IBM Social Analytics: The Science behind Social Media Marketing
IBM Social Analytics: The Science behind Social Media Marketing

Marketing professionals in almost every industry are under pressure to deal with the explosive growth of social media. “Dealing with it” means, first of all, being aware of what’s said about a company’s products and brands in various social media channels. Marketers then need to incorporate social media tools and analytics into their marketing strategies in order to optimize their return on expenditures and help grow revenue for the business.

Social media represents both a major opportunity and a major challenge, in a marketing space that is rapidly evolving and filled with uncertainty. But a thoughtful, integrated approach that considers the entire customer relationship can pay huge dividends for those businesses that have the vision to engage with their customers in this new environment.

This white paper will focus on IBM technology that marketing professionals are using to learn about their customers’ attitudes, preferences and buying habits from what they say on publically available social media and through the full range of interactions that can be recorded, measured and analyzed. It discusses how marketers can combine that knowledge with other sources of customer information to guide marketing decisions and shape marketing campaigns, cultivate relationships with online advocates to help steer product development, and, ultimately, boost sales and revenue.
Social media and “the age of the customer”

Companies, public sector organizations and marketing professionals have been tracking public opinion since the earliest days of mass media. In the past, however, the avenues through which the public could express its opinions were often controlled by those same organizations, and limited largely to polls, surveys and focus groups. To know for certain what people really thought of a new product, companies simply had to wait and see how well the product sold in the marketplace. (Sales figures, of course, remain the ultimate measure of public approval.)

But in less than a decade, the explosive growth of social media has connected the persuasive power of word of mouth to the speed and near universal presence of the Internet. Mobile devices and smartphones have made it possible for consumers to share their opinions—positive or negative—widely and instantaneously. And because of this, companies selling virtually any product or service are now looking to social media and social media-related software to help them create relationships, build advocacy and improve loyalty among their customers.

Consider these numbers, which give an idea of the scope of the social media phenomenon:

- 1.43 billion people worldwide visited a social networking site last year.¹
- Nearly 1 in 8 people worldwide have their own Facebook page.²
- Three million new blogs come online every month.³
- 80 percent of internet users say they prefer to connect with brands via Facebook.⁴
- 65 percent of social media users say they use it to learn more about brands, products and services.⁵

As we know, the opinions expressed in social media only tell part of the customer story. A customer may love your product and even say so through social media. But that doesn’t necessarily mean that they will follow up with repeat purchases. Satisfaction with the product aside, there may be any number of reasons why a customer becomes or does not become a repeat purchaser. But the more you learn about their likes, dislikes, experiences and buying habits, the easier it is to not only satisfy, but anticipate their needs.

Paid media, owned media, earned media

There has been a fundamental shift in the way organizations communicate. Traditional print advertising and direct mail budgets are shifting to digital forms, driven in part by the lower costs of these media and the opportunity to create more personalized and timely communications electronically. There are three distinct types of digital media that marketers are concerned with, all of which demand different tools for measurement and analysis:

- **Paid media**: “Paid” media includes display ads, pay-per-click (PPC) advertising, sponsored content, etc. Tracking and compiling response figures is typically part of what businesses pay for when they purchase paid media. The pay-per-click advertising model in particular is based on the number of active responses by the web-searching public.
• **Owned media:** Owned media consists of a company’s own website, temporary microsites that are used to promote special events or launch products, blog entries authored for the company by employees, content on the company’s Facebook page, etc. Analytics tools for owned media measure the traffic to your own website, identifying where visitors have come from, where they go and how much time they spend on each page. Most important, they record which offers appeal to visitors enough to get them to fill out a form or make a purchase.

• **Earned media:** Earned media consists of those uncontrolled and sometimes unpredictable statements and opinions that customers or other interested parties share on Twitter, blogs, customer forums and other sites. Earned media can be the online expression of general public opinion, or it can reflect the opinions of a vocal few. Ideally, from a marketing perspective, earned media will include endorsements from knowledgeable, respected customer-advocates, or third-party experts who will share their positive experiences and influence others.

One of the most important characteristics that distinguish paid and owned media from earned media is that, while paid and owned media is structured and visitor behavior can be tracked and measured fairly easily, earned media is largely unstructured. Earned media most often takes the form of plain language intended for human eyes. To measure and analyze the content of earned media in any significant volume requires highly specialized software tools.

---

**Getting a complete picture of the customer**

For your marketing tactics to be relevant and persuasive, it’s important to develop them with a comprehensive customer profile in mind. The more comprehensive the profile, the greater your ability to craft a successful marketing program, and the more personal your personalized offers can be.

