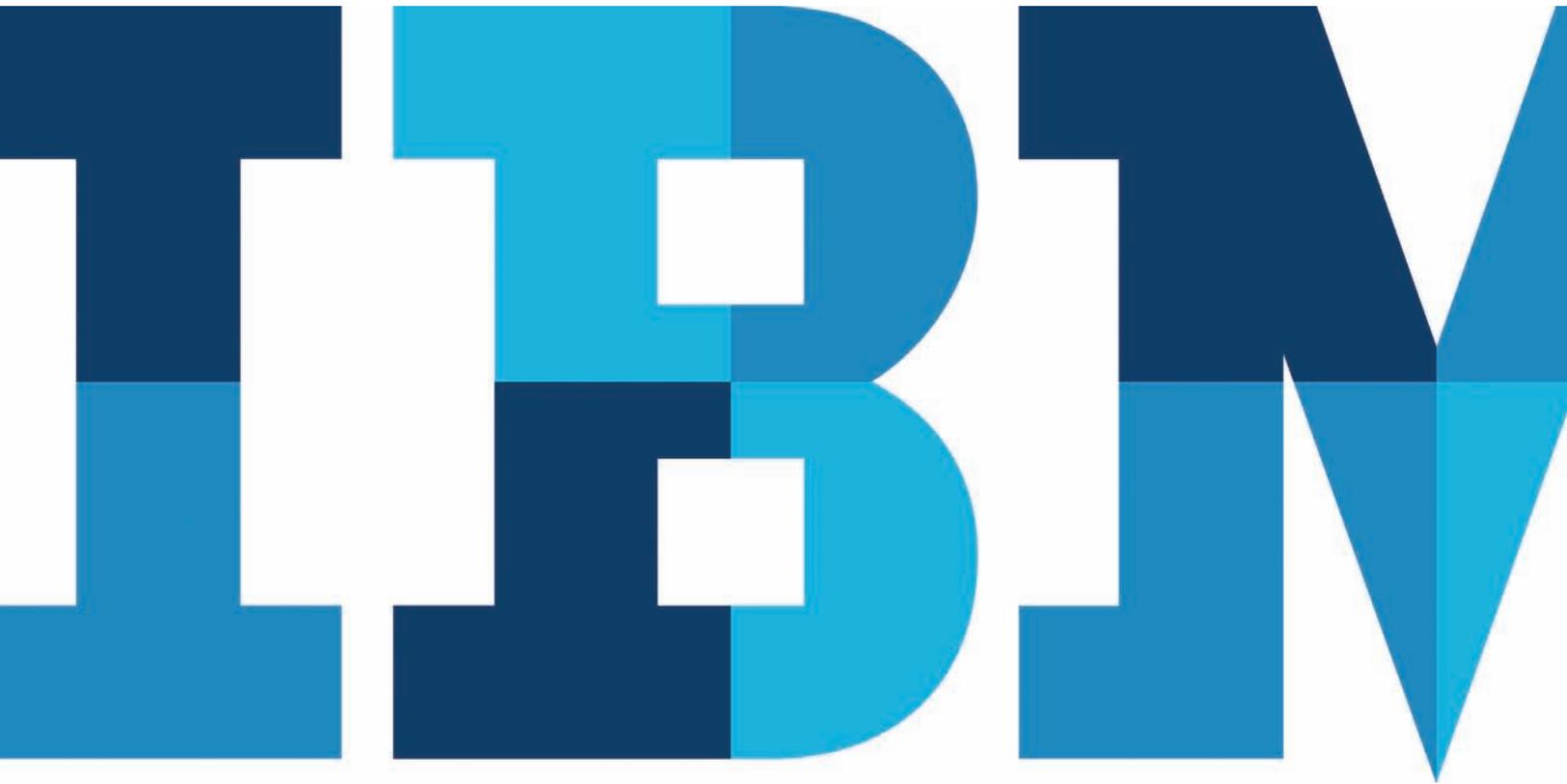# Social Media Analytics – Making Customer Insights Actionable

Overview

Much has been said about the growth of social media – its multiple channels and the enormous scope of its content and subject matter. Social media seems to offer something for everyone. With the proliferation of mobile devices, social media is available everywhere and its impact is immediate. One need look no further than the daily headlines to see that what began as an innocuous technology trend only a few short years ago has become a powerful instrument of social change.

In the business world, social media is now a powerful marketing tool that seems to find new uses and new users with each passing day. It can be deployed to share news from a corporate event on a near real-time basis, or create a buzz about a great new product within minutes of its launch. Or it can be used to share the details of an unpleasant experience with customer service just as fast.

