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# THE DEFINITIVE GUIDE TO SOCIAL MEDIA ROI FOR THE BEAUTY SECTOR

DASH HUDSON





There's been a radical shift in the beauty industry since social media entered our orbit. Today's smart beauty brands are investing in social visual storytelling to create deeper bonds with consumers, and leaders are connecting with active fans by enabling moments of social shareability. Success comes by way of engaging fans through beautiful owned imagery, organic user-generated content, and tactical influencer marketing.

Nevertheless, a very vexing question has loomed above all those outstanding visual marketing efforts: how does one measure social media ROI?

Keep reading to find out.



# START WITH PRIMER

Before brands began hopping on the social media bandwagon, visual platforms like Instagram and YouTube were just a fun hobby that regular folks engaged in to connect with their peers. Unboxing wasn't a thing, and swatching lipsticks on your arm was something you did with the sales associate at the Sephora counter.

The Internet sprang an entirely new industry based on the principle that people love sharing their findings with like-minded communities. Especially as it relates to makeup and skincare consumers, who typically buy products based on recommendations—beauty was the ideal candidate for digitization and social shareability. Haul videos were born, DIY makeup demos now had an audience, and pretty much everyone found their voice.

As life continued to rapidly move from analog to digital, it became clear that visual communication, which Instagram facilitates, was the best place for the beauty sector to connect with consumers. Like

they say, an image is worth a thousand words, and companies that have locked in a visual strategy and evolved with the times are winning the modern social race.

Beauty businesses today are using social platforms as a launching pad, brand vehicle, and revenue driver—a strategy that has proven to be quite effective for growth and hype. These are channels on which they can share their values and story, build a world, create a journey, and, more importantly, establish a dialog with their community.

Marketing budgets now account large sums to matters of visual storytelling on social media—from funding strategies and day-to-day operations to content creation, community management, customer service... Not to mention gifting programs and influencer activations, both highly effective tactics for all niches of cosmetic commerce. But how do beauty brands measure the ROI of all that spend? That is the big quandary, and also the mystery we're about to solve.





# A BUILDABLE FOUNDATION

A strong social media strategy yields returns that are both intangible and concrete, although the latter has eluded many businesses and the former is difficult for them to wrap their heads around. Both advantages work in tandem, are complementary of one another, and are equally as important.

Visual social marketing is an ecosystem with various degrees of benefits for each layer of your biz. Everything you do intersects, and the abstract value points of Instagram consistently converge with the more tangible, measurable ones. To fully grasp the returns of your spend, it's important to properly perceive those more elusive visual social marketing attributes that help your business thrive. Here are four key attributes to keep tabs on for appraisal.



## 1 | Awareness

How does a company stand out in a sea of lipsticks and highlighters? They use social media channels and influencer marketing to spread the good word about their latest shades or how bright that mask will make their skin. Platforms like Instagram are today's primary discovery tool, where users come upon brands they never would have had on their radar otherwise. For some businesses, it's their only marketing tool.

Awareness sits at the very top of the marketing funnel for a good reason: the first order of business for any brand is being discovered and gaining equity. Users willingly follow the companies whose content they're fond of and that their favorite influencers are using. If you want people to know about your products, establishing a strong social presence is your best bet.

## 2 | Communication

There's no greater gift to marketers than a direct line of communication with their consumers, period. And communication on social is delightfully multilayered, just like your bestselling contouring palette. In the literal sense, it means that your business can have firsthand interactions with its followers by way of liking, commenting, or direct messaging. Cementing that feeling of community or providing a customer service experience by answering user questions is literally priceless.

But in terms of bigger picture, it also enables your brand to enter the conversation and reach its tribe through well-crafted, targeted imagery in real-time. Millennials speak in visuals and if you're not creating that kind of a dialog, others will. When it comes to visual communication, your brand has to be present to be relevant. Creating those bonds with followers will make them feel close to it and ultimately increase your engagement.