On your website, it’s not enough to know what happens in a single session. A conversion cycle may span multiple sessions of product research, investigation and comparison. The conversation, so to speak, with a customer could span hours, days, or in the case of a major purchase, weeks or months. And the conversation doesn’t end with the purchase transaction. Thus, it’s important to work with tools that can assemble a profile over time and help you clearly attribute today’s conversions to the marketing initiatives of the past and correlate historical site behaviors to those that occur today.

In retail, the popular “registered customer” programs that inform participating customers of upcoming sales and new product availability, or offer coupons or special discounts, are among the important sources of customer insight that may reside in the data you already collect. Adding information from online registration forms or importing customer data from CRM systems enable you to further define the customer with demographic characteristics like age, gender, income or other attributes such as loyalty program status or lifetime value.
For companies with multiple sales channels, integrating learned visitor attributes and transactional data will also serve to enhance personalization efforts as well as create opportunities for up-selling and cross-selling. Increasingly, many people are engaging with companies and brands via their mobile device or smartphone. By connecting registered users across all of your mediums, you gain a richer picture of their behavior and buying patterns.

Qualitative feedback is another dimension that can be added to the customer profile. Understanding the experiences that lead users to explicitly tell you why they are satisfied or dissatisfied will help you replicate the positive experiences and correct the negative ones.

**Using social media tools to enhance your customer profiles**

While there are many software providers and many well-informed experts on the social media landscape, it is still fairly new territory for most marketing professionals. Nevertheless, a range of processes and best practices distinguish the true novices from the more mature practitioners of social media marketing.

Gaining social media maturity means learning how the changes in the marketplace brought about by social media affect your particular business, and adapting your marketing strategies to those changes. A mature social media capability includes:

- A comprehensive view of the customer which allows rich segmentation and micro-targeting of product offers and marketing messages to drive a healthy ROI through precise, effective campaigns.
- Continuous, deep analysis of customer motivations and intentions across all sales channels.
- Dynamic analysis of campaign performance and customer interaction to enable more agile, interactive campaign management.
- Mechanisms to foster deeper, more mutually beneficial customer relationships.
- An ability to have a constant read on consumer perceptions of your brand and its relationship with consumers and the wider community.

The ultimate benefit of a mature social media capability is the ability to monetize social media, and execute campaigns at a more personal individual level. Social media can serve as a critical source of data to map aggregate models to consumer profiles and enable marketers to build better performing campaigns across different channels with offers specific to individual consumer preferences.
Social media maturity also means looking at the totality of customer behavior and what it tells you about where and how to spend your marketing dollars. Your website may offer useful content that site visitors value and even forward to their friends with favorable comments. But does that content drive sales? Social media analytics provide the insight to answer such questions—essential when big marketing moneys are at stake.

**Social media marketing in action**

To imagine how social media marketing tools can work together, consider the following scenario. A brand manager at a company that makes a popular “sports bar” snack food uses social media tools and analytics to aid her marketing activities on several fronts. Her toolset includes a dashboard, a campaign management solution, a web analytics tool and a solution for predictive modeling.

Knowing that there is a small number of people who are disproportionately influential within her target customer base, the brand manager has executed a program to identify and reach out to this group of “advocates,” in this case, athletes who are well-known within their own sporting communities. Advocates are ranked on their level of social media engagement and their business relevance, as demonstrated by their impact on marketing programs and sales.

Starting from her dashboard, the brand manager views the market’s response to the launch of a new sports bar flavor as shown by trend lines representing consumer sentiment with regard to different product attributes. The sentiment figures are gleaned from social media sources and analyzed for positive, negative, neutral, or ambivalent statements. She sees that the new flavor is receiving a mixed response, as shown by an increase in negative sentiment. To learn more, she simply clicks on a cell in her sentiment chart, and drills down to read the actual comments from consumers. Among the comments, she finds several references to a specific magazine article about the nutritional benefits of sports bars in general. She forwards a link to the article to her group of advocates and asks for their opinions on the issues raised in it.

*Figure 1: Social media marketing dashboards enable marketers to identify important trends and drill down for greater detail as needed.*
Based on the advocates’ feedback, she discovers that there is a need to distinguish her company’s brand from others in the marketplace and raise awareness of her brand’s greater nutritional value. So she begins designing a new campaign, again focusing on the community of advocates. She uses her web analytics tool to identify several micro-segments that are key to the company’s sales results. She then selects advocates who will have the greatest impact on those segments, and develops offers specifically tailored to appeal to them.