This white paper will examine the role social media can play in presenting a more strategic view of customer data and how the right combination of technologies can deliver insight to help companies more effectively meet perpetually shifting consumer demands expressed through, and influenced by, these dynamic communication channels. We will look at the implications for marketing and sales, but also IT. And we will consider how and why social media tools and applications can be integrated with existing technology investments.

Marketing Digitization – Following the Consumer

Social media is re-shaping the way organizations engage their customers and nurture their relationship to brands, products and services. Here are some figures that give an idea of the scale of the social media phenomenon:

- **770 million people** worldwide have visited a social networking site.[1]
- **500 billion impressions** about products and services are annually shared online by consumers.[2]
- **More than 60%** of those impressions are shared on Facebook®, with 16% of users generating 80% of the messages and posts about products and services.[3]
- **78% of consumers trust peer recommendations.**[4]

For marketers, a good portion of social media's value lies in its ability to aggregate communities of interest, identify specific demographics and thus enable marketers to precisely segment and engage their audience. The goal is to monetize these outputs – to capture the interaction with a brand, product or service, and distill from this information the drivers of preference and ultimately purchase.

A social media strategy, then, seeks to carefully balance message and media with specific consumer segments. We can do that because we now have the technology to capture consumer preferences and opinions expressed through social media and apply predictive capabilities to identify new opportunities and determine patterns and propensities to influence and advocate. We can then act on this insight by integrating it with one-to-one marketing automation solutions to pinpoint campaigns to specific segments, driving consumer advocacy and ultimately revenue.

As one chief marketing officer (CMO) of a leading consumer product goods company has said, we are moving from a "spray and pray" marketing approach to one that can aggregate consumer data and precisely deliver messages and content.

The mistake many organizations make, however, is to treat social media as distinct and separate from other customer data and divorced from revenue generating imperatives. What separates the winners and losers in the social media space is the ability to:

- Integrate information across different data sources to drive the business through deeper consumer insight;
- Define what your brand is worth – its equity, reputation and loyalty – at any moment anywhere in the world; and,
- Understand emerging consumer trends and apply predictive models to determine actions with the highest probability to increase relevance and maximize ROI of marketing campaigns.

The time to act is now. Indeed, as a result of social media's rapid growth, recent years have seen an accelerating shift in marketing spending away from traditional channels such as print and broadcast to digital channels. This transformation is being driven by the cost advantages and precision offered by digital marketing platforms. Of particular note is the growing area of applications to manage the increasing volume and influence of social media, which was estimated to represent roughly $300M in marketing spending in 2010.[5]

As social media becomes a standard component of most organizations' marketing mix and a source of rich customer insight, its spend is being scrutinized, with better justification and metrics required to engage a vast social media landscape. This analysis requires a rich analytics environment, one which is transformative in its ability to offer a consolidated, global view of customer data and deliver actionable insight.

Social Media – A Catalyst for Richer Customer Insight

Like any source of customer data, social media requires an understanding of a customer's life cycle within your organization in order to establish sign posts to indicate different methods of engaging them at different points in the relationship. These sign posts act as a roadmap to help your organization knit together a comprehensive view of how a given customer's actions are reflected across multiple purchasing channels, within the company's functional silos, in disparate information systems and in key performance indicators.

With a comprehensive customer view, organizations can derive insight about customer segments and behavior to fuel organic growth through improved retention and cross-sell and up-sell opportunities. The organizations can put trusted information into the hands of frontline employees to improve productivity and customer service and enhance the customer experience across all sales channels.

Social media can be a catalyst to help companies achieve:

- **Influence and intimacy**. Social media amplifies the "relationship" in customer relationship management (CRM). Consumers trust their peers. And companies have the ability to aggregate and segment consumer data fairly easily.
- **Scale and speed**. Social media channels enable marketers to reach more customers faster, dynamically, and with greater precision. It can take months of planning, creative development and media purchases to launch a print ad campaign, compared to the immediacy of Twitter® and Facebook campaigns.
- **Lower costs**. Social media offers dramatically lower costs to precisely target and engage audiences across multiple channels, segments and geographies.

Social media allows organizations to connect and engage consumers in a unique way, but also personalize and monetize customer relationships on a sustained basis to ultimately improve profitability. Social media also provides a path to richer customer analysis, using technologies capable of funneling and consolidating customer insights. Organizations can use these insights to dynamically calibrate, anticipate and offer products and services that meet perpetually shifting consumer demands in a hyper-competitive marketplace.

