
Improving return on investment and measurement on Facebook

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Abstract The role of social media is changing, not only as consumer trends rapidly shape and as social networks truly start to understand their value, but also as marketers become more demanding of social media channels. No longer are social media platforms simply a place for brands to interact with their fans and try to increase brand love in the process. Today's brands are demanding return on investment and an immediate payback. This paper shares four big lessons on how to make Facebook content pay back, in both the short term and long term.

KEYWORDS: ROI, Facebook, reach, effectiveness, return, investment

INTRODUCTION: GROWING A BRAND THROUGH DIGITAL

Fans of Byron Sharp will be familiar with his book 'How Brands Grow',¹ which has become the foundation of marketing practice in many large fast-moving consumer goods businesses. It summarises years of statistical study into which marketing tools really make the difference to the growth of a brand. The book identifies penetration as the number one driver to success, citing the need for constant recruitment. To do this, brands must build brand salience. Sharp suggests a trifecta which should be satisfied in order to deliver this salience. Digital, specifically Facebook, is the perfect enabler for all three: reach, impact and recency.

Reach

Sharp suggests targeting reach to all category buyers rather than to the more specific

groups of 'old marketing'. Maximising reach is considered to be the single most important tool, but the power comes from when it works together with impact and recency. Facebook is an ideal channel for reach buying as it is such a sophisticated targeting channel, essentially allowing marketers to plug the gaps in reach left by traditional media and to access a huge number of consumers through one channel.

Recency

As one might expect, this is, how recently your content reached someone. An 'always on' approach, rather than a short burst, is known to produce a stronger return on investment. The lower costs of Facebook compared with television and print helps marketing budget to go further and hence maintain contact throughout the year. This is generally accepted to work only for brands

reaching over 50 per cent of their category buying audience with 'always on' content.

Impact

This is the effect that the content has on people. There are two main levers to this, both of which can be pulled through Facebook. The first is how emotionally engaging the content is, which relies on good creative and which can be explored through different formats, including video. The second is content, which is where Facebook's targeting comes into its own. Imagine that you were trying to market alcoholic drinks at 7am. Apart from being against some codes of practice, the message would land with less impact at that time as peoples' attention would not be on the ad.

With the potential benefit of Facebook now firmly in our minds, this paper now explores the shift in Facebook and the rules to harness its power

THE CHANGING FACE OF FACEBOOK

Facebook, still one of the biggest social networks in Europe, has grown and changed at an incredible rate since its inception in 2004. What was essentially a basic networking site has grown to include instant messaging, direct ads, publishers whose model relies on Facebook to distribute content (Buzzfeed being obvious example), and a simple way to log into a lot of online sites, using Facebook credentials.

For advertisers, Facebook has become an increasingly expensive yet fertile place as new opportunities to engage with consumers have emerged and algorithm changes have made organic content sharing increasingly less viable.

The rising cost of business on Facebook naturally prompts questions of value and whether or not social media can really deliver positive return on investment (ROI). Facebook has a very real role to play, not only in allowing brands to find their place in a cultural moment, but also in delivering both short and long-term ROI. Advertisers

today must segment key performance indicators (KPIs), know exactly what role they want Facebook to play for their business and understand what different content types can do for ROI.

LOOK AT THE MAP OR RISK CLIMBING THE WRONG MOUNTAIN

Just as a serious climber would check their map and know what is required to reach the top of the mountain, in order to set a plan and evaluate it, it is essential to know what is to be measured and how. While setting KPIs is not a new art, Diageo has spent a lot of time working with its agencies to differentiate the essentials from the 'nice to have' elements.

First, it is important to split KPIs into media and content. A media KPI will measure how well media spend is delivering content to the targeted audience. A content KPI, on the other hand, will measure how well that content has done its job, whether that be to engage people or to get them to click-through to sale.

First, this paper will examine the media KPIs that can be used. Every brand is different, but ultimately all have the same goal: to get content into the hands of people who will either buy the brand or tell someone else to buy it. With this in mind, it is worth looking at the following metrics:

- *Reach*: Like Sharp, Facebook suggests that reach is the most important driver of ROI, with the power to uplift ROI by 70 per cent if reach is maximised.² For all Diageo content, reach is the number one metric.
- *Frequency*: This is the number of times each person sees the content. Although this will vary from brand to brand, it worth bearing in mind that a frequency above 2 reduces the reach that can be generated, and if the frequency is too high, it can become noise.
- *Cost per thousand (CPM)*: This measures the efficiency of the spend at getting the

desired reach and represents an important sense check.

- *Cost per completed view*: While this is only relevant for video posts, it is a strong KPI as it works on both media efficiency and also content engagement.

