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Strategic Digital Marketing

Top digital experts share the formula for tangible returns on your marketing investment
Edited by Eric Greenberg & Alexander Kates
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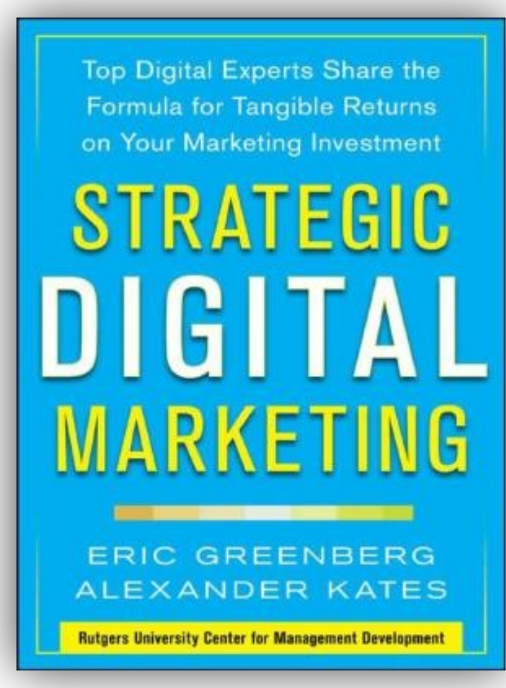

THE BOOK IN A NUTSHELL

The Greek philosopher Heraclitus said, “The only thing that is constant is change.” But change is not constant - it’s exponential because change is accelerating. Consumers are accessing information at the critical point of purchase, which is profoundly affecting their decision-making.

Organisations need to put digital at the epicentre of their business as it impacts almost every department in the way we service and meet the evolving needs of our customers. Thus a company’s potential for success is linked to its ability to be agile.

Brands need to co-ordinate its media synergistically, using them to support each other (whilst having discreet roles in their own rights). Organisation should adopt a constant stream of rapid test and learn in order to drive improved ROI. They also need to identify and build relationships with the key influencers in social media networks (as well as addressing the concerns publicly of those critics of the brand s quickly as possible).

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THE BOOK

There are three sections to the book: Part one focuses on the changing new digital world. Part two is about the different new digital media choices and Part three focuses on how to shift an organisation to become more digitally focused.

Part 1 - Our new digital world

How digital has changed the game

The marketing world has changed - Many companies are still just 'playing' with their digital activity and instead need to apply greater strategic rigour. If companies want to properly seize the full power of digital universe it requires structural, cultural and logistical shifts inside the organisation.

When advertising ruled - In the old days advertising just worked. Familiarity drove sales, as there was a limited amount of information available to make decisions. The old paradigm was about pushing your message to consumers (and the more money you had the greater the push).

Information anywhere, anytime - The environment has radically changed. Almost every person has nearly unlimited information anywhere, anytime. They now can know everything about a brand - the good and the bad (delivered even at point of sale). There is also extra competition, often from completely new sources. It's no longer just a 'push' model but one where we try to find advocates who will spread the message to others (i.e. it's less about who we reach and more about who they reach). Furthermore, it was a one-way path of communication and now the transparency is meaning there is a two-way flow of communication. Brand image and meaning is now co-created. The marketeer may seed the positioning, using media channels to help amplify the message but consumers will ultimately decide based on their own unique experiences. Fortunately there is also a positive for brand owners - the opportunity to create deeper, more meaningful connections with their customers. The transparency of the medium means brands need greater honesty and authenticity.

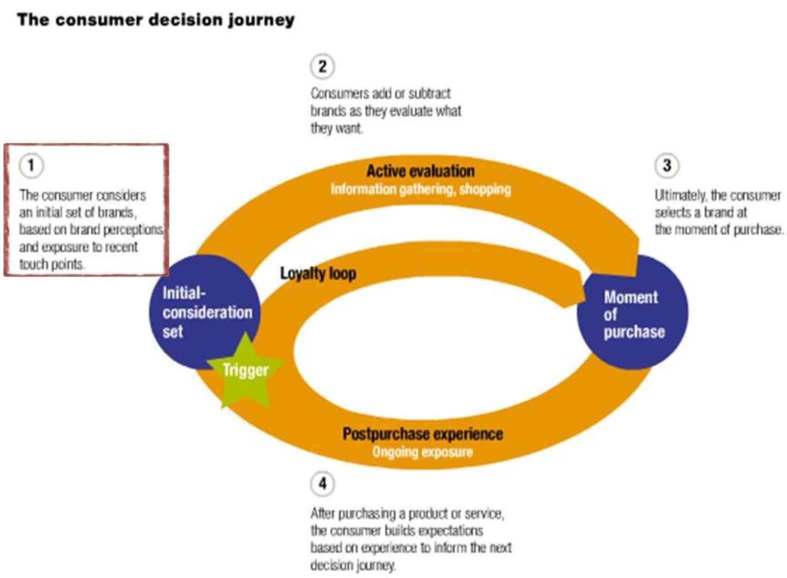
Digital is influencing the consumer journey - Whilst some high street retailers may be lagging behind, the digital retailers like Amazon and Zappos are redefining customer service standards. Technology is now dramatically influencing the journey to purchase.

