

Social Media ROI as part of Marketing Strategy Work - Observations of Digital Agency Viewpoints

International Business

Master's thesis

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2012

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Title of thesis Social Media ROI as part of Marketing Strategy Work – Observations of Digital Agency Viewpoints		
Degree Master of Science		
Degree programme International Business + CEMS		
Thesis advisor(s) Miikka Lehtonen, Markus Paukku		
Year of approval 2012	Number of pages 123	Language English

Abstract

Research Objectives

The primary objective of this research is to discover how Social Media ROI is understood as part of marketing strategy work. With this purpose, the study examines marketing performance from a social media perspective, and intersects with strategy-as-practice, which considers strategy as performative action. As such, the study has an emphasis on discovering how organizations – particularly digital agencies – confront strategy making.

Methodology

The research is conducted as a qualitative Action Research by the use of observations and in-depth interviews as data collection methods. Action Research data was collected during a fieldwork period of four weeks (July-August 2012) in a strategy creation process at a digital agency. Additionally, three individual social media experts were interviewed, between January and August 2012, in digital agencies in Finland, USA and England. The data is analyzed by the use of inductive content analysis, and an interpretivist, social constructivist paradigm is employed in answering the research questions.

Research Findings

Findings demonstrate that strategy making and developing strategic capabilities has a significant, and highly central role in a digital agency's daily work. Furthermore, the nature of social media has transformed strategizing into a more dynamic and continuous process, which in turn shapes entire organizations and practitioners' roles in them. Conversely, while determining returns from social media is viewed essential, observing marketing performance from a holistic viewpoint – not just in terms of social media – is considered more feasible. In this light, marketing performance measurement and data analysis are considered of high value and a fundamental success factor for any social media strategist.

Keywords Social media, return on investment, marketing performance, strategy-as-practice, action research

Tekijä Anni Rautio

Työn nimi Sosiaalisen median tuottavuus osana markkinoinnin strategiatyötä – Havaintoja digitoimistojen näkökulmasta.

Tutkinto Kauppatieteiden maisteri

Koulutusohjelma International Business + CEMS

Työn ohjaaja(t) Miikka Lehtonen, Markus Pauku

Hyväksymisvuosi 2012

Sivumäärä 123

Kieli Englanti

Tiivistelmä

Tutkimuksen tavoitteet

Tutkimuksen tavoitteena on selvittää, kuinka sosiaalisen median tuottavuusanalyysi ymmärretään osana markkinoinnin strategiatyötä. Tutkimus tarkastelee markkinoinnin tuottavuutta sosiaalisen median näkökulmasta ja yhdistyy strategy-as-practice (strategia käytäntönä) - tutkimussuuntaukseen, jossa strategia ymmärretään aktiivisena toimintana. Tutkimuksessa selvitetään myös, millainen käsitys organisaatioilla – erityisesti digitaalisilla toimistoilla – on strategiatyöstä.

Tutkimusmenetelmät

Tutkimus on toteutettu kvalitatiivisena toimintatutkimuksena ja aineistona on käytetty observointia sekä syvähaastatteluja. Toimintatutkimuksen aikana koottu data on kerätty neljän viikon (heinä-elokuu 2012) pituisen kenttätönn aikana, jolloin tutkimuksen tekijä osallistui yhden digitaalisen toimiston strategiaproessiin. Lisäksi hän on haastatellut kolmea sosiaalisen median strategiatyöhön osallistunutta digitaalisista toimistoista Suomessa, USA:ssa sekä Englannissa. Haastattelut toteutettiin tammi-elokuussa 2012. Data on analysoitu induktiivisen sisältöanalyysin avulla, ja tutkimusotteen taustalla on tulkinnallinen, sosio-konstruktivistinen paradigma.

Tutkimuksen tulokset

Tutkimuksen tulokset osoittavat, että strategiatyöllä ja strategiataidoilla on merkittävä ja keskeinen rooli digitaalisten toimistojen päivittäisessä työssä. Lisäksi sosiaalinen media on luonteensa vuoksi muuttanut strategiatyötä aiempaa dynaamisemmaksi ja jatkuvaksi prosessiksi, jossa tarvitaan useita organisaation sisäisiä ja ulkoisia toimijoita ja tekijöitä. Vaikka sosiaalisen median tuottojen määrittäminen nähdään keskeisenä, markkinoinnin tuottavuuden tarkastelu kokonaisvaltaisesta – eikä ainoastaan sosiaalisen median – näkökulmasta, koetaan kuitenkin tärkeämpänä. Tutkimuksen mukaan sosiaalisen median strategiatyötä tekevät pitävät tuottavuuden mittaamista ja sen analyysia tärkeänä ja keskeisenä menestystekijänä organisaatioille.

Avainsanat Sosiaalinen media, sijoitetun pääoman tuotto, markkinoinnin tuottavuus, strategia käytäntönä, toimintatutkimus

TABLE OF CONTENTS

1	INTRODUCTION	1
1.1	BACKGROUND: AT THE INTERSECTION OF SOCIAL MEDIA ROI AND STRATEGY WORK....	1
1.2	RESEARCH OBJECTIVES AND RESEARCH QUESTION.....	3
1.3	REPORT STRUCTURE.....	4
1.4	KEY CONCEPTS.....	6
1.5	WHAT IS SOCIAL MEDIA? CHANGES IN MARKETING LANDSCAPE.....	7
2	MEASURING ROI IN SOCIAL MEDIA	15
2.1	MARKETING PERFORMANCE AND THE BOTTOM LINE	16
2.2	WHAT IS SOCIAL MEDIA ROI?.....	17
2.3	METRICS AND MEASURABILITY IN SOCIAL MEDIA.....	21
2.3.1	<i>Duality in measuring social media marketing performance</i>	24
2.3.2	<i>Direct, financial approach</i>	25
2.3.3	<i>Indirect, qualitative approach</i>	30
2.3.4	<i>Synthesis of measuring performance in social media</i>	33
2.4	INTEGRATING SOCIAL MEDIA ROI INTO STRATEGY PROCESSES	35
2.5	POSITIVE RESULTS FOR SOCIAL MEDIA & FUTURE TRENDS.....	40
3	SHAPING STRATEGY: PARTICIPATORY ACTION.....	43
3.1	WHAT IS STRATEGY-AS-PRACTICE?	44
3.2	PRAXIS, PRACTICES AND PRACTITIONERS AS ELEMENTS OF STRATEGY MAKING.....	46
3.3	TECHNOLOGY ADOPTION AS A CHANGE AGENT IN STRATEGY WORK.....	49
3.3	SOCIAL MEDIA STRATEGISTS AS PRACTITIONERS OF STRATEGY-AS-PRACTICE.....	50
4	RESEARCH DESIGN.....	54
4.1	RESEARCH APPROACH	54
4.2	SELECTION OF RESEARCH METHODS	57
4.2.1	<i>Action Research</i>	58
4.3	DATA COLLECTION	63

4.3.1 Interviews and Observation.....	64
4.3.2 Secondary Data	67
4.4 DATA ANALYSIS AND INTERPRETATION.....	69
4.5 ON STUDY LIMITATIONS, RESEARCHER BIAS AND VALIDITY	71
5 EMPIRIC ANALYSIS: FINDINGS	75
5.1 GROWING DEMAND FOR A MORE STRATEGIC APPROACH.....	76
5.2 CONCEPTS OF STRATEGY	80
5.3 STRATEGIC WORK PROCESSES.....	84
5.4 USES OF SOCIAL MEDIA	89
5.5 MEASURING AND METRICS	94
5.6 SKILLS REQUIRED OF A SOCIAL MEDIA MARKETER.....	103
5.7 TOOLS & TECHNOLOGY	109
5.8 BUDGETING, BUY-IN AND BEYOND.....	113
6 CONCLUSIONS.....	117
REFERENCES	124

List of Figures

Figure 1. Report Structure	6
Figure 2. Elements of Social Media.....	8
Figure 3. Marketing Performance Hierarchy.....	20
Figure 4. Financial & Indirect Customer Value	25
Figure 5. Financial Customer Value	26
Figure 6. Customer Equity and Marketing ROI	29
Figure 7. Indirect Customer Value.....	30
Figure 8. Tying Social Media Metrics to Business Objectives	37
Figure 9. Marketing ROI Process Overview.....	38
Figure 10. Integrating Practice, Praxis and Practitioners.....	48
Figure 11. Social Media Teams in Organizations.....	52
Figure 12. Action Research Spiral.....	60
Figure 13. Types of Data, Collection Methods and Analysis Used.....	69
Figure 14. Research Findings.....	75
Figure 15. Digital Marketing Dynamics	86
Figure 16. Example of Marketing Ecosystem Visualization.....	93
Figure 17. DA Benchmark for Marketing Performance Framework	98

List of Tables

Table 1. Social Media Building Blocks.....	10
Table 2. Online and Social Media Metrics Examples.....	22
Table 3. Social Analytics Tools	23
Table 4. Synthesis of Marketing Performance Measurements.....	34
Table 5. Action Research Stakeholders under Observation	62
Table 6. Interviewees	66
Table 7. Secondary Data Sources	68
Table 8. Roles and Action Performed by Social Media Strategists	104

1 INTRODUCTION

Social media denotes a disruption in the technological space that has enabled for a pivotal shift in the marketing paradigm. A new platform, it creates novel strategic opportunities for marketers to take action, be creative and measure performance in new ways.

In this research social media marketing performance and the related strategy work are examined. Consequently, the primary purpose is to explore and better understand the realm of social media return on investment (ROI) in marketing strategy work, principally in the international digital agency context. The research focus is two-fold: on the one hand, I explore how strategy is made, and on the other, I aim at understanding how measuring social media ROI shapes strategizing. The research is performed qualitatively by the use of action research and in-depth interviews at international digital agencies in Argentina (action research), Finland, USA and England (interviews).

1.1 Background: at the intersection of social media ROI and strategy work.

As online and social media marketing have elevated significantly in the past years (Pooja, Black, Cao, Berger & Weinberg 2012; Kozinets 2010; Collinder & Dahlén 2011; Valos, Ewing & Powell 2010), measuring marketing performance in these media has become a growing priority for organizations (Vassinen 2012, O’Sullivan, Abela & Hutchinson 2009, Clark, Abela & Ambler 2006). As a means to advance the strategic significance of the new media, Social Media Return on Investment (ROI) has emerged as a central topic in strategic marketing discourse during the past years. The term in and of itself, however, has not yet found an entrenched definition, nor are its complexities fully understood in strategic terms.

Despite continuous efforts to consolidate marketing performance assessments in general (Vassinen 2012), the absence of solid social media performance research is salient.

Hence, although social media presents new marketing opportunities, it concurrently introduces new challenges. The primary challenge is the duality in social media ROI, which is to say, the polarization of direct, financial measurements on the one hand, and indirect, intangible methods, on the other. Demonstrating financial return from particular marketing expenditures, like advertising or sales promotions, is feasible, but in many cases an input does not necessarily produce a direct financial output (Rust, Lemon et al. 2004). Rather – and especially in marketing – performance is subject to many lagged and external effects of its activities (Clark et al. 2006). At the same time, marketers are faced with demands of greater accountability and effectiveness of marketing activities (O’Sullivan et al. 2009). These discrepancies and constraints inevitably exert strategic pressures to marketing strategy work.

Ultimately, the goal of all marketing is to support corporate goals of profit maximization (Lenskold 2003). Strategic marketing work, hence, begins by setting business objectives (Rust, Ambler, Carpenter, Kumar & Srivastava 2004). In other words, to ensure that marketing functions strategically, social media metrics should be linked to business objectives (Owyang 2010, Etlinger & Li 2011). Social media ROI, therefore, aims at demonstrating that business objectives indeed have been reached by the use of social media marketing strategy.

Traditionally, strategy is concerned with formal, top managerial planning and implementation of action to reach objectives. As such, strategy is often seen as fixed and unchangeable in its trajectory over time (Whittington 2006). Moreover, strategic planning is often viewed as an elitist privilege of the executives, while its implementation is separated to the operational personnel (Laine & Vaara 2011). The newly emerged strategy-as-practice approach, however, regards strategy from a dynamic, action-oriented position. As a research topic, strategy-as-practice is concerned with “who does [strategy], what they do, how they do it, what they use, and what implications this has for shaping strategy” (Jarzabkowski & Spee 2009).

In this type of strategy making three elements are of importance: praxis [action],

practitioners [people] and practice [set of guidelines and context] (Whittington 2006). A central notion in the strategy-as-practice realm is participation (Mantere & Vaara 2008), and so strategy is made, influenced and altered by the people who execute it on a daily basis.

Consequently, strategy is to be viewed as an intertwined play between the intra-organizational details and extra-organizational changes, where the former influences the latter and vice versa (Whittington 2006, Jarzabkowski & Spee 2009). Strategy, thus, is a holistic entity that shapes itself, and that is shaped by internal and external factors - particularly by the people who *do* strategy.

1.2 Research Objectives and Research Question

This research examines the intersection of social media ROI and strategy work, especially from a digital marketing agency point of view. A central purpose of the study is to contribute to the ongoing international discussion on Social Media ROI. So far the discourse has mainly taken a populist and managerial tone, and the scarcity of academic literature on Social Media ROI is salient. This said, my intention is to explore whether the proliferated international discourse has bore fruit, and pushed for an increased understanding of social media marketing performance. The ultimate, overgoverning objective is to understand - in real-life business context - how Social Media ROI is understood as part of marketing strategy work.

Given the nature of social media marketing business, I approach the topic qualitatively from the digital agencies' point of view. Many large corporations who have an interest in measuring social media ROI rely on external digital agencies for social media analytics, strategy and campaign planning - even the execution. Consequently, the digital agency's role - albeit arguably external - is far from trivial. Rather, various corporations depend on digital agencies for compelling social media strategy creation.

The research objective and approach provided, the main research questions that this study pursues to answer are as follows:

- 1. How is Social Media ROI understood as part of marketing strategy work?**
- 2. How is strategy made in organizations?**

Both questions pertain a central, standalone significance for the research. Combined they provide the adequate setting for profoundly investigating the intersection of both Social Media ROI and strategy work. Additionally, in order to answer both primary research questions, secondary research questions must be addressed:

1. What is the role of Social Media ROI in marketing and marketing performance?
2. How is Social Media ROI integrated into marketing strategy processes?

In summary, this research has its contribution in two academic fields. On the one hand, Social Media ROI is an underrepresented research topic under the field of marketing performance. In and of itself, the topic provides a rich account for academic investigation. On the other hand, while strategy-as-practice holds a longer research tradition than social media in any form, it nevertheless has arisen as a more mainstream field only during the last two decades. Moreover, the intersection of Social Media ROI and strategy work, hence, presents a novel and inherently interesting research context, that has not been extensively investigated.

1.3 Report Structure

This study consists of six chapters: introduction, social media ROI literature review, strategy-as-practice literature review, research design, findings and discussion (see Figure 1).

A central premise of this research lies in the fundamentals of social media, and the manner in which it has changed the nature of doing business in the 21st century. The

introduction begins with a look at what social media is, and how it has shaped the managerial marketing landscape during the past decade. A key takeaway is to understand how the role of individuals in the marketing process has gained importance over traditional (mass) marketing messages, hence transforming the entire marketing landscape.

In Chapter 2, I discuss Social Media ROI from an academic perspective and introduce some central challenges to coherently and comprehensively measuring Social Media ROI. One of the central shortcomings in social media marketing is the limited ability to prove the link between marketing actions and financial results. To contrast these challenges, I also showcase a number of success stories.

Another premise of this research builds upon strategy literature - especially the recently arisen strategy-as-practice branch. In Chapter 3, I examine the shift in strategy towards a more practice-oriented approach (strategy as *action that people do*), and investigate the role of technological change in strategy making. Finally, I link the social media and strategy-as-practice discourses by examining their intersection in terms of the emergent role of a social media strategist.

Thereafter, Chapter 4 clarifies and justifies the research approach and methods used in conducting the study – namely, qualitative, social constructivist approach with action research. Additionally, data collection and analysis, as well as study limitations, are discussed.

Lastly, the empirical section brings both Social Media ROI and strategy-as-practice into a practical business context. By means of participating in an actual strategy creation process in a digital agency I aim to explore how Social Media ROI is understood as part of strategy work. Chapter 5, thus, presents findings from empirical fieldwork while discussing the findings based on the analysis in the previous chapters.

The last part of this study, Chapter 6, focuses on drawing relevant conclusions, presenting managerial insights as well as provides suggestions for further research.

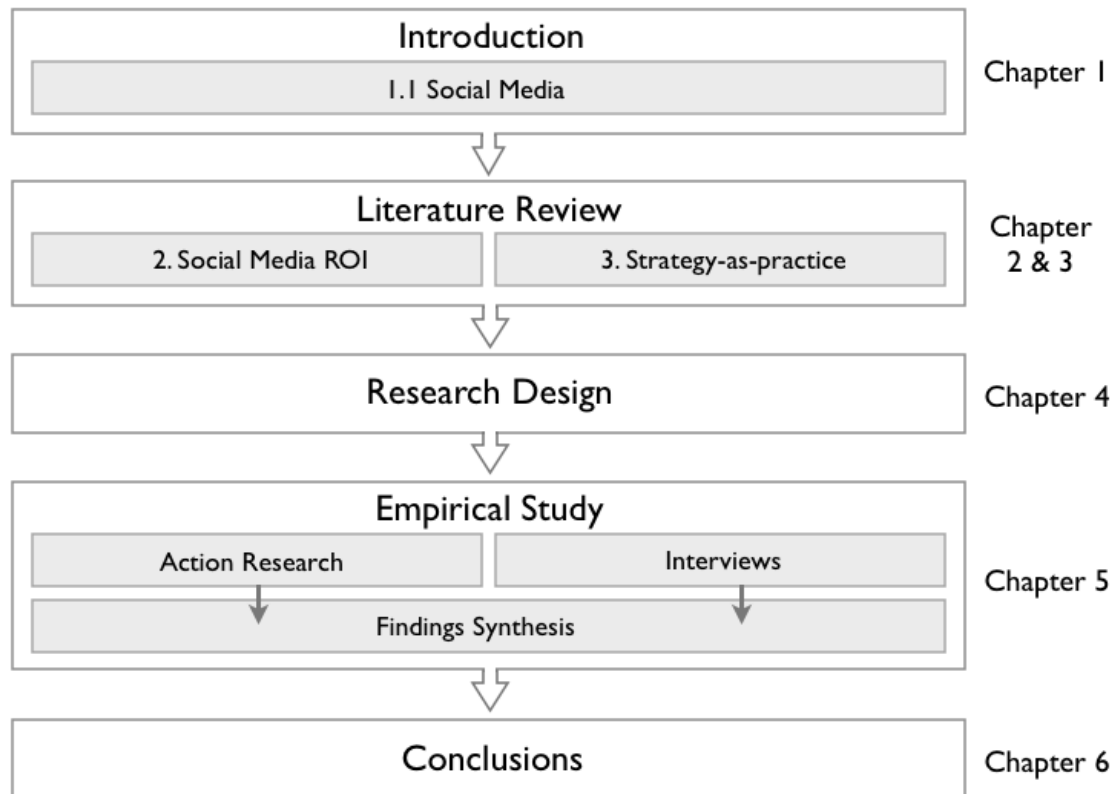


Figure 1. Report Structure

1.4 Key Concepts

Social Media

In this research social media is understood as defined by Berthon, Pitt, Plangger and Shapiro (2012). As such, social media exists at the intersection of Web 2.0 platforms (technology), Social Media (consumer power and influence) and Creative Consumers (user-generated content and participation). Social media, as such, is a platform and a medium that empowers people to interact in new ways. In a business context, more specifically, social media can be defined as a new mentality - a paradigm shift in marketing – enabled by a technological disruption online.

Social Media ROI

Social Media ROI does not yet have a universally accepted definition. However, in this study Social Media ROI is understood as a set of strategic performance indicators, in which qualitative results are factored into monetary performance (simply: revenue minus investments) figures in order to gain a holistic comprehension of whether social media marketing is reaching the related business objectives.

Strategy work

Strategy-as-practice understands strategy as *action that people do*. Strategy work is created by and constituted in an organization's every-day praxis (actions), in general practices (guidelines) and by the strategy practitioners (people) in a holistic manner. (See e.g. Whittington 2006, Jarzabkowski & Spee 2009, Barley 1990, Mantere et al. 2008) As such, strategy work can be understood as a living organism that is continuously shaped by itself (intra-organizational factors) as well by its surroundings (extra-organizational factors).

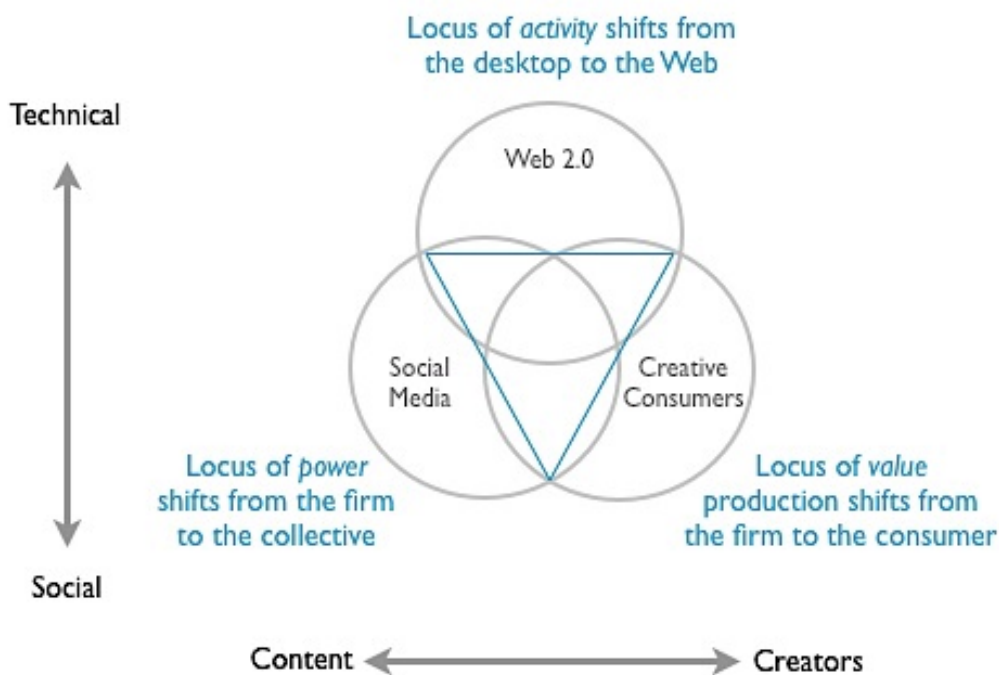
1.5 What is social media? Changes in marketing landscape

Social media denotes a disruption in the technological space that has enabled for a pivotal shift in the marketing paradigm. Social media is not only changing the fundamentals of marketing, business and communication in general, but also redefines consumer behavior and patterns of consumption (Fisher 2009, Tikkanen et al. 2009), alters cultures and governments (Berthon et al 2012), and impacts business strategies and even organizational structures (Owyang 2010, Weinberg & Pehlivan 2011). Needless to say, social media has become one of the most influential disruptive innovations of the early 21st century.

Specifically, social media is “a group of internet-based applications that build on the ideological and technological foundations of Web 2.0”, and that allow the creation and

exchange of user-generated content (Kaplan & Haenlein 2010). By nature, social media is ubiquitous (Tikkanen et al. 2009, Austria & Chung 2010), and the real power of social media is borne out of the concept that “we’re all connected” (Hanna, Rohm & Crittenden 2011). Definitions for social media are multiple, but in one way or another all tend to emphasize the same three central factors: the technological disruption, the power shift from firms to consumers and the liberalization of content creation.

So as to synthesize social media as a concept, I adopt Berthon, Pitt, Plangger and Shapiro’s (2012; see Figure 2) definition, whereby they integrate three factors: Web 2.0 (technology), Social Media (power shift to the collective) and Creative Consumers (value production by user-generated content). Although social media may involve many more facets, in this research I refer to “social media” as this intersection of inherently overlapping concepts as defined by Berthon et al. (2012).



Adapted from Berthon, Pitt, Plangger and Shapiro (2012)

Figure 2. Elements of Social Media

In order to better understand social media as a phenomenon, the following elaborates on the three factors as demonstrated in Figure 2.

Web 2.0: Social Media as a technological enabler

A significant enabler for the emergence of social media is technology. Originally, Web 2.0 is a term coined by Tim O'Reilly in 2004 to refer to the Web as a [social] platform (O'Reilly 2005). As such, Internet technologies are the infrastructure, or the foundation, for the evolution of social media (Berthon et al. 2012, Kaplan & Haenlein 2010; 61). Although Web 2.0 and social media are terms often used interchangeably (Berthon et al. 2012, Constantinides & Fountain 2008), social media can also be defined to form a part of Web 2.0, or as a tool or channels by which Web 2.0 displays itself in social terms (see e.g. Blanchard 2011; Edosomwan et al. 2011, Mangold & Faulds 2009, Evans 2008).

From a technological standpoint, social media is indeed built upon a pool of platforms and applications. The taxonomies of what technologies or platforms fall under the term "social media" vary substantially with overlapping terminology (see Table 1). For example, Tuten (2008) defines social media as an umbrella term for social networking sites, virtual worlds, social news and bookmarking sites, wikis, and forums and opinion sites (Tuten 2008; 20), while, according to Thomas & Barlow (2011) social media are simply platforms that enable social computing for anyone with a device capable of connecting to the Internet.

ARTICLE	TECHNOLOGICAL BUILDING BLOCKS OF SOCIAL MEDIA
Berthon et al. 2012	text (blogs, microblogs) pictures (picture-sharing e.g. Flickr) videos (e.g. YouTube) networks (e.g. Facebook)
Hanna et al. 2011	social networking text messaging shared photos podcasts streaming videos wikis blogs discussion groups
Kaplan & Haenlein 2010	blogs social networking sites (e.g. Facebook) virtual social worlds (e.g. Second Life) collaborative projects (e.g. Wikipedia) content communities (e.g. YouTube) virtual game worlds (e.g. World of Warcraft)
Kim & Ko 2010	weblogs social blogs microblogging wikis podcasts pictures video rating social bookmarking
Austria & Chung 2010	social networking user-sponsored blogs multimedia sites company-sponsored websites collaborative websites podcasts etc.

Table 1. Social Media Building Blocks

More examples include social networking sites and platforms like MySpace, YouTube,

Flickr, Reddit, Delicious and Foursquare (Kietzmann, Hermkens, McCarthy & Silvestre 2011; Boyd & Ellison 2007). The number of different sites has witnessed explosive growth in the past few years.