Social Media Management – Strategic Considerations for Marketing and IT

Marketers have embraced social media enthusiastically, for the most part. In a study by Forrester Research, 54% of companies surveyed say that marketing "owns" social media strategy. But nearly one fifth of organizations don't have a single designated owner of their social media strategy and only 20% have centralized their social media deployment.[6] This means a potentially fragmented corporate view, with outcomes interpreted differently by each group – from public relations, to market research to sales, to others. That should give IT and the rest of the organization pause, because it means that there may be little coordination in the selection of social media vendors or consistency in the analysis of social media data.

For marketing to create a more universal view of customer data, there's a pressing need to facilitate the management of social media technology and clarify its relationship to corporate performance. IT can help guide the integration of social media strategy and technologies into the wider enterprise. IT has an opportunity to influence both the short-term needs and long-term requirements and integrate social media applications with the operational systems that provide reporting and analysis of business performance.

As companies move from tentative early experiments with social media to a more systematic approach, data integration and accompanying skills become paramount – especially if there is a desire to connect social media tools and technologies to business processes and supporting IT infrastructure. Social media can have a wide impact on an organization's different functions, requiring a cross-functional approach to its adoption and management – which includes a close partnership with marketing and IT.

Indeed, IT can help in the selection of social media tools to help groups like market research be confident that the data they view is accurate and validated. IT can ensure smooth integration between unstructured and structured pools of data for analysis, such as unstructured social media data and structured data from a company's transactional databases. As Forrester Research observed, "firms expect this data to conform to the high quality and reliability standards that they expect from their traditional data sources."[7]

Ray Wang of Constellation Research makes the point that, as guardians of data and its distribution within the enterprise, IT has ample opportunity to be engaged in social media strategy. Wang points to the need for executive support and internal collaboration in terms of both functional and cross-functional requirements. This is where IT can remind marketing of the wider opportunity to link social media strategy to existing IT points of integration, as well as consulting on vendor selection.[8]

Social Media Readiness: Key Performance Questions

And yet, Not all organizations are equally ready to use social media. Very often a company may start with little agreement on appropriate metrics and their relationship to business performance. There may be a proliferation of social media vendors for each functional area within marketing, and only rudimentary analysis of social media sentiment and other areas of analytics. This affects an organization's ability to extend their analysis, such as the capacity to apply text mining and predictive capabilities to social media data.

The level of maturity shapes the questions marketers need to ask themselves, and is largely based on how aggressively they have engaged social media and applied analytics to their investment in these channels.

Below are general questions that reflect various levels of adoption of social media, from an initial assessment to a more complex effort to integrate social media insight into customer processes.

Assess
- What are your customer objectives? Are you looking to:
    - Attract customers
    - Increase the value of existing customer relationships
    - Retain customers
- How do customers interact with you today?
- What are they interested in?
- Where and when do they use social media?
- Are there significant influencers who speak to your brand or products?

Measure
- Who are you targeting with your social media initiatives and why?
- What will you be measuring:
    - Share of voice
    - Activation
    - Brand sentiment
    - Influencers
- Sales over the life of the customer relationship?

Integrate
- What is your vision for social media and its integration into operational marketing systems?
- Do you have a profile of your customer advocates? Can you predict sentiment on products, services, campaigns?
- How do you measure the effects of social media on brand equity and reputation, pipeline, and sales orders and margins?
- How will you integrate social analytics into other customer analytics?

