



ENGAGEMENT IS EFFICIENCY

TOWARDS CREDIBLE METRICS FOR EVALUATING SOCIAL MEDIA CAMPAIGN INVESTMENTS

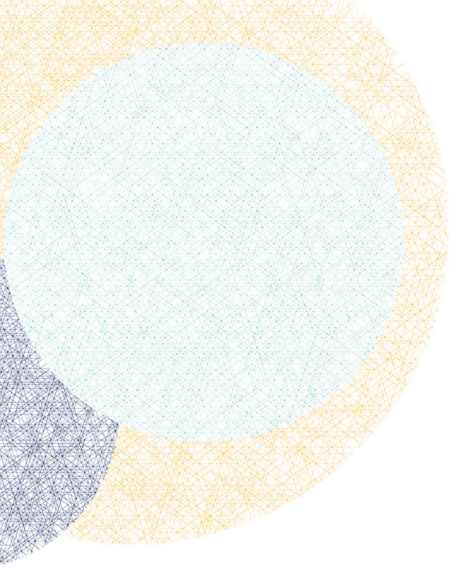
A white paper written by

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ENGAGEMENT = EFFICIENCY

Engagement is the route towards quantifying Social Media ROI

MEASURING ENGAGEMENT IS THE KEY TO EVALUATING YOUR CAMPAIGNS IN TERMS OF RETURN ON INVESTMENT

By the end of 2011, an overwhelming number of blue chip brands had committed significant budgets to the maintenance of a social media presence. Typically, these campaigns have involved coalescing communities around a handful of social network sites, microblogging through Twitter, and the creation of content hubs through Youtube and or corporate blogs.

While corporate marketing and communications staff are still largely focused on social media execution, the most advanced among them are already expressing frustration at their inability to quantify the performance and value of their efforts. According to a survey of 140 social media strategists by Altimeter¹, **48%** of respondents identified **measurement and ROI as an urgent need**.

For the time being, however, the basis on which to measure social media is a hazy science to judge by the hundreds of contradictory articles and indicators in the blogosphere.

In this article, we will demonstrate that measuring "engagement" is the key to evaluating the relative efficiency of your social media efforts related to the investment committed to them. With this first stage of quantification, we are now firmly on the path to establishing Return on Investment.

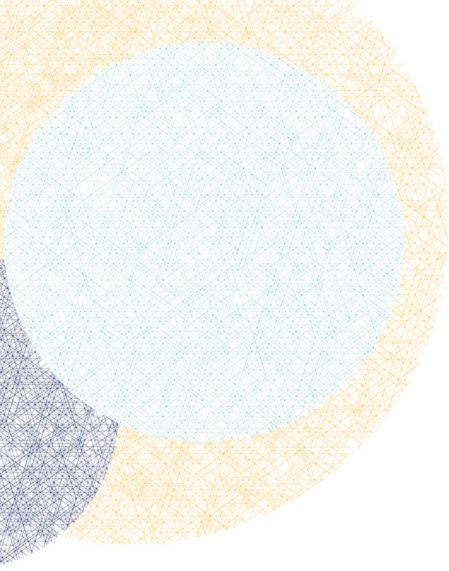
WHAT IS "ENGAGEMENT"?

A 2007 Forrester report on Marketing² defines Engagement as "...the level of involvement, interaction, intimacy, and influence an individual has with a brand over time."

In the online setting, this definition converges with the user behaviour social media was designed for, that is, **active individual participation** and multi-user interaction around content creation. In the following section, we will show how social media has built in rewards for environments in which such participation happens actively.

"2012 is the year for 'cracking the code' of Social Media ROI"

"What do we mean by engagement?"



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GOOGLE & FACEBOOK MECHANICALLY REWARD “ENGAGEMENT”

In this section, we will discuss how Google and Facebook have made engagement a pivotal value in the algorithms they use to determine the worth of content and what gets seen most online. Following the logic of the world's leading online businesses, we can learn just what makes engagement such an important yardstick.

**“Online Leaders
Google & Facebook
consecrate
engagement as the
currency of
relevance and
power.”**

Google’s “PageRank” is powered by engagement

A pioneer in the evaluation of complex relationships between people and content on the Web, Google conceived a system that drew from the choices of millions to inform its functions. PageRank, Google's link analysis algorithm, assigns a weight to each element of a hyperlinked set of internet documents with the purpose of "measuring" its relative importance within the World Wide Web. The weight assigned to any given element E is referred to as the PageRank of E: PR(E).