The plethora of different definitions for “social media” and other parallel terms can be interpreted to signal the absence of a common ground for understanding what social media really is. Additionally, although technology is an important enabler, when companies create social media strategies, these platforms are often seen as stand-alone tools, rather than as an interconnected marketing system (Hanna et al. 2011).

All in all, from a technical stance social media employ mobile and web-based technologies to create highly interactive platforms, but the exact use of each media depends on the individual users who create, discuss, and modify user-generated content (Kietzmann et al. 2011). In this regard, social media indeed awakens a paradigm shift in marketing, and cannot be viewed solely as a technological disruption.

Creative Consumers: production value in the hands of consumers

Consumers are adopting significantly more active roles in co-creating marketing content (Hanna et al. 2011). While the Web 2.0 represents social media’s technological foundation, user-generated content can be viewed as the sum of all ways in which people utilize social media (Kaplan & Haenlein 2010; 61).

Social media has been highlighted for its DIY – do-it-yourself – nature in terms of participatory content creation (Shuen 2008). Users, indeed, create a large portion of online content. In January 2009, Facebook registered more than 175 million active users (Kaplan & Haenlein 2010). By March 2012, the figure had risen to 901 million monthly active users (a 33% increase from March 2011), with 3.2 billion “Likes” and comments and 300 million photos uploaded every day (Facebook S-1 2012, 4; 47). Users upload 72 hours worth of video to YouTube every minute, and 500 years of YouTube video are watched on Facebook every day (YouTube 2012). Social media, thus, implies that users

are no longer passive content consumers. Rather, users create the content they want to consume. What is more, online dwellers voluntarily share information about themselves, their likes and dislikes, their location and actions, they participate in product reviews, recommendations and engage themselves in conversations (Berthon et al. 2012) making it easier for marketers to access newly available information.

In sum, more and more content production – and value creation - happens in the creative minds of the individuals. In this way, brands and customers can work together to create new products, services, business models, and values (Kim & Ko 2011). Needless to say, this active participation by consumers means that marketers are faced with an entirely new set of challenges and opportunities as traditional marketing strategies are no longer valid in social media context.

Social Media as a new mentality: power shifts from the firm to the collective

Social Media in and of itself is not novel as a concept, as it dates back to the original purpose of the Internet: sharing information (Kaplan & Haenlein 2010). The novelty of the phenomenon, however, arises from the elevated role of individuals in social media, where user-generated content, virality and earned media govern (Berthon et al. 2012, Solis 2010). What is more, Micek and Whitlock (2008), use the term New Media Revolution to describe the shift away from traditional push and mass marketing towards *people, participation and persuasion* (ibid. pp.8).

Differing from traditional media, social media can be defined as “participatory online media” (Evans 2008; 33) or as online communities that are “participatory, conversational and fluid” by nature (Tuten 2008; 20). Correspondingly, this democratization of information is often seen as the overarching layer within social media (Solis 2010, 29; 37, Kaplan & Haenlein 2010; 67, Kietzmann et al. 2011, Mangold & Faulds 2009) as concepts like crowdsourcing (Thomas & Barlow 2011, 38) and wisdom of crowds (Surowiecki 2009) have emerged. In this light, social media

may not be the driving force behind the ‘democratization’ of information in and of itself, but rather the technology simply provides more opportunities for more people to interact in a different manner: the consumer-to-consumer communications have been magnified in the marketplace (Mangold & Faulds 2009). This new set of rules – with consumers participating actively and steering the tone of conversations - has come to define the way we do business.

It is worth noting, that this shift in paradigm signifies critical changes for marketing as a practice and a profession, as the role of the message author in reliability is pushed away from the companies towards individual contributors, bloggers and users.

Uses of Social Media

If social media is governed by user voices, individuals’ contributions, participation and conversation, then how can marketers benefit from this shift? Naturally, the more the consumers are involved and integrated, the less authority and message credibility is left for the companies. Weber (2011) claims that social media, indeed, requires entirely new methods of *doing* business. Whether marketing objectives are to build long-term brand awareness or stimulate an immediate purchase, companies operating in the online space - or any space for that matter - seem to have a limited understanding of what social media really is or how to use it effectively (Weber 2011, Hanna et al. 2011, Kaplan & Haenlein 2010; Austria & Chung 2010).

A plethora of ad-hoc tactics for online and social media marketing have emerged in organizations, and the selection of respective tools and channels has proven a critical issue for marketing strategists (Valos et al, 2010). If used appropriately, social media provide marketers interactive communication environments with opportunities to enhance existing relationships with consumers (Austria & Chung 2010, Kim & Ko 2011), by creating bi-directional relationships with individual customers via for instance real-time customer service, engaging conversations or by encouraging consumer-to-

consumer interaction.

To this end, social media has multiple uses in marketing and its utilization depends on business objectives and strategy. Definitions often revolve around the same purposes, hence for the purposes of this research, a condensed taxonomy is presented. Vassinen (Vassinen, R. 2011) categorizes four central uses for social media:

- *Exposure*: as in traditional marketing, companies use social media to make themselves known, and to inform about their products and services. The purpose is to drive traffic to company websites and gain fans or followers.
- *Sales*: As a common convention, the goal of all business is to maximize profits. Social media is an increasingly important part of the promotion mix as a sales channel (Mangold & Faulds 2009). To this end, social media funnels conversions and direct sales thus targeting augmented revenues (Vassinen, R. 2011).
- *Engagement*: engagement refers to a more nurturing, quality relationship with customers by becoming accessible and easy to relate to: engagement is about the ability to create communities of loyal brand enthusiasts (Solis 2011), who share, comment and provide feedback (Vassinen, R. 2011).
- *Customer service*: many companies use social media as a forum for customer service. Ensuring customer happiness and creating a space for customer input via social media is a common way to be where the users are and provide assistance when they need it (Kietzmann et al. 2011, Kim & Ko 2011). Of course, effectively implemented social media customer service leads to elevated customer satisfaction (Vassinen 2011).

Logically, the way social media is utilized as part of marketing strategy – or if it’s used at all – varies from company to company, depending on marketing and business objectives. In attempts to advance understanding of social media and its value to business, a new topic in marketing has begun to gain ground - that of Social Media ROI. This in turn, requires a new set of tools and metrics to successfully monitor the influence of social media marketing efforts.

2 MEASURING ROI IN SOCIAL MEDIA

***“Everything that can be counted does not necessarily count;
everything that counts cannot necessarily be counted.”***

- Albert Einstein -

As online marketing has elevated significantly in the past years (Pooja, Black, Cao, Berger & Weinberg 2012; Kozinets 2010; Collinder & Dahlén 2011; Valos et al. 2010), measuring marketing performance has become a growing priority for organizations (Vassinen 2012, O’Sullivan, Abela & Hutchinson 2009, Clark, Abela & Ambler 2006). Unlike traditional marketing channels, such as TV or print media, online and social media marketing provide novel methods for measuring response and tracking consumer behavior (Solis 2012, 321; Lenskold 2003, 39; Tuten 2008; 10; 25-26). Indeed, marketing managers face a constant demand to show greater accountability for their marketing investments, which has led to “an almost insatiable appetite for marketing metrics and other measurement data” (O’Sullivan et al. 2009, 844).

In a social media context, the central question under dispute is whether it is possible to accurately measure returns from social media marketing efforts, and if so, how can companies leverage this new knowledge to their strategic advantage?

In this chapter Social Media Return on Investment is discussed in detail. The duality in Social Media ROI literature is explored, that is to say, I shortly examine Social Media ROI from both quantitative (financial) and qualitative (indirect) perspectives. Additionally, I exemplify some successful real life ROI projections, as well as present prevailing trends in social media in order to showcase its strategic importance. But first, in order to understand the roots of the Social Media ROI discourse, it is worthwhile to introduce the concept of marketing performance.

2.1 Marketing Performance and the Bottom Line

Marketing performance refers to the assessment of “the relationship between marketing activities and business performance” (Clark and Ambler 2001, 231). As such, marketing performance measurements provide feedback regarding the results and efficacy of marketing efforts (Clark, Abela & Ambler 2006).

Measuring marketing performance, however, is hardly a linear computation. Techniques for evaluating the financial return from particular marketing expenditures, like advertising or sales promotions, exist, but in many cases an input does not necessarily produce a direct financial output (Rust, Lemon et al. 2004). Rather – and especially in marketing – performance is subject to many lagged and external effects of its activities (Clark et al. 2006). Cause-and-effect relationships in marketing performance are often indirect and “causally fuzzy” (Vassinen 2012), which is a significant challenge faced by marketers who are required to demonstrate the accountability and effectiveness of marketing activities (O’Sullivan et al. 2009).

Conversely, Stewart (2009) claims that sustaining on the posture that marketing and its immediate results are complex is “another excuse for failure to link marketing activities to financial results” (ibid. pp.640). Not denying that marketing indeed can have long-term effects, he claims that in addition there must always be immediate effects, which can and should be financially evidenced. Uncertainty about the future does not eliminate the need to link actions with future outcomes and financial results. (Stewart 2009)

Much of marketing performance research has, in fact, focused on identifying metrics and discovering measurement techniques (O’Sullivan et al. 2009), and throughout the decades the value locus has shifted away from product-centric views towards customer-oriented measurements (Rust, Ambler et al. 2004). Whereas metrics and techniques may abound, Stewart (2009) claims that marketers nevertheless spend most of their time analyzing metrics that do not easily link to economic values, like brand equity (awareness and association) or perceptual surveys. In this light, Clark et al. (2006) suggest that the managerial interest in marketing dashboards and metrics may be

overstated.

Difficulties of accurate measurement techniques aside, it appears that a more metric-focused approach does indeed bring strategic leverage to marketing organizations. In two separate investigations - the first in North American high-tech industry (O'Sullivan & Abela 2007) and the second in European high-tech industry (O'Sullivan et al. 2009) - the researchers discovered that the relationship between measuring marketing performance and actual business performance was in fact positive. Thus, it seems that ascribing importance to and developing competency in marketing performance measurements often leads to improvements in overall business performance. This is to say, that the companies who successfully utilize marketing performance measurements do not consider marketing (or its performance measurement) as a function separate from business performance. Rather, lessons learned from marketing performance measurements are effectively factored into the strategic decision making process in marketing.

If marketing's strategic value as a contributor to the bottom line is not demonstrated, it will remain a set of mere tactical activities that are considered a short-term cost – as opposed to an investment that generates a return in the long-term (Stewart 2009, Rust, Lemon et al. 2004). It is clear, thus, that if marketing aims to become a strategic lever for any organization, it is imminent to start developing comprehensive performance measurement competence.

2.2 *What is Social Media ROI?*

Social Media Return on Investment (ROI) is a direct subset of the marketing performance discourse. With the emergence of online and social technologies, performance tracking has become a standard requirement in all digital marketing (Tuten 2008; 10; 25-26). Indeed, as the potential of social media as a marketing outlet is viewed very promising, Social Media ROI has developed into a significant topic for marketers globally (Weinberg & Berger 2011).

Social media is a particular case, hence requires critical attention with a different set of standards (Tuten 2008, 159). Similar to Marketing Performance discussed in chapter 2.1, Social Media ROI as well undergoes pressures and challenges in terms of demonstrating the link between activities and financial results. Moreover, although marketers, managers and social media experts alike may find it easier to track customers' actions through online marketing efforts, nevertheless the application of return on investment models is fairly rare in marketing (Rust, Lemon & Zeithaml 2004).

Return on Investment in Marketing

In accounting terms, the general definition for return on investment simply considers the ratio of net return against investment (Lenskold 2003, 19; Ambler & Roberts 2008, 736):

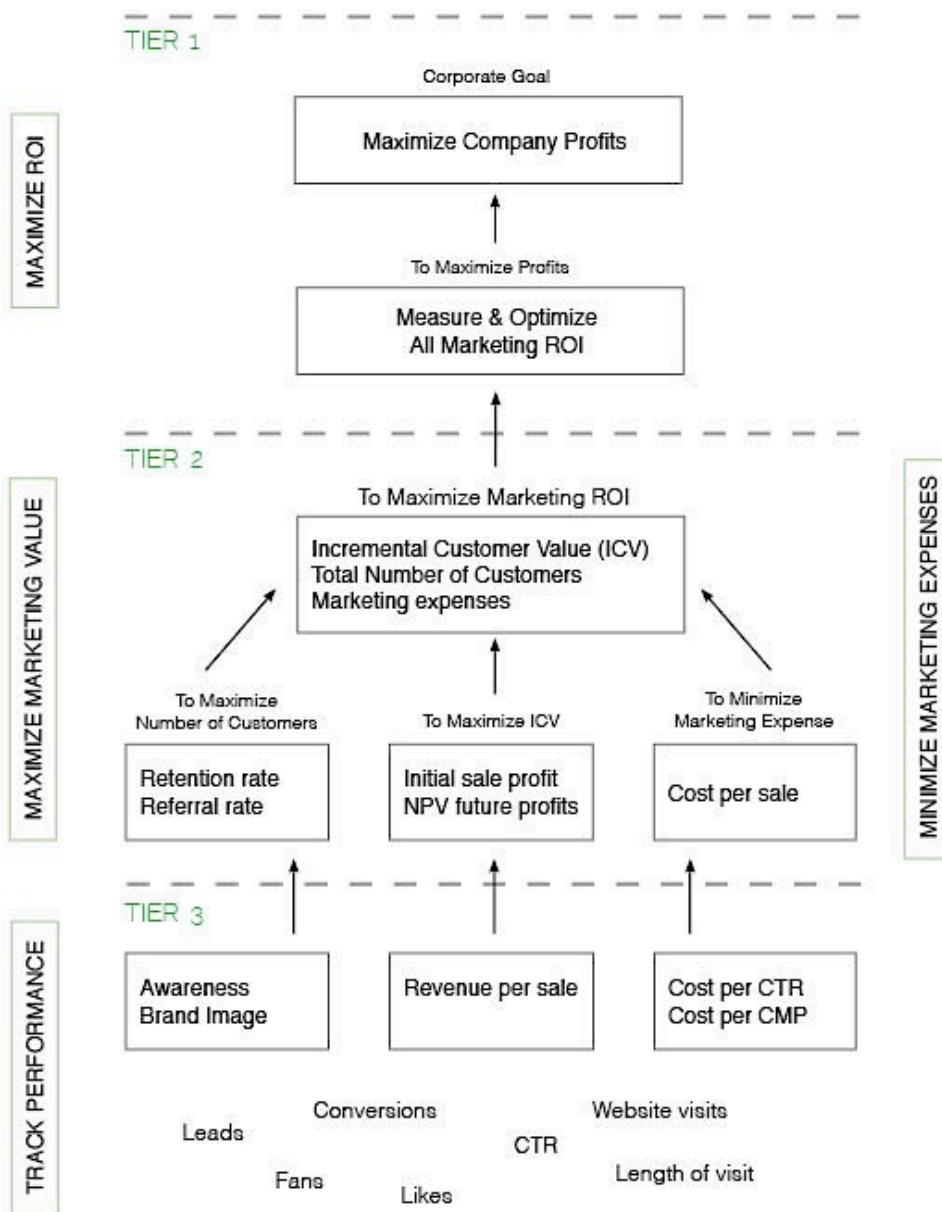
$$ROI = \frac{\textit{Return}}{\textit{Investment}} = \frac{\textit{gross margin} - \textit{investment}}{\textit{investment}}$$

ROI projections infer “return” as the financial gain beyond the initial investment, whereas the “investment” represents the total of all expenses put at risk in order to generate the specific return (Lenskold 2003, 53). These expenses are represented by, for example, marketing staff's salaries, campaign design costs or agency fees. All incurred costs of goods sold are factored into the gross margin, thus the equation also accounts for expenses occurring even when no sales are made, for instance up-front development and design of advertising, in the investment (Lenskold 2003, 58).

According to Lenskold (2003) the ultimate goal of all marketing is to support corporate goals of profit maximization. Similarly, Rust, Ambler et al. (2004) contend that marketing performance begins by setting business objectives (which are transformed into subsequent marketing goals). Thereafter, the process consists of sequential

outcomes: 1) customer impact, 2) market impact, 3) financial impact, and 4) impact on firm value. Thus, marketing activities influence customer attitudes and satisfaction, market position and financial position in the short term (Rust, Ambler et al. 2004, Vassinen 2012, Stewart 2009), and the (shareholder) value of the firm in the long-term (Rust, Ambler et al. 2004, Vassinen 2012, Ambler & Roberts 2008, Vakratsas & Ma 2005). In other words, the objectives of marketing need to influence consumer attitudes and behavior, that – immediately or in the long-term – transform into purchase intention. This, in turn, has a direct impact on bottom line results. Therefore, marketing as such, produces both short-term and long-term effects that eventually transfer into overall company performance: marketing is not a function separate from financial or business goals.

Accordingly, Lenskold (2003) divides marketing measurement hierarchy into three tiers (See Figure 3). Tier 3 actions focus on tracking performance via suitable marketing metrics and indicators. Tier 2 in turn aims at *maximizing* marketing value and *minimizing* expenses via measurement and optimization. Tier 1 draws attention to the analysis and optimization of multi-channel marketing performance in order to maximize corporate profits. Simply, the marketing ROI process is implemented at the campaign (Tier 3), customer (Tier 2) and corporate (Tier 1) levels to maximize company profits. Hence, while marketing measurements and investments need to consider the tactics, the ROI approach is more strategic by considering the effectiveness of marketing actions throughout the process from the tactics to firm value. (Lenskold 2003)



Adapted from Lenskold (2003)

ICV= future stream of profits that result from a specific investment, or, the net present value of the income flow generated by a customer [segment] as a result of the specific marketing investment being measured.

Figure 3. Marketing Performance Hierarchy

Social Media ROI, in essence, is no different from marketing ROI, as the way ROI is

calculated is independent from medium or purpose (Lenskold 2003, Blanchard 2011). Regardless, other scholars claim that the traditional marketing performance metrics fail to consider the social layer of new media (Weinberg & Berger 2011, Tuten 2008, 160). In other words, social media as a marketing channel is still novel: the need to improve effectiveness and integration is making social media marketing measurements a high priority (Lenskold Group 2011, 15).

2.3 Metrics and Measurability in Social Media

It can be argued that metrics as such provide little benefit unless marketing professionals have an intrinsic, comprehensive understanding of how social media engagement affects companies and customers at every level. In fact, the challenge in defining marketing ROI is not just a technicality, but also a discursive issue, whereby marketers often use the term social media ROI interchangeably with *any* metric that can be associated with social media marketing (Ambler & Roberts, 2008). However, it is important to make a distinction between ROI and a metric: while metrics, such as reach, retweets or conversions (See Table 1), may be important for monitoring the evolution of marketing outcomes, they nevertheless should not be confused with ROI unless they can be linked to economic terms via the ROI equation (Traudt, Fauscette, Herrmann, Wardley & Petouhoff 2010). Regardless, metrics can provide and unveil profound data on user behavior, website functionality, message effectiveness and other key performance indicators.

Table 2 provides a list of some of the most common metrics that are relevant for any social media strategist. A complete list of all available metrics is not provided; marketing indeed does not lack metrics, but has “many, many measures” (Stewart 2009, 638). Rather, the purpose is to orient the reader towards what is and can be measured in connection to social media.

WEBSITE / TRAFFIC METRICS	
<i>Unique Visitors</i>	Unique visitor/browser which has accessed a site/application
<i>Page Views</i>	Number of times a page is seen by the viewer
<i>Time spent</i>	Actual time (from initiation to last activity) spent onsite or in an application
<i>Installs</i>	Application downloads
<i>Lifetime</i>	Period of time a widget/application remains installed by a user
ONLINE ADVERTISING METRICS*	
<i>CPC</i>	Cost-per-click
<i>CPM</i>	Cost-per-impression: ad cost per each thousand times the ad is seen
<i>CTR</i>	Click-through-rate (number of clicks divided by total impressions)
<i>Conversion</i>	Out of CTRs, the number of users who perform a pre-set desired action onsite, such as subscribes, signs up, or completes purchase
<i>Campaign reach [FB]</i>	The number of individual people who saw Sponsored Stories of ads in a campaign during the dates selected. This is different than impressions, which includes people seeing them multiple times.
<i>Social Reach [FB]</i>	People who saw your Sponsored Stories or ads with the names of their friends who liked your Page, RSVP'd to your event, or used your app
SOCIAL MEDIA & ENGAGEMENT METRICS *	
<i>Likes [FB]</i>	The total number of unique people who like your Page, incl. location and demographics data
<i>Followers [TW]</i>	The total number of unique people who follow, or subscribe to, your Twitter handle
<i>People talking about this [FB]</i>	The number of unique people who have created a story about your Page [in the last seven days] (incl. Likes, shares, tags....)
<i>Mentions [TW]</i>	The total number of times Twitter users have mentioned you [during a certain period of time]
<i>Retweets [TW]</i>	The total number of times a tweet is retweeted (shared) to a users' followers
<i>Weekly total reach [FB]</i>	The number of unique people who have seen any content associated with your Page [in the last seven days].
<i>Engaged users [FB]</i>	The number of unique people who have clicked on the post
<i>Virality [FB]</i>	The percentage of people who have created a story from your Page post out of the total number of unique people who have seen it
<i>Comments [FB] / Replies [TW]</i>	Number of times users engage in conversation with a brand and/or topic

*Facebook [FB], Twitter [TW]. (Sources: IAB 2009, Facebook Page Insights 2012, Twitter Glossary 2012)

Table 2. Online and Social Media Metrics Examples

New technology has enabled more sophisticated methods to track and measure

marketing performance (Lenskold 2003), yet the ever changing and fast pace nature of the industry and marketing approaches require more adequate and better methods year after year (Lenskold Group 2011).

Most of online and social media marketing metrics can be tracked by the use of the sites' built-in analytics, such as Google Analytics, Facebook Analytics or Twitter Advertiser Analytics. In addition, multiple other independent social media analytics tools are available for tracking and optimizing online marketing efforts. Some of these include:

SOCIAL MEDIA ANALYTICS TOOLS	
<i>Adobe Digital Marketing Suite</i>	Adobe's complete solution to track and analyze all types of web, ad and social media data. Adobe Social is a tool especially for social media. One of the largest players in the market, also previously known as Omniture.
<i>Campalyst</i>	Connecting social graphs to sales, Campalyst is an online analytics software that focuses on visualizing and analyzing user social media behavior, conversion funnels, engagement, and especially financial Social Media ROI.
<i>HootSuit</i>	Social Media dashboard to manage and measure social networks. Analytics functions used mainly for monitoring brand mentions and traffic.
<i>Salesforce Radian6</i>	Full-stack analytics and monitoring for social media environments. Options from benchmarking competition to sales lead generation to social media metrics. One of the largest analytics services in the market.
<i>SproutSocial</i>	Social Media dashboard to monitor and track all social data.

(Sources: company websites)

Table 3. Social Analytics Tools

It is important – and perhaps obvious – to mention that metrics and tools alone do not constitute comprehensive social media analytics. Rather, it is the people who can discover actionable insights: the marketers and analysts. Kaushik (2010) suggests that companies use a “10/90-rule” in data analysis. This is to say, that if an analytics tool has a cost of 10, then the investment in people and marketing analysts should be 90. He contends that partly this is due to the still limited (contextual and semantic) capacities of

data analysis tools, but even if tool capacities improve, ultimately only people can handle multiple data types, understand context, and most importantly act upon data insights and take decisions. (Kaushik 2010) In other words, data is just a means to gain a deeper understanding of how to use social media as a strategic marketing asset.

2.3.1 Duality in measuring social media marketing performance

While different metrics and tools to monitor social media marketing are various, proving real ROI beyond these engagement metrics is difficult for social media strategists (Owyang 2010, 17). A study conducted in 2010 by the Altimeter Group (Owyang 2010) discovered how only 22% of social strategists could actually measure a change in revenue due to social media marketing. As accountability pressures amount, 48% of the surveyed named ROI measurement a primary objective for the year 2011.

The friction in accurately proving financial returns via social media metrics is borne out of the bifurcation of cause and effect – or proving the relationship between an action or metric and a subsequent financial result. Marketing performance literature in the past years has presented different manners of attributing value to marketing actions (See e.g. Lenskold 2003, Rust et al. 2004, Ryals 2008, Stewart 2009, Vassinen 2012), leading to a polarization of viewpoints: financial metrics on the one hand, and indirect measurements on the other (Ambler & Roberts 2008).

For the purposes of this study, I adapt Ryals' (2008, see Figure 4) scheme to distinguish two, albeit combinatory, methods: *direct approach* and *indirect approach*. In short, the first relies on measurements that are directly linkable with economic values, while the latter considers the value of the factors that cannot be directly computed into a financial value. (Ryals 2008, Lenskold 2003, Blanchard 2011)

Ryals (2008) defines the sources for the value of a customer as follows:

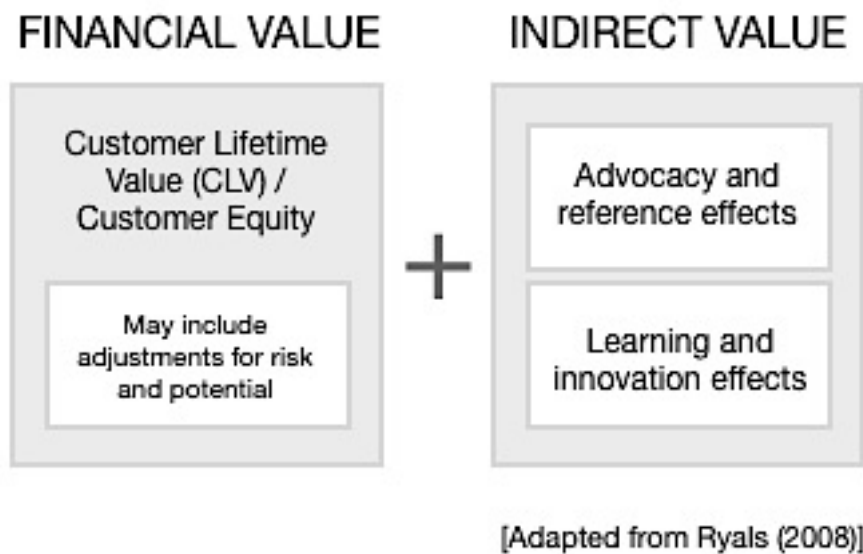


Figure 4. Financial & Indirect Customer Value

The following subchapters briefly introduce, first, the direct value approach, and thereafter the indirect approach.

