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SAMPLE: Value of Social Media Report

in association with Online Marketing Summit

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SAMPLE: Value of Social Media Report

In association with Online
Marketing Summit:



Published February 2010

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Contents

- 1. Executive Summary and Highlights 1
 - 1.1. Other key findings 2
- 2. Related Econsultancy content 4
- 3. Introduction by Econsultancy 5
 - 3.1. About Econsultancy 6
 - 3.2. About Online Marketing Summit 6
- 4. Methodology and Sample 7
 - 4.1. Methodology 7
 - 4.2. Respondent profiles 7
 - 4.2.1. Job roles 7
 - 4.2.2. Business sector 8
 - 4.2.3. Business focus 9
 - 4.2.4. Geography 10
 - 4.2.5. Size of company by revenue 11
- 5. Findings 12
 - 5.1. Social media activity 12
 - 5.1.1. Extent of social media activity 12
 - 5.2. Tactics and Web sites 16
 - 5.2.1. Web sites used for social media strategy 16
 - 5.2.2. Social media tactics 18
 - 5.2.3. What is Facebook being used for? 20
 - 5.2.4. What is Twitter being used for? 22
 - 5.2.5. Primary purpose of Twitter presence 23
 - 5.2.6. Ways to encourage social media activity on Web site 24
 - 5.3. Budgets and investment 25
 - 5.3.1. Annual spend on social media marketing 25
 - 5.3.2. Change in social media spend since last year 27
 - 5.3.3. Expected change in social media budgets 29
 - 5.4. Objectives, metrics and ROI 30
 - 5.4.1. Overall business objectives (company perspective) 30



5.4.2.	Use of social media to impact business objectives (company perspective).....	31
5.4.3.	Overall business objectives (agency perspective)	35
5.4.4.	Use of social media to impact business objectives (agency perspective).....	36
5.4.5.	Metrics to measure impact of off-site and on-site social media activity (company perspective).....	37
5.4.6.	Metrics to measure impact off-site and on-site social media activity (agency perspective)	39
5.4.7.	Measuring return on investment from social media activity	41
5.4.8.	Importance of ROI measurement for social media.....	44
5.4.9.	Return on investment from social media marketing	46
5.4.10.	Biggest challenge for companies measuring effectiveness of social media investment	47
5.5.	Resourcing and barriers	49
5.5.1.	Resources dedicated to social media activity	49
5.5.2.	Time spent on managing social media activity	51
5.5.3.	Expected increase in social media activity	52
5.5.4.	Barriers to winning budget and resources for social media	53

1. Executive Summary and Highlights

The **Value of Social Media Report**, published by Econsultancy in association with Online Marketing Summit, is based on an online survey of more than 400 companies and agencies, which took place in December 2009 and January 2010.

The research looks at the extent of social media marketing being carried out by organizations, the tactics being used and the business objectives they are trying to impact through related activity. Social media marketing includes the use of social networking sites and on-site activity including blogging, wikis, user-generated content, ratings and reviews.

- *Facebook* is the Web property mostly commonly used in social media, with 85% of companies using this site as part of their marketing strategy. This is followed by *Twitter* (77%), *LinkedIn* (58%) and *YouTube* (49%).
- Over two-thirds of company respondents (67%) say that the amount of money spent on social media has increased since last year, while 30% say it has stayed the same.
- 81% of companies expect social media budgets to increase over the next year, while 18% expect it to stay the same.

The study examines how companies are measuring the value of social media, and the challenges involved in doing so.

The report finds that companies are using social media to help meet a number of key business objectives, including monetization of this channel through generation of sales and leads. As well as helping to meet harder financial goals, companies are also using social media marketing to achieve softer objectives such as improved brand awareness and reputation.

Apart from the widespread measurement of increased Web site traffic generated by social media, companies are typically struggling to measure the success of their social media marketing in meeting a range of harder and softer business objectives.

- The majority of companies have difficulty measuring the return on investment (ROI) from social media. Almost two-thirds of respondents (61%) say their organizations are “*poor*” (34%) or “*very poor*” (27%) at measuring ROI.

“Econsultancy’s in-depth study of the how marketers are currently engaging in social media gives everyone conducting business in this ecosystem a timely look at trends, opportunities and challenges.

“The report is a valuable asset for understanding the current landscape as well as forecasting what’s next.”

