

Why paid social media is hot

(and why it makes a killer channel)

Businesses have spent years garnering a loyal social media following through organic engagement methods. But social media is evolving, and those not evolving with it have found it increasingly difficult to get their message out there. Simply put, it's no longer enough to create a Facebook, Twitter or Instagram account and hope for a few "likes" or reposts.

Enter paid social – the next chapter in social media marketing. While organic social remains a critical part of a comprehensive social strategy, on its own, it may not move the needle. With paid ads and sponsored content, you can reach beyond the loyal social media following you've built organically to boost your bottom line.

When laying out a successful social roadmap, it's important to understand the answers to the following questions:

- How is paid social different from organic social?
- What challenges does it present to your social media strategy?
- Does the investment pay off?



The Definition

First, let's take a look at the social media landscape. There are three types of social media and each serve a distinct purpose:

1. Owned/Organic - *Brand controls the channel*

- Web/mobile site
- Blog
- Twitter

2. Paid - *Brand pays to leverage a channel*

- Twitter ads (promoted tweets, promoted accounts)
- Facebook page promotion (boosted posts, Facebook offers)
- LinkedIn sponsored updates

3. Earned - *Customer becomes the channel*

- Brand buzz
- "Viral" content
- Organic shares

Source: <http://blog.hootsuite.com/paid-earned-strategy>

Paid social media (often referred to as "integrated social advertising"), is just that: A brand pays to leverage a social media channel to promote its message, service or product. By controlling the content, targeting and placement, your social media channel suddenly starts to look a whole lot like a traditional ad buy. You can direct your content to people who are more likely to engage.

Twitter Case Study: Airbnb

Popular community accommodation marketplace Airbnb needed to promote a new program of monthly sublets that met the demand of customers seeking longer-term housing solutions.

To do so, they used promoted tweets with a special promotional offer to tap into their enthusiastic customer base and get the word out. The result? On one promoted tweet, Airbnb achieved an engagement rate of over 4 percent, and the shelf life of the message extended beyond the campaign period as customers continued to share and discover the tweet on their timelines.

Source: <https://business.twitter.com/success-stories/airbnb>



The Challenges

For years, the focus of social marketing was on organic reach that, in turn, resulted in earned media and brand buzz. But in 2012, Facebook announced it would restrict brand content reach to 16 percent “to make sure people have a meaningful experience on the site.” Since then, most brands have seen their organic reach on the social network plummet to almost zero. Many marketers were asked to consider paid posts as a way to “maximize delivery” of their content.

In response, marketing executives are dedicating an increasing percentage of their budget to paid social media marketing, but best practices are still evolving. In short, to make a meaningful impact, you often have to pay to play. But when it comes to implementing a paid social strategy, four main challenges come to mind:

1. Content: Good content is the backbone of any social media strategy. The challenge, however, is coming up with enough relevant, cool, engaging content for each platform. Good content takes time, creativity and resources and it's easy to spread yourself thin.

2. Credibility: You want to be viewed as a thought leader, without being boring. And you want to boost your brand without being too self-promotional. But let's face it: the average consumer doesn't care for advertising. When Instagram rolled out sponsored posts, users were out for blood with many accusing the popular photo-sharing service of “selling out.” Facebook experienced similar backlash following their implementation of boosted posts. If you're not careful, sponsored content can be perceived as self-serving or spam and you risk losing credibility and, worse, followers. To minimize risk, it's important to understand what content is received well on each platform—and create or adjust your strategy accordingly.

3. Cost: Sponsored content isn't free. It may take some time to switch your mindset from zero-cost social media activities to paid social. Ultimately, it's a cost-benefit analysis: If your organic social reach isn't cutting it, it may pay to invest in content people will actually see.

4. Conversion: The only way to know how much to spend on any given paid channel is to understand what a conversion is worth to you. The key is to track sponsored content back to revenue, so you know what you're willing to pay for your paid social leads. If you don't know those numbers, you're flying blind. Worse, you're likely wasting money.



The Pay Off

Here's the good news: There is real value behind buying into a paid social media strategy. Click-through rates, conversions and other metrics are easier to measure, meaning you know exactly what you're getting out of your investment.

According to socialmediatoday.com, paid ads and sponsored content on Facebook, LinkedIn, Instagram and other social platforms are an affordable alternative to more traditional marketing channels. Even better, they allow businesses to reach far beyond their current fan base and attract new customers.

Cost to Reach 1000 Potential Customers



Newspaper: **\$32**



Magazine: **\$20**



Radio: **\$8**



Cable TV: **\$7**



Google AdWords: **\$2.75**



LinkedIn Ads: **\$0.75**



Facebook Ads: **\$0.25**

Facebook Case Study: State Bicycle Co.

To increase engagement and drive sales, Arizona-based State Bicycle Co. ran targeted Facebook ads to groups who expressed specific likes and interests focusing on rival brands. They also targeted people living in cities promoting bike-centric events. To reach even more people, the company used a sponsored story promoting Black Friday deals on State Bicycle Co. items.

The payoff was undeniable. Following these paid campaigns, State Bicycle Co. saw 12 percent of website traffic come from Facebook, resulting in \$500,000 in annual incremental sales. Better yet, their Facebook ads cost 1/5th per click compared to other advertising platforms.

Source: <https://www.facebook.com/advertising/success/stories/state-bicycle>

Sure, it isn't the "free" social media so many marketers are used to. But when executed effectively, paid social can give you a huge bang for your social buck.

Your sponsored content is targeted to the right group of people. It's efficient. It's profitable.

What's to Love About Paid Social

You can:

- Control brand message and delivery
- Grow your opt-in network
- Increase your content shelf-life
- Reach a broad, targeted audience
- Boost organic engagement
- Gather more valuable metrics
- Improve lead generation



The Takeaway

Social media moves fast and you need real-time metrics to make the most of it. But amidst an ever-increasing cacophony of social media channels, it's difficult to get your message out to the right people, let alone make sense of its impact on your business.

Domo helps you focus on what matters most. With Domo, you can pull data from all your social channels into one dashboard, giving you the information you need to make decisions now. It means you're spending less time with your head buried in spreadsheets and more time creating effective campaigns.. It means you have all the data you need to direct that content to the right audiences. It means your paid social media channels are a legitimate revenue generator.

If you're interested in making the most of all your paid social efforts, Domo can help. Give us a call, or visit us online at www.domo.com to request a video demo.

