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GENERATIONS OF CONSUMERS AND THE CONSUMER GENERATED

by Pradeep Kumar, Michelle Hsiao & Barry Chiu

ABSTRACT
In this information democracy, consumers have taken the lead in changing the ways they interact with a brand. Consumer-managed relationships, consumer-generated media, consumer-generated products and consumer-generated content are all pointing to the need for marketers to respond to these consumer dynamics. In this article, the authors discuss the diffusion of social media and the “next” practices for marketing.

Social media has risen to the forefront of both the online and offline worlds. It is a trend that profoundly affects how marketers strategically interact with consumers. Since late 2006, when Facebook removed its student-only membership restriction to allow anyone to join its network, the site has become the sixth most-trafficked Web site in the world (Facebook Statistics, 2008). Yahoo is also joining in, recently rolling-out Yahoo! Buzz, a clone of Digg. Digg is the popular democratized content network wherein a niche audience contributes votes to determine the most popular news stories.

Not only is social media supplanting the importance of traditional online media such as Yahoo!, but it is also attracting offline marketers who want to mine the rich data present in social media. Plaxo, an online address book, began offering a social networking service in 2007, and was recently acquired by cable and Internet service giant, Comcast (Plaxo Blog, 2008). Unlike YouTube and Blogger, both acquired by Google, these new acquisitions signal the beginning of online and offline marketing integration.

According to a 2007 survey conducted by JupiterResearch, 48 percent of the marketers surveyed planned to use social network marketing tactics in the next year, up from 38 percent in 2006. In the information democracy, where the general public publishes and distributes content, marketers test and learn new approaches to consumer engagement. An online software company, the Mozilla Foundation, allows users to create and submit their own advertising for its Firefox Internet browser. Brands such as Doritos, Chevrolet and the National Football League also attempted to capitalize on this trend by airing consumer-generated advertising during the 2007 Super Bowl. Other companies are creating consumer-contributed marketing campaigns through product integration on popular social media sites, such as Facebook and MySpace. For example, users on Facebook can become “fans” of their favorite products and television shows.

In a reciprocal fashion, consumers are proactively changing the way they interact with their
brands. Consumer-generated products allow users to voice their concerns with, and wishes for, certain features and functionalities in the products and services they buy. Consumer-generated media, such as video product reviews on YouTube or gift recommendations on the social shopping site Kaboodle, have demonstrated greater influence on purchase decisions than marketer-generated media with similar messaging. Consumer-generated content, such as bookmarks on del.icio.us and encyclopedia-style articles on Wikipedia, is changing the way information is disseminated and consumed. These consumer dynamics point toward “the wisdom of the crowds.” Marketers need to reevaluate and respond as more consumers claim their rights in managing their relationships with brands.

What is social media?
Social media is “the use of electronic and Internet tools for the purpose of sharing and discussing information and experiences with other human beings in more efficient ways” (Ben Parr: Internet Tools and Innovation, Aug. 2008). This is not a new idea.

What is new is the distinction between traditional offline “social media” versus technology-enabled “social media” (Gibbon & Hawkes, 2008). In the offline world, social media can take many different forms: the local bar as a place for people to meet others and be seen; the office, where people discuss news and exchange gossip; and school, where teenagers exchange music CDs and photos.

Even in the online world before MySpace and Facebook, people used, and continue to use, various media to socialize with others. Users of Amazon.com read peer reviews attached to book listings to inform their purchase decisions. In addition, users regularly submit their own reviews, so that others benefit in the same way. Fans frequently discuss the previous nights’ performances on American Idol’s message board. They also vote for their favorite idol every week. Travel aficionados blog about their latest adventure and receive suggestions from their cohorts on TravelBlog. Some users of IM/MSN frequently update not only their status messages, but also their screen names to let their friends know how they feel in the moment.

So, what makes today’s social media on the Web so special? It is the technology’s ability to integrate one’s offline and online social lives into a unified platform that continuously engages with other Internet applications. Book enthusiasts now can see their friends’ Amazon.com wish lists on Facebook. College students can learn details about their classmates, including the social clubs they belong to, through Facebook. On the micro-blogging Web site, Twitter, users write short messages about what they are doing at any given moment. These messages even extend to the mobile phones of their followers, which provide yet another way to connect socially from online to offline.

