you cannot measure it, you cannot improve it!" Well over a hundred years later, Lord Kelvin’s words of wisdom ring all too true in the rapidly changing world of marketing.

The 2011 IBM Global Chief Marketing Officer Study indicates that 63 percent of CMOs believe return on marketing investment (ROMI) will be the most important measure of their success by 2015. Only 44 percent, however, feel fully prepared to be held accountable for ROMI. A Forbes article, “If You Think A Web Analytics Tool Is Enough, Think Again” (4/16/2012), highlights the underlying issue: More than 70 percent of CMOs feel they are underprepared to manage the explosion of data and “lack true insight.”

Given the proliferation of social media and digital media, consumers are engaging with brands through an increasing number of channels. The customer journey, throughout the lifetime of their engagement, continues to get more complex. Fortunately, in their quest to get what they want, consumers are leaving behind a thick trail of breadcrumbs. It is up to the brands to transform these breadcrumbs into real insight that can shape their marketing strategy to drive ROMI.
This is where metrics-driven marketing, powered by analytics, comes into the play. Companies have the opportunity to engage consumers in entirely new and personalized ways. However, they need to approach multichannel marketing differently than they have traditional marketing to harness its enormous potential for consumer intelligence. Marketers have access to a tremendous amount of information about consumers’ search patterns, engagement patterns, demographics, and even social and interest graphs, along with their campaign responses. However, the key to the consumer pocketbook is to understand both the direct and indirect interrelations between these data points to determine what it is that leads to a purchase. Only then can marketers effectively allocate their marketing budgets — and direct all related efforts — to the right combination of activities that will drive that elusive ROMI.

Additional complications make it challenging to piece together the consumer puzzle. Prospects use not only their PCs to shop, read, learn and engage with brands, but they’re also using other interfaces on their tablets and mobile phones all the time. And, they are not engaging with brands just on their websites. On the contrary, the website-centric paradigm of the last two decades is being replaced by an application-centric engagement: Social and mobile apps are starting to take center stage.

As is often the case, a single industry has paved the way in making social and mobile apps the new marketing phenomenon: online gaming. Not surprisingly, the success of this very industry is deeply rooted in its ability to analyze and understand its vast and diverse user base. “We are an analytics company masquerading as a gaming company,” boldly claimed Ken Rudin when he was VP of analytics at Zynga, in “Virtual Products, Real Profits” (Wall Street Journal, Sept. 9, 2011). (Rudin is now the head of analytics at Facebook.) Zynga, the company behind Farmville and Fishville, transformed the online-game industry by leveraging analytics to understand what engages its large user base, then applying these findings to optimize its acquisition marketing campaigns and in-game mechanics in order to increase average revenue per user (ARPU).

What is at play here with the success of online gaming is that social media is adding a whole new twist to the traditional, customer-engagement funnel. Paid, campaign-driven engagement is not only increasing traffic and conversion rates but also driving viral adoption and lowering average user-acquisition costs. Take a look at another large, online gaming company: Gaia Online achieved a 183
percent increase in ARPU in less than two months by applying a methodology similar to the Zynga approach. Leveraging Kontagent, a third-party analytics platform, Gaia Online successfully optimized its marketing campaigns for both ARPU and viral adoption by gaining deeper visibility into campaign and ad-level engagement metrics beyond simply new user install numbers.

Through analysis of campaign effectiveness by user segment, Gaia identifies and targets its most valuable users: gamers who have both the highest ARPU and the highest viral factor (known in Kontagent-speak as K-factor). Users with high virality help to spread the word through social requests, Facebook wall posts, and other channels, thereby bringing in valuable, new users at no incremental cost. Of course, word-of-mouth marketing is nothing new. However, thanks to social and mobile apps, with their opt-in user bases that come with a wealth of demographic, behavioral, and even location-based data, we now have the means to identify and target consumers who are not just likely buyers, but who are also likely to spread the word on the value of their purchases to other potential buyers.

While “gamification” concepts introduced through online gaming and popularized by social and mobile apps provide a powerful new marketing approach for just about any brand, traditional channels such as TV, radio, and print advertising aren’t going away anytime soon. Of course, a plethora of other digital marketing opportunities are continuing to pop up, as well. Given the many attractive options, how can a marketer who is looking for the best ways to acquire new customers or increase loyalty develop the most effective marketing mix? Not easily! According to a 2012 study by the Columbia Business School and the New York American Marketing Association (“Marketing ROI in the Era of Big Data: 2012 BRITE-NYAMA Marketing in Transition Study”), getting traditional and digital marketing to work better together remains a major goal for 77 percent of marketing departments. The study also indicates 65 percent of marketers said that comparing the effectiveness of marketing across different digital media is “a major challenge” for their business.

Here is the crux of the issue: Traditional media focuses on a small number of quasi-independent channels, such as TV, radio, and print advertising, typically measured in the simplest terms of reach and...
High volume of positive social sentiment can drive down paid media CPA, while negative social sentiment may hurt campaign returns in paid channels. Social sentiment is measured using natural language processing (NLP) and is based on the percentage of positive word mentions in social media conversations.

**THE CONCEPT OF DAILY ME,**
**POPULARIZED BY MIT MEDIA LAB FOUNDER NICHOLAS NEGROPONTE**
**TO DESCRIBE A VIRTUAL DAILY NEWSPAPER CUSTOMIZED FOR INDIVIDUAL PREFERENCES, IS NOW HERE.**
**In Online News Outlets, Content Creators and Advertisers Now Rely on the Same Set of Converged Data to Improve Their Interwoven Results.**

The news outlet is on track to achieve these increasingly challenging goals by leveraging Anametrix to connect to and analyze multiple data sources in real time in order to identify how reporters and photographers can increase content monetization — both on the site and through referrals from their social-media accounts like Facebook, Twitter, and Pinterest. Which headlines drive social traffic? How much does social engagement impact readership of each author? These multichannel insights provide content creators and advertisers a much clearer picture of both content and ad performance, in some cases enabling individual authors to increase their readership by as much as 400 percent. Both content creators and advertisers, traditionally from very separate departments, now rely on the same set of converged data to improve their interwoven results.

We now live in a world where the once-crisp line between content and advertising is increasingly blurred. The concept of Daily Me, popularized by MIT Media Lab founder Nicholas Negroponte to describe a virtual daily newspaper customized for individual preferences, is now here. Many of us customize the content and news feeds we receive online. From Amazon to Bloomingdale’s, most brands present us with offers that are based not on what we are searching for today, but our previous viewing and purchase patterns. The ads we encounter are increasingly customized to improve relevance, leveraging the many breadcrumbs we leave in our trail. Google’s recent changes to its privacy policy, which enables it to combine user information from one service with information from the other Google services, pave the way to search becoming even more targeted — and not only based on our own behavior, but also that of our online social network, otherwise known as our social graph.

Indeed, we may soon live in our own relevance bubbles, derived from our personal and social behavior patterns. Marketers will know not just our browsing history and behavior, but also that of our friends. They’ll know what we like to read, where we like to shop, our purchase patterns, and when we might be driving by a favored vendor. Naturally, they will serve up a dose of just what we suggested we want.

Will all this personalization make our lives better or more efficient? Maybe. But two things are certain: It will continue to change the delicate dance between marketers and consumers, and it also will prove that Lord Kelvin was right: Those companies that most effectively measure and make sense out of the growing multichannel data explosion will be the ones that thrive in this brave new world.

**Recommended Reading:**
