



THE **SOCIAL** 
CMO COUNCIL™

CONSUMER BRAND
COMPATIBILITY MODEL

Matchmaking Comes to Marketing:
Social Media Insights Find the Right Fit Among
Brands, Audience Types, and Channels

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INTRODUCTION

When social media sites like Facebook and Twitter first began attracting substantial user bases, chief marketers did not know what to make of the emerging medium. Many underestimated its vast potential for marketing exposure and consumer insight, and others demanded strong ROI and reliable metrics before investing in the channel. Consequently, few brands initially moved into the space, and of those hesitant early adopters, many treated the new platforms as a simple, viral marketing tool or place to monitor general consumer conversation. Social media became an often misunderstood and underestimated engagement channel, leveraged as a fad to reach the youth market.

Fast-forward to today, where social media has become one of the biggest, most dynamic parts of marketing. Brands across every vertical are scrambling to make up ground and develop and implement digital marketing strategies. While some brands scored huge early wins and established themselves as digital leaders, most marketers are still searching for how social channels can work for their companies and how they fit with the rest of their media and marketing mix. Yet more often than not, social media is still largely misunderstood, with brands and organizations not yet fully tapping into the wealth of insight, knowledge, and engagement the new channel can provide.

As companies develop their social identities and experiment more with new media platforms, they will quickly understand that social media is unlike other channels of the traditional marketing mix. Simply stated, social media is not just another advertising medium; in fact, it would be shortsighted to call it another tool in the media mix. Social media is highly interactive, with an incredibly large amount of personal content posted, refreshed, and exchanged daily by a vast universe of consumers. It is a living, breathing, and ever-evolving conversation between two parties, potentially witnessed by millions, but at its core it focuses on the relationship between a brand/company and a customer. It is a conversation that allows a marketer to convert that initial comment or engagement into a robust profile and understanding of the customer that extends well beyond the digital walls framed by a platform. It opens a reality that lets you know where a customer has been, what he or she likes, and what is truly relevant, valued, and required. Social media gets to the core of what a customer is thinking, not just what they are saying. This is the power of social media. However, this is also the challenge with social media.

Facebook had 500 million members last year, and those users share more than 7 billion pieces of content (web links, news stories, blog posts, etc.) each week and are spending more than 700 billion minutes logged on each month. And they are taking their connections with them, as more than 100 million active users currently access Facebook through their mobile devices. It is estimated that Twitter recently passed 200 million registered users and gets more than 300,000 new users every day. The company reports that 95 million tweets are written daily, and that 83 Tweets per second reference a product or a brand. And while social media, by the numbers, can take turns from the humorous (if Facebook were a country, it would be the world's third largest and double the size of the US population) to the absurd (one social media watchdog group claims that one in five divorces are blamed on Facebook), the reality is that social media has shifted the expectations and requirements of the consumer. The social media user expects to be heard, demands to be engaged with, and actively revolts against being "talked to" by opportunistic and overly self-serving marketing messages. And when you consider that the average Facebook user has 130 friends, the feedback and backlash to a negative social media experience can be swift and widespread within moments.

Social platforms are growing at a speed that few could predict but are likely not to slow down for some time, creating a level of complexity and uncertainty for many. But facing tighter marketing budgets and

increasing performance expectations, brands cannot afford not to be in the middle of the conversation. However, marketers also cannot afford to leverage the same thinking and strategies to develop social media campaigns in the same manner that traditional and online advertising campaigns have been created, deployed, and measured.

Marketers must shift their mindsets and strategic views of social media in order to unlock the potential, leaving behind the traditional advertising mindset where messages and engagements are segmented across multiple aligned channels to create a total experience. This approach simply does not apply in this new world of bi-directional, dynamic engagement. Brand engagement within social media must look at a new model for forming a continuous, flexible, and fluid conversation that leverages insights directly from the individual, allowing marketers to change how they engage by redirecting where they interact with their most valued and loyal customers.

The measures and metrics applied also cannot simply be redacted versions of traditional advertising KPIs as the quality, duration, and lifetime profitability of dynamic engagement through social media help marketers optimize their spend, mix, and effectiveness. The rapidly emerging category of online marketing and social media analytics is enabling brands to identify the most appropriate, receptive, and predisposed consumer targets and channels of media preference and then adapt their messaging, segmentation, and targeting accordingly.