Maura Curtin, Executive Director, Social Media Advertising Consortium (@mauraecurtin on Twitter)

1.1. Other key findings

Social media activity

- Almost two-thirds of companies (61%) say that they “*have experimented with social media, but not done that much.*”
- Only 25% are “*heavily involved in social media*”, while the remaining 13% are not engaging with social media at all, saying “*we don’t do anything.*”



“In this incredibly interesting study, Econsultancy has dug deep into actual corporate social media usage - and more importantly the expectations companies have for social media. It's an important look at the reality of social media today, not just the hype.”

Jay Baer, Convince & Convert, Social Media Strategy & Coaching

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2. Related Econsultancy content

Other related Econsultancy reports and content

Reports

Social Media Statistics

<http://econsultancy.com/reports/social-media-statistics>

Online PR and Social Media Trends Briefing June 2009

<http://econsultancy.com/reports/online-pr-and-social-media-trends-briefing>

Social Media and Online PR - Digital Marketing Template Files

<http://econsultancy.com/reports/social-media-and-online-pr-digital-marketing-template-files>

Online Reputation and Buzz Monitoring Buyer's Guide 2008

<http://econsultancy.com/reports/online-reputation-and-buzz-monitoring-buyer-s-guide-2008>

Presentations

Using social media for marketing and monetization – A Twitter case study on Econsultancy.com

<http://econsultancy.com/reports/using-social-media-for-marketing-and-monetisation-a-twitter-case-study-on-econsultancycom>

What's the value of "social media" for retailers online?

<http://econsultancy.com/reports/whats-the-value-of-social-media-for-retailers-online>

Social Media Marketing and Monetization

<http://econsultancy.com/reports/social-media-marketing-and-monetisation>

What's the value of email in the age of social media?

<http://econsultancy.com/reports/cheetahmail-retail-forum-2009-ashley-friedlein>

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Page 3

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3. Introduction by Econsultancy

Social networking site MySpace attracted its 100 millionth member in August of 2006, and thereby became poised to become the primary destination on the Internet. At the time, roughly 7 million people were using a small, up-market competitor started in a Harvard dorm room. Less than two years later, Facebook eclipsed MySpace.

By early 2010, Facebook had 350 million active users, encompassing over half the adult population of the United States (54 percent). Facebook has overtaken Yahoo to become the second most-visited site in the U.S. (Google is in first place).

Just as search engines redefined information retrieval in the last decade, social media has revolutionized how we share information. These new digital channels will be the defining movement of the decade to come. But, as the rapid decline of MySpace illustrates, the digitally connected masses may wander off the predictable path at any time. For marketers (and we'll forego the term 'digital' because this is also the decade in which that term becomes redundant), social media issues and opportunities will require vigilance, imagination, and a lot of information.

Econsultancy's Value of Social Media Report, produced in association with Online Marketing Summit, is based on a survey of more than 400 client-side marketers and agency respondents. We'd like to thank those who took part in the research.

Perhaps the most encouraging finding of the survey is the fact that the marketing community seems at peace with the tension between investing in social media and measuring its effectiveness. Clearly, respondents across the spectrum understand that the value of the social media isn't primarily in monetization and the hard metrics of 'probable' ROI. They see social as an avenue to enhanced brand reputation and greater engagement with their customers.

This current emphasis on the value of relationships doesn't mean that we're done trying to quantify the impact of social media. Companies understand that they have a new way to approach a number of business objectives, and that they'll need to put measurements in place. However, the industry isn't at the stage of consistent measurement. The question moving forward is whether social media adoption will be hampered by this lack of standardization.

At the moment it appears that innovation will continue to trump short-term thinking, but there's a clear need for a deep understanding of how subjective successes in brand relationship, engagement and social listening contribute to the bottom line.

Finally, as you brace yourself for a full tilt foray into new social realms, don't overlook one of the most practical findings of the report; the costs are elusive. It's difficult to gauge fully how much time team members devote to social media efforts, but this is a substantial variable and should be considered along with agency fees and media costs when it comes time to evaluate the cost/benefit of your various social media programs.

We hope you enjoy this report and look forward to your comments.

Stefan Tornquist

Research Director (US)

Econsultancy



3.1. About Econsultancy

Econsultancy is a [digital publishing and training group](#) that is used by more than 200,000 Internet professionals every month.

