

Values of Social Media within Irish SMEs: Methodological approaches used to understand the return on investment (ROI) of social media



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# Abstract

Social media has become an important asset for small and medium enterprises (SMEs) to communicate with followers and potential customers about their product offerings. Its low cost model and ease of use has seen social media transpire into a primary marketing tool for businesses who may have limited advertising budgets. Social media activity is used by these companies to direct traffic to their online stores in the hope of making sales, and thus earning a return on investment (ROI) for their social media activity. The challenge is measuring a firm's social media activity and revenue performance to ascertain precise ROI figures. This becomes more complicated when tracking non-financial social media metrics which can be difficult to quantify. This study aims to use methodological approaches to increase understanding around social media ROI and the value this can have for Irish E-commerce SMEs.

The quantitative research approach adopted in this study ensures an adequate sample representation is used as it covers Irish E-commerce SMEs across all industries in Ireland. The study prompts senior members from the participating firms to respond to the survey to ensure that the appropriate person with the necessary knowledge answers the survey. Three key research questions are answered using empirical data to help answer the overall research objective. The study investigates the perceived level of value of social media as a tool for generating ROI among these firms. It also evaluates the various social media activity measurement processes being used by Irish E-commerce SMEs to try identify the most efficient method. Finally, the study explores the possibility for improvements to current methods for measuring social media activity and ROI. This is done by asking respondents what they feel could be enhanced to more accurately define their social media ROI.

The study revealed that social media is perceived as a vital tool for producing ROI among Irish E-commerce SMEs. It also uncovered that many firms have measurement procedures in place using social media platform insights and analytical tools to track key metrics. However, research also indicated that while these firms have the necessary tools to track social media activity and financial metrics, they lack an efficient and coherent process for organising all the relevant data and clearly understanding ROI. This drawback may prevent some companies from further growth as they

struggle to comprehend the financial impact of their social media activities, impeding good financial management of future projects also. In conclusion, the study found that Irish E-commerce SMEs could benefit from a detailed model that enabled them to track exact figures for their social media metrics, costs and ROI while also allowing for the measurement of qualitative metrics that could equally impact social media ROI.

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**Submission of Thesis and Dissertation**

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# Section 1: Introduction

## 1.1 Background to the Study

More than 3.4 billion people use social media and spend more than 2.5h on social media platforms every day, thus using multiple social media sites can be an efficient way for companies to attract large numbers of people to their brand, (Godey et al, 2016; Cooper, 2020; Nisar and Whitehead, 2016; Tafesse, 2016). The potential of social media as an effective tool for communicating with users and possible customers has made it widely popular among Irish E-commerce SMEs. With its abundance of users and low cost to companies, social media is almost a necessity for these firms trying to grow revenue. To ensure that social media use is successful and not just simply an online presence with little returns, these businesses must have well-devised strategies for both their content and subsequently their processes for measuring the results, without which its efficacy cannot be measured, (Lim et al, 2020). Companies can increase their reach and enhance customer engagement through social media by concentrating on controlling and measuring specific activity outcomes including metrics such as the number of user comments, followers or likes, (Chahal and Rani, 2017; Grégoire et al, 2015; Newberry, 2019; Seo and Park, 2018). Additionally, Irish E-commerce SMEs can use social media to generate a financial return on investment (ROI) by using content and social media engagement to drive customers back to their online stores. Therefore, businesses need to fully comprehend the impact their social media activity has on ROI. This would result in an enhanced understanding of the value social media provides these smaller enterprises.

## 1.2 Problem Statement

Social media undoubtedly benefits many Irish SMEs who have adopted it for the purpose of communicating more efficiently with their following and other prospective customers. However, the success of their social media activity varies, depending on their ability to create engaging content and monitor progress. Becoming more proficient at content creation is manageable but improving competence on accurately tracking the results can prove difficult, leading to challenges with understanding social media ROI. The challenge with accurately measuring social media activities and corresponding ROI is that it can be hard and oftentimes unclear as to what social media metrics to track and how to quantify them into precise ROI. There are countless non-



financial social media metrics that a business could choose to track and there are various analytical tools to use, each with multiple financial metrics to follow. This abundance of choice for measuring social media activity can cause uncertainty among SMEs about which is the best for assessing social media activity success. Further, it can be unclear to these businesses how to exactly quantify social media metrics into financial returns. The connection between social media activity and ROI is evident. However, the relationship between social media metrics and financial ROI has been tough to understand due to an array of non-financial metrics. Previous studies have researched the area and proposed models for measuring ROI, but they do not provide SMEs with exact instructions. This research aims to build on previous literature and gain a better understanding of the relationship between social media activity and ROI. The achievement of which would provide immense value for Irish E-commerce SMEs with their social media efforts.

### 1.3 Research Objectives and Rationale

This study will be researching Irish E-commerce SMEs from all industries to obtain a general understanding of social media ROI across Ireland as a whole. As these businesses conduct their business online via the internet, it is believed that businesses from any industry will contribute towards a successful study. The research objectives and rationale of this study are:

- (i) To investigate the perception of social media value among Irish E-commerce SMEs and discover how important social media is for generating financial ROI. The researcher would identify the types of social media platforms used and any specific objectives for their social media activity.
- (ii) To examine the current practices among Irish E-commerce SMEs for measuring social media activity and its ROI. This will help to uncover the various methods being used by these firms and allow the researcher to propose an effective model consisting of the most important social media ROI measurement techniques. The researcher will gather data on the social media metrics/insights measured, the analytical tools used, and the individual processes for quantifying metrics among Irish E-commerce SMEs.
- (iii) To explore the potential for improvements to the current social media activity measurement processes used within Irish E-commerce SMEs. This will involve asking respondents for their

opinion on what can be improved, coupled with the data collected from the processes currently being used to measure social media ROI among Irish E-commerce SMEs.

## 1.4 Research Questions

Given the research objectives stated above, it is crucial to answer the following research questions in this study to obtain an empirically informed conclusion on the value of social media among Irish E-commerce SMEs.

- (1) How valuable is social media as a tool for generating return on investment for Irish E-commerce SMEs?*
- (2) Do Irish E-commerce SMEs have methods for measuring their social media activity?*
- (3) Can current processes for measuring social media ROI be improved to obtain more accurate results?*

## 1.5 Thesis Outline

Section two focuses on the review of literature around social media and social media ROI specifically. The researcher's perspective was outlined regarding the theory of social media ROI as it relates to the research topic. The relationship between social media and financial ROI was also reviewed to uncover valuable insights relevant to the study.

Section three describes the methodology and research approach undertaken by the researcher. The research design, research instrument, sampling strategy, data collection method, measurement procedure, data analysis, ethical considerations, and limitations and constraints of the chosen research technique are presented. Descriptive statistics will be used to analyse the data and answer the research questions of this study.

Section four outlines the data analysis and interpretation for this study as a direct outcome of the research method conducted in section two. This includes a brief introduction of the research scope and technique used. Validity and reliability tests are presented. The research questions are re-stated, analysed, and answered for the achievement of the overall research aim and an interpretation of the research findings is discussed.

Section five presents the discussion which summarises the research findings and methodology adopted in conducting this study. Additionally, it reiterates the research outcome and evaluates the contribution to research theory, practical implications for Irish E-commerce SMEs and limitations of this study.

Section six is the concluding chapter which presents the answer to the overall research aim and synthesises results into one final takeaway for readers to remember. There is also a final justification for the adopted research approach, followed by recommendations consisting of a proposed model for Irish SMEs to implement and possible avenues for further research.

## Section 2: Literature Review

### 2.1 The use of social media

This theme will focus on the use of social media and discuss several social media types. The report will explore current literature on the different types of social media types and their link to Irish SMEs. Through the literature reviewed, several perspectives will be outlined in relation to the use and value of social media for Irish SMEs.

#### 2.1.1 Social Media Types

Lim et al. (2020), outline that in order to gather a holistic overview of a firm's social media activities research is necessary to identify the types of social media the company actively engages with. Additionally, the intensity level of the interactions on these platforms must be measured to result in a fair evaluation of social media ROI. To understand the variety of social media platforms available to firms, Kaplan and Haelein (2010) have listed social media platforms into six distinct types: labelled collaborative projects, content communities, microblogs, social networking, virtual game worlds and virtual social worlds. Content communities, microblogs and social networking are regarded as the most suitable for firms to use, (Stelzner, 2018). These platform types are arguably the most appropriate for firms to communicate with their target market as they consist of platforms where vast customer segments gather to share information online. This can provide SMEs with effective access to target markets where they can communicate information and offerings to prospective customers. The abundance of social media types available leaves businesses with a choice to make. They must decide which types of social media and specific platforms are appropriate for the company and its objectives. These factors include the target market; content type such as video, blog post, photos etc.; and desired return on investment. Irish E-commerce SMEs must follow this process to ensure they accurately communicate with their desired customer segments. Identifying social media platforms that can produce good returns is a prerequisite for Irish E-commerce SMEs looking to gain value through social media. Businesses should carefully select the platforms they intend to use for the social media presence by ensuring those chosen align with what the firm is offering and where their target market is more likely to gather. For example, a fashion label would be more likely to employ platforms like Instagram

whereby products can be shown visually to customers. Likewise, a financial services firm may select Twitter as it's designed to attract those open for discussion. Some of the prominent social media platforms available to Irish E-commerce SMEs include the likes of Facebook, Instagram, Twitter, LinkedIn, and YouTube. However, we have seen that apps tend to trend in an ebb and flow manner with certain apps proving more popular through a certain period of time. Currently, TikTok has emerged as a platform powerhouse for showcasing products of all types of firms from fashion, make-up, food and more. This is something for firms to consider as they attempt to choose platforms that will produce the most efficient results. These platforms have been the main channels used across a range of studies concerning the value of social media and its returns (Hoffman and Fodor, 2010; Karimi and Naghibi, 2015; Lim et al, 2020, McCann and Barlow, 2015). The number of users on these platforms is a good indication that social media is an efficient tool for reaching customers and creating value for organisations. As of 2020, Facebook had 2.7 billion active monthly users, Instagram had 814 million, Twitter had 187 million, and YouTube had 2 billion. These figures provide assurances of the opportunities these applications contain for Irish E-commerce SMEs to capitalise on and earn a good return on investment. Certain platforms may attract specific demographics as we have seen with YouTube being more commonly used among males than females. The same could be true for other platforms and so SMEs should analyse these factors to identify the right platform containing their desired customer segments. Accessibility using mobile devices means that people can use these applications whenever, wherever, (Beer, 2008; Kaplan and Haenlein, 2010; Kim et al, 2010). Connecting to customers via social media has never been easier for these Irish E-commerce SMEs, its usage numbers and cost-effective nature make it nearly essential for businesses to be proactive and organised with their social media activities. The only potential issue with this is the assumption that everyone has access to the internet. Some may have limited access while others none whatsoever depending on their mobile network plans or geographical location.

### 2.1.2 Analytical Tools

When the social media platform types have been chosen, the firm must then determine the social media analytical tools within each platform that will be used as the key performance indicators. Consistency is a prerequisite for effective results so the company must decide on the frequency of activities it will generate across all platforms. This will drive the results of the firm's social media

activity relevant to each platform, (Lim et al, 2020). Applications like Hootsuite make the integration of social media activity ever simpler for smaller businesses to efficiently manage. McCann and Barlow (2015) discuss many forms of analytical tools available that can provide valuable information for organisations. These include analytical resources built-in to platforms and external tools such as Google Analytics. The effectiveness of future strategies is directly influenced by the quality of information obtained from these analytical tools. Selecting the right analytical tools and understanding how to clearly interpret the results is therefore a key component to the overall operation of measuring social media ROI.

### 2.1.3 Social Media Platforms

Expectedly, companies devote most of their resources into social media platforms of content communities, microblogs, and social networks, as they concentrate on increasing social media presence and effectiveness, (Lim et al, 2020). These include Facebook, Instagram, Twitter, and YouTube, the four largest platforms in terms of monthly users globally. Therefore, they appear to be the most relevant platforms to use for the purpose of growing brand image and generating returns. Statistics show that the usage levels of these platforms is encouragingly high, and forecasts indicate further growth. There are over three million social media users in Ireland as of 2020 and studies reveal that Facebook, Instagram, Twitter, Snapchat and LinkedIn are the most popular. Implementing effective social media strategies will require a thorough investigation by Irish E-commerce SMEs into which social media platforms to engage with, either a select few strategically or many in order to reach the largest possible audience. These are the social media platforms that the study will focus on as they appear to be prominent choices for Irish E-commerce SMEs attempting to establish effective social media strategies. These social media platforms are used strategically for brand management, innovation, new product development and customer, relationship management (Culnan et al, 2010; Hoffman and Fodor, 2010; Muniz and O'Guinn, 2001; Simon et al, 2016) as well as entertainment, information sharing and crowdsourcing, (Kim and Ko, 2012; Shen and Bissell, 2013).

