HOW TO MEASURE INFLUENCER MARKETING ROI
The Complete Brand Marketer’s Guide
Contents

1. Introduction 3

2. Areas of Measurement 5
   2.1 Audience Reach
   2.2 Impressions
   2.3 Engagement
   2.4 Sentiment
   2.5 High-Quality Content
   2.6 Conversions
     2.6.1 Growth In Your Followers
     2.6.2 Brand Mentioning
     2.6.3 Traffic To Specific Landing Page / Website
     2.6.4 Form Completions
     2.6.5 Signup To A Newsletter / Subscription
     2.6.6 Growth In Users of Your Product / Service
     2.6.7 Increased Sales

3. Tips for Measurement of Conversions 12
   3.1 Tracking Some Form of Correlation
   3.2 Using Trackable Links
   3.3 Using Conversion Pixels
   3.4 Providing Promo Codes
   3.5 Create a Hashtag Campaign and Tie That to Revenue

4. Conclusion 14
Introduction

As social media has grown to become part of everyday life for most people, businesses have recognized its potential for marketing. The problem is that it is now too big. How do you make your brand stand out from the millions of other posts, statuses, pictures, videos and other types of social media content? How can you use social media practically to market your goods and services, and how do you know whether your target audience is hearing your messages?

The solution to the problem of being seen online is to engage in what is now called Influencer Marketing.

Wikipedia defines Influencer Marketing as being “a form of marketing in which focus is placed on specific key individuals [or types of individual] rather than the target market as a whole. It identifies the individuals that have influence over potential buyers, and orients marketing activities around these influencers”.

What does this mean in practice? It means that you hunt out people who are seen as influencers in social media and work with them to share content relating to your product or service. There will be many more people reading or watching influencers’ content than looking at your own social media pages. If you are careful in the selection of the influencers you wish to work with you will have a real opportunity to gain a whole new audience who will set eyes on your marketing.

This sounds excellent in theory. However, you cannot afford to engage in “hope” marketing, where you produce content and hope that somebody will read or look at it. Influencer Marketing is no different from any other type of marketing - it is only of value if you can demonstrate that it produces an acceptable return on investment (ROI).

Unfortunately, the returns are more nebulous than many other types of marketing. It is usually not clear straight away what the return on any particular influencer marketing campaign is. You often cannot easily say that a particular item of influencer marketing leads to a particular increase in sales, as you can with many traditional marketing campaigns. However it is still measurable, and if done well, influencer marketing can lead to very pleasing returns on your marketing investment.

In 2015, influencer marketplace Tomoson undertook a survey of 125
marketers. One of the questions they asked was what the survey participants’ average ROI from their influencer marketing was. On average they were receiving a staggering $6.50 return for every $1 invested. The best respondents were receiving an ROI of $20 or more, and 70% of the respondents had an ROI of $2 or better. At that stage the survey respondents considered influencer marketing to be their fastest-growing marketing channel.

So how can you measure your ROI from influencer marketing?

What Are Your Goals?

There are multiple reasons that brands undertake an influencer marketing campaign. Therefore the optimal way to measure your ROI will depend on what goal you set yourself for any particular influencer marketing campaign.

If you have no goal for your influencer marketing, you are truly engaging in “hope”-marketing.

Are you trying to increase sales of a particular product or service? Do you want to increase sign-ups to your email list? Are you trying to sell subscriptions? Are you actively trying to establish partner relationships? Are you simply wanting your brand to be more visible?

These are all valid reasons for influencer marketing. However, the ROI for each of these campaigns will be different. Indeed, the units used for the return will even differ. In some cases, you will want a return expressed in the traditional dollars. In others, it may be expressed in followers, sign-ups, subscriptions, audience reach, or numerous other ways.

A firm may set the following types of goals for an influencer marketing campaign:

- To drive an extra $3,000 sales per week
- To add an extra 30 email addresses to its database each week
- To add an extra 20 premium subscribers and 50 basic subscribers each week
- To increase their followers by 200 per week
- To double their engagement on Twitter

What is the Total Investment in Your Influencer Marketing Campaign?

To calculate any return on investment you first need to define what your investment is. Influencer marketing has less defined campaigns than traditional marketing, or even other types of online marketing, such as email or PPC marketing.

What would you include in your “Cost of Influencer Marketing”?

You would include any labor costs for the time you [or a member of your team] researches influencers, sets up the campaign, creates any content that you want to be shared, or participates on social media interacting with influencers. You would include the costs of any free product samples you may send to influencers and any demos you set up. Depending on the type of content you wish to share you may have some content creation costs, for instance, the cost of filming and editing a YouTube video.