The following scenario could be played out today:

> *A man, Jo walks into a store. He is identified through his ID chip on his smartphone. The store data identifies that he spend on average $93 within this store each month, 43% on clothing, 23% on sporting goods and 33% on personal care. All the retail staff have this information on their tablets so can help him. Earlier in the week, Jo received a 15% off dental products e-coupon (as his purchases in this area has dropped off recently). When he walks in, the e-coupon automatically pops up on his phone along with awarding him some loyalty points for merely entering the store. He looks at the Oral-B electric toothbrushes. He vaguely recalls a TV ad. He scans the barcode with his phone that brings up 253 reviews from Amazon customers. The reviews average score is just 3.2/5. The site recommends several higher rated products including the Phillips Sonicare that received 4.4/5 from 942 reviews. Joe puts the Oral-B back*

and moves over to Sonicare. He inspects the packaging then returns to his phone. Using his social shopping app he discovers that 355,000 have 'liked' Sonicare on Facebook (including several of his friends). Joe then does a voice search for 'The best electric toothbrushes' and finds the Sonicare website is the first link on Google. He notices a paid search ad that shows that Sonicare is running a coupon promotion for a free set of brush heads. His social shopping app shows its $12 cheaper on Amazon and $16 less on eBay. Even though he can place the order with one click now (and get it in one-two days time), Jo decides he wants it now so puts it into his trolley. As he walks down the aisle, his smart shopping trolley recognises the item via its RFID tag. It automatically flashes on the screen of his trolley a number of complementary items (including his most frequently purchased toothpaste with an extra 10% off coupon), which he also adds to his trolley. At the checkout he scans the items out with his phone and thus earning more loyalty points.

The Zero Moment Of Truth - The new consumer journey was re-mapped by McKinsey in 2009. A consumer begins with a perceived need to purchase a product. They may start with some preconceived ideas on brands or criteria. From there they research (much more thoroughly these days than in the past). This then leads to selection and purchase. If they have a positive experience of that purchase then they will often repurchase again. If not then the evaluation cycle starts again. One of the key trends of late has been a reduction in loyalty and repeat purchase (interestingly, it has been increasing in developing markets). Access to information is helping people make more informed decisions and not just rely blindly on 'brand image'. This greater knowledge (especially how others have voted) is making the average shopper more confident in their choices. An unknown brand that has rave reviews is more likely to be chosen today than in the past - and vice versa. Thus it is necessary for brands to further focus on product performance that deliver enhanced experiences to ensure positive reviews. As a result of this there is increasing pressure to help influence that 'zero moment of truth' (as termed by Google) - i.e. the final point that influences the purchase decision. So all the power of a great advertising campaign can be lost by a tactical price promotion coupon delivered at point of purchase. Thus it's critical that brands have a fully functional digital offering - to be there at the critical point when consumers most need you. Those brands that can influence at the ZMOT will win out in the next decade.



Source: McKinsey 2009, http://www.slideshare.net/fred.zimny/mckinsey-theconsumer-decision-journey

Marketing strategies for a digital world

The distinctive but interconnected roles of the different digital channels - Marketing organisations are trying to 'do digital' through the old lens of marketing comms, merely adding it on as an extra media choice. The advanced marketeers know the specific role each different digital media plays and uses them in a holistic, synergistic manner with their other media (/marketing activities). Digital media is not replacing mainstream broadcast media - it is supporting and complementing it, providing a greater all round experience. Search, social and other digital platforms should help maximise the effectiveness of the paid for big budget TV work (and vice versa). Many TV programmes are building interactivity via tweets/SMS/Phone voting and their own Facebook sites (cf X-Factor and The Voice) etc.

A brand needs to be where its target customers already are (and then provide useful content to justify its position there). The key to maximise the effectiveness of each digital medium is to replicate and respect the way people are using it. For example Facebook is used when people are relaxing and catching up with friends. So do not use it as a serious selling space.

Thus any brand must have ruthless clarity about the defined roles for each medium (and how they help support each other)

> *Nike was not an official sponsor of the 2012 Olympic games, yet 'pipped' Adidas the official sponsor for coverage. Nike ran a campaign called #Findthegreatness. Nike generated over 16,000 mentions on twitter and added 166,000 new Facebook fans (double the level achieved by Adidas).*

Liquid marketing - The brand is now co-created with its user universe. The role of marketing has shifted from being absolute controllers to cultivators, sewing the seeds of brand image, cultivating them but then allowing the consumers to run with them and add their own personal stories that make up a richer tapestry of the brands meaning. Marketers in the digital age need to be like the great Bruce Lee quote, "Be like water…" It needs to adapt and flow according to the constant changing environment (as some things will work and some things will not). Digital marketing needs to try things and then drop them and then try different things, constantly iterating its messaging. It's not about being fixed. Pre-planning exact strategies is often a mistake - Planning needs to be looser. Instead it's a case of testing constantly and adapting constantly. Testing lies at the heart of liquid marketing.

