “firehose,” which is plenty for some brands but insufficient for others. Some companies and monitoring solutions source their Twitter data from Gnip (www.gnip.com), a company based in Boulder, Colorado, which will provide either a volume or keyword-based cut of Twitter data for a fee. For example, a company in the automotive industry would purchase access to tweets based on the keywords related to cars, while another may wish to purchase access to a percentage of all tweets.

I first became aware of this issue several years ago at the Conversational Marketing Summit, where I heard Avinash Kaushik of Google rail against the increasingly common use of synthetic—or compound—metrics to describe social and web behaviors. His point was that synthetic metrics can so easily obscure exactly what it is you are trying to understand. “If you measure engagement based on the average amount of time someone spends on your site, don’t call it ‘engagement,’” he said. “Call it what it is: ’Time Spent on Site!’” Kaushik’s blog, “Occam’s Razor,” is required (and delightful) reading for anyone interested in analytics: http://www.kaushik.net/avinash.

For more examples, see “Advanced Integrations of Social Media Analytics,” by Blake Robinson, Chris Lightner, Margaret Francis, Megan Costello, and Susan Etlinger, http://portal.sliderocket.com/ANSDL/socialmeasure.


For more examples, see “Advanced Integrations of Social Media Analytics,” by Blake Robinson, Chris Lightner, Margaret Francis, Megan Costello, and Susan Etlinger, http://portal.sliderocket.com/ANSDL/socialmeasure.


Wikipedia has a good summary here: http://en.wikipedia.org/wiki/Blind_men_and_an_elephant.

Jeff Jonas, chief scientist and distinguished engineer at IBM, has a useful blog on information management that explains this and other related concepts in some detail: http://www.ibm.com/smarterplanet/global/files/us_en_us_smarter_computing_ibm_data_final.pdf.
Following is a definition of Hadoop from the Apache Hadoop project website: “The Apache™ Hadoop™ project develops open-source software for reliable, scalable, distributed computing. The Apache Hadoop software library is a framework that allows for the distributed processing of large data sets across clusters of computers using a simple programming model. It is designed to scale up from single servers to thousands of machines, each offering local computation and storage. Rather than rely on hardware to deliver high-availability, the library itself is designed to detect and handle failures at the application layer, so delivering a highly-available service on top of a cluster of computers, each of which may be prone to failures.” For more on Hadoop, see http://hadoop.apache.org.
About This Report

This report is intended as a framework to help you organize and plan your social media measurement program and to illustrate the requirements for a true social analytics. While it isn’t possible or practical to include every possible social business metric, we hope that, in the spirit of open research, you will contribute to this project and to the development of the industry by suggesting new metrics, questions, and use cases based on your experience. We welcome your feedback and suggestions.

About Us

Altimeter Group is a research-based advisory firm that helps companies and industries leverage disruption to their advantage.

About Susan Etlinger, Industry Analyst

Susan Etlinger (@setlinger) is an Industry Analyst with Altimeter Group, where she focuses on social media analytics and strategy. Previously, Susan was a Senior Vice President at Horn Group, where she pioneered the agency’s social strategy offering, advising start-ups to Fortune 500 companies on social media best practices and strategic plan development. Susan is a published translator and has a bachelor’s degree in rhetoric from the University of California at Berkeley.

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