The company publishes [practical and time-saving research](#) to help marketers make better decisions about the digital environment, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy has offices in New York and London, and hosts more than [100 events](#) every year in the US and UK. Many of the world's most famous brands use Econsultancy to [educate and train](#) their staff.

Some of Econsultancy's members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Virgin Atlantic, Barclays, Deloitte, T-Mobile and Estée Lauder.

[Join Econsultancy](#) today to learn what's happening in digital marketing – and what works.

Call us to find out more on +1 212 699 3626 (New York) or +44 (0)20 7269 1450 (London). You can also [contact us online](#).

3.2. About Online Marketing Summit

The Online Marketing Summit is truly unique from any other conference. There are no vendors, no salesmen, no exhibitors/booths and no pitching allowed. This educational environment facilitates incredible learning, networking and collaboration opportunities amongst like-minded marketing peers. OMS is singularly committed to its mission to educate marketers on the emerging best practices of online marketing.

<http://onlinemarketingsummit.com/about-oms/>

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Page 5

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4. Methodology and Sample

4.1. Methodology

The Value of Social Media Report is based on an online survey of more than 400 client-side marketers and agency respondents, which took place in December 2009 and January 2010.

Econsultancy and Online Marketing Summit promoted the survey to their respective communities of digital marketers, offering a complimentary copy of this report as the incentive for taking part.

We would like to thank those who took the time to complete the questionnaire. If you have any questions about the research and methodology, please email Linus Gregoriadis at Econsultancy (Linus@econsultancy.com).

4.2. Respondent profiles

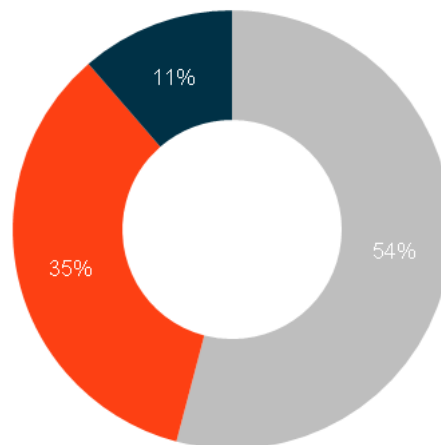
A total of 440 respondents took part in the survey, including 238 “client-side professionals or marketers” and 152 “supply-side” respondents (including agency marketers and those working for technology vendors or other service providers).

For the purposes of this report, we have carried out separate analysis for both these groups and the distinction is abbreviated to “companies” (including not-for-profit organizations) and “agencies” (including vendors).

4.2.1. Job roles

Figure 1 below shows that client-side respondents account for 54% of the sample, and supply-side respondents account for a further 35%.

Figure 1: Which of the following most accurately describes your job role?



- Client-side marketer, in-house PR or communications professional
- Agency / social media & online PR specialist / consultant
- Other

