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Mercator Advisory Group

SOCIAL MEDIA ANALYTICS AND TOOLS 101

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Introduction

Social media has become a pervasive communications channel in all industries and an influential new tool for marketers. Integrated into a marketing strategy, social media helps build a bridge between customer and firm, creating a direct line of communication unmatched in other channels. It has become clear that to encourage dialogue with current customers and engage prospective ones, having a solid social media presence is not only savvy marketing but a necessary strategy.

Currently 27% of small companies and 34% of medium-sized companies are using social media for business (with a 10% increase year over year).[i] A 15% increase in consumer usage of social media from 2010 to 2011 was found among American adults surveyed in Mercator Advisory Group's CustomerMonitor Survey Series.[ii] These statistics clearly demonstrate that both businesses and their customers are jumping on the social media bandwagon, but the more significant finding is the increase in consumer engagement brought about by use of social media. In just two years, the percentage of consumers who follow a specific brand via a social network doubled, from 16% in 2010 to 33% in 2012.[iii] With so many choices available and reputations established, current and prospective customers of the financial industry are able to engage with new brands every day. The marketing question becomes whether a financial services company's brand can speak for the company *without* a social media presence.

This Mercator Advisory Group research report defines and presents examples of social networking for businesses in the financial industry. It explores best practices for measuring social media efforts and shows how such metrics can elicit the support of management for a firm's social media efforts. The report touches on challenges associated with the rise in social media usage and recommends tools for measuring and implementing a successful social media strategy.

For definitions of commonly used industry terms, see Appendix A: Lexicon of Social Media Terminology.

Metrics for Social Media

Word of mouth is age old, and so is the importance of a good reputation. Few industries rely as much on reputation as does the financial sector. Since the economic downturn of recent years, consumer sentiment regarding financial services providers' dependability, reliability, and trustworthiness has become even more important, so it is imperative that financial institutions and payments companies leverage the best sources available to establish their credibility.

Evolving technologies have caused a paradigm shift in the way individuals communicate. Social media can quickly establish and reinforce a company's attributes of dependability, reliability, and trustworthiness (or denigrate them). Since social media connects so many groups of people instantly and without geographic limitations, it can be seen as an extension of word-of-mouth communication with speed and reach that are unmatched. This direct connection between businesses and consumers is a powerful and diverse tool. With a sound social media strategy, it can be extraordinarily effective.

Like any business initiative, a social media strategy should be modeled on an organization's business objectives and should employ metrics to determine the success or failure of its tactics. It should reflect the ideals a business wishes to present to the public and should be as transparent as possible in its goals. Based on best practices, this section defines and illustrates the use of four basic classes of metrics to determine the efficacy of a firm's social media efforts: online brand visibility, engagement, customer care, and conversion.

Online Brand Visibility

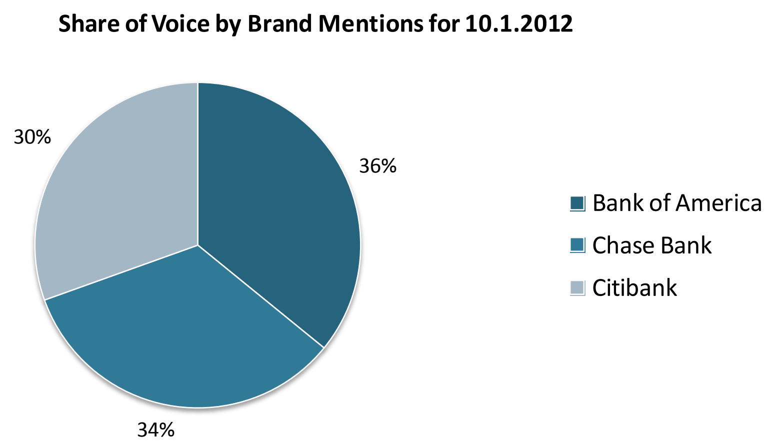
Online brand visibility (OBV) is the degree of awareness of a particular brand by its customer base both online and within the social web. Measuring OBV entails observing conversations naturally occurring around the brand on online channels ranging from a company's corporate website to review sites like Yelp and social networking sites like Facebook and LinkedIn and identifying where these conversations are taking place. Think of it as an endless focus group. A soft return on investment can be expected from measuring OBV—brand value but not an easily measurable financial goal. Following are three examples of online brand visibility measurement methods and ways to leverage them.

