

WEB ANALYTICS DEMYSTIFIED AND ALTIMETER GROUP

SOCIAL MARKETING ANALYTICS

**A NEW FRAMEWORK FOR MEASURING
RESULTS IN SOCIAL MEDIA**

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EXECUTIVE SUMMARY

Business Must Adopt A Measurement Framework For Success. The rapid evolution of the web and digital media over the past decade illustrates that we operate in an environment that is constantly in flux. Technologies emerge, communication channels open and consumer behaviors adapt. These changes are apparent in the ways in which consumers interact with marketers and their brands as well as the ways in which consumers empower one another. Yet, as consumer connections, networks and relationships spider to the edges of the globe, marketers take their messages to social media channels with reckless abandon.

Organizations that view social marketing as experimental forays jeopardize the relationships they have with their customers because consumers do not regard their actions as frivolous endeavors. They're making decisions based on the new information they learn from their networks and using that knowledge to take actions and influence others. These actions leave indelible impressions upon brands and the consumers that interact with them.

In an effort to help clients better understand the value of these emerging channels on their business, Web Analytics Demystified and Altimeter Group interviewed dozens of companies who are active participants in social media.

Through our research we found that:

- Many companies are stumbling blindly into social media marketing, largely without measurement in place.
- A pragmatic approach using metrics derived from sound business objectives minimizes confusion about the value of various social efforts.
- Existing social marketing measures and metrics fail to deliver actionable insights and offer little more than digital trivia.
- Technologies exist to facilitate data collection in diverse social media, but there are no silver bullets.

To Reduce Risk, Companies Must Standardize Frameworks. While numerous social media measurement technologies exist, no single tool can adequately measure and provide insights for all social marketing activity. As tools evolve, organizations must persevere by aggregating measures and evaluating results in the context of a Social Marketing Analytics framework.

This document presents Web Analytics Demystified and Altimeter Group's recommendations for measuring social media. Our hope is that by setting reasonable and realistic expectations, our clients and companies around the world can begin to make better, more objective decisions regarding their own investment in these emerging channels.

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SOCIAL MARKETING ANALYTICS DEFINED

While conducting research for this paper it became evident that an industry wide problem is at hand, social media measurement means so many different things to different people that a series of definitions are necessary. Unlike traditional marketing programs like advertising, direct mail or other one direction mediums, social marketing is complicated as messages spread from individual to individual in a non-linear fashion. This complex distribution has also hindered a common set of beliefs – let alone a definition. We define social marketing analytics as:

Social Marketing Analytics is the discipline that helps companies measure, assess and explain the performance of social media initiatives in the context of specific business objectives.

It's important to note that we're focused on how brands are marketing to both consumers and other businesses via social channels as well as how consumers discuss brands between each other. This focus allows marketers to make informed decisions about their social marketing initiatives through the lens of measurement. Social Marketing Analytics offers a measurement standard by which organizations can assess their efforts and apply a pragmatic system of management based on data.

SOCIAL ANALYTICS OPPORTUNITY PERPLEXES MARKETERS

Social marketing and media monitoring vendors are emerging at an astounding rate. We interviewed over a dozen vendors with specific measurement solutions for this research, but there are undoubtedly two or three times more who have something to offer to the marketplace.

Additionally channel specific tools that monitor social applications like micro-blogging, video or mobile apps are even more prolific, offering an abundance of choice for organizations attempting to measure social marketing. Yet, amid this bounty of resource and opportunity, confusion festers. With so many offerings to choose from, organizations have a difficult task of identifying solutions that map to their specific needs.

NO PERFECT SOCIAL MEDIA ANALYSIS SOLUTION EXIST

There is currently no single vendor that can effectively measure all aspects of social media. While many vendors in this space offer capable tools with usable interfaces, the reality is that businesses turn to multiple solutions for capturing, analyzing and interpreting their social media activities. Most use an amalgamation of commercial solutions geared for capturing social buzz, free tools offering limited information and a whole lot of manual intervention for aggregating and analyzing social media data. Don't expect this to change in the near-term.

EXISTING VENDORS HAVE SEVERAL STRENGTHS

Despite the variation and confusion from too many vendors, we did find areas of strength. The strongest area for the leading social media monitoring vendors is in their ability to capture conversations, sentiment and brand mentions across a broad scope of Internet activity. These capabilities help organizations “learn” and serve a very necessary component of social media measurement. Some solutions require users to point the tools at a finite set of keywords and essentially know what you’re looking for to learn. While others capture a much wider range of social interactions and aid in the discovery process as well. Many commercial tools available today also offer the ability to track trends within conversations and reveal many interesting facts about social media activity across a broad spectrum of the web.

Want to Go Deeper on Social Media Measurement Vendors?

During the course of our research, Web Analytics Demystified and Altimeter Group interviewed dozens of web analytics and social media measurement vendors. If you would like more detail on the vendor landscape or would like to compare your own efforts to our framework please contact Web Analytics Demystified by emailing john.lovett@webanalyticsdemystified.com.

MARKETERS NEED A FRAMEWORK TO MEASURE AGAINST

Among almost all of the tools we evaluated, the ability to define custom metrics or perform true analytical analysis on the data was lacking. For organizations that develop complex KPIs or require the ability to segment and analyze data at a granular level, these limitations may prove frustrating because the tools simply cannot deliver. Yet, much in the same way that organizations cannot allow the specific social media channels to influence their strategy, similarly measurement tactics should not be defined by the capabilities of the tools. The good news is that social media monitoring tools are improving every day. As this nascent field of social marketing grows, so too do the vendor’s abilities to capture and harness the insights from data generated through social activity.

SOCIAL MEDIA NEEDS STANDARDIZED MEASURES

Without a doubt we have entered a new epoch in Internet evolution where social media has progressed beyond passing fad and evolved into accepted practice. Thus, the need to measure the behaviors and effects of this new era are profoundly important. However, in many ways traditional web analytics failed to capture the attention and respect of enterprise organizations because it lacked a foundation of commonality and consistency. Social Marketing Analytics has the opportunity to benefit from the shortfalls of web analytics by establishing a common set of standards and definitions that are utilized by all enterprises embarking on social media measurement. These benchmark measures not only offer visibility into internal social marketing success, but also provide competitive intelligence that delivers value and credibility all the way up to the executive suite. The objectives and metrics defined by Web Analytics Demystified and Altimeter Group in this report are a starting point for the infrastructure of social media measurement.