### 2.1.4 The breadth of social media

The breadth of social media types enables firms to engage in social media activities irrespective of time, place or medium, therefore it's critical to understand all types of social media platforms in

which the firm is actively involved, (Kim and Ko, 2012). Before taking the plunge into social media and using it as a tool for producing value, companies must understand that certain platforms might be favoured by unique groups distinguished by demographics. A factor for consideration is the different social media preferences of the many demographics within Ireland. Certain cohorts are likely to engage with specific social media platforms based on age, class, occupation, income, and gender. Reports from the Education and Training Boards Ireland (2019) suggest that the use of Facebook is steadily decreasing among teenagers with platforms YouTube, Instagram and Snapchat proving more popular. Further examples include YouTube which is predominantly engaged by males and LinkedIn by work professionals. With different segments of the population preferring different platforms, it is critical for Irish SMEs to understand which social media platforms are best for reaching their desired target audience. Irish E-commerce SMEs can have a dynamic presence across several platforms so understanding their engagement with each platform is critical to measuring accurate ROI overall. Literature reviewed thus far has provided useful insight into social media's potential for generating considerable returns for organisations, (Hoffman and Fodor, 2010; Lim et al, 2020, McCann and Barlow, 2015). However, opportunities have appeared whereby certain frameworks and approaches for measuring social media value could be explored further or altered for improvements. This study is an opportunity to research an intriguing gap in current literature regarding how Irish SMEs are using the breadth of available social media options to communicate with their customer segments, create value and measure the return on investment. Stockdale (2012) claims that effective use of social media requires clear strategy, consideration for its use and how it can create value for the business. If Irish E-commerce SMEs wish to benefit from social media, they will need resources to form strategies, measure the results, and subsequently evaluate their impact on attaining the attached goals.

## 2.2 Measuring the Return on Investment of social media

### 2.2.1 Complexities of measuring social media ROI

Measuring the return on investment of social media has been the centre of much discussion in recent years, owing to the increased number of companies transitioning their business online.

Social media platforms provide firms with efficient and low-cost means of reaching their customer segments, ultimately helping with the move to online business. Using social media to communicate with customers is arguably critical for these organisations and therefore understanding its value or returns can be equally important. The ability to calculate social media value is difficult but failing to do so prevents firms from realising its true potential, (McCann and Barlow, 2015). According to Lim et al. (2020), social media can have a direct effect on brand equity through interaction with social media users. As individual engagements may vary across different social media platforms (de Vries et al, 2012), the full extent of social media activity outcomes needs to be examined to fully comprehend the social media activity efficiency of the firm, (Halaszovich and Nel, 2017). Individual businesses, such as Irish E-commerce SMEs, may derive value from social media in different ways, depending on their business and the sector in which they operate. As a result, understanding what social media activity outcomes to measure can be unique and company specific. This causes the measurement of social media to appear elusive and hard to accurately define. By elusive, this suggests that measuring social media ROI is an abstract concept because one social media outcome could be perceived differently by separate firms. For example, two firms may have contrasting opinions on the value of attaining a given number of likes or shares. One may consider this as a signal of increased revenue if there happens to be a correlation between increased sales and reaching this number of likes. Whereas another firm may focus on entirely different outcomes to indicate better sales performance. However, the social media metrics available to determine performance remain the same for all businesses across all platforms. It's how these firms choose and interpret these metrics to decide on the efficacy of their social media efforts that matters with each company having their own expectations of social media. Several authors claim that social media requires its own method for measurement because of its differences with face-to-face and online communications. Measuring the value of IT has been commonly difficult and this includes social media (Stockdale et al, 2012; Geho et al, 2011; Sexsmith and Angel, 2011; Fisher, 2009). Divol et al. (2012) adds that there is no single method for measuring the financial value of social media. As a result, the return on investment of social media remains unknown to many SMEs. This exposes an interesting area in current literature that may be limited in research. Further studies could contribute to current literature by attempting to definitively understand how Irish SMEs can effectively measure all social media activities, including all costs and revenue gained. This provides much encouragement for the research position as this study



aims to identify specific methods for tracking social media ROI by eliciting relevant data from the social media practices of Irish E-Commerce SMEs.

Further literature highlights that measuring the true value of social media might call for tracking "tone, perception, and nuances" making it problematic to accurately quantify, (Blanchard, 2011; Owyang and Toll, 2007). Tracking these non-financial metrics may be critical if a correlational relationship between tone or perception and financial performance such as sales exist. Companies would have to examine tone, perception or nuances and revenue levels prior to, during, and after launching a social media campaign to determine whether they are positively linked.

Hoffman and Fodor (2010) have been a foundation for researchers developing models that attempt to measure social media ROI. The beliefs underpinning their theory are that firms should consider what marketing objectives their social media activity aims to achieve, why customers would engage with it and what actions they might take as a result of interacting with it. They propose that social media ROI won't always be measured financially but that it will be done according to customer engagements with the firm's social media activities. Recent studies on social media ROI have implemented the metrics outlined by Hoffman and Fodor (2010) in their attempt to record accurate results of social media activities, (Lim et al, 2020; McCann and Barlow, 2015). For example, these studies tracked quantitative metrics such as likes, shares, and comments. They simultaneously analysed qualitative metrics such as tone of comments and views for the purpose of determining the holistic value social media provides. Additionally, some firms will focus on particular social media platforms and create a significant amount of engagement activities if they believe their customer segment can be efficiently targeted through the use of a select few platforms. This could be the case for a niche product or brand whose customers are known to gather on a specific platform, for example a motor vehicle company might target specialised Facebook groups where their customers congregate to discuss products and offer reviews. Others may spread their activities across several social media platforms to produce average engagement activity results if they believe their products are more standardised with discussion unfolding across many social media sites, an example of this may be a food or beverage company, (Schweidel and Moe, 2014). Depending on the firm, the number of platforms engaged with will vary and this will determine the nature of their social media activity plan. Some may cover many platforms whereas others may focus on a handful of core platforms, this may depend on the size and resources of the firm. This

also depends on the capabilities of different social media platforms and the type of audience that gathers within them. Companies must identify which platforms are appropriate for effective communications with customers that can achieve desired goals. The objective of their social media activity plays a vital role too. For example, firms looking to increase awareness might create a campaign on Facebook or Instagram to access large numbers of users or increasing awareness might draw firms to Facebook or Twitter where they can access customer segments in Facebook groups or Twitter threads. Platforms like YouTube and Instagram that are built around video and imagery could prove most suitable for firms building aesthetic campaigns for products or services. Regardless of how a company chooses to use social media to achieve marketing objectives, the outcomes from all platforms must be properly integrated. This is vital as some marketers fail to reconcile the different results across several platforms, (Schweidel and Moe, 2014). The same is true for firms seeking accurate measurement of social media return on investment. Issues like this form the basis of this research and prompt the researcher to identify real solutions that can be seamlessly integrated into SMEs' current social media management.

Companies are increasingly relying on social media platforms to raise awareness and traction for their products and services. As the relevance and importance of social media for businesses grows, so does the need for an accurate method of measuring its ROI. A viable method for measuring social media ROI must be broadly applicable to all firms while also being adaptable to each firm's specific needs.

### 2.2.2 Methods for measuring

Traditionally, ROI is measured as a percentage using the following calculation:

$$\text{ROI} = (\text{investment gain} - \text{investment cost}) / \text{investment cost}$$

Understanding this equation requires SMEs to know the revenue gained from specific social media activity and all costs that were expended by performing these activities. SMEs can then input the relevant figures into this equation to result in an accurate indication of ROI. The issue in obtaining accurate results is having an accurate comprehension of what exactly will be determined as the gain. This could be the investment gained from the launch of a social media campaign to its close, as set out by the firm itself.

Relating this equation to social media suggests that the returns and costs of its operations must be determined. Blanchard (2011) outlines that financial gain takes two forms: cost reductions and increased revenues and proposes that all resources used in projects have a monetary value that falls into one of the following categories: personnel, time, technology, and miscellaneous. McCann and Barlow (2015) argue that non-financial gains from social media might be as equally beneficial as financial gains with rewards like enhanced communication and brand awareness having potential links to increased sales performance. Although these may be beneficial, measuring intangible benefits remains complex. While metrics such as "an increase in followers" or "a rise in likes/comments per post" may not directly correspond to increased revenue, it's evident that a firm's presence across social media platforms can result in financial gain. Blanchard (2011) argues that changes in non-financial outcomes can be understood as an indication of shifts in familiarity, alignment, preference, and purchasing habits, and as a result, non-financial outcomes are converted into financial gains. Perhaps this correlational relationship can be proven as true if firms can show that baseline revenue has risen in conjunction with these non-financial social media results. However, relating an increase in revenue to social media activities becomes complicated if businesses have to prove the cause-and-effect relationship between the two. Hoffman and Fodor (2010) considered the state of social media measurement to be less than adequate with Murdough (2009) describing it as "quite immature". The methods proposed for measuring social media since then have either been too simplistic or too complex in their design.

McCann and Barlow (2015) had the approach to make measuring the ROI of social media widely feasible for SMEs. However, it lacks the ability to track actual figures and still leaves social media outcomes open to interpretation in terms of how they are providing value for the firm. Their research created an easy-to-use framework that allowed SMEs to better plan their social media activity and improve on previous efforts. However, its inability to track actual figures limits its value for SMEs.

Lim et al. (2020) on the other hand measured the value of social media for Fortune 500 firms using a regression analysis. This model is not only complex it is unsuitable for SMEs who may not have the resources to carry out such an analysis.

These company's need an easy-to-use yet objective model to understand the true financial value of their social media activity which in turn solidifies the purpose of this study. The research will strive to uncover such a model that the masses of Irish SMEs can avail of to improve their understanding and achievement of social media ROI. Although it can be difficult to translate non-financial social media metrics into financial benefits, many online businesses are now equipped with website analytics like Google Analytics. These resources can provide firms with precise metrics that can help them develop better strategies for improved performance. Firms can track conversion and web traffic origin to give them a better idea of the return their social media strategies are producing. This research may be able to validate a structured method for measuring the correlation between non-financial metrics and financial performance through the use of social media metrics and website analytics. The use of non-financial metrics in conjunction with financial ones allows for a more comprehensive analysis of social media ROI. It considers the significance of customer reactions to social media activities while providing management with accurate cost and return figures that enable them to move forward with social media strategies and reap better results in the future. The marketing budget of Irish E-commerce SMEs would be much lower and more carefully allocated than larger corporations. Therefore, the availability of a model that can efficiently measure vital social media activity outcomes will be indispensable for these companies. These businesses could use such a model to build more cost-effective social media strategies that make the best use of resources and maximise social media's potential. The vital components of an efficient measurement for social media ROI would require a clear outline of marketing objectives, social media activity, determined metrics, and evaluation process. The types of ROI that firms can measure varies so it's vital that this is carefully selected before tracking and analysing data. Ideally, a business will choose one type of ROI to measure for any given period of time.