2.3.2 Direct, financial approach

The direct approach assumes that marketing and customer values hold a direct financial impact: marketing is interpreted as satisfying customers, thereby maximizing net inward cash flow and creating shareholder value (Ambler & Roberts 2008). Consequently, expenses allocated in social media marketing must be justified by tracking the revenue stream, and in so doing proving the financial value. In other words, a social media campaign is only successful to the extent to which it drives revenues for the firm. Hence, marketing performance – as well as social media performance – should be judged by a “single financial indicator” (Ambler & Roberts 2008, 734).

As a single indicator of marketing performance, Ambler & Roberts (2008) propose using either ROI or discounted cash flow (DCF) methods. Albeit not free of challenges,

these financial metrics help marketers communicate more efficaciously with top management “because that [financial indicators] is all they will listen to” (Ambler & Roberts 2008, 743).

The following paragraphs focus on further explicating financial valuation methods.

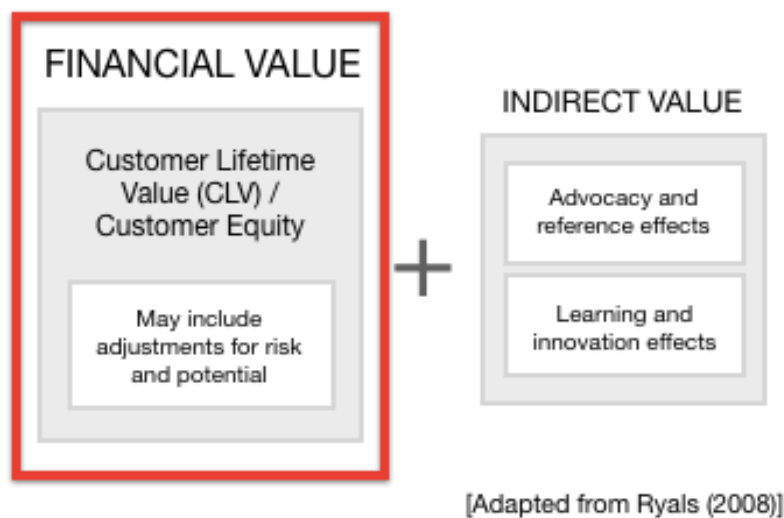


Figure 5. Financial Customer Value

ROI

As demonstrated in Chapter 2.2, return on investment refers to all revenue earned above all related investments carried out (Lenskold 2003). Generating a financial impact involves not only the increase in revenues – or *return* – but also a change in the expenditure – or *investment* – required to produce that return (Rust, Ambler et al. 2004, 82). Indeed, ROI is a valuable tool for its original purpose, namely comparing alternative (capital) investments (Ambler & Roberts 2008). In marketing, ROI calculations may be used for the same purpose – to compare and justify investments – but the analysis must allow for a more flexible use of the ROI calculation. Namely, marketing involves considering a vast number of decision-making possibilities, as

investments tend to be numerous, frequent and relatively small compared to the investments in the traditional ROI models. (Lenskold 2003, 33-34).

Additionally, ROI always considers the past – investments and returns from a historical period, e.g. the past year. Hence, figures are reliable. As such, marketing ROI should be used to compare and prioritize investment opportunities in the planning stage and to measure the actual performance relative to expectations in the analysis stage (Lenskold 2003, 53).

Discounted Cash Flow

Discounted cash flow (DCF) methods provide an alternative for strictly ROI-based models, and are a continuously more preferred and widespread method in marketing (Stewart 2009, Ryals 2008, Rust, Ambler et al 2004). In fact, Stewart (2009, 639) posits that ultimately cash flow is the primary financial metric for all marketing and business.

Ambler & Roberts (2008) define DCF as an umbrella term for a number of different techniques, such as net present value (NPV), customer lifetime value (CLV) (Ryals 2008) or customer equity (Rust, Lemon et al 2004, Ryals 2008). All of these, similar to ROI calculations, are utilized for comparing alternative investments: unlike ROI, however, DCF accounts for *future* cash flows thus involving uncertainty in terms of forecast errors (Ambler & Roberts 2008).

1. Customer Lifetime Value (CLV)

In accounting terms, calculating customer lifetime value means forecasting the net present value of a customer (Ryals 2008).

However, some disagreement concerning the definition of CLV exists. On the one hand, CLV can be regarded as the (discounted) value of a customer relationship over the course of the relationship lifetime, where the likely length and revenue of a customer relationship are forecasted (Ryals 2008, Berger & Nasr 1998). On the other, this definition disregards customer acquisition costs. Lenskold (2003), hence, defines “net CLV” as a representation of the net present value of the future stream of profits following the customer-acquisition cost (ibid. pp.67)

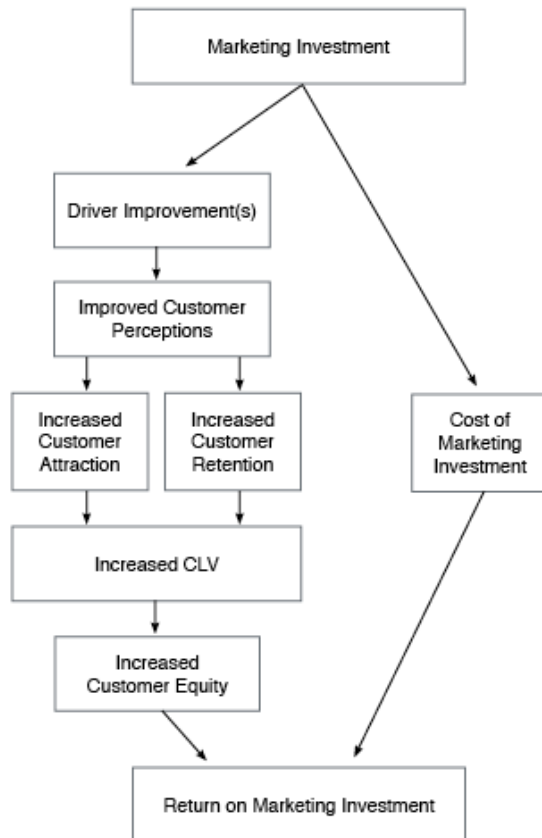
Due to the nature of social media, however, customers also influence the behavior of *other* customers (Weinberg & Berger 2011). In essence, the value of the average customer is inferior to that of a customer who, for example, blogs intensively of the virtues of the brand or product, or tweets about their experience, or reviews a product (Pooja et al. 2012, 14; Weinberg & Berger 2011, 328), yet traditional CLV methods do not distinguish the customer value of a so-called brand evangelist, or advocate (Ryals 2008). As a platform and a source for word-of-mouth, social media indeed influences purchase behavior, and by implication, the value of a customer.

To address this issue, Weinberg & Berger (2011) introduce Connected Customer Lifetime Value (CCLV) and Customer Social Media Value (CSMV) to represent CLV *plus* the NVP of the net contribution made by other customers due to the influence of that customer. As, by nature, CSMV is a “‘non-direct’ cash flow factor that impacts overall sales” (Weinberg & Berger 2011, 332), this metric will be discussed separately under the chapter *Indirect, qualitative method* below.

2. Customer Equity

Customer equity, as defined by Rust, Lemon et al. (2004), is “the total of the discounted lifetime values summed over all of the firm’s current and potential customers” (pp. 110). Unlike brand equity (see e.g. Aaker 1991), customer equity suggests that customers are more central to many firms than brands and products

are (ibid. pp. 110), hence strategic decisions should focus on improving drivers of customer value.



Adapted from Rust, Lemon & Zeithaml (2004)

Figure 6. Customer Equity and Marketing ROI

Figure 6 demonstrates how Rust, Lemon et al. (2004) link the sequences in marketing performance. As such, customer equity is a product of increased CLV, and ultimately links to overall marketing ROI.

While these financial tools prove useful for marketers to evaluate and optimize marketing actions, they do not fully reflect the value of social customers to the firm (Ryals 2008, Ambler & Roberts 2008, Tuten 2008), nor do they fully account for

external factors, such as competitive moves or indirect customer value (Ryals 2008, Rust, Ambler et al. 2004). Moreover, marketing contexts – both internal and external – and future scenarios are altered over time as a product of the firm’s own marketing actions (Vassinen 2012, 25; Ryals 2008, Ambler & Roberts 2008) thus exerting unintended pressures for financial marketing forecasts.

2.3.3 Indirect, qualitative approach

The indirect value of a customer is “the additional value (over and above the direct financial value measured by customer lifetime value / customer equity) that accrues to the firm through their relationship with that customer” (Ryals 2008, 850-851). Ryals (ibid.) further distinguishes 4 indirect benefits, namely (1) advocacy, (2) reference, (3) learning and (4) innovation (see Figure 7).

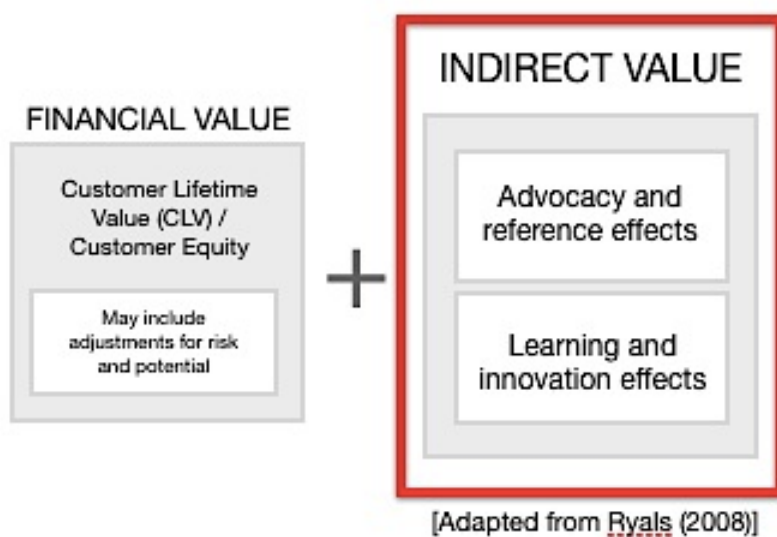


Figure 7. Indirect Customer Value

1. Advocacy & Reference

Advocacy is more commonly known as referrals or word-of-mouth (Weinberg & Berger 2011). In essence, consumers rather trust the information obtained from a fellow consumer (e.g. recommendations or ratings) than that from or created by an organization (Pooja et al 2012, 14). A customer who is an advocate, thus acts as an extension of voluntary marketing activities, and as a result is more valuable to a company than the average customer. As seen above, however, this indirect customer value is not traditionally considered in financial models when evaluating customer values and marketing performance.

Social media has been a significant motor for addressing the importance of accounting for word-of-mouth effects. Through social media consumers engage in activities that, regardless of direct intentions of doing so, can enhance or reduce a brand's profitability, and influence reputations of organizations (Pooja et al. 2012, 14, Weinberg & Berger 2011). This infers that social media's referral impact on purchase behavior may be greater than that of advertising originating from the company. Given its inherent word-of-mouth nature, social media's role in creating customer value, thus, is fundamental (Pooja et al. 2012, Weinberg & Berger 2011).

As different types of social media represent distinctions in properties, consumer behavior and returns, Weinberg & Berger (2011) introduce a novel social media performance metric: Connected Customer Lifetime Value (CCLV). CCLV is the sum of CLV, Customer Referral Value (CRV, which in all simplicity is the referral cost, such as a €40 gift card granted for the customer in exchange for a referral (ibid. 331)), and Customer Social Media Value.

In sum:

$$\text{CCLV} = \text{CLV} + \text{CRV} + \text{CSMV}$$

In this formula CSMV refers to the CLV multiplied by the product of the

customer's incremental impact in different social media (for the purposes of this research the formula will not be further detailed: for more details, see Weinberg & Berger 2001, 333). With this calculation, a customer's value accounts for the indirect values by drawing attention to the value impact in various social media platforms separately.

For the sake of simplicity, and given the nature and scope of this research, the formulas for CCLV or CSMV will not be discussed in further detail – the purpose for their introduction is to draw attention to the increased academic and managerial interest in determining indirect customer valuation methods, especially in connection to social media. It is essential, however, to recognize how the skills requirements of marketing profession are incrementally financial, and how the need to comprehensively understand value in marketing performance is imminent.

2. Learning & Innovation

Unlike advocacy and referral effects that influence customer valuation, learning and innovation enhance the overall revenues or efficiency of the firm (Ryals 2008). In her two case studies, Ryals (2008) demonstrates how companies' indirect customer valuation processes led to direct actions in customer strategy, as well as a creation of a new decision-making tool for determining the most valuable clients. Ryals (ibid.) further contends that learning and innovation effects may lead to cost reductions, and revenue increases if the subsequent internal effects are sufficiently widespread. Understanding and measuring indirect customer value, in and of itself, can lead to greater levels of learning and innovation.

2.3.4 Synthesis of measuring performance in social media

Marketing analytics can provide lots of data through metrics and measurements, yet there still are fundamental barriers to gaining actionable insights and making intelligent decisions, especially in terms of understanding indirect customer value (Vassinen 2012, Kaushik 2010, Tuten 2008, Ryals 2008). Social media's popularity as a marketing practice has led to an incremental convergence of the financial and indirect methods: understanding *value* in social media means to consider both approaches (See Table 4) – and increasingly so, more emphasis is placed on the indirect customer value (See e.g. Vassinen 2012, Weinberg & Berger 2011, Ryals 2008).

It is opportune to mention, that these two approaches – direct and indirect – are not necessarily rival in the manner in which they are utilized. Rather, marketing performance considers both methods essential in order to comprehensively understand marketing's contribution to financial results. In this regard, it is important to keep in mind that no one-fit-all solution exists: methods and metrics are idiosyncratic across products, companies and industries and depend on strategic business objectives (Kaushik 2010, Owyang 2010, Stewart 2009, Ryals 2008, Rust et al. 2004).

However, if marketers seek more support from the Board, they should express performance in financial language (Ambler & Roberts 2008). Despite its acknowledged importance, the indirect value often does not get sufficient attention in mainstream literature or in practice (Ryals 2008). Social media's advantage is enforced by creating a strong installed base of loyal fans (meaning, both online and offline customer base), creating compelling content, and engaging users who will, if not immediately, in a longer term convert to paying customers. In this regard, the ROI of social media is extended over a longer period of time creating customer equity and goodwill, hence challenging the determination of accurate financial value. Social media marketing in this sense acts an extension of the brand building process: while the ultimate purpose is to maximize profits, social media marketing is deemed an incremental value creation process. Hence, comprehending both financial and indirect value is fundamental.

PERFORMANCE MEASUREMENT	DESCRIPTION
DIRECT	
ROI (Return on Investment)	<p>“All revenue earned above all related investments carried out”</p> <p>Used mainly for evaluating and justifying investment decisions</p>
CLV (Customer Lifetime Value)	<p>“NPV of a customer relationship over the course of the relationship lifetime” (likely length and revenue of a customer relationship forecasted)</p> <p>Measures value of one (average) customer</p>
Customer Equity	<p>“Total discounted lifetime values (CLV) summed over all of the firm’s current and potential customers”</p> <p>Measures the total value of customer base</p>
INDIRECT	
Advocacy & Reference	<p>Referrals & word-of-mouth effects</p> <p>Reduced customer acquisition costs, higher CLV</p>
CCLV (Connected Customer Lifetime Value)	<p>$CCLV = CLV + CRV + CSMV$</p> <p>The sum of CLV, Customer Referral Value, and CSMV</p> <p>Considers the effect of connectedness of consumers, including the influence of social media.</p>
CSMV (Consumer Social Media Value)	<p>CLV multiplied by the product of the customer’s incremental impact in different social media.</p> <p>Considers the impact of each social media platform individually</p>
Learning & Innovation	<p>As a result of focus in indirect value, learning and innovation effects lead to increased understanding of customer value</p> <p>May reduce costs, increase revenues, lead to new markets, product innovation, process efficiencies</p>

Sources: Ryals 2008, Lenskold 2003, Weinberg & Berger 2011, Rust, Lemon et al. 2004

Table 4. Synthesis of Marketing Performance Measurements

Likewise, emphasizing only on one or the other of these customer valuation methods contain risks. If marketers focus solely on the monetary value of each action and tactic in social media, the risk of resulting to short-termism is high and creativity can suffer as a result. The worst-case scenario leads to a situation where nothing new or innovative is tried out on the basis of inability to measure the results financially. On the other hand, if data sets, numbers and monetary values are overlooked, stakes are that corporate budgets are soon directed elsewhere, as no real ROI can be proven. Consequently, marketers are faced with a delicate balancing act between financial and indirect value measurements.

2.4 Integrating Social Media ROI into strategy processes

The strategic roles of marketing include setting strategic direction for the business and guiding investment decisions to develop marketing assets that can be leveraged to create competitive advantages (Rust, Ambler et al 2004). The ability to develop real-time, customer-driven strategy enables enterprises with profound competitive advantage, both in the short-term as well as in the long-term (Weber 2011, 10-12). In this subchapter I briefly discuss, first, how to build a business-oriented marketing performance framework, and second, how to integrate the ROI process into marketing strategy work.

Building a business-focused measurement strategy

To ensure that marketing functions strategically, social media metrics should be linked to business objectives (Owyang 2010, Etlinger & Li 2011). In this light, all marketing activities begin by determining the related business objectives, and only then planning and implementing the related marketing assets (Rust et al. 2004).

To this end, Etlinger & Li (2011) recommend marketing staff use a guideline of four steps, namely, (1) strategy, (2) metrics, (3) organization and (4) technology (ibid.):

Step 1: Strategy

Marketers must align social strategy with business objectives – although this step, claim Etlinger & Li (2011), often remains overlooked. Business objectives (and respective business strategies) must be thoroughly understood before proceeding to develop social media strategy. Depending on business goals, social media marketing goals can include – but are not limited to – measuring brand health, improving effectiveness through optimization, generating revenues or improving customer relationships (Etlinger & Li 2011, Austria & Chung 2010, Shuen 2008). Business objectives, hence, define social media objectives.

Step 2: Metrics

As discussed in chapter 2.3, marketing metrics are various. Nevertheless, defining accurate metrics and KPIs also implies defining a threshold for success in order to enhance post-campaign analysis stage. This definition of success needs to consider success both in terms of business objectives and then correlate these with social metrics. For this purpose, Lenskold (2003) presents a visualization of marketing performance hierarchy in a similar manner starting from general marketing metrics and narrowing to higher level business results (see Figure 3). Etlinger & Li (2011) in turn, present the metric pyramid to demonstrate how social media metrics link to business metrics and finally to business objectives (see Figure 8 below).

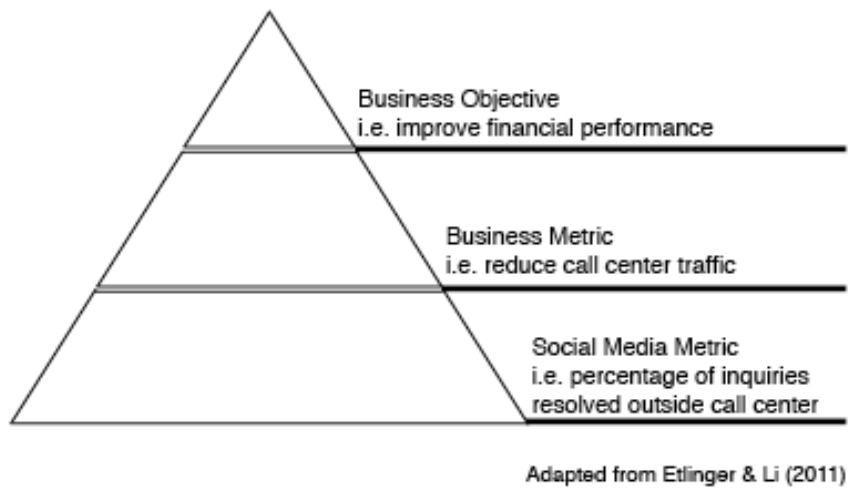


Figure 8. Tying Social Media Metrics to Business Objectives

Step 3: Organization & People

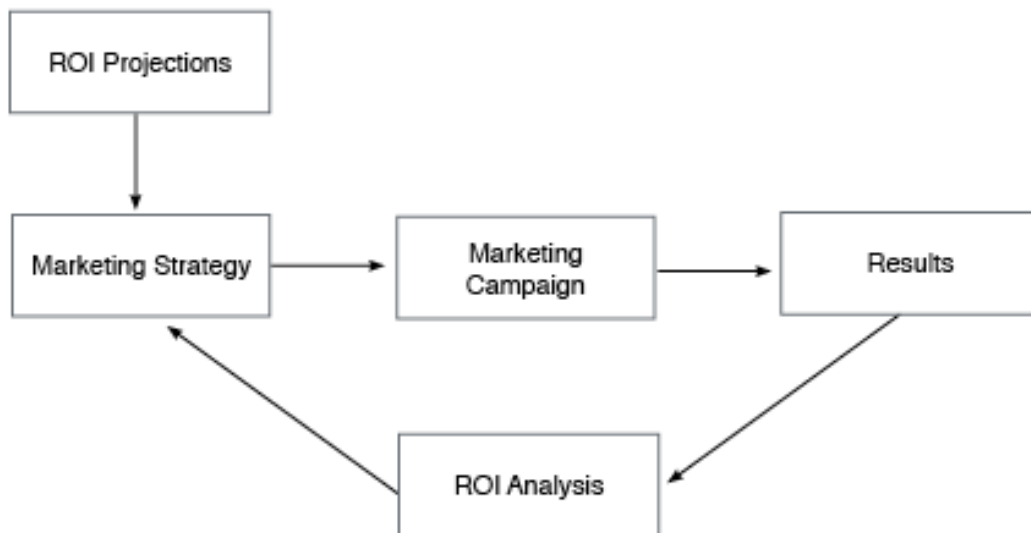
Each marketing team – whether in-house or outsourced – is required to consider organizational contexts and resources when defining measurement strategy. Organizational role dynamics (Barley 1990a), technological adoption (Vesa 2011) and practitioner skills (Whittington 2006) all influence strategy processes, thus evaluating and identifying strengths and silos in the organization’s readiness to measure social media is critical (Etlinger & Li 2011).

Step 4: Technology

Tools (See Table 1 for social media platforms, and Table 3 for analytics tools) are selected as a function of strategy, metrics and organization. Once business objectives are known, and success thresholds and resources are defined, selecting channels and tools becomes relevant.

Integrating the ROI Process

The social analytics framework (Etlinger & Li 2011) introduced above functions as a departure point for marketing staff to begin analyzing the organizational context. However, integrating marketing performance throughout the strategy creation work is a continuous and extended process. In effect, Lenskold (2003) sustains that marketing performance and ROI projections are a substantial contributor to marketing strategy: ROI projections are integrated at strategic planning stage – before campaign execution – and are refactored into the process through analytics. Analyzing the success of marketing performance, in turn, translates back into the iteration and revision a marketing strategy to improve and optimize future actions in marketing strategy (see figure 9).



Adapted from Lenskold (2003)

Figure 9. Marketing ROI Process Overview

As such, marketing ROI should be used to compare and prioritize investment opportunities in the planning stage and to measure the actual performance relative to expectations in the analysis stage. Hence, the underlying intention of marketing ROI metrics is to guide strategic decisions: that is, aligning measures with strategic initiatives and decision-making (Lenskold 2003) in order to obtain effective and efficient marketing results. Practically, performance and ROI results often have a direct influence on organizational budgeting decisions (Clark et al. 2006), hence, the ability to effectively integrate marketing performance measurements into the strategy and analysis process is fundamental in terms of guaranteeing funds and drawing strategic attention to marketing actions in the future, as well.

While more financial accountability is required of marketers, at the same time, as discussed in previous chapters and literature, marketing efforts are not always financially demonstrable. Moreover, from a strategic perspective, all ROI projections need to consider the indirect effects a related marketing revenue or investment may incur, and hence these must be factored into the strategic decision making process. (Lenskold 2003, 55-56) That is, marketing resource allocation decisions should aim to optimize - both direct and indirect - returns on the marketing investments (Ryals 2008, 850).

However, measuring marketing performance or ROI projections alone is not enough. In fact, as Clark, Abela and Ambler (2006) demonstrate, mere generation of data has little effect on managers' satisfaction with their performance measurements; rather, information dissemination inflicts dissatisfaction when information overloads are detected. The same occurs when too little information on marketing performance is available. In other words, too much *and* too little data cause discomforts. Thus, marketing's contributions need to be communicated effectively to top management to ensure marketing's strategic position and future budgeting (O'Sullivan & Abela 2007).

2.5 Positive Results for Social Media & Future trends

Despite the difficulty in proving causal connection between promotional tactics and revenues, some demonstrable results of social media ROI have been published. Moving from the “how to measure” –discourse to demonstrating tangible results is a fundamental advancement in fomenting the role of marketing as a strategic partner in organizations.

Kim (2012) collected 101 examples of social business ROI from a wide range of companies. For example, Dell’s Twitter account generated \$2 million in direct sales from 2007-2009, Sephora’s online community fans spent 2.5 times more than the average customer, and an exclusive sale on Twitter generated 1.200% ROI in a 24h time span for Bonobon (Kim 2012). Probably the most successful YouTube advertising campaign to date – Old Spice starring actor Isaiah Mustafa - drove a 300% web traffic increase, and contributed to a 106% sales increase compared to the same month the year before. What is more, the Audi A1 online community led to the largest number of car pre-orders in Audi’s history, and Alberta Common Wealth Credit Union profited \$4 million CAD through 2,300 new accounts gained via the company blog, YouTube channel and Facebook Page. Best Buy, on the other hand, fosters a customer community to save \$5 million USD annually in support savings and sales advocacy. (Kim 2012) Even luxury brands are taking advantage of social media: Burberry’s social microsites secured 1M fans leading to a 10% in-store sales increase (Kim 2012, Kim & Ko 2011).