Regardless of the sophistication and scope of the social media initiative, the end goal is alignment with corporate imperatives and goals, and a measureable return on investment.
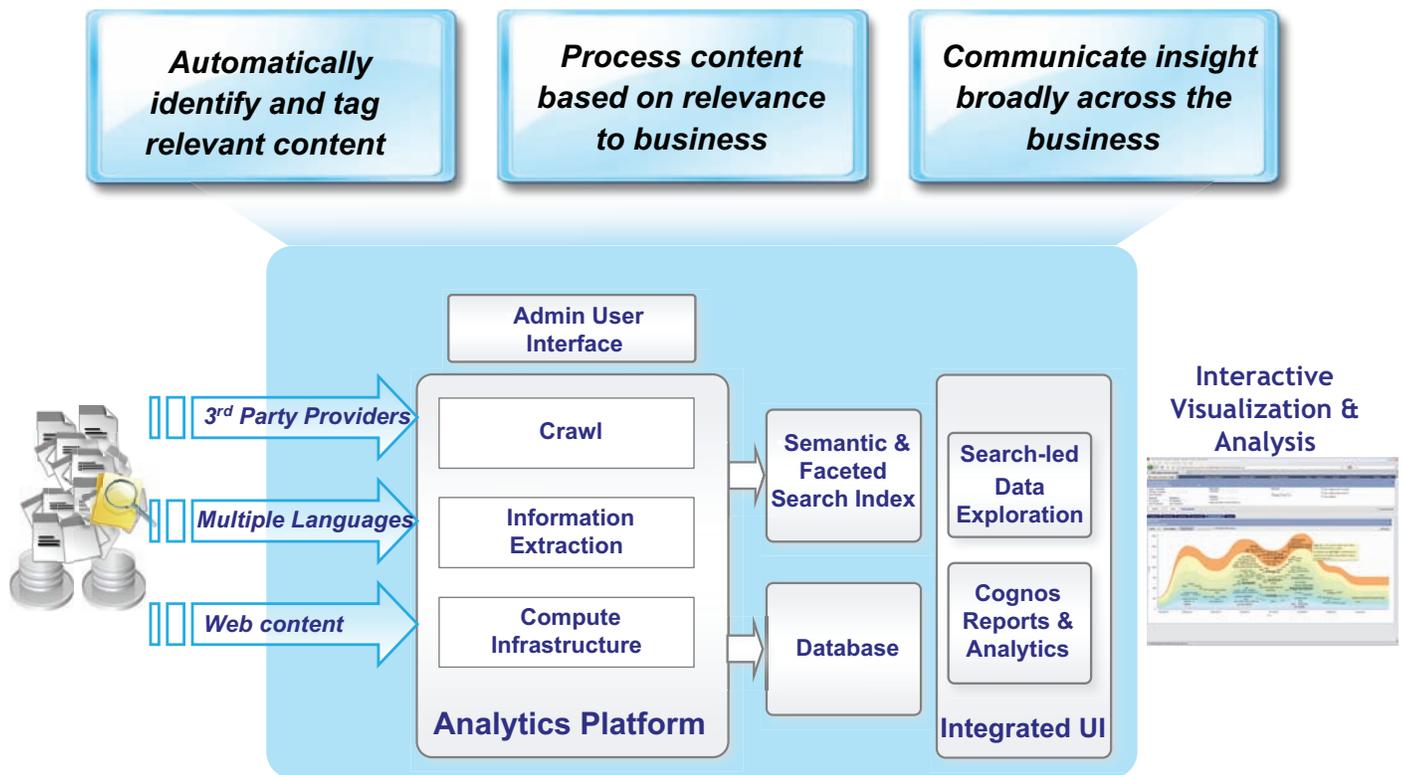
IBM Cognos Consumer Insight – Social Media Analytics

IBM Cognos® Consumer Insight enables rich analysis that provides insight into consumer behavior and intentions. The product is a purpose-built social media analytic application capable of analyzing large volume of Internet content. It enables marketing professionals to transform their customer relationships by actively incorporating consumer sentiment and sophisticated analytics into the business and marketing strategy of their organization, helping them be more precise, agile and responsive to market demands.

Cognos Consumer Insight works by analyzing content drawn from publicly available websites in the form of fragments or "snippets" of text that contain the user's search terms. The snippets reside in a database which can be further searched and analyzed using dimensions such as date, region or keyword, the tone of the feedback, and other factors to provide insight into consumer attitudes toward your brand, products and services.

Cognos Consumer Insight then automatically identifies and tags relevant content and processes your analysis results based on relevance to products or business issues. It helps you expand your analysis by offering related topics beyond your initial search and also enables you to communicate your insights across the business with collaborative tools.

How Does IBM Cognos Consumer Insight Work?

Automatically identify and tag relevant content

Process content based on relevance to business

Communicate insight broadly across the business

Admin User Interface

3rd Party Providers

Multiple Languages

Web content

Crawl

Information Extraction

Compute Infrastructure

Analytics Platform

Semantic & Faceted Search Index

Database

Search-led Data Exploration

Cognos Reports & Analytics

Integrated UI

Interactive Visualization & Analysis

Gilsbert van der Sleen

Cognos Consumer Insight helps you:

- Understand your customers' needs and target new marketing campaign offers and products more cost-effectively through different channels – to grow your business.
- Make evidence-based messaging decisions to enhance your reputation with both customers and constituencies such as employees and the communities where company facilities are located.