Companies that heed the following guidance will attain greater gains from their social marketing initiatives and develop stronger and more effective programs for their customers. We encourage each organization to follow the following prescription for measuring social media:

STEP 1: REVISIT TRADITION FOR SOLID INNOVATION

Brands are jumping into the social space. Yet many don't think through the traditional business rules that they know prior to deploying social initiatives or when measuring their effectiveness. Merely collecting digital data without cause is a recipe for disaster. Organizations that develop social media measurement strategies which align key success metrics with business objectives will evolve more quickly. This requires a pragmatic strategy and a measurement plan. Brands that shy away from new media will become extinct and those that fail to quantify the impact of their social marketing initiatives will lose contact with their customers. Now is the time is to apply traditional business rules and measurements to these new mediums.

STEP 2: MAKE LEARNING YOUR PRIMARY GOAL

Social media participants are still awkwardly finding their way amid new surroundings. These consumers explore social media with voracious appetites creating measurement challenges for organizations. Yet, every measurable business objective provides an opportunity to learn about consumers and the ways in which they interact with you, your brand and each other. Social Marketing Analytics provides a scalable vantage point to understand these behaviors, test new initiatives and improve the overall effectiveness of your social marketing activity. By making learning and continuous improvement a primary goal, your social marketing activity will develop in a positive direction.

STEP 3: DEFINE REQUIREMENTS FIRST, THEN SELECT VENDORS

Organizations must determine a measurement strategy for their social marketing activity that aligns with internal goals, objectives and cultural capabilities. This requires knowing where you want to go with your social programs and how you intend to get there. Vendor solutions should align with your requirements through appropriate offerings or customization – not by shoehorning you into their standard capabilities. Luckily most are willing to work closely with clients to make this happen. Don't fall victim to vendors that require you to conform to their capabilities, but rather, work with those that offer flexibility and customization opportunities.

STEP 4: DEVELOP YOUR SOCIAL MEDIA MEASUREMENT PLAYBOOK

This playbook is mandatory. Once you've figured out your social media business objectives and had a chance to think about how you'll put social to work for your business the next step is to put Social Marketing Analytics into action and measure your efforts. Start by creating a social media measurement playbook that aligns your organization on the goals, objectives, expectations and actions of your social marketing efforts. Then map those capabilities with measurement technologies and process to get the job done. This will help to ensure understanding of roles and responsibilities through communication and education efforts. These efforts will position you to disseminate the results of your Social Marketing Analytics analysis through the Measurement Framework and complete the feedback loop within your organization. By doing this, everyone is on the same page regarding expectations, actions and results.

STEP 5: MAKE OUR MEASUREMENT FRAMEWORK YOUR OWN

Companies who leverage a framework for measurement gain greater understanding of their efforts and have a greater ability to take action on data. We encourage readers of this report to adopt sections of our Social Marketing Analytics Framework and modify them to fit your specific business needs. Not all objectives and metrics will resonate with each audience nor will our foundational framework give you all the elements necessary for success. Yet, the act of pragmatic measurement will offer competitive advantage and differentiate you from the majority of your peers. Companies must develop specific aspects of the framework that align with business objectives. In turn, that will offer you the ability to measure, assess and explain the performance of your social media initiatives.

THE SOCIAL MEDIA MEASUREMENT FRAMEWORK

Accountability is imperative to any business, yet often in the “rush to measure” organizations develop lists of metrics and spreadsheets full of data representing trivial digital activities and meaningless customer interactions that have no basis for making logical business decisions. Further, traditional web analytics has proven that simply collecting data without applying meaningful analysis or directing the data to validate working hypotheses is insufficient. Fortunately, Social Marketing Analytics has the opportunity to learn from the collective mistakes of over a decade of wasteful web analytics data.

In our view, success metrics (also known as Key Performance Indicators or KPIs) that are developed with specific business objectives in mind are far more likely to be useful and used. This ideology has helped dozens of organizations take a methodical, pragmatic, and common sense approach to measuring social marketing initiatives. More importantly, these metrics are derived from a reasonable framework for social media efforts, rather than developed in a vacuum based on technical capabilities, not end-user value.

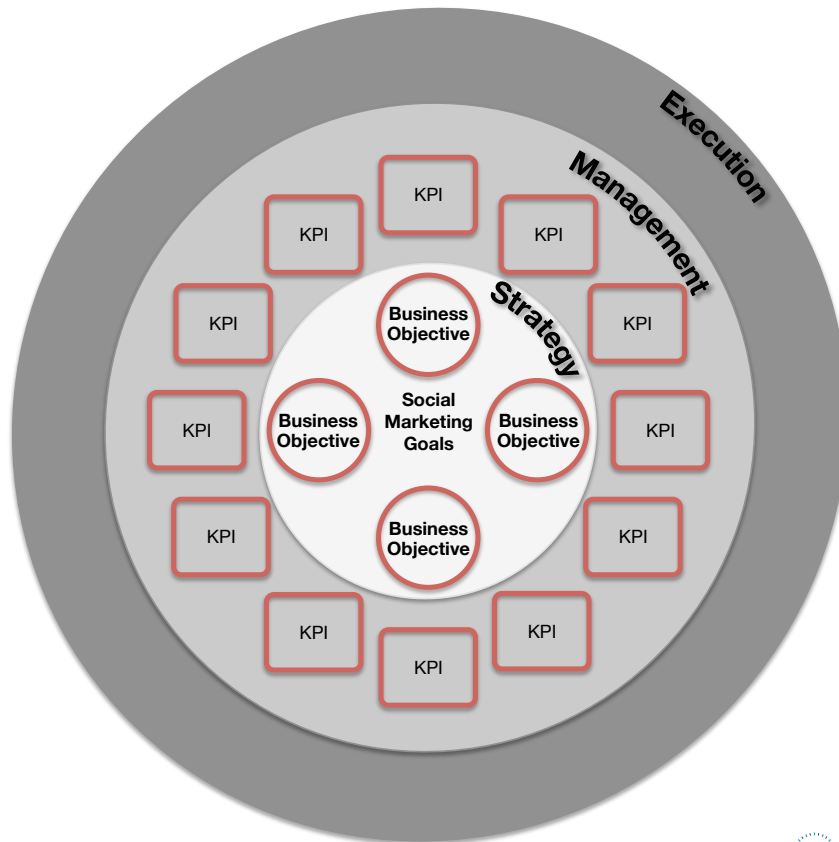


Figure 1: Web Analytics Demystified and Altimeter Group’s Complete Social Media Measurement Framework

No single set of objectives can accommodate all business models or corporate initiatives. Yet, based on our collective client work we've identified four objectives that serve as a foundation for effectively measuring social marketing using an objective-based methodology. The success of these objectives is measurable using Key Performance Indicators that demonstrate progress toward the goal.¹ Companies are encouraged to adopt these objectives and performance indicators and customize them to adhere to the specific goals of individual organizations.

