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Social Media Marketing Best Practices

Distributed at
Igniting Opportunities:
Measuring and Monetizing Social Media

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Social Media Marketing Best Practices

Social Media Measurement

Social media measurement refers to the tracking of social media content and user engagement, particularly with marketers' brands. Social media measurement is still in its early stages, even though there are established metrics for digital advertising measurement and numbers are more easily measured and monetized through cost per impression (CPM) or other similar methods.

Analytics firms, such as Klout, attempt to measure users' influence by taking into account the size of each user's voice and the depth of his or her reach. Many agencies and research marketers are attempting to quantify brands' effectiveness in social media with proprietary social media tools or methodologies or by monitoring user activity-based metrics such as views, downloads, likes, followers, fans, shares, +1s, re-tweets, and blog/vlog links or references. Social media measurement also goes beyond tracking activities such as the consumption or sharing of content.

Agencies and marketers are increasingly measuring leads generated after social media content is viewed, including by collecting information by online lead forms or other lead inquiry methods that may be linked to each type or piece of content with which consumers have engaged. The use of customer and prospective customer databases help illuminate the correlation between social media engagement and actual sales. The question is not only "how much" social media engagement is happening, but also "how good" the quality of social media interactions with consumers is. The substance and tone of consumer comments, posts, and tweets can be discovered through content analysis, either through a more formal study or an informal scan of social media sites.

The metrics discussed above do not always directly translate to a marketer's bottom line. Therefore further development of social media measurement tools will continue to play a key role in monetization of online social media activities by marketers. Currently, social media sites such as Google+ are particularly compelling to marketers since having a Google+ brand page also favorably impacts search engine optimization.

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Social Media Monetization

This refers to both how social media companies build revenue streams as well as how agencies and marketers can monetize social media as a service. Judging from the recent acquisition of Instagram by Facebook for $1 billion, the acquisition of users and user data is invaluable to the valuation of social media companies. Yet, many public relations, advertising, and digital agencies continue to charge clients for social media services in the traditional manner, on an hourly, fixed fee, or cost plus model. As measurement tools further develop, alternative compensation methodologies are also likely to develop. Among the alternative structures being tested are performance- and lead-based compensation and fee plus bonus structures in which bonuses for meeting specific goals are paid over base retainer fees.

Below are four examples of certain performance-based comparison structures currently being tested and used:

1. License Fees: Some firms are charging a separate license fee for use of certain tools or to seek a markup on pre-existing tools that the company has developed after an investment of time and or money. Licensing proprietary software is gaining traction as more agencies develop sophistication and their own tools. The most popular social media tools are analytics and visualization tools to help marketers see the effects of their social media marketing.

2. Revenue-Based Models: Certain applications have revenue models built into them, such as buying a product through a mobile application or buying a virtual currency or virtual property related to a marketer's intellectual property. In these cases, some firms are using a revenue-sharing model so that both the agency and its client benefit from increased sales.

3. Incentive Models: Agencies should be careful of tying themselves to a performance-based affiliate type model in situations in which compensation is tied solely to metrics such as likes, clicks, re-tweets, and substance of conversations around a marketer's brand. However, these objective measures can be effectively used for incentive- or bonus-related compensation to the agency.

4. Community Management Fee: Some agencies are charging a separate community management fee, over and above whatever other compensation their clients might pay them for performing other services, for these agencies to monitor and manage the online communities of a marketer client (Facebook fan pages, chat rooms, hangouts, meetups, and the like.)

Key Social Media Regulatory And Legal Considerations

There are five key contractual and compensation issues to consider for social media-related engagements. These are common concerns for public relations firms, advertising, and digital agencies and purely social media marketers. These are:

- Ownership of Proprietary Methodology and Tools
- Ownership of Data
- Understanding Privacy
- FTC Endorsement Guides
- Moderation and Community Management

Ownership of Proprietary Methodology and Tools

Key assets of an agency's business are the proprietary tools, software, and methodologies that an agency uses to advance the interests of many of its clients. Such assets are particularly important for researchers or other agencies providing measurement services. To protect these key assets, agencies should ensure that each client contract contains a broad reservation of rights clause. This is especially true for social media engagements. This clause should provide that the agency as service provider continues to own all pre-existing or independently developed tools, software, and methodologies used. This clause should be broad enough to include any enhancements, modifications, or improvements made during the course of providing services.