Coca Cola was the first to embrace liquid content that is all about discovering viral activity (https://www.youtube.com/watch?v=LerdMmWjU_E). These pieces of content in the different places and spaces should all coalesce to help to build towards a consistent positioning of the brand.

Digital is not just about marketing - Technology & digital can transcend and transform a whole organisation. Companies need to adopt digital principles at the very core of the organisation. The foresighted companies these days develop competitive competences in data (collection & analysis), testing & refinement and adaptability.

> *How to get it wrong: FedEx wanted to show its support for American Express's Small Business Saturday. They offered $25 AmEx gift cards to the first 30,000 who 'liked' FedEx's Facebook*

site. The offer spread like a virus across the net, which meant on the 'launch day' over 300,000 people tried to access their Facebook site but it crashed. Instead of creating positive goodwill towards the brand, it backfired (yet still cost them $1m). Perhaps a better idea would have been to invite people to submit stories of how FedEx helps small business. Then based on votes from the public the best stories receive a prize - that way the FedEx website gets flooded with positive stories that help build the brand.

Digital silos - One of the issues facing the industry is the growing silo'd specialisation - yet our consumers free flow across all channels - thus the greater imperative to ensure greater holistic activities.

A framework for digital success - 1- Create stories for your brand 2- Feed and curate digital channels (i.e. perpetuate the stories in several channels and have a mix of longer term strategic planned campaigns alongside tactical/topical feeds. 3 -Determine your ROI 4- Test, measure, learn and refine.

Part 2 - Achieving success in the digital marketing channels

Managing content

Paid <-> owned <-> earned has become the default way of looking at the interconnection between the different media choices.

Nike US reduced its TV & Print advertising by 40% in three years, whilst increasing its overall investment levels. Much of their investment was spent on creating owned assets to develop stronger ongoing relationships with their customers.

The importance of content marketing - Content sits at the epicentre of digital. Brands need to provide content that is useful, relevant, informative, interesting and engaging to its chosen target audience (with the long term goal of attracting and holding onto its customers for profitable growth). In a survey of 1300 marketers in late 2012 75% believed that brands were becoming 'publishers' (yet 2/3rds had no budget for it).

The three pillars of content creation - With the explosion in content, how can you make sure yours cuts through and gets seen? There are three ways:

1) Algorithmic curation - where our preferences are curated and then relevant content is served back to people based on their search queries. Facebook Edgerank analyses which content posted by our connections is most important. Amazon's recommendations likewise are based on data it already holds about a person's purchase history. Zite (for iPads) also uses algorithm curation to feed relevant content based on your connections, tastes etc. Percolate in US and Idio in the UK help brands curate content on a large scale by mapping content to brand profiles from big data streams.
2) Professional curation - Use of skilled editors who use their skills and insight to determine what they feel the audience would find relevant. This replicates the age-old skills that newspaper editors have applied for years.
3) Social curation - The stuff our friends and colleagues pass onto us because they think it would be relevant for ourselves. This takes other forms than just copying across a link - such as social voting, tagging, Twitter lists, Google + circles etc. etc.

Distributed and Destination thinking - Destination thinking is the 'old school' way of planning comms. We create content, then attract or drive people to its destination (usually the brands website or microsite). Distributed thinking assumes the best place to be is where the customers currently are.

> *Google Adsense is a good example of Distributed thinking. Rather than people having to go to Google's main web page, it runs a 'search' box on many sites. Likewise, YouTube allow its videos to be embedded onto other sites and Facebook 'likes' icon can also be found in many places around the internet. The Guardian has also allowed people to place its content within other their sites as well so that "Guardian content can be woven into the fabric of the internet". ASOS has turned this concept around (becoming a cross between distributed and destination) by creating a marketplace for lots of small clothing brands to display their products.*

70/20/10 content planning model - A brand (as Coke does) should have 70% of its content be low risk, standard marketing; 20% to be work that innovates off of what works and 10% should be higher risk ideas (that maybe becomes tomorrows 70%). McKinsey similarly recommended that 20% of marketing budgets should be invested into test and learn scenarios.

Search (If they can't find it they can't buy it)

The power of search - Rather than pushing messages to people who may not be interested, it's about people seeking out information who actively want to be sold to. Not only do we know who is interested we can also work out where they are in the buying cycle based on the search queries they enter. These are the hottest leads and brands that are at the top of the search list get the richest pickings (being the #1 site can yield 10-20% of total clicks).