Respondents: 440

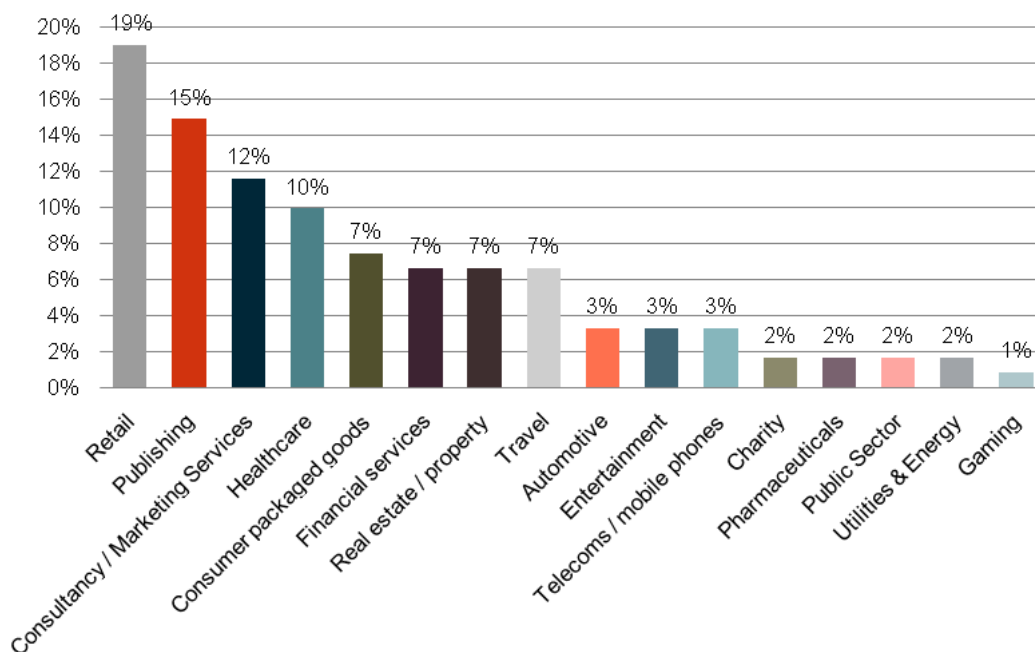


4.2.2. Business sector

Figure 2 shows that survey respondents come from a variety of different sectors, with *retail*, (19%), *publishing* (15%), and *consultancy and marketing services* (12%) being the most common.

Companies

Figure 2: In which business sector is your organization?



Respondents: 199

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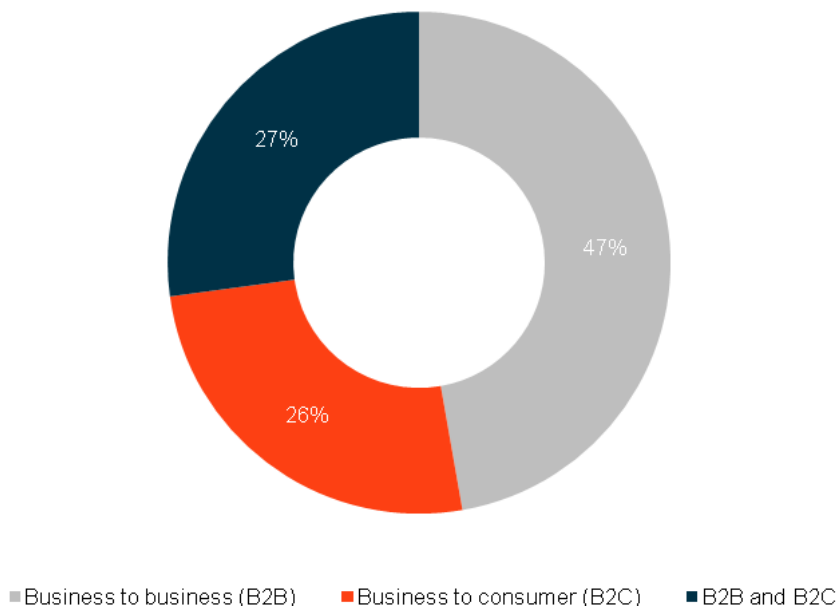
<http://econsultancy.com/reports/value-of-social-media-report>



4.2.3. Business focus

Almost half of survey respondents (47%) have a B2B (business-business) focus, while approximately a quarter are B2C (business-to-consumer) focused (26%). The remaining 27% focus on both B2B and B2C.

Figure 3: Is your business focused on B2B or B2C?



Respondents: 199

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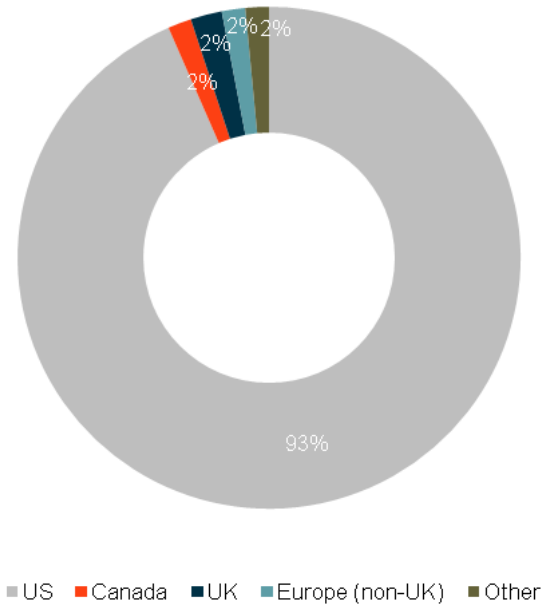


4.2.4. Geography

This report focuses on the US market, and as *Figure 4* and *Figure 5* show, the vast majority of respondents are US-based (93% of companies and 89% of agency respondents).