### 3 | Consumer Loyalty

Nothing tugs at your audience's heartstrings like a great eyebrow tutorial, amiright? The thing with visual communication is that it's really efficient for creating emotional connections through photos and videos, aka the holy grail to unlocking one of the most coveted sentiment from a consumer: loyalty.

When you're interacting with the community you lead, those followers will feel compelled to engage back with you, ergo cinching that yearned-for relationship status. The ripple effect is immeasurable—a consumer's positive attachment to a brand can turn into loyalty and, if all goes well, advocacy.

### 4 | Brand World

Social media presents beauty companies with the opportunity to create a larger-than-life brand. Its visual nature is a bonafide brand facilitator, ideal for creating a hyper-focused world around a core strategy, packaged with a deliberate narrative. These days, it's how you become celebrated by your rivals and venerated by your consumers. Visionaries, this is all you—think Glossier, Milk Makeup, Ouai... A brand aura is not measurable by numbers, but it's the source of life and meaning for all your other activities.



# NOW LET'S TALK KPIs

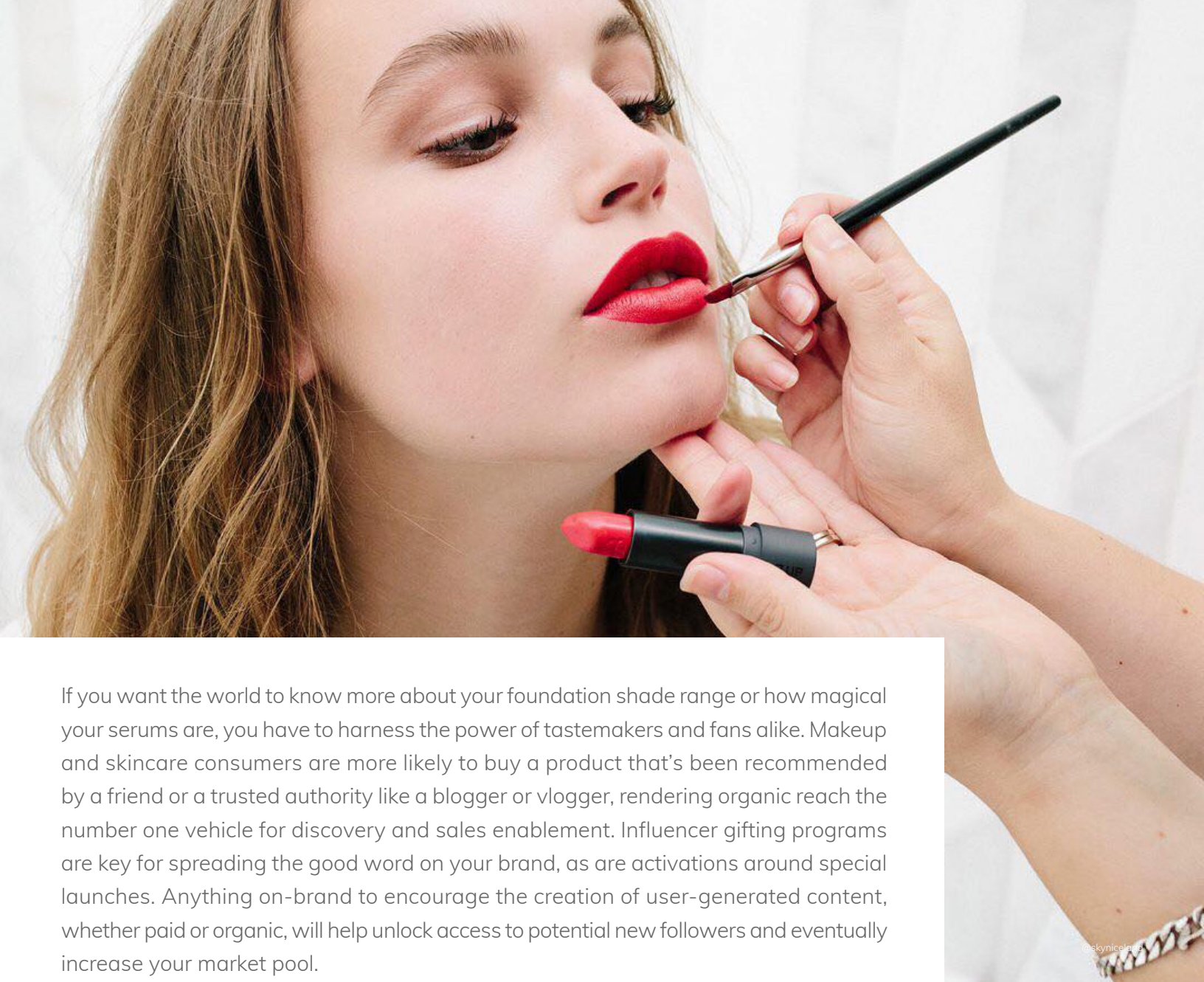
Businesses want to be able to input actual numbers in their reports, and social media metrics begin and end with the following five key performance indicators. Their tracking is vital to measuring what you're getting for all the money you're putting in. Sidebar: we mentioned earlier that all matters of social media activities are intertwined and affect one another in some capacity—this is also applicable to your KPIs. Their communal health is integral to accelerating growth and driving conversions.