A further instance of positive social media ROI is demonstrated by Adobe in early 2012: as part of a large-scale global product launch, the company recorded a tenfold Social Media ROI within two months (Adobe 2012). By means of combining all social elements and measuring their cumulative impact (rather than treating each channel in isolation), the impact of social customers was validated by a tangible, monetary return. According to a senior director, Adobe “wanted to engage customers and drive solid business results through social media”; in order to do so, the holistic impact of all strategies had to be understood. As a result, social media actions drove conversions up

to a 13% of total. Additionally, users touched by social at some point of the funnel, spent twice as much in terms of their total cart value. Optimizations during the campaign reduced the CPL (cost-per-like) by 28%. Furthermore, Adobe was able to assign bottom line values to key influencers, such as individual bloggers, who drove sales to the Adobe campaign site. All in all, cross-channel, data-driven measurements lead Adobe to not only drive conversion and cut costs. Additionally, the actionable insights obtained via social media measurements enabled Adobe to adapt and optimize digital marketing strategies, and allocate investments accordingly. (Adobe 2012)

In Finland, the airline Blue1 reached visible results on Social Media ROI in late 2011. Using Facebook (Page, ads and display ads) to drive ticket sales, Blue1 and the digital agency discovered that the conversion rate for website visitors from Facebook Pages exceeded conversion rates for Facebook Ads by a factor greater than 6. Further, Facebook Page visitors' conversion was 57% higher than that of display ad viewers. The most significant discovery, however, was to detect how the average purchase by the brand's Facebook fan was 30% higher than a purchase made by any other customer. In this case, social media's impact on financial results is significant. (Kazanins 2011)

As Weinberg & Berger (2011) suggest as part of the CSMV metric, social media's impact may differ from site to site. Hayes (2012) blogs about how indeed customer traffic from Facebook, Twitter and Pinterest drives different results for Shopify's retailers. Referral traffic from Pinterest to Shopify stores is equal to traffic coming from Twitter – of this traffic shoppers are 10% more likely to make a purchase compared to visitors from other sites. Although Facebook still clearly outperforms other social sites in terms of referral traffic, Pinterest nevertheless has become an important platform for retailers: the average order made by a visitor entering from Pinterest is \$80 USD, which is double the average order from Facebook. (Hayes 2012)

Although advancements in the social media ROI sector have begun to emerge, future trends in social business still revolve around the same challenge: metrics. In an article on the number one go-to blog in terms of social media, Mashable, Ostrow (2012)

predicts that social metrics will remain a central factor for marketers also in years to come. Additionally, Ostrow claims that Facebook will increase its centrality for customer engagement and e-commerce as retailers begin to set up their web shops inside Facebook. (Ostrow 2012)

Another publisher in the online space, TechCrunch, concurs that finally corporate entities have woken up to the eve of social media proliferation: social channels are here to stay (Puopolo 2012). Puopolo further sustains that “ROI is still huge” and will remain a key metric for any social media strategy (Puopolo 2012). At the same time however, Facebook’s IPO launch proved substantial overvaluation, as stock prices halved quickly as advertising figures turned out more disappointing than expected. Similarly, some large advertisers, such as General Motors, have questioned social media marketing’s profitability, and have in fact resumed social media marketing to poor returns. Hence, social media as a marketing platform is reaching maturity, in that it is no longer simply a new trend. Rather, its value requires tangibility, and as such, the value is being probed.

All in all, social media has shaped – if not revolutionized – the marketing landscape. Simultaneously, social media introduces new challenges for marketers, particularly in terms of solid, standard performance measurements. Despite the growing availability of successful social media ROI examples, the major difficulty in irrefutably demonstrating financial results and value obtained through social media marketing efforts is notable. Equally as in all marketing performance, proving the value of intangible factors is demanding and still lacks compelling methods and standardized practices. Nevertheless, the previous chapters present tools and methods to overcome some of the performance measurement challenges, so that marketing is to remain a strategic business partner in social media contexts as well.

3 SHAPING STRATEGY: PARTICIPATORY ACTION

The purpose of this thesis research is to understand how social media ROI measurements influence marketing strategy work and strategizing. The previous chapters introduce social media as a concept, and discuss some of the practical challenges in defining social media ROI.

This chapter takes a look at the recent practice turn in strategy theory, which explains and treats strategy as *action that people do every day* (see e.g. Whittington 2006, Jarzabkowski & Spee 2009). At the end of the chapter, I link the strategy-as-practice view to social media marketing, and explain how this view of strategy is especially applicable to social media and to social media strategists due to the ever changing, real-time nature of social media, which demands a new, more agile and lean approach to marketing.

* * *

Classical strategy literature, sustain Mantere & Vaara (2008), is based on a managerialist foundation, where strategy is concerned with its formulation and top management. The early works of strategic management authors, such as Chandler, Drucker and Mintzberg, have principally focused on formal strategic planning and its implementation. Thus, traditionally, strategy has been seen as fixed and unchangeable in its trajectory over time (Whittington 2006). It's considered something that an organization *has*; a strategy *is*; strategy is treated as a noun, rather than as an action-driven verb (Whittington 2006, Kornberger & Clegg 2011). What is more, strategic planning is often viewed as an elitist privilege of the executives, while its implementation is separated to the operational personnel (Laine & Vaara 2011). This traditional view has since been challenged. Examined with critical scrutiny, this formal strategic planning has become a target under attack (Whittington 2006, Laine & Vaara, 2011, Jarzabkowski & Spee 2009, Hamel & Prahalad 1994), as its nature as such has

been probed.

A recent practice turn in strategic thinking has challenged the way scholars and business professionals regard strategy. In effect, this *strategy making*, or strategy-as-practice theory, has emerged as an increasingly dominating approach among strategy theorists. [see e.g. Whittington 2006, Jarzabkowski & Spee 2009, Mantere & Vaara 2008, Kornberger & Clegg 2011]. Moreover, this approach differs from the traditional and managerial strategy theories in that it seeks deeper understanding of the micro level processes and practices that constitute strategy and strategizing (Mantere & Vaara 2008).

3.1 What is strategy-as-practice?

Strategy-as-practice treats strategy as something people *do* (Whittington 2006). As a research topic, strategy-as-practice is concerned with “who does [strategy], what they do, how they do it, what they use, and what implications this has for shaping strategy” (Jarzabkowski & Spee 2009, 69). Effectively, strategy work’s central piece is participation - or *people* who participate (Mantere & Vaara 2008). Hence, strategy creation is not a privilege of the managerial elite who summon annually to draft a strategy document (Whittington 2006, Mantere & Vaara 2008). In stead, strategy is made, influenced and altered on a daily basis by the people who execute it.

Why, then, is this shift in strategy theory important? While strategizing is a complex and a comprehensive issue expanding across organizations and external factors, the human actors have often been ignored in the traditional research domain. When traditional strategy theorists claim to examine the internal dynamics of the firm, such as in the resource-based view (Barney 1991) these fail to consider the human actors (Jarzabkowski & Spee 2009) or their role dynamics in the organization (Barley 1990). Yet if and when human actors are considered, researchers often tend to focus on the top-level management (Jarzabkowski & Spee 2009) thus reinforcing the view of strategy planning performed only by a managerial elite.

Adversely, Whittington (2006) suggests there is a difference between practices - the set of imposed norms and guidelines - and what happens “in practice”, as the latter is significantly dependent on the skills and initiatives of the practitioners (Whittington 2006, 615). According to this view, strategy practitioners draw from and amend creativity that turns strategy [-as-practice] into concrete actions (Whittington 2006). Consequently, strategists or strategy practitioners are at the critical locus of the equation, *making* the strategy: the focus is not in strategy (in its traditional definition) itself, but rather the quotidian praxis and the practitioners.

Indeed, for this type of practice theory, people are at the core of it as their practical skills make a difference. Kornberg & Clegg (2011) justify strategizing as a performative action, due to strategy’s nature of prompting action in and of itself. Strategizing can be understood as a performative practice that *does* something. In this view, strategizing turns strategy into a tool that frames the future - and vision - into an immediate course of actions (Kornberg & Clegg, 2011, 138). They claim that it is the discursive structure and rationality in strategizing that brings out a strategy’s performative effects. “Accordingly, strategy is a discursive practice that constitutes a reality (instead of mirroring it), that defines what is meaningful (instead of measuring it) and that legitimizes actions and decisions (instead of rationally analyzing them)” (pp. 139). Accordingly, strategy and how it is displayed in practice can be examined thorough a discursive lens. Vaara et al (2008; also Vaara, Sorsa et al 2010) posit that particular discursive practices in effect legitimize and naturalize strategies. This is to say, it’s the people and the organizational social constructions that constitute a strategy and turn it into practice.

Consequently, strategy is to be viewed as an intertwined play between the intra-organizational details and extra-organizational changes, where the former influences the latter and vice versa (Whittington 2006, Jarzabkowski & Spee 2009). Strategy, thus, is a holistic entity that shapes itself, and that is shaped by internal and external factors - especially by the people who *do* strategy. Strategy-as-practice is hence born at the intersection of extra-organizational practices, intra-organizational praxis and the strategy practitioners.

3.2 Praxis, practices and practitioners as elements of strategy making

Praxis

Praxis refers to actual activity, that which is done in practice, or the various activities involved in the deliberate formulation and implementation of strategy (Whittington 2006, 619). Moreover, praxis is an artful and improvisatory performance that can take the form of episodes ranging from board meetings to informal water cooler conversations. (Whittington 2006, 620-621). In other words, it is the flow or stream of activity nodes in which strategy is accomplished over time (Jarzabkowski & Spee 2009, 70;73). Praxis comprehends the intra-organizational activities, extending from the formal to the informal, from the routine to the non-routine (Whittington 2006, 619), but is also an interconnecting, dynamic factor in that it connects the micro level to the larger institutional and macro contexts (Jarzabkowski & Spee 2009, 73; Sztompka 1991).

Practices

Practices as a term is rather general and even colloquial, and denotes many definitions even within the strategy-as-practice domain. While some researchers separate the material practices from the tacit practices (Schatzki 2006), others claim it is hard to separate one particular “practice” from the bundle of interwoven fabric of practices: rather, practices contain the different activities in which the episodes of praxis are constituted (Jarzabkowski & Spee 2009). On the other hand, according to Whittington (2006; 619) practices refer to something that both guide activity, and to activity itself. Furthermore, practices denote a duality in which both the implicit - like shared routines of behavior, including traditions, norms and procedures - and the explicit - such as those governed by formal accountability, are displayed. In this sense, practices have a strong impact on how the praxis is displayed in organizations, and who the practitioners are and how they perform. (Whittington 2006)

Practitioners

Strategy-as-Practice research defines strategy as something that *people* do (Jarzabkowski & Spee 2009, Whittington 2006), thus placing practitioners at the very core of strategy making. Simply put, practitioners are the people who do the work of making, shaping and executing strategies (Whittington 2006, 619). In a more comprehensive view, strategy practitioners are defined widely extending from individuals at the micro level - such as managers and consultants - to actors in the macro level - like policy-makers and media. (Jarzabkowski & Spee 2009, Jarzabkowski & Whittington 2008, Whittington 2006). Hence, actors from outside an organization are considered to impact strategies, and so they are seen as influential strategy practitioners, albeit external ones. Similarly, strategy practitioners can be classified into two tangent categories based on: 1) whether the practitioner is an individual or an aggregate actor, and 2) whether the practitioner is inside the organization or outside the organization (Jarzabkowski & Spee 2009, 72).

Linking Praxis, Practices and Practitioners - what's the connection?

For strategy-as-practice, strategy is constructed via the interrelations of the three components: strategy practices, practitioners and episodes of praxis. Whittington (2006) presents a visual framework (Figure 10) for understanding the interconnectedness and dynamics between the three components of strategy-as-practice across time. The magic comes from the holistic, comprehensive understanding of how the three play together over time in transforming strategy as a performative action. Additionally, it is paramount to consider the extra-organizational field when evaluating intra-organizational context. (Whittington 2006)

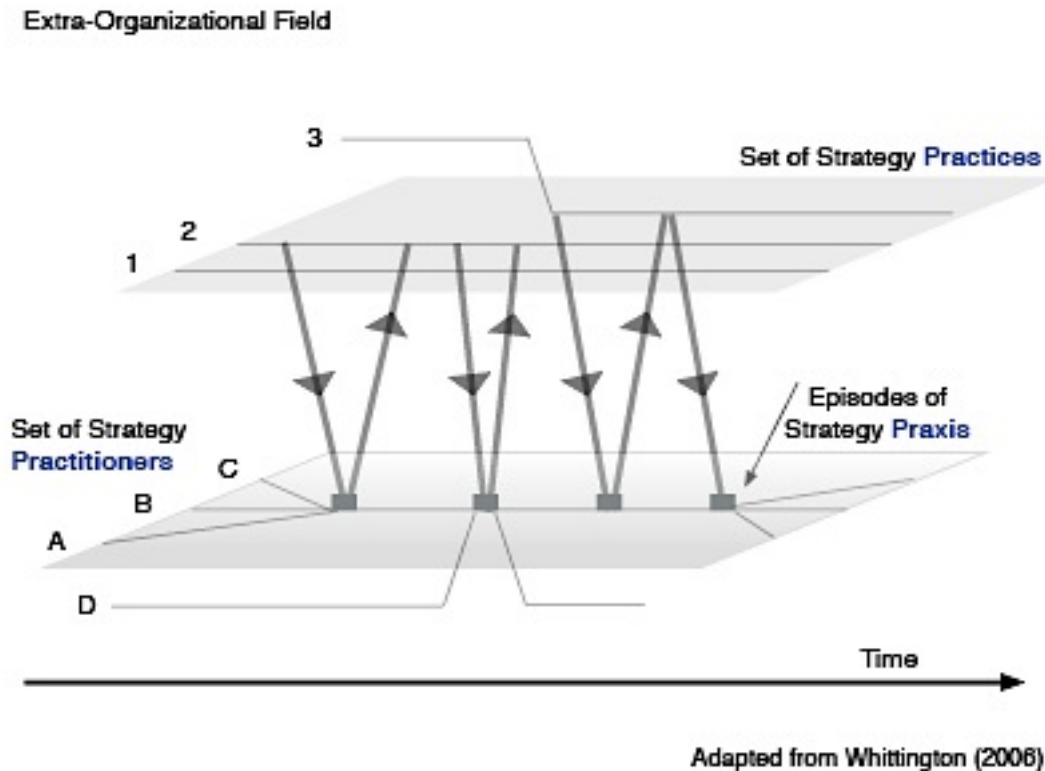


Figure 10. Integrating Practice, Praxis and Practitioners

In short, the visual framework intends to explain the setting in which strategy is made. The set of practitioners may change over time, as well as the set of practices that guide strategy making. The episodes of strategy praxis, in turn, shape and are shaped by both the practitioners and the practices. Examined over a longer time span, strategy hence evolves constantly in the dynamic interplay of the three central components of strategy-as-practice.

As such, strategy *is* not. Strategy lives, changes shape, and shapes the three components in a continuous, real-time interplay of the contexts and points of action. In an attempt to simplify the framework, strategy can be understood to be influenced by the three components: the Who (Practitioners), the How (Practices) and the What (Praxis), and their interplay across time. Interruptions and disruptions occur when an emergent factor - such as novel technology - is introduced into the equation.

3.3 Technology Adoption as a change agent in strategy work

Given that strategy is viewed as continuum of action constituted in and shaped by the people, social constructions and contexts, (Mantere & Vaara 2008, Vaara, Sorsa & Pälli 2010, Whittington 2006, Jarzabkowski & Spee 2009), newly introduced technologies, in turn, are likely to exert unintended and intended pressures on the social organization of work (Barley 1990a, 63). Ultimately, technology is one of the most substantial challenges to strategy work (Vesa 2011, 160).

Barley (1990a) has investigated the influence of new technology adoption to organizational structure from a role-based view. His research demonstrates that technology introductions create new roles and modify social constructions in an organization. Subsequently, internal interactions and even organizational structures undergo significant changes. (Barley 1990a)

In essence, adopting new technology initially modifies tasks, skills and other non-relational aspects of roles in a work setting: these in turn eventually have a direct influence on role relations and hence power relations in the work place (Barley 1990a, 70). Today the changes in our working environments are primarily technology-dependent, and at any given time, strategy work is bound to technologies characteristic to a specific time frame and culture. (Vesa 2011, 160) The field of marketing is no exception in this regard. Berthon et al. (2012) contend that an obvious barrier to social media plan implementation is represented by employees' lack of IT and communication skills – however, companies provide little training to overcome the challenge (ibid. pp.270).

Moreover, introducing new technologies requires novel skill sets, and often people are reluctant to invest their time in learning these skills, consequently presenting new opportunities to those who do (Barley 1990a, 75-76). Consequent to the emerging roles and knowledge-intensive expertise, the nature and frequency of information exchange can transform significantly, in turn affecting internal and social relations - even organizational structures (Barley 1990a, 83-84). As the role technology occupies in our

everyday work and praxis is increasingly more salient, roles and strategy work are in a constant evolution.

Vesa (2011) sustains that the use of digital applications and entertainment technologies, such as Facebook or World of Warcraft, provoke novel habits and expectations in both personal and professional life, which in turn demonstrate an inevitable consequence for the future of strategy work. While Vesa's (ibid.) theorization rather focuses on the virtualization of the work place (i.e. distributed teamwork), nevertheless, the significance of other types of technology adaptation to strategy work is central. Ultimately, new technology and the subsequent new roles, introduce a change in power authority, strategy implementation and strategy internalization influencing the social constructions in an organization or a team (Vesa 2011, 157-159; Barley 1990a).

3.3 Social Media Strategists as Practitioners of Strategy-as-Practice

The emergence of Social Media has changed the rules of the marketing game. As a result, marketing strategies have been forced closer to real time tactics and actions in detail. What is more, the ever-changing nature of Social Media requires a shift towards adopting an approach along the lines of strategy-as-practice: as technologies and platforms change and emerge, as competitors' moves are witnessed in real-time, as consumers demand for more humanized customer service, organizations are left with no other choice if they wish to remain on the top of their strategic game. In this light, international social media strategists are recommended to do three things: (1) stay updated on Web 2.0 technologies, (2) deeply understand the consumer, and (3) understand new dynamics of networking and role of social in the marketing mix (Berthon et al. 2012). This means that strategic moves must be amended by the praxis and the practitioners, which in turn further change the practices and the manner in which social media exists.

The core of social media is displayed in what people do in the social web. People - as both individuals and company representatives - *communicate* and *interact* (Blanchard

2011, 7). They discuss and share ideas, photos, videos, blog posts, podcasts, resources and other data. People play games, create movements and events. According to a study conducted by the Altimeter Group (Owyang, 2010) in the United States, 79% of corporations of the largest 100 companies in the Fortune Global 500 index have undertaken social media efforts. As a result, the role of Corporate Social Strategist has emerged, comprising of tasks such as “adopting new technologies, [...] launching pilot programs,[...] gathering initial resources, [...] and reacting to requests” among others (Owyang, 2010). While most of the social media marketing programs are nascent with no long-term direction, a total of 71% of Corporate Social Strategist report to Marketing or Corporate Communications (Owyang 2010).

In accordance with the strategy-as-practice approach, Owyang’s (2010) research found that a company culture directly influences the organizational formation, and so the formation of a social media team. The proliferation of online tools and platforms indeed gives room for a greater importance for virtual, distributed teams, where strategic vision is implemented via the compilation of individual strategies (Vesa 2011, 155). In Owyang’s survey sample (see Figure 11), 41% of the companies were identified to form a “Hub and Spoke” formation, where a cross-functional team strategizes from a central position to aid different business units. Approximately 21% of social media efforts are lead from one central position, and 18% formed a Multiple Hub and Spoke, or “Dandelion” organization around social media, where a central hub provides guidance, coordination and resources to business units. All in all, social media teams came in all shapes and sizes determined by the intra-organizational context.

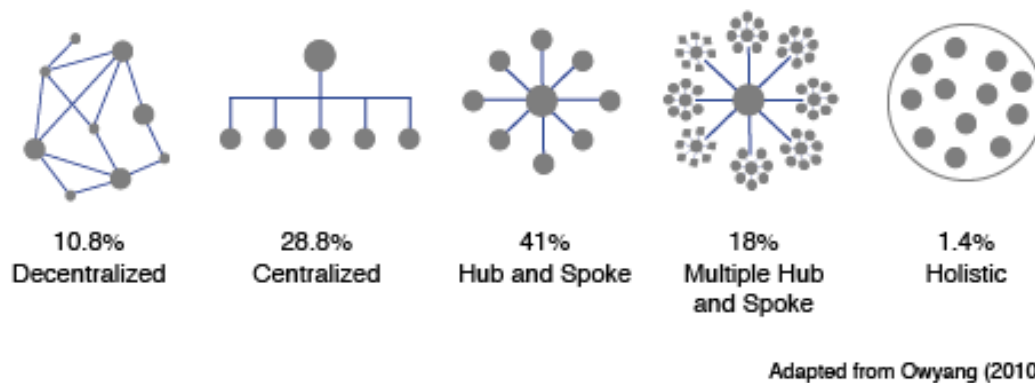


Figure 11. Social Media Teams in Organizations

How does all this play in with strategy-as-practice? First of all, 41% of the respondents admitted their programs are more reactive than proactive - and the demands of internal and external stakeholders are compounding (Owyang 2010, 18-19). This is in line with Whittington's (2006) and Jarzabkowski & Spee's (2009) positions that strategizing is dependent on the practitioners' skills - and *what they do*. Furthermore, Berthon et al. (2012) recommend that international marketing strategists stay up-to-date on social media technologies: "whether they like it or not, marketers have to comprehend how these technologies work and the phenomena they enable" (ibid. pp.269). This is to say that the fast-pace nature of social media and the changing customer requirements force marketers to constantly review and renew their actions and strategy in social media.

As the Corporate Social Strategist position is a nascent one, it is often the same people formulating the formal strategy as well as executing the praxis. Additionally, as can be seen from the formation of social media organizations: 1) the size of the teams is often still small assigning more strategizing power to the individuals, and 2) in most cases, corporate social strategists often arise from an individual's drive to further the social media strategy (Owyang 2010, 11).

Another issue why social media strategizing requires individual skills, and why the external practices have a significant impact on social media strategies is the very nature of social media and Web 2.0 - creation and exchange of user-generated content,

customer involvement, and conversation (Kaplan & Haenlein, 2010, Constantinides & Fountain 2008, 236; Edosomwan, et al. 2011, 86-87). Moreover, individuals have turned from passive consumers to hold the power and create increasingly more content online: marketers, therefore need to understand the consumer (Berthon et al 2012). The purpose of marketing has changed from pushing messages to engaging with customers and enticing consumers to share and recommend, and participate in value creation (Vassinen, R. 2011, Berthon et al 2012) This direct interaction and conversation with the customers requires a more responsive and real-time, agile approach to strategizing.

4 RESEARCH DESIGN

Following Ghauri & Gronhaug's (2002) definition, the purpose of the research methods chapter is to determine and present the most suitable tools and ways of proceeding in order to unravel the main research question: "*how is social media ROI understood as part of marketing strategy work?*"

The chapter is structured as follows: first, research approach for the study is presented, after which I describe the corresponding selection of research and data collection methods - namely, the techniques in conducting the investigation. Thereafter, I present how data analysis is approached, and finally, the chapter concludes by drawing attention to research limitations.

All in all, this chapter outlines the various research methods used to understand the effect the role of social media ROI imposes on the related marketing strategy work. The following subchapters provide detailed explanations on what was done in order to fulfill the research objective, and justifications for why such methods are considered most appropriate.

4.1 *Research Approach*

In deference to Eriksson & Kovalainen (2008), Denzin & Lincoln (2005) and Mertens (1998), and given the nature of the investigation purpose, I take a qualitative approach in conducting the study. Qualitative research is the strategy that most compellingly supports the research questions, which in this case require holistic understanding of the context and participants' experiences (Creswell 2007). The strategy-as-practice tradition particularly demands a qualitative approach due to its constructivist nature. Backed by Denzin & Lincoln's (2005) view of locating the observer into the research context, I showcase instrumental interest in the case at hand, and in so doing employ interpretivist, social constructivist paradigm (Stake 2005, Mertens 1998; Eriksson et al. 2008).

Qualitative research, posit Denzin & Lincoln (2005, 3), involves studying “things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them”. Similarly, Hirsjärvi, Remes and Sajavaara (2007) contend that the intention of qualitative studies - contrary to quantitative research - is usually not to test a certain theory or hypothesis as such. In stead, when employing a qualitative approach, researchers strive to examine the studied subject in a rich and comprehensive manner in order to gain a more profound understanding of the subject matter - and in so doing, create new knowledge.

Further, qualitative research can be defined as “a situated activity that locates the observer in the world” (Denzin & Lincoln 2005, 3). This definition emphasizes two concepts that I consider especially important methodologically: *situated activity* and *observer*. Namely, this means, that the subject matter under investigation is always context dependent, and that the role of the observer is pertinent. Accordingly, some forms of qualitative studies, such as action research or ethnography, consider the researcher as key part of the study design, and do not intend to minimize the researcher’s role (see Eriksson et al. 2008, Creswell 2007, Kemmis & McTaggart 2005). Emphasizing the researcher’s participation does not, however, imply that undesired researcher bias or subjectivity wouldn’t be considered for study validity. Rather, the researcher’s role and interpretations are transparent, visible and reflexive throughout the study. To this end, reflexivity is accentuated throughout this research.

In this light, contextuality is an instrumental factor in this study both in terms of methodologies used as well as concerning my philosophical underpinnings. Lacking an entrenched definition, Social Media ROI as such, is dependent on individuals’ interpretations and their work settings - namely, the context. As a purely financial figure, Social Media ROI can be argued to hold only one right answer or “truth”, yet in this research, I am particularly interested in interpretations of the term, and not the term in its own, indisputable right. As explained in chapter 3, strategy work, in turn, results from the people and social constructions involved. Therefore, in investigating the intersection of both Social Media ROI and marketing strategy work, this study lays its

foundations on strategy context and the respective social constructions. My *ontological underpinnings*, moreover, derive from a view where reality is never irrespective of its context. Rather, I believe that knowledge creation is rooted in social constructions - thus, in people and especially in their understanding and interpretation of the context. In this realm, my *epistemological standpoint* is borne out of this ontological stance: knowledge is constructed as part of social situations, in which we interact, and therefore no *one* truth can be extracted nor is desired: reality and the subjective self are not two separable entities. My ontological and epistemological views, thus, intertwine through reflexivity and participatory observation - as is explained later in this chapter.

It is noteworthy to mention, that researchers, who tend to a positivist paradigm, often allege that the more experimental qualitative research is not scientific, as findings cannot *truthfully* be validated, or studies repeated for reliability (see e.g. Eisenhardt 1989, Yin 2003). However, the ontological assumption associated with interpretive or [social] constructivist approaches - as assumed in this research - accepts the existence of multiple realities that are time and context dependent (Mertens 1998, 161). This is to say, that the purpose of research is not the truth, per se. Rather, multiple realities are possible because of multiple interpretations of the same phenomenon: the purpose of research is the situated and contextual understanding of these realities.