### 2.2.3 Types of ROI/Brand Equity Measured

There are several ways that social media ROI can be measured depending on the specific performance indicators that a firm wants to focus on. Consumer-based brand equity is seen as a differential impact of consumer knowledge based on their response to the firm's social media activities, (Keller and Brexendorf, 2019). This refers to the increase in customer knowledge about a brand after engaging with their social media campaign. A consumer may become more informed after seeing a certain brand's social media campaign and develop a connection or increased

probability to buy from that brand. Measuring this entails tracking the qualitative results of social media activities. Other researchers focused on social brand equity where the focus was on a desired behaviour and effectiveness is defined by evaluating that behaviour, (Guzmán and Davis, 2017; Naidoo and Abratt, 2018). Here a brand seeks to elicit desired behaviour from potential customers through their social media efforts. Evaluating their response could indicate what social media activity may or may not lead to them purchasing from the business. The consumer-based and social brand equity approaches focus on the recording of non-financial social media outcomes like the number of likes, comments, and overall sentiment of customer reactions. These are viable options for businesses who wish to measure the tone and perception of their activities. However, these measures of brand equity fail to definitively outline financial return from social media. Schultz (2016) addressed brand equity from a financial perspective and classified it as market brand equity, which signifies the monetary value of the brand to the company. The ability to precisely calculate the financial return of social media is inherently valuable to most, if not all, online businesses using social media platforms to push market offerings and communicate with customers. In light of this, there is a strong argument that measuring social media activity from a financial perspective is more valuable than approaches measuring non-financial aspects. After all, understanding the monetary performance of social media is more vital for business survival and superior performance. However, literature has suggested that non-financial metrics have considerable impact on financial returns. If non-financial social media outcomes are ignored when calculating financial ROI, the results could become inconclusive. This reinforces the proposal to use an amalgamation of non-financial and financial metrics to study the true financial returns of social media. This combination of metrics could be measured by tracking precise, company-preferred non-financial metrics against the hard financial figures provided by website analytical tools such as revenue, sales or average order value. An easy-to-use framework could be developed to facilitate these metrics being recorded on the same system or page. The research will make sure to notice whether this is possible and such a framework can be developed to aid the social media understanding of Irish SMEs.

## 2.3 Social Media Planning

Literature surrounding social media highlights the importance of a well-devised strategy for achieving good ROI, (Bernoff and Li, 2008; Constantinides et al, 2008; Sexsmith and Angel, 2011; Stockdale et al, 2012). Individuals can use social media planning to promote their websites,

products, or services through online social channels, as well as communicate with and tap into a much larger community that would not have been available through traditional advertising channels, (Weinberg and Pehlivan, 2011). As Hoffman and Fodor (2010) stated that the question is not whether to blog or tweet, but rather what goals must be met and which set of tools, along with their associated metrics, can best achieve them. Planning social media activity is essential for firms that wish to have a deep understanding of how it influences the achievement of social media objectives. Not only should social media planning focus on the goals for social media like interacting with customers and defining expectations it should also clearly state the measures that will be used to track economic value and financial returns for the firm, (McCann and Barlow, 2014). More than maintaining and having a social media presence is necessary for businesses to obtain value for their brands when using social media to attract and engage with individuals, (Culnan et al, 2010; Halaszovich and Nel, 2017; Veloutsou and Guzmán, 2017).

There is exhaustive literature on the prudence of building a clear social media strategy and dedicating time to determining exactly what it is you want to achieve and how. The development of a good social media strategy would require firms to undertake a process whereby they decide on the objectives of their social media activities, the metrics they will focus on tracking, how they intend to track and organise such data, and finally how they will evaluate performance for the purpose of improving strategy. The use of such a mechanism would be similar to a cyclical flow, implying that social media techniques could be continuously improved over time. Further studies on this matter indicates that social media planning should be predicated on stages including planning, implementation, and evaluation of non-financial and financial metrics, (Hoffman and Fodor, 2010; Lim et al, 2020; McCann and Barlow, 2015). Firms will be able to continuously improve their understanding of ROI if they have a method for constantly improving each social media campaign. This has the potential to provide enormous value for SMEs because having this capability means they can engineer superior social media efforts to consistently increase revenue and achieve new financial goals.

### 2.3.1 Determining Social Media Metrics

Methods within current literature (Hoffman and Fodor, 2010; Lim et al, 2020; McCann and Barlow, 2015) suggest that a combination of qualitative and quantitative are necessary to fully

understand the progress of a goal. Furthermore, research proposes that measurement must shift away from using purely traditional metrics as it is deemed inadequate for firms to concentrate solely on metrics like the number of likes, comments etc. as these results are of little value as they are "ill-suited to the interactive media environment", (Filisko, 2011). Alternatively, measuring social media activity should involve a combination of quantitative metrics and modern elements like sentiment and engagement quality, (Bernoff and Li, 2008; Divol et al, 2012; Weismann, 2009). This combination of metrics should stretch across the entire company which necessitates the coordination of "data, tools, technology, and talent across multiple functions", (Divol et al, 2012). The Internet Advertising Bureau (2011) adds another element by advising that soft metrics such as the number of site visitors should be merged with hard financial metrics such as cost per lead/engagement, before the social media activity can be accurately measured for its worth. Successfully achieving this requires firms to examine any non-financial, possibly ambiguous, metrics in extensive detail (Manguic, 2009) to ensure accurate quantifiable data is produced to record a firm's social media ROI. This literature highlights how critical it is for organisations to clearly outline the metrics they intend to measure as they attempt to calculate their social media ROI. Ensuring company-wide measurement of social media efforts is precise, firms must plan for the coordination of resources such as social media and website analytics that together will ascertain the ROI of their social media activities. Measuring social media efforts is a multifaceted operation and therefore companies require a strategy that details what will be measured and how it will be measured. In light of this, it is vital that companies don't fall into a state of "analysis paralysis" by deciding upon a select number of metrics for each business goal to keep evaluation concise, (Murdough, 2009). Having consistent metrics will enable the organisation to maintain focus on the business goals and not to become too overwhelmed with measurement and analysis, (Stockdale et al, 2012). The following table is an example of the kind of metrics that can be measured by organisations.

This study will uncover whether structured social media plans already exist among Irish SMEs and to what extent. It is possible that organisations can use social media in a variety of different ways. Some firms will have more detailed and organised strategies than others and this could be a result of insufficient models for measuring social media ROI or a lack of knowledge surrounding the potential social media possesses. As McCann and Barlow (2015) discovered, many businesses using social media were making decisions and assessing efficacy arbitrarily as they highlight how

35% of respondents based their social media ROI on a “hunch.” Firms need to find ways to measure the effectiveness of their social media activities on core brand performance indicators, because only 34 percent of firms currently measure the return-on-investment of social media marketing, (Godey et al, 2016; Heinonen, 2011; Michaelidou et al, 2011; Newberry, 2019). These statistics raise concerns about how some businesses really perceive social media and show that many of them could benefit from further education on the topic.

### 2.3.2 The View of social media from a Business Standpoint

Understanding organisations’ perception of social media will help to increase the number of organisations using clear strategy making processes for how they go about social media planning. From a business standpoint, social media can help businesses in many ways to improve performance and strengthen company image via: increased communication; more exposure with word-of-mouth; creating closer relationships with customers; appealing to new customers; advertising the firm's products and services; enhancing brand awareness; increasing web traffic; increasing sales; greater collaboration and building online communities, (Cook, 2008; Divol et al, 2012; Fischer and Reuber, 2011; Hoffman and Fodor, 2010; Kaplan and Haenlein, 2010; Mangold and Faulds, 2009; Montalvo, 2011; Nair, 2011; Stockdale et al, 2012; Zhang et al, 2011). Since an increasing percentage of digital consumers choose social media to research brands, firms need to recognise which social media activity results are generating returns as well as what kind of intentional social media content is required to achieve positive results, (Newberry, 2019; Rutter et al, 2016; Schweidel and Moe, 2014). With this knowledge, firms can target the right combination of social media activity outcomes and allocate resources appropriately.

The existing social media strategies of Irish E-commerce SMEs could help inform the study on the relationship between social media activity and financial ROI. This should provide further evidence on the importance of social media strategies for measuring their true impact and achieving desired social media activity results. As stated by Lim et al. (2020), successfully using social media requires firms to have a concrete strategy stating how it will be used and what it will be used to achieve. The lack of such a strategy means that businesses are unable to assess the effectiveness of social media. The necessity to have an efficient way to measure social media activity results will require a specific methodology. Testing the relationship between the social



media interactions of SMEs and their return on investment requires quantitative and qualitative research in the form of a survey. This will help to objectively analyse current practices for social media among these businesses as well as their overall sentiment and then analyse results to find improvements for best practice. Social media planning is subjective in nature with each business varying in how they understand social media. Differences in how they understand social media may lead to disparities between their social media planning. Therefore, any model designed to effectively measure social media ROI must take this into account and have the flexibility to fit each organisation and their perception of how social media planning should be done.

## Section 3: Research Question

### 3.1 Research Question

Research Question: Values of social media within online Irish SMEs: Methodological approaches used to understand the return on investment (ROI) of social media.

The research question focuses on the value of social media for E-commerce-based Irish SMEs. More specifically, the purpose of the research question is to understand the return on investment (ROI) of social media for these businesses. This knowledge could aid in the development of a more modern and precise method for measuring social media ROI for businesses, allowing them to create more effective social media strategies for achieving company goals. This research's potential value should pique the interest of all businesses looking to improve their social media activity results. If they can implement a model that accurately defines social media ROI, they will be able to determine which activities resulted in their ROI and use this information to improve future online efforts. Comprehending the entirety of social media's value has proved difficult for SMEs as they may not possess the expertise or resources to properly track and analyse their social media efforts. The current methods for measuring social media activities are limited in scope and precision. Often, they fail to accurately quantify social media ROI in financial terms. With this, a gap in current literature presents itself for further research. This research paper can work towards devising a widely applicable framework for accurately measuring the social media returns of these Irish SMEs. This would create value for businesses in a number of ways, it would help with precise financial planning for future campaigns or business costs, it can help direct future social media activities based on performance analysis, and it can assist SMEs in setting future financial goals.

## Section 4: Methodology

### 4.1 Introduction

This chapter will outline the detailed methodology used when conducting this research. The return on investment of social media will be researched using current literature, conducting primary research, and examining secondary data. Through this, the research aims to answer the following research questions:

**Research Question 1:** *How valuable is social media as a tool for generating return on investment for Irish E-commerce SMEs?*

**Research Question 2:** *Do Irish E-commerce SMEs have methods for measuring their social media activity?*

**Research Question 3:** *Can current methods for measuring social media ROI be improved?*

### 4.2 Philosophical Positioning

The ontological assumption of this research is that in reality social media can provide superior value for businesses by combining tangible financial metrics of sales and performance as indicators of ROI with the intangible area of social media such as likes, comments, or shares. Current literature on the value of social media has highlighted that an amalgamation of tangible and intangible social media outcomes has the potential to yield far more accurate results for organisations, (Blanchard, 2011; Lim et al, 2020; McCann and Barlow, 2015). The research on this area has evolved over time to uncover new assumptions based on how the value of social media is calculated. This helps with shaping our view of social media realities and how its phenomena will be studied to understand the true value social media possesses. With this, we can identify how companies can harness this knowledge for the purpose of calculating and increasing social media ROI. Social media applications have rapidly advanced over the last 10-15 years and with this updated methods and tools for measuring ROI have become more valuable for businesses. These new approaches challenge the epistemological assumptions of traditional ROI concepts,

opening new possibilities for calculating social media value. As a result, a positivist approach is taken in this research, as gathering quantitative primary data on social media ROI will most likely provide the researcher with findings that are generalisable among Irish SMEs. Positivism appears more suitable for this study than interpretivism due to interpretivists trying to understand human behaviour rather than explaining it. The interpretivist seeks to develop theories through the observation and interpretation of social constructs. A positivist approach would therefore offer more value to this study as the researcher attempts to clearly explain how social media ROI is measured for a firm's benefit. Several researchers (Godey et al, 2016; Lim et al, 2020; McCann and Barlow, 2015) used a positivist epistemological approach when conducting research to understand the return on investment of social media for firms. Within these studies researchers conducted quantitative research methods to discover the relationship between social media activity and ROI. They found this to be an effective approach in determining how social media efforts translate into quantifiable data that companies can use to better understand their return on investment.

Taking a quantitative approach, this study will employ surveys to derive the necessary data from Irish SMEs across several industries that prove eligible to answer the questionnaire. The research method used allows the researcher to target relatively larger samples for completing the questionnaire and receive responses within a shorter time period. It also allows the researcher to gain different perspectives from the selected respondents based on their knowledge in their respective firms. The data collected is objectively analysed and interpreted in order to strengthen the validity of research findings. As a result of this, generalisable truths are uncovered after thorough analysis of survey findings which can contribute to current literature on the return on investment of social media for SMEs. Although the findings may not be objective and scientific fact, hopefully enough data can be presented to offer useful insight into the measurement of social media ROI.

