Inventing the Future, Honoring the Past

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THE NEXT GENERATION OF THE IMC DATABASE:
CONFESSION OF A BELIEVER

by Chuck Sharp

ABSTRACT
There is no question that the database has become the heart of IMC departments around the world. However, for IMC to stay relevant, marketers must begin to leverage the database as a true analytics platform that collects both personally identifiable information (PII) and information from the brand contact points used in customer acquisition programs. Only then will the database become a valuable asset for the entire marketing organization.

The role of databases in traditional IMC frameworks must change to better reflect the realities of today’s marketing environment. The focus of databases in IMC centers on the collection and analysis of personally identifiable information (PII) with the purpose of increasing the relevance of each communication. “If the information doesn’t make the customer’s life better, why gather it at all?” (Schultz & Schultz, 2003).

PII is especially helpful for retention programs, which DIRECT Magazine says make up 39 percent of direct marketing budgets. However, when you look at marketing budgets, retention programs typically account for less than 10 percent of overall marketing spend and revenue. Because databases only support such a small percentage of marketing spend and potential revenue, it does little to help contribute to the big-picture objectives marketers are trying to achieve. The role of databases in IMC must evolve to encompass customer acquisition campaigns where little or no PII is collected.

Chief Marketing Officers spend millions of dollars each year on customer retention programs. But the majority of marketing budgets and resources go to acquiring new customers. For IMC to stay relevant, the database must evolve to become an analytics platform that supports both retention and acquisition programs.

What is currently known
Most organizations see marketing investment as a cost that must be monitored and reduced, if possible. Thus, marketers must start thinking like finance professionals if marketing communications is to someday be considered an investment. Barry Beracha of Sara Lee put it this way: “In God we trust; all others bring data.”

“IMC must be viewed as an investment the organization makes rather than as an expense it incurs” (Schultz & Schultz, 2003). Measurement is now expected and every channel is adopting direct-marketing measurement prin-
ciples to produce returns on investment calculations. Campaigns that cannot be measured are less attractive than those that can.

Marketers, meanwhile, are required to execute more programs with more partners than ever before. This has created a glut of information coming from multiple applications and vendors. “Marketers must manage a larger number of programs and execute at a great velocity.” (Vittal, 2007).

This influx of critical campaign data coupled with a desire for more measurable marketing has created an opportunity for the database in the IMC framework to evolve to support both acquisition and retention programs.

The opportunity has led to the formation of the Marketing Analytics Platform (MAP), which expands the role of marketing databases to include the collection and analysis of both brand contact point information and personally identifiable information.

What makes the MAP extremely useful is its ability to give non-technical people access to the data through simple-to-use dashboards.

MAP overview

The marketing database has been evolving into a platform that captures, synthesizes and provides insight on all activities within the marketing network. Enter the MAP. Data from display advertising, paid and natural search, video, radio, social media and other data sources should be collected in the MAP, where the synergies between channels can be uncovered and campaigns can be optimized. The MAP continues to collect PII and is used to support and grow retention programs (see Figure 1).

Figure 1 shows a data warehouse, business logic and a presentation layer.

1. Data warehouse

The MAP data warehouse pulls data from multiple systems, integrates them into a logical structure and stores the information so it can be easily retrieved (see Figure 2). The types of data that can be integrated into the data warehouse are limitless. The data is eventually used for reporting and analysis.

2. Business logic and analytics

The MAP helps marketers make better budgeting decisions. Coefficients from forecasting models should be embedded into the MAP, enabling marketers to run different simulations and forecasts directly in the platform.

Each company has unique ways of interpreting its data and many web applications calculate the same metric such as “impressions” in different ways. Rules must be applied to the data to ensure it is telling the correct version of the truth. These rules, along with the logic produced from statistical models, make up the business logic and analytics layer.

Figure 1  MAP is made up of a data warehouse, business logic & a presentation layer.
3. Presentation layer
Since many people in marketing are visual learners, it is important for data to be presented in a user-friendly manner that all marketers can understand (see Figure 3). If the dashboard requires training, no one will use it. And if it looks too complex, no one will use it.