## 1 | Organic Reach

Your brand receives organic impressions every time another account mentions it in their caption or tags it in a photo. This is also known as earned reach, and it only occurs through auxiliary users. Your influencer marketing endeavors? Organic reach.

Let's just cut to the chase: it's brand exposure. When an instagrammer posts an image of their #shelfie and tags your brand, it puts it in front of their followers and gives them an opportunity to convert into new ones for you. Being exposed to audiences other than your own is the number one tactic for fresh exposure and consequently, a business boost. It's why sending out your latest seasonal eye palettes to various influencers can guarantee them flying off the shelves.





If you want the world to know more about your foundation shade range or how magical your serums are, you have to harness the power of tastemakers and fans alike. Makeup and skincare consumers are more likely to buy a product that's been recommended by a friend or a trusted authority like a blogger or vlogger, rendering organic reach the number one vehicle for discovery and sales enablement. Influencer gifting programs are key for spreading the good word on your brand, as are activations around special launches. Anything on-brand to encourage the creation of user-generated content, whether paid or organic, will help unlock access to potential new followers and eventually increase your market pool.

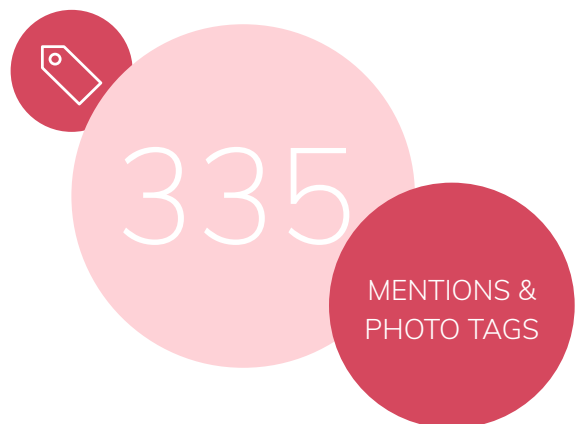
### What Does it Measure?

Your reach numbers, the impact of your influencer partnerships and campaign activations, your popularity among fans.

### The DH Way

[Dash Hudson](#)'s tool for measuring organic reach reveals all the important numbers relating to the impact of your UGC, which is important to measure both collectively and individually if you're working with influencers. Instantly compile your reach numbers for a specific timeframe, or for any single post by clicking on an image thumbnail.