Indeed, common to all interpretivist approaches is a concern with how people - as individuals or as a group - interpret, understand and share social events and settings (see e.g. Eriksson et al. 2008, 21; Creswell 2007, Mertens 1998). This is profoundly in line with the strategy-as-practice approach and previous research (Whittington 2006, Jarzabkowski & Spee 2009) - assumed as theoretical and pragmatic point of departure in this research - where outcomes (strategy) are understood as *actions that people do*. Therefore, a researcher, who wants to gain an understanding of the constructions held by *people* in the research context, will choose to conduct their study using qualitative, interpretive methods (Mertens 1998, 161).

When prior insights about a phenomenon under scrutiny are modest, and problems

unstructured, a qualitative approach is particularly adequate (Ghauri & Gronhaug 2005, 202). The subject matter in this research is a novel thematic: as discussed earlier in Chapter 2, Social Media ROI in and of itself, is widely underrepresented in marketing literature, as is strategy-as-practice in the same context. When investigating a complex and unique phenomenon, which has not previously been extensively researched, qualitative and interpretivist research designs can provide valuable insights and knowledge (see e.g. Creswell 2007; Stake 2010; Stake 2005).

4.2 Selection of Research Methods

The strategy-as-practice view requires immersive and profound investigation in order to comprehensively understand the people, the contextual processes and social constructions involved. On the other hand, theoretical knowledge ex-ante, in the case of Social Media ROI, is scarce so as to build empirical evidence upon existing frameworks. What is more, it appears that Social Media ROI (or its strategic influence) has not been academically investigated, perhaps due to the novelty of social media as a phenomenon. While the research tradition in strategy-as-practice research consists mainly of ethnography (See e.g. Järventie-Thesleff, Moisander & Laine, 2011, Jarzabkowski & Wilson 2002, Barley 1990a, Barley 1990b) or discourse analysis (See e.g. Mantere & Vaara 2008, Vaara et al. 2010), in this research I employ action research.

The main rationale for selecting action research to conduct the study is comprised of two justifications:

1. *Time*. Given the time and scope constraints of a master's thesis, the time spent at the study unit is short. While most ethnographic research is conducted over extended periods of time (e.g. 5 years in Järventie-Thesleff et al. 2011, 1 year in Barley 1990a & 1990b), action research however does not require long periods of fieldwork nor voluminous case studies (Cunningham 1995), and thus provides an

appropriate approach.

2. *Participation*. Ethnography by philosophical foundation is indeed very similar to action research. Likewise, both inquiry methods encompass researcher involvement through observation and interviews (Creswell 2007, 85; Kemmis & McTaggart 2005). However, whereas ethnography has its origins in cultural anthropology (Creswell 2007, 69) hence involving “cultural observations” (Stake 2007, 218) and implying an external – albeit integrated - observer role for the researcher. The major distinctive factor in action research is *participation* as it assumes the researcher-observer as an integral part of the study (see e.g. Kemmis & McTaggart 2005). Provided that I am working in the very strategy creation process I am observing, action research indeed proves the most appropriate method.

4.2.1 Action Research

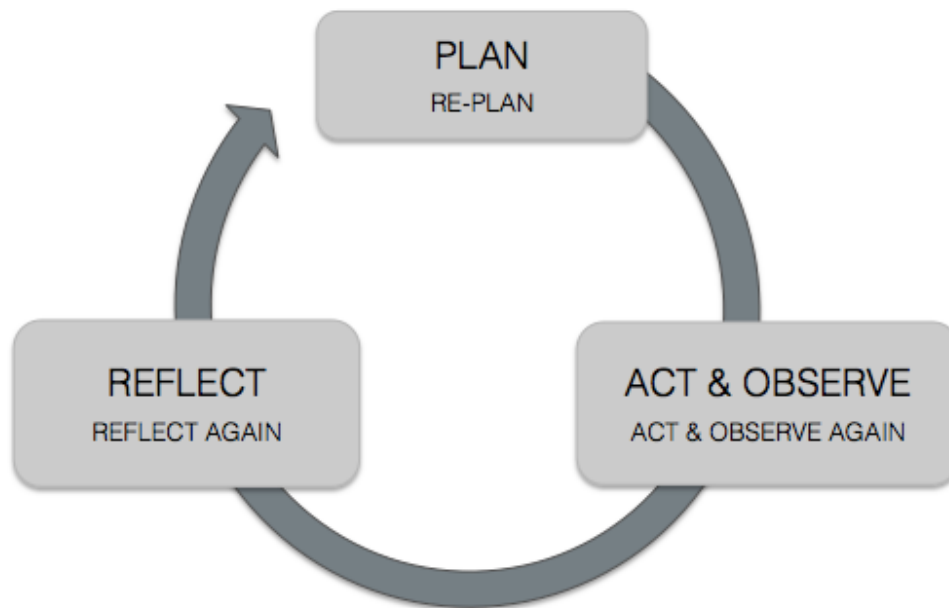
In 1946, Kurt Lewin (1946) introduced “action research” to denote an approach to research and method of social inquiry, where both the scientist and the client are jointly involved in change and research (Lewin 1946; Kemmis & McTaggart 2005). In this manner, in Lewin’s terms, theory building happens in combination with solving practical problems (Lewin 1946). Moreover, the purpose of action research is to systematically work toward practical outcomes, and create new forms of understanding and knowledge by working with people in their everyday lives (Reason & Bradbury 2008). In this sense, I utilize action research as an instrument for two purposes: (1) to obtain a pragmatic, work-related outcome and (2) to explore and gain new knowledge.

In conducting action research, the researcher starts with a particular problem that he or she wants to solve, or understand better, usually within the environment where he or she is working (Cunningham 1995). As discussed above, what undoubtedly sets this type of research apart from more conventional, positivist stances, is the role of the researcher.

In this realm, the key to understanding action research is to realize that the researcher acts simultaneously both as a researcher as well as a participant. It is the observer's first responsibility to know what is happening, to see it, to hear it, and try to make sense of it (Stake 2010, 94). Hence, as a researcher, I am part of my own research and so my participation in the same can influence the findings.

A central notion of all action research is *evaluation* - in other words, [non-normative] interpretation - of the subject matter under qualitative investigation. This object of evaluation is sometimes called the "evaluand" (Stake 2010, 162). In this study, the evaluand is defined as the *strategy planning process* within the digital agency where I, the researcher, work for the duration of the project. It is noteworthy to mention that finding different viewpoints regarding the evaluand is not a sign of invalidity (Stake 2010, 162). Rather, multiple views assist in discovering evaluand qualities in a holistic manner.

Kemmis and McTaggart (2005, 563) introduce an iterative, self-reflective process for participatory action researchers called the Action Research Spiral (see Figure 12). This process - by no means linear - functions as a guiding tool to learn from throughout the research. In short, the Spiral consists of planning [a change], acting and observing the process and consequences, and reflecting on these processes and consequences. The process, appropriately, consists of reiterative cycles that take the research forward by the use of constant review. (Kemmis & McTaggart 2005)



Adapted from Kemmis & McTaggart (2005)

Figure 12. Action Research Spiral

Participatory action research involves studying actual practices of particular people (Kemmis & McTaggart 2005) - or, as defined by Whittington's (2006) terms: praxis, practices and practitioners (see chapter 3 for detailed definitions). If these practices are constituted in social interactions between people, it is plausible to thoroughly study the social constructions in place (Kemmis & McTaggart 2005).

Furthermore, Kemmis and McTaggart suggest action researchers explore:

- What people do
- How people interact with the world and with others
- What people mean and what they value
- The discourses in which people understand and interpret their world

One of the ways to investigate during action research is to critically and systematically observe what Kemmis and McTaggart (2005) call the *social media*. Unlike the type of social media dealt with in chapters 1 and 2, Kemmis & McTaggart instead discuss the

media - or representations - of social interaction, such as language (discourses), modes of work and social relationships of power. (Kemmis & McTaggart 2005, 567) Naturally, the method has its limitations, too: these are discussed further in chapter 4.5.

As such, action research does not require long periods of fieldwork nor voluminous case studies (Cunningham 1995). Often, participatory action research is carried out by one person working with other people in order to better understand how something works (Stake 2010, 158-159; Cunningham 1995), although the scope and impact of action research can vary significantly (Reason & Bradbury 2008, 1). In the following subchapter, I briefly outline the scope of my research context.

Research Context - Project Digital Agency

As part of the larger study - in which I intend to discover how Social Media ROI is understood as part of strategy work - the action research method aims at a deep, comprehensive understanding of the same phenomenon at a very specific context. This is to say, I explore the phenomenon through my personal participation in the strategic creation process, as well as observe the evolution and dynamics of the project. In so doing, the purpose is to find answers to the research questions presented in chapter 1.2.

The scope of the action research process in this study confines itself to a period of approximately 4 weeks in July-August of 2012. Observations are limited to an immediate team of 8-10 professionals working at a digital agency in this particular project - myself included as project participant and as researcher-observer. We worked together on a daily basis, sometimes in small team meetings, sometimes in larger team meetings, and sometimes we consulted other professionals internally. We utilized large spaces of whiteboards for visualization purposes, as well as worked individually on research, design and presentations.

The external stakeholders (Table 5) refer to TechX decision makers, who also provided

us with further information and attended the final pitch either with their physical presence or by conference call. As such, the indirect stakeholders hold little presence in the strategy creation process, but played an interactive role during and after the final presentation to client. Although the external stakeholders have a minor role in the agency’s actual strategy process, they are important to consider in that they (1) are final decision makers thus inevitably affecting the future direction of strategy execution, and (2) although they are absent during the strategy creation, they nevertheless play an invisible role: we often – if not on a daily basis – speculated on how they think, feel and act.

TEAM UNDER DIRECT OBSERVATION	EXTERNAL STAKEHOLDERS (CLIENT DECISION MAKERS)
<ul style="list-style-type: none"> • 2 company founders • 1 social media manager • 1 art director • 1 designer • 1 business analyst (myself) • 1 account executive (occasionally present) • 1 external designer (occasionally present) • 1 software developer (seldom present) 	<p>Direct stakeholders</p> <ul style="list-style-type: none"> • 3 people in Buenos Aires, with whom the digital agency has a close relationship <p>Indirect stakeholders</p> <ul style="list-style-type: none"> • 2 in Miami, USA • 2 in Mexico City, Mexico • 1 in Bogotá, Columbia.

Table 5. Action Research Stakeholders under Observation

The company in which the fieldwork takes place, is a small Argentinean digital agency. The agency was founded in 2001, and today employs approximately 15 people. The daily working language is Spanish. The project goal is to design, plan, develop and pitch an annual digital marketing strategy for all Spanish-speaking Latin America (excluding Brazil for its Portuguese language) for a global consumer technology company – from hereon referred to as TechX – and their product. TechX allocates an annual budget of \$1.3 million USD for the total project, and annotates heavy importance to strategic analytics. In the brief received, the client states that strategic planning, as well as subsequent analytics, are the major determinants for evaluating success and eligibility of the annual digital marketing strategy.

In addition to the action research period, interviews of other experts are used to contrast observation findings to distinctive contexts. All in all, the setting and the participants are considered appropriate for this study, as they provide a unique, yet apt context for the research, where Social Media analytics and strategy making combine into a digital planning process.

4.3 Data Collection

“Qualitative researchers seek data that represent personal experience in particular situations” (Stake 2010, 88)

The following subchapters present the type of data - both primary and secondary - collected for the purposes of this research. Additionally, I outline details on how the data collection was performed.

Qualitative research is composed of a set of interconnected interpretive, material practices which, in turn, are transformed into a series of representations, including but not limited to *field notes, interviews, conversations, recordings* and *memos* (Denzin & Lincoln 2005, 3). Accordingly, qualitative researchers frequently commit to using more than one interpretive practice in any study to guarantee the reliability and depth of comprehension regarding the research subject at hand (ibid). In this light, multiple forms and sources of data are used in this research (See Figure 13) in order to attain a holistic view on the subject matter. Subsequently, for primary empirical data collection, I conduct both interviews and short-term, yet intensive action research. In this manner it is possible to provide the most valid and comprehensive analysis of the issue at hand. (Jack & Raturi 2006, Ghauri 2004)

Empirical data, by definition, includes both primary and secondary data. Primary data refers to evidence collected by the researcher, whereas secondary data exist irrespective of the researcher’s actions or intentions (Eriksson et al. 2008, 77-78). First I discuss

primary data collected, namely interviews and observation, and thereafter move to secondary data.

4.3.1 Interviews and Observation

Thematic Interviews

I conduct expert interviews for three individuals outside the Action Research context. The purpose of the interviews is two-fold. Firstly, these provide substantial support for the academic and theoretic social media literature (or the lack thereof), namely to validate the presuppositions introduced in the literature review. As the research topic in terms of social media literature is novel and nascent, the interviews help support and further construct the literature presented by providing expert insights. Secondly, the interviews provide a deep cut into each individual's experiences in strategy making processes. In short, the interviews are intended to expose and validate theoretical assumptions as well as provide real-life, practical, expert insights in order to answer the proposed research question.

For the purposes of gaining qualitative depth and insight, interviews are a critical component in constructing a sound and supportive foundation for quality research. Interviews function as a means to understanding "what is in and on someone else's mind", thus discovering that which cannot directly be observed (Patton 2002, 278). According to Stake (2010), interviews can also be used to find out about "a thing" that the researcher is unable to observe in person (Stake 2010, 95). To this end, interviews also function as tool to support the observations and data collected during action research.

With the intention of validating the information presented in the literature review and discoveries of the action research by conducting expert interviews, the aim is to extract possible commonalities, idiosyncrasies and best practices amongst different research

contexts. The interviews follow pre-set themes in a semi-structured manner (Fontana & Frey 2005), and are conducted to a selection of online marketing and social media professionals. It is noteworthy to emphasize, however, that the interviewees are carefully selected industry experts *outside* the action research context. However, it is safe to assume that the interviewees - as long-time industry professionals - have a holistic and expert view on the subject matter backed by extensive industry experience, hence their intellectual capital is to be harnessed for the benefit of this research.

The purpose of thematic interviews - also called the *general interview guide approach* (Patton 2002) - is to guarantee coherence between interviews. However, individual interview questions are developed and adjusted for every interviewee based on desired objectives and interviewee expertise. Moreover, by using semi-structured, thematic interviews, my goal is to gain insights on interviewee's opinions and viewpoints, and therefore I also employ a conversationalist approach and encourage natural, free flow of thought that are guided by the general themes. (Patton 2002)

The interviews are conducted both face-to-face, as well as over the phone (Skype), depending on the interviewee's location. The length of the interviews varies from 40-60 minutes. All interviews loosely follow the structure of these main themes:

- Description of interviewee's current and past work settings
- Social media in marketing
- Social Media ROI
- Strategy work

The interviews conducted were performed between January and August 2012, and comprise of three individual in-depth interviews. The first of the three interviews was conducted face-to-face and in Finnish, while the second and third were conducted over Skype in English. All interviews are recorded and transcribed according to appropriate data recording methods, as well as notes are taken during the interviews (see e.g. Patton 2002; Creswell 2007).

Interviewee	Work Location	Language	Interview mode	Notes	Selection criteria
Head of Digital. Digital agency.	Helsinki, Finland. Finnish Markets.	Finnish	face-to-face	Interview focus on one large client, with whom the interviewee has 2+ years of experience, and close working relationship	Interviewee: main responsible Agency + client: Social Media ROI results have reached global interest in the press (GigaOm, Huffington Post...). Recommended by a Social Media ROI startup
Social Media Operations Manager. Large cell phone company.	London, England. Global markets.	English (Spanish native)	Skype call & video	Interview focus on the global company. Interviewee has 4+ years of experience with the company, first working via a digital agency, and later inside the company.	Interviewee: extensive experience with client, and Social Media ROI Company: Award-winning social media success
Digital marketing expert. Digital agency.	New York, USA. US markets.	English	Skype call	Interview focus on Social Media [ROI] and related technologies. Interviewee has experience with a selection of smaller clients.	Interviewee: recommended by a Social Media ROI startup

Table 6. Interviewees

The interviewees were chosen carefully both by recommendations of a Social Media ROI software startup, Campalyst, and by following the persons' activities in social media over an extended period of time to guarantee a match of interests. Furthermore, the digital agencies' success in the social media space - especially in terms of Social Media ROI - significantly influenced their selection for the interviews.

Observations in Action Research

Action research consists of both participation and observation (see e.g. Reason & Bradbury 2008, Cunningham 1995, Lewin 1946). The observations extend to from the daily routines and tasks to interactive and creative sessions with the team, work methods, strategic discussions, and informal gatherings. The subsequent data, therefore, includes but is not limited to field notes, personal journal, recordings and video.

Subsequently, the data collected during my action research consists of observation, which is systematically documented in field notes. Most are work and content related notes taken throughout the workday in and outside meetings: notes on ideas, comments, data etc. Some of these also include presentations and documentation I designed for internal purposes. Further, I kept an occasional journal where I write out personal thoughts and reflections not only related to the work in and of itself, but also including metacognitive reflections on the strategy process, internal role dynamics and other aspects not directly related to the actual work. All data is used to construct reflexivity during the action research phase, as well as throughout its analysis. To contrast and support these undeniably subjective data collection methods, I also analyze additional documents (see secondary data below) which I have access to for the duration of the action research phase, such as minutes and memos, e-mail exchange, designs, graphs and images, and so on. (Creswell 2007, 146) The research context for these observations is described in more detail in Chapter 4.2.1.

4.3.2 Secondary Data

The primary purpose of secondary data in this research is to gain an understanding of and to underline the most essential and relevant topics, hence support and guide the collection of primary data, and the analysis thereof. If we wish to understand organizations work and how people in them work, we can't afford to dismiss the production and consumption of written and visual records. (Atkinson & Coffey 2004)

The secondary data in this study is comprised of reports that I have direct access to, as well as other related materials, such as e-mails and graphics.

SECONDARY DATA SOURCES
<ul style="list-style-type: none"> • 1 Social Media ROI report used for PR purposes • 1 strategic planning process graphic (Expert A) • 1 work methodology presentation (agency internal) • 1 client brief • prior research documents • a variety of materials (written + graphic + audiovisual) produced during action research • (company) website materials • interviewee blog posts • digital agency blog posts

Table 7. Secondary Data Sources

4.3.3 Synthesis of Data Collection

The Research Design chapter outlines the various research methods used to understand the *effect that measuring social media ROI imposes on the related marketing strategy work*. This study is conducted as a qualitative research, and as such, assumes an interpretivist stance. In order to work toward practical outcomes, and to create new forms of understanding and knowledge by working with people in their everyday lives (Reason & Bradbury 2008), I investigate a specific setting by the use of *action research*. This method enables a researcher to collect data through participation, observation and field notes, for example. To complement the data collected via action research, I also conduct semi-structured, thematic expert interviews. These primary data, in turn, are supported by such secondary data as reports and other materials exchanged.

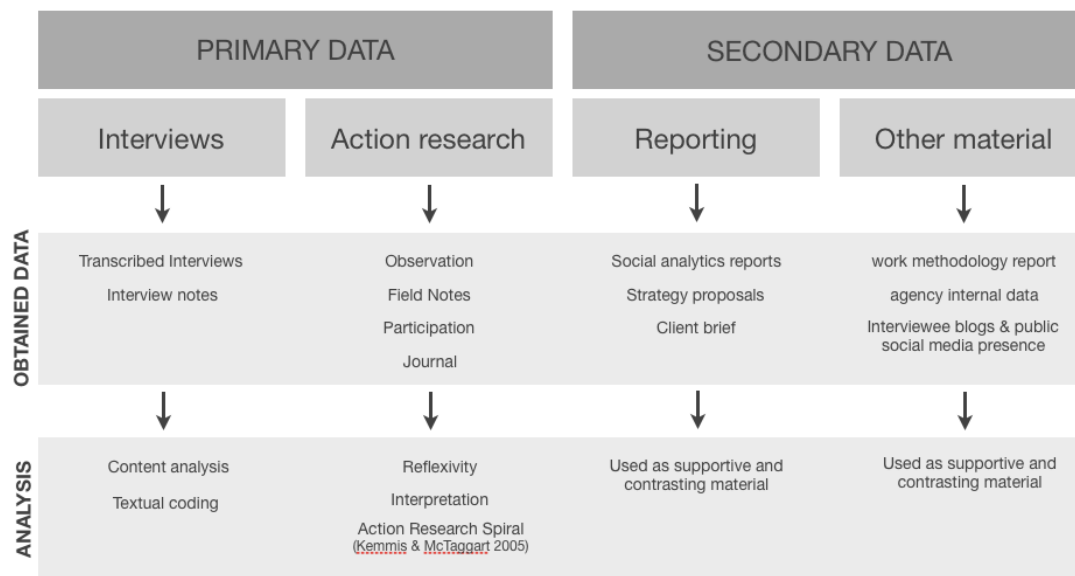


Figure 13. Types of Data, Collection Methods and Analysis Used

4.4 Data Analysis and Interpretation

Dealing with interview and action research data consists of two major steps: “(1) summarizing feelings and perceptions and (2) content analyzing the information to provide a picture of the overall concepts and themes” (Cunningham 1995, 517). The data analysis process, however, is often not linear nor a specific phase between data gathering and interpretations. Rather, analysis and synthesis continue from the beginning of awakening interest in the subject matter until the final write-up of the research (Stake 2010, 137; Kemmis & McTaggart 2005).

Hence, data analysis and interpretation in this research are conducted in an iterative manner, developing the analysis by reflection and combination of the different data sources. The role of theory and secondary data is to guide and support not only the development of the interview topics and observational focus, but also the analysis and synthesis of collected primary data.

I analyze the data by the use of *inductive content analysis* methods. Kyngäs and

Vanhanen (1999) posit that unlike deductive analysis, the inductive content analysis is not founded in analyzing structure based on previous studies. However, this does not imply that theory or knowledge ex-ante would be refrained from. Rather, by the use of logic, statements from the interviews are employed in answering central research questions, hence constructing coherent research findings and new knowledge. (Andersen & Kragh 2011) This is an appropriate approach as, due to the nature of this research, the objective is not to test an existing theory nor foment new theories, but rather to discover insights into a novel and unique phenomenon.

Analysis Process

For both the interviews and action research, I analyze the data by coding it into relevant concepts and themes - namely, I reduce the data into meaningful segments and assign names for the segments (Creswell 2007, 148). This categorization helps interpret and relate the data with the research questions, hence the objective of the research. (Stake 2010, 151; Ghauri 2004)

First, I systematically review all interview transcriptions and notes, and highlight and code similar themes that arise. Although general themes were provided for the interviewees, I consider this step important in order to understand key topics of interest - especially to understand the interviewees' areas of interest. For example, some themes that clearly stand out are "technology-orientation", and "views of extended team". After the coding, I drill further into the textual context of the interviews to explore commonalities and idiosyncrasies. Later I contrast these to the findings in action research.

The analysis process concerning the action research, I concentrate on reflexivity, as depicted in Figure 12 (Kemmis & McTaggart 2005). This process involves summarizing field notes and observational data, identifying codes and reducing them to themes, and finally relating these to interview data and theoretical literature (Creswell

2007, 149). As such, reflexivity is displayed in relating myself as an observer-participant within the analysis context.

4.5 On study limitations, researcher bias and validity

Good research requires making assumptions, paradigms, and frameworks explicit in conducting and writing of a study, and to bring awareness to how they influence the conduct of inquiry (Creswell 2007, 15). The same applies to the factors limiting the research. In this subchapter, I briefly draw attention to these limitations.

Researcher Bias

All people, researches and reports hold biases. Yet it is the job of a qualitative researcher to recognize and constrain their biases, and alert lacks of objectivity. However, objectivity (or the lack thereof) assumes the existence of only one truth. While in some instances, one single truth might be the case, in others “truth” or *truths* can pertain subjective, although informed, judgment. Sometimes, the objective truth simply does not exist. However, as defined by Stake (2010), bias can also refer to the lack of *appropriate* subjectivity. By this, Stake draws attention to emphasizing - not ignoring - subjectivity in statements, actions and heuristics. By accepting the possibility for bias errors, these can be minimized by means of better study designs, triangulation and skepticism. (Stake 2010, 164-166) Following Stake’s suggestion, throughout the research, findings and discussion, I intend to tackle issues of undesired subjectivity by clearly highlighting and explicating possible bias errors.

At this point, I’d like to take a moment to explain my personal role as a researcher throughout the study process, as I consider it a central factor not only in terms of influencing the *how’s* and *why’s* of my research topic, but inadvertently so the findings and outcome of the study.

My formal role in the research is a business analyst role within the digital agency. This means that my day-to-day focus is directed towards planning, designing and finally presenting the digital strategy. The role naturally and logically draws my attention towards strategy related issues. Additionally, a part of my formal role links to social media and web analytics, which is a role officially absent in the agency structure. More informally, my role was that of an external consultant, yet despite of my short period spent in the agency, I was quickly assimilated as part of the team. Discussions – even regarding internal problems and challenges – were transparent thus enabling me to witness the research context as if I were a longer-term employee than I in reality was. However, I'm confident that were I a longer-term employee, I would be able to decipher more subtle insinuations and representations of opinions.

Concerning my role as a researcher, I become a participant-observer in a real-life business context. In this process, I position myself as an external team member: not only as a freelancer working for a specific project, but also as a Finnish professional within an Argentinean-Columbian team, which inevitably exerts cultural pressures to team work dynamics. Additionally, the reason why I was hired for this project is partly supported by my international background, as the digital agency is seeking a more strategic, global approach. Therefore, my personal and cultural experiences, as well as the Spanish working language (although I am fluent), inadvertently influence how and why I observe (or fail to observe) the subjects. I also recognize the influence of retrospective, ex-post reflection and analysis of the context and study participants. In this regard, it would be disingenuous to claim that I am an impartial or disinterested researcher, when my participation in the process clearly has an impact on the study outcome.

On the other hand, I began following the international Social Media ROI discourse already since early 2010. When I began the research process in late 2011, I had a clear opinion about Social Media ROI. Or so I thought. I was convinced that by definition, Social Media ROI is, without exception, a monetary figure. This position initially lead me in talks with the social analytics software company, with whom I partially

collaborated for this research. However, throughout the thesis process - literature review, interviews and action research included - I have had to readjust my presumptions, and the data forced to look at Social Media ROI more holistically. All in all, where I started out the process, is clearly not the standpoint in which I find myself today. This reiterative review process, often called *circularity* in qualitative research (Eriksson et al. 2008, 32) or also the action research spiral (Kemmis & McTaggart 2005), has changed my research questions, design and methods all around. I believe this process has eliminated or at least minimized possible research errors, thus fomenting study validity and reliability.