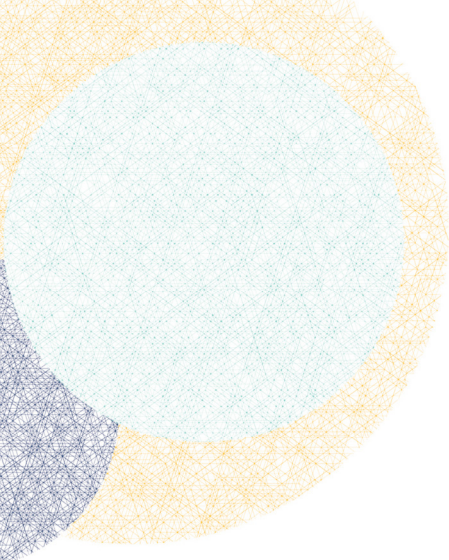
In simple terms, the rank value indicates the importance and relevance of a particular page to its community. A hyperlink to a page counts as a vote of support. And the PageRank value of this "incoming link" depends itself on its own PageRank. A page that is linked to by many pages with high PageRank receives a high rank itself. A page with no links to it will have a low PageRank.

What is the advantage for communicators of having a high PageRank? On any specific Google search, the highest PageRank including the searched words will appear first on the result page. We can therefore say that the highest PageRank will result in the highest reach for its content.

In summary, this means that **Google awards a high PageRank to pages that others have chosen to point to**. Far from being a purely mechanical function, **this weighting depends on the active participation of millions of site administrators that choose what links are of value**. These collective choices determine the rise in prominence of sites on the Web through the 3 BILLION searches on Google every day.

Facebook's “EdgeRank” gives an edge to those who engage

Facebook and its workings is the subject that should interest social media marketers most, as this is where the lion's share of campaign spending happens. EdgeRank, the algorithm at work here, is still poorly understood even by those who work with the social network on a daily basis.



“On Facebook, engagement is the driver.”

“Engagement is the best way in optimizing your social media ROI

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On Facebook, engagement is the driver that determines which content users receive, and the reach of every piece of content you post. Edge Rank is the algorithm that manages the NewsFeed (Facebook’s ‘Killer App’) which presents each user with a customized feed of content from other users and pages every time they log on. Based on the relative EdgeRank of each update from friends or pages in a user's social circle, NewsFeed arranges the order and prominence of items available to each user. EdgeRanks' formula is fairly straightforward:

- Every element that appears in your News Feed is treated as an Object (status update, post);
- Whenever another user interacts (tags, comments, etc.) with an Object you have, they are creating what Facebook calls an 'Edge'.
- Each Edge has three components important to Facebook’s algorithm:
 - ✓ First, there’s an affinity score between the viewing user and the item’s creator — if you send your friend a lot of Facebook messages and check their profile often, then you’ll have a higher affinity score for that user than an old acquaintance you haven’t spoken to in years.
 - ✓ Second, there’s a weight given to each type of Edge. A comment has more importance than a Like, for example.
 - ✓ And finally there’s the most obvious factor — time. The older an Edge is, the less important it becomes.

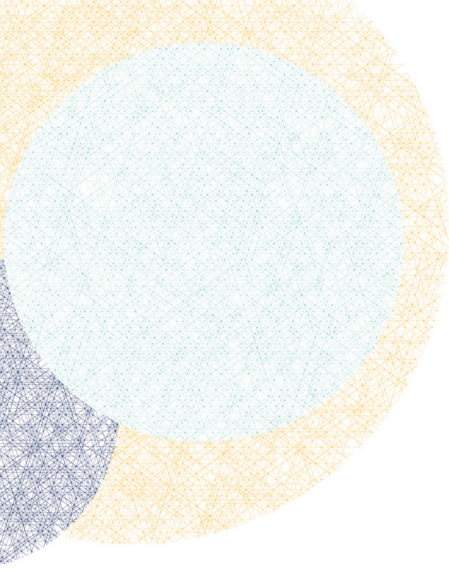
The essential take-away is that **if you want your posts to show up prominently** in the News Feed of other users, **you must ensure that people interact (engage) with your content.**

THE BASIC EQUATION:

MORE ENGAGEMENT = MORE REACH FOR LESS \$\$\$

In this previous section, we demonstrated how both Google and Facebook reward engagement by giving relevant and attractive content a boost in reach because they clearly recognize it gives better value to their users.

On Facebook, the principal zone of activity for most social media marketers, the engagement=efficiency relationship plays out in the most direct and powerful way.



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Let's compare, for instance, two Facebook brand pages.

PAGE A:

- ✓ Page A has 500,000 'likes' and administrators post like crazy every day to keep interest on their page alive.
- ✓ Page A has relatively low engagement with its posts, only 0.5% of its user base ever 'likes' or comments its posts on any given day. What's more, only the administrators post content on the Wall.

PAGE B:

- ✓ Page B has only 50,000 'likes' and launches 2 posts a week to its audience.
- ✓ Page B has a very active user base, 10% of its users regularly like or comment on posts and users also regularly contribute content to the wall.

In the end, despite page A's massive numerical advantage on fan base, we can affirm that page B generates the same number of impressions for its content week after week! What's more, with users generating content, page B's administrators can get away with creating content less often than page A.

Page B's nbr. of impressions = Page A's nbr. of impressions

Now let's look at these two pages in terms of dollars invested.

\$\$\$ PAGE A:

To build up its fan base of a half million followers, page A's administrators must have spent at least \$450,000 , to be very conservative. Add to that the demands of daily posting on a Facebook page, which would amount to a salaried person at 45k a year. So, assuming that the campaign is spread over two years, let's look at the costs with yearly salary included.