Companies

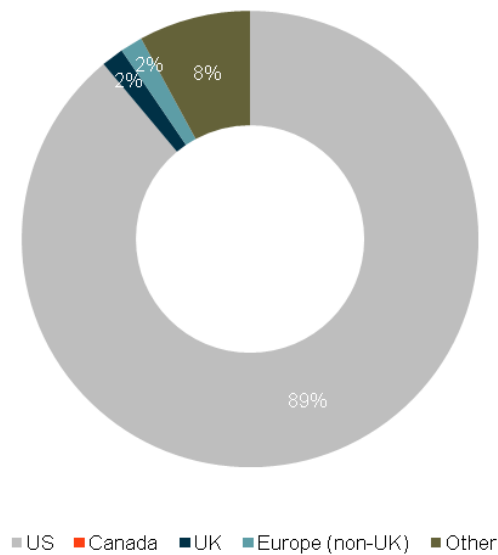
Figure 4: In which country/region are you (personally) based?



Respondents: 198

Agencies

Figure 5: In which country/region are you (personally) based?



Respondents: 126

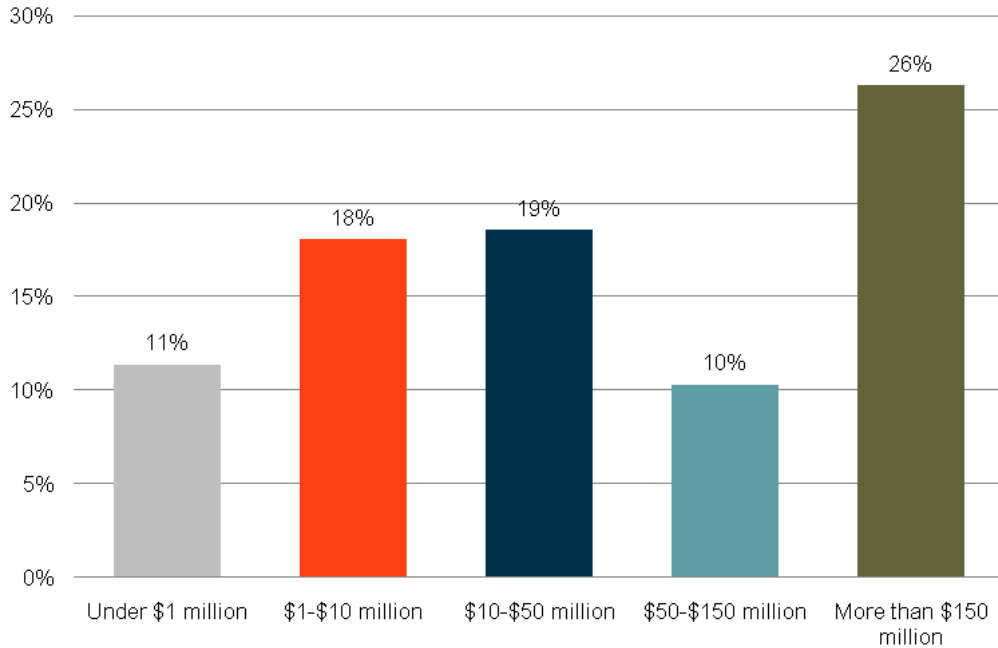
4.2.5. Size of company by revenue

Around a quarter (26%) of companies surveyed have a turnover of more than \$150M annually. At the other end of the spectrum, 29% have a turnover of \$10M or less.

Agencies are typically smaller [Figure 7]; almost half have annual revenues of under \$1M.