### 4.3 Research Design

The researcher has chosen to collect quantitative data from Irish SMEs about their social media activities and ROI using a survey questionnaire. A survey has the ability to gather larger amounts of data about a population and therefore provide more conclusive results. This is vital for this study

as the researcher aims to identify the social media activities of Irish E-commerce SMEs in general. The researcher devised a survey questionnaire capable of providing data to answer the different themes in the research question. A survey was chosen above other quantitative options like structured interviews because the study aims to achieve generalisable findings applicable to the majority of Irish SMEs.

The survey first asks respondents to rate the perceived value of their social media, what types they currently use, and what their primary social media goals are. This section will help the researcher to ascertain how Irish SMEs feel towards social media at this moment in time. Knowing which platforms Irish SMEs use can help to determine which platforms produce the best results. Identifying optimal social media platforms could prove critical for businesses striving to succeed with their social media strategy. Further, gathering their social media goals can offer insight into the diverse choices among Irish SMEs and may uncover if certain goals are more or less suitable to pursue. There follows a transition into the next stage of the survey whereby respondents are questioned on their methods for measuring social media returns, including the preferred metrics and analytical tools. This section can help the researcher gain a better understanding of the current practices among Irish SMEs for measuring ROI. The researcher can collect and analyse this data to determine why firms choose certain metrics and whether there is a superior set of metrics or analytical tools that can make the process of measuring ROI easier. This would have a positive impact on a broader range of Irish SMEs, as previous research has highlighted the lack of control that some SMEs have over their measurement processes. The final third of the survey questionnaire focuses on deriving data about if and how respondents quantify their social media efforts. The final section of the survey gathers some of the most important data as this study pursues a model that can quantify social media activity into financial results. Understanding how Irish SMEs are currently quantifying their social media activities can assist the researcher to form improved methods that the majority of businesses can implement.

The data collected will be examined to decide on the best practices and whether certain practices can be combined to develop a superior measurement framework. Together, these three stages of the survey allow the researcher to gather relevant data for the purpose of answering the overall research question. The survey design was carefully planned to ensure each question could extract

the relevant data required to help answer the overall research question. Individual questions consisted of Likert scales, single choice, multiple choice, and answer boxes.

#### 4.4 Research Instrument

A survey, located in Appendix 1, was found to be the most appropriate research instrument for this study as the researcher needed to gather a rich set of data from as many qualifying Irish SMEs as possible. The survey was devised to provide comprehensive information and instructions for all thirteen questions to ensure data gathered would efficiently contribute towards answering the overall research question. Respondents are clearly introduced to the survey at hand and the questions are structured as per the themes of the research question. There are three stages of the survey that are answered in a sequence to produce a coherent and logical flow for participants. The survey is standardised so that each respondent is asked the same set of questions. Initially the questions seek to obtain information on the perceived value of social media by respondents. The survey transitions thereafter to attain more specific detail on the social media activities of Irish SMEs and their current methods for measuring ROI. This includes the social media platforms used, the extent to which their efforts are measured, the metrics tracked, the analytical tools used, and the processes involved in quantifying results into a ROI figure. The survey included answer boxes for respondents to briefly outline their current processes for tracking ROI and give recommendations for potential future improvements.

#### 4.5 Sampling Strategy

This research adopted a non-probability convenience sampling method for gathering data on the social media activities of Irish E-commerce SMEs, (Saunders et al, 2019). This research method was selected above alternative options due to the requirements of participants to meet specific criteria for answering the survey. Validity screening involved ensuring that participating companies met the defining characteristics of small and medium enterprises within Ireland. Respondents were then chosen based on the evaluation that they had strong links to the research question and could effectively provide insights into understanding social media ROI. The criteria required to qualify for this study are as follows:

1. The firm must have no more than 249 employees

2. The firm must have an annual turnover of less than €50 million.
3. The firms must conduct business sales electronically via the internet to qualify as an E-commerce business.
4. The firm must actively use social media as a form of marketing or reaching customers in an attempt to boost revenue.

The researcher is confident that this method can provide findings that are generalisable of the majority of Irish E-commerce SMEs by targeting companies individually and screening their validity before accepting them as an eligible candidate for the study.

Once the requirements were met, the researcher accepted businesses from a wide range of industries to give more conclusive evidence of Irish SMEs across Ireland. Social media is heavily used within various industries and therefore the data potential is unrestricted. Restricting the study to a select few industries would limit the credibility of the study and this was deemed counter intuitive as the study aims to build a framework that the majority of Irish SMEs can benefit from. Secondary data from government and local enterprise databases was used to identify and target suitable candidates for this study. The participants were asked to make sure that those answering the survey had the necessary knowledge regarding their social media activity in order to obtain accurate and representative data.

## 4.6 Data Collection

One hundred and fifty Irish SMEs from multiple different sectors made up the sample out of two hundred targeted organisations. This sample size was deemed adequate as the required size for convenience sampling is ambiguous and the researcher was satisfied that a level of data saturation was reached to class the gathered information as generalisable of the majority of Irish SMEs. The inclusion of many industries is seen as a strategic measure to gather fair and truthful findings as social media is widely relied on as the primary source of marketing for many Irish SMEs.

The survey was distributed in a pilot study before the real data collection commenced. Three Irish SMEs were sent the pilot survey to complete. Piloting the research instrument was necessary to verify that all aspects of the survey were adequate before proper distribution. This helped to identify and rectify any issues with misinterpretations, research bias, ambiguous wording or styles

of questions used. In particular the pilot study assisted the researcher in defining the exact wording necessary to elicit the required information. Some of the questions initially chosen were too vague or ambiguous which could have potentially led to respondents misinterpreting the questions and providing irrelevant data. This type of misinterpretation could have resulted in the collection of data unfit for answering the research questions, resulting in large parts of omitted data. This would have largely impacted the credibility of the study as sections of data could not be analysed if they did not correctly answer the researcher's survey question. It was advised that a senior member of a firm's social media team answer the survey. However, dialogue with these businesses helped to identify other suitable candidates on the social media teams of Irish SMEs. When a contact felt that they couldn't respond to the survey efficiently, they contacted the appropriate parties in their firm who could. The data collected from participants was used to answer the research questions and provide meaningful conclusions for Irish E-commerce SMEs regarding the value of social media, (Easterby-Smith et al, 2015).

#### 4.7 Measurement Procedure

The purpose of this research is to investigate the understanding of social media ROI among Irish SMEs across various sectors. The results of which should provide deeper findings on how social media activity can be efficiently quantified into financial terms for the benefit of Irish SMEs across Ireland. As a result, the survey was designed to consist of relevant questions that lead to rich data sets. This data could then assist the researcher in answering the research questions and ensure that the research objective is achieved. The use of Likert scales, multiple choice and answer boxes allowed the researcher to gather exhaustive detail from Irish SMEs. The Likert scale allowed participants to rate their level of agreement with certain statements which is useful when computing data to ascertain the sentiment among firms. Answer boxes provided firms with the opportunity to delve into the detail behind their social media ROI measurement processes, a critical component of understanding the value of measuring social media ROI and discovering multiple approaches which could then be compared and contrasted for the analysis of efficacy.

The collected data will be analysed using frequency tables and then thematic coding for the more subjective answers from respondents. All data will be entered into IBM Statistical Package for Social Scientists (SPSS) in order to view all data in an organised manner for accurate examination.



Depending on the style of question either a frequency table or a thematic coding table will be formed to illustrate the gathered data clearly and concisely. These tables will be used according to importance within the Data Analysis section, with all tables included within the Appendices.

## 4.8 Reliability and Validity

The reliability of this study involves understanding if the research findings will stay the same if it is repeated using the same methodology, (Joppe, 2000; Golafshani, 2003). Measuring the consistency of the research instrument is critical for determining its reliability, (Golafshani, 2003). Therefore, to ensure reliable findings were obtained in this study, the researcher created the survey after the careful analysis of other research experts in this area of literature. This measure was taken to ensure the survey questions were appropriate for efficiently answering the research questions, achieving the overall research objective. Further, the researcher made sure that survey respondents were prominent figures in their firm's social media activities, possessing the necessary knowledge and experience to answer the survey questions. This helped to protect against inexperienced personnel answering the survey and providing incorrect data. Cronbach's Alpha is perhaps the most common measure of internal consistency used by researchers for reliability testing of data. However, the researcher was unable to perform this test on the research findings because of the qualitative nature of the survey answers. This test would require a consistent set of scores for each question throughout the survey whereas the data collected was subjective and included written answers.

The validity refers to the accuracy and truthfulness of the scientific findings of the research. The respondents sampled are knowledgeable in social media and the use of analytical tools for measuring ROI. Additionally, adequate samples were gathered to answer the survey. A pilot study was used to verify the wording of the survey and to ensure clarification with experienced social media user firms. The pilot study assisted the researcher in optimizing the research instrument's efficacy, (Joppe, 2000; Golafshani, 2003). The specification of the survey wording was vital for obtaining accurate and relevant data from respondents. Any incorrect wording could have caused mass misinterpretation leading to skewed survey answers that failed to adequately answer the research question. For example, question one of the survey was originally worded "How valuable is social media for your firm?" when it should have asked respondents how valuable social media

was for generating ROI for their firm. Therefore, the question was reworded to “How valuable is social media for generating ROI?”. This type of modification proved to be essential for ensuring the validity of the survey answers was both accurate and true.

## 4.9 Data Analysis

Data was collected using an online survey generated with Google Forms. The survey results were downloaded to Microsoft Excel and a back-up storage device. The data was examined using the IBM Statistical Package for Social Scientists (SPSS) (Connolly, 2007) to create the different analysis necessary to answer the research questions and overall research aim. This includes, but is not limited to, frequency tables and the use of graphs and tables.

For the purpose of answering some of the research questions the researcher had to analyse the answers by respondents according to themes in order to properly organise and interpret the data set. This is due to the style of survey questions which prompted respondents to briefly describe certain processes for measuring their social media activity and returns. Answer boxes were used in the survey instead of Likert scales due to the researcher needing specific detail on the processes currently in place within the Irish SMEs surveyed.

## 4.10 Ethical Considerations

The researcher adheres to the International Statistics Institute's (1986) guidelines by ensuring honesty and objectivity are strictly adhered to when analysing and presenting the research findings, (Jones, 2000). In addition, the researcher closely followed the Ethical Guidelines and Procedures for Research involving Human Participants (2018), as set out by The National College of Ireland (NCI).

The data collected throughout this research process was used for the purpose of this study only. Data provided by respondents was securely stored on a password protected computer system, of which only the researcher has access. An additional precaution was taken when the data gathered was exported for data analysis using an encrypted spreadsheet that only the researcher could access.

The opening statement of the survey offers assurances to respondents that the data they provide will be treated with the utmost confidentiality and complete anonymity. Respondents were informed that their responses would be used solely for academic purposes and that they could withdraw from the study at any time if they so desired. These protective measures are necessary to uphold the privacy of participants' responses, without which this study would be difficult to complete.

#### 4.11 Limitation and Constraint

One of the advantages of the quantitative research method used is that it is more widely accepted, especially when a larger population size is chosen and sampled, (Kothari, 2007). The researcher attempted to obtain a much higher number of responses than those received. This would have ensured more generalisability of the research findings, increasing the credibility and acceptability of the study. However, this was a rather time sensitive research paper and the sample size achieved was deemed adequate to progress. Another constraint preventing this study from being more conclusive was a lack of funding. Funding could have been used more effectively to attract a larger number of SMEs from across Ireland to participate in this study.

It should also be noted that this study was conducted during an unprecedented time. The effects of Covid-19 have largely tested the perseverance of businesses and individuals who have struggled to continue working and keep their organisations afloat. The social impact of Covid-19 on this study is that it potentially prevented the researcher from obtaining a larger number of respondents, some businesses may have been shut or too busy to respond. Further, the Covid-19 situation has shown how important it is to have an E-commerce side to your business. Many businesses were closed due to public health advice and forced to enter the world of E-commerce and begin offering their products and/or services online. It is unknown if and how many of the respondents were from recently formed E-commerce companies, but the Covid-19 situation was sure to have impacted the answers received from respondents. There is a possibility that Covid-19 affected these results negatively or positively as some businesses recorded an increase in revenue due to physical stores being closed for extended periods of time and some recorded a loss as across the board spending levels declined among the Irish population.

