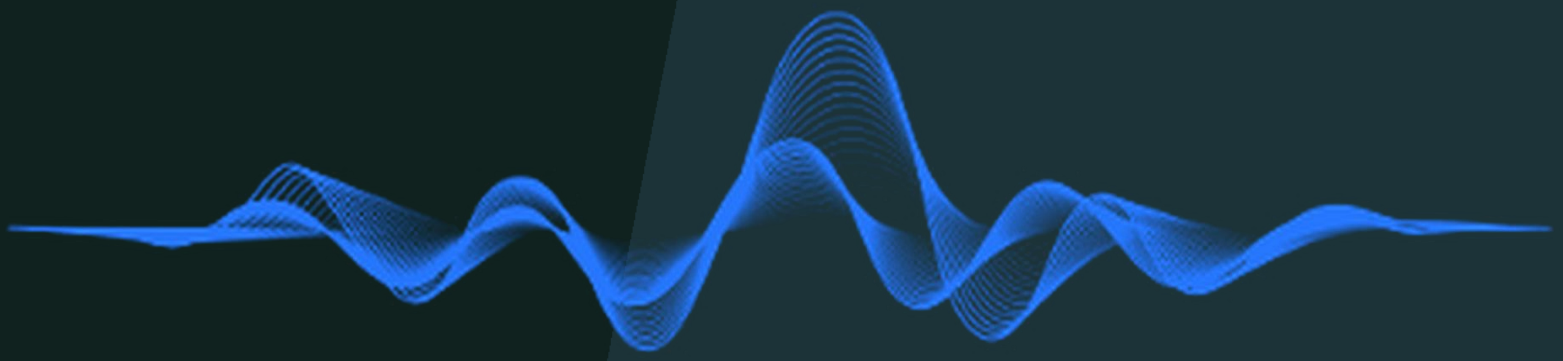
OUTSPOQEN MEDIA INC.

Evaluating Social Media Investment for Service-Based Companies

How Visibility, Credibility and Expertise Translate into Measurable Business Value



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Executive Summary

A social-media presence is often treated as a communications activity rather than a measurable business investment. For service-based organizations, however, social media can perform several commercially important functions: increasing visibility, demonstrating expertise, strengthening credibility, generating inquiries, supporting sales activity and maintaining relationships with existing customers.

The economic case differs from that of product-based businesses. A retailer may connect social-media activity directly to an online purchase. A professional-services firm, contractor, transportation company or other service organization often experiences a longer customer journey. A prospective customer may encounter a company through social media, view several pieces of content, visit its website, research its employees, return weeks later and eventually make contact through email, telephone or a referral.

Social media may therefore influence revenue without appearing as the final source of a transaction.

Published evidence demonstrates that these effects can be commercially significant. In a LinkedIn case study, Muck Rack reported a 299% return on investment from net-new deals sourced through a LinkedIn lead-generation campaign [2]. Grant Thornton Bharat's LearninGT reported more than 20% year-over-year growth in qualified leads while reducing cost per lead by approximately 20% [3]. Research conducted by Edelman and LinkedIn found that 73% of surveyed decision-makers considered an organization's thought-leadership content more trustworthy for assessing its capabilities than conventional marketing materials [1].

These results should not be interpreted as universal benchmarks. Social-media performance depends on the relevance of the audience, quality of the service, strength of the content, competitive conditions, sales execution, advertising investment and the organization's ability to convert attention into commercial relationships. Nevertheless, the evidence supports a broader managerial conclusion: for service companies whose customers evaluate expertise, reputation and trust before purchasing, social media can contribute measurable value throughout the customer-acquisition process.

For service-based organizations, the value of social media should not be judged by whether an individual post produces an immediate sale. Its broader commercial role is to ensure that prospective customers can discover the organization, understand its capabilities and develop confidence in its expertise before a purchasing decision is made. The question that arises from this is: to what degree does a limited or ineffective social presence redirect potential opportunities to competitors that are easier to find, evaluate and trust?