Social Consumer Brand Compatibility modeling is an emerging area of marketing science that seeks to navigate the mountain of social media data and take-away insights regarding customers and their interests. By analyzing posts, “likes,” and rich media content sources from Facebook, Twitter, YouTube, and other social networks, brands can glean richer information about media consumption, psycho-graphic, lifestyle, and personal interests. Marketers can now truly understand where social customers are engaging, identifying new and potentially more effective avenues to continue customer-to-brand engagement. Social data delivers heightened insight, allowing marketers to improve media selection and buying, as well as the relevance, resonance, and response of ad and promotional buying.

Despite its obvious potential, Social Consumer Brand Compatibility modeling is not without its challenges. Some skeptics argue that social media sentiment analysis is not precise enough to produce valuable insights and that cannot accommodate for sarcasm, individual word choice, or syntax. Sentiment is also one piece of the larger picture provided by social data that can provide deep and actionable customer insights, ranging from who a brand’s best customers truly are to identifying the best tactics and methods to engage customers in the places and conversations they are choosing to have. Still, a huge opportunity exists for brands to investigate the extensive data readily available in social media. Doing so in a meaningful way, however, depends on marketers’ ability to achieve highly actionable insights that translate into more intelligent consumer outreach amidst the rapidly evolving social and digital world.

SOCIAL MEDIA MIGRATION

While initially hesitant to jump into this new channel, marketers had no choice but to reconsider as consumers began rapidly embracing social media tools and platforms. Though few brands have yet mastered digital, more brands than ever before are investing in online marketing and making social media an organizational priority.

“Two years ago, social media was a disinteresting phenomena happening outside the traditional marketing practices at most companies,” says David Tryder, Director of Interactive and Relationship Marketing at Dunkin' Donuts. “Today, most companies make social part of the conversation in the overall media mix and investment strategy.”

According to the CMO Council's annual “State of Marketing” report, which was based on an exhaustive audit of its members on their yearly marketing accomplishments and evolving priorities, implementing and improving digital media programs is becoming an industry prerequisite. In 2010, 32 percent of marketers considered improving digital marketing and online customer engagement capabilities a top accomplishment for the entire year, second only to improving marketing's relationship with sales. For another 21 percent, implementing new social media campaigns and strategies ranked as a marquee achievement.

Further demonstrating social's rising profile within marketing is the increasing money companies are spending on it. According to the survey, respondents expect the channel to receive a bigger jump in budget allocation than any other element of the media mix this year. Additionally, marketers ranked digital makeovers and social media channel integration as their top transformational projects to be undertaken in 2011.

For brands looking to improve customer engagement and brand relevance, these new media platforms offer opportunities to reach and engage with consumers like never before.

“Social is the biggest, most dynamic part of marketing,” says Drew Panayiotou, Senior Vice President of US Marketing for Best Buy. “It's becoming critical, from how you connect with consumers to how you drive commerce to how you drive relationships in the moment.”

Additionally, through this enhanced ability to drive customer relationships, brands are starting to see social media's potential impact on business performance.

“We're at a turning point in marketing, and for marketers, it's a very exciting time,” Tryder says. “This whole new channel and new way that consumers are engaging and sharing personal information with brands is going to provide a new world of opportunities to deepen brand engagement, improve customer experience, and drive business metrics like sales, loyalty, and day-to-day growth.”

ONGOING CHALLENGES

Despite these new opportunities and the enthusiasm with which marketers are embracing social, marketers still have a way to go in perfecting digital channel strategies and demonstrating the justification for expanded investment. Though many marketers made substantial progress in integrating digital into their marketing mix last year, even more have yet to find their social identity.

According to the CMO Council's "State of Marketing" report, 42 percent of marketers cite new technologies and engagement channels as their biggest challenges in 2011, second only to the recovering economy. Similarly, dealing with Internet influence and voice ranked as another top industry challenge for respondents.

In part, this challenge stems from the new responsibilities and skill sets social media requires of marketers. Constant cultivation of a brand's social presence—especially the need to respond directly, in real-time, to consumer commentary and complaints—breaks drastically with the more methodical life cycle of the traditional marketing pipeline. Marketers must also learn to concede some degree of control over their brands and accept that in today's digital world, the audience very much exerts ownership over the dialogue and community. By refusing to let consumers guide discussion and interact with brands in a way they find meaningful, marketers can very quickly saturate their audiences and squander their company's social media legitimacy.

“At the end of the day, our world is changing, and particularly young people today are not keen on being talked to,” says Darren Marshall, Global Vice President of Global Customer & Shopper Marketing at Coca-Cola. “They want to co-create and share things and be much more customized in how they go about shaping things.”