Who is on social media sites?
Different social media sites appeal to specific demographics, such as age and gender, due to their features. Teenagers will still be the early-adopters online because they have more time and less money than their adult counterparts and social network sites are free (Grafield, 2006). MySpace and Facebook have more 18 to 24-year-old visitors, while Propeller and Stumbleupon have more visitors over the age of 65. MySpace and Yelp skew toward female visitors, while Digg and Reddit skew toward male visitors (Quantcast, 2008).

Along with demographic differences, usage habits also vary greatly on different sites. Twelve percent of Facebook users visit the site more than 30 times a month, while only one percent of LinkedIn users do the same (Quantcast, 2008). Developing relevant social media marketing campaigns requires marketers to understand the differences in the user mix of each site.
What is the next Facebook?

The proliferation of location-aware technologies, such as GPS and cell-tower triangulation that are able to determine the user’s location, will transform the marketing space. With more and more GPS-enabled cell phones, people will be able to locate friends in the same area and easily arrange to meet them. Google is the first to recognize this opportunity and has already innovated toward location-based advertising. With its Google Maps mobile application, users can perform searches that return results for local businesses based on their physical location.

Such advances in mobile technology will allow online social media to become more integrated with peoples’ offline social lives. Imagine your cell phone suggesting what you can do or buy based on your various social media site memberships. This kind of application, in which personal information is drawn from various sources to present synthesized information, is known as a “mashup.” Based on the interests you have listed on Facebook and MySpace, this mashup page can suggest activities when you are physically close to them. Based on your recent purchases at Amazon.com, as well as local grocery stores, your mashup page can recommend products to buy as you shop. Your mobile phone can even use Yelp’s peer reviews to recommend restaurants when you are near them. You, as the cell phone owner, configure how the application prioritizes various information inputs.

Some social media Web sites are attempting to achieve this goal. Dodgeball, a mobile service that allows users to broadcast their current location to friends via text messaging, has demonstrated some successes. Its capacities will continue to grow as the technology improves.

Google will release a cell phone operating system, Android, that will include location-aware services. Android will enable marketers to provide relevant ads for different locations in ways like AdSense has for the Web-based searches. One can imagine a future cell phone that delivers location-based advertising, such as advertisement promotion for a local pizza parlor when the consumer enters within a half-mile of that business.

How do brands socialize in this context?

Few marketers have established the best way to “socialize” with their consumers. According to a Prospectiv survey of social network users, the majority of ads served on social network sites are not relevant to their audience. Nearly 60 percent of the users surveyed report that advertising on social networks did not appear relevant. Clearly, traditional online marketing tactics, such as banner ads and pop-ups, are becoming less applicable in the world of social media (eMarketer, 2008).

Understanding the participation level of various online segments is the first step for a brand to develop relevant connections with its target consumers. According to Forrester Research, online adults can be grouped into six participation categories based on their level of involvement in social media (See Figure 1) (Bernoff, Florentino, Glass & Li, 2007).

However, these categories may not be static for each individual. Depending on which Web site one is visiting, a person can move in and out of different participation categories. For example, one may be a Creator on YouTube, but a Critic on Yelp. A mom may be a Collector on About.com, and a Spectator on MSN.

For marketers, key steps to gain the minds-share of a consumer’s online social world include:

1. Determining the primary and secondary target audience: Do we want to attract Creators first and bring in Critics later? Of the six participation categories, who are the brand loyalists? How do we attract Creators of other brands to our brand? A user-generated advertising campaign targeting Creators should not be the strategy for every brand. In categories such as real estate and health care, where consumers actively seek
2. Deciding behavioral objectives: Do we want people to stop posting ratings (Critics) and start posting articles (Creators)? Or do we simply want people to post more ratings? Social media present numerous ways for a brand to interact with its consumers, but this does not mean that consumers have to socialize with the brand. Setting up a branded blog does not lead automatically to positive consumers blogging about your brand. Some product support forums have attracted complaints and workaround discussions for what consumers perceive as product weaknesses. The choices will always be in consumers’ hands.