The Role of Social Media in Service Businesses

Service companies sell something fundamentally different from most product businesses. Before purchasing a physical product, customers can often evaluate specifications, photographs, reviews and prices. Services are less tangible. Their quality may not become apparent until after the customer has committed time, money or organizational responsibility to the provider.

This creates an information problem. Prospective customers must determine whether a provider is capable, credible and appropriate before experiencing the service. Social media can reduce this uncertainty by demonstrating an organization's expertise, people, work and customer relationships over time. A comprehensive strategy for a service organization may include:

- Maintaining up-to-date company profiles on platforms relevant to prospective customers.
- Publishing educational content that demonstrates knowledge of customer problems.
- Sharing completed projects, case studies, customer outcomes and company developments.
- Introducing employees and communicating the organization's experience and capabilities.
- Directing prospects to websites, consultations, quote requests and other conversion points.

The relevance of each activity depends on the organization. A residential contractor may benefit from photographs of completed projects and customer testimonials. An accounting firm may demonstrate expertise through tax and financial guidance. A transportation company may publish operational capabilities, equipment, service areas and industry commentary. The underlying objective is the same: making expertise and capability visible before the customer is required to make a purchasing decision.

How Social Media Creates Value

Visibility Before Demand

A customer does not need to be actively purchasing a service for marketing exposure to have value. For many services, purchasing events occur intermittently. Organizations change suppliers, encounter operational problems, begin projects or experience circumstances that create a new requirement. The provider that becomes visible only after the customer begins searching is competing for attention at the same moment as every other supplier. Social media provides an opportunity to establish familiarity earlier.

Regular exposure to useful content can make an organization recognizable before an immediate commercial requirement exists. When a requirement eventually develops, the prospective customer may already know the company's name, understand its capabilities or recognize members of its team.

The financial value of this familiarity is difficult to isolate from other marketing activities, but it can influence branded searches, website visits, direct inquiries and responses to subsequent sales outreach.

Demonstrating Expertise

For service companies, expertise is part of the product. A prospective customer evaluating a service provider is purchasing judgment and execution rather than simply a physical item. Social media gives organizations an opportunity to make otherwise invisible expertise observable.

Research published in the 2024 Edelman-LinkedIn B2B Thought Leadership Impact Report illustrates the potential importance of this effect. Edelman and LinkedIn surveyed 3,484 management-level professionals across seven markets, including Canada and the United States. Among surveyed decision-makers, 73% agreed that an organization's thought-leadership content provided a more trustworthy basis for assessing its capabilities and competencies than its conventional marketing materials and product sheets [1].

Approximately seven in ten decision-makers also reported that they were very likely to think more positively about organizations that consistently produced high-quality thought leadership. The research further reported that 52% of decision-makers and 54% of C-suite executives spent at least one hour per week consuming thought-leadership content [1].

Supporting Sales Activity

Social media should not necessarily be evaluated independently from sales. A salesperson contacting an organization that has never encountered the company is making a cold introduction. The same salesperson contacting an individual who has previously seen the company's content, recognized its employees or interacted with its research begins from a different position.

The commercial contribution of social media may therefore appear partly in sales metrics rather than social-media metrics. Relevant measures may include:

- Response rates to outbound sales activity.
- Conversion from initial meeting to opportunity.
- Length of the sales cycle.
- Branded search activity following campaigns.
- Website visits from target accounts.
- Qualified inquiries.
- Sales opportunities influenced by social engagement.
- Customer acquisition cost.
- Revenue from social-media-sourced or social-media-influenced opportunities.

This distinction is important because followers and impressions are not financial outcomes. Their value depends on whether visibility contributes to commercially meaningful customer behaviour.