## Section 5: Data Analysis and Interpretation

### 5.1 Introduction

This chapter presents the analysis of survey data and findings as outlined in the research methodology. This research uses a methodological approach to gain a better understanding of the return on investment of social media. As a result, the value of social media and its potential for generating positive ROI for Irish E-commerce SMEs can be better understood. A survey, located in Appendix 1, was used as the research instrument to collect data, and it was designed in line with the research objectives. A total of 150 sampled respondents were sent the survey link, and 115 (77%) of the responses were returned and analyzed. On the other hand, 35 surveys representing 23% were not completed. The number of completed and used surveys (77%) satisfies the assumed minimum of 75% required to continue with the research.

The respondents were Irish E-commerce SMEs from various industries. A critical requirement for accepting respondents was that the company heavily relied on social media activity to market their products and/or services. Thus, a diverse range of industries qualified for this study as long as they met the definition of a SME and conducted their commercial transactions online through the internet. Additionally, the researcher ensured that respondents answering the survey held senior positions in their firm's social media team. This allowed the researcher to obtain accurate information based on the experience and insight of those most knowledgeable within the firms surveyed.

This chapter will present the validity and reliability of the study, the analysis and provision of answers to the research questions stated in Chapter Three and a discussion of the results generated by this study. In this study, three research questions are stated in order to confirm or refute them using empirical data from a field survey. Techniques used in data analysis included frequency distribution tables with percentages, as shown in Appendix 2 Tables. Those frequency tables which are not present in section four can be found within the Appendices for reference.

## 5.2 Data Presentation

### 5.2.1 Data Validity

The researcher conducted a pilot study with three successful Irish SMEs across three different industries and required them to complete the pilot study and provide feedback on the survey. The pilot study was crucial for identifying any potential issues with the research instrument, such as verifying the wording of the survey to prevent misinterpretation and research bias, to uncover any ambiguous questions, and to spot any problems with the research method. The feedback allowed the researcher to eliminate questions that were deemed unnecessary and add new questions that would help in answering the overall research question better. Also, the results of the pilot study uncovered a superior order for the research questions so that the survey was answered in a sequential manner in order of the different themes within the research question. Having these themes within the survey broke the research question up into sections and made it easier for respondents to answer efficiently.

### 5.2.2 Data Reliability

The reliability of this study is predicated on the close consultation with Irish E-commerce SMEs experienced in the use of social media for generating ROI. Additionally, extensive analysis of similar studies was performed to find an efficient and concise research instrument for answering the research questions. This led to the design of a tailored survey that extracted highly detailed and insightful findings on the value of social media within Irish E-commerce SMEs. Once the final survey draft was complete, further consultation occurred between the researcher and an external supervisor who was able to provide expert advice in ensuring that the study would hold up to high reliability standards.

## 5.3 Research Questions Analyses

### 5.3.1 Research Question One

1. *How valuable is social media as a tool for generating return on investment for Irish E-commerce SMEs?*

**Table 1.1**

<b>Q1. How valuable is social media for generating ROI?</b>					
Source: Field Survey, 2020		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Extremely valuable	73	65.8	65.8	65.8
	Valuable	34	30.6	30.6	96.4
	Somewhat Valuable	4	3.6	3.6	100
	Total	111	100	100	

Table 1.1 reveals that 100% of respondents believe that social media is a valuable tool for generating a return on investment for their business. The survey had provided respondents with two further choices which were “not valuable” and “extremely not valuable”, neither of these being selected by respondents. This data is highly informative as it indicates that social media is an essential vehicle for increasing the financial performance of Irish E-commerce SMEs. Given that social media is a low-cost method of marketing to customer segments, it positions itself as a necessity for these smaller organisations to drive ROI. Ultimately these firms want to achieve increased sales through reaching additional customers and improving brand awareness across social media platforms. Deriving value from social media in the form of measurable ROI requires firms to have a concise social media strategy aligned with company-specific goals. Therefore, the results from this question suggest these firms have strategies in place, each one unique and tailored to the specific goals of the business. Simply having and maintaining social media accounts isn’t enough to achieve real financial value, as echoed by other researchers in this area, (Culnan et al, 2010; Halaszovich and Nel, 2017; Veloutsou and Guzmán, 2017). These authors stress the prudence of developing a clear social media strategy outlining the objectives you aim to achieve and how you plan on achieving them. The fact that all respondents found social media to be valuable, to one degree or another, verifies social media as a mechanism for producing ROI and supports the need for a coherent plan to attain specific business goals and monitor the impact social media activity has on firm revenue. It also highlights the necessity to thoroughly analyse the

remaining findings. These firms are likely to be welcoming towards any improved methods for measuring social media ROI that may be uncovered further in this study.

### 5.3.2 Research Question Two

#### 2. *Do Irish E-commerce SMEs have methods for measuring their social media activity?*

From the survey results of question two, to which there is a frequency table in Appendix 2, a sizable majority, (91%), declared that a method for measuring social media activity was present within their firm. This suggests that most Irish E-commerce SMEs are conscious of the impact their social media activity has on prospective customers and how they react to content. Understanding the exact processes these businesses have for measuring their social media activity is analysed later in this section. This analysis is merely identifying the level of interest by Irish SMEs to track their performance across social media. With so many Irish SMEs measuring their social media activity, it is clear that they are interested in understanding how their efforts online impact customers and spark action in the form of purchases. Alternatively, a minority (9%) stated that they didn't have any methods for tracking their social media activity. Although this accounts for a small portion of the sample, it suggests that there are Irish SMEs who may not possess the expertise or knowledge to efficiently track the results of their social media efforts. Perhaps these firms could benefit from this study should any helpful mechanisms be discovered within the analysis of findings. As McCann and Barlow (2015) argue it may be difficult to accurately measure social media activity but failing to do so will prevent firms from realising its true potential. This failure hinders the understanding of social media activities on ROI, and thus the financial management of the company. Primarily, lacking good social media measurement techniques makes it increasingly difficult to understand how social media content or campaigns effect the financial income of the firm (ROI). As a result, the ROI is unknown making it near impossible for the firm to comprehend the success of their current social media activities. Second, if the company has not tracked any social media elements, it will be unable to improve current practices because it will not know what to build on. The firms that are measuring their activity are in a much better position to grasp an enhanced understanding of social media's ROI and use it to their advantage.

### 5.3.3 Research Question Three

3. *Could improvements be made for accurately measuring the financial returns of social media activity?*

**Table 1.2**

<b>Q.12 Is there potential for an improved method for measuring social media ROI</b>				
	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	103	92.8	92.8	92.8
No	8	7.2	7.2	100
Total	111	100	100	Source: Field Survey, 2020

Table 1.2 highlights that 92.8% of the surveyed Irish E-commerce SMEs believe there is potential for improving methods to track social media ROI more efficiently. A small portion, 7.2% believe their current methods serve their needs adequately in terms of measuring their social media ROI. These findings do not necessarily imply that 92.8 percent of businesses are dissatisfied with their current methods for measuring ROI. It is more likely that they are eager to discover improved methods of tracking ROI with greater accuracy. This is a reasonable assumption because it can be difficult for SMEs to track various metrics and then quantify them into precise ROI. Seeking improved methods for tracking ROI indicates that the majority of respondents want to gain a better understanding of these processes, which will undoubtedly result in them deriving more value from their social media efforts. This desire to want better methods for measuring ROI aligns with several theories that tracking the value of social media has been commonly difficult and that there is no single method for determining its financial value, (Stockdale et al, 2012; Divol et al, 2012). These sources refer to the difficulty of measuring the non-financial aspects of social media, to which there is an almost endless number of metrics to choose for tracking. From there the challenge is to ascertain the financial value of social media metrics as this will help increase understanding around the impact they have on ROI. For example, how many likes, shares, and followers gained in a given period equals ‘x’ amount of revenue gained for the same period. The only way to achieve more accurate calculations is to consistently measure the preferred metrics on a weekly or monthly basis with revenue performance. This will allow these SMEs to better understand their social media



actions and then use the data to build on their social media content, thus attempting to drive improved results for the following period of measurement. With that, measuring the value and ROI of social media is constantly evolving as more research is conducted on the subject. There is still much to learn about the most effective method for calculating social media ROI. As a result, it is natural for Irish SMEs to believe there is room for improvement. The challenge now is experimenting and measuring to identify what that specific improvement is and how it can be seamlessly incorporated by SMEs.

## 5.4 Social Media Platforms & Goals

This section includes an analysis of survey questions two and three. These questions are grouped together in this part of the analysis because they are both part of the initial stage of the survey. This stage, questions one, two and three, sought to understand the perceived value of social media among Irish E-commerce SMEs. Therefore, they should be analysed together to obtain a more conclusive answer to the research question.

**Table 1.3**

<b>Q2. Types of social media platforms used by Irish E-commerce SMEs</b>		
Type	Frequency	Selected by (%)
Instagram	107	96.4
Facebook	79	71.2
LinkedIn	26	23.4
Twitter	26	23.4
Tiktok	20	18
Youtube	6	5.4
Total number of respondents	111	Source: Field Survey, 2020.

Table 1.3 shows the range of social media platforms that Irish SMEs prefer to use for the purpose of achieving their social media objectives and generating ROI. The breadth of social media platforms used varied among respondents, some using several of the platforms listed while some

only used a few. This choice depends on which platforms SMEs decide are necessary for their business. However almost all, 96.4%, participants use Instagram to pursue company goals and produce a return on investment. The heavy use of Instagram among Irish SMEs can be attributed towards its visual and aesthetic design. Using such a platform allows these firms to showcase their products and/or services to a large customer base through pictures and videos. Focusing on visually based platforms provides SMEs with a low-cost method of getting their products in front of potential customers. A platform like Instagram can be a valuable tool for making product offerings look appealing, which is critical for attracting customers and generating revenue. Instagram also offers businesses the choice of setting up an Instagram shop where customers can purchase goods directly from their page. This tool can broaden the different points of sale for Irish SMEs and increase revenue by making it easier for customers to buy. The second most widely used platform was Facebook, selected by 71.2% of respondents. It's likely that Facebook is so popular because of Irish SMEs taking advantage of Facebook ads to attract customers. Additionally, Facebook has the most users out of any platform and consists of many communities which can be effective ways of targeting specific customer segments. According to the literature, the platforms that are most popular among Irish E-commerce SMEs are also the platforms with the most users. Facebook and Instagram boast 2.7 billion and 814 million monthly users respectively. Ultimately, these companies will choose social media platforms based on their ability to produce a good return on investment and direct customers to their website. As a result, the platforms that best position products and services in the eyes of customers will become the preferred platforms for marketing to customers, as well as the best platforms for generating ROI.

Both LinkedIn and Twitter were selected by 23.4% of SMEs surveyed. These platforms tend to be more discussion focused and perhaps suit service-based SMEs who may be unable to show their services through platforms like Instagram. LinkedIn provides firms with the chance of connecting with other working professionals and offers better business-to-business opportunities. Twitter enables firms to receive better feedback from customers and has seen a surge in companies using the platform solely for resolving issues and answering queries. It may not be a large driver of ROI but used in conjunction with other platforms, Twitter can be a vital asset to track what customers are saying about a business. SMEs can use this to restructure or maintain positive relations with customers, an important aspect for retaining customers and preventing ROI decline.

**Table 1.4**

<b>Q3. The social media objectives of Irish E-commerce SMEs</b>		
Objective	Frequency	Selected by (%)
Better Awareness	78	70.3
Better communication with customers	75	67.6
Better communication about products and services	91	82
Better able to showcase company expertise	20	18
Increased customer contacts	19	17.1
Generating ROI	91	82
Total number of respondents	111	Source: Field Survey, 2020.