Companies

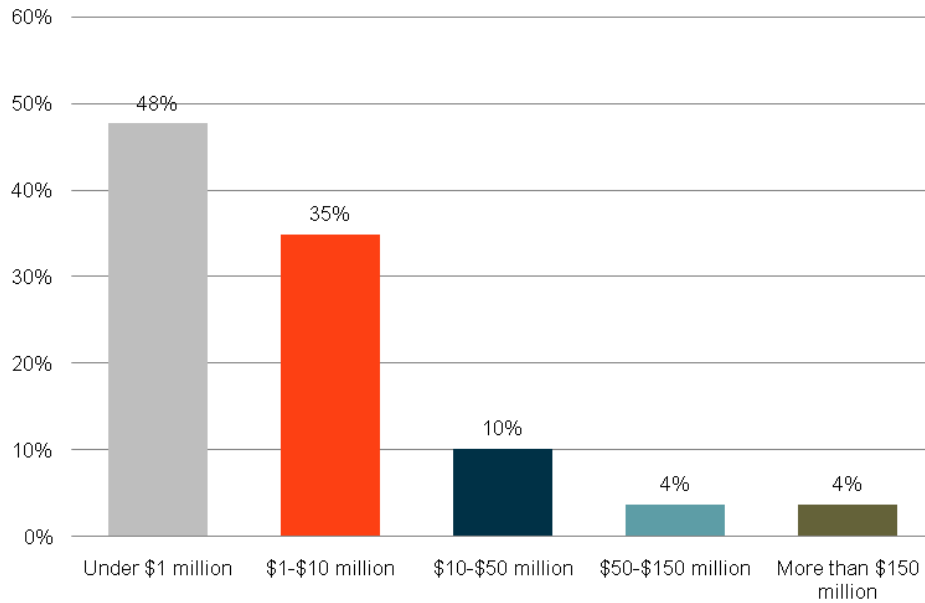
Figure 6: What is your annual company revenue?



Respondents: 194

Agencies

Figure 7: What is your annual company revenue?



Respondents: 126



5. Findings

5.1. Social media activity

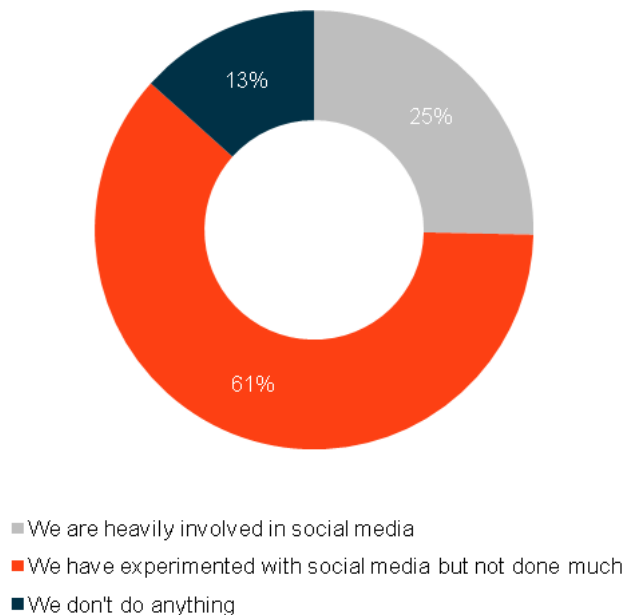
5.1.1. Extent of social media activity

The chart below shows to what extent companies are involved with social media. Almost two-thirds of companies (61%) say that they “have experimented with social media, but not done that much.”

Only 25% are “heavily involved in social media”, while the remaining 13% are not engaging with social media at all, saying “we don’t do anything.”

Companies

Figure 8: How would you describe the extent of your organization's social media activity?



Respondents: 219

Extent of social media activity

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Sally Falkow, social media strategist



Breakdown by turnover

Only 14% of respondents with a turnover of under \$1 million are “*heavily involved with social media.*”

Breakdown by company focus

Figure 10 shows the breakdown of results by B2B and B2C focus, and shows that there isn't a significant difference in the extent to which B2B and B2C organizations are engaging with social media marketing.

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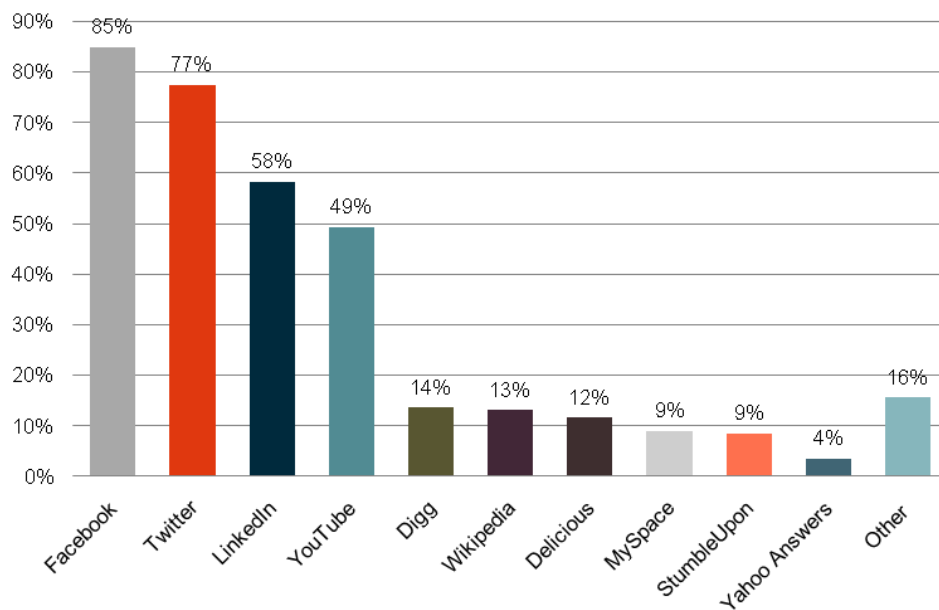
5.2. Tactics and Web sites