Charts and graphs will ideally give a top-level view of the data stored in the MAP, allowing viewers to dive in for more detail. It is also important for the MAP to push information to its users, giving them incentives to use it.
the platform. For example, e-mailed alerts or RSS feeds can be used to inform users when goals are met or campaigns are not delivering.

**MAP alternatives**

For companies that do not adopt a Marketing Analytics Platform, there are two likely alternatives.

**Alternative 1: Maintain the Status Quo:** Companies will continue to use the IMC database for retention programs. The glut of information that is being created by the web applications such as email tools, web analytics solutions and display advertising applications, will be placed into a separate database. This alternative will create siloed databases, redundant infrastructure, and make the marketing organization more complicated.

**Alternative 2: Online Marketing Suite:** Forrester Research has presented an alternative called an Online Marketing Suite. The Online Marketing Suite not only collects information from all online channels, it also integrates campaign execution tools such as e-mail and paid search buying tools into the larger system. This alternative enables marketers to analyze data and immediately act on the information by executing campaigns, making it an attractive option for marketers looking for a one-stop application. However, the reality of trying to convince technology vendors to agree on the same data format standards and to seamlessly integrate them together to enable execution is cost-prohibitive and politically challenging at this time. In the future this alternative could become more viable if it expanded its scope to include offline data and a data integration standard can be agreed upon by all vendors.

**Implementation and case studies**

In relation to the alternatives, the MAP represents the next logical step for IMC databases. It supports two key tenets of IMC—integration and data-driven decision making. The MAP expands the role of the IMC database to include data collected from the different brand contact points and solves the data glut that all marketers will be suffering from in the foreseeable future.

Companies are just starting to implement MAP. A leading car manufacturer, for example, needed to focus on its business efficiency to increase sales and customer response, but did not know how visitors made it to its Web site. For example, it was unclear if visitors were clicking through to the site from search, display ads or e-mail campaigns.

Enter the MAP solution, which featured a data warehouse that integrated information from all contact points, a dashboard interface where analytics could be viewed to encourage natural collaboration between agencies and vendors, and a business rules layer where model coefficients and rules were coded to govern the use and interpretation of the data.

The easy interface, combined with the extensive information the MAP offered, painted a clear picture of where the car manufacturer should allocate its budget.

The database will no longer be a tool used by a select group of marketers who focus on retention programs. Rather, it will become the marketing analytics platform that provides insight into all marketing initiatives.
“Since the launch of the Marketing Analytics Platform, we’ve been able to fine-tune our overall online activities and strengthen the performance with our existing budget. It allows us to see what is working best and minimize or eliminate what is not. As a result, we’ve seen continued improvement in the online space through increased volume of leads/quote requests and other lower-funnel activities we monitor on our Web site.”

- Group Manager, Digital Marketing

Dollar Thrifty Automotive Group, Inc. (DTG) also successfully implemented a MAP. DTG, a leading global car rental company, is trying to build brand visibility in the search engines to increase reservations on its Web site. DTG’s objective is to provide efficient aggregation of data to understand the direct relationship between visibility in natural search media results, paid media costs and relative position/revenue from the Dollar and Thrifty Web sites.

DTG collects and systematically organizes data with a MAP (see Figure 4). By having this data integrated and easily accessible, DTG has been able to better allocate resources to keywords with a higher ROI and better understand the synergies that exist between channels. The next phase of DTG’s MAP implementation includes the integration of additional online and offline data sources.

**Implications and next steps**

The new planning process includes brand-contact point analysis, making it much more relevant to marketers who spend their day planning, executing and measuring customer acquisition campaigns (see Figure 5). The database will no longer be a tool used by a select group of marketers who focus on retention programs. Rather, it will become the marketing analytics platform that provides insight into all marketing initiatives.

Simply put, the MAP will bring more accountability to all marketing efforts. Marketers are constantly being asked to justify their investments, and the MAP provides a platform needed to collect, analyze and report on the key performance indicators that can and should be measured.
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**Figure 5**  *The adoption of MAP will enhance the IMC planning process.*

### References


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