The results reflected in Table 1.4 show that the main reasons for Irish E-commerce SMEs using social media is for “Better communication about products and services” and “Generating ROI”. This confirms that 82% of respondents have the primary goal of leveraging social media to produce a return on investment. It is clear that social media provides immense value for online SMEs in Ireland and an effective way of targeting customers and generating sales. The other popular social media objectives of Irish SMEs includes “Better awareness” and “Better communication with customer”, chosen by 70.3% and 67.6% respectively. While these goals appear not to be financial, any success in achieving them is likely to result in financial gain for a firm. Improving brand awareness and communication with customers should have a positive impact on the connection a target audience has with a firm, increasing the chances of converting them into paying customers. Social media is highly regarded as a means for generating financial returns and thus it is critical that firms understand exactly how to measure the performance of their social media efforts. Irish SMEs require accurate and up-to-date financial reporting, much like larger corporations, to help the company survive and make decisions about future projects. To successfully run a business and

achieve its financial goals, Irish SMEs must be able to accurately measure the costs and financial gains from social media if it is a primary source of generating ROI. Therefore, understanding social media value is imperative for the financial management of Irish E-commerce SMEs and setting future objectives for company growth. These suggestions align with the theory of several authors who claim that having a clear set of achievable goals is essential to a firm's social media existence, (Culnan et al, 2010; Halaszovich and Nel, 2017; Veloutsou and Guzmán, 2017). Further, these studies stress the importance of the social media planning phase and knowing exactly what the firm is striving to attain. Setting these goals can make it easier for companies to formulate a strategy that will enable their achievement. However, in the absence of such clearly stated objectives the firm may lack direction, resulting in misguided strategies that may not be the most beneficial to the organisation.

The first three survey questions have revealed insightful findings about the value social media provides Irish SMEs. Social media is a crucial asset for these firms generating financial gain and for some it's the primary mechanism for earning revenue. It appears to be critical for the survival and success of many businesses, and thus understanding how to efficiently measure social media ROI is a requirement for all Irish SMEs. Having this knowledge, it's important to rigorously analyse the additional findings of this study to investigate current practices among Irish SMEs and attempt to construct improved processes on how to improve the understanding behind social media ROI.

## 5.5 Measuring Social Media Metrics for ROI

This heading encompasses questions four, five and six which attempt to help examine the current practices among Irish E-commerce SMEs for tracking social media activity and more specifically social media metrics. The research findings of survey question four previously detailed in section 4.3.2 Research Question Two will be referenced throughout the analysis of survey questions five and six because of their close links to understanding the practices of Irish SMEs.

*Q5. Does your firm measure social media activity using social media platform insights?*

The results from this question, Appendix 2, show that the majority of respondents 105 (94.6%) do measure their social media activity using social media insights such as likes, comments, shares to ascertain the performance of their content with followers or viewers. A small percentage of respondents (5.4%) stated they do not measure social media activity using platform insights. The fact that such a high number of respondents use platform insights to measure their social media activity indicates that it is a useful way for these businesses to understand follower, and potential customer, sentiment towards their content. Using these tools is evidently important for companies as they can help to identify which content is performing better among followers. Alternatively, it can help to find which content isn't doing so well and push firms to re-evaluate the content and uncover why it wasn't received well by users. Platform insights act as part of a strategy for recognising company strengths on social media while simultaneously spotting weaknesses that can then be addressed and improved upon. Devoting time for this kind of practice can have huge benefits for Irish SMEs as McCann and Barlow (2015) pointed out that non-financial gains from social media could be as beneficial as financial gains with rewards like improved brand awareness and communication having close links to increased sales performance. This results in non-financial goals becoming as important to consider for SMEs as the more successful they become at reaching targets for increased brand awareness and communication, the more their audience and potential customer base grows. Therefore, the achievement of these can drive financial performance and become crucial for firms to consider when aiming to grow revenues.

*Q6. If so, what social media metrics do you use to measure social media activity?*

The survey question findings, Appendix 2, revealed that the most popular social media platform metrics/insights selected by respondents to understand social media activity were Followers (92.8%), Likes (78.4%), Shares (56.8%) and Comment Sentiment (40.5%). Other metrics mentioned included Click-Through-Rate (23.4%), Return on Ad Spend (27.9%) and Accounts Reached (14.4%). The popularity of likes, shares and comment sentiment as the main social media metrics to track shows that they are deemed as the best for understanding customer actions online. These metrics highlight a connection between the business and the social media user. The users behind these metrics are seen as potential customers because of their decisions to engage with a brand's content. It shows a level of interest in the firm and what they have to offer their viewers.

Although they cannot produce figures in monetary terms, these metrics can offer a good indication as to what products or services perform well among customers. Social media has become a convenient way for customers to leave feedback regarding products and services. As a result, social media platforms are becoming like search engines as customers use them to find information on brands and their products, causing these metrics to be valuable sources of customer sentiment. Additional followers, likes and positive comments indicate a positive reaction to company products and vice versa. Blanchard (2011) argues this when he explains that changes in non-financial outcomes can be understood as an indication of shifts in familiarity, alignment, preference, and purchasing habits, and as a result, non-financial outcomes are converted into financial gains. Therefore, tracking these non-financial metrics is vital as any increase or decrease of them could indicate a positive or negative change in sales. If true, this serves as motivation for these Irish SMEs to become experts in content creation as this is how to engage customers with their brand online and begin increasing the number of metrics gained. Identifying customer sentiment is only one part of the ROI measurement process. It must be used in conjunction with analytical tools like Google Analytics that have the ability to track real monetary figures for monitoring the relationship between the social media metrics and revenue. This allows firms to begin improving their understanding between the two.

## 5.6 Analytical tools for accurately measuring ROI

This section of the data analysis groups together questions seven, eight and nine as they are inextricably linked for discovering the role analytical tools currently play within Irish SMEs. These questions continue on from the last heading to further investigate the current practices among businesses for measuring social media ROI.

*Q7. Does your firm use any other analytical tools to track social media ROI?*

The results as reflected from these findings show that 92.8% of the respondents stated that they do use another analytical tool for the purpose of measuring social media ROI. Alternatively, 7.2% mentioned that they didn't have another analytical tool in place for this function. Thus, as the vast majority of respondents said they did use some form of analytical tool it can be assumed that they offer value for businesses when attempting to pinpoint financial ROI of social media efforts. As

social media platforms don't have the capabilities to track financials, they must be used in conjunction with analytical tools. This would involve tracking the performance of content through social media metrics while simultaneously measuring the change in revenue earned using an analytical tool, within a chosen period of time. This appears to be the only way these smaller enterprises can get a handle on determining the real value of social media. Gaining a better understanding of social media ROI is critical for Irish E-commerce SMEs who want to continuously improve on previous goals. Without a method for doing so, firms will experience a plateau whereby their lack of understanding for social media ROI keeps them stuck in the same position with their social media strategy. The dangers of this include your strategy becoming outdated and uninteresting for viewers or competitors overtaking you because they strived to improve methods for measuring and understanding social media ROI with the help of analytical tools. As the literature outlines, these analytical tools and the wealth of data they provide can play critical roles in the effectiveness of future strategies for these SMEs.

*Q8. If yes, what analytical tool does your company use?*

These results have shown that Google Analytics is the most popular analytical tool, selected by 67.6% of respondents, followed by Shopify Analytics (28.8%), Further Insights (5.4%), Mixpanel (3.6%), and admin insights (3.6%). Facebook Ad Manager was selected by 21.6% of respondents and although this can only track the returns of one platform it has been included due to its popularity for tracking returns on Facebook. From the findings it's evident that Google Analytics and Shopify Analytics are the most popular tools that Irish SMEs use for tracking social media ROI. These tools offer a diverse range of metrics to track and analyse with Google Analytics being the slightly more advanced of the two. They are also fairly user-friendly and do not necessitate considerable knowledge to utilize effectively for measuring financial success, making them perfect for the majority of Irish SMEs to include into their social media activities. With easy-to-use analytical tools available, Irish SMEs can use them alongside social media platforms insights to gain a more accurate understanding of the relationship between non-financial and financial metrics. This appears to be the best way to uncover the financial value of social media metrics such as likes, shares, comment sentiment. While there is no way to absolutely show the cause-and-effect relationship between an increase in likes and an increase in revenue, it is reasonable to

assume that tracking this over time can help to establish the correlation and understand the links between the social media and ROI.

*Q9. What metrics does your company measure using your chosen analytical tool?*

**Table 1.5**

<b>Q9. What metrics does your company measures using your chosen analytical tool</b>		
Source: Field Survey, 2020.	Frequency	Selected by %
Revenue/Sales	70	63
Conversion rate	39	35
Site Visitors	34	30.6
Sessions	30	27
Return on Ad Spend (ROAS)	26	23.4
Customer Retention	22	19.8
Average Order Value	14	12.6
Click Through Rate	12	10.8

Table 1.5 highlights the various metrics that Irish E-commerce SMEs track for social media ROI, with their respective analytical tools. The most preferred metric to measure is Revenue/Sales, selected by 63% of participants. This is followed by other popular metrics such as Conversion Rate (35%), Site Visitors (30.6%), Sessions (27%), ROAS (23.4%), and Customer Retention (19.8%). Less favourable metrics included Average Order Value (AOV) and Click-Through-Rate (10.8%). The results indicate that a large portion of Irish SMEs find the financial metrics to be the most important to track using their analytical tools. Understanding the financial ROI is apparently vital for these firms as they continue to explore the links between their social media activity and financial returns. The evidence is there to suggest that these firms would make efficient use of an



effective model for measuring social media ROI. One drawback from this question is that it cannot identify the businesses that are tracking ad spend and other costs of running social media, which would have to be subtracted from any revenue figures. A good social media ROI model would need the ability to account for any social media costs. This would result in firms obtaining true net return on investment figures. Conversion Rate, Site Visitors and Sessions are also valuable metrics because they can indicate good engagement levels with social media content. Good content drives web traffic so when these metrics are up and reaching new heights it highlights improvements in social media activity of the firm. These metrics show a registered interest in the business and its products by the viewer and attracting them to your web store increases the chances of converting them into paying customers. There is a strong relationship between social media platforms and analytical tools with these survey results highlighting that they can be used simultaneously to understand how effective social media activity is at driving financial results. Additionally, it shows the abilities of analytical tools to guide enhanced social media activity through better content and engagement with viewers. It's also crucial for these businesses to remain consistent with their social media activity and measurement across all of their social media platforms so they can organise the results relevant to each platform, (Lim et al, 2020). The reason this is so important is it can enable Irish SMEs to gain a better idea of which platforms are yielding superior results and which are yielding poor results. Irish SMEs can use this information to their advantage to improve content on poor performing platforms and take notes of what seems to be working well on the best performing platforms. Of course, success on one platform does not imply that the same strategy will be effective on others, so businesses may need to experiment slightly to determine what works best on each platform for producing good social media ROI. The results for Return on Ad Spend highlight that either Irish E-commerce SMEs aren't big users of paid ads or that they just don't track it properly to understand its return on investment. Whether it's the former or the latter, a detailed framework can assist in accurately identifying the costs associated with running social media, including ads, and calculating the true net returns. There is a concern from the findings that many Irish E-commerce SMEs are not properly tracking their social media activity and the returns it may or may not be producing. The lack of a structured measurement procedure is preventing many of these businesses from achieving an enhanced understanding of social media ROI, and therefore increased value from social media

## 5.7 Quantifying Social Media Metrics for Accurate ROI

This section deals specifically with quantifying social media metrics for the purpose of attaining reliable and accurate ROI calculations. These non-financial metrics play a big role in understanding the value of social media for Irish E-commerce SMEs. Therefore, questions ten and eleven have been grouped together to try and investigate whether firms are currently attempting to translate social media metrics into financial terms.

*Q10. Does your firm quantify social media metrics to understand their financial return on investment?*

The outcome of this question, as reflected in the table in Appendix 2, revealed the closest responses from the survey thus far. The table reveals that 68.5% of respondents stated that they do quantify metrics to show the financial return on investment of social media activity. While 34.2% said they weren't quantifying social media metrics. Those that responded positively are likely to be deriving more value from social media than those that didn't as they're calculating more accurate figures for ROI. Quantifying social media metrics is vital for obtaining real figures for social media ROI and this can have positive implications for the company. More thorough and effective measurements for ROI can help to ensure company survival and profitability. It also has the ability to place firms in superior strategic positions from which they can plan for future growth through improved objectives, which can be efficiently funded with better financial management of the company.

The firms that aren't attempting to quantify social media metrics are essentially neglecting a huge area of value that could have many benefits for their firm, listed in the previous paragraph. Instead, they are stuck in a void whereby they will never truly understand the full potential of their social media activity because they fail to comprehend the financial value social media metrics can provide. These firms probably have limited financial management structures in place if they are only tracking those financials that they can see via analytical tools. A high majority of respondents stated that they were tracking social media metrics and using analytical tools. However, a smaller portion of participants said they were quantifying social media metrics to obtain accurate financial ROI. Thus, there is an indication that quantifying social media metrics is difficult for these

companies. This reiterates the point that measuring the value of social media has been commonly difficult for companies to achieve, (Fisher, 2009; Geho et al, 2011; Sexsmith and Angel, 2011; Stockdale et al, 2012). The reason for its difficulty is the uncertainty of the value non-financial social media metrics hold, firms find it challenging to attribute a specific monetary value to a certain number of likes, shares, followers, or other non-financial metric obtained.