Overall these costs are likely to be less than most other types of marketing because you are not paying for the placement of your marketing.
Area of Measurement

The areas of measurement will be very dependent on your goals. There is no point trying to calculate all of these statistics. Many will be irrelevant to your particular influencer marketing campaign.

Audience Reach

Audience reach will be important if your target is to position your content in front of as many people as possible. Audience reach has been a traditional measure for many other types of marketing.

In this situation, you will be looking to work with influencers with huge followings.

The idea behind using Audience Reach as a metric is that the more people who see content promoting your brand, the more people are likely to interact with it, e.g. buy your products, sign up for your subscription, or download your eBooks.

In this situation, it is not overly easy to measure your return on investment. About the best you could calculate would be the total number of followers of the particular influencers who share your content per dollar spent on the campaign. However as there is no exact connection between followers and impressions of people who actually see your content, it is not a particularly meaningful statistic.

Indeed, audience reach is a very rough measure of a person’s influence. Simply having a huge number of followers does not make somebody influential. Some people, for instance, gain followers by buying them. These followers have no true interest in these person's social media statuses, and indeed probably never see them.

Also, many of the best known social media accounts are pure broadcasters. They create and share their own content for their supporters, but do not share others. There is little point hoping somebody with a million Twitter followers will share your content if they have a tiny retweet ration.

Audience reach may be a better measure if you are in a highly targeted industry, working with influencers who share with people interested in that industry. It also depends on the particular social media channel. A beauty company probably could leverage benefit from focusing their influencer marketing on a small number of beauty channels on YouTube, each of which has high views on their videos.
Impressions

In most situations, Impressions are a better measure of visibility for social media statuses or posts, than Audience Reach. The reality is that only a small proportion of your followers on most social media channels get to see your posts. This has become even more evident in recent times as channels like Facebook have tinkered with their formulae for deciding who sees which post. It is much harder now to transmit an unpaid Facebook marketing status than it was previously. Instagram has also recently followed this practice.

Impressions are the number of times people view an influencer’s post. This is an important statistic to calculate as it gives you information about the true reach of an influencer. It tells you how many people genuinely see the post, not just how many could potentially see it.

The number of impressions generated by a post is a valuable statistic when you are comparing the reach of multiple influencers. You can compare the impressions on a particular post shared by an influencer to the number of impressions you normally receive on posts you make through your own social media channels.

Of course, not all impressions are of equal value to you. You will gain higher value from an impression on some social media channels than others, depending on where your target market spend their time. You can use a product like Buzzsumo to sort influencers on a topic by the number of impressions on the various channels. So, for instance, you could concentrate on targeting people with high impressions on Twitter but a lower count on Pinterest, if that favored your market.
Engagement (Comments, Likes, Shares)

It is all very well having people look at your marketing. It is another thing completely for them to take notice of it. Some social media participants have a huge audience of followers, leading to a large number of impressions. However, it is doubtful if you can consider these people influencers if their followers do not interact with them in any way.

There is a pecking order regarding engagement, too. Traditionally engagement was measured simply in terms of Likes. However, this is a very broad measurement. People regularly like a post without taking all that much notice of it; sometimes they like it without even reading it. You are unlikely to gain great traction because somebody simply liked a post about your brand.

Nowadays there is a wider look at the total engagement of social media followers. You look at a mix of shares, comments, and likes, probably weighted in that order. A like is fine, but it is in many ways a throwaway gesture.

Comments are worth more, but they are essentially somebody simply wanting to give their view about something. Some comments, such as a bare “Nice post” comment lack much thought at all and are of little value to you.

A Share, on the other hand, is considerably more valuable. If somebody shares a post on social media, she is effectively saying that she believes the content is so valuable that all of her friends should see it too. Shares are the pinnacle of engagement.

If you are trying to determine your influencer marketing ROI, it is common to look at your total engagement. Somebody who regularly engages with their followers will be far more influential to your brand, than somebody who simply broadcasts, even if the broadcaster has a huge following.

Sentiment

One way you can use both engagement and impressions statistics is to look at your audience’s sentiment behind particular posts. Which posts attract the greatest attention? What topics do people like the most, comment on the most, and ultimately share the most.

While you can not easily determine a numerical ROI simply on sentiment, it helps you decide upon the best types of content to use with influencers, if you want to end up with the best outcome.

For influencers to remain popular, they need to obtain buy-in from their audience. By observing which of your brand’s posts resonate with your influencers’ followers, and which they ignore, you can better target your future messages.
High-Quality Content

There is a common saying, “Content is King.” This adage is very true. The internet is awash with content. If you want people to take notice of what you share, you need to create exceptional high-quality content.