3. Partnering with relevant social network Web sites: As discussed previously, each social network has its own niche audience. Instead of targeting the top 10 social network Web sites, marketers should make decisions based on the desired target audience profile and behavioral objectives. These considerations will help marketers form a plan to create valuable relationships with their brands’ consumers. Indeed, some marketers have begun to make this work.

Over the past few years Dell lost market share due to intense price wars with competitors. In an attempt to provide more value to its consumers and boost sales, Dell launched a Web site called Dell IdeaStorm in which users make suggestions and others vote on these suggestions. As a result of feedback solicited from its consumers on this Web site, Dell decided to add the Linux operating system as an option for its computers. By forming a community and inviting its consumers to collaboratively create and critique product features, marketers can make more informed decisions regarding not only advertising, but also product design.

Source: Li, C., “Social Technographics® Mapping Participation In Activities Forms The Foundation Of A Social Strategy,” Forrester Research, April 2007. Percentages exceed 100 percent because participants can belong to more than one category.
Political “brands” can also be affected by slight differences in the use of social media to create perceived connections with their “consumers” (voters). On Twitter, the microblogging site, users “follow” their friends online by receiving their friends’ posts (also known as “tweets”). During the 2008 Democratic Primary, Hilary Clinton and Barack Obama each leveraged Twitter to promote their campaigns. Each of their tweets let their followers know where they were and which events they were attending in almost real time. Obama took this one step further than Clinton by reciprocally following each of his followers. Clinton did not. This gesture created the perception that Obama cared more for his supporters. In this context, Obama and Clinton were the Creators and the marketing objective was to engage as many Spectators as possible. The reciprocated tweet followed by Obama also supports the notion that a user can be both a Spectator and a Creator on the same site.

The future: where are the analytic opportunities?

Social media sites are not only places for marketers to promote their products, but also places for marketers to listen to their consumers. Social media marketing tactics may not be appropriate for all brands. Still, analytical insights drawn from social media sites can inform offline marketing strategies. The increasing richness of data collected from social media sites, in conjunction with technological improvements that enable different mashup applications, offer marketers a real-time understanding of their consumers’ changing preferences. This dynamic will allow marketers to instantaneously adjust creative messaging, positioning and media planning to better reach their consumer base. Three areas of analytical opportunities emerging are:

1. Measurement:
Four key measures that marketers should monitor are:
• Content volume: how much user generated content is present at a given point in time
• Exposure width: in how many different contexts the content is found based on content presence spotted in user forums, consumer segments, etc.
• Message sentiment: the tone and attitude of the content and how it positively or negatively affects the brand
• Virality: the nature of the content and its potential to virally spread out – a measure that determines marketing intervention strategies.

These can be monitored using content mining tools that sweep the Internet and drill deep, using text mining, for themes, contexts, actions and reactions related to a corporation or a brand. Several tools can help marketers to mine content text, including SPSS and Attensity. In addition, several free tools for indexed search available on the Internet, including Technorati Blog Search, Nielsen Blog Pulse and Google Blog Search help marketers keep tabs and begin their foray into measuring user-generated content.

2. User analysis:
Understanding the composition of a user base in terms of demographics, interests and lifestyles on a social media site can help marketers determine which social media sites to invest in. The kinds of activities that occur on a Web site, such as “widgets downloaded,” “interest groups joined,” and “friends talked to,” will also inform marketers about what kind of brand messages and tactics to deploy.
3. Mashup analysis:

Mashup technologies enable marketers to understand consumers’ online behavior from different perspectives. Based on consumers’ activities on various social media Web sites, marketers can analyze usage patterns and gain insights regarding consumers’ activities, how they feel and with whom they socialize. For example, a mashup of Twitter and Amazon.com will allow marketers to determine the topics consumers are blogging about on Twitter before and after their purchases on Amazon.com.

In traditional media such as television and radio, most of the data on consumer behavior is collected and owned by marketers and established vendors like AC Nielsen. In the world of social media, most of the data resides with the application owners and social media sites. Marketers must plan strategic partnerships with these groups in order to make data analysis possible and to develop data-driven social media strategies.

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