Although many respondents asserted that they were quantifying these metrics, the efficacy of their methods remains unknown. The processes used by these Irish SMEs must be extensively analysed to determine which one or which combination of processes appears the most effective for measuring true social media ROI. This will provide Irish SMEs with the opportunity to extract maximum value from their social media activity if they can use one optimal method to quantify metrics and gain a superior understanding of the effect social media has on their ROI.

*Q11. Briefly describe your company's process for quantifying social media metrics*

When analysing the results from this question, the approach was to identify the main themes among respondents' answers. This helped to organise the data and better interpret which processes were most popular and potentially most effective. The preferred method, mentioned by 56.2% of respondents, was to measure social media engagement with company revenue. This involves tracking non-financial social media metrics while calculating the change in revenue measured using a form of analytical tool. The second most popular process consisted of measuring social media engagement against store sessions (43.8%). However, this fails to produce any real financial results as store sessions don't necessarily translate into sales. Next was measuring revenue while subtracting ad spend (39.7%). This process does measure financials but omits any non-financial metrics. A combination of these processes could provide the optimal method for accurately measuring social media ROI for Irish SMEs. It would include all important aspects such as tracking the non-financial social media metrics, comparing this with the change in revenue on analytical tools, and then subtracting ad spend to give an accurate net result for ROI. One suggestion would be to minus any additional social media overheads along with ad spend to ensure the resulting figure gives a true reflection of the efforts made by these firms to produce valuable returns from social media activities. The measurement of all these different elements supports the conclusions

made in section 2 of the study. The literature that defined the financial value of social media as difficult to attain (Fisher, 2009; Geho et al, 2011; Sexsmith and Angel, 2011; Stockdale et al, 2012) led the researcher to the belief that all costs and revenue gained from social media must be properly tracked to obtain an accurate ROI calculation.

Other less popular methods were mentioned by respondents, they were analysed for effective components that could be used for a superior method. The analysis revealed that they were slightly unrelated to the area of investigation. To create the most efficient method, only the most effective and relevant components of respondents' procedures were integrated. By combining the best parts of respondents' processes, a model can be devised that will allow Irish SMEs to derive maximum value from social media by understanding its impact on ROI.

## 5.8 Potential improvements for measuring social media ROI

*Q13. What aspect of measuring social media ROI do you think could be improved?*

The results from this question, Table in Appendix 2, show that respondents feel there could be some pivotal developments for social media ROI measurement processes. So far, it has been obvious that Irish SMEs find social media to be a valuable tool for generating ROI. They have also revealed that they have methods for measuring social media activity, whether they are effective or not. The desire to understand the return on investment of social media is evident among Irish SMEs. 41.4% of respondents stated that the biggest improvement for measuring social media ROI would be having access to a simpler method for showing how social media metrics impact sales. 24.3% of participants indicated that ROI measurement could be improved with an easy-to-use interactive platform that enabled Irish SMEs to perform all necessary functions in one place. This would entail a powerful platform capable of tracking social media metrics, company sales/revenue, and any social media costs to present simple yet accurate information. This would allow businesses to collate large amounts of data and analyse it in a far more efficient manner. If Irish E-commerce SMEs had such a platform at their disposal, they would save both money and time on their social media ROI processes that can then be devoted to other important areas within their business. 23.4% want an improved method for viewing customer journeys from social media engagements to

purchases on their stores. This would be difficult to achieve as analytical tools could not track customer profiles in the event that any GDPR or privacy regulations were breached. Analysing all of these suggestions together indicates that there are current issues with how Irish SMEs are tracking their social media ROI and therefore impeding their understanding of it too. The ideal solution appears to be a tool that can track each important component of social media activity and offer comprehensive data for firms to use to their advantage when striving to achieve new social media objectives.

## 5.9 Conclusion

It is interesting to note that the results generated from this study show that social media is highly valued among Irish E-commerce SMEs as a tool for generating returns on investment. The findings revealed insightful data that was able to effectively answer the research questions and overall research aim. They show that social media is widely used among Irish E-commerce SMEs for the purpose of generating financial returns. These firms use social media activity to attract customers back to their online stores and convert them into paying customers. The results also highlighted that most Irish SMEs were measuring their social media activity to analyse how effective it was for achieving company goals. However, it appeared as though firms were measuring social media activity and ROI subjectively, based on what metrics and processes they felt were important or useful to them. The lack of consistency between different firms' measurement processes indicated a lack of effective models that Irish E-commerce SMEs could implement for the purpose of accurately tracking social media activities. The wide range of metrics that could be tracked and analytical tools that could be used certainly make it difficult for the average Irish online SME to choose from. From there it can be even harder for them to understand how to make effective use of these to produce accurate ROI figures. It is evident that Irish E-commerce SMEs would highly benefit from a structured framework that they could use in conjunction with analytical tools and social media metrics to better understand the impact of their social media activities. This would allow them to obtain clear understandings regarding the use of social media for generating ROI, previously unknown due to a lack of detailed social media ROI models.

## Section 6 - Discussion

### 6.1 Introduction

This research aimed to investigate the value of social media among Irish SMEs and how they could better understand it as a tool for generating a return on investment. Social media has revolutionised the way small and medium enterprises market to customer segments and earn revenue. There is exhaustive research highlighting the importance of social media to businesses for producing financial returns (Hoffman and Fodor, 2010; Lim et al, 2020; McCann and Barlow, 2015). However, there seems to be a lack of practical solutions that small and medium enterprises can implement in their businesses to increase the efficacy of their social media ROI measurement processes. Therefore, this study attempts to investigate the impact social media has on Irish E-commerce SMEs for generating ROI and what methods they have for tracking such activities. Also, it aims to identify whether improvements in measurement processes could be developed for Irish SMEs to integrate into their social media operations to increase their understanding of the impact their social media activity has on financial returns.

The study adopted a quantitative research approach, gathering data from 111 respondents across Ireland - out of a sample of 150 chosen to participate in the research. Three main research questions were answered over the course of this study to answer the overall research objective and find superior methods for measuring the value of social media for Irish E-commerce SMEs. The outcome provided valuable insight into how social media efforts could be traced with more accuracy and control, potentially benefiting the masses of Irish E-commerce SMEs who feel as though their current practices could be improved.

### 6.2 Discussion

According to the findings of this study, social media plays a critical role in the financial performance of online SMEs in Ireland. It also revealed the vital necessity of social media for these businesses' survival, since some respondents relied exclusively on social media to generate revenue for their firms. This highlights how social media has evolved into one of the most effective methods for marketing to customers and earning revenue. Also, it has revolutionised the way

SMEs conduct their business and generate sales. With its low-cost, ease-of-use and access to billions of users around the world, social media is providing SMEs with the opportunity to consistently achieve new heights. From the Irish E-commerce SMEs studied it's evident that they're aware of the powerful capabilities social media possesses. The main issue today is gaining a better understanding of their social media activity in order to improve on what potential consumers enjoy and modify what they detest, as customer reactions on social media can directly impact ROI. It's important to remember that the results from this study are based on the perspectives of Irish E-commerce SMEs. Thus, their views that social media is a valuable tool for generating ROI is solely their perspective. The findings are particularly interesting because they conform with previous studies that also examined social media ROI.

For instance, in their response to the survey questions, the majority of respondents agreed that social media was an extremely valuable tool for generating a return on investment for their company. They also mentioned that the most valuable social media platforms were those that focused on video and imagery, mainly Instagram and Facebook, as they were the best for attracting customers to their online stores in the hope of converting them into sales. Most respondents stated that their objective for using social media was mainly to generate ROI. Alternative motives included enhanced brand awareness and better communication with customers. Although there were other non-financial objectives mentioned by the studied firms, it's clear that the achievement of any one of these would eventually result in increased financial performance for the firm. Thus, the results indicate that the social media activity of Irish SMEs is always connected to financial goals, one way or another. It was important to identify how critical social media is for these firms to support further research into how they could improve their understanding of social media activity and ROI. Further research involved analysing the current practices among Irish SMEs to uncover which processes seemed effective and understanding why they were chosen as the preferred method for tracking progress.

The examination of measurement processes within Irish E-commerce SMEs led to the uncovering of countless different methods for tracking social media activity and determining its return on investment for the firm. The results showed that while nearly all respondents were tracking social media metrics through platform insights and using analytical tools to track metrics such as revenue

and conversion, a much lower percentage said they were quantifying social media metrics to try and ascertain their true financial value. Popular social media metrics included likes, shares, followers and comment sentiment and Google Analytics appeared to be the most preferred analytical tool. The findings show that these companies have the tools they need to track their social media activity and comprehend its financial impact. However, it appeared that many businesses were having difficulty establishing efficient strategies that clearly indicated the financial outcome of their social media activities. A little more than half of those surveyed have a strategy in place to quantify social media data in order to provide the most accurate financial return possible. That indicates that the other half of respondents lacked a reliable model for calculating the financial value of their social media efforts. This might be due to a lack of resources or a lack of competence in performing such duties. As a result, these are the firms that fail to realise the full potential social media has for producing financial success. It was essential to uncover this finding so that the research could advance to search for potential improvements in how these firms assessed their social media activity for the purpose of understanding its return on investment.

Additional findings revealed that most of the Irish E-commerce SMEs surveyed felt as though improvements could be made for measuring social media ROI more efficiently. This suggests that while they have their own processes currently in place, they believe they may not produce the most accurate results for social media ROI. There is a desire among these companies to obtain a highly effective model that can track all of the necessary metrics, both non-financial and financial, and quantify these to provide detailed and accurate results for social media ROI. The main improvements sought after by respondents were simpler methods for showing how social media metrics impact revenue. Another highly coveted advancement in social media ROI measurement methods was a single platform that could track all of the important elements when determining return on investment. This would involve a platform that was linked to both the business' social media accounts and web store so it could measure and organise all data in a clear and interactive manner for firms to calculate ROI. SMEs could also interpret and use the results for making future social media strategy decisions. Also, the platform would need to be linked with any form of paid ads and costs incurred from social media activities. This is the only way to gain the most accurate figures for social media ROI, imperative for future growth and financial success of the firm. The findings throughout this research have consistently pointed to the need for an improved method



for measuring social media ROI. The development of which would hugely increase the value Irish online SMEs gain from social media. The advantages of such an asset are many, with the ability to fully understand how social media affects ROI these firms can enhance their strategy making decisions and make larger strategic moves with greater efficiency and organisation. However, such a platform would require substantial investment and expert technical know-how from software engineers. These are resources most Irish online SMEs have readily available and so it would take a start-up or established organisation to produce the platform and offer it to SMEs as a product/service.

### 6.3 Contribution to Research Literature

This study has been able to contribute to knowledge in the area of investigating and producing empirical results regarding the effect social media has for generating ROI within Irish E-commerce SMEs. The research widened its scope by including Irish E-commerce SMEs from various industries that were familiar with using social media to communicate with potential customers and earn ROI. This approach helped to uncover the generalisable perceptions of Irish E-commerce SMEs across Ireland with regards to how they understand social media and its financially rewarding capabilities. From the survey results and data analysis there has been significant indications of literature advancement in this area. While contributing vital research, previous studies have somewhat failed to provide real and practical solutions for accurately measuring the social media ROI of SMEs. Therefore, it's believed that the objective of this study has been achieved by the research outcome, which confirms that social media is a highly valuable tool for generating ROI for Irish E-commerce SMEs. It also advanced understanding of social media ROI through a methodological approach. This was fulfilled by identifying all of the crucial elements of social media that required tracking and realising an efficient social media ROI measurement model was necessary for producing accurate ROI figures. However, it is surmised that Irish SMEs are not enjoying the true potential of social media as many of them lack such an efficient measurement process. This situation could be improved if these firms had access to effective and affordable solutions such as a detailed measurement framework or a multi-faceted platform capable of tracking all relevant aspects of social media activity. Thus, this research has contributed to current literature in the area of social media ROI by highlighting the vital role social media plays within

Irish E-commerce SMES and identifying the precise requirements of these firms for tracking social media ROI and gaining a better understanding of its value for their firms.