Commercial Performance Case Studies

Muck Rack: Lead Generation and Net-New Revenue

Muck Rack provides software and services for public-relations professionals. The company used LinkedIn to reach targeted professional audiences and generate marketing-qualified and sales-qualified leads. Its campaigns were built around high-value content, including original research, long-form resources, case studies, webinars and events. LinkedIn Lead Gen Forms were used to reduce friction between exposure to the content and submission of customer information.

The organization also connected its customer-relationship-management audiences with LinkedIn's targeting tools and tested different content and advertising formats. During the first quarter of 2020, one campaign generated approximately 300 marketing-qualified leads. More importantly, Muck Rack connected those leads to downstream sales results. The company reported a 299% ROI from net-new deals sourced through LinkedIn advertising [2].

Grant Thornton Bharat: Qualified Lead Growth

Grant Thornton Bharat's LearninGT business provides professional learning and upskilling services in areas including finance, accounting, technology and analytics. The organization had previously used LinkedIn advertising intermittently but believed that the platform contained a commercially relevant professional audience. It subsequently adopted a more systematic approach to its campaigns.

Following approximately one year of optimization, LearninGT reported more than 20% year-over-year growth in qualified leads and an approximately 20% reduction in cost per lead [3]. The organization described the results as supporting an always-on investment in LinkedIn advertising.

Khoros: Social Media for a Qualified Pipeline

Khoros provides software and services related to customer engagement, social marketing and digital customer service. Its Australia and New Zealand marketing organization used LinkedIn to create audiences based on customer personas and specific target companies. Campaigns offered different forms of content, including whitepapers, reports and case studies. Importantly, Khoros connected marketing activity with its internal systems so that marketing and sales teams could evaluate the quality of leads and determine whether those leads progressed into pipeline opportunities.

The company reported that approximately 60% of its qualified leads in Australia and New Zealand were generated through LinkedIn [4].

Ransom Drum Lab: Canadian Small-Service-Business

Ransom Drum Lab is an Ontario-based music instruction business. During the COVID-19 pandemic, the business shifted lessons online and began publishing short drum performances and other content through Instagram. According to a 2022 Meta case study, the business subsequently reported that 100% of its business was originating through Facebook and Instagram [5].

The case illustrates an important characteristic of social media for smaller service businesses: the platforms can function simultaneously as an awareness channel, demonstration of expertise, customer-engagement environment and source of new business.

Organic Presence and Paid Social Media

Organic and paid social-media activity should be evaluated separately. Organic activity generally includes company posts, employee content, comments, educational material, case studies and other non-paid distribution. Paid activity involves purchasing access to defined audiences through advertisements, promoted content, lead-generation campaigns or retargeting. The financial characteristics are different.

Organic social media usually requires relatively low direct media expenditure but consumes staff or agency time. Its benefits may accumulate gradually through audience growth, familiarity, search visibility and credibility.

Paid social media creates an explicit acquisition cost. Because advertising expenditure can be connected to impressions, clicks, leads and—when systems are properly integrated—revenue, it is generally easier to calculate direct ROI.

The two approaches can also reinforce one another.

A prospective customer who encounters an advertisement may visit the organization's social profile before responding. An individual exposed to organic content may later respond to a targeted advertisement. A sales prospect may review months of previous posts before deciding whether the organization appears credible.

For this reason, organizations should avoid treating organic presence and paid acquisition as entirely independent systems.

The Importance of Content Quality

Publishing frequently is not equivalent to communicating effectively. Social-media activity creates value only when the content contributes to a commercially useful perception or action. For service businesses, useful content may demonstrate:

- Expertise.
- Understanding of customer problems.
- Evidence of completed work.
- Knowledge of industry developments.
- Employee capability.
- Customer outcomes.
- Organizational culture.
- Reliability and consistency.
- Clear differentiation from competing providers.

The Edelman-LinkedIn research provides an important qualification. While decision-makers reported substantial interest in thought leadership, only a relatively small proportion of the content they encountered was considered particularly strong [1]. This suggests that the economic opportunity is not necessarily created by publishing more material.