Before marketers can empower their audiences to co-create and shape their own brand experiences, however, they must understand how those customers utilize social media and how they want to be targeted. This requires a very intimate awareness of the consumer and how they consume media. However, in developing an advertising campaign, marketers too often depend on general ratings sweeps that give basic information on the broad audiences likely to tune in during certain shows. Though this provides insight on the typical audience the ads will likely reach, it would be more helpful to know exactly what a brand's actual customers are going to watch and where.

Similarly, within social media, too many marketers rely on metrics that paint an incomplete picture of the digital ecosystem. Currently, most available resources analyze the general buzz trending in social media or the major topics dominating conversation at any one time. While recognizing the popular subjects of discussion may seem valuable, simply being top of mind gives little indication of why consumers are talking about a specific brand or what that brand did to get people talking in the first place.

Without more in-depth analytics, it's difficult to compile a complete picture of customers' interests and media habits. As a result, marketers can never be completely sure which elements of their marketing mix are most effective and why certain campaigns or individual messages resonate with consumers more than others.

“Right now, half of my marketing is working; I just don't know which half,” Marshall says. “In some cases, within more data-rich markets, it's relatively easy to do multi-variance analysis and say, ‘these three levers are much more valuable than these 20 levers.’ But not every market has that.”

Consequently, many brands advertising in social media are somewhat uninformed, buying ad space on Facebook and other services with no clear indication of whether the message will even reach the right audience. Without the ability and commitment to target digital ads to specific audiences for specific reasons, social media marketing will never realize its full effectiveness and impact. And lacking clear indication of strong ROI, executives in the C-suite will remain hesitant to support further investment in social media at all.

“The challenge is doing the things that are fresh and interesting and unique that make sense for the brand and your business model,” Panayiotou says.

SOCIAL CONSUMER BRAND COMPATIBILITY MODELING

Though the difficulty of navigating social media has left many brands cautious to fully invest in these new channels, huge opportunity exists for marketers who go beyond the general chatter to realize deeper, more valuable consumer insights. Certainly, marketers' interest in more effectively understanding and engaging with consumers is as strong as ever. In the CMO Council's "State of Marketing" survey, improving customer segmentation and targeting was by far the top priority among respondents seeking to enhance the impact and value of marketing.

To achieve this improved customer segmentation and targeting, marketers should turn their attention to achieving actionable insights from social media content and conversation. In social media, the content of users' conversations is extremely commercially valuable. People discuss products they use, reactions to advertising, and recommendations on where to shop, among other relevant insights. Brands that can cut through the clutter and harvest insight from the social conversations of their consumers will have an extremely dynamic roadmap to tailor future advertising and marketing campaigns.

Social Consumer Brand Compatibility modeling is a growing category of online marketing and social media analytics that is dedicated to achieving more meaningful, actionable insights on consumer behavior and media consumption. Those insights can then be used to influence and shape future media spend. While traditional media analytics reveal the demographics and profile of the audience likely to tune in to certain shows at certain times, Social Consumer Brand Compatibility modeling focuses on compiling the profile of your actual customer. Rather than identifying the broad topics trending in social media, this analysis focuses on identifying what makes your customers unique and distinctive from the general population, as well as what is trending among that more relevant subset.

Starting with basic insights, such as demographics, age, location, education level, and gender, it is totally focused on real customers who engage with your brand and products. By focusing on the actual desired audience, social media analysts can then start assembling a picture of how a brand's customers interact with various forms of media. Analyzing the "likes," postings, tweets, dialogue, and other rich media exchange throughout the social universe, marketers gain insight into what TV shows their customers really watch, what websites they frequent, the search terms they are most likely to use, and the magazines they read. Finally, by analyzing the general chatter of their specific audiences—rather than the general chatter of the entire population—marketers can reveal the issues critical to their customers, providing a much more meaningful set of insights.

Additionally, unlike other mediums, people tend to use social media as a hub for discussion about other media channels. Traditionally, consumers would watch TV, use the Internet, and listen to the radio, but there were limited opportunities to offer feedback and reactions. While users may have the same interests as far as which channels they use to engage, TV consumption existed largely independently of radio listening. In social media, however, people not only spend time engaging with various services, but often do so while talking about other media channels. People watch TV and send live Tweets and Facebook status updates in response to the show. On the Internet, users repackage and recommend interesting articles they come across to their networks. In becoming this glue between previously independent media, social platforms suddenly offer a valuable repository of insights on an audience's media consumption.