The ubiquity of search - In USA alone there are more than 20 billion searches in a month. Estimates suggest there are 175bn searches around the world per month. 78% of B2B buyers also started with a search engine. So people are searching - the key issue is, are they finding your brand? Interestingly, search volume data (along with web site visits) is now one of the commonly used metrics to judge the effectiveness of a brand's marketing activity.

Search is changing - Search is no longer just limited to a few big websites like Google and Yahoo. Now people are increasingly searching via their mobile apps and search boxes are appearing on many sites. Furthermore, the replies to our search are becoming more multi-dimensional - with videos, maps, photos, blog posts, geo-focused results etc.

Personalised search - Our searches are increasingly being influenced by our social network (as the theory goes what our friends clicked on may well be suitable for us as well cf Google+ and the tie-up between Bing & Facebook). Thus there is often no longer one Number one site as the listing has become more personalised.

Search outside of search engines - There are other ways for people to find your brand - for example YouTube is the #2 search engine and Amazon accounts for 1/4 of all search queries. Likewise Facebook etc. are increasingly becoming major search tools in their own right.

The key drivers of the search -

1. Links (i.e. there is an assumption that the most linked pages are more likely to be good sites).
2. Social media activity (e.g. Facebook likes on a page are also assumed to suggest a quality element).
3. Human rating (Google tracks characteristics of content)

Beating the system - Google and the other search engines are always developing their algorithms to better meet the needs of their customers, to stay ahead of the competition (as well as to out smart those trying to artificially 'game' the system). It's recommended instead that a brand focuses on developing really engaging & useful content that is easy to use (so that people naturally favour you and recommend you to others).

Paid for search (or pay per click) - The principle is a brand buys a number of search terms which when typed in, your 'ad' appears in the sponsored section of the search page (either just under the search term or to the right). If a person clicks on that 'ad' then the brand pays. If no one clicks, then no money is paid. It's best to buy words that are more specific for your customers. So buying a generic term may end up costing you a lot of money as you get a lot of waste. Likewise it's key to set your bidding at a price that fits your business model and keep refining it.

BA improved its ROI on search by 10% by evaluating the search terms used.

Search optimisation - It's best to analyse what are the words people typically use when searching for your products (and also what your competition are buying). Then you need to write your 2-3 sentences that will appear to attract the right people (/put off the wrong people). Thereafter you need to be constantly testing, learning and refining.

Entrepreneur magazine improved their revenue by $2m a month by search engine optimisation.

Mobile

Mobile is not mobile - The definition of mobile means using a mobile device - i.e. it could be a laptop, phone or iPad being used in the living room.

Mobile - the biggest growth area - Internet access via mobile devices has now overtaken desk/office bound computers. In a world of 7bn people, there are now more than 6.4bn active mobile subscriptions - this exceeds the penetration level of even TVs and home phones. The average smartphone gets looked at 150 times a day.

Mobile search - Not only has it changed where we access, but what we access. 27% of all Google searches in 2012 were run on mobile devices (In 2013, it became the dominant search device). 40% of all YouTube searches are also made on mobile devices.

M-commerce - Mobile purchases totaled $25bn in 2012 (11% of all purchases). This figure is expected to mushroom to $85bn by 2016 - especially as the phone becomes a mobile payment system.

Starbucks processed 2m mobile phone payments in 2011.

Increased personalisation - Mobile devices allow us to also plot a person's geographic position, allowing brand to serve up more relevant content (by both time and space).

> *It's lunchtime, and a person is on the street looking for food. Up on his phone pops a voucher at a local sandwich shop with directions of how to get there. When this was run by Quiznos, they saw a 20% uplift in coupon redemptions.*

Mobile is profoundly influencing the ZMOT - When in store, we can access information about customer reviews, competitive pricing - even discount vouchers. The mobile Internet provides them with ALL the information they want to make a well-informed decision. And it's proving to be highly effective. A study by Google and Nielsen in March 2013 shoed that 28% of ALL mobile searches leads to a conversion (with 55% of conversions happening within the same hour - with in-store searches creating saw higher conversion rates).

Email - Email is not dead and continues to deliver high levels of effectiveness and ROI compared to many other marketing channels (but young people are increasing using new forms as their primary communication medium).

SMS (Simple Message Service) - Whilst SMS has been around for a long time, it is still the most widely used data application in the world. 95% of people will open a text message making it a very effective reach mechanism. The issue is of course not to overload people, as there is a big kickback on receiving too much spam.

Mobile Apps - Mobile apps provide focused applicability (so operates more efficiently as they do not need to cover as wide a range of functionality). Being specifically designed for smart phones or tablets means they can make better use of their hardware (such as camera, GPS accelerometer/gyroscope, vibration and near field communication). They can also access and feedback personal data (allowing greater personalisation of the user experience). Furthermore, brand specific apps make the customers experience better than just accessing through the Internet, so encourages greater usage. In designing a mobile app it must have a clear customer relevant purpose - it needs to improve the customer experience (be it through functionality, speed, ease, entertainment or rewards).