Whether you share in-house content with your influencers, or whether they create original material about your brand, you need to ensure that it always gives value to your readers.

Creating high-quality content undoubtedly costs more than producing “cheap and cheerful” material, paying writers $1 per piece from a content mill. However, you are likely to end up with a higher ROI from a more expensive quality piece. If nobody bothers to read your $1 cheap article, it is a total waste of that $1.

If you produce high-quality content, you have options for stretching it across different platforms. You can promote a quality blog piece on Facebook, Twitter, and LinkedIn. You could create a video for those who prefer not to read and place it on YouTube. You could share pictures from it on Pinterest or Instagram. You could repurpose it as an infographic and then use your influencers to promote that. You could convert it to slides and then place them on Slideshare.

Of course, high-quality content is a somewhat intangible return, so the value of it is not easily measurable in dollar terms.

Conversion

In marketing, a conversion is when you manage to get somebody to respond to a Call to Action. People think of conversions as being increased sales, but in reality, there are many more types of conversion.

Your conversions relate to the goal you set at the start of the influencer marketing process. The more you move towards meeting your goal, the more conversions you have.

If your goal was to drive an extra $3,000 sales per week, then every extra sale you generate is indeed a conversion for you. On the other hand, if your goal were to add an extra 30 email addresses to your database each week, then you would consider adding an email address to your database to be a conversion.

There are quite a few possible different types of conversion which you could use to measure your Influencer Marketing ROI, depending on your marketing goals.

To be able to determine an actual Return On Investment, you will need to assign a monetary value to each additional conversion. This is clear-cut in the case of something like sales made (a sale of a $20 book is clearly worth $20 to you) but is more intangible for quite a few other types of conversion. You will need to decide how much each extra “item of conversion” is worth to you, for example, what is the financial worth of that additional email address you obtain?
Growth in Your Followers

You would set a target of growing your followers by a certain number or percentage if you have set a goal of amplifying your reach. You could also choose this as your target if you are building up your followers for future online marketing campaigns. In this situation, you will be using the content shared by your influencers to drive people back to your own social media accounts, with these people in turn following you.

A variation of this is where you set up some form of online fanbase - often in the form of a Facebook Group, although it is also common for these to operate via Google Hangouts. The members of these groups may not directly pay for your services, but they add buzz and conversation to your group activity.

In terms of calculating an ROI, you need to determine how much an additional follower is worth to you. You could base this on the saving in additional advertising it would otherwise have cost you to generate a follower, or if you have sufficient data, you may be able to determine what the lifetime value of a follower would be. Compare this with your investment in the influencer marketing campaign.

Brand Mentioning

Some firms simply use influencer marketing to bring their brand to the public’s attention. They are not, at this stage, using it to gain extra income, just awareness. Word of mouth advertising is often considered the most effective form of marketing, and influencer marketing, particularly if it involves high engagement, can help with this. Every marketer hopes that their post will turn viral.

You can increase the odds of one of your posts going viral, splashing your brand in front of a huge number of people, if you let influencers help you with your content distribution. They already have sizeable followings, which increases your post’s chance of being seen and becoming popular.

Metrics that you can use to determine the effectiveness of your influencer marketing on your brand includes the additional traffic to a particular web page or landing page, the number of new online subscribers, the growth in your followers and the number of times your brand is mentioned online, as a result of these posts.

Of course, if you truly want to know how your brand is faring as a result of a campaign, you can look at some of the more subjective data. For instance, read any online comments referencing your brand. How positive is the sentiment? Do they demonstrate a positive digital image for your brand?
Traffic to a Specific Landing Page / Website

Quite often a company sets a goal to increase traffic to a particular landing page or website. This is often a page promoting an event, or another form of offline activity, hence the conversion is simply visiting a page, rather than requiring visitors to do something while they are there.

This is also quite common when your aim is to educate your visitors, rather than to sell anything to them.

Again, if you want to determine a numerical result for your return on investment, you will have to come up with a notional value of the worth of a visitor to the particular page you wish to funnel them.

Form Completions

There are times when your ultimate goal is to receive information from visitors to a specific landing page or website. You want people to do more than just look at the website for a few seconds. You want them to fill in a form and enter some data.

A common example of this is when you are holding a survey, and you want to increase the number of people providing you with responses. Another situation could be where you are holding a competition, and you want people to fill in their competition entries online.

To determine your ROI you will need to decide how much the completion of the form is worth to you, and you will also need to clearly distinguish which visitors to this page (who in turn fill in the form) arrive as a result of a particular influencer marketing campaign.

