

# LIKES ARE GREAT, LEADS ARE BETTER



How to Grow Your Business  
Using Social Media



# Social Media is a Beautiful Thing

**It allows you to do three important activities: connect with prospects, establish a relationship with them, and convert them to paying customers.**

That three-step approach is one of the many things that makes social media so appealing. All you have to do is connect, relate, then convert.

## **Simple, right? Not so fast.**

There's a problem with social media that most business people don't like to talk about. It's the fact that metrics such as Facebook Likes, Twitter followers, LinkedIn followers or even blog comments don't necessarily translate into new customers.

Oh, sure, we all enjoy tracking our social media metrics, especially when we see them increase. After all, every new follower is a potential new customer. And if you can keep those Likes, followers and comments coming, then eventually you'll be printing money, right?

Unfortunately, that's not the way it usually turns out. In fact, some data indicates that as your social followers increase, your conversion rate with those new followers decreases.

## **Why is that?**

It's because the quantity of your social media following isn't nearly as important as the quality of your social media following.

Here's an example: Which would you rather have, 1,000 disengaged followers or 500 engaged followers? Of course, the answer is that you'd rather have 500 engaged followers, especially if they fit your customer profile. After all, the purpose of your social media program isn't to get followers, it's to get customers.

**Here are six important lessons for any business interested in turning social media followers into paying customers...**

# Lesson 1: Focus Less on the Quantity of Followers and Focus More on the *Quality* of Followers

Many people get all wrapped up in the number of followers they have. In fact, some people have been known to pay for fake followers, but that's just money down the drain. Why? Because paying to add a fake or disengaged follower won't generate any leads for your business.

Your goal is to attract genuine prospects so you can ultimately convert them into customers. And that doesn't happen by paying for fake followers. It happens when you have a robust, active, and engaging social media program. With that in mind, let's review some of the more important social media tools you'll be using in your next lead generation campaign. These tools are constantly evolving, so take a look at some of the new twists they offer:



**FACEBOOK:** Some people are disappointed that Facebook is edging towards a "pay to play" platform, but the improvements in their targeting capabilities might make it worthwhile for your business. Of course, there are still plenty of free opportunities on Facebook, but don't ignore some of the cost-effective marketing tools they offer. They might be a great fit for you.



**YOUTUBE:** There have been a number of case studies suggesting that YouTube is a great platform for businesses, but most of those success stories have been in the B2C world. That's not to say there isn't room for a B2B success story, it's just to say that YouTube won't be a slam dunk for you the way Facebook, LinkedIn, Google+ or Twitter would be.



**LINKEDIN:** This is a terrific platform if you're interested in connecting with B2B prospects. There are a variety of ways to use LinkedIn for free, but don't overlook some of the paid advertising features which can be a worthwhile way to drive leads to your business.



**INSTAGRAM, VINE AND SNAPCHAT:** These social/mobile platforms are best suited for awareness-building and to help position your company as a forward-thinking, progressive business. As of now, they're not necessarily effective B2B lead generation tools, but that doesn't mean they won't be in the future.



**GOOGLE+:** Think of Google+ as a 100% free platform that can be a great way to build awareness for your business. It may not have the scope of Facebook or the targeting of LinkedIn, but it's a powerful tool for businesses that want to connect with prospects as cost-effectively as possible.



**TWITTER:** This is an effective tool to build awareness and to drive leads to your blog or website. You can also pay to use Promoted Tweets to connect with a larger audience. Or, you add a Lead Generation Card to your Tweets, which allows people to exchange their email addresses with you and drive leads to your business.



**PINTEREST:** This is a platform that's probably more useful for the B2C world than the B2B world. That said, it can be an inexpensive way to position you or your company as a thought leader in your industry.

# Lesson 2: Understand how Much Money You Should be Spending on Marketing

The starting point is to figure out your **Customer Lifetime Value (CLV)**. In its simplest form, CLV is the amount of revenue you'll generate from a typical customer during the time they buy your products or services.

Here's what we mean – let's say you're an accounting firm or a real estate brokerage. Let's also say that your CLV is \$10,000. What's a reasonable budget you might spend in order to generate a \$10,000 customer? The answer varies from industry to industry, but if you spent \$500 in marketing costs in order to generate \$10,000 in CLV, you'd be in good shape, right?

For example, imagine you're a cable company that sells monthly subscriptions to your customers. Each monthly subscription is, say, \$100 per month. If your average customer stays with your company 3 years, then your CLV would be \$100 per month x 12 months x 3 years = \$3,600. As mentioned, that's the simplified version of Customer Lifetime Value. If you want to do a more nuanced CLV calculation, you'll need to include factors like the profitability of each sale, your retention rate for all customers, the discount rate on the value of money and your customer referral value. But for our purposes, the simplified version of CLV is everything you need.

## Why is your CLV so important?

Because your CLV dictates how much money you can spend on marketing to generate a sale. In other words, CLV helps you set a budget for your social media, email marketing, paid search, and other marketing efforts designed to help you generate leads for your business.