Gamefication of apps - Some of the techniques to make a game 'sticky' are being applied to other digital forms. For example giving of 'badges' after achieving certain milestones.

> *Nike+ built gaming through competitive social sharing of their exercise levels at the core of its product offering.*

QR codes - A short cut way of getting your mobile to do something - such as access a website, play a video, download a file or app etc.

> Tesco's *in Korea placed posters in subways of life-size version of stocked supermarket shelves with QR codes on. Busy commuters could scan the QR codes in, and then have the products delivered to their homes.*

Augmented reality - i.e. a real situation enhanced - often overlaid with more information. For example holding up a mobile phone in a street could reveal ATM's, Restaurants (and their reviews).

The city of Hong Kong developed an AR app for tourists that displayed virtual signs to recommended places to see, eat, drink or stay.

NFC (Near field communication) - Where your mobile device 'connects' with another device close-by to feed you relevant information. This could be between two phones, a poster site etc. Its application will soon extend into m-commerce, as this is likely to be the technology that powers our mobile to become cashless credit devices.

Other new technologies - AR and NFC are just the tip of the iceberg. Technologists are developing 8 core processors, flexible displays, eye tracking, facial recognition, and fingerprint reading (to name just a few). As these develop, foresighted marketeers will find ways of applying these. The key as always is to find relevant, meaningful applications of new technologies and not just use them for the sake of gimmickry.

Device convergence - The past 10 years saw more innovation than throughout all of previous history. It is not impossible that the PC as we know it will become a relic of the past. As Tablets become more powerful, items become wearable (cf Google Glass) and we integrate computers/internet capability into other spaces and technologies (cf the internet of things and YouTube video by Corning called *'A day made of glass'*). Marketeers are still slow in maximising the use of these new innovations. Those who do find a real role for them will gain significant competitive advantage.

Video marketing

Show not just tell - Video is more 'digestible' than text based media. It also allows a brand to communicate in a more accessible way, as well as credibly demonstrating its abilities.

The Rokenbok toy company used YouTube to demonstrate their toys, eventually developing the Mr. Rokenbok channel.

Sticky videos - More than 1bn people visit YouTube every month, with people tuning in whilst commuting, waiting for something or when the ad breaks are on TV. The top videos watched are often entertainment - be it music or amusing stunts (such as TNT's *A dramatic surprise on a quiet street*). The key categories also include community, culture, gaming, holidays, local, movies, newsroom, politics, sport, weather etc. Often the key is to generate a highly emotional response to help make a video sticky. Furthermore you need to ensure people keep watching (so the first 10 seconds need to capture and hold them). This does not mean they all need to be short - the average length of the top 10 shared video ads of all time is 4 minute 11 seconds.

Channels - We are seeing a growth of 'Channels' - i.e. where people/institutions/brands regularly post new content. The two most popular personal channels in 2012 were Ray William Johnson (343 videos, 6.3m subscribers) and Ryan Higa (135 videos and 6.2m subscribers). Red Bull is now as much of a publisher as it is a manufacturer of energy drinks.

Promoting your videos - Since more than 100 hours of video gets loaded onto YouTube every minute, you need to think how to get your video seen (the first 45 characters are critical). Like the previous section on search, you need to optimise your search wording on the thumbnails that are attached to the video for all the various search engines to help find you. Furthermore you need to 'feed' the news of a new video to your list of key influencers/followers -especially if they can be linked to big cultural events that increases its saliency (often called 'Tent pole events').

Build your community - Find out what the people you want to attract are linked into and try to tie up with them - especially if similar/relevant. It is recommend that a brand keep a tab of who is sharing their videos and build these into their core circle of influencers.

> *The music video 'OK Go - Needing/Getting - Official video' was developed in partnership with Chevrolet.*

Social Media Marketing

The democratisation of brands - The Internet now allows us to express our point of view on anything - anytime, with the potential of the world to hear us. With such a large proportion of the world connected into major social networks (be it Facebook, Twitter, LinkedIn, Snapchat etc. etc.), there has been a shift in power towards the consumer. This has meant that business have needed to reorganise themselves to listening, being in dialogue and creating longer term relationships. Those brands that harness this potential will thrive with relatively little marketing investment (e.g. AirBnB, & Red Bull).

Social listening - Social media must be treated differently from other digital channels. The art of social media is to listen rather than blindly shouting out your message (cf at a party where there is the loud person telling people about himself, rather than listening and taking part in a conversation). You can also learn from them, as they will talk about what matters to them (rather than what you think matters).