- **Brand mentions** is the number of times a brand has been mentioned in a given time period. Companies can review this information to understand who is aware of their brand as well whether recent brand initiatives such as advertising and contests are resonating with consumers. Brand mentions can also gauge whether news stories affecting the company got consumers talking about the brand.

- **Share of voice (SOV)**, when applied to social media, compares the number of conversations about the company with the number of conversations about its competitors.[iv] SOV enables businesses not only to identify how much of online chatter about the industry they currently "own" in comparison to other brands but also to perform business intelligence on their competitors.

Figure 1 illustrates share of voice among the three brand name FIs—Bank of America, Chase Bank, and Citibank—for one day (October 1, 2012). This comparison was completed using the brand-monitoring tool called Social Mention.

Figure 1: Example of Share-of-Voice via Social Mention Brand Monitoring Tool



Source: www.socialmention.com

- **Sentiment** is public attitude toward a brand gauged from the tone of chatter about the brand. Typically, a firm observes mentions of the brand in Facebook comments, tweets, or articles and categorizes them as positive, neutral (e.g., informational), or negative.[v] By analyzing these sentiments, the overall "health" of a brand at any given time can be determined. Though there is no direct monetary value to this measure, it is a way to see if sentiment is working to a firm's advantage. Positive feedback is validation that the firm's efforts are resulting in successful outcomes. Primarily negative feedback is a signal that the firm needs to evaluate its weaknesses in level of service, product offerings, and more.

Measuring online brand visibility suggests ways for firms to improve their approach to engaging with consumers. The metrics can help understand a brand's health, identify its strengths and weaknesses, and measure it against competitors. Most important, this information can be utilized to make brands proactive to customer concerns rather than reactive.

Engagement

Engagement is audience interaction with a brand. Measures of engagement note the way an audience engages with content a firm creates and posts and what the audience is saying about the brand.[vi] They also measure audience participation with regard to content or content source. Metrics in this category generally provide both a soft and a hard ROI.

- **"People Talking About This"** is a measure of engagement that is unique to Facebook. It counts the unique users who have interacted with a brand directly (such as a page "Like") or created a status about the brand on their timeline (see Figure 2 for an example). This weekly metric includes any type of Facebook engagement such as like, share, comment, attend an event, and upload an image.[vii]

- **Reach** in the social media realm is very similar to the concept of reach in traditional media, such as publication circulation or households reached in broadcast. It is a measure of the potential number of individuals who could be communicated to through a particular social network. This includes not only the number of individuals who have subscribed to a particular account (e.g., Facebook "like") but also their online connections (e.g., friends of friends). Reach can be calculated very simply with an equation like the example below for Facebook:

  Reach = Number of People Talking About This × Number of Facebook friends the average user has

- **Engagement rate** is the percentage of a firm's existing audience that performs an action as a result of content the firm creates or posts during a given time period. Engagement can take place across many different networks and include actions such as like, share, comment, bookmark, favorite, and retweet.

Figure 2: Example of Engagement Metrics

Source: Screen shot from https://www.facebookcom/fairwinds, Oct. 1, 2012

Engagement metrics provide an understanding of how many individuals are interacting or responding to the firm's content and/or brand. By indicating whether a brand's content is resonating with target audiences, they indicate whether a firm should change course. Like online brand visibility metrics, engagement metrics can be used for business intelligence and analysis of the social media efforts of industry competitors. The insight gained can be leveraged for future brand efforts.

Thank you for reading Mercator Advisory Group's sample report.

Highlights of the report include:

- Discussion of the areas in which financial services firms are focusing media measurements: online brand visibility, engagement, customer care, and conversion.

- Description of standardized measurement approaches gaining widespread use

- The key metrics major financial service organizations are using to manage the channel in social media campaigns and strategies

- Identification of a variety of free and paid analytic tools tailored to various social media outlets that are available to communications managers

This report contains 46 pages and 26 exhibits.

Companies mentioned in this report include: American Express, Citibank, Facebook, Google, HootSuite, ING, Salesforce Radian6, Salesforce Sales Cloud, Social Mention, Spredfast Social Media Management, Sprout Social, Sysomos, Twitter, Oracle Vitrue, Wells Fargo

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