Business Objective	Key Performance Indicator	Vendors to Watch
Foster Dialog	Share of Voice	Alterian SM2, Radian6, Scout Labs, Statsit, Trendrr, Visible Technologies
	Audience Engagement	Coremetrics, Webtrends, Radian6, Scout Labs, Converseon, Filtrbox (Jive), Visible Technologies
	Conversation Reach	Alterian SM2, Radian6, Scout Labs, Social Radar, Statsit, SWIX, Trendrr, Visible Technologies
Promote Advocacy	Active Advocates	Biz360, Filtrbox (Jive), Radian6
	Advocate Influence	Cymfony, Filtrbox (Jive), Lithium, Radian6, Razorfish (SIM Score), SAS, Telligent, Twitalyzer, Visible Technologies
	Advocacy Impact	Coremetrics, Lithium, Omniture, Webtrends, SWIX, Telligent
Facilitate Support	Resolution Rate	Filtrbox (Jive), RightNow Technologies, Salesforce.com, Telligent
	Resolution Time	Filtrbox (Jive), RightNow Technologies, Salesforce.com, Telligent
	Satisfaction Score	ForeSee Results, iPerceptions, Kampyle, OpinionLab
Spur Innovation	Topic Trends	Alterian SM2, Cymfony, Filtrbox (Jive), Radian6, SAS, Scout Labs, Social Mention, Social Radar, Trendrr, Visible Technologies
	Sentiment Ratio	Alterian SM2, Converseon, Cymfony, Filtrbox (Jive), Radian6, SAS, Scout Labs, Social Radar, Trendrr, Visible Technologies
	Idea Impact	Biz360, Cymfony, Filtrbox (Jive), Luglron, Radian6, Scout Labs, Visible Technologies

Figure 2: Social Marketing Analytics Business Objectives, Key Performance Indicators and Vendors to Watch

The four social business objectives we identified are: Foster Dialog, Promote Advocacy, Facilitate Support and Spur Innovation.

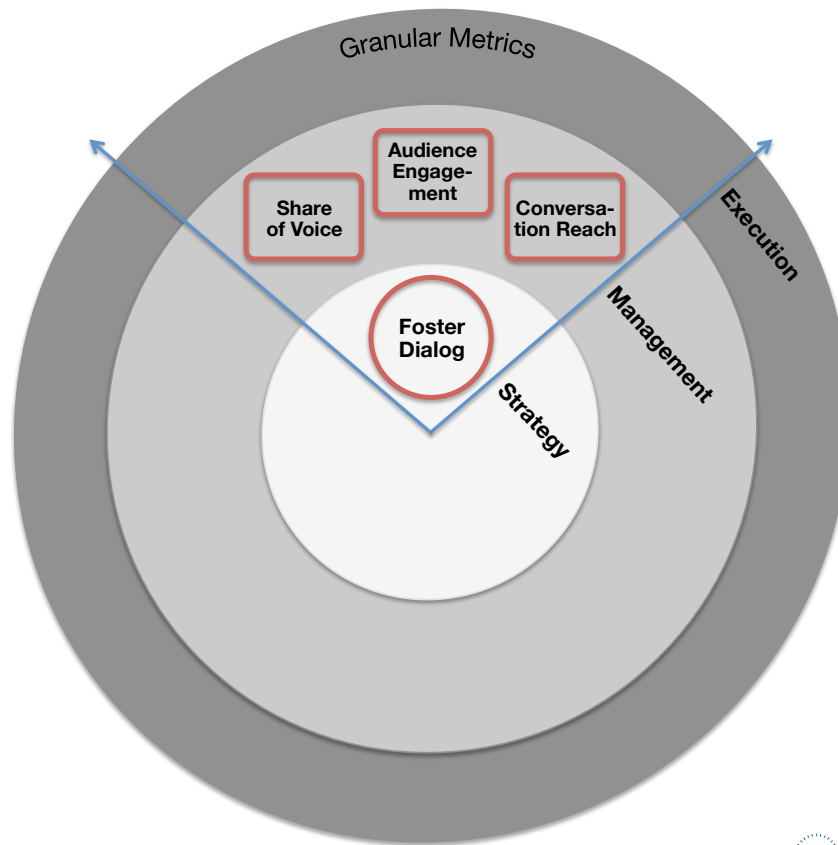
¹ Learn more about social marketing business objectives and apply them to business strategy by watching this recorded webinar: <http://www.altimetergroup.com/2010/02/socialstrategywebinar.html>

SOCIAL BUSINESS OBJECTIVE: FOSTER DIALOG

Dialog involves starting a conversation and offering your audience something to talk about while allowing that conversation to take on a life of its own. This freedom allows Dialog to traverse the web through multiple networks and platforms to gain momentum and build merit. With measurement, Dialog provides knowledge back to the organization.

Dialog requires:

- **Building awareness and word of mouth activity through conversations, and the promotion and endorsement of these conversations.** Organizations do this by creating original content on blogs, communities, or any other social channel that offers information as a catalyst for discussion. This discussion can be addressed directly or socialized to extended networks via additional social channels like Twitter. Track dialog over time to determine velocity of word of mouth activity and recognizing contributions through acknowledgement.
- **Engaging with individuals to determine their response to ideas, thoughts, products and activities generated by the organization.** Here, the task is to elicit feedback through blog comments/microblog formats/community sites/etc. and to follow updates and new conversation streams as they develop on the source channel as well as on external channels.
- **Responding to individuals on behalf of the brand through genuine interactions.** This demonstrates a willingness to communicate with individuals in an environment that is familiar to them and often times one that is outside the control of the business. Further, it validates that individuals can influence the products and services offered by the brand.