Consumer reviews - The most influence form of communication, as always been personal recommendation. Social media is just word of mouth amplified. People can now tell many more people of their positive experiences of a brand (such as Publix reopening a store) or negative stories (e.g. United Airline broke my guitar). Whilst not in control of this it's important to learn how to ride the wave of social approval/disapproval. If negative comments are posted these must be quickly responded to. It also puts extra pressure on ensuring the brand delivers a quality experience at every single one of its touch points.

> *When Apple launched the iPhone 5 they had problems with their own mapping system. The first thing they did was to create a team to solve the problem immediately. Then he tried to communicate with the public (through a full page ad in Wall Street Journal), Third, the CEO, Tim Cook publicly apologised ("We screwed up. That's the fact") and finally they followed up on their promises.*

Sharing discoveries - There is great social currency in being the person who finds something new and tells other people about it - be it for shows, clubs, bands, destinations etc. Finding these 'mavens' and 'connectors' are key to spreadability of your product/service.

Building reach - One of the issues about many digital channels (Inc. social media) is the level of reach that can be achieved. You can't market by shouting in an empty room. You have to find where your audience is active on the net, and go join them there. But as with everything else, you must create content that people want to engage with and share.

The future of social media -

1) Social storytelling - we are seeing a move away from persuasion based messaging through major interruptive budgets to a more subtle approach of storytelling. The first story it needs to tell its own (Its history, purpose and values). This story then becomes enriched by everyday anecdotes that support these three key pillars of the brand - be it stories of customer experience, crises, founders, employees, activity in the community etc.).
2) Customers as Rock stars - Some consumers have become powerful influencers. Analytics is allowing brands to more closely target the 'Mavens' and 'Connectors' and create closer relationships with them (giving them for example unprecedented access to new product ideas and manufacturing processes.

Measurement and ROI

Analytics = the heart of digital - "If you can't measure it you can't manage it" said Peter Drucker. The attraction of digital is on the surface it is highly measurable.

The power of data - Analytics should help to make better quality decisions (as no longer need to rely on judgment).

> *Hertz collect customer satisfaction data from 8300 locations in 146 countries. By using analytics it cut down its analysis time by a half, allowing faster response (and happier customers). For example they found the speed of returns was slower in Philadelphia that led them to add more staff during peak times.*
>
> *Google used data to devise and launch products like Google+, Gmail and Google Apps.*
>
> *Hollywood spends fortunes on many films, many of which never break even. But how do you know if a film will take off or not? Analysis of view rates and pass on rates of previews posted on YouTube revealed a high correlation with in-screen success. This allowed movie executives to more closely match investment to potential success.*
>
> *T-Mobile used big data to more accurately assess the tell tale criteria that lead people to defect - allowing them to target these people before they leave.*
>
> *US Express collect data on fuel usage, tyre conditions, key engine functions and GPS data to optimise the efficiency of their fleet. This includes changing items before they lead to a breakdown.*

The myth of data - Whilst there is seemingly an inexhaustible supply of data from digital the reality is it does not tell us everything. We therefore need to rely on other intermediary metrics to help (but beware that some of these can be misleading and sometimes irrelevant).

The myopia of data - More data does not necessarily mean better data or better quality decisions. The key is to first select the key metrics (KPIs) that are relevant. Whilst computers can be used to do a lot of analysis it still needs people to define and create meaning out of the data.

Attribution - With the increasing use of multi channel campaigns, we need to gauge the relative strengths of each media within the mix. However, one of the big issues facing marketeers is that it is difficult in many cases to weed out the precise impact (and hence ROI) of a particular media (especially constantly running ones like social content), which will help justify this expenditure at board level. No medium works in isolation, as consumers are voracious users of all media. Many media channels help support and interact with each other so we must be careful in assuming the success of say a YouTube video in isolation as it may well have been other activity that drove them there (i.e. was it the ad, the experiential event, the social media comments or the website?). Econometric modeling helps but is not perfect.

The focus on ROI - Return on investment is the ultimate goal of Digital Marketing - Does a $1 invested generate more than a $ in incremental profit? ROI needs to be measured to not only help a brand refine its digital activity but also to help justify increased future budgets (research by Columbia University shows that just 43% of large organisations base their marketing budgets on ROI.

$$\text{ROI} = \frac{(\text{investment } \textit{gain} - \text{Investment cost})}{(\text{Investment cost})} \times 100$$

Planning ROI from the start - Metrics/ROI estimates should be set at the start of the campaign planning. This should include estimates of ROI as keeps the campaign focused on the real end goals of any campaign - to drive profitable return from the investment (rather than being seduced by less relevant intermediary metrics like number of 'Facebook likes').

Identifying the ROI of each medium - Where possible it is useful to isolate the ROI of each of the different elements (bearing in mind the issues over attribution, interactivity and offline activity).