With this two-pronged understanding of a brand's audience—first, a high level of detail to target the right audience and second, highly actionable insights on those consumers and how they use media channels—marketers can now target their ads much more effectively. Regarding content, brands could much more confidently create messaging with greater relevance to customer interests and hot buttons. With that increasingly impactful content, marketers can plan out their campaign marketing mix and media spend to activate the channels most relevant to their specific targeted audiences.

“It’s mastering the age-old challenge of ‘Don’t send me diaper coupons if I don’t have little babies in the house,’” Marshall says. “By the same token, if you do have babies, how can I customize what you get in the mail or the relationship I have with you so I’m giving you the right things at the right time? It’s about creating trust in a brand that always knows exactly what the customer wants.”

By creating that trust and establishing a more customized, valuable dialogue with their consumers, marketers not only build a strong brand relationship, but also a much more profitable customer connection. Social media offers avenues into consumer insights, behaviors, and media consumption preferences that have never before been available. Not until marketers utilize analytics that extract more highly actionable insights, however, will these emerging channels fulfill their potential to deepen brand engagement, improve the customer experience, and drive business metrics like sales, market share, repeat purchase, brand affinity, and customer retention.

“It’s not just about throwing spaghetti against the wall and seeing what sticks,” Marshall states. “It’s about getting a really precise understanding of when you do initiative X, we get return Y. Having that very specific scientific base understanding is something that’s very quickly coming to the forefront and something that we can leverage with a lot of effectiveness.”

EXPERT PERSPECTIVES

BUILDING YOUR BRAND'S VOICE THROUGH SOCIAL MEDIA

Harness Social Networks As Responsive, Real-Time Focus Groups

By **Dilip Venkatachari**, *Co-founder & CEO, CompassLabs*

In today's age of social existence—including everything from social networking and social commerce to social customer service and all of the social engagements still being dreamed up—we cannot make the assumption that the thinking, strategy, and even metrics we applied to advertising before hold the same weight and relevance today. While conversations five years ago centered around the shifting dynamics between traditional and new media advertising, the issue today is that even new media is largely being tracked, placed, and measured using similar, if not identical, thinking as traditional media. Now social media enters into the marketing mix and breaks all the rules, making understanding how to interpret, measure, and evaluate an ad campaign's success a daunting task for marketers.

Social is a new breed of engagement, and we must revolutionize our thinking to make the most of the engagement and medium. Marketers have the opportunity to truly leverage the power and real-time interactivity of social media to drive brand equity and impact revenues. Social data can provide deep and truly actionable customer insights, opening a new window into the behaviors and drivers of customer behavior.

Tomorrow's great marketers will not be measured on brand recognition, but on how effectively their campaigns leveraged data and insights to reveal preference, intention, and reaction of the consumer. I call the culmination of this set of analytics Active Consumer Preference Insights (aCPI) modeling. This sophisticated and powerful new technique combines machine learning, algorithms, data mining, predictive analytics, and artificial intelligence and pulls together key points of insight, including:

- Who a brand's best customers are at a demographic level
- Who the brand's best advocates are (those who engage with the brand and share with their circle of friends)
- Brand sentiment (how customers feel about your brand)
- What's top of mind (what your customers are talking about and what their behaviors are)
- How to identify relevant customer subsets who are ripe for engagement or conversion
- Where to find these consumers online and in their digital lives—what television shows they watch, what websites they frequent regularly, what their behavioral habits, patterns, and preferences are

In practice, the aCPI model will have the ability to pull all of this available data together so that marketers can quickly act on opportunities to increase brand affinity and make an impact on sales. Most importantly, the aCPI model can provide brand advertising via social channels a competitive advantage through an ongoing process of continuous improvement and progressive learning every time an ad is placed and a consumer reacts to a message.

Early on in the advent of social media, we saw that unlike other mediums, people were consuming media and then actively using social networks to talk about what had just been consumed. We also instantly recognized that the content of these conversations held commercial value. People were talking about

products, ideas for product improvement—a wish list for a developer—and recommendations of what to buy, where to buy it, and how to use it. These conversations were not staying confined within known networks. In fact, these conversations were linking completely unknown clusters of consumers, transferring information, and sharing content across the traditional lines of conversation and disclosure.

But what if you could understand and extract the meaning of this vast compilation of live social discourse? For the marketer, the value in understanding the true insights and patterns in social media could mean the difference between a targeted, effective, and impactful ad and one that simply met a list of demographic targeting options available to any number of brand advertisers. Extraction and understanding of preferences would actually improve outcomes, turning targeting into a predictive, constantly evolving model aimed at optimizing outcomes and maximizing the value of spend.

