

Dear Reader,



Welcome to *Performance Marketing*, the monthly newsletter for online marketers looking for results.

After the economy, this year's big story was clearly the rise of social media and how companies have used social networks to help produce results even in a downturn.

Put a room full of marketing professionals together, and no matter what the event, talk would inevitably turn to Twitter, Facebook, YouTube, or one of the other social networks.

You might also hear that determining social media's return on investment (ROI) is a major challenge for these marketers, with most saying their companies are not adequately measuring the impact of social-media campaigns.

With that in mind, we'd like to help 2010 get off to a great start with ten steps you can take to [calculate the ROI](#) of your social media programs.

Best wishes from all of us here at LSF Interactive for a great 2010!
Daniel Laury
Founder, President and CEO
LSF Interactive

Feature Article 10 Steps to Calculating Social Media ROI

In 2009, social media dominated the conversation. Despite the low barriers to entry, adopting social media was challenging for many brands. At the same time, the need to measure, analyze, and report marketing effectiveness was greater than ever before.

Our clients told us that measuring the impact of social media initiatives and the return on investment were major hurdles, as they are for many organizations.

Some companies lack the personnel to do the measurement and analysis. Some simply don't know what to measure. Still others aren't familiar with the tools. Others, under increasing pressure to produce results, hesitate to pursue social media without being able to pinpoint ROI.

Calculating the ROI of social media follows the same basic premise as it does for any other marketing initiative -- figure out what you're putting into it, what you expect to get out of it, define your metrics, measure, and calculate.

Get Out Your Atlas

Two new trends are making their way toward you: Geotargeting and Retargeting. Both are underutilized techniques that could be valuable additions to your marketing arsenal.

Geotargeting is delivering content to a website visitor based on his or her location, such as country, region/state, city, zip code, or IP address.

Retargeting is delivering online advertising to consumers based on previous Internet actions that did not result in a conversion.

Conversion rates from retargeting outperform general display ads (even contextual advertising). LSF Interactive offers several retargeting technologies and methods that will significantly enhance your online marketing efforts and results.

According to a new report, the geotargeted display ad market in the U.S. is expected to grow from \$897 million in 2008 to \$1.9 billion in 2013. The forecast also anticipates that the geotargeted display market will grow from 10.2% of all display ads sold in 2008 to 15% by 2013.

The locally bought portion of the market, which primarily comprises small and medium-sized businesses, will see the highest growth. The segment will grow from \$45 million in 2008 to \$565 million by 2013.

Source: [BIA/Kelsey, December 2009](#)



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While the two main goals of social media for most brands are reputation management and sales, all types of companies are using social media to achieve different objectives. For example, BestBuy uses social media to reduce employee turnover; the ASPCA to increase online donations; and the Red Cross to prevent harm and save lives.

To get started you simply need a content source, a way to analyze the content, and a way to measure engagement.

Here are 10 steps to calculating social media ROI:

1. Identify the expected results of your social media campaign.

Setting measurable objectives based on current business goals and challenges is the first step of any good marketing initiative. Identify what you hope will change once your social media program has launched - customer acquisition, brand loyalty or recognition, reputation management, crisis management, brand monitoring, employee turnover, leads, referrals, sales, or something else.

2. Outline the investment in terms of personnel, costs, and time.

The costs of social media engagement are primarily the personnel and time allotted to driving the conversation as well as the time dedicated to producing fan pages and managing "friends." Social media is not something that you want to do on an occasional basis: once you have started to engage in social media, it must be a daily task and a constant commitment. See our social media story on Southwest Airlines on our blog newmediachatter.com.

3. Define your audience.

List every stakeholder and find out where they go for information and what they are looking for. Size your audience and understand what social network they are most likely to be using on a regular basis: is it Twitter, Facebook, LinkedIn, MySpace or some other vertical or topic related network? Understanding their demographics is critical, as well as the purpose for their use of social media.

4. Understand its needs.

Decide what the benefit of having a good relationship with each group is and what benefits they have in using a specific social network. Like a Harley-Davidson buyer or a First Class airline traveler aims at goals that may have little to do with riding a bike or finding the fastest way to go from point A to B, social network users make statements or have pains that you must uncover, understand and appeal to.