Measuring the ROI of social - 'How do I measure ROI' is consistently the number 1 question of 3500 marketers according to Social Media Examiners Annual Survey. Just because it's difficult to put a value on it does not mean it is not valuable - as one person commented as an analogy, 'What is the ROI of your mum?' Marketing overall is an investment in that its activities help build revenues (through increased purchases and increased pricing). Top companies like Coca Cola, SouthWest airlines and Virgin see it as the cost of doing business rather than as an asset to be squeezed for ever higher returns. The advantage of social media is it's relatively lower costs (than say paid for TV) to reach potentially large audiences. However the key issue is one of control and certainty. Money invested in TV guarantees a set level of reach and exposure, whilst no-one yet knows what creates the tipping point.

Measurement of mobile - Measurement of all mobile activity is critical (Inc. estimation of its ROI). Continuous testing, learning and refinement are key to all digital activity. Most digital metrics are similar, but mobile also adds the dimensions of geo-location data. Analytic feedback needs to be built into every app to help hone and refine its use. One of the downsides to the use of mobile is that the transaction can then easily be placed via a phone call or purchase in store -neither of which will show up on your diagnostics (unless a coupon was redeemed from the phone). One new device used to help further track the activity is 'click to call'.
Devising the measurement plan - Every strategy need to develop alongside it a measurement plan in order to ensure the strategy delivers against the agreed objectives.

Some of the metrics available - There are innumerable metrics that digital can deliver. The key question is which ones are relevant to the objectives? Some of these include: Number of Unique visitors, Bounce rate (% people who only view one page and then leave), Traffic sources (i.e. where they came from and where they go), Key search words used, Content (i.e. key pages visited including average number of pages visited, time spent on site/per page etc.), Conversion rate (be it a download, purchase, sign up, pass on etc.), Average shopper value, Abandonment rate (% who start to buy but fail to complete), Cost per click (number of times a visitor clicks onto a paid for ad/banner/search), Click Through Rate, Cost per acquisition (i.e. Total media costs divided by number of leads delivered), Keyword rank (i.e. which words get most used). Some key social metrics include Number People talking about you, Followers, Retweets, Comments, Pingbacks, Video views, and Audience retention during a video (i.e. drop out rate).

Some of the measurement tools (most measuring a few specific areas) - Google Analytics, Sysomos, Salesforce Radian6, Google Trends, Google Adwords, Trellian Keyword Discovery tool, Word tracker, Alexa, Quantcast, Compete, IBM Digital Analytics, Facebook Insights, Technorati, Topsy, YouTube analytics, Salesforce Apache Hadoop, Cloudera, Tableau Public, WordPress, Tumblr, Hootsuite and Crowdbooster.

A/B testing - The key for all areas of marketing these days is to learn quickly and then adapt to improve effectiveness. A common method used to hone performance is A/B testing. A brand runs a number of different alternatives - be it a headline change, a different visual or offer etc. and then sees which generates the better results. The test can then be repeated for many other variants (as you need to alter only one variable at a time).

The future of measurement -
1) Big data is a big deal - According to IBM, 90% of the worlds data has been created in the past two years.
2) Digital is heading into the cloud.
3) Search marketing is helped by social metrics - what your friends click-on will help decide which sites are present back to you. Also search is becoming more integrated into other websites (so no longer do we just use search engine sites).
4) Mobile search drives mobile marketing - as mobile takes over as the dominant vehicle, so. Search is the #1 Internet activity on mobile devices - which will eventually lead to increased purchase via mobile.

Completing the digital transformation

Designing Organisations for digital success

Digital at the heart - Digital is no longer a silo'd arm of a company - it now sits at the epicentre of any organisation as it touches everything from customer, product, logistics, finance etc. etc. Thus every organisation needs to change the way it operates to maximise their potential in an increasingly competitive and digital market place.

6 habits for digital success - Amazon, Google, Facebook, and Apple have tripled in market value over the last five years. They have put digital technology at the heart of their business. This has been driven by 6 practices:

1) Platform convergence, not product conformity - It's difficult to define exactly what space Amazon, Google Facebook and Apple operate in these days. They each started in one area but have expanded their offering to meet their customers need - i.e. don't get stuck in product but focus on delivering your customers needs.
2) Big data - not blind deductions - They are all heavily reliant on objective data to make quality decisions. They use data to understand their customers and to test new products against them. They do analytics better than other companies and it has become a key competitive edge for them.
3) Customer experience, not conventional expectations - Most innovative companies are fiercely focused on their customers. They are constantly trying to improve their products to deliver superior more personalised customer/user experiences (UX). For example Apple technology seamlessly interconnects. Google's Now mobile platform provides results tailored by the customers past searches and current location. Amazon gives recommendations based on personal and aggregated data.
4) Networks not Bulwarks - These big brands understand the power of their key influencers and so invest time and resources in identifying managing and rewarding them. Such is the power of these consumer ecosystems, that a brands image can be developed without a brands involvement. However these strong brands play their part in the ecosystem, responding quickly and appropriately to help guide the image of the brand.
5) Top talent not hired hands - These successful firms understand that their people are a key competitive edge so invest in attracting the best people, developing them and keeping them. They know that one very good person at $200,000 is worth more than two average people at $100,000 each. To help keep their staff motivated Google apply the 70/20/10 model where 70% of their time is spent on core business tasks, 20% on the employees core business and 10% on personal projects that are unrelated to the core business.
6) Innovation, not immediate gratification - To compete against the best requires a long term attitude, involving investing in the future today. Both Google and Apple applied for over 1,000 patents each in 2012. Some projects work and some fail, whilst others never get launched (e.g. Google shoes that connect to a smartphone).