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Figure 3: Measuring Dialog Using Web Analytics Demystified and Altimeter Group's Social Media Measurement Framework

Creating Dialog requires that businesses produce relevant and meaningful content to engage an audience and attract contributors. Organizations must embrace this element and accept that while Dialog can be initiated by an organization, it often takes on a life of its own that spirals beyond the control of your blog, site or forum. A handful of success metrics for the business objective of Dialog include: Share of Voice, Audience Engagement and Conversation Reach.

DIALOG KEY PERFORMANCE INDICATOR #1: SHARE OF VOICE

Share of Voice is the relative percentage of brand mentions in social channels (i.e., articles, blogs, comments, Tweets, videos, etc.) among a competitive set. Share of Voice is a competitive intelligence metric, so expectations can be established from a baseline of market share as determined by revenue or alternative fiscal sources. Share of Voice should be presented as a percentage over a given time period and accompanied by historical comparisons. This metric can also offer competitive insight when represented as a pie chart showing percentages for the entire competitive set. Additionally, Share of Voice should be segmented by channel to identify which social channels have the greatest impact.

Share of Voice

$$\frac{\text{Brand Mentions}}{\text{Total Mentions (Brand + Competitor A, B, C...n)}} = \text{Share of Voice}$$

When Share of Voice deviates beyond a reasonable threshold, the first place to evaluate is the content produced by your marketing organization. If your content freshness is waning, then it shouldn't be a surprise that Share of Voice is in decline as well. Alternatively, if your competition is clobbering your Share of Voice, it's time to understand what they're up to. A strong marketing campaign or hilarious YouTube video that's gone viral can send your Share of Voice plummeting. Knowing why your Share of Voice is moving offers competitive intelligence that's sure to interest your senior executives.

Vendors to Watch: Alterian SM2, Radian6, Scout Labs, Statsit, Trendrr, Visible Technologies

DIALOG KEY PERFORMANCE INDICATOR #2: AUDIENCE ENGAGEMENT

Audience Engagement is the proportion of visitors who participate in a specific marketing initiative by contributing comments, sharing or linking back. Expectations for engagement will vary based on traffic and readership, yet baseline metrics can be established. Organizations with a strong following can expect a consistent volume of audience engagement and can modify expectations based on advertising, search efforts and promotional activity accordingly. Audience Engagement is a leading indicator for creating a dialog about a specific topic or product.

Audience Engagement

$$\frac{\text{Comments + Shares + Trackbacks}}{\text{Total Views}} = \text{Audience Engagement}$$

Variations in the Audience Engagement should serve to identify hot issues and topics of lesser interest. Thus, rather than looking at the absolute metrics for Audience Engagement, it's important to understand the variations of engagement across unique marketing initiatives. An isolated number alone won't necessarily offer actionable information, yet when viewed in the context of alternative initiatives, it will serve to quantify the impact of a specific initiative and determine if more publicity or promotion is required. Audience Engagement should be tracked over time to understand the normal volume of dialog within a specific channel.

Vendors to Watch: Coremetrics, Webtrends, Radian6, Scout Labs, Converseon, Filtrbox (Jive), Visible Technologies

DIALOG KEY PERFORMANCE INDICATOR #3: CONVERSATION REACH

Conversation Reach is the number of unique visitors who participate in a specific brand/issue/topic conversation across one or more social media channels. When calculating Conversation Reach, the first challenge is identifying the scope of the conversation by associating it with a specific marketing initiative, a topic and/or keywords. Once this breadth of the conversation is clear, companies can forecast the exposure within different social media channels and quantify the expected number of unique voices contributing to the dialog. Reach metrics will be highly variable depending on the topic and should be trended over time. Organizations should formulate a Reach Benchmark of past initiatives to identify when the volume of participants in a conversation is expanding and traveling beyond your normal ripple of dialog venues.

**Conversation
Reach**

$$\frac{\text{Total People Participating}}{\text{Total Audience Exposure}} = \text{Conversation Reach}$$

Conversation reach can be evaluated in both volume and location across social media channels. When Reach metrics exceed expectations, companies should explore the most active channels and influencers, while keeping an eye on sentiment to ensure that the reach is going in a positive direction. Low reach metrics can signify ineffective channels or marketing messages that are murky or poorly received. Conversation Reach can also indicate when it's time to spur on your advocate community to add to the conversation.

Vendors to Watch: Alterian SM2, Radian6, Scout Labs, Social Radar, Statsit, SWIX, Trendrr, Visible Technologies

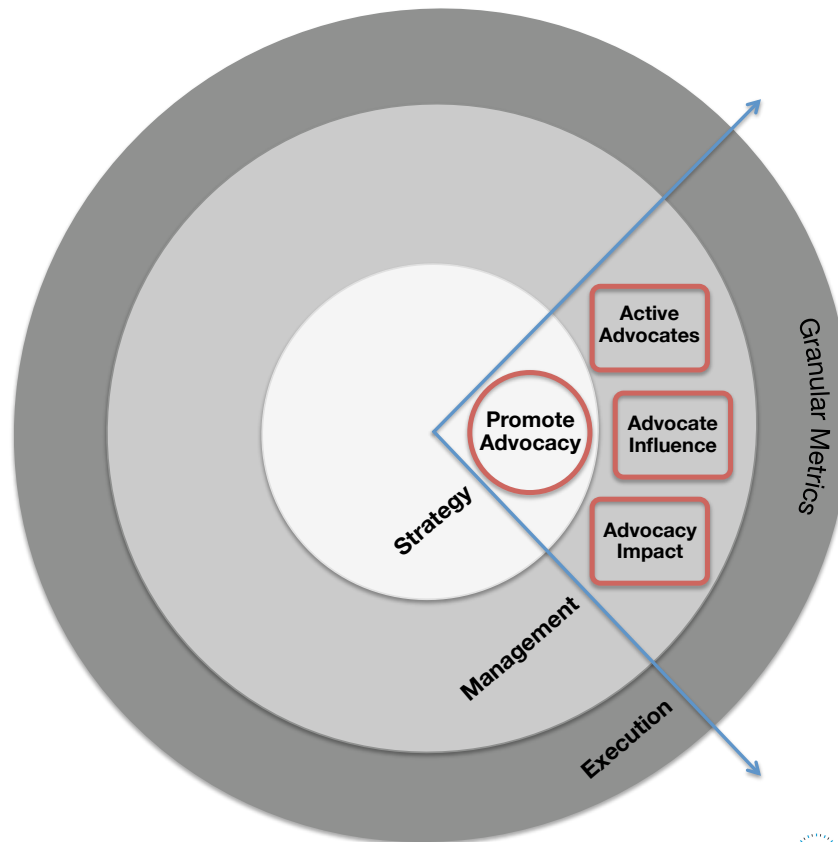
SOCIAL BUSINESS OBJECTIVE: PROMOTE ADVOCACY

The business objective of consumer advocacy enlists the support and dedication of individuals that are ambassadors for certain products, brands or organizations, despite having no official connection. Advocacy allows businesses to extend their reach beyond their immediate circles of influence by taking advantage of word of mouth and viral activity.