This is where we begin at CompassLabs. Rather than viewing social media advertising as solely a targeted connection or “just another channel,” we look to get as precise as a compass, pointing to better ways to engage across the social web, maximizing budgets, and learning from every engagement. Social media is the first medium that provides marketers access to what is essentially a real-time focus group, allowing them to engage their audience.

As the CMO Council has pointed out, social networks open an opportunity for a brand to identify their ideal customers. The analogy of matchmaking—finding a match based on parameters for ideal compatibility—is not a far off goal. As more marketers struggle to apply old standards to a new consumer world, identifying your match is more critical than ever. This is where the concept of aCPI modeling becomes so powerful. Advertising must listen to the voice of the social consumer, but also to the behaviors and patterns of that consumer. Suddenly, instead of segmenting spend in an individual channel, social media becomes a rich insight tool that can make social media advertising far more effective by identifying key characteristics, patterns, likes, dislikes, and even new venues for engagement that can and should be translated across all other advertising and engagement channels.

Let’s use an online ecommerce merchant who is selling watches as an example. The traditional mindset for how to leverage a channel like Facebook would be to look at the population of people who buy watches, like watch brands, or have indicated that watches are a passion. Then, this merchant might typically deliver ads to these users, paying on performance to this segment. But what if, after running that ad, you began to look for those people who were engaging with your ad and identified key patterns? Maybe those people who were buying watches were disproportionately former military personnel? Maybe the most engaged consumers were also disproportionately located in the midwestern United States and consistently tuned into specific history-based television programs. Knowing and understanding where the most engaged customers are spending time and engaging will enable a brand to know where to focus media spend across a multitude of channels and potentially identify more valuable targeting insights to best match a product to a social consumer.

The aCPI model looks to transcend competitive landscapes by identifying the most effective and efficient ways to communicate with the right customers. And this new mindset, where content is served based on predictive analysis and conversation mapping rather than loose demographics that hold little water in this new social world, must become the lens through which senior marketers begin to view the social consumer.

With CompassLabs, we leverage our proprietary platform called CompassLabs IQ (CLIQ). As social media usage continues to explode, CLIQ takes social advertising to the next level, arming agencies and marketers with the ability to precisely target their audiences on Facebook, Twitter, LinkedIn, and other social networks and applications, optimize the execution of their campaigns, and gain actionable insights into their best customers.

The CompassLabs IQ platform answers that call through three unique value propositions:

- **Precise targeting:** build audience segments that reach precisely the customers you need based on an in-depth understanding of social behaviors and what's most important to them now
- **Optimized execution:** achieve superior ROI by sophisticated micro-targeting, creative variance testing, and audience optimization
- **Actionable insights:** extract rich and actionable insights about your best customers and use that information to better optimize your media mix and strategy

The result is that CompassLabs allows advertisers to transform advertising into an ongoing dialogue with customers and harness social networks as responsive, real-time focus groups, providing advertisers with unmatched insights into their best customers and how best to reach them, including outside of social networks. Advertisers using CompassLabs spend less overall, target with higher accuracy, and obtain superior information and insights.

ABOUT THE CMO COUNCIL



The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership, and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide range of global industries. The CMO Council's 6,000 members control more than \$300 billion in aggregated annual marketing expenditure and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include more than 20,000 global executives in nearly 100 countries covering multiple industries, segments, and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia Pacific, the Middle East, and Africa. The CMO Council's strategic interest groups include the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE), LoyaltyLeaders.org, Marketing Supply Chain Institute, Customer Experience Board, Market Sense-Ability Center, Digital Marketing Performance Institute, GeoBranding Center, and the Forum to Advance the Mobile Experience (FAME). More information on the CMO Council is available at www.cmocouncil.org.

ABOUT COMPASSLABS



CompassLabs is a pioneer in developing technology to extract insights and value from public social content, with patent-pending artificial intelligence and predictive analytics algorithms and techniques. A dramatic step forward in knowledge-based marketing and advertising, CompassLabs' IQ platform (CLIQ) enables marketers and advertisers to effectively harness the interactivity and power of social media and better engage, activate and acquire customers on social networks.

Headquartered in San Jose, CA, CompassLabs was founded in 2009 by industry veterans and scientists. Investors include New Enterprise Associates (NEA), Triple Point Capital, Jim Clark and others. For more information, please visit www.compasslabs.com, follow @compasslabs on Twitter www.twitter.com/CompassLabs, or like CompassLabs on Facebook at www.facebook.com/CompassLabs.