Skyn ICELAND's Avg. Number of UGC  
Collected in Dash Hudson Per Month





## 2 | Growth Rate

Your growth rate is the percentage at which your audience is growing, and it can be benchmarked on a weekly or monthly basis. Gaining new followers is what the 'Gram is all about, isn't it? Monitor this metric closely to understand whether or not your strategy is working.

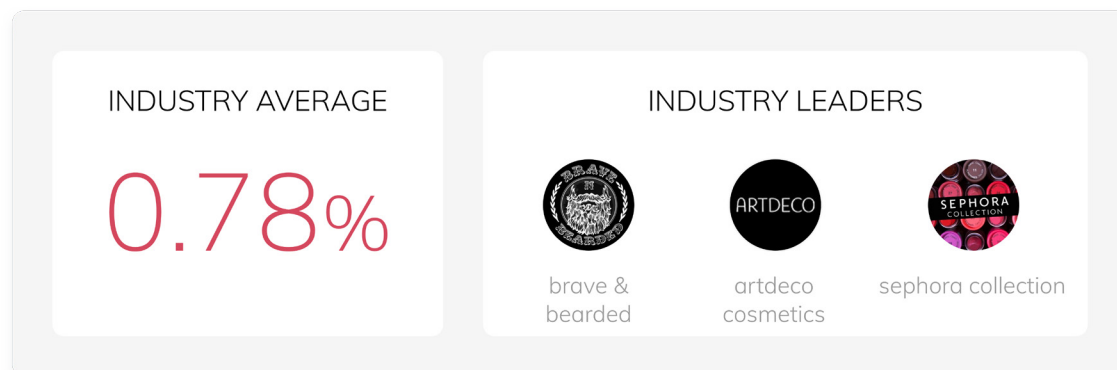
Buyer beware: it's one thing to be growing, but it's another to make headway with quality acquisitions, aka new followers who are actually fond of your brand and who are likely to buy your products. Hence the importance of organic reach, which drives authentic growth. Seeing as most audience expansions are made when another account is featuring yours, tightening your strategy around collection drops and leveraging influencer marketing is de rigueur. Real fans joining your inner circle is key for ROI lift, as they're the ones who will become engaged members of your community.

### What Does it Measure?

The effectiveness of your strategy, the impact of your organic reach, the quality of your content, the general health of your account.

### The DH Way

You can track all of your follower growth in the Dash Hudson visual intelligence platform. Sort through your audience increases on an hourly, daily, weekly, or custom basis. Correlate your follower spikes with a piece of organic content in which you've been tagged, learn what your weekly follower increase average is, and [inquire about our custom reporting](#) for more granular coverage of your growth rate.





### 3 | Content Engagement

The amount of engagements on your posts is the most indicative figure relating to your content's success, revealing how much your photos and videos are actually resonating with your followers. A high engagement rate is endlessly beneficial, notably alerting the algorithm of your high quality posts to prioritize them in user feeds. It also lets you know that perhaps winged eyeliner tutorials perform better than mascara visuals, or that your audience is particularly keen on lipstick rainbows. Additionally, engagement rates are very strong indicators of potential sales, brand loyalty, and growth opportunities.

Your post engagement percentage can be calculated with this basic equation:

$$(\text{Likes} + \text{Comments}) \div \text{No. of Followers} = \text{Average Engagement Rate}$$

Converting these numbers into a percentage effectively measures engagement because it puts all of your posts on an even playing field as your account grows. Collecting solely the number of likes and comments doesn't enable an apples to apples assessment of your content as your follower acquisitions ramp up.

Learn what's resonating within your posts by monitoring your engagement. It'll point to where your content strategy needs tweaking so you can focus on consistently bringing in extra lit numbers.