## 6.4 Practical implications for Irish E-commerce SMEs

The results of this study have revealed the impact social media activity can have on social media ROI for Irish E-commerce SMEs. Therefore, it should have significant implications for these businesses across Ireland. For example, research question one, which sought to identify the value of social media among Irish SMEs as a proficient tool for producing ROI. Nearly all respondents stated that it was a highly valuable tool for these purposes. Hence, these online-based Irish SMEs should seriously invest in the immense potential social media has to offer. They should identify any technologies or resources that could assist them with improving their social media measurement procedures. These firms should also invest in their workforce and ensure that staff working in the social media department are highly skilled and continuously training to keep pace with any advancements for processes that will lead to increased efficiency and accuracy.

## 6.5 Limitations

Although this study has contributed substantial knowledge to current literature on the subject of social media ROI, it's important to reflect on the limitations encountered. The main limitation of this study was the limited time frame within which it had to be completed. The time constraint impacted one key area of the study that could have been carried out more thoroughly had more time been allocated to the research, this predominantly relates to the sample size used in the research. With more time, a larger sample size could have been chosen to increase the number of respondents participating in the research. The respondents surveyed for this study provided valuable insight and enabled conclusive analysis to be performed on the social media ROI of Irish E-commerce SMEs. However, gathering a larger sample size from across Ireland would have significantly increased the generalisability of the research findings, leading to a more credible study. Nonetheless, the results of this study are adequate for the purpose of answering the research objective as they offer critical data for better understanding social media ROI.

# Section 7: Conclusion, Recommendations, Further Research

## 7.1 Conclusion

Considering the literature and the data collected, the researcher has found that social media is highly valuable to Irish E-commerce SMEs. The overarching research aim was to gain a better understanding of social media ROI within these firms and thus the data gathered was solely from an Irish perspective. The researcher believes that the findings from this study could still be relevant to SMEs situated in other countries, and this is supported by the American and Scottish perspectives outlined in the literature, (Hoffman and Fodor, 2010; Lim et al, 2020; McCann and Barlow, 2015). The research succeeded in obtaining an enhanced understanding of ROI within Irish SMEs by realising that more detailed and effective methods for tracking social media activity and corresponding ROI would enable these companies to have a clearer picture of the financial value social media provides them.

To arrive at this conclusion, the researcher explored the methods for social media ROI measurement and the principles that underpin it. The principles of McCann and Barlow (2015) were most prominent throughout the literature however, Hoffman and Fodor (2010) offer an insightful perspective into social media ROI, and another unique perspective is provided by Lim et al. (2020). The research found much overlap and commonality between these three sets of studies and their principles, with some being more important to this research than others. However, regardless of the variation of principle followed, they must play a central role if social media ROI is to be measured and understood accurately. After thorough analysis of these studies, a quantitative research approach appeared to be the most appropriate for gathering a large volume of data in a short space of time. Additionally, this research approach seemed to work quite efficiently for the previous studies mentioned. Overall, the researcher was satisfied that they adequately replicated the research approach and gathered a rich set of data that helped to effectively answer the overall research question. The research approach enabled the researcher to investigate the perceived value of social media among Irish E-commerce SMEs, their current

practices for measuring social media ROI, and whether any improvements could be made to more accurately determine social media ROI.

The social media ROI measurement processes of Irish E-commerce SMEs were analysed revealing a broad range of different methods for tracking ROI. The results found that a combination of measurement elements identified from several companies seemed to provide the most detailed and accurate way for precisely calculating social media ROI. This involved the measurement of both social media metrics and hard financial metrics from analytical tools to track the relationship between social media activity and revenue performance. Simultaneously, the company would need to track social media costs from paid ads or other social media expenses and subtract this from revenue to determine the company's true social media ROI position. The process would take place on a weekly or monthly basis, depending on the firm's preference. Although there is still much to be learned with social media ROI, this study has furthered research by offering a practical solution that can help Irish E-commerce SMEs to track the relationship between their social media activity and ROI.

## 7.2 Recommendations

An in-depth model offering direction for Irish E-commerce SMEs is outlined below in Figure 1.1. This model provides a detailed method for Irish E-commerce SMEs to track the relationship between social media activity results and revenue earned by the firm. The purpose of this model is to enable Irish SMEs to better understand the correlation between their social media activities and any changes in company revenue. Over time, Irish SMEs can begin to identify clear links between their social media activities and revenue performance. Drawing this correlation between social media activity outcomes and company revenue is vital for Irish SMEs to actively improve their understanding of social media ROI. By tracking selected metrics on a weekly and monthly basis these firms can gain an improved understanding of how an increase in social media metrics could positively impact their financial performance. While it is mostly applicable to Irish E-commerce SMEs, the researcher believes it could offer value to SMEs situated outside Ireland too. These organisations should be measuring social media ROI consistently, either on a weekly or monthly basis depending on the preference of the firm. Thus, this model can be downloaded or printed for Irish E-commerce SMEs to use regularly for keeping track of their social media ROI.

The model consists of three main stages for firms to follow, congruent with the steps SMEs should follow when engaging with social media activity: setting goals, tracking progress, and identifying potential improvements. Setting goals should follow your social media planning stage which is separate from this model. This model solely tracks the performance of social media activity. Firms must clearly outline the objectives and revenue goals for their social media activity, these are likely to be company specific. The second stage involves setting out quantitative and qualitative metrics that the company wishes to track followed by an entry of their results, this is a crucial step of the process as these are key indicators that businesses will monitor and compare on a weekly/monthly basis to ascertain an enhanced understanding of their social media activity and revenue progress. The third stage allows the firm to evaluate their social media activity and form suggestions as to how they may improve social media and revenue performance.

A model was constructed by McCann and Barlow (2015) that aimed to achieve similar goals however it lacked the ability to track real figures and thus the model presented in Figure 1.1. provides Irish SMEs with the opportunity to measure exact performances and then build on them with future strategies. Measuring social media activity and correlating revenue is vital for Irish SMEs that aim to grow into larger and more profitable businesses. Therefore, following this sequential model allows SMEs to measure these elements and then interpret them to understand what activity is linked with increased revenue and from there they can develop more accurate social media content strategies that appeal specifically to their customer segments, yielding increased results each time as they continuously track their vital metrics each week/month.

**Figure 1.1 (One column has been filled in as an example).**

Social Media Return on Investment Measurement Model								
From: 01/08/2021 To: 01/09/2021								
	Platform 1: Facebook	Platform 2	Platform 3	Platform 4	Platform 5	Platform 6	Platform 7	Totals

Objective	Increase social media ROI							
Revenue Goal	€1000 per month							
Quantitative Metrics Tracked	Likes Shares Followers							
Quantitative Metrics Count	Likes: 500 Shares: 200 Followers: 300							
Qualitative Metrics Tracked	Comment sentiment							
Qualitative Metrics Findings	The comments were positive etc.							
Revenue	€1,100							
Social Media Expenses	€200							
Net Revenue	€900							

Evaluation/ Suggestions improvements	for						
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### 7.3 Further Research

This study has successfully investigated the relationship between social media activity and social media ROI to provide a better understanding of how it can be accurately measured for Irish E-commerce SMEs. However, further research could be conducted to provide more generalisability with a larger sample size and time frame, both of which were limitations within this study. Gathering larger volumes of data could solidify the findings of this study and perhaps reveal further insight into social media ROI. There is also an opening for more research to be carried out around the development of an all-in-one platform for Irish SMEs to use for tracking all aspects of social media activity. The request for such a platform was a recurring theme among respondents' answers and could be an indispensable tool should it ever materialise. This research would require far more funding and time to extract mass data from SMEs and work with software engineers to construct an effective and useful platform.

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# Appendices

## Appendix 1

### Survey

#### Social Media Research Survey

Firstly I would like to thank you for taking the time to answer my survey and helping this research to be as conclusive as possible. Your time and responses are highly valued and very much appreciated.

This research survey looks to discover the value of social media within Irish SMEs and its ROI potential. The aim of the study is to identify what social media is used among Irish SMEs and how they perceive its ROI. This will lead to an examination of current practices and possible recommendations on improved measures for ROI.

This survey is completely anonymous, so any answers given will not be traced back to any one individual. At any time during the survey, you may opt-out of the survey process, any incomplete surveys will not be used in the findings of the study. All information gathered in the survey will be securely stored by the researcher. The survey consists of 13 questions and takes approximately 2 minutes to complete. Surveyor is contactable at michaelrickard2010@gmail.com.

1. How valuable is social media for generating ROI? \*

- Extremely valuable
- Valuable
- Somewhat Valuable
- Not valuable
- Not at all valuable

⋮

2. What types of social media platforms does your business use? \*

Facebook

Instagram

LinkedIn

Twitter

Youtube

Other...

⋮

3. What is the objective of your activity on these social media platforms? \*

Better awareness

Better communication with customers

Better communication about products and services

Better able to showcase company expertise

Increased customer contacts

Generating ROI

Other...

4. Do you currently have a method for measuring social media activity? \*

Yes

No

7. Does your firm use any other analytical tools? For example Google Analytics or similar. \*

Yes

No

⋮

8. If yes, what analytical tool does your company use?

Short answer text

---

9. What metrics does your company measure using this analytical tool?

Long answer text

---

10. Does your firm quantify social media metrics to understand their financial return on investment?

Yes

No

⋮

5. Does your firm measure social media activity using social media platform insights? \*

Yes

No

6. If so, what social media metrics do you use to measure social media activity? \*

Likes

Followers

Shares

Comments (includes customer tone and overall sentiment)

Other...

⋮

11. If yes, could you briefly describe your company's process for quantifying social media metrics?

Long answer text  
.....

12. Do you think there is potential for an improved method for measuring social media ROI?

Yes

No

13. What aspect of measuring social media ROI do you think could be improved?

Long answer text  
.....



## Appendix 2

### Frequency tables for survey results

#### Question 4

Table 1.6

4. Do you currently have a method for measuring social media activity?			
	Frequency	Percent	Cumulative Percent
Yes	101	91	91
No	10	9	100
Total	111	100	Source: Field Survey, 2020.

#### Question 5

Table 1.7

Q5. Does your firm measure social media activity using social media platform insights				
	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	105	94.6	94.6	94.6
No	6	5.4	5.4	100
Total	111	100	100	Source: Field Survey, 2020.

#### Question 6

Table 1.8

Q6. If so, what social media metrics do you measure?		
Source: Field Survey, 2020.	Frequency	Selected by %
Likes	87	78.4
Followers	103	92.8
Shares	63	56.8
Comment Sentiment	45	40.5
Click Through Rate	26	23.4

Watch Time	12	10.8
Return On Ad Spend	31	27.9
Accounts Reached	16	14.4

Question 7

Table 1.9

Q7. Does your firm use any other analytical tools?				
	Frequency	Percent	Valid Percent	Cumulative Percent
No	8	7.2	7.2	7.2
Yes	103	92.8	92.8	100
Total	111	100	100	Source: Field Survey, 2020.

Question 8

Table 1.10

Q8. What analytical tool does your firm use?		
Source: Field Survey, 2020.	Frequency	Selected by %
Google Analytics	75	67.6
Shopify Analytics	32	28.8
Facebook Ad Manager	24	21.6
Further Insights	6	5.4
Mixpanel	4	3.6
Admin Analytics (In-house)	4	3.6

Question 10

Table 1.11

Q10. Does your firm quantify social media metrics to understand their financial ROI?				
Source: Field Survey, 2020.	Frequency	Percent	Valid Percent	Cumulative Percent

No	38	34.2	34.2	34.2
Yes	73	65.8	65.8	100
Total	111	100	100	

Question 11

Table 1.12

Process for Quantifying Accurate ROI of 73 Respondents Who Said Yes for Q10		
Source: Field Survey, 2020.	Frequency	Percent
Sales Funnel used while tracking Revenue	7	9.6
Analysing Facebook Ad Manager	21	28.8
Measuring Social Media Engagement with Revenue	41	56.2
Measure Social Media Engagement with Store Sessions	32	43.8
Track Sales Traffic Source (FB/Instagram etc.)	18	24.7
Measure Social Media Engagement with Click Through Rate	22	30.1
Track Revenue minus Ad Spend (ROAS)	29	39.7