Advocacy requires:

- **Encouraging word of mouth activity by promoting and endorsing conversations shared by individuals.** This information can be tracked over time to determine velocity of word of mouth activity and recognizing contributions through acknowledgement.
- **Developing relationships with individuals who have an affinity towards the brand.** Brand advocates – or potential advocates that can be won over – have clout or influence over others. Organizations can establish these relationships through brand advocacy programs or by less formal means, yet identifying and determining the influential individuals is achieved through learning and dialog.

- **Nurturing existing relationships with customers as a proven method of building advocacy within an easily identified segment.** Organizations must rely on varied measurement methods of determining customer satisfaction, life-cycle cues and indicators for action. These metrics are typically derived from a number of disparate applications.



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ALTIMETER

Figure 4. Measuring Advocacy Using Web Analytics Demystified and Altimeter Group's Social Media Measurement Framework

The Advocacy success metrics are largely focused on the dedicated audience in social media that you can trust to support your brand, products, or services. Not all companies will need to manage advocacy programs, yet the majority of organizations out there will have both advocates and detractors at some time. By developing an advocacy program, organizations can build a stable of genuine enthusiast to support the brand and combat detractors on your behalf. Key Performance Indicators that indicate the health of an advocacy program include: Active Advocates, Advocate Influence, and Advocacy Impact.

ADVOCACY KEY PERFORMANCE INDICATOR #1: PERCENT ACTIVE ADVOCATES

Active Advocates include the number of individuals generating positive sentiment over a given time frame (i.e., past 30 days). Expectations for the Active Advocate metric should be established when setting up your organizations advocacy program. This metric will echo the corporate goals you've established for enlisting consumer support by leveraging social media channels. It will provide immediate context on the health of your advocacy program and determine if it's working as designed. Active Advocates should be benchmarked over time with annotations and reminders identifying when programs initiate or specific advocacy awards/incentives are offered.

Active Advocates

$$\frac{\text{\# of Active Advocates (w/in past 30 days)}}{\text{Total Advocates}} = \text{Active Advocates}$$

After establishing the appropriate number of Active Advocates required to keep your advocacy program healthy, taking action on this number becomes routine. Above average numbers require minimal feeding, while negative Active Advocate scores indicate that it's time to reach out to your fans and create some buzz. This metric can be adjusted based on specific programs or campaigns, but should be compared against a benchmark of overall corporate advocacy.

Vendors to Watch: Biz360, Filtrbox (Jive), Radian6

ADVOCACY KEY PERFORMANCE INDICATOR #2: ADVOCATE INFLUENCE

Advocate Influence is the relative percentage of influence for an individual advocate across one or more social media channels. Building an advocacy program involves enlisting people who are going to reverberate good will about your products on a consistent basis. Yet setting expectations for how far and wide each advocates message will travel requires an advocacy influence calculation. Influence can be measured using the volume of relevant content, comments, shares and reach. This measure can be used as an input to calculate Advocacy Influence by quantifying the relative influence of any given individual against a standard derived from all advocates (Total Advocate Influence) within your advocacy program.

Advocate Influence

$$\frac{\text{Unique Advocate's Influence}}{\text{Total Advocate Influence}} = \text{Advocate Influence}$$

The Advocate Influence KPI is most valuable when evaluated in the context of your business objective. Advocate Influence can be used to identify new individuals for your advocacy program, incentivize participants or penalize/motivate others. This metric will also enable you to identify existing channels and social circles that influencers reach

and allow you to identify new territory for soliciting advocates. To do this, establish a threshold for influence and evaluate individuals as compared to the threshold. This will also allow you to segment advocates by varying degrees of influence and associate individuals with specific topics.

Vendors to Watch: Cymfony, Filtrbox (Jive), Lithium, Radian6, Razorfish (SIM Score), SAS, Telligent, Twitalyzer, Visible Technologies

ADVOCACY KEY PERFORMANCE INDICATOR #3: ADVOCACY IMPACT

Advocacy Impact is the direct or indirect contributions of advocacy on conversions. Calculating Advocacy Impact is tricky because it quickly becomes complicated as multi-touch conversion events create attribution challenges. So don't expect Advocacy Impact to be a definitive metric for all conversions resulting from advocacy activity. However, it is still possible to quantify direct conversion events resulting from advocacy programs or even individual advocates. The first step is identifying conversions, whether they are online sales, document downloads, or requests for information, the calculation will be the same. Track referral information to determine the source of conversion traffic and monitor all traffic generated from advocacy initiatives. Since you'll know where advocates commonly discuss your products and services, this is one method of tracking online activity back to individual advocate sources.

**Advocacy
Impact**

$$\frac{\text{Number of Advocacy Driven Conversions}}{\text{Total Volume of Advocacy Traffic}} = \text{Advocacy Impact}$$

Understanding the impact of your advocacy program and to a lesser extent, the impact of individual advocates is imperative in determining overall effectiveness of the business objective. Each advocacy program or individual can be armed with specific identifiers that will point back to the influence they have on your online conversions. As stated previously this won't be empirical due to multi-exposure events, but it can identify last touch conversion events and be used to recognize traffic generated by individual advocates and programs. Once this information is apparent, the actions are clear: Feed your most impactful programs and fuel your active advocates. While too much of a good thing can produce diminishing returns, the ability to recognize who is producing will lead to decisive actions.

Vendors to Watch: Coremetrics, Lithium, Omniture, Webtrends, SWIX, Telligent

SOCIAL BUSINESS OBJECTIVE: FACILITATE SUPPORT

The business objective of support is perhaps the most straightforward. It also represents the revolutionary shift in consumer empowerment enabled by social media. Individuals can now turn to social media channels to expose their service issues to the world, they either support each other directly, or the company uses the same channels to support

customers. Those listening will develop impressions of an organization based on their ability to respond in a timely manner and upon the quality of their answers. The capability to provide support through social channels is imperative.