5.2.1. Web sites used for social media strategy

Facebook is the Web property mostly commonly used in social media, with 85% of companies using this site as part of their marketing strategy.

Companies

Figure 9: Which Web sites do you use as part of your social media marketing strategy?



Respondents: 199

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Social media tactics - SAMPLE QUOTE

Jay Baer, Convince & Convert, Social Media Strategy & Coaching



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5.2.2. Primary purpose of Twitter presence

Companies were also asked about the primary purpose of their Twitter presence. Analysis of verbatim answers has shown that ...

What is the primary purpose of your Twitter presence?

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Company respondents

5.2.3. Ways to encourage social media activity on Web site

In a free-form question, companies were asked to specify the methods they used to encourage social media activity on their own Web properties.

Given many brands are experimenting with social media, their use of the channel is still very much in its infancy, which means that respondents found it difficult to compare social media Web sites with other marketing channels.

What have you found to be the best way of encouraging social media activity on your Web site?

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SAMPLE QUOTE - Company and agency respondents



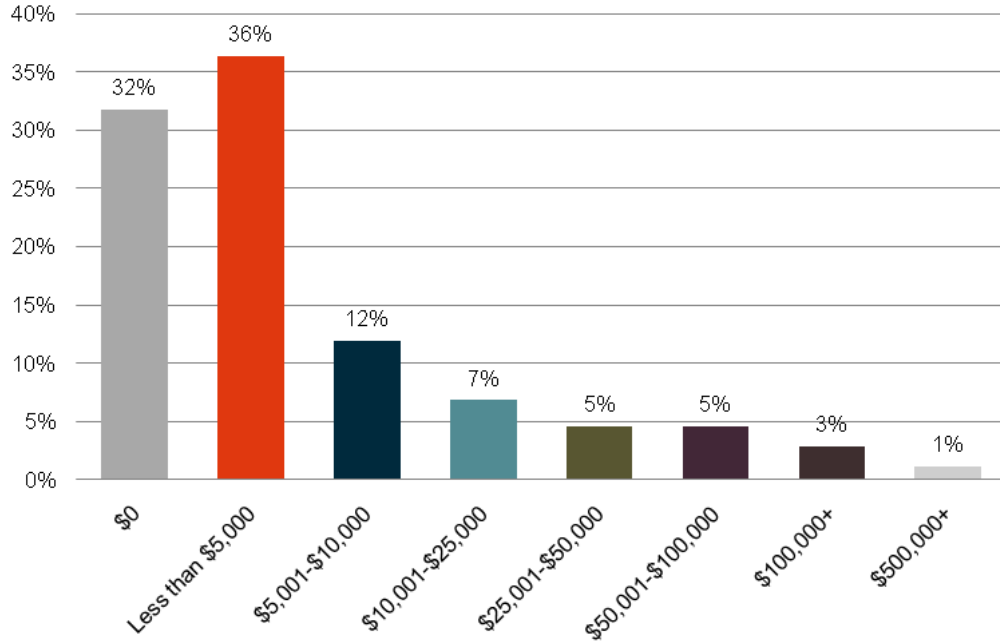
5.3. Budgets and investment

5.3.1. Annual spend on social media marketing

A third of companies (32%) do not spend anything on social media marketing and a further 36% spend less than \$5,000 a year.

Companies

Figure 10: How much does your organization spend on social media marketing per year?