### What Does it Measure?

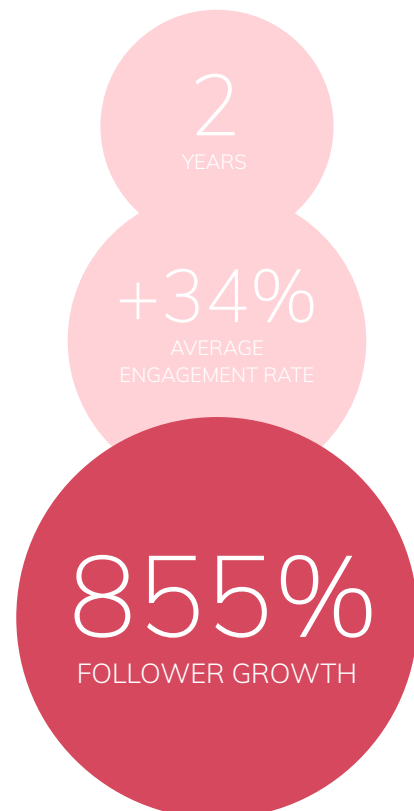
The quality of your content and whether or not your posts are resonating with your followers, fan love, popularity.

### The DH Way

You could manually do that math, but don't waste your precious time when it's all automated in Dash Hudson! The platform provides your average engagement rate from the past three months and the engagement rate on each of your posts. Learn what did great and what tanked, and benchmark those performances against your average.

Go deep into content performance assessment with Dash Hudson's Boards, a tool to analyze the efficiency of visual segments. Compare the top and bottom numbers to hone in on your best performing photos and videos for the highest returns, every single time you post.

Glossier's Avg. Engagement Growth  
Since Starting with Dash Hudson



## 4 | Profile Engagement

Your content engagement might be the crux of your social activities, but your Instagram profile also receives engagements that should be measured, such as your website click-throughs, content saves, and profile visits. This is the engagement comprising all the little actions people take around your profile, because you want to know exactly how much hype your highlighter drop is garnering, right?

The importance of a killer profile page is not to be underestimated. People are increasingly searching companies on social rather than going through the old fashioned World Wide Web and it behooves all brands to conceive an informative, attractive bio. It needs to impart your strong point of view at first glance: are you an all-natural skincare line that embodies minimalism? Are you known for your spunky makeup? Is your brand image all about the millennial everygirl? Potential followers need to understand that as soon as they land on your page.

But the honey that's first going to attract the bees is your content. If it's high-quality, including all those user regrams, you'll get more link taps and more post saves. Find out whether the call-to-actions in your captions are strong enough. Awareness of clicks, views, and saves is instrumental in understanding not only your traction, but your potential sales conversions as well.

### What Does it Measure?

The aesthetic of your profile, the resonance of your content, the efficiency of your CTAs.

### The DH Way

The LikeShop link-in-bio solution is a game-changer in terms of driving new traffic and revenue. Attribute product URLs to your Instagram posts before you push them live to make your feed shoppable, crush your captions with super strong CTAs, and keep tabs on how many click-throughs your posts received. Link it to Google Analytics on the backend to find out which of those URL visits led to sales. Magic.





## 5 | Influencer Partnerships

Perhaps one of the beauty sector's most important elements to track given its affinity for product gifting, although not \*technically\* a KPI. Brands love to hate Influencer marketing and hate to love it, as they still try to crack how to measure the ROI of their hired tastemakers. What do fifty makeup aficionados creating full-face looks using your product range truly do for you? Figuring this out is more pressing than ever, given that the practice is set to reach a value of over 2 billion dollars in 2019, more than double what it was in 2017.

The lack of answers pertaining to tangible influencer marketing ROI has been a source of frustration despite knowing that Instagram is primarily a means for discovery, which is facilitated by paid or gifted social stars. Marketers don't like to invest in something without understanding how to measure its value, and while a lot of brands grapple with how to approach the trade, the net-net is that it works, and it can make a brand go viral faster than you can say Instagram.