A large volume of generic content may create activity without creating meaningful customer value. By contrast, a smaller volume of specific, credible and useful information may provide prospective customers with evidence that assists their evaluation of the organization.

For service companies, content should therefore be viewed as a demonstration of capability rather than simply a mechanism for generating impressions.

Measuring the Full Range of Benefits

A complete evaluation should consider several categories.

- Lead Generation: Qualified inquiries, consultation requests, quote requests and other sales opportunities attributable to social media.
- Sales: Customers, gross profit, contract value and lifetime customer contribution associated with social-sourced opportunities.
- Sales Efficiency: Response rates, meeting conversion and changes in outbound-sales performance among prospects previously exposed to the organization's content.
- Visibility: Reach within relevant customer segments, profile visits, branded searches and qualified website traffic.
- Authority: Consumption of educational material, case studies, research and thought leadership that demonstrates organizational expertise.
- Customer Confidence: Evidence that prospective customers are using social profiles and published content to evaluate the organization.
- Retention and Re-engagement: Existing customers who continue interacting with the organization and subsequently purchase additional services or renew relationships.
- Recruitment: Qualified employment applicants generated through the organization's social presence.

Not every benefit can be translated directly into financial terms. Qualified leads and converted customers can usually be assigned economic values. Brand recognition, credibility and customer confidence require proxy measurements, including branded search activity, surveys, direct customer feedback and changes in sales-conversion behaviour.

Establishing a Measurement Framework

Before investing materially in social media, organizations should establish baseline measurements for:

- Monthly qualified inquiries.
- Lead sources.
- Website traffic from social platforms.
- Branded search activity.
- Sales conversion rates.
- Average gross profit per customer.
- Customer acquisition cost.
- Current social-media audience and engagement.
- Outbound-sales response rates.
- Existing content-production costs.

Organizations should then identify the customer behaviours that social-media activity is expected to influence. These objectives should be commercially specific. "Increasing engagement" is not, by itself, a sufficient financial objective.

More useful objectives include increasing qualified website visits, generating consultation requests, improving outbound-sales response rates, increasing branded searches or producing a defined number of sales-qualified opportunities. Performance should then be evaluated at appropriate intervals.

Organic programs may require longer evaluation periods because familiarity and audience development accumulate over time. Paid campaigns can generally be evaluated more quickly because advertising expenditure, leads and conversion events occur within defined campaign periods.

Where possible, organizations should connect social-media platforms with website analytics and customer-relationship-management systems. Unique campaign parameters, lead-source fields, dedicated landing pages and customer surveys can improve attribution.

Conclusion

The evidence does not support maintaining a social-media presence simply because competitors are doing so or because social platforms are popular. A stronger business case begins with the role social media can play in the customer's evaluation of a service provider.

For service companies, customers frequently purchase expertise, reliability and judgment. These characteristics are difficult to evaluate before a commercial relationship begins. Social media provides an environment in which organizations can make their knowledge, people, work and customer outcomes visible before a prospective customer is ready to engage.

The resulting value may appear as direct lead generation, but it may also appear earlier in the customer journey through awareness, familiarity and credibility—or later through improved sales response, customer retention and referral activity.

Published case studies demonstrate that well-targeted social-media programs can generate qualified leads, reduce acquisition costs and contribute directly to new customer revenue. At the same time, the available evidence does not justify assuming that every organization will experience similar results.

The most persuasive investment case therefore does not begin with a target number of followers or posts. It begins by identifying the customers the organization wants to reach, determining what those customers need to understand before purchasing, and establishing how social-media activity will contribute to measurable commercial outcomes.

When social media makes expertise easier to discover, credibility easier to evaluate and customer relationships easier to initiate, it should be understood not merely as a communications expense, but as a measurable component of business development and marketing productivity.

References

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