The content KPIs are slightly more complex as they are based on the type of content being produced. If the aim is to increase long-term ROI by building brand love, engagement is an important measure. If sale conversion is the aim of the post, however, click-through will be key. Beyond this, video view-through rates can be important in measuring the level to which the message has landed.

As with the media KPIs, the content KPIs will need to be flexed depending on activity and brand. It is worth focusing on the following:

- *Click to purchase*: With any content designed to drive to sale via e-commerce, click to purchase will be the most important KPI. It is also important to understand conversion rate past this point, but getting someone to click a 'buy now' link from Facebook is testament to how compelling the content is, even if it is just based on price.
- *Video view-through rate*: At Diageo, this KPI is responsible for the most internal debate. Facebook measures a view as anything over three seconds, whereas Diageo considers that a successful view should be much closer to completion. This debate stems from whether, for the sake of measurement, a brand should target 100 per cent view-through as the point at which it is possible to describe the video as 'viewed', or whether one can describe a video that has been viewed 75 per cent of the way through as 'viewed'. No brands create content for just 75 per cent of it to be seen; however, branded video content often has still frames for the last few seconds, resulting in drop-off.

Ultimately, Diageo made the decision to use 100 per cent (or completion) as its measure of a successful view, meaning that a huge number of the views that were counted from previous campaigns became irrelevant, as they failed to make it to completion.

- *Engagement rate*: This is measured on Facebook as any likes, shares or comments, so is a simple metric to use. Although this is a particularly useful top line, any brand with a controversial message or product might find it more useful to calculate sentiment by looking at the amount of positive comments, likes and shares, versus the negative comments and post 'hides'.

Whatever KPIs are selected, it is not only crucial to set these in advance, but also to update and stretch the targets continually. In 2015 conference, a speaker recommended setting targets at two levels for everything: an ideal and an optimum. This is freeing as one can reflect the bottom line at which one would choose not to re-invest should the activity fail to surpass the target, yet one can also continually strive for a more stretching goal.

To complicate the setting of KPIs, Facebook recently commented that according to its own study, 98 per cent of the sales generated as a result of people seeing branded content are from people who have not interacted with the content beyond simply viewing it in their newsfeed.³ If this is true, it means that using the standard engagement rate metrics will not necessarily help in calculating ROI. In an ideal world, therefore, media and content KPIs would be supplemented by econometric modelling to assess the effect of the social campaign on sales, both short and long term.

ENGAGEMENT IS THE CURE AND THE DISEASE

One of the basic foundations of marketing is that 'before consumers can be affected

by advertising messages, they need to first be paying attention'.⁴ This will come as no surprise and is one of the reasons that social media content has migrated from text to photo to video over the last ten years as consumer attention has become harder and harder to attract and the social networks themselves have become more aware of their potential to advertisers. In recognition of the value of attention, Facebook has developed methods to increase engagement, such as the auto-play video, which are generating record engagement rates.

Sometimes, however, brands seek something other than engagement for their content. E-commerce has increased exponentially over the last five years or so, and with it, the use of social networks to drive direct to sale. In the case of e-commerce posts, where the primary goal is to drive click-through to purchase, attention is valuable, but content that is too engaging can distract from its goals.

To illustrate this concept, the maths-tutoring conundrum has been used. Imagine for a moment that you need support with a maths equation you are trying to solve. An unusually attractive maths tutor comes to your aid. While they may catch your eye and keep your attention, if your goal is to learn how to solve the equation, you may find yourself distracted, and may learn more with someone less distracting. Social media content can be considered in the same way. If you are aiming for a specific result such as click-through rather than for people simply to see and enjoy your content, you may find that simplicity serves you better.

To lend empirical support to this theory, a test was conducted to measure the effectiveness of different formats of video advert, with the essential goal of driving click-through to purchase. One of the biggest surprises for the business during the evaluation of this activity was the effect of attention-grabbing formats, such as video, on click-through. While the auto-play video

content performed far beyond engagement benchmarks (likes, shares, comments) and was therefore likely to be contributing to long-term ROI, the click-through to purchase rates were very low compared with other formats.

As the goal at this point in time was specifically to develop online sales, this was an issue. The overwhelming response was that the engaging video content was distracting consumers from the essential message of the post, which was to click through to purchase the product, whereas the plain e-commerce format, which was comparatively plain, delivered above benchmark for click-through. There was, in fact, a 200 per cent difference between the click-through to sale of the e-commerce video formats versus the video content with a 'buy now' button at the end. The static e-commerce formats performed a further 10 per cent better. Naturally, this is only an issue if your goal is to convert to sale online, but this discovery had implications for all Diageo brands, which were trying to deliver e-commerce results via the engaging video format.