The brand manager’s campaign management tool enables her to create a list targeting those advocates who are most likely to respond, and excluding those who have opted out or reached the maximum number of contacts under the company’s business rules. She also views the geographic distribution of advocates and identifies sponsorship opportunities for events in areas where advocates are most numerous.

Finally, once the campaign is running, she tracks its effectiveness to learn, for example, how many product coupons have been sent to advocates, forwarded through their networks and redeemed at retailers. This last step enables our brand manager to correlate her social media marketing efforts with actual sales figures. And this provides perhaps the most valuable information of all—a quantifiable ROI on her marketing spend.

**Four IBM brands—one integrated approach to social media marketing**

IBM offers an integrated solution that gives enterprise marketing managers the ability to gain actionable insight into their multi-channel marketing campaigns, including opportunities to enhance customer relationships, advocacy and loyalty. But this solution doesn’t stop with analyzing social media.

IBM’s social media marketing capability is built on technology that brings together information from social media sources along with data from customer relationship management (CRM) systems, transaction history, call-center records and more to provide a 360-degree view of customers and marketplace dynamics. Armed with this knowledge, marketing managers can make intelligent decisions about how to market and to whom, in order to optimize the return on marketing expenditures.

**IBM Social Media Analytics**

IBM Social Media Analytics helps organizations make sense of the vast outpouring of comment and opinion on social networking websites.
An analytic application with unmatched scalability, IBM Social Media Analytics is capable of analyzing literally billions of blog posts and hundreds of thousands of forums and discussion groups. It analyzes unstructured online information and spots patterns and trends related to products and brands. IBM Social Media Analytics helps you learn what consumers are hearing and saying about your company and enables you to understand how consumers are responding to your latest advertising campaign, which product attributes are the most highly valued in your category, and if there are negative comments that need to be addressed by your public relations team.

IBM Social Media Analytics also provides valuable insights into other critical business functions such as supply chain, customer service and product development. It works by analyzing “snippets” of text that contain the user’s search terms and loading retrieved snippets into a database. You can then search this database by date, region, keyword, the sentiment of the feedback and other factors to gain insight and analyze attitudes toward your brand, products, services, employees and partners — both at a macro level, or by drilling down into the actual conversation.

Customized analytic results are provided in configurable, easy-to-understand, charts and dashboards that can be distributed to the right people across your organization. IBM Social Media Analytics integrates easily with existing analytic platforms and business processes to help you act quickly on social media insights to improve customer satisfaction, enhance brand reputation, mitigate problems and anticipate new opportunities.

**IBM SPSS Modeler, IBM SPSS Text Analytics for Surveys**

IBM SPSS® Modeler is a versatile data mining workbench that helps you build accurate predictive models quickly and intuitively, without programming. IBM SPSS Modeler can discover patterns and trends in either structured or unstructured data using an intuitive graphical interface supported by advanced analytics. It enables you to model business outcomes and understand what factors influence those outcomes so you can take advantage of opportunities and mitigate risks.

As a complement to SPSS Modeler, IBM SPSS Text Analytics for Surveys uses advanced natural language processing (NLP) to help unlock the meaning in open-ended responses to survey questions. It can transform unstructured responses from customer, product and employee satisfaction surveys into quantitative data and help you discover meaning using sentiment analysis.
Using proven linguistics-based technology, SPSS Text Analytics for Surveys can cut through the ambiguities of human language. It can help you uncover patterns in the attitudes and opinions of survey respondents, without having to read individual responses word for word. It helps you categorize free-text responses efficiently and consistently, and then summarize your findings for further analysis and graphing. (SPSS Text Analytics for Surveys is available in versions for English, Dutch, French, German, Spanish and Japanese.)

**IBM Unica Campaign**
IBM Unica® Campaign enables marketing organizations to design, execute, and measure the results of highly personalized marketing campaigns quickly and cost-effectively across all channels, both online and offline. This highly scalable campaign management application helps businesses streamline and automate the entire marketing process and create a consistent cross-channel brand experience that in turn promotes customer loyalty and satisfaction.

With Unica Campaign, marketing organizations can target thousands or even millions of individuals with the right messages. It helps track and honor individual customer preferences and maintains a complete interaction history for each customer or prospect. It keeps a record of contacts made, offers presented, context and campaign details, and response or non-response — all critical to building an effective, ongoing dialogue. It provides a central repository of marketing information that allows the re-use and tracking of campaign components, including audiences, segments, offers, treatments, and exclusion rules.