Support requires:

- **Resolving service issues through social media channels via direct company response and crowd-sourcing alternatives.** Organizations that encourage support inquiries via social media channels can potentially decrease call center support costs and should track metrics such as: number of issues resolved by company, number of issues resolved by customers, shift in volume of service issues online vs. offline and change in cost per service issues online vs. offline.
- **Expediting issue resolution with quality and integrity.** Social media channels hold potential for speedy resolution of issues with less friction than traditional interactive voice response (IVR) solutions. Organizations should measure these efforts using comparable call center metrics such as: issue resolution time, issues resolved without escalation, and quality of response. Quality can be measured using survey tools and ratings/ranking of resolution.
- **Elevate satisfaction through flexible support options.** Organizations can monitor satisfaction levels using traditional online survey tools to acquire feedback as well as by monitoring social channels for comments on service interactions. Companies should monitor the number of product or service use mentions as well as mine sentiment within product and service use mentions.

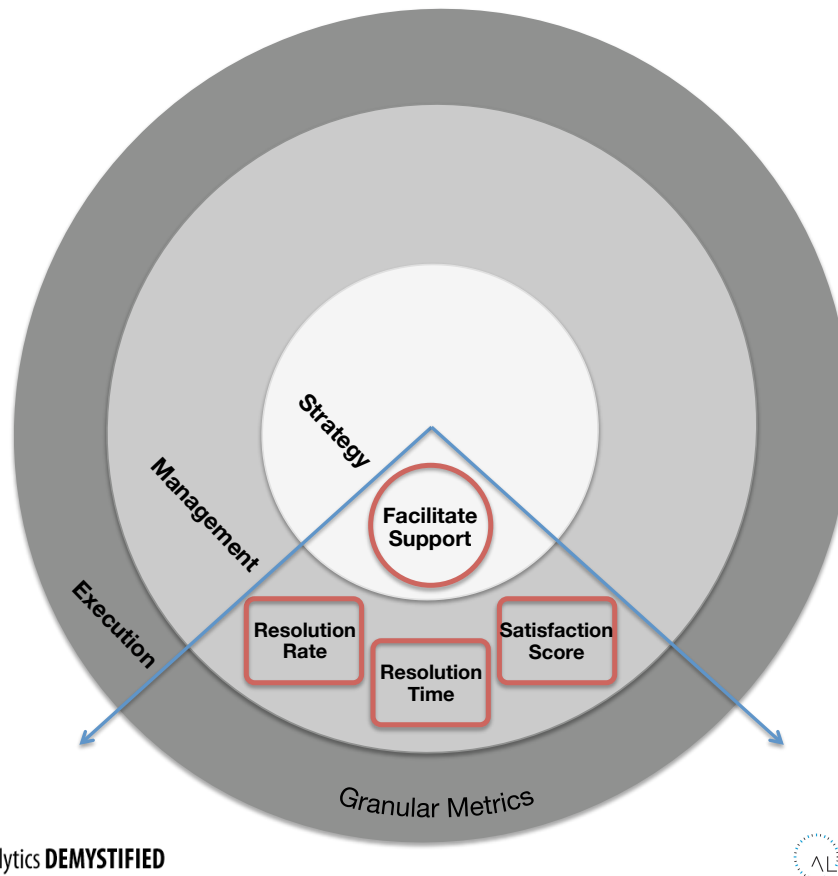


Figure 5: Measuring Support Using Web Analytics Demystified and Altimeter Group's Social Media Measurement Framework

Support success metrics are largely focused on your organization's ability to listen and respond to the ongoing conversation about your brand, products, services, and entire company. As mentioned previously, social media creates multiple opportunities for delivering customer support in rapid fashion. While social support won't eliminate the need for traditional support channels, it can alleviate pressure from existing solutions and empower your staff to respond quickly and efficiently. Performance indicators for customer support can be compared to traditional channels and include: Issue Resolution Rate, Resolution Time and Satisfaction Score.

SUPPORT KEY PERFORMANCE INDICATOR #1: ISSUE RESOLUTION RATE

Social Media Issue Resolution Rate is the percentage of customer service inquiries resolved satisfactorily using social media channels. The implicit factor within the Issue Resolution Rate is actively determining whether the issue was satisfactorily resolved or not. To accomplish this you need to ask your customers or interpret satisfaction using some other means. You can do this with a simple online survey question or other automated method, although results will

not be all inclusive. Whenever possible, set expectations by comparing social media issue resolution with traditional call center metrics. This will provide a baseline of performance and offer strong indicators of channel quality.

Issue Resolution Rate

$$\frac{\text{Total \# Issues Resolved Satisfactorily}}{\text{Total \# Service Issues}} = \text{Issue Resolution Rate}$$

The Issue Resolution Rate should provide immediate recognition of the quality of your social media support efforts. Low issue resolution rates signify that additional training is required for staff or that the issues in question may require more documentation. Use this metric to take cues on which channels or service agents are most effective and leverage their success throughout the organization.

Vendors to Watch: Filtrbox (Jive), RightNow Technologies, Salesforce.com, Telligent

SUPPORT KEY PERFORMANCE INDICATOR #2: RESOLUTION TIME

Resolution Time is the amount of minutes/hours/days required to produce a human-generated response to customer service issues posed in social media channels. Customers expect near instantaneous response to their service inquiries and while organizations may not have sub 60-second response times, they should strive to respond in a timely manner. Again, expectations can be set based on traditional call center or email response times if available, keeping in mind that social interactions are much closer to real-time than other channels. Responses should most likely be measured in hours and benchmarked against baseline comparatives. Also recognize that automated responses are unlikely to satisfy your customers, thus genuine, quality answers from actual humans are the expected norm.

Resolution Time

$$\frac{\text{Total Inquiry Response Time}}{\text{Total \# Service Inquiries}} = \text{Resolution Time}$$

When Resolution Time performance declines, the first place to investigate is your front line social media service representatives. Was there a widespread issue that caused a delay in resolution time or was it an isolated event? In either case, understanding the response times and their contextual circumstances should illuminate potential issues. While calculating response time for service inquiries may require some simple tabulation of issue start and resolution times, many social media measurement solutions offer basic workflow tools to direct issues to appropriate staff. If service is a primary component of your online social media strategy, then a workflow tool baked into your monitoring solution is a must have.