Growth in Users of Your Product / Service

If your product or service operates on a subscription model, for instance, many of the SaaS offerings now available, you are likely to set an aim of building up an ongoing relationship with new users. You are not after one-time sales. In this situation, the main goal of your influencer marketing is probably some form of user growth.

If your influencer marketing leads to increased paying subscribers for your product or service, it is very easy to work out the worth of a customer, and in turn the return on your marketing investment. Distinguish which visitors to this page (who in turn fill in the form) arrive as a result of a particular influencer marketing campaign.

Signups to a Newsletter / Subscription

One specialist type of form that online visitors to your site regularly fill in is the signup form for your newsletter or some subscription. Many people believe that their email list is gold. People willing to sign up to your list have demonstrated that they are interested enough in your product or service to willing to provide their email address to learn more about your brand. These people will have more brand affinity with you than your social media followers. Hence each new subscriber probably has a higher lifetime value to you than a new social media follower.
Increased sales

Obviously, an increase in sales has to be the holy grail of influencer marketing. You do need to recognize that there may be a time lag between you starting your influencer marketing campaign and new people buying your products. Social media usually helps build relationships, rather than instantly leading to sales. The purchasing cycle can be quite lengthy for some types of products or services, and it will usually extend until well after you perform the influencer marketing. You need to ensure you keep on measuring results even after the campaign itself finishes.

This is the easiest form of conversion to determine an ROI, as you know the precise figure that a sale is worth. You do need to be able to clearly distinguish which specific sales occur as a result of a particular campaign of influencer marketing.

In this case, your calculation will simply be: 

\[
\frac{\text{Sales price per item} \times \text{Number of extra items sold}}{\text{Cost of your campaign}} - \frac{\text{Cost of your campaign}}{\text{Cost of Your Campaign}}
\]
While influencer marketing may sometimes generate clear and obvious results, particularly with easily-seen statistics like the number of followers or engagements connected to a post, some of the other types of conversions are not so clear-cut. This is particularly so when you need to distinguish between multiple channels and influencer campaigns. Without careful planning, you will not, for instance, be able to tell for certain whether a particular campaign generated increased sales, or whether they came about for some other reason.

What methods are used by online marketers to give you a clear pathway between their marketing efforts and the end results they hope for?

1. Tracking Some Form of Correlation

This is the simplest way to measure conversion and is often all you need. You simply connect some event, such as the publishing of a post, with the next stage of conversion. For instance, you may consider that all subscriptions taken up on your website within a week of a new post will have come about as a result of that post.

2. Using Trackable Links

One way you can keep track of traffic coming from your influencers’ efforts is by the use of trackable links. You can easily provide a different trackable link for each post of content you share with a different influencer. This way you can easily tell where any traffic comes from. These are regularly used in Facebook, Twitter and on blogs.

3. Using Conversion Pixels

You can position a conversion pixel on your website, which will allow you to pick up people who may visit your site due to what an influencer has shared with them, but who have not followed the influencer’s link. Some sites see up to 40 percent of their influencer traffic come this way, and this would otherwise be missed if you relied on trackable links alone.
Providing Promo Codes

You can easily customize promo codes for different users and campaigns. This makes it particularly easy for you to track the effects of a campaign. For instance, you may provide a promo card offering a 10% discount for one influencer to share with his followers. You will know every time you make a sale to people who enter that promo code, that their custom is a result of that particular influencer campaign.

Consumers love a bargain. If they are considering a purchase, then a promo code may be enough incentive to encourage them to finalize the transaction. This works particularly well then you give an expiry date for the promo code, as it creates a sense of urgency.

Create a Hashtag Campaign and Tie That to Revenue

You could tailor your social media campaign to use a specific hashtag and encourage influencers to use your hashtag with their followers. You can then tally uses of the hashtag, considering its use to be part of your influencer marketing campaign.
Conclusion

Influencer marketing is an important tactic for the modern business that recognizes the importance of social media. With Twitter, Facebook, Instagram and newer channels like SnapChat, there is a whole new breed of influencers. A marketer’s ultimate aim is for a post or video about their brand to go viral.

Influencer marketing is like every other business expense, however. You need to be able to justify that it is worthwhile. Hence you need to be able to prove that your influencer marketing is providing a positive rate of return on your investment.

There are many methods to determine a return on investment. However, the best method for you depends on your goals. What are you hoping to achieve from influencer marketing?

Once you have determined your goal, you should then be able to see if your marketing is best for you. Just remember to allow for the time delays between your campaign and when you start to see conversions.

Be prepared to experiment. If one campaign fails to inspire interest, try a different campaign, with a different influencer. Always be willing to adapt. Social media is a fast moving phenomenon, and you need to be ready to move with it.