An agency should also offer its clients a separate license whenever the agency has developed a software tool or other social media platform. This is a wise practice regardless of how big (or small) an amount the client may pay for the license since the mere fact that there is a license establishes that the client does not own the software tool.

Ownership of Data

Neither an agency nor its client will own third party data that is either publicly available or licensed online. Such third party data may be aggregated by an agency on its client's behalf. However, other data (whether aggregate or personally identifiable) may be collected through the agency's activities. Thus, marketers should always consider whether or not to collect and use aggregate data for trending and other internal analysis. This data may be particularly valuable to the agency itself.

The services contract should specify who owns such data and what rights each party has to use the data. However, whoever owns the data usually also has the responsibility for maintaining the data. It is typically deemed to be unfair to have one

party to a contract own and control data on the one hand, and make the other party to a contract be responsible for any loss of that data. Thus, it is important to balance the agency risk tolerance with the benefits of data ownership. Agencies should also make sure they are collecting data in accordance with the privacy considerations noted below as well in compliance with any third party terms and conditions or restrictions (e.g. Facebook developer guidelines).

Understanding Privacy

All companies performing or receiving social media services should also understand the best practices in behavioral advertising and e-commerce. Agencies and marketers should be aware of the current regulatory environment and the Self-Regulatory Principles for Online Behavioral Advertising (available at http://www.aboutads.info/resource/download/seven-principles-07-01-09.pdf) developed by the Digital Advertising Alliance, which is a non-profit self-regulatory consortium of six advertising and marketing industry trade groups focused on online consumer issues. Here are some of the guiding principles:

- All contracts should include general disclaimer language stating the marketing services provider makes no representations regarding third party websites' terms or privacy policies or disclosures.

- Agencies and marketers that collect personal information should consider the current recommendations from the FTC issued in March 2012 entitled "Protecting Consumer Privacy in an Era of Rapid Change," which includes recommendations for marketers to minimize retention of data and transparency practices for disclosing how data is collected and used by marketers. Fed. Trade Comm'n, Protecting Consumer Privacy in an Era of Rapid Change (March 2012), available at http://www.ftc.gov/os/2010/12/101201privacyreport.pdf.

- Agencies and marketers should fairly consider and agree upon a limitation of liability clause to cap the agency's liability at a reasonable level, should there be a data privacy breach. Alternatively, agencies and marketers should agree that an agency is liable for a data privacy breach if the agency commits gross negligence or willful misconduct.

- Remember that privacy compliance is not free. Marketers often present agencies with comprehensive privacy and data security requirements in proposed agency client contracts. These proposed draft security requirements need be reviewed carefully before the agency agrees to adhere to those requirements so that it understands both what systems it may need to employ to comply with the contract provision and understands the cost of compliance. This is necessary in order to ensure that the cost of compliance is not disproportionate to the scope of the assignment.

FTC Endorsement Guides

As social media's importance rises, the Federal Trade Commission has issued guidance on how branded messaging should be communicated and disclosed to consumers in this medium. According to the FTC, agencies must instruct bloggers, talent, and any consumers given payment, products, or incentives to disclose if they are supported by or working with the applicable marketer or its brand.

Agencies and marketers also must monitor their vendors' and influencers' activities to ensure disclosures are properly made and terminate non-compliant vendors. Making disclosure instructions and requirements a part of media training will help prevent any potentially deceptive communication regarding the material connection between marketers and such influencers. Most importantly, remember that all traditional media rules still apply to social media. Social media and blog content has to be true and neither misleading nor deceptive. In sum, all claims—whether in social or traditional print or broadcast media—must be supported by appropriate substantiation.

Moderation and Community Management

A large part of social media interaction, especially on Facebook and branded microsites, leverages user-generated content. User-generated content has special risks associated with its benefits. Agencies and marketers can lose control of their intellectual property. An agency or marketer may also place a brand in the vulnerable position of being able to be manipulated, disparaged, or otherwise associated with legal liability (for example, coupling brand content with pornography, obscenity, or intellectual property infringement and right of publicity or privacy violation). Agencies should therefore consider recommending to their marketer clients the use of third party moderating services. Examples of such services are ICUC (www.icucmoderation.com/#/welcome), eModeration (www.emoderation.com), and LiveWorld (www.liveworld.com). Alternatively, agencies can dedicate an employee or a team to a marketer's digital community management.

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