Respondents: 201

5.4. Objectives, metrics and ROI

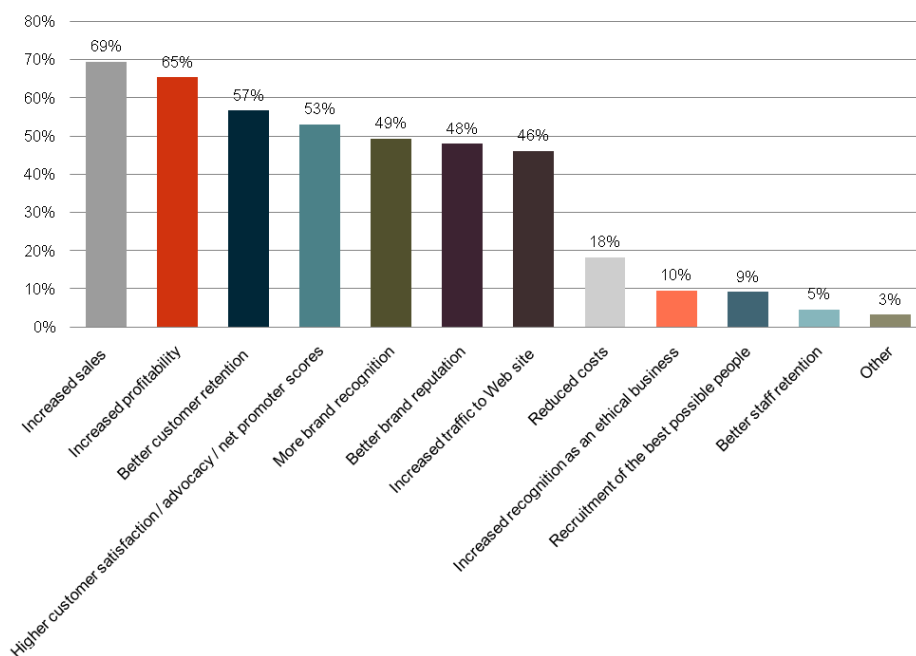
5.4.1. Overall business objectives (company perspective)

Figure 26 shows the majority of companies value hard, tangible financial objectives over softer brand metrics. When asked to indicate the three most valued business objectives, more than two-thirds of company respondents (69%) said their organizations value *increased sales*, and 65% cite *increased profitability*.

Methodology note: respondents could check up to three options

Companies

Figure 11: Which of the following business objectives does your organization value the most?



Respondents: 219

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Page 16

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5.4.2. Use of social media to impact business objectives

The chart below shows the business objectives that organizations try to impact through social media activity. It is noteworthy that the objectives most valued by businesses are not necessarily the ones they are most likely to try to impact through social media.

Respondents: 200

Metrics to measure social media activity

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Sample quote



5.4.3. Measuring return on investment from social media activity

The results below indicate that the majority of companies are still struggling with measuring the return on investment (ROI) from social media.

Respondents: 220

Measuring ROI from social media

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Michael Weisfeld, senior online marketing strategist, BusinessOnline

5.4.4. Biggest challenge for companies measuring effectiveness of social media investment

In a free-form question, companies were asked about the biggest challenges to measurement. There are many site-specific metrics available, (e.g. number of followers, number of re-tweets, number of referrers), but the problem is aligning these metrics to broader goals and business objectives.

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What is the biggest challenge you face when trying to measure the effectiveness of your social media activity?

“Making sure we track success through landing page activity – time-consuming work in the face of potentially little pay-off... a gamble.”

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Company respondents



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Page 18

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5.5. Resourcing and barriers

5.5.1. Resources dedicated to social media activity

According to more than a quarter of companies surveyed (28%), responsibility for managing social media activity falls on the shoulders of the *digital marketing team*. Just over a fifth of companies (21%) use their *PR or communications team* to manage social activity.

Respondents: 125

Resources dedicated to social media activity

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Michael Weisfeld, senior online marketing strategist, BusinessOnline

SAMPLE QUOTE

Rebecca Weeks Watson, VP, Business Development, www.gWallet.com

Respondents: 127



5.5.2. Barriers to winning budget and resources for social media

Respondents were asked about the main barriers to trying to win budget for social media. For many company respondents, the difficulty in attracting budgets lies in demonstrating profitability and return on investment. However, paradoxically, it is difficult to deliver successful ROI without investing in appropriate resource in the first place.

What is the main barrier when trying to win budget and resources for social media?

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SAMPLE QUOTE

The view from supply-side respondents is shown below. For many companies, Facebook fan pages are their first port-of-call when experimenting with social media.

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