5. Identify the metrics.

Social media metrics include positive reviews, brand or company engagement, number of fans, followers and friends, referrals, conversions, comments, and links. More is not necessarily better. Don't just count total numbers, find out what those visitors, fans or followers are doing once they get to your site and how it is converting in customer engagement, leads or sales. Ultimately, social media should bring measurable gains in brand awareness, customer engagement, lead generation, e-commerce and retail sales, or crisis control. Social media can and should have a positive ROI.

6. Determine your benchmarks.

Decide what's important - positive or negative mentions, positioning, visibility - relative to your peers and competitors. Choose a timeframe and estimate what an acceptable level of change is. For instance, the well managed Twitter handle "@Comcastcares" does an outstanding job in following unhappy customers and intercepting them to offer apologies, discounts, rebates or other freebies to re-



Anne Dautun
Vice President
Client Services

French-born but San Francisco-based, Anne is a familiar face to many of you as she builds relationships with our clients.

You may not know that before joining LSF Interactive, Anne served as Director of International Business Development for Live Picture, Inc. where she generated close to 10 million dollars in revenue for the company. Prior to this, Anne worked for Sybase, Inc. in France.

She received her Masters in Business at INSEEC, the Institute of Economics and Commerce in Paris.

When not looking after her children, Anne windsurfs under the Golden Gate Bridge.

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Visit New Media Chatter to get tips and tactics for social media marketing from Dave Peck, our New Media Strategist.

Some of our West Coast readers might have heard Dave on Thanksgiving discussing videos and social media on KCBS News 740 AM.

This week find out all the things Dave [does not like about social media](#).

10 Steps of Social Media ROI

- 1. Identify the expected results of your social media campaign.**
- 2. Outline the investment in terms of personnel, costs, and time.**
- 3. Define your audience.**
- 4. Understand its needs.**
- 5. Identify the metrics.**
- 6. Determine your benchmarks.**
- 7. Pick a tool and conduct research.**

engage them positively with the brand. @Southwest intercepts users from other airlines who are stranded with delayed flights and offers them seats on their own planes.

7. Pick a tool and conduct research.

There are many tools to help you monitor the online chatter about your brand including free apps like Twendz, TweetBurner, Monitter, Lexicon, Trendrr, Jodange and paid apps such as TruCast, Radian6, Cision, Techrigy, Collective Intellect.

8. Analyze results.

Look for successes and failures - what didn't work is almost more important than what did. Check against your peers and competitors. Compare to last month, last quarter, last year.

9. Apply insights, adjust efforts and re-measure.

Find out what worked and what didn't and move resources to successful efforts.

10. Repeat steps 8 and 9.

A well-crafted social media presence is an essential part of doing business today. Feel free to email us if you have any questions about how to incorporate social media into your marketing efforts.

Performance Marketing: Previous Issues

- [Facebook Landing Pages: Dos and Don'ts](#)
- [Top 11 Ways to Improve Holiday Campaigns](#)
- [Craft a Better Offer: 9 Tips](#)
- [Outflanking Your Online Competitors](#)
- [Measuring Social Media ROI](#)
- [Expand Your Reach With Affiliate Marketing](#)
- [Look Who's Using Performance Marketing](#)
- [Secrets of Customer Acquisition](#)
- [Growth in a Downturn](#)
- [Getting Savvy with Social Media](#)
- [Get the SEM You Deserve](#)

About LSF Interactive

[LSF Interactive](#) is a full service global interactive marketing agency that leverages all Internet channels, including Search Engine Marketing, Search Engine Optimization, Social Media, Display, Email and Affiliate program management, and focuses on conversions, to help companies acquire new customers, qualified leads or traffic and increase their online revenues. The company employs 90 people worldwide, is headquartered in San Francisco, CA, and has offices in Boston, MA, Paris, France, and Hyderabad, India.

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Contact Us

To find out more about how performance marketing can help your business, call 1.877.616.8226 (U.S.) or +33.1.5805.1158 (Europe).

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