Vendors to Watch: Filtrbox (Jive), RightNow Technologies, Salesforce.com, Telligent

SUPPORT KEY PERFORMANCE INDICATOR #3: SATISFACTION SCORE

Customer Satisfaction Score is an indexed score indicating the relative satisfaction of customers. There are numerous calculations and established methods for determining customer satisfaction, which include inputs such as: quality, delivery, perceived value and overall performance. Any combination of these or other important metrics on a weighted scale should comprise a numeric satisfaction score. It's important to note that social channels should not act as a proxy for other proven methods of determining satisfaction like surveys. The expectations for a customer Satisfaction Score should be established on benchmark figures derived from historical performance. If no historical track record exists, then a consistent set of scores can serve as the norm.

**Satisfaction
Score**

$$\frac{\text{Customer Feedback (input A, B, C...n)}}{\text{All Customer Feedback}} = \text{Satisfaction Score}$$

When customer satisfaction scores plummet, companies should investigate the source of the decline and the channels involved. Satisfaction Scores are likely to change less quickly than other social media KPIs and will trend upward or downward over time. It's important to catch downward movement in trends early to prevent customer attrition and remedy issues before they become pervasive.

Vendors to Watch: ForeSee Results, iPerceptions, Kampyle, OpinionLab

SOCIAL BUSINESS OBJECTIVE: SPUR INNOVATION

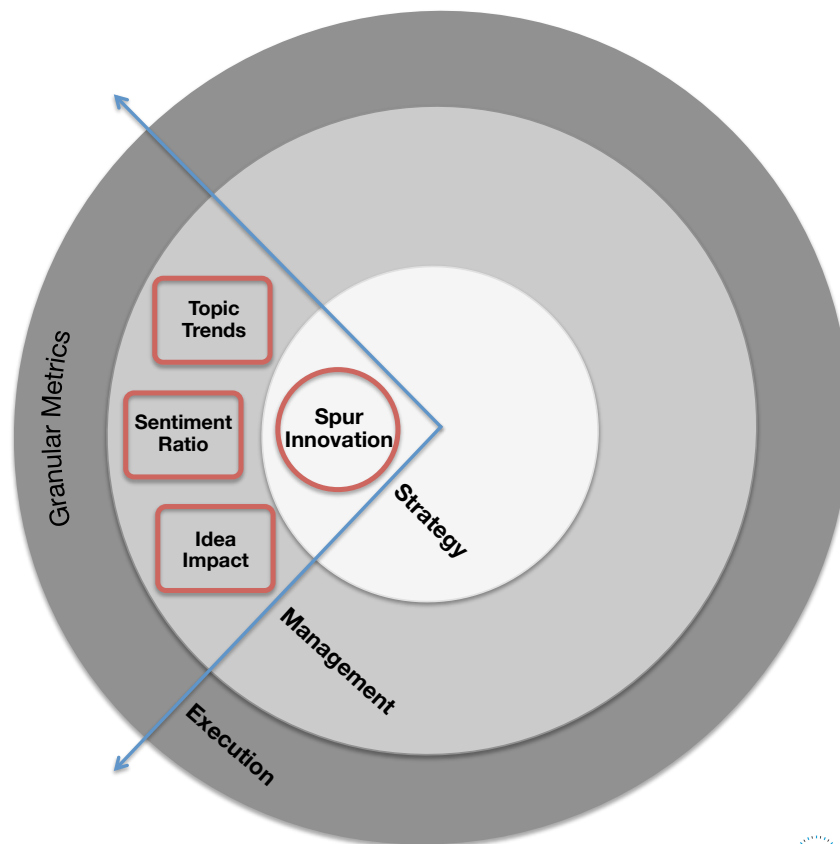
The business objective of innovation is an extraordinary byproduct of engaging in social marketing activity. Organizations that are truly listening to their customers take cues from social media comments, suggestions and conversations to source and identify product needs, service requirements and other innovation opportunities. Innovation can also stem from the collective knowledge base amassed by social information, which can be mined for insights and ideas.

Innovation requires:

- **Gathering customer insights via social media channels with a clear mission of identifying market needs and service opportunities.** Organizations will benefit from mining product ideas offered by the community through platforms, ideation sites, Facebook, Twitter or other channels. These ideas should be tracked by source, frequency and channel to expose the most lucrative sources of innovation.
- **Processing ideas and community feedback as a means to drive products and services requires receptive product managers.** Organizations that source innovation from social media must set egos aside and acknowledge that the collective mass can be more innovative than the creative few. This can be

measured by: tracking product ideas reviewed and comparing innovations from traditional methods with those of social origins.

- **Delivering new products and services to the market with credit and acknowledgement to customers.** Companies can bolster this awareness through advocacy programs and measure effectiveness by: the number of ideas/posts/updates shared by customers, velocity of product ideas and influencers identified from ideation.



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ALTIMETER

Figure 6: Measuring Innovation Using Web Analytics Demystified and Altimeter Group’s Social Media Measurement Framework

The innovation success metrics are largely focused on your business’ ability to recognize and take action on ideas generated by the general population. Organizations that develop methods for harnessing feedback and indirect cues will develop a competitive advantage. Further, organizations that do this in a transparent manner will develop loyal and dedicated customers. Performance indicators for Innovation include: Topic Trends, Sentiment Ratio and Idea Impact.

INNOVATION KEY PERFORMANCE INDICATOR #1: TOPIC TRENDS

Topic Trends include key brand/product/service topics identified by monitoring social media conversations. Topic trends should be evaluated much like keywords because there will typically be a number of popular topics followed by a long tail of less common ones. The ability to pick up on topic threads that fall below the blockbuster categories can yield productive ideas for innovation. Organizations will require the help of commercial social media monitoring tools to effectively listen to the vast array of conversations happening across the web. Yet, the ability to understand the context of product and service conversations as well as where these conversations are taking place is critical for tapping into consumer knowledge. Expect topic trends to have some consistency in terms of leading topics, yet new topics can surface quickly.

Topic Trends

$$\frac{\text{\# of Specific Topic Mentions}}{\text{All Topic Mentions}} = \text{Topic Trends}$$

Organizations that are fast to react to both positive and negative topic trends will showcase their social media savvy. While popular topics should incite organizations to consider a new lexicon for your product and service offerings, hidden gems can deliver the greatest value. Companies should dedicate time to mining topic trend data on a regular basis to ensure that they are in touch with consumers and to seek out new ideas for innovation.

