

Too Social? - Why SMEs Shouldn't See Social Media as a Marketing Panacea

October 2017

“Does social media help you engage with your customers? Maybe. Does it drive sales? Probably not.”

So says James Hammersley, CEO of Good Growth, a UK consultancy offering a range of services, including help with digital marketing and customer relationship management. New research carried out by the company finds that while investment in social media marketing is continuing to rise, there is actually very little evidence to show that this most trendy and current of marketing channels delivers a big enough return on investment to justify the time, energy and money spent on mounting campaigns.

Hammersley is particularly concerned that entrepreneurs and SME managers might be putting too much faith in power of social media. For founders who have come of age in the digital age, social media marketing is often seen as a way to engage with customers, spread the word about new products and ultimately drive sales, without having to spend significant sums on print or broadcast advertising. So in theory at least, social media is a great leveler. Those who understand it can use Twitter, Facebook, Pinterest and the rest build an army of loyal customers who eagerly consume every tweet and post. The ‘shares’ and ‘likes’ of those core followers, in turn, create a ripple effect that engages a much wider community of friends and family.

But does it actually work. According to Good Growth, 50% of marketers plan to increase their spend on social media, but 67% say they have no way of measuring ROI and only a relatively small number (33%) are tracking sales.

This is perhaps not a big problem for large companies with budgets to burn, but an SME that is relying on social media to deliver sales may be disappointed.

As Hammersley explains, the Good Growth research covered all aspects of social media activity, including advertising and posts. “What we found was that whatever the activity, social media does succeed in driving engagement,” he says. “The assumption made by marketers is that this engagement ultimately drives sales. But the relationship between engagement and sales is nuanced.” online accounts.

The Benefits of Social Media

Hammersley stresses that he is not dismissing social media as a marketing tool and he stresses that for startup or an SME launching a new product or expanding into a new market, it can play an important intelligence gathering role. “One thing that it can help you do is to understand your market,” he says. For instance by posting online, engaging with customers and listening to their responses, a business can find out what potential consumers are looking for and what they like and dislike about a product.

Testing Testing

However, if an SME is investing in social media specifically to drive sales, he advises that the business should focus on measuring the results. “If a business is marketing using, say, e-mail or advertising, there will be clear KPIs,” he says.

So when you begin to use social media what you can do is test things. Set up comparisons based on weekly or monthly spend. Over those periods look at the results. Has traffic to the website gone up? Have conversions gone up.

At the same time it is important to make comparisons between spending and results on social media and the return generated by other channels, such as mail.

Equally, Hammersley says it is important to test different social media platforms. Good Growth itself found that LinkedIn was particularly useful in generating leads. Further testing is then required to establish what works best in terms of headlines and content.

“You should also take a look what your competitors are doing to attract customers to their websites,” he adds.

Social media is a powerful tool but it is not a panacea. Blogs, posts and even games all provide a means to engage with customers but the depth engagement will depend on the skill with which you deploy content on the various available platforms and - to be honest - your understanding of social media itself and how consumers use it.

But let's assume that a millennial entrepreneur is indeed fully conversant with social media and succeeds in building an army of followers who dutifully share and like. That in itself will not guarantee sales or leads. The key is to experiment to find out what works and what doesn't, make comparisons between channels and measure results.