Unica Campaign also provides complete campaign execution capabilities. It employs a flexible, flowchart-based user interface to manage the entire campaign delivery process, including audience segmentation, exclusions and assignment of offers and channels. It helps generate lists, format output and schedule multiple campaign waves using patented Universal Data Interconnect™ (UDI) technology, which connects simultaneously to databases, log files, operational systems and flat files. UDI enables marketers to get Unica Campaign up and running quickly, without creating proprietary data marts or data models.

In addition, these companion products complement the capabilities of Unica Campaign:

- **IBM Unica eMessage**: Engages customers and prospects with timely, personalized messages through email or mobile devices
- **IBM Unica Interact**: Determines the right message to present in inbound marketing channels in real time.
IBM Coremetrics
IBM Coremetrics® brings together customer profiles, web analytics and digital marketing execution to help marketers turn website visitors into repeat customers, and customers into loyal advocates. It shows how customers interact with your brand over time and across all channels.

Using a data warehouse that stores records of a visitor’s digital journeys across websites, mobile applications, social media, and even offline interactions, Coremetrics assembles a profile that allows marketers to clearly attribute today’s conversions to marketing initiatives of the past and correlate historical site behaviors to those that occur today. Marketers can then take action with personalized marketing tactics, orchestrating a compelling experience throughout each customer’s digital lifecycle.

Central to the success of this approach is the IBM Coremetrics Lifetime Individual Visitor Experience (LIVE) Profile. LIVE Profiles capture all of the digital interactions of customers and prospects as they interact with your business online, across multiple ad networks or via email, video, affiliate sites, social media, and more. It then integrates this data with offline information, providing a single comprehensive view of each visitor’s behavior over time and across channels, presented in an interactive interface using vivid, easy-to-understand graphics.

With Coremetrics, marketers gain a better understanding of the complete conversion cycle and all the key points of influence along the way. They can then appropriately allocate marketing spend and adjust the marketing mix to produce the best results.

Conclusion
In marketing, as in other areas of life, you can either shape events, or be shaped by them. In spite of it’s complexity and unpredictability, social media is here to stay. And its influence is likely to grow.

In marketing for any enterprise, whether it’s a regional restaurant chain or an internationally known brand, there are many things beyond your control—which means that you need to make every effort to control the things you can. Most aspects of social media are beyond the control of almost anyone except the users themselves, as the news headlines of 2011 can attest. However, the IBM Smarter Commerce initiative, which involves social media marketing tools such as IBM Social Media Analytics, SPSS, Unica and Coremetrics, offers the means for companies to benefit from social media, and gives you greater insight and greater control over the most important business relationship there is—the one you have with your customer.
IBM Smarter Commerce

“Comparison shopping” once meant paging through newspaper ads or driving from store to store, looking for the best deal. Today, comparison shopping can mean scanning a bar code with a mobile phone and having the price of the merchandise display instantly—in the store where you are standing and at a competing store nearby.

Today’s consumers, empowered by technology, transparency and an abundance of information, engage with companies how and when they choose, in person, through their home computers or by mobile device. They expect a consistent experience between all channels. They research online, compare notes with friends and share information and experiences frequently. And they can champion a brand or damage a reputation with the click of a mouse.

The IBM Smarter Commerce initiative aims to redefine commerce for this new “age of the customer” and help companies integrate and manage their value chains more effectively. The Smarter Commerce initiative spans four major steps in the commerce cycle: buy, market, sell and service:

• **Buy:** Optimize supplier and partner interactions.
• **Market:** Utilize deep customer insights gleaned from online conversations to deliver timely, personalized engagement across multiple touch points.
• **Sell:** Enable customers and partners to shop, exchange information, and collaborate across in-person, digital, and mobile modes of access, optimized according to customer preferences.
• **Service:** Enable prompt, effective customer service in all customer interactions; anticipate customer behavior and take action to keep them loyal.

The Smarter Commerce initiative brings together capabilities that enable companies to become more connected with their customers and use customer data to drive better business decisions. The result is an ability to deliver relevant and consistent messages across all sales and marketing channels—from the Web to email to stores to call centers, and deliver a better shopping experience and greater value for the consumer.

About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals. For further information please visit [ibm.com/business-analytics](http://ibm.com/business-analytics).

Request a call

To request a call or to ask a question, go to [ibm.com/business-analytics/contactus](http://ibm.com/business-analytics/contactus). An IBM representative will respond to your inquiry within two business days.