Price Tag/Year: **\$270, 000** (450K/2 + 45K salary)

\$\$\$ PAGE B:

To build up its fan base of a fifty thousand followers, page B's administrators must have spent at least \$45,000 , to be very conservative. Add to that the demands of posting twice weekly on a Facebook page, which would amount to a salaried person at 45k a year working half-time only. Also, since generating engagement is not always an easy feat, let's say the brand invested 50K a year in consulting and content production to generate greater engagement. Assuming again that the campaign is spread over two years, let's look at the costs.

Price Tag/Year: **\$95, 000** (50/2 + .5x 45K salary + 50k annual services)

In summary, page B's performance, mainly due to its high level of engagement, is almost three times as cost-effective as page A's.

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STILL MORE REASONS TO ENGAGE

Research shows **consumers engaged through social media are over 50% more likely to buy** and recommend than before they were engaged.

- Bain & Company³ recently reported social media users who engage with a business spend 20 to 40 percent more money with those companies than the average customer.
- A study by market research firm Chadwick Martin Bailey⁴ found that 60% of Facebook fans and 79% of Twitter followers are more likely to recommend those brands since becoming a fan or follower. And an impressive 51% of Facebook fans and 67% of Twitter followers are more likely to buy the brands they follow or are a fan of.

Research demonstrates that **maintaining engagement with a customer is much more cost effective** than acquiring new one.

- In Customer Winback: How To Recapture Lost Customers—And Keep Them Loyal⁵, Griffin and Lowenstein cite a 2002 Marketing Metrics study, which found that the average company has a 60 percent to 70 percent probability of a success sale to active customers; a 20 percent to 40 percent probability of a sale to lost customers; and only a 5 percent to 20 percent probability of a sale to prospects.

The viral growth of an engaged customer community is much more assured in the long run than one that is not engaged because the latter requires constant incentivization to remain part of the community.

“Beyond the direct relationship to reach, engagement creates many side effects that are beneficial for marketing campaigns.”

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CONCLUSION

In the previous sections we have established how engagement directly affects your campaign performance in terms of cost-efficiency. The missing link is the ability to gauge the relative level of engagement for your campaigns to determine whether you are underperforming or over performing according to your competition online. In the near future, extensive benchmarking will have to happen so that meaningful engagement evaluation can be used as an efficiency-enabling tool. Until then, we recommend that all social media marketers begin exploring the mechanics of online engagement because sooner or later, it will become the yardstick by which your profession will be measured!

ABOUT THE AUTHORS

Paul Allard

With more than 20 years of experience in management, marketing and funding of innovative companies in growth environments specifically in the communication industry, Mr. Allard is currently President and CEO of Parta Dialogue Inc. (TSX-V:PAD) which he founded in 2008. PARTA, a leading Social Media Agency, develops innovative technologies which permit organizations to optimize their Social Media investments. In 2001, Paul was nominated "Industry Advocate of the Year" at the 2001 Canadian New Media Awards. On a regular base, he is invited speaker at international conferences. Mr. Allard holds a Bachelor of Arts in music and an MBA in International Marketing & Finance from the HEC from Montreal.

Tom Liacas

Tom Liacas is a communications professional whose career has evolved in close parallel with the rise of social media and digital communications. An M.A. in Media Studies, he has worked with corporations, NGOs and the Canadian public sector, helping them grasp the power and the culture of new communications technologies. As VP Social Media at Parta Dialogue Inc. (TSX-V:PAD), Tom designs strategies, methodologies and applications for the company's ongoing corporate social media campaigns.

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"Measuring engagement is the first step towards a comprehensive understanding of your campaign performance and ROI."

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ABOUT PARTA DIALOGUE

From its offices in **Montreal, Paris and Mexico**, Parta Dialogue helps establish **productive dialogues between companies and their internal and external stakeholders**. From strategy development through execution, wherever you do business, Parta can help.

Business visionaries such as **Fondaction, Van-Houtte Coffee, Renault Cars, Orange, Hydro-Québec, Iusacell (Mexico), Canadian Association of Petroleum Producers, Nestlé Waters, Cenovus Energy, Centre Hospitalier Douglas, Crédit Agricole, Grupo Scotia Bank** have already put their trust in Parta.

Parta Dialogue benefits from the experience and expertise of its team of Directors, as well as its young and dynamic staff in France and Canada.

Parta Dialogue is a publicly traded company listed on the TSX Venture exchange under the symbol TSX-V: PAD

Parta Dialogue includes the following divisions:

- ✓ Parta Dialogue : Social Media Unit
- ✓ Edu-Performance: E-Learning Unit

We **own & operate** social networks powered by our technology:

- ✓ www.alternativechannel.tv
- ✓ www.greenpod.fr
- ✓ www.ecomobility.tv
- ✓ www.eauzone.tv
- ✓ www.energy2point0.com
- ✓ www.shaletalk.ca

For further information:

www.partadialogue.com

“Parta Dialogue is specialized in Social Campaign Optimization.”