Vendors to Watch: Alterian SM2, Cymfony, Filtrbox (Jive), Radian6, Scout Labs, Social Mention, Social Radar, Trendrr, Visible Technologies

INNOVATION KEY PERFORMANCE INDICATOR #2: SENTIMENT RATIO

Sentiment Ratio is the ratio of positive: neutral: negative brand mentions about specific products or services over a given time period. Sentiment Ratios should be trended over time and represented in context of positive: neutral: negative. Sentiment is only possible to attain using automated analysis available from commercial social media monitoring technologies. Obviously all brands hope for positive sentiment, but marketers and PR professionals should be able to harness and learn from any type of sentiment especially when it comes to seeking feedback for new product or service ideas. Expectations should be adjusted according to a baseline of consistent results. However, sentiment can change quickly.

Sentiment Ratio

$$\frac{\text{Positive : Neutral : Negative Brand Mentions}}{\text{All Brand Mentions}} = \text{Sentiment Ratio}$$

Each type of sentiment (positive/neutral/negative) can be analyzed to determine the source and origin of the response. Positive sentiment can be used to identify advocates and communities where your brand is welcomed. Neutral sentiment can help to interpret where conversations about your brand can be swayed through reinforcement, dialog and advocacy. Negative sentiment should be addressed directly and countered with support, advocacy, dialog or some combination therein. The ability to recognize these areas and take action on them will elevate your company's ability to innovate.

Vendors to Watch: Alterian SM2, Converseon, Cymfony, Filtrbox (Jive), Radian6, Scout Labs, Social Radar, Trendrr, Visible Technologies

INNOVATION KEY PERFORMANCE INDICATOR #3: IDEA IMPACT

Idea Impact is the rate of interaction, engagement and positive sentiment generated from a new product or service idea. It may be helpful to think about the Idea Impact metric as the next generation focus group. Rather than going through the exercise of running ideas through a finite number of target individuals, Idea Impact enables organizations to leverage the power of the Internet and social media to test the waters. While the challenge is to do this without revealing your entire secret sauce, organizations can test concepts, prototypes and other innovation ideas through a wide net of consumers or controlled group of advocates. In either case, the ability to measure the impact of new ideas is paramount for innovation.

**Idea
Impact**

$$\frac{\text{\# of Positive Conversations, Shares, Mentions}}{\text{Total Idea Conversations, Shares, Mentions}} = \text{Idea Impact}$$

Idea impact can be used as an indicator for success in numerous ways. For example, movie trailers released through controlled social media outlets can be measured according to the buzz generated through conversations, shares and social mentions to accurately predict the box office success. Similarly, consumer product promotions can be measured according to the dialog generated among target audiences. By using Idea Impact organizations can gain insight into how consumers will receive a given product or service. This in turn is a metric for forecasting the success of your innovation efforts.

Vendors to Watch: Biz360, Cymfony, Filtrbox (Jive), Luglron, Radian6, Scout Labs, Visible Technologies

CONCLUSIONS

The authors sincerely hope you found this document compelling and helpful. Our goal in publishing this research and creating the Social Media Measurement Framework is to establish a measurement baseline for our clients and all businesses working to participate in social media. Our hope is that readers will implement many of the measures of success we describe in this document and, in doing so, develop a better sense of where their social efforts are successful and where additional input and investment is required.

As we have repeatedly stated this work is new and very likely to evolve as social media and social media measurement matures. With this in mind, the authors welcome commentary and criticism of our work; contact us directly at the following addresses:

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Without each person's valuable time this paper would have been less complete and therefore less valuable.

Want to Go Deeper on Social Media Measurement?

Web Analytics Demystified and Altimeter Group each approach social media from unique perspectives. If you would like more detail on social media strategy or identifying the business objectives of your social initiatives please contact Altimeter Group by emailing jeremiah@altimetergroup.com.

Alternatively, if you'd like to learn more about measuring social media or applying the measurement framework to your business please contact Web Analytics Demystified by emailing john.lovett@webanalyticsdemystified.com.

ABOUT THIS RESEARCH

This self-funded research represents a collaborative effort by Web Analytics Demystified and Altimeter Group. Our independent organizations recognized a need for measuring social media and allocated our respective expertise in digital measurement strategy and social media strategy to the task. The goals for this work are to elevate awareness and activity in measuring social media by offering a working framework to embark on this challenging endeavor.

This report could not have been produced without the generous input from some of the leading market influencers and vendors who have a vested interest in seeing success with social media measurement. Some of the parties interviewed were clients of Web Analytics Demystified and Altimeter Group, but this research was not commissioned by any external party. It was funded entirely by our internal efforts and will be distributed at no charge to the general public. Further, we encourage readers to adopt our framework and concepts within this report and publish Social Marketing Analytics under the concept of open research. The Creative Commons License is Attribution-Noncommercial-Share Alike 3.0 United States.

ABOUT WEB ANALYTICS DEMYSTIFIED

Web Analytics Demystified, founded in 2007 by internationally known author and former JupiterResearch analyst Eric T. Peterson, provides objective strategic web analytics consulting to companies striving to realize the full potential of their investment in web analytics. By bridging the gap between measurement technology and business strategy, Web Analytics Demystified has provided guidance to hundreds of companies around the world, including many of the best known retailers, financial services institutions, and media properties on the Internet.

For more information about Web Analytics Demystified, please visit www.webanalyticsdemystified.com or call (503) 282-2601 in the U.S. or + 34 687 758416 in Europe.

ABOUT ALTIMETER GROUP

Altimeter Group is a Silicon Valley-based research and advisory firm that provides companies with a pragmatic approach to disruptive technologies.

Altimeter Group was formed in June 2008 by Charlene Li, a veteran technology and business analyst and co-author of the bestselling business book, "Groundswell: Living In A World Transformed By Social Technologies." In August 2009, industry leaders Deborah Schultz, R "Ray" Wang and Jeremiah Owyang joined Altimeter Group as partners, followed by Lora Cecere, Michael Gartenberg, and Alan Webber in early 2010.

Altimeter Group has four areas of focus: Leadership and Management, Customer Strategy, Enterprise Strategy, and Innovation and Design. For more information about Altimeter Group, please visit www.altimetergroup.com or email info@altimetergroup.com.