### What Should You Measure?

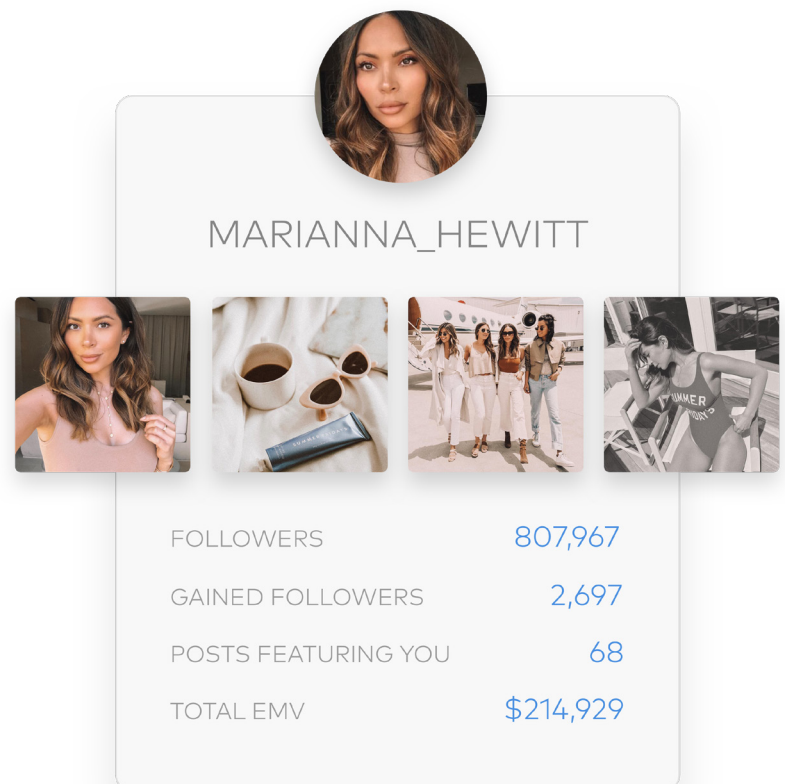
Tapping on-brand partners will help convert their audience members into followers for you, and will probably make them buy your lipsticks, too. Once you've established who you want to hire and have outlined your goals and scope of work, you need to track the results of your collabs based on those objectives. Depending on what's important to you, keep tabs on your account growth, your sales, the engagement of your collaborators' posts. Things like new followers and link clicks will be quantifiable while others benefits won't, like awareness and clout.

### The DH Way

Dash Hudson's sophisticated tool suite encompasses specific functionality to evaluate the ROI of influencer marketing. Use Relationship IQ, a game-changing

functionality, to see each one of your influencers' basic stats along with their posts for your brand. It also reveals an estimate of how many new followers each of those posts converted to your account, along with their engagement percentages to benchmark against their average.

The EMV tool (earned media value) also lives here. It attributes a unique monetary figure to each of your influencers and their posts based on their Instagram stats to help you better assess their worth to your brand. Go even deeper into results by creating influencer-specific Boards to scrutinize your partner content. You'll be able to make all sorts of correlations to the results of your activations while also pinpointing what works and whose content is most on-brand for you. It's the most granular way to focus on what brings your business the most value.



*The performance of @marianna\_hewitt for summerfridays.*

A close-up photograph of a person's mouth, focusing on the lips which are coated in a thick, shimmering, and highly reflective lipstick. The light catches the individual grains of the product, creating a sparkling effect. The lips are slightly parted, revealing a hint of the teeth.

# PUCKER UP!

Social marketing goals will always vary depending on the company and the sector in which it operates, along with strategies on how to reach them. But one common denominator never wavers across all industries: the focus on the bottom line. Profitability is a universal business objective and social media marketing is a really amazing earnings facilitator. We've now laid out all the consequential knowledge you need to analyze the numbers that matter to measure the ROI of those efforts, as well as all of their more intangible benefits. It's time to go out and apply all of it.

The Dash Hudson visual intelligence platform is a one stop shop for all your social needs thanks to sophisticated tools built explicitly for ROI measurement. Number-crunching has never been easier.

[GET A DEMO](#)