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Is too much money going to social media?

January 04, 2010

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Social media is the "next big thing" and the medium of the moment. Experts debate whether the hype means marketers are unduly ignoring traditional media in the process.



CONTENDER: Danielle Leitch

EVP of client strategy, MoreVisibility; more than six years of industry experience

No. There's no danger of marketers reallocating too much money from traditional media to social media because a direct comparison between the two would be difficult to make.

The beauty of social media is its low cost. Reaching the masses via newspapers, magazines, radio and television typically takes a big budget and lots of waiting to see results. Small firms can make big impressions with social media thanks to ease of entry and participation and low-to-no start-up costs.

When using social media outlets such as Facebook, YouTube or Twitter, the only costs involved are hiring a design firm to customize or brand the design of your page, the labor costs (internal or external) of managing those channels and possibly a fee for a social media monitoring tool. Even if you double those costs, the expense would still be a fraction of what it takes in dollars to get eyeballs through traditional media.

In addition, with social media advertising campaigns, your message can be targeted to specific audiences. For example, if a business would like to reach One-Eyed One-Horned Flying Purple People Eater fans, social media is definitely the way to go. (Yes, there are Facebook pages for those fans.)

Social media is siphoning off some dollars from traditional advertising. That ratio will continue to increase due to the cost-effectiveness of social media. However, social media dollars remain miniscule compared to the majority of marketing budget that traditional media still commands. |



CONTENDER: Keith Kochberg

CEO, iMarketing Ltd., more than 15 years of marketing experience

Yes. Social media is evolving along with its various measurement capabilities. For most marketers, tying social media dollars to performance metrics is a real challenge.

While there are basic metrics available â€” number of Facebook friends, Twitter followers, blog mentions

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“ they don't necessarily correlate to increased sales or leads, which for an advertiser have historically been the true measure of a campaign's success.

Despite these challenges, many marketers can fall into the trap of over-investing in social media at the expense of offline or online opportunities that may offer better ROI for a given campaign. To assign proper value attribution, advertisers must take into account the effect of a social media campaign on the performance of existing campaigns, such as branded search volume in SEM, SEO and affiliate marketing. It's not an easy feat, and one that can lead to improper assessment of ROI.

Social media is similar to SEO. Many of the resources needed to deliver successful campaign results may be consumed before results can be delivered, so it's important to establish how much you are willing to risk without getting an immediate return. Why do you feel this is the right channel for your campaign? What do you expect to gain from your investment? How will you ultimately measure your campaign's performance? Remember, a proper strategy employs a holistic approach, so maximize the ROI of your existing channels and set aside a comfortable testing budget first.

DMNEWS' DECISION: There is some danger of brands, caught up in the trend of the moment, spending more on social media marketing than they should. However, most brands have a balance in their marketing spend, and many realize that social media marketing spend is also an investment in the future of marketing

From the January 04, 2010 Issue of DMNews

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Davina K. · 1 week ago 0

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It depends. Yes there is a chance of putting too much money in any marketing communications initiative. Danielle mentions funds shifting from traditional media campaigns, which makes sense to me: Consumers are shifting away from traditional to social and web media. And Keith makes a valid point that any move of funds better begin with a solid plan to measure and deliver tangible results. DMNews is

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right: it's about balance.

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 **Donnie** · 3 days ago 0  

B

How does shifting spend from traditional to digital make any sense when you cannot measure accurately? You are not driving any specific behavior through digital, you are not driving new \$\$, and new \$\$ is the bottom line, right? Fans and followers do not equal \$\$.

Smart marketers will integrate where applicable and keep in mind that the way people communicate with each other is not the way they want to be marketed to.

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 **Bob** · 3 days ago 0  

I think this video says it all...

<http://www.youtube.com/watch?v=FZ3Je3zpMqg>

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 **Anne** · 3 days ago 0  

We look to social media to "close a circle," making certain that our content feeds from Web site to social sites and back to our Web. It is about balance, and about being very clear in your own marketing plan about the business objectives for all social venues.

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