In other words, if it costs you \$500 to acquire a new customer, and that customer generated \$10,000 in revenue for your company, then you effectively spent \$1 in order to generate \$20. That's a pretty good Return on Investment (ROI) and one that you'd want to do over and over again. Of course, your goal in the calculation above is to keep your marketing costs as low as possible. You'll need budget for your social media tools and the labor involved in running your social media campaign. In addition, you should invest in marketing automation software, which can help you nurture the leads generated through your sales funnel.

| SIMPLIFIED CUSTOMER LIFETIME VALUE CALCULATION       |         |           |           |
|--|---------|-----------|-----------|
| Average Monthly Revenue Per Customer                 | \$100   | \$5,000   | \$10,000  |
| Number of Months Average Customer Stays with Company | 36      | 40        | 60        |
| Simplified Customer Lifetime Value Calculation       | \$3,600 | \$200,000 | \$600,000 |

# **Lesson 3:** Marketing Automation Software Can Help You Supercharge the Impact of Your Social Media Campaigns

**Here's a little-known secret about social media – it's not a silver bullet. The idea of running a Facebook, Twitter or LinkedIn campaign and then sitting back as the leads pour in is something that only happens in the movies.**

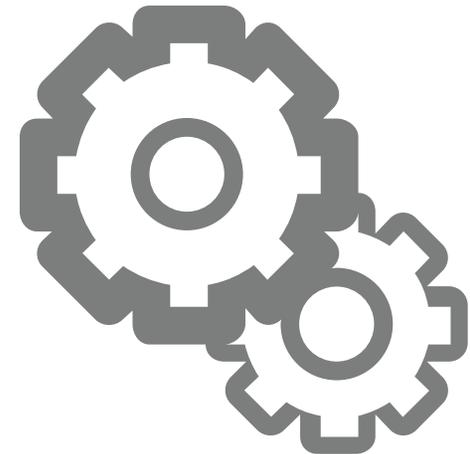
In reality, social media requires a lot of work in order to make it effective. When you think about it, the real value of social media isn't necessarily to acquire new prospects. The real value is to deepen your relationship with your prospects so that they can ultimately be driven to your website and converted to customers. Said another way, the real value of a social media campaign is to create brand awareness among your prospects so that when they're invited to engage with your company, they're willing to do so.

## **That's where marketing automation comes in.**

So, if you use social media to increase brand awareness with your prospects, then what can you use to drive the leads to your business and convert them to customers? That's where marketing automation comes in. Marketing automation software allows you to capture leads and then nurture them through the sales funnel until they ultimately become customers.

## **How does that all happen?**

It starts when you drive a prospective customer to your website using social media, online display, paid search, or any other digital tool. When they arrive at your website, they should be encouraged to fill out a form in return for something of value to them (such as a free eBook, a white paper, a research report, a video, etc.). Once you've captured their email address, you'll want to start engaging them with a lead nurturing campaign.



# Lesson 4: Your Prospects Will Engage with Your Brand More Readily When You Divide Them into Segments and Speak to Them About Their Specific Interests

**Not all prospects are interested in the same products or services from your company. In addition, not all prospects are at the same point in the sales cycle.**

In reality, social media requires a lot of work in order to make it effective. When you think about it, the real value of social media isn't Let's say you're an accounting firm catering to business customers. Some of your prospects are going to be interested in hiring your firm once a year to file their tax returns. Other prospects are going to be interested in hiring your firm. Those are two very distance segments that would require a different nurturing strategy, right?

## **But wait, it gets a little more complicated.**

Imagine you've decided to focus your lead generation effort on prospects who want tax returns only. With marketing automation software, you can tell which of your leads are actually interested in tax returns based on the signals they give you.

Some of these signals are pretty straightforward. For example, on your landing page, you can have a check box for people to indicate their areas of interest, like so:

### **I'm interested in:**

- BOOKKEEPING SERVICES**
- TAX RETURN SERVICES**
- OTHER:** \_\_\_\_\_

Another way to tell what they're interested in is to analyze what they click on and which pages they visit on your website. If they click through on blog post or white papers relating to tax return issues, then that's a pretty strong signal that they're interested in tax return services. It's also important to keep in mind where your prospect is in the sales funnel. A prospect who clicks through once every six months on a blog post from you is much earlier in the sales funnel than someone who clicked through on your "Contact Us" page last week.

# Lesson 5: Know How to Calculate the ROI of Your Social Media Campaigns

In a recent Gleanster Report, 93% of survey respondents ranked "Measuring Return on Social Media Campaigns" as their #1 challenge with respect to social marketing.