On reliability, validity and limitations

Given the novelty of the subject matter, the rapid ongoing changes in the social media field, and the scope of this research project, the research data, findings and context are subject to further analysis. The intention of the study is to distill the international conversation and to add value to companies struggling with how to plausibly and reliably measure Social Media ROI by understanding the context in which subsequent strategic decisions are made. All in all, this thesis aims to add value to any social media strategist - making science out of Social Media ROI measurement is not in the scope of this research. Here, however, I see plenty of room for future research.

Reliability proves that if the research were repeated the same results would be reached again (Yin 2003). However, as my objective is to explore how a specific phenomenon is *understood* or *interpreted* as part of a strategy process, these interpretations are likely to vary depending on the context of the conducted research, thus influencing research findings. Coincidentally, as outlined above, finding different viewpoints regarding the subject matter is not a sign of invalidity of the evaluation (Stake 2010, 162). Instead, multiple views assist in discovering evaluand qualities in a holistic manner. All in all, to diminish reliability issues, the research context and methods are carefully described to provide authenticity - and if so pursued, replicability - to the study. In the words of

Creswell (2007, 204), thick description is necessary to ensure this transferability. On the other hand, quality criteria for action research - and the Action Research Spiral (see Figure 12) - is not whether each step is orthodoxically followed as such. Rather, quality is manifested in strong and authentic sense of development and evolution in participants' *practices*, their *understanding* of practices and the *situations* in which they practice. (Kemmis & McTaggart 2005, 563)

It would have been interesting - but not done so due to time and scope limitations of a Master's Thesis - to drill into the work contexts of the interviewees to gain a more comprehensive understanding of their role within the respective work settings. Again, these types of larger or even longitudinal methods present opportunities for future research.

As such, the study poses no serious ethical problems. However, some information has been omitted due to confidentiality issues, which inevitably influences and limits the quantity and quality of empiric materials presented. This in turn limits consequent findings that in and of itself may have been fruitful for the study contribution. Additionally, the action research phase of the study is confined to a period of 4 weeks, thus limiting the opportunities for observations over a longer period of time. In this case, however, short fieldwork period is not considered a limitation, as action research does not require long periods of fieldwork nor voluminous case studies (Cunningham 1995), insofar as they showcase intrinsic contextual interest.

5 EMPIRIC ANALYSIS: FINDINGS

This chapter presents findings from both the fieldwork as well as expert interviews. The data is presented according to categorized themes – as demonstrated in Figure 14 – that emerged as a result of conversations and observation.

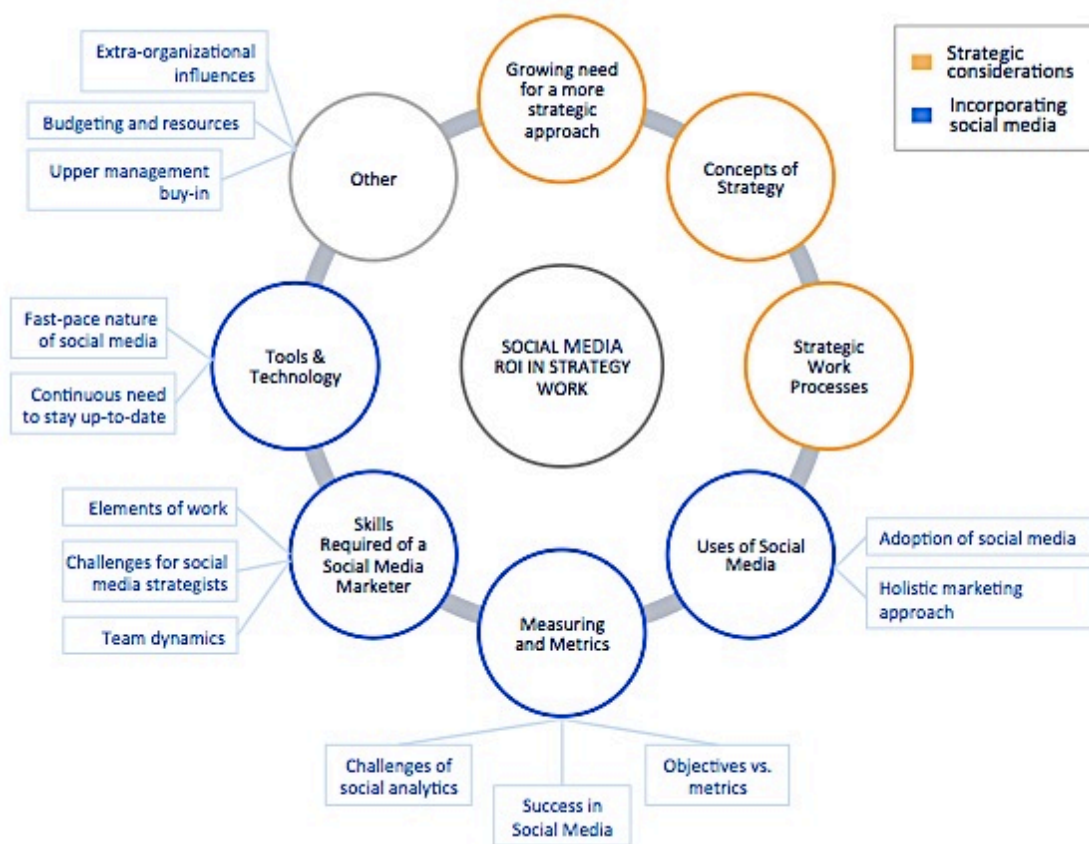


Figure 14. Research Findings

In the following chapters, unless otherwise explicitly mentioned, presented findings refer to observations or other data obtained during action research at the digital agency (from hereon referred to as DA).

5.1 Growing demand for a more strategic approach

A few weeks prior to undertaking the action research process at the digital agency in Argentina, I met with the two agency founders, who were also a key part of the strategy planning process itself. During our two-hour discussion, one topic emerged as salient: the growing requirement – and global tendency – for digital agencies to adopt an inherently more strategic approach in their operations. It became clear that being a digital agency, thus, is no longer a matter of being outsourced a part of planning, but rather, it means becoming a strategic partner for clients.

In an interview, Expert A points out the status quo:

“Normally, it [strategy process] is on a project basis, depending – and even more so in marketing initiatives. Of course internally at [Client Company] there should be [...] authorized strategy, the tools and the roadmap that you should have for the next year.”

Acquiring a more strategic approach in marketing is a message emphasized in much of the marketing performance literature in the past decade (see e.g. Rust et al. 2004a, Rust et al. 2004b, Weinberg & Berger 2011, Stewart 2009, Lenskold 2003). Notably, this is a discourse that is potent in the real-world context as well: reaching comprehensive, long-term intersection for marketing and strategic planning arises as a salient thematic in the fieldwork. In essence, this requirement translates into an increasingly more integrated strategy planning processes – in contrast to considering online marketing strategy as a separate process from business strategy; or the digital agency as a separate entity from the main company. Needless to say, this approach exerts new pressures to all counterparts in the marketing strategy process, in that it requires new practices, methodologies and capacities.

Despite the acknowledgement of the emergent strategic role, Expert A asserts that in fact, many companies and agencies still view strategy planning as a linear process. Instead, digital planning is to be considered a more holistic, continuous cycle where digital marketing or social media strategy are not separate from business strategy: “So

you are continuously planning, continuously creating, continuously involving, continuously measuring. So that's how it works now in social media stuff. [...] and this is what some people don't get. They are still in this linear world."

Expert A's assertion coincides with literature in two manners. First, Etlinger & Li (2011) agree that marketers often fail to holistically and effectively align strategy to business objectives. While this is not universally true for all marketers, it nevertheless remains a challenge in marketing strategy. Second, Expert A's claim of a continuous, integrated approach to the strategic planning process resides closely with the strategy-as-practice view, where the daily praxis of "what people do" (Whittington 2006, Jarzabkowski & Spee 2009) constitutes strategy instead of a linear process of a single executive plan mandated for employees to implement. As such, it seems marketing is adopting elements of a strategy-as-practice approach.

In order to gain competitive advantage over agencies with a more traditional linear approach, the founders of DA had gone through strategic training during the first half of 2012. Not only, claim the founders, have most successful agencies in global markets moved away from project-based campaign planning towards strategic partnerships, but also the direct requirements for DA are imminent: their largest client (from hereon referred to as TechX), among others, has begun to demand for a more strategic approach in digital marketing. This request had emerged in recent meetings with TechX representatives who are in charge of the Latin American digital marketing initiatives.

In previous years, digital marketing campaigns with TechX had been planned and developed in a campaign-by-campaign basis, yet for fiscal year 2013 the client demands a transformed, longer-term approach. As a result, more strategic responsibility – hence strategic capacity - is expected from DA. Initially, TechX suggested that the strategic planning was to cover a three-year time span, but for reasons unknown to me, the client eventually opted for a single year annual digital strategy planning instead.

Adopting a more strategic approach was a recurrent, daily topic throughout the planning

process mainly on two levels. On the one hand, our team discussed what this approach means for DA particularly, and on the other, we speculated on what exactly the client expected to witness with “a more strategic approach” as this remained undefined to a detailed degree. We reached two conclusions, namely: 1) refining work methodologies and processes within DA (detailed findings in chapter 5.3), and 2) increasing emphasis in data analysis and research capabilities internally (detailed findings in chapter 5.6). As an additional result, DA decided to redesign its website to better communicate the newly adopted, more strategic approach.

During meetings for the DA website re-design project, we redefined the agency’s value proposition, re-wrote copy to match the new approach, and decided to better display the portfolio by bringing it more visible and by changing copy tone towards a more personal, human style of writing. We even decided to modify the agency’s name and web domain for improved search engine optimization. Additionally, mobile development and design being a DA core competence, the same would be reflected on the website via more functional, user-friendly design. The website re-design process included the entire agency personnel, which reflects the importance that the agency ascribes to developing a coherent and shared view on what strategy signifies as a concept, and how to communicate this newly adopted, more strategic approach to the rest of the world. The strategic requirements of the market, hence, have a significant and direct influence on the digital agency’s existence and workflow.

Coincidentally, when examined through a discursive lens, the demand for a more strategic approach as such contributed to a meta-context for strategizing at DA. Kornberg & Clegg (2011) contend that a strategy’s performative effects are demonstrated in the discursive structure of strategizing. To this end, the purpose of our daily discussions was to define and refine what strategizing signifies as a concept, in order to satisfy TechX’s strategic requirements. However, and perhaps more interestingly, as a by-product the discourse tangibly shaped DA’s strategy work in practice (see chapter 5.3 for details). Mantere & Vaara (2008; also Vaara, Sorsa et al. 2010) sustain that particular discursive practices in fact legitimize and naturalize

strategies. Consequently, and aligned with Vaara et al.'s findings, strategy practitioners indeed constitute a strategy and literally turn it into practice. Further, supported by Kornberg & Clegg's (2011) theory, in this case, strategizing is used as a tool to transform vision – DA as a strategic marketing partner – into an immediate course of actions – developing strategic competences and new work processes.

Regardless, adopting a strategic approach turned out a challenging balancing act. While the briefing received from TechX highlighted requirements for creative work and details for campaigns, account managers deciphered a message from the client that oriented DA to rather focus on strategic planning and the subsequent justifications. In other words, we were very well aware of the criteria that the creative work would not be the principal determinant for success, yet moving away from idea conceptualization to strategic planning was challenging and not prioritized early enough. Largely, we discussed, this was due to a routine in work methodologies, where traditionally more focus is placed on the creative concept design – in other words, making a fast impact on a campaign level rather than focusing on long-term projections. Additionally, TechX and other clients have repeatedly congratulated DA for its creative work, hence moving away from a competitive strength proved challenging – even frustrating at times.

A good example of such a situation occurred about a week into the strategy planning process. We began the strategy planning process by immersing the entire team to the backgrounds of the brief and TechX's market situation and analyzing previous campaigns, so we were well informed of challenges and desired objectives. As we proceeded into the planning phase, at constant intervals, each conversation saw the end of its life cycle: in other words, we often hit "dead ends". Often an easy way to move away from these dead ends was to brainstorm creative concepts as they often flourished new ideas and made conversations lively again. However, it seems that creativity has its limits, too, and ideas and concepts rapidly began to go in circles often bringing us back to where we started. These jumps between creative concept design and strategic planning eventually led to a feeling of stagnation, not moving forward. In representation of this frustration, one week into the planning, one of the team members stood up

during a meeting, and walked away while saying: “this is not going anywhere, I’ll work on other things and come back in a few hours.”

Interestingly, in an attempt to extend DA’s strategic approach to other clients’ benefit, the reception of the suggestion was unsuccessful in that some of the larger clients preferred to continue on a campaign-by-campaign basis rather than beginning to jointly strategize online marketing activities. It can be inferred that companies either are not ready to share strategizing capacities with digital agencies, or the global trend has not yet extensively reached Argentina. Regardless, specific internal or industrial contexts cannot be ruled out either, as these instances cannot unquestionably be generalized to represent the standard market. On the other hand, it can be argued that “a more strategic approach” must be inherently adopted by the client first – and not solely by the agency. In TechX & DA’s case, the demand for a more strategic approach was explicitly articulated from the client side, hence also directly influencing DA’s decision to pursue such a shift in work processes. As such, strategy work does require cooperation and interaction and hence is not an autonomous entity that lives and is shaped in a vacuum: – Whittington’s (2006) concept of strategy dynamics (see Figure 10) clearly demonstrates how strategy, indeed, is an interplay between multiple factors. Unless the client perceives an imminent need for including the agency in strategy work, the agency alone cannot proceed.

In summary, it is clear that new market tendencies require more strategy-centered approaches from digital agencies. Neither marketing nor social media exist separate from business strategy. This, in turn, requires new capacities and practices – in some cases even new talent – for digital agencies to acquire.

5.2 Concepts of Strategy

Business objectives are a priority whether marketers refer to strategy in terms of marketing in general or solely social media. Strategy, in other words, is a description of

how to reach desired objectives:

“Define where you want to arrive, and how the social media channels are going to help you to arrive there” (Expert A)

“I think it all comes down to if it [social media marketing] drives the certain business objectives. At the end of the day, that is, indirectly it’s sales.” (Expert C)

Both of these comments suggest that an imbalance exists between today and the desired state of being, and hence strategy is used as a roadmap to obtain the desired outcome. These definitions align closely with the strategy-as-practice view, where strategizing turns strategy into a tool that frames the future - and vision - into an immediate course of actions (Kornberg & Clegg, 2011). Naturally, when business is concerned, the desired future state of being is closely aligned with business results.

Strategy, by definition of the strategy-as-practice approach (see chapter 3), is not merely a representation of a high-level plan transcended into action. Rather, it displays in everyday action through people and guidelines. At DA, one of the key factors where our interpretations of strategy manifested in was something we called “wearing the client’s shirt” – or putting ourselves in their shoes. For the duration of the planning process we in effect assumed the identity of the client. During the process our discourse transformed to talk about “us” in terms of DA *being* the client, not “us and the client” as separate entities. Hence, from a digital agency point of view, we considered it essential to thoroughly “live” the client’s perspective in order to conceptualize strategy making. Strategy, we interpreted, involves a larger context than merely that of the planning phase.

Similarly, Expert B sees strategy making as cooperation where the client sets objectives and makes decisions, but the strategy to meet the objectives is done together in cooperation, and campaigns are planned more thoroughly when the time comes – although, each process differs according to client, he claims. In this particular case, the client’s marketing team and the agency meet once a year for a strategy meeting where

the next steps are defined. Regardless, he asserts that about 95% of his daily work revolves around this one client, and although he physically sits at the media agency office he is in touch with the client's marketing staff practically on a daily basis. Effective strategy planning, however, is influenced by the very cooperation: "...we've worked together for such a long that there are certain things we know already" (Expert B). Holistic strategy making therefore requires considering, not only the current situation and future plans, but the track record of past initiatives. All in all, strategizing is context dependent and is shaped and developed over time.

An interesting finding is that when marketing professionals are asked to explain what strategy means, it seems that definitions align with the traditional interpretation of a defined document or plan that describes steps and specific events for the following year. In emphasizing the role of yearly planning, Expert B states: "*Well, strategies are still developed as annual strategies.*" Most business operations, in fact, require such documentation and approach, and strategies are planned on annual basis.

In practice however, it is clear that strategy is perceived as a larger concept: such where contexts and situations shape actions and strategic direction in the longer term. In fact, Expert B does concur that variations occur constantly, but a long-term view aids in taking the right steps to re-shape strategy to the right direction along the way:

"In any company business strategies change, and it always influences marketing strategies and all strategies under marketing [...] But I'd still say that long-term planning gives a sort of a unifying line, a backbone to what you're doing, and so it's easier to change when you clearly take consciousness on what's been done, what's been planned in case you need to take a step away."

Data suggests that strategy is no longer understood simply in terms of the traditional view - as fixed and unchangeable in its trajectory over time (Whittington 2006). Rather, strategy is regarded as a guideline for future paths, something that is made along the way: strategy will inevitably transform in the crossfire of the real world contexts.

The strategy-as-practice definition – strategy as something that people do (Whittington 2006, Jarzabkowski & Spee 2009) – is not, however, a notion fully adopted by interviewees or DA staff. Noticeably, when asked to explain “strategy”, definitions suggest a linear plan with pre-defined steps to reach objectives. Regardless, all interviewees and DA staff independently recognize how, in practice, strategy is constantly re-shaped as contexts change. It would be exaggerated to conclude, however, that strategy was understood as the product of action – rather, modifications made in strategy are viewed the result of external factors inflicted upon a given, unexpected situation. Whether this difference in definitions and practice is merely a discursive issue or a concrete influencer in the way strategy is understood and constructed, remains undiscovered.

At DA, we spent a fair amount of time crafting a common understanding of strategy and strategy making in general. An interesting self-reflection made me realize how difficult the conceptualization of “strategy” is, in fact. It seems, in the manner in which I experienced it, that strategy in and of itself is an inherently abstract and ambiguous concept – that an effective strategy, as such, is difficult to define. However, as customer demands forced us to continuously evaluate whether our annual plan would fulfill the client’s strategic requirements, the abstract conceptualization of “strategy” continuously collided with the concrete, real world. Decidedly and convincingly realizing when our annual strategic plan was strategic enough, turned out quite impossible. Regardless, I assert that the active, explicit and continuous pondering on strategic thinking and planning did advance our collective and individual understanding of strategy – despite the inability to accurately define it.

All in all, strategy as a concept is understood comprehensively in that strategy is what defines a plan to reach desired business objectives. However, discrepancies exist between understanding the definition of strategy on the one hand, and the process of how strategy is made on the other.

5.3 Strategic Work Processes

Traditionally, digital media agencies are viewed as external entities that are used for outsourcing or complementing marketing campaign creation on a project-by-project basis. However, both fieldwork and interviews support the finding that the traditional view is no longer valid – although learning away from rooted methods is challenging.

Expert A contrasts the traditional view as linear – from planning, to creating to executing to evaluating – against the new method as dynamic and continuous over time:

“This [Figure 15, adapted from the Expert’s personal blog] is how I think it looks like, in this modern time as well as, for digital marketing and for social media as well. So it’s not linear anymore. [...] And at some point you are doing all five things, like in circles, but all of them need to be connected. So you are continuously planning, continuously creating, continuously involving, continuously measuring.” (Expert A)

DA holds the same notion of what they call the “Agency’s Classic Model” where strategizing moves linearly from creativity and cool design; to deliverables; to production and implementation; finally to reporting. This type of classic model is something agencies need to work away from. Notably, experts think that effective strategy work requires familiarity with intra- and extra-organizational contexts, and must not consider processes as linear. Rather, strategy is made in a dynamic environment where multiple factors – practitioners themselves included – influence the strategy process.

The dynamic model, as depicted by Expert A, introduces two new elements compared to what he calls the traditional, linear method. Both share three elements: planning, creating and evaluating. “Executing” – the third step in the linear method – is replaced by two new elements in the dynamic work process: Involving and Measuring. This is a significantly interesting notion, as it infers that the role of involving users and measuring the consequent results are of much higher importance in today’s marketing strategy.

This concept is also supported by findings in DA, where little focus was placed on the execution or implementation part during the strategic planning phase. This is not to say that execution as such would not be regarded important, but rather, it is understood as a vaster concept: that of involving. Marketing, hence, especially in social media is not constructed by a sequence of one-time events that requires execution. Instead, digital marketing is a constant, dynamic process where elements overlap, “*but you cannot stop involving*” (Expert A). With this comment Expert A refers to the constant inclusion and engagement of consumers, or brand fans and followers. As such, this comment inherently displays how social media has changed the nature of marketing. Berthon et al. (2012) describe how social media has begun to shift decision power from companies to consumers: creating compelling content and involving users is a tipping point factor, not mandating the rules. The factor that differentiates social media from the other marketing channels is its capacity to foment relationships by means of continuous, relentless engagement and involvement, and this needs to be reflected in all strategic work.

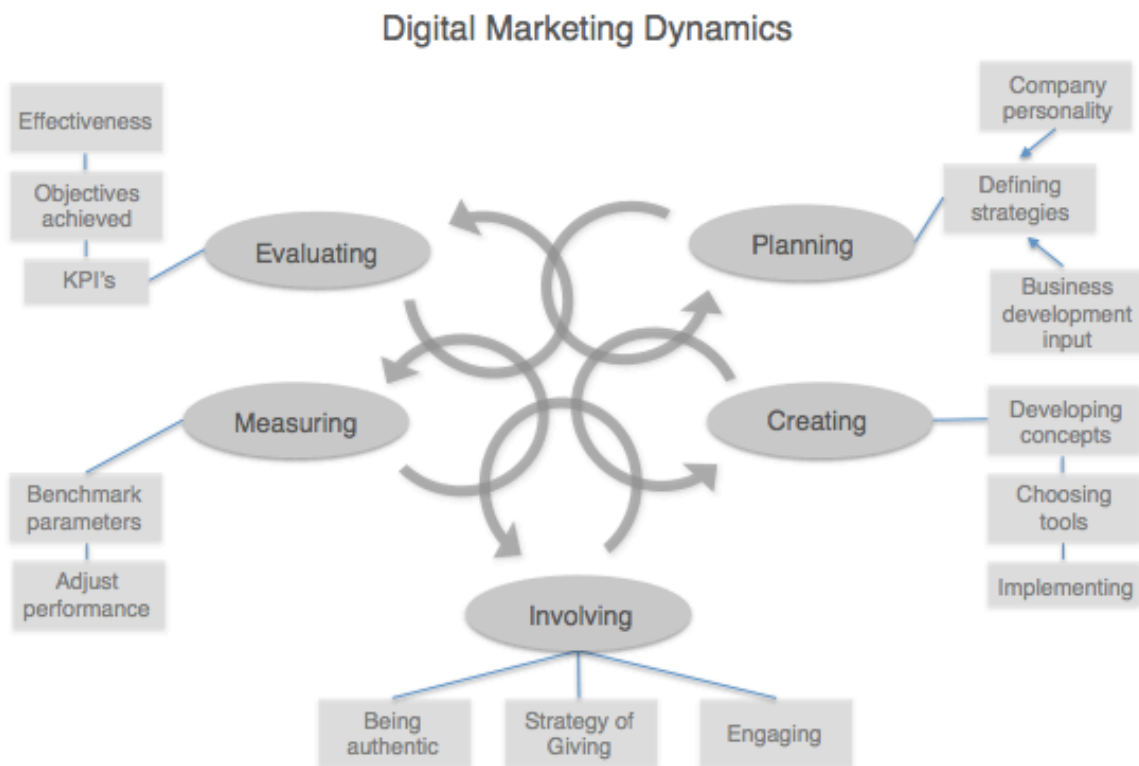


Image adapted from secondary data provided by Expert A

Figure 15. Digital Marketing Dynamics

Expert B, in turn, points out that processes vary from client to client, but that the linear project based approach is not how the agency operates: *“No, it’s not project based but rather... of course we do the media planning – which is our core expertise – we do it continuously.”* Additionally, he emphasizes the learning benefits from working with a client during a longer term: *“...it doesn’t matter how creative you are, unless you’ve worked with a certain client before, you will never be able to spot out all the different moving parts.”*

As discussed in chapter 5.1 enhancing strategic competence at DA was a priority. Incidentally, the current planning process at DA to large extent resembles the linear process as defined by Expert A – likely due to the traditions and nature of digital agency

business. Hence, the need to move towards more dynamic strategy making was imminent. Not only did this requirement lead us to discuss and share interpretations of “strategy”. However, the most visible, tangible result of this need is represented by a redesign of the internal work process.

In practice, three major adjustments were introduced to the work methodology: (1) higher emphasis on Strategic Plan & Tactics *earlier* and as a separate phase in the process, (2) introduction of Data Analysis & ROI section in the process, and (3) re-assigning task managers for each passage in the work methodology.

As such, DA is a small agency: competences lie in creativity and agility. However, limitations are met in terms of internal capacities. The majority of the staff are designers or project managers, yet an explicitly pronounced disadvantage is the absence of a dedicated data analyst and strategic planner. DA founders have aimed at filling this gap by educating themselves in this area, yet a recurring conversation was that of hiring an online data analyst, who would absorb the consequent responsibilities. Not only did the founders consider data analysis as a missing talent that is salient for the long-term success of DA, but also the rest of the staff mentioned this absence as something that would require hiring outside talent.

Especially the operations manager underlined the importance of data analysis. Prior to my entry to the agency, DA had in fact hired a dedicated professional for business analysis purposes. The operations manager mentioned, that during that time (albeit a short time, as the business analyst quickly changed companies) the adequate time and attention was dedicated to data analysis and reporting. Additionally, web and social analytics are highly demanded by DA clients, which makes this role critically important. This proves how practitioners (Jarzabkowski & Spee 2009, Whittington 2006) and their skills (Barley 1990a) have a significant role in everyday strategy work.

In order to improve internal strategic shortages, DA founders designed an enhanced work methodology that, once implemented, would function as a process guideline.

Furthermore, by following the guideline, strategic planning and analytics are explicitly highlighted and thus their role in designing marketing strategies is literally more visible.

The work methodology guideline lists three elements for each of the total of eight steps. First, a team responsible – whether it is the Project Leader or Art Director – for carrying out the step is assigned. The teams naturally overlap throughout the process, as one professional can take part in multiple steps. Second, the description and purpose of each step is provided. This includes explaining what DA prioritizes in each step and giving general guidelines on how to proceed with each respective step. Third, deliverables and expected outcomes are defined for each step. Learning from previous experiences and iteration are emphasized throughout the process.