- Respond more quickly to customer requests, improve service and customer care, and ensure a consistent customer experience across all channels

These rich capabilities are coupled with a user-friendly analytics interface that includes pre-built reports and seamless integration with IBM Cognos Business Intelligence to let you perform more sophisticated analysis.

Applying Predictive Capabilities to Social Media

Fundamentally, social media analytics provides a broader view of the consumer and increases the ability of an organization to see new patterns and opportunities. More importantly, it allows marketers to peer into the customers' "voting record" – the digital footprints of their countless decisions. It has the power to tell us who they are and what matters to them. And, as a result, it provides marketers with a new way to present customers with options and experiences they can't resist.

So what are the implications for your customers? By combining social media data with predictive capabilities, organizations can go beyond 1-to-1 marketing, building marketing campaigns not only targeted at specific customer segments, but delivered at the right time, through the right channel, and with the offer most likely to be accepted. Understanding the key concerns of a particular segment enables you to build "intervention" offers or messages designed to assuage and mitigate customer issues, preventing churn and making customers more loyal and profitable.

In this context, we can use social media data to begin a more detailed analysis of the consumer and combine it with demographics, preferences, behaviors and interests, using the sophisticated text analysis and predictive capabilities of IBM SPSS.

For example, we can treat social media as a data source, as we do other customer data. In this scenario, Cognos Consumer Insight content (in the form of the text "snippets" mentioned earlier) is stored in a searchable database and then fed into a powerful text analytics platform, which enables us to determine categories and groups of consumers. We can then survey identified segments, such as those identified as advocates or social leaders, to ascertain demographics, interests and preferences.

From here, we might compare them against existing segments in a customer database to gauge potential reaction to new offers. This insight allows us to confirm new trends we can apply to existing customers for targeted campaigns to support viral

marketing to specific segments with special offers to encourage advocacy. A recent story in the business press, for example, described a cosmetics company that identified online advocates for a particular brand of eyeliner. In advance of a new launch, this company sent product kits to these advocates, who, shortly thereafter, created viral buzz for their stores during a much larger new product launch.

In this type of situation, Cognos Consumer Insight could help describe the current state of your brand as seen through the lens of social media. But then IBM takes the process further, with SPSS predictive analytics. SPSS takes the descriptive information from Cognos Consumer Insight and adds predictive and prescriptive capabilities to provide guidance on what action you should take in response to what you have learned, such as discerning new customer segments, predicting sentiment and applying propensity models on the likelihood of specific customers to be advocates.

Social Media Analytics – Making Insight Actionable

Simply listening to customers on social media is not enough. Listening is a starting point. But the end goal is revenue.

Those organizations best able to differentiate themselves have an ability to incorporate social media analytics into their customer and marketing automation processes, to monetize their investments and integrate insight into their customer data. This provides a foundation from which organizations can link measurement and the tactical execution of social media strategies to the imperatives of revenue generation.

But this isn't just for marketers. It must involve cross-functional teams, such as IT and product teams that help the organization create relationships, build advocacy and improve loyalty – all with the goal of driving revenue. Social media provides the means to do just that. And an integrated business analytics approach provides additional depth to capture, analyze and act on this insight.

About IBM Business Analytics

IBM Business Analytics software delivers actionable insights decision-makers need to achieve better business performance. IBM offers a comprehensive, unified portfolio of business intelligence, predictive and advanced analytics, financial performance and strategy management, governance, risk and compliance and analytic applications.

With IBM software, companies can spot trends, patterns and anomalies, compare "what if" scenarios, predict potential threats and opportunities, identify and manage key business risks and plan, budget and forecast resources. With these deep analytic capabilities our customers around the world can better understand, anticipate and shape business outcomes.

For more information

For further information or to reach a representative please visit **ibm.com**/analytics.

Request a call

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

1   comScore, *Social Networking Phenomenon*, 2009

2   Josh Bernoff, Ted Schadler, *Empowered: Unleash your Employees, Energize your Customers, Transform your Business*, Harvard Business Review Press, 2010

3   Ibid

4   Sean Corcoran, *The Broad Reach Of Social Technologies*, Forrester Research, August 25, 2009

5   *WG Analysis*, Winterberry Group, October, 2010

6   Jeremiah K. Owyang, *How to Organize Your Company for Social Media*, Forrester Research, June 24, 2009

7   Zach Hofer-Shall, Suresh Vittal, Emily Murphy, Allison Smith, *The 2011 Listening Platform Landscape*, Forrester Research December 14, 2010

8   Ray Wang, *Best Practices: Applying Social Business Challenges to Social Business Maturity Models*, Constellation Research, 2011