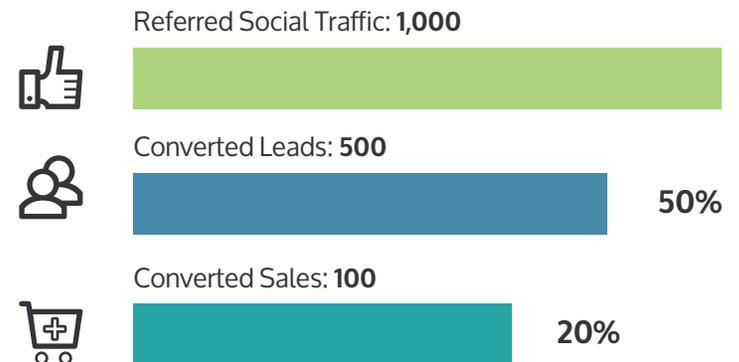
Calculating the ROI of social media campaigns is a surprisingly simple thing to do. First, look at three stages of the customer lifecycle – attracting visitors, converting visitors into leads, and turning leads into customers. From there, you can start tracking your conversions at each stage of the lifecycle. How? During the first stage, you can track website referrals and click-through rates. After that, you can track page conversion rates and form submissions. Finally, you can track how many of those leads converted to sales.

## Here's what calculating the ROI of your social media campaign might look like.

- In this example, we've generated **1,000 clicks** from our social media posts to our website, so we have **1,000 unique visits** on our website that came directly from social media.
- Of those **1,000** individuals that landed on our website, about half of those people ended up converting to a lead, either by filling in a form on a landing page, or taking some other qualifying action that you've promoted, so we have **500 leads**.
- Of those 500 leads, **100 of those leads** ended up making a purchase. That means our **traffic to lead** conversion ratio is **50%** and our **lead to sale** conversion ratio is **20%**.

And since we have tracked these individuals all the way through the conversion process, we can do a really quick ROI calculation based on the value of those 100 sales, and the total cost of our social marketing program. You can apply this same calculation to individual campaigns and to each of your social media channels as well.

### Revenue Impact Analysis:



$$\frac{(\text{Value of Sales Generated} - \text{Spend})}{\text{Spend}} = \text{ROI}$$

# Lesson 6: Ingredients are Just Ingredients Until You Combine Them to Create Something Special

You can have a Facebook page and you can have a Twitter account and you can even have a marketing automation platform, but they don't mean a thing until you put them together and launch them into an integrated, cohesive program.

With that in mind, here are five steps you should take as you set up, launch, and manage your next social media campaign.

## STEP 1: SET YOUR OBJECTIVES:

Remember, your objective shouldn't be to simply generate more Likes on your Facebook page. Instead, it should be something like "To use social media to drive viable prospects to our landing pages where they can be converted into qualified leads."

## STEP 2: ESTABLISH YOUR KEY PERFORMANCE INDICATORS:

Your KPIs are the metrics that provide you an accurate way to gauge the success of your campaign. Ultimately, the only KPI that matters is your return on investment. That said, there are a lot of KPIs that lead up to your ROI – your number of social followers, your clickthrough rate on your emails, and your conversion rate are all metrics that would ultimately point to a ROI.

## STEP 3: TEST YOUR WAY TO SUCCESS:

There's an old saying – what gets measured invariably improves. With that in mind, you should be sure to track your results against industry benchmarks. By constantly measuring your results and taking action steps toward improvement, you'll see positive results over time.

## STEP 4: REPORT YOUR FINDINGS:

What's the point of measuring your results if you're not going to share them with other members of your team ... or your boss? Remember, it's normal to have less-than-stellar results occasionally, especially when you're first starting out. The key is to have a plan of action on how you'll improve the results moving forward.

## STEP 5: HIT THE RESET BUTTON:

You should think of your social media and marketing automation programs as processes that are in a constant state of improvement. Organizations that consistently strive for better results are organizations that grow their sales and revenue. So be sure to step back occasionally, look at your results, hit the reset button and start a new campaign. By doing so, you'll continue to generate better and better results along the way.

# The Bottom Line

In the end, there's no point in running a social media campaign if it's not designed to drive leads to your business. By employing the techniques outlined in this eBook, you'll be able to accomplish that. But remember, there's a difference between understanding something and actually putting it into action.

**So go out and take action. That's the first step towards your ultimate goal, which is to drive more leads to your business, convert them to customers and make a pile of money as a result.**

Act-On's **Advanced Social Media Module** provides you everything you need to produce, manage, nurture, and measure your day-to-day B2B social media activities.

With Act-On at your side, momentum can be yours as you build brand awareness, gain a loyal audience, and convert them into engaged customers. [Learn More](#)



## About the Author:

Jamie Turner is the co-author of *How to Make Money with Social Media and Go Mobile*. He is also the CEO of [SIXTY](#), a marketing communications firm that specializes in ROI-based marketing campaigns.



# Acclaim for Act-On



## About Act-On Software

Act-On Software is a marketing automation company delivering innovation that empowers marketers to do the best work of their careers. Act-On is the only integrated workspace to address the needs of the customer experience, from brand awareness and demand generation, to retention and loyalty. With Act-On, marketers can drive better business outcomes and see higher customer lifetime value. The Act-On platform provides marketers with power they can actually use, without the need for a dedicated IT resource.

Connect with us to learn more