In conclusion, strategic work processes are a central element in strategy work, and as data suggests, they can be used as a tool to improve strategizing. Similar to the notions of Whittington's (2006) framework of practices, practitioners and praxis (see Figure 10), both interviewees and observations approximate to the realm of this dynamic process that adapts and is adapted over time. The work processes discussed in this chapter closely resonate with *practices* (Whittington 2006, Jarzabkowski & Spee 2009) that function as guidelines or activities within strategy work. As suggested by Whittington (2006) practices have a strong impact on how the praxis, or episodes of action, are displayed in an organization and how the practitioners work together.

Practices, such as the work method process introduced at DA or Expert A's understanding of dynamic marketing process, hence have a direct impact on how strategy is made. It is evident that this notion is accentuated in the understanding of the importance of such practices, whereby the improvement of strategy work practices ultimately leads to improved strategy work. In short, by improving strategic work practices, attention is brought to the correct factors, and in so doing strategy work in and of itself is enhanced.

5.4 Uses of Social Media

Social media is generally used for four specific purposes as defined by Vassinen, R. (2012): exposure, sales, engagement and customer service. These purposes resonate well with fieldwork findings, and seem to be inherent concepts in the social media discourse. While the terminology may slightly differ from expert to expert, practically all of the emerged concepts related to the use of social media indeed fall under Vassinen's taxonomy.

“Of course, social media is not only marketing. It's mostly used by companies for marketing, yes, mostly. But it also has other applications – business applications – like what I'm doing now: customer service. [...] You can apply it for human resources as well. You can apply it for lead generation, for PR, or many other things besides marketing.” (Expert A)

This comment does raise a concept that Vassinen does not consider – that of human resources, although it could be considered a form of exposure marketing. Regardless, employer image in social media has become a major factor in terms of recruiting new talent, LinkedIn being the major social network for this purpose. The company where Expert A works, in fact, upholds an active Facebook Page specifically for interacting with past, current, and prospective future employees.

Social Media's influence, thus, reaches much further than just marketing, yet research data demonstrates how all marketing professionals inherently understand this. Sometimes, however, adopting the use of social media can be challenging.

Adoption of Social Media

Expert C describes the early days of a social media marketer essentially as a free world, where company executives didn't necessarily understand the dynamics of social media:

“First it was like ‘social media’s new, it’s the Wild West, you guys [marketing] do your thing...’” (Expert C).

Expert B, on the other hand, claims that most companies are only recently opening up to assigning resources to social media: *“...budgeting is the largest problem in social media, but now [the client] has budgeted it. Maybe they’re starting to really emphasize this on the marketing side of things, although they might not yet have fully awoken to the fact that it’s not solely about organic growth”*. Hence, understanding the value and benefits of investing in social media naturally enhances the emphasis it is given within marketing strategies.

Additionally he attributes industry contexts to adoption rates for social media. For airlines for example, Expert B lists, the glooming economy and the ash cloud, that kept airplanes on the ground for many weeks in Europe during 2010, account as higher priorities than social media. Regardless, *“when phone lines are jammed [social media] is an easy way to communicate, and people know to look for information there”*. Hence, the adoption of social media can often result from an external crisis situation, even more so, when consumers already are online, it is easy for companies to follow. This phenomenon reflects on Berthon et al.’s (2012) definition on social media, where individuals dictate the new rules: in Expert B’s example, too, companies follow customers’ steps. Companies must adapt to the users’ choices.

At the same time, adopting social media as part of the marketing mix is not a trivial choice, and should be aligned with business objectives. Expert B further explains: *“...you shouldn’t go into social media unless objectives can be fulfilled. It’s sort of a trend to just take the hype thing whether it’s Google or social media or whatever, throw a thousand bucks over here, it’s a must-go although it wouldn’t match my particular objectives”*. As such, many companies have joined social media efforts just by jumping on the bandwagon with the rest, without thoroughly assessing the compatibility with business objectives. Expert C brings up the case of General Motors – one of the largest advertisers in the US – who in May 2012 decided to cancel advertising on Facebook, as

they did not see any monetary value in the channel: “*it’s great that someone like GM stands up and says “hey we’re not seeing the value in this”, but I don’t know... it [social media] is so massive that it’s hard to ignore*”. Being a relatively new channel, companies are still adjusting approaches to social media, and some strategies may bring forth visible, easily extractable value, whereas other may struggle with finding business related benefits. For some companies, thus, social media does not belong to the beneficial marketing mix.

At DA, however, social media marketing drives most tactics – although the use of each channel is always client dependent, yet often also demanded. For clients other than TechX, social media is primarily used as a customer support channel, as well as a community builder for engagement, through for example photography contests or other participatory landing pages. In TechX’s case, where an emotional message is the primary communication to convey in order to influence customer perceptions, social media functions as a central piece in the marketing strategy. As sales are not a parameter, but rather a change in perceptions, social media is utilized to create a sense of community and increased virality. For TechX, the use of social media is highly encouraged as well as closely aligned with strategic objectives.

All in all, the adoption of social media is always context and advertiser dependent. Furthermore, the decision to include social media as a channel in marketing strategy should be aligned with business objectives in order to extract most value out of social media efforts.

Holistic Marketing Approach

The marketing performance literature presented in chapter 2.1 suggests that if marketing is to become a strategic business partner, marketers need to be able to demonstrate the financial value obtained through marketing actions (see e.g. Clark et. Al 2006, Stewart 2009, Rust, Ambler et al. 2004). Logically, in this view, marketing is perceived as a

holistic entity where social media is one channel among others. This assessment is reflected in comments by experts as well as throughout fieldwork.

Naturally, where digital agencies are involved, marketing is limited to that of online actions. In some cases offline events or advertising may be included, but often these also have repercussions in online action as well. Therefore it is important to understand the complete context:

“We monitor [different metrics], but for understanding what really influences them you need to consider the marketing strategy in the background, and analyze what’s been done differently when metrics peak versus when they’re going down.” (Expert B)

Hanna et al. (2011) claim that when companies create social media strategies, these platforms are often seen as stand-alone tools, rather than as an interconnected marketing system. The data in this research, however, posits otherwise. While social media related campaigns often do focus on just a few channels, namely Facebook and Twitter, this does not however imply that experts wouldn’t regard social media more holistically. Expert B further refers to the comprehensive media and marketing strategy as *“the whole package”*, which validates how he perceives marketing in its entirety. Similarly, the marketing brief received at DA advises, that DA is to *“present an annual strategic plan of activities that [...] consider all possible channels and tools for campaign diffusion”*. Incidentally, while social media plays an increasingly larger role in online marketing, nevertheless each media is understood as just one channel among the rest. *“Social media’s one channel to, just one channel you can use to achieve those things [business objectives]”*, asserts Expert A.

Social media strategy may include stand-alone platforms harnessed for the purposes of the specific strategy, yet it would be mistaken to interpret this to signal the failure to understand social media as a whole. Rather, research data clearly shows that marketing, as such, considers an extended ensemble of interconnected factors, which are also reflected in respective performance measurements.

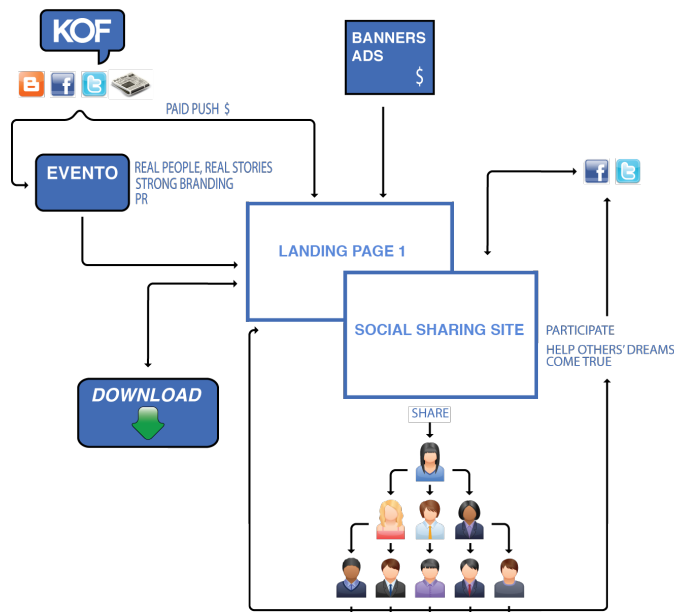


Figure 16. Example of Marketing Ecosystem Visualization

To display the holistic marketing ecosystem involved in campaign planning for TechX, we visualized one of the possible marketing scenarios at DA (see Figure 16). We intentionally drafted contextual scenarios, whereby a more comprehensive approach would be undertaken – both for us internally as agency professionals, as well as to better communicate the strategy purpose for TechX. It is important to mention that Figure 16 is a representation of the contextual ecosystem, and by no means indicates decisions or actions taken by TechX. This is important, however, in that it visually demonstrates how the holistic understanding of marketing translates into practice.

In summary, social media is used for various purposes ranging from customer support to sales lead generation to awareness creation. Data and observations show that marketers are well aware of the different uses and strongly link the use of each channel to strategic objectives. Whereas social media is increasingly a more mainstream channel, companies may be reluctant to invest under pressures of demonstrating financial returns from these channels. Regardless, marketing professionals realistically

consider social media as a single channel or tool among the remainder of marketing tactics. Hence, while social media is a fundamental channel, for strategic considerations marketing is regarded in its entirety.

5.5 Measuring and Metrics

As defined in chapter 2.1, marketing performance refers to the assessment of “the relationship between marketing activities and business performance” (Clark and Ambler 2001, 231). As such, the purpose of marketing performance measurements is to provide feedback regarding the results and efficacy of marketing efforts (Clark, Abela & Ambler 2006). Marketing performance is a critical strategic issue, insofar as pressures for demonstrating tangible, financial marketing results are increasing (Vassinen 2012, O’Sullivan et al. 2008, Clark et al. 2006).

It is logical, hence, that metrics and analytics arise as salient topics throughout marketing strategy work and research data. Interviews and observations suggest that social analytics has by no means reached maturity; rather, these are challenges marketing strategists face frequently. Regardless, marketing performance measurements and metrics are a fundamental part of today’s marketing strategy work.

Objectives vs. Metrics

In the marketing strategy briefing, TechX attributes strong emphasis to analytics. DA lacks a specific business analyst role as well as particular expertise in web analytics – partly this was intended as my role in the strategy planning process. In addition to myself, one of DA founders was in charge of designing a compelling web and social analytics framework for TechX, and in so doing we continuously revised relevant literature and discussed respective challenges. Often DA’s social media manager would also join the discussions.

TechX's brief lists two business objectives and five metrics as requirements for reporting purposes. Main priorities are to change product perceptions – thus logically also measure and report the respective changes along the year – and to increase both the number of users as well as share of use. In addition to the metrics related to these objectives, suggested metrics to track include, but are not limited to, the number of downloads and unique website visitors.

Convinced of the importance of becoming a strategic marketing partner for TechX, we wanted to consign emphasis on the relation between online and social metrics and (financial) business results. Since the primary objective for fiscal year 2013 is “change of perceptions”, this placed evident limitations to financially demonstrating business impact, which lead us to conclude with providing a set of more traditional web and social media metrics tracking – the results and respective “lessons learned” would, however, be integrated into the development and planning of future campaigns. Nevertheless, perceptions do have a central impact on TechX's business – regardless of the fact the product in itself is free. Accordingly, TechX identifies product perceptions and one of the major factors when users choose between products: in fact, during 2012 TechX became replaced from its market leader position by competition. Losing users is a primary business concern for TechX; hence, the accentuated emphasis on changing perceptions.

The TechX example is a prime illustration of the central dilemma in social media ROI discourse. As discussed throughout chapter 2, the core issue for compelling social media ROI results is the duality that governs the realm: the need for financial results on the one hand, and the indirect causality of results on the other (See e.g. Vassinen 2012, Ryals 2008, Rust et al. 2004). In TechX's case, digital and social media marketing strategy is driven by tangible business objectives, which in turn are driven by the falling number and quality of users. Although the product in itself is free, it is used as a central platform for cross sales. As a result, an intangible marketing objective like “changing user perceptions” in fact is directly linked with financial results on the organization's bottom line.

In my researcher and observer view, this is a turnpike factor: all parties are aware of the importance of comprehensive measurement and evaluation, yet the limitations and challenges are still too overwhelming in order to undertake them. In other words, as an agency, we see the importance of linking results with financial data. As the client, TechX highlights the importance of detailed analytics. However, despite the marked and strong desire to link marketing results with financial results, DA cannot do so: simply, because DA has no access to TechX's internal data. The crucial distinction, however, is that the *understanding* of such results-orientation in marketing is gaining ground - effectively incorporating such practices to the holistic strategy process may just require more time.

On the other hand, when sales are the primary business objective, metrics are different and naturally signify a distinguished focus for the agency and the client. Expert B's client's strategy and campaigns are, as he puts it, "*always price first*" –focused, where call-to-actions prompt purchases. Expert B further contends:

"Objectives come from the client and they're usually sales oriented...they have plenty of other metrics they monitor but the role of Internet is heavily sales directed: most of their sales come online. Yes, they [objectives] are generally sales oriented and they come from somewhere else than marketing, so from the sales department."

However, the relationship between objectives and the metrics is sometimes problematic: *"I think it's a matter of – and most people don't do this – but it's a matter of finding, setting your business goals and campaign objectives, and then figuring out which metrics are actually relevant for achieving those goals and keeping everything in line."* (Expert C) As such, this comment underlines the importance of understanding the ultimate purpose of measuring – metrics are not a nice-to-have addition, but they must be taken into strategic use. Expert C further adds: *"I think most' people don't do that. They just look in and say, "what's the hot metric right now, is it the net promoter score? Yeah sure, let's use that". Even though it might not be relevant at all to their campaign."* From this comment it is evident that metrics in social media are a "hot"

topic, and as such, Expert C insinuates that the use of metrics may not always be strategically driven.

Regardless of the challenges in linking results with financial impact at DA, in order to more profoundly understand and design analytics reporting, we benchmarked a marketing performance framework (see Figure 17). In this frame lower level, daily metrics are linked to strategic metrics and eventually to financial metrics and objectives. The main strategic objective being inherently intangible, demonstrating financial results (other than reporting detailed costs and expenses) proved challenging, and hence was discarded from the final reporting structure. However, standard exposure metrics – such as unique visitors, clicks, likes, shares, retweets, time spent onsite etc. – are monitored constantly and to great extent automatically. Strategic engagement metrics require deeper hands-on analysis, especially in terms of perception questionnaire analysis. In addition to share of voice metrics, where product mentions are compared to those of the competition, the tone and context of online mentions and conversations are to be tracked. Our plan also suggested the use of A/B-testing for measuring the effectiveness of different messages.

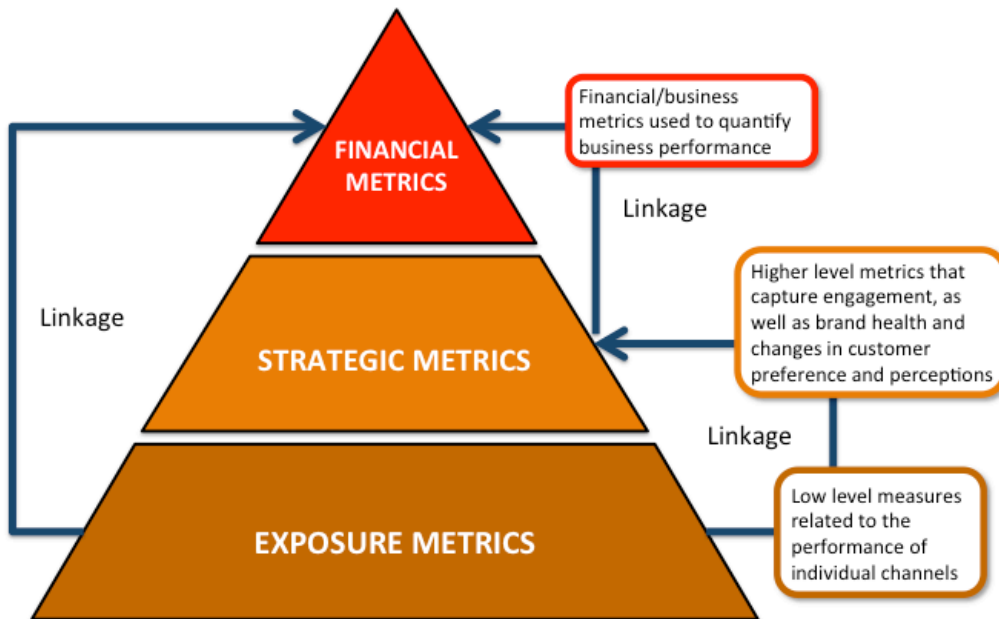


Figure 17. DA Benchmark for Marketing Performance Framework

The purpose of the objectives-metrics framework (Figure 17) at DA is to provide to client with a comprehensive package of (1) continuous evaluation throughout the year, (2) snapshots of performance at defined points in time and (3) “check points” to periodically evaluate performance in order to incorporate knowledge acquired from previous campaigns to newly implemented campaigns.

Success in Social Media

All interviewees contend that successful social media marketing means reaching objectives. The use and channels of social media are determined by the pre-defined objectives, and naturally differ from client to client. Success can therefore mean many things: *“It depends on the advertiser – fulfilling objectives – on what purpose social media serves. For some it may be a customer support channel. If it leaves people happy,*

in conversations, then that's when you'll get the ROI most likely. So not all ROI is measurable directly to where it started. Of course in these, where it's linked with sales, especially web sales, it's easy to measure.” (Expert B)

For TechX and DA, however, success means changing user perceptions from largely negative views to more positive product perceptions. However, while our final plan introduced measuring perceptions via online questionnaires, more standard online metrics were required for measuring sufficient success rates. Moreover, DA's previous experience with TechX and past campaigns were heavily benchmarked for defining expectations on landing page unique visitors, engagement metrics and conversions. For example, in the most recent TechX campaign, DA had reached twice the expected number of engaged users on the implemented hot site. Additionally, the most valuable learning from that campaign – users are fascinated by sharing and talking about themselves – was translated also to the strategic planning. Most of the new annual plan centered around leveraging this emotional aspect of social media behavior. Success, in this case, meant engaging as many users as possible in a compelling, emotional conversation. This, TechX and DA contend, will morph into positive brand perceptions, and thus positive business results, in the long term.

Success, hence, may not be immediately visible: *“In the long-term, brand-related metrics influence long-term sales. Not all is measurable in real-time money, so it may be that the ROI comes in a year or two.”* (Expert B) The research data infers that success in social media is interpreted to be seemingly simple – reaching pre-defined objectives – yet in practice demonstrating that objectives have in fact been reached successfully may be less simple.

Challenges of Social Analytics

“Can you really quantify the value of a like? I mean, maybe you can, but what is that doing other than kind of appeasing management. I don't think its really showing

significant return.” (Expert C)

Perhaps the most imminent issue in demonstrating online marketing performance – or more specifically that of Social Media ROI – is that often results do not directly translate into financial results. Whereas social analytics tools and technology have become more sophisticated, at times the objectives as such require creative manners in order to compellingly demonstrate social media ROI.

Incidentally, the principal objectives for TechX’s marketing strategy for fiscal year 2013 are two-fold:

- 1) change [product] perceptions among a target audience, who the client calls web enthusiasts
- 2) drive share of usage, and increase market share among target users

In order to reach objectives, a comprehensive plan of online (skewed weight on social media) marketing, with possibilities of offline events, was established.

Social media, hence, plays a central role in this particular strategic plan. As the objectives, and therefore the message, grasp more emotional and intangible assets, social media’s role is used for community creation. Social media, hence is not used for sales – the product to be “sold”, in fact is free. Further, driving increases in market share is a secondary objective, while the primary strategic target is to *change product perceptions* to drive positive attitudes towards the product, which is generally perceived rather negatively. Thus, we chose to use social media as the principal channel to generate and strengthen customer relationships and used it as a forum for discussions where emotions and humor are used as a segway to bridge the gap between the product and the alienated users.

When objectives are intangible, demonstrating financial social media returns is highly challenging. At DA, moreover, this became a controversial issue throughout the

planning process. On the one hand, the client requires competence in analytics, and highly results-oriented reporting, yet at the same time the objectives set are fully intangible.

Yet simultaneously, Social Media ROI and social analytics remain a fundamentally important issue for marketers (see e.g. Puopolo 2012, Rust, Lemon et al 2004). *“At least what I understand as ROI, that is, really simply return on investment: you put 10€ here, you do your activity, and at the end of the activity you got 15€ That’s it. You compare what you paid, what you invested and you get some profit. If you invested 10€, and in the end you go 7€: OK, negative, there’s something wrong [...] So what it comes down to is business. Because this is business.”* (Expert A)

Ambler & Roberts (2008) assert, however, that marketers’ use of the term “Social Media ROI” is often interchangeable with any metric in social media marketing. This position holds both true and untrue in research data. On one hand, it is rather clear that marketers understand the term as a financial measurement by origin – as clarified by Expert A above. Hence, minimally at a conceptual level social media ROI is correctly interpreted.

Yet at the same time, discussion is quickly drawn towards other relevant metrics and measurements, which may in effect contribute to social media ROI. Expert C, for example, talks about KPIs, share of voice, sentiment, relevant conversation, natural language processing, net promoter score, and visibility as examples of what can be measured and analyzed. This finding plausibly demonstrates how broadly social media ROI is understood as a concept, and no *one* definition governs. This also impacts the difficulty of demonstrating clear financial results detected by other, not directly ROI related metrics. In other words, social media ROI is often interpreted as an umbrella concept that entails a pool of other social media metrics. Hence, the confusion. However, it would be erroneous to infer that marketers do not understand the difference between financial ROI metrics and general social media metrics. Rather, I contend, it is a discursive issue still taking shape as social media marketing matures.

Regardless of the continuing formation of social media ROI's conceptualization, it remains a recurring topic. The challenge in comprehensively demonstrating social media ROI is that although return on investment is a single equation, Expert A contends that social media is more complicated: *"It is, as you may have realized, a hot topic. Because everybody seems or shouts that they have the magical formula to calculate the ROI. There is no magic formula as far as I... I have been looking for that formula for a long time and I haven't found any magical formula."* Social media ROI has indeed been a hot topic in the international managerial discourse, which has brought attention to defining the value driven by social media marketing. In this regard, however, it may not be of great significance to indisputably define social media ROI as such. Rather, the dilemma seems to be of a managerial origin: hence, the importance sprouts from holistically understanding the link between different metrics and their impact on the bottom line. Therefore, enhancing relevant analytic capabilities may hold the answer to understanding the value of social media; indeed, no magic formula exists. In this light, profoundly understanding social media ROI comes from profoundly analyzing relevant data.

Regardless, Expert B asserts that measuring ROI is not simple: *"But it's not always so simple what you can measure because you may have brick-and-mortar sales, so measuring what just social media contributes can require bending the rules"* Although measuring ROI is challenging, metrics give guidance to understanding when the direction needs to be corrected: *"when things go upside down, the client delivers crap to both us and the advertising agency, that now you must come up with something new because things are not working. Then we think why it's not working and what we should do."* (Expert B)

On the other hand, sometimes comprehensive analysis may not be required: *"we manage millions of euros worth of money on the web, so we can pretty much interpret directly what works, so when you see the results in the monitoring tools you can pretty much tell whether they're good or bad without any deeper analysis"* (Expert B)

Interestingly, although all experts and DA personnel have long-term experience in monitoring and measuring social media results, it seems that the academic universe and the managerial contexts do not converge. Both parties acknowledge the problem in comprehensively linking often intangible, social media metrics to bottom line factors. It is clear, thus, that the challenges of marketing performance measurements have not been overcome. However, the divergence between the academic and managerial world lies in the detail. Whereas academia discusses metrics such as incremental customer value (Lenskold 2003), customer equity (Ryals 2008, Rust, Lemon et al. 2004), discounted cash flow (Stewart 2009, Ambler & Roberts 2008) and customer social media value (Weinberg & Berger 2011), it appears that professionals are still focused on the immediate, less financial metrics. Social analytics, hence, in a real-life context still tend to take the form of monitoring and benchmarking historic changes, rather than taking a more strategic, financial position. With the exception of Expert A, none of the evaluands under observation particularly mention that they report financial ROI projections or analysis. Stewart's (2009) assertion, that marketing staff spend most of their time analyzing metrics that do not easily link to economic values, seems to hold true.

In conclusion, measuring and metrics in the realm of social media is a highly complex issue. Marketers are well informed of the challenges, and acknowledge that not everything is measurable, although technology has facilitated such measurements. Additionally, data shows that the strategic significance of aligning social media actions and data analysis closely with strategic business objectives is a priority for successful social media marketing. However, comprehensive financial analysis is – to great extent – absent.

5.6 Skills Required of a Social Media Marketer

Social media strategists are often jacks-of-all-trades. The skills required extend from capabilities closely related to social media and marketing as such to comprehensive

analytical skills. In this chapter I'll present some of the central skills and introduce challenges involved.

Elements of Work

Social media marketers often wear many hats. They are strategists, creative planners, analysts, marketers, researchers and everything in between. Logically, this strains professional capabilities while simultaneously time constraints are demanding.

Naturally, social media strategists must be familiar with social media. However, there are multiple other roles they perform, reaching far beyond social media as such (the X's mark the sources who explicitly mention the action):

ROLE & ACTION	DA	EXPERT A	EXPERT B	EXPERT C
<i>Ad campaigns</i>	X	X	X	X
<i>Analytics and reporting</i>	X	X	X	X
<i>Budgeting</i>	X			
<i>Constant updating on trends, new technology and campaigns</i>	X	X	X	X
<i>Coordinating between client, internal agency and third party agencies</i>			X	
<i>Coordinating international legal issues related to social media</i>		X		
<i>Customer support</i>		X		
<i>Designing creative work</i>	X			
<i>Display marketing</i>	X		X	
<i>Event planning and execution</i>	X	X		
<i>Lead generation</i>		X		
<i>Measurements</i>	X	X	X	X
<i>Media planning</i>			X	
<i>New app developments</i>	X			X
<i>Operational work/implementation</i>		X		
<i>Recruiting developers</i>				X
<i>Refining strategic processes</i>	X	X		
<i>Reminding client of lessons learned and results obtained</i>			X	
<i>Search engine marketing</i>	X		X	
<i>Strategic work</i>	X	X	X	

Table 8. Roles and Action Performed by Social Media Strategists

Markedly, social media strategists are in charge of a plethora of activities. If strategy is viewed as *action people do*, naturally, the practitioners' skills and activities in and of itself notably influence the course of strategy making (Barley 1990a, Mantere & Vaara 2008). Furthermore, in terms of strategy-as-practice approach, these elements of work can be interpreted as episodes of praxis (Jarzabkowski & Spee 2009, Whittington 2006), that in turn are impacted by the skill set of the internal and external practitioners who join the activity. As strategy work in digital agencies has and is becoming more and more dynamic, these elements of work occur on a continuum that incessantly shape strategy work. Consequently, managing all these different areas requires holistic understanding of the entity called social media, and by default requires constant updating of skills.

