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Importance of Social Media Channels and Measuring Impact of Social Media Marketing on Sales using High End Analytical Techniques by [Sandeep Agarwal](#)

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With time the importance of Social Media has grown significantly. Today, the social media has become one of the most important channels for advertising. Here I would like to quote few facts which will strengthen my argument as in how social media channels have grown with time. Approximately 20% - 30% of the time spent online is attributed to social media networking websites. About 80% of the American households use social media networking websites. The growth of average time a person in United States spent on Facebook outnumbers the growth of overall category. Few of the companies have even forecasted that social media marketing spend will hit \$3.1 Billion by 2014. This fact had made companies realise the importance of marketing on the social media channels. Today, social media is not only an online medium to interact but has become the lifestyle of the youth. Social media is dominated by major players such as Facebook and twitter but many others are upcoming up with time.

People use social media to interact with people, posting their views about issues as well as to build contact base. Earlier there were traditional method of advertising like digital advertising, banners, pamphlets and mouth to mouth publicity. Companies with time have realized that they can significantly improve their brand value thus sales by creating a buzz through advertising on these channels. So here we want to quote the analytical techniques through which we can measure the casual effect of advertising on sales. Mostly the analytical technique which is used is multivariate regression analysis for the same. To understand the impact of expenditure on sales, firstly we need to identify the independent variables which can impact the sales. Please keep in mind the analysis will be better if the level of data is as low as possible and the data size is huge. To add in few variables can be channel, traffic, clicks, Impressions, followers, expenditure. We also need to take care of factors such as seasonality and macroeconomic indicators such as GDP, unemployment rate. We can run multivariate regression analysis using any statistical software package such as SAS, SPSS etc.

Please keep in mind to care of all the assumptions of the linear regression analytical technique and rectify them in case any occur. There are other ways in which you can see the impact of incorporating Social media marketing on Sales. Suppose you have data for both the period prior to incorporating Social Media Marketing and post period. Then you can analyse the impact using the well-known technique RCT i.e. Randomized Controlled Trial and others.

The basic objective of studying the impact of advertising channels on sales is to understand which channel is providing maximum impact on sales. Also to rank the channels based on order of impact on sales, so that the company officials can optimize the expenditure on the various channels including traditional channels also. Also, we can see by doing continuous study, how the impact of a particular channel is performing with time by simply including a time component in the analysis. So that we can get the idea whether the impact of advertising on a particular channel has reached a level of saturation or still it is in growing phase. This will lead to an understanding of the time horizon till which a particular channel s effective.

This analytical technique significantly helps the company officials to understand how to redistribute expenditure across various channels in order to achieve maximum value in terms of Sales and Brand Value.

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