This lesson to use e-commerce formats for e-commerce may seem obvious, but it flies in the face of the commonly held belief that engagement, along with reach, is the holy grail of social media marketing. This belief is often so engrained that even when teams are clear on their KPIs and know that they are trying to drive to sale online, they still aim for high post engagement as a measure of success, thus failing to obtain a true indication of the success of their e-commerce post.

TREAT FACEBOOK CONTENT AS A CHAPTER IN A STORY

Just as it takes a while to get into a new book, it takes a while for people to get used to a new marketing platform and to start to build memory structures.

The value of consistency is certainly nothing new to marketing theory. The

strongest brands are those that have managed to maintain a clear identity over time and are clear not only on how their product is different, but in where they choose to activate in culture. Burmann and Zeplin go as far as to say that ‘a brand — just like a person — needs to have a consistent and continuous identity in order to be trusted’.⁵ Apart from issues of trust, consistency also makes a brand budget go further as the different executions become bigger than the sum of their parts.

Despite this commonly-held knowledge, the desire to be in the moment has driven even the most consistent brands to veer off path into whatever the most popular topic at the time might be, whether that be the white-and-gold dress or the ice bucket challenge. Although the best way to get earned reach from social content is to tap into a cultural moment or tension, the most important lesson here is that even if a post generates a few likes and shares, ROI is unlikely to be positive unless the moment being activating against is well connected to the wider brand platform.

To illustrate this theory in practice and how ROI can vary, consider the following example. This example comes from two of the leading brands at Diageo, which had support from the company’s econometric modelling agency, data 2 decisions, to assess the ROI of different digital activity.

Two themes of content were evaluated. The first was one-off content tied to cultural moments such as bank holidays or Fridays, when people were already talking about drinking occasions, but not connected to a wider brand message or style. The second type was simple content that was connected to out-of-home advertising or other above-the-line communications, but was also rooted in a cultural moment such as ‘talk like a pirate day’ for Captain Morgan Rum.

Usually, ROI on digital media as a whole is roughly 40p for every £1 spent, making it a challenging choice to justify compared with television and other media which

routinely generates £2–4 ROI. In the case of these two examples, the bank holiday and one-off content performed brilliantly in terms of engagement, but badly in terms of ROI according to our econometric modelling partners. The content connected to a platform appearing through the line, however, and delivered a 600 per cent higher return comparatively. Crucially, this takes digital (specifically social media) return to a positive number. This test was repeated under different conditions and with different brands to confirm the hypothesis.

The important implication from this is that social media should be used as a chapter of the bigger brand story in order to maximise return. In order to generate maximum earned potential and therefore efficiency, however, the content is best when connected to a cultural tension or moment. This brings challenges, as brands clearly cannot always predict what will be capturing the interest of the internet from day to day and may struggle to create content quickly enough; however, planning can go some way to making this possible.

To use the time with Smirnoff as an example, the year ahead is looked at with a view to identifying essential cultural moments, for example, annual events such as gay pride, and less predictable events, such as elections. We would have a clear filter on the types of things around which we would (or would not) want to create content within our brand purpose and also the boundaries of risk we would be prepared to take. When the two parts are overlaid, content can either be made in advance or be created *ad hoc* in the event of a surprise. Importantly though, the filter should be applied to anything to ensure it is relevant and the platform idea should be central to how the cultural moment is addressed.

One of the most successful pieces of content in this period was during the Smirnoff ‘We’re Open’ campaign, which is all about encouraging people to be themselves and welcoming to others. When

the announcement was made that the USA would officially recognise gay marriage, the brand was able to move quickly as LGBT news was one of the essential themes in the brand filter and the news was extremely pertinent to the brand's 'We're Open' line. As the content was released swiftly and the news was already a big talking point, the post travelled a long way very quickly, even making it into BuzzFeed's round-up of brand communications around the announcement before the US Smirnoff team had released any content. Unfortunately, the team did not have econometric testing running at this time so it is impossible to comment on the actual ROI; however, based on the econometric modelling findings from slightly later, it is fair to assume that this would have driven strong ROI as it clearly delivers the essential components identified as drivers of return.

Ultimately, the important message here is that when telling a story about a brand, it is easier to make people understand the narrative if it all connects together as they have started to see and process it already.

CONCLUSION

Three elements can make a noticeable difference to the short and long-term ROI

of social media content. First, how you track your KPIs and separate the media from the content goals can allow you to be more single-minded and better understand exactly where plans can be improved. Secondly, to avoid content being engaging enough to distract from its purpose, it is crucial to use the correct formats and know what you are aiming to achieve with each. Lastly, content should be chapters of a broader brand story, anchored in a cultural moment.

As Facebook continues to grow and change, it will remain essential to continue to test, learn and share. Most importantly, however, will be to treat Facebook as you would any media channel: with constant reflection and clear measurement.

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