Berthon et al. (2012) claim that employees often lack sufficient IT and communications skills for successful social media plan implementation, and that regardless, companies offer little training to overcome the challenge. While companies' investment in similar skills did not come up in interviews, this nevertheless seems not to be an explicit barrier. Rather, interviewees and DA staff are self-taught. Expert A mentions curiosity as a main driver for him to dive into social media, while Expert B extensively reads blogs and related articles on his free time as well. Expert C has become technologically savvy through earlier companies he has founded – discovering technological solutions for improving social media strategies is a major part of his work today. At DA, we exchanged related links and materials multiple times a day, and especially literature concerning social and web analytics and tools was researched and resorted to constantly. Hence, new technology may exert unintended pressures to tasks, expected skills and even organizational power relations (Barley 1990a, Vesa 2011), yet social media experts are expected – as part of their work – to maintain themselves informed.

Challenges for social media marketers

The main challenges for social media strategists can be divided into 2 elements, namely:

- 1) Finding actionable insights
- 2) Demonstrating financial results
- 3) Ad-hoc data analysis

The discrepancies in different levels of social media adoption and thoroughly understanding the uses of social media, as well as the newly required skills exert pressures for social media marketers and marketing strategists.

“I think the biggest challenge is picking out the actionable insights. It’s easy to pull up any mention of your brand, but how can you actually get a clean data set, where you’re looking at no spam, and more importantly, you’re able to really uncover the actionable stuff that you can really leverage. And to do so in kind of a scalable fashion where you’re not hand scoring every single insight” (Expert C) In other words, metrics as such are purposeless, unless you can decipher the relevant metrics and actionable insights.

Simultaneously, experts understand that metrics and financial returns are the primary purpose for business, yet a certain perplexity exists between focusing solely on such measures: *“A large part of advertising money goes down the drain if we focus purely on measuring returns in dollars.”* (Expert B) As Expert A, describes, *“...as a marketing tool it (social media) is a totally different kind of animal than all the rest of the tools that marketing has at reach. If you want to treat social media for marketing purposes the same way you treat TV, radio, PR, whatever, it’s not going to work.”* Most metrics and KPIs – financial, direct methods – are designed for platforms that function differently, and this realm is the origin of the social media ROI dilemma. Social media is a product of social interaction and transaction, hence distinctive rules must be applied.

Despite the ability to demonstrate a financial impact of social media action, sometimes discovering insights, and leveraging them by implementing the lessons to future for the benefit of future marketing strategies may be difficult. Expert B mentions that when results were discovered, the agency sent out a report specifying which actions worked and which didn't. *"...we deliver the reports. So we know what we've learned from previous campaigns, but this doesn't always necessarily--- at the client end, whether they remember it or not, we need to make sure we remind them of what worked and what didn't."* (Expert B) Implementing findings, hence requires conscious effort in drawing attention to the most significant details.

Moreover, data sets can be overwhelmingly vast, hence finding the important parts requires skills and patience. Expert A concurs: *"So what I mean is that it's a detective job you have to do sometimes, and not everybody is like, one, so patient, two, so methodic to follow this path, and three, yes with this analytic mindset to really separate the things and find "Ok, yeah, this is the lead, ended up here, and then with our social media campaign, our Twitter campaign, via our hashtag in Twitter, and then they ended up on our landing page, and then clicked to buy our stuff, or whatever. So you have to practically do pretty manually"* (Expert A) As few standard, automated metrics exist today, social media strategists need to be creative and meticulous in their data analysis.

In short, marketers are well aware of the key shortages in terms of demonstrating financial results of social media marketing. Another shortcoming for social media strategists is the absence of standardized measurement and data analysis processes – each professional resorts to ad-hoc metrics by spending lots of time manually analyzing marketing results.

Team Dynamics

Marketing teams often work in close operation with internal and external teams. As introduced by Owyang (2010; Figure 11), most corporate marketing teams are formed

in a “hub-and-spoke” manner where a cross-functional team strategizes from a central position to aid different business units. Alternatively, Multiple hub-and-spoke models pertain a central hub, which provides guidance, coordination and resources to different business units (ibid. 2010).

When a digital agency is involved, it can be difficult to draw a line between “internal” and “external” roles. Expert B works with one client on a daily basis where he’s in contact mostly with the client’s marketing and sales director and a digital marketing manager. Yet at the same time – as an agency representative – he juggles between third party creative and media agencies, changing designers as well as the agency’s internal professionals, such as account managers. However, marketing strategizing in Expert B’s environment seems to take centralized approach (Figure 11) where marketing is designed and planned within the organization’s marketing staff and jointly with the agency – regardless, strategy is handled from one central team.

At Expert A’s organization, a multiple-hub-and-spoke formation governs. Expert A himself is in charge of coordinating and reporting European and Latin American social media efforts – however, each country leads localized social media actions. At TechX and DA, a hub-and-spoke formation best describes the situation: a central location within TechX designs regional strategy, and then DA brings the strategy to a more local level through third party agencies.

Barley (1990a & 1990b) has researched organizational structures from a role-based view. He sustains that new technology introductions create new roles and modify social constructions in an organizations. His assertion holds true in two manners in this research. Firstly, social media can be viewed as a set of tools and platforms (see e.g. O’Reilly 2005, Berthon et al. 2012, Kaplan & Heanlein 2010), and as a technology, social media indeed has shaped organizations by creating new teams and roles, such as the nascent role of social media strategist (Owyang 2010). Even further, Owyang’s (2010) research is – although not equally academic – an update to Barley’s (1990) investigation: Owyang presents five different organizational team formations that social

media as a technology has enabled and shaped. As noted above, social media has shaped Expert A's organization with globally dispersed teams, and at DA, acquiring technologically savvy social media analysts is considered a fundamental success factor. Secondly, sudden re-formations in teams can, in turn, exert pressures on team dynamics and modify power relations. Expert B discusses the effects of significant changes in the client team, where two central managers in the marketing team changed companies within a short period of time: *"My role? It's become quite broad right now, because they don't have much internet marketing capacities in-house anymore. [...] So I'm greatly involved in everything."* (Expert B) Expert B's and the agency's core competence, has thus, slightly unexpectedly absorbed new responsibilities in the daily work processes.

All in all, team dynamics hold a fundamental role in strategy making, both in terms of compounded team skills as well as team formation in itself.

5.7 Tools & Technology

Social media in and of itself can be seen as a set of tools, or the Web 2.0, that enable social interaction in a large scale. Social media in its entirety, as defined by Berthon et al. (2012), entails more than just technology. However, while social media strategists need skills that go beyond creativity and analytics, technology plays a significant role in their day-to-day work, and this is reflected in the interviews and observations. Not only do professionals need to master the online world and the social platforms, but also and especially the analytics *environ* requires constant updating.

Sometimes managing all the different technologies may result overwhelming: *"The ideal situation for us is that we'd have one tool that shows all we need in one display, but we're far away from that"* (Expert B). Adding to technical complexities, Expert A asserts that technology is just half the battle:

“In social media there are such amounts of variables and such amount of channels and situations that may happen in the middle that... no, the technology has not arrived yet. You may use one, two, three tools, different tools and then, yeah, that’s 50% of the equation. The other 50% is this [points to his head], the person that is sitting in front of the screen, connecting the dots.” (Expert A)

Technology, hence, provides you with more and more sophisticated data, yet finding the right conclusions and actionable insights depends on the actual analysis. However, it is not enough to one set of tools. Rather, marketers must master a large and constantly changing set of different, constantly updating technology.

Fast-paced nature of social media

Social media is in constant change, or what Expert A describes as *“the normal frantic pace of social media.”* Social media and the related platforms and technologies are in a constant change, and this also requires adapting from the social media strategists. Ultimately technology, claims Vesa (2011), is one of the most substantial challenges particularly to strategy work. This assertion does and doesn’t hold true in this research.

First, the every day job of a social media strategist requires managing and upholding multiple tools simultaneously – and the new technology in itself may not provide the best solution, but rather the added value of a new tool may actually be minimal:

“The hardest thing as a marketer is that you have a new measurement or management platform that comes out almost every week. They’re all... pretty much 90% of them are garbage. All they do is pull data from Facebook Insights or Google Analytics and just regurgitate it, or visualize it in a better way. They don’t actually provide any analysis. Most tools, especially when it comes to measurement and listening, they don’t do anything, they might be good at aggregating it or maybe putting some spin on it, make it easy for you to produce reports.” (Expert C)

Technology, although provides new opportunities for marketing and analysis, it also creates a constant change. *“As new stuff comes out, I think the challenge is really figuring out and having the foresight to see what’s going to be relevant in 6 months. So can you really leverage some of these emerging networks and apps to your advantage...?”* Expert C contends. Given that social media work ultimately involves the use of technological platforms, in a context where changes are extremely rapid in a traditional strategic marketing sense, strategic work is closely bound to technologies that are characteristic to a specific time frame and even culture (Vesa 2011).

Secondly, technology may not be viewed solely as a pressure-exerting challenge, as Vesa (2011) and Barley (1990a) seemingly claim. Rather, social media strategists understand the related technology deeply enough, so that the relationship with technology is more proactive and evaluative. This research supports Barney’s (1990a) findings, however, in that those who are willing to invest in learning the related technologies, obtain the talent that is required in the constantly changing and broad role of a social media strategist. Moreover, harnessing technologies to one’s advantage is not a strange concept. In this light, an interesting finding that arose from the data was the critical view against Facebook as an advertising platform. Other social media marketing and analytics tools were critically viewed, as well, and related issues well assessed. However, all interviewees independently pointed out how marketing and analytic insights within Facebook are controversial:

Expert A: *“...Facebook is really tricky on their metrics, it’s extremely convoluted, Facebook Insights: they change that every month, so every month you have to re-study the whole damn tool or how it works. That’s Facebook.”*

Expert B claims that Facebook’s mission is to trick marketers into paying for advertising: *“Facebook creates them [internal metrics] so that they can show the marketer that his actions look good, and if they don’t, they suggest you to buy a little bit of advertising, because at the end of the day, it’s advertising where Facebook makes its money”*

Expert C, in turn, thinks that Facebook's actions seem highly manipulative: *"Facebook just wants you spend money on ads, so they are gonna do anything they can, and provide you with reach generators and all this nonsense to get you to buy your ads [...] So you're competing for attention, and Facebook is in like total control. The only solution they have for you, is spend money on ads [...] It's they're way of making money."*

In summary, although technologies change fast, experts, by keeping up-to-date, remain critical of all relevant platforms and tools.

Continuous need to stay up-to-date

At DA, a big part of each professional's work includes staying updated. We constantly shared links and news, reviewed blogs and literature, and discussed of the most recent transformations. Similarly, Expert B says that a major part of the job is to stay informed: *"We have a 4-person digital team, and links do fly in all directions, and all of my free time reads are heavily skewed towards blogs and news sites that were published throughout the day"*

Online marketing work in and of itself requires managing multiple tools and technologies simultaneously. Hence, it is not enough to just stay updated on trends, but also the job as such is a comprehensive set of different praxis:

"I've done a little bit of everything so far. I mean I come in and I'm always constantly keeping up holes on everything that's happening in the tech space. That's one of my responsibilities and I plan, I've done a little bit of blogging so far for the company as well, but I plan on doing more. New app developments, new kinds of software, ad campaigns, things like that. But really I mean its something different every day.... Which I like a lot." (Expert C).

It is clear, thus, that a successful social media strategist constantly stays updated to the speed of quickly changing social media.

In summary, the social media universe is in constant change, and thus requires high adaptability and constant updating from social media strategists who wish to maintain and uphold professional expectations. From a strategy-as-practice perspective, this constant change provides an interesting and accurate context for researching the social media ROI phenomenon. When the environment and context in which strategy is made, change unexpectedly (yet constantly), traditional views on strategy may well become obsolete. In this context, the quality and competence of a strategy, thus, is constituted in its ability to transform itself quickly and consistently. In this regard, strategy as the reflection and constitution of *action that people do*, indeed provides an apt and beneficial tool for framing strategic visions into nodes of performative reality. Strategy making in the social media context, hence, outdates traditional views of unchangeable, top management envisioned strategizing.

5.8 Budgeting, Buy-in and Beyond

Social media strategists and digital agencies are required to decipher through multiple challenges in their daily work. The previous chapters list some of the most salient themes surfaced during interviews and fieldwork. However, there are some other topics that deserve separate examination.

Extra-organizational influences

Social media and the respective strategy work are affected by multiple external factors that shape and re-direct action. Throughout the research, social media strategists acknowledge the impact of these external influences.

Remarkably, even natural disasters or force majeure situations can influence strategic decisions. Expert B mentions how the volcanic ash cloud inflicted major alterations in digital strategy for his client, the airline. He claims, further, that in fact all airlines, hadn't they not already done so, finally awakened to the importance of social media as a customer service channel across boundaries and physical frontiers: *"Everybody woke up at the same time to social media, like, when phones are busy it is an easy channel to communicate by, and people search for, they know how to search for information there"* (Expert B).

On the other hand, competitors' moves cannot be excluded in the analysis of social media success. *"Maybe that peak [in sales or downloads] could be due to competitors' changes on the product, whatever. So what happened is not that you're selling more and oh how nice. No. It's just that your competitor failed to deliver, whatever, so that people looking for your product, instead of going to your competitor now come to you... You cannot attribute that success to you"* (Expert A)

Additionally, social media is no magic cure. *"If your product or service sucks, there's no social media campaign that's going to fix that. Actually, if your product sucks, the only thing that you're going to provoke is even worse: you're going to drive bad word of mouth, you're going to promote that bad perception, that suckness, just spreads more. So first, start from the inside and fix your product."* (Expert A)

Drastic and surprising changes do not need to come far from outside, but sometimes organizations make a 180° change in strategy. Expert B explains: *"You never know what happens, [airline] destinations and routes have pretty much changed from what they were a year ago. There the mother organization has drawn the lines [changing routes]...So then what you do changes as a result."* (Expert B)

Budgeting and resources

Despite the fact social media has transformed into a widely used marketing platform, obtaining adequate resources may be challenging – especially in smaller markets. Expert B has experience in this: “...for them [client] as for for the majority of Finnish advertisers allocating resources is the biggest problem in social media, but now they’ve budgeted it [...]so you don’t know how to take advantage of it, so it’s the resources and the quality of the resources that internally influence quite a lot.” (Expert B) He further claims, that few Finnish advertisers understand or prioritize social media monitoring to the extent that it should be: “The biggest challenge are the resources[...], few employers have the will to hire someone to monitor social media. Or they don’t have the understanding – understanding is a better word than want – they don’t have the understanding to hire someone to monitor social media through day and night”

Upper management buy-in

Some of the challenges mentioned throughout interviews conducted, was the divergence between manners in which social media is perceived from marketing and upper management perspectives.

“It’s all about the upper management and how do you get their attention. First it was like ‘social media new, it’s the Wild West, you guys go do your thing...us upper management we don’t really care’. But then they realized, as the budgets have increased they started asking questions, like ‘what kind of value are we getting?’”
(Expert C)

Partly the social media ROI and analytics hype can be attributed to this necessity of demonstrating financial returns to upper management. “All of the social media marketers have realized that the only way to resonate with them is to put things into dollar terms. It’s tough.” (Expert C). Hence, it social media marketers need to balance

between determining the correct metrics to determine the strategic success of a campaign, but also tracking metrics that eventually demonstrate the financial value generated.

Expert C further questions the role of technology and social media in the same context: *“A lot of people have shiny objects, so they all think that the next new photo app that comes out is going to be great for their brand, and great for their campaign because they want to impress their managers.”* Expert B, in turn, mentions that mutual trust and the confidence in everyone knowing their roles in the process helps eliminate these types of issues: *“we do just about everything in mutual consent so everyone knows what their role is, so they [the client] do trust us a full 100% in that when we do a plan, it’s one that we think provides the best solution.”* As the client ultimately takes all strategic and budgeting decisions, gaining buy-in and trust is, therefore, not a trivial issue for social media strategists. In this regard, the tables have turned in the strategy making organization. Whereas in the early days, top management trickled down strategies to the operational personnel, today strategy is constituted in the everyday practice, where strategy practitioners plan, distribute and implement strategies. The strategy process, literally, has gone bottom-up.

6 CONCLUSIONS

This research has set as an objective to discover how Social Media ROI is understood as part of marketing strategy work. Marketing performance as such has accumulated decades of research (see e.g. Aaker 1991, Berger & Nasr 1998, Rust, Lemon et al. 2004, Vassinen 2012), yet social media ROI is a nascent and under-researched topic. Marketing performance, and hence social media ROI, is directly connected to marketing strategy and the related strategy work, which makes the intersection of social media ROI and strategy work a noteworthy area for research. The purpose of this research is to qualitatively examine how social media experts perceive performance measurements in social media, on the one hand, and how they understand strategy work, on the other. Data was gathered by executing an immersive action research period in a digital agency and by conducting in-depth interviews of long-term social media experts.

Theoretical Implications

The principal purpose of this research is not to test theories, nor to provide new theoretical abstraction, but rather to examine a phenomenon in a novel research context. In so doing, the research purpose is to create new knowledge and advance both academic and managerial understanding on the subject matter. The research findings, nonetheless, bring forth theoretical implications.

A significant theoretical contribution of this research supports the fundamental position of the strategy-as-practice branch. Findings demonstrate that strategy making in the social media context, makes traditional views of unchangeable, top management envisioned strategizing obsolete. It is clear, that in a context where changes, and especially technological changes, are fast and constant, no formal, stern strategy survives daylight. As such, strategy making in the social media context provides an especially apt and fruitful situation for investigating strategy as the constitution of

action that people do (Whittington 2006, Jarzabkowski & Spee 2009).

Moreover, findings accentuate the significance of examining strategy making from an action-oriented people perspective. In a fast-pace social media context, strategy making occurs through both reactive and proactive counteractions to the constant changes: thus, strategy is a performative action that takes place through various interactions, confrontations and pressures. The new context requires flexibility in strategy making. Traditional top-management strategizing, hence, is unbeneficial for such contexts. What is more, individuals, their skills and actions remarkably influence the strategizing capacities of a digital agency, and hence also impact strategies at the clients' organizational level.

An interesting remark I interpret, nevertheless, is that strategy making is not quite as quotidian or linear as the strategy-as-practice approach seemingly claims. The image laid by Whittington (2006; see Figure 10) regarding strategy making – while it considers multiple different contributors and factors – seems to suggest that strategizing occurs in a time continuum where all parties, both extra- and intra-organizational, come together in reactive contexts, where events have a direct causal effect. Rather, the data obtained in this research suggests that strategy work is, in fact, highly proactive and performative, and not one instance necessarily leads to a directly ensuing future event. In a social media context, therefore, strategizing is exponentially dynamic, in a constant state of evolution, and not quite as linear as depicted by Whittington (2006). Understanding the dynamics of strategizing in a rapidly changing setting provides multiple research opportunities for the strategy-as-practice researchers.

Vesa (2011) and Barley (1990a & 1990b) have researched social organization work from the perspective of technological change. Newly introduced technologies create new roles – like that of a social media strategist (Owyang 2010) – and power relations in the work place (Barley 1990), and still today technology is one of the most substantial challenges to strategy work (Vesa 2011). These assertions hold true in this research, although Vesa's (2011) claim can also be refuted to great extent. While

technology and tools create tensions and contribute to the constant need to stay updated, technology is also used as a sophisticated tool to facilitate the very same strategy work, for example in terms of data analysis. As such, the constant need to stay updated both on social media trends and related technologies has contributed to an increased understanding of the related technologies. Hence, technologies do exert unintended pressures to strategy work as both Barley (1990a & 1990b) and Vesa (2011) content, yet the impact is not necessarily negative, nor unproductive.

In regard to social media and its ROI, existing academic literature is scarce. However, academic marketing performance discourse can be applied to social media as well – although it is clear that social media must be treated as a separate platform. Much of marketing performance literature focuses on delivering compelling metrics and measurement methods (see e.g. Weinberg & Berger 2011, Rust, Lemon et al. 2004, Rust, Ambler et al 2004, Lenskold 2003, Ryals 2008), and digital agencies indeed ascribe skewed importance to comprehensively measuring marketing performance and related financial results. As the strategic significance of comprehensively measuring marketing results is highlighted throughout academic marketing performance literature, digital agencies and social media contexts provide rich material to be harnessed for the purposes of future research – both in the realm of strategy-as-practice as well as the realm of social media marketing performance.

It is important to mention, that while traditional marketing performance literature has advanced during the past years, social media research in academic terms is lagging behind. It is evident, that the people who work in social media and create digital strategies, pertain more and better qualified knowledge than what is available today in academic literature. What makes this alarming is the very nature of social media: constant, fast change – which rapidly turns the most recent data outdated.

Hanna et al. (2011) claim that social media platforms are often viewed as separate technologies or channels when creating marketing strategies. Research findings contradict this statement. For the purposes of channel distribution, platforms like

Facebook or Twitter, may be treated differently, yet it would be mistaken to conclude that social media strategists fail to consider a more holistic view. Rather, research data validates, marketing strategies are in fact viewed from a holistic viewpoint, where platforms are used as tools to delivering strategy objectives – not to limit social media strategy in itself. In fact, all experts in the research unmistakably part from strategic business objectives, and thereon consider platforms and tools with which to execute.

Nevertheless, it is also apparent that - despite constant updating and newly introduced technology – social media strategists lack comprehensive, standardized performance measurements. Although techniques for valuating more intangible returns exist (see e.g. Weinberg & Berger 2011, Ryals 2008, Vassinen 2012), in practice, harnessing these methods for the benefit of profound social media ROI analysis is uncommon. Rather, intangible evaluations and their linking with financial impact is done manually, if at all.

Managerial Implications

In summary, managerial implications of this research are three-fold. First, strategic capabilities are both a requirement and a success factor; hence developing strategic work processes and capacities is a priority for digital agencies. Second, granted that determining financial returns from social media is challenging, nonetheless comprehensive and profound online and social data analysis skills are increasingly important. Third, staying updated on the newest advertising and campaign trends, latest social media platforms, analytics tools and technology in general has become a central part of a marketing professionals daily work.

Strategy work is an important topic for all social media strategists across the globe. It is a contemporary necessity, as a growing need for more strategic approaches exists: social media pertains a strategic business importance, as does digital marketing in general. In fact, findings suggest that strategy work has become a competitive advantage for digital agencies if executed properly. In order to match these requirements, digital agencies

accentuate the emphasis placed on enhancing strategic capabilities across organizations. Similarly, digital agencies' and social media experts' strategic capabilities require enhancement. In terms of social media, it is noteworthy to mention that while social media as a channel and a data insight tool is of salient importance, metrics and measurements need to consider marketing ROI more holistically. For successful social media marketing, hence, strategy and measurements need to go hand in hand.

In this light, whereas understanding returns and performance of social media is considered important, it is fundamental to draw attention to the importance of understanding *marketing* ROI as an entity, in stead of solely that of social media. For marketers in and outside digital agencies, social media is one marketing channel among the rest, and thus it is a priority to understand the entire marketing landscape and the subsequent ROI, instead of merely that of social media.

Nonetheless, granted that social media is by no means a new phenomenon any longer, social media ROI is often poorly understood – or rather: poorly defined and variably brought to practice – and in many cases tangible returns can be challenging to prove. However, it seems to have become a standard to integrate high-level web and social analytics to strategic planning and implementation – even to the extent where analytical capabilities are viewed as a competitive differentiator among marketing professionals and agencies. This is to say, that although ROI in and of itself may not be a priority measurement, nevertheless analytics have turned into a critical game changer in the social media marketing landscape.

Nevertheless, understanding the *value* that social media provides to the company and the brand is salient and significant. Furthermore, communicating the same value to upper management and decision makers is essential in terms of evaluation and optimizing marketing strategy, as well as compellingly justifying financial resourcing. Inadequacies in doing so may lead to some companies failing in appointing adequate resources to social media marketing.

Finally, technology is a large part of a social media strategist's job. Social media marketing contexts live in an abruptly evolving universe, hence understanding marketing strategy, business objectives, analytics and creativity is no longer enough. The role of technology in marketing strategy work is mounting.

Avenues for future research

The discrepancy between the value of social media and linking the same to tangible financial results is not only a "hot topic" in the industry but it is also a topic that deserves more attention in the academic realm. Marketing performance has been widely researched, yet social media ROI research is hardly sufficient. The great dilemma arises from challenges in demonstrating social media marketing's financial value to a brand or a company. While online technologies have undoubtedly facilitated the tracking of online sales and metrics, marketers are, today, incapable of demonstrating holistic social media ROI. Hence, there's room for further academic research in this realm of marketing performance – not only in terms of defining social media ROI and the related metrics and analysis, but also with respect to its strategic influence.

As a strategy-as-practice research, the study was conducted in a novel setting – that of digital agencies – where everyday work consists of constant, flexible strategizing. This setting provides multiple opportunities for the strategy-as-practice branch. Considering the agency role in the strategy process, it is interesting to notice how the agencies rather unanimously regard themselves as an intra-organizational actor – albeit this may be a temporary effect and a discursive representation, even a method to "wear the client's shirt" as we put it at DA. In order to more profoundly understand role and team dynamics between two closely working entities, room for future research exists. In terms of joint strategy creation, understanding how the client company views the agency's role as a strategic partner portrays a rich research context.

Additionally, it would be feasible to study, in deference to Barley's work (1990a,

1990b) on role dynamics and skills, how the strategizing work in itself shapes practitioners tangible skills and intra- and inter-organizational relations, and how these, in turn, shape future practices and praxis.

As research findings demonstrate, interviews and observations support the interpretation that measurements and metrics are a central element in today's marketing work. It is surprising how unanimous the respective findings are, and how strongly each individual opinionates on the topic – regardless of country, language or type of client. Indeed, online technologies have compellingly improved and facilitated such measurements, and this is also why the role of analytics has peaked in the past years. As the importance of results-orientation in marketing has skyrocketed, it would be interesting to further research the phenomenon from two perspectives: (1) whether metrics and measurements are just a current trend, or whether marketing work (and the role of a social media strategist) has truly changed in the long-term, and (2) how the incorporation of more sophisticated metrics and analytics methods changes the formation of marketing strategies and the consequent results.

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