Inspiring change - It's difficult for any organisation to embrace change. The author suggests a three phase, 11 stage process:

Phase 1 - Digital Planning

1.1 - A desire to change (i.e. creating a sense of urgency)

1.2 - Digital leadership (i.e. Identify and cultivate key drivers/Innovators/supporters (as they will change things).). Also identify the resistor and detractors (these 'Antibodies' will defend the past at all costs). They easily hide behind excuses (such as lack of resources or someone else's responsibility) to not do things. Why are senior managers so resistant to change? Often down to three things: 1) Too busy 2) They are so focused on delivering todays numbers they don't want to jeopardise them and 3) they are looking after their own personal interests (the future is someone else's problem and responsibility)

1.3 - Digital vision (i.e. What should our organisation look like in the future? - then bring it to life). You need clarity of purpose - When employees (customer and stakeholders as well) understand the logic of why you do what you do, then they are more likely to engage with you. We reject change that is forced upon us. Furthermore, set ambitious targets - Companies need to be brave and step up to challenging standards.

At Dell a project was set up to respond to customer issues. The initial team agreed a response rate of 24 hours. Michael Dell demanded it was cut to 2.4 hours.

1.4 - Organisational Assessment (i.e. Where are we now? - benchmarked versus your category. This to include:

- Capabilities (What are we excellent at doing - and what differentiates us from the competition?)
- Structure (i.e. the culture, behaviours and performance - e.g. How are we organised? What are the key roles? How is work managed? Who has power and autonomy?)
- Processes (i.e. how are decisions made, what are the mechanisms for collaboration and information flow?)
- Metrics & Rewards (i.e. How do we assess performance? How is behaviour guided?)
- People practices (i.e. What talent is needed? (The move towards 'T-shaped' people) How do we make the best use of the talent we have?). With the explosion of digital opportunities comes with it a new level of skills and expertise. Whilst it's often easier to 'buy-in' than train up, there is a dearth of talent. Estimates suggest we will need 1.5m managers and analysts by 2018.

1.5 - Change Roadmap (i.e. How are we going to deliver our vision? Include setting of milestone metrics). Tap into the ideas of the organisation - be prepared to hear ideas on how to make it better from people inside the organisation (maybe even get the company to vote on them).

Phase 2 - Implementation

2.1 - Digital education (i.e. to lift the competency, belief and importance of digital) - Training can also help drive the cultural changes as well.

2.2 - Resource Allocation (Inc. budget, time, people and decision making ability).

2.3 - Digital pilots (to help test & learn as well as provide some early wins. needs to be backed up with regular communication to the organisation of progress).

Phase 3 - Digital culture
The key is how to build digital not just structurally but into the mindset and cultural thinking of the whole organisation:

3.1 - Culture of bravery (i.e. Need to publicly reward risk taking and the acceptance of failure when people have taken a calculated risk. Culture it in via setting of KPI's, bonuses and promotions)

3.2 - Culture of data

3.3 - Unified Organisation (i.e. focus on the unified whole rather than the silo'd activities of one department against another. Use cross-functional teams/employees.

Ways to improve your leadership in digital innovation -
-Transform your company - not just a department (as digital lies at the heart of a company - and not just in one department).
-Centralise strategy, decentralise execution.
-Learn how to fail fast.
-Focus on ROI from the start.
-Call people on being 'antibodies'.
-Set your team (and self) up to always be open.
-Sponsor small inexpensive pilots to test new concepts.
-Succeed fast (of fail fast) - Great basketball players get out 7 times out of 10. If you have not failed recently, you haven't pushed hard enough.
-Be forward thinking - Need to spot the trends before they become mainstream. The speed of change in the market means managers need to speed up their decision-making and flexibility of response. What is right today could well be wrong in 6 months time.
-Be customer focused - Starbucks, Amazon etc. have all built their business by really trying to understand and responding to customer needs.
-Be open to learn and change - As the market is shifting fast. Current models are now outdated - you need to ditch old methods and embrace new ways (some of which you will have to make up).
-Never guess - Precision is available.
-Walk the talk (and talk the talk).

The emergence of the CTO - Whilst Marketeers will not need to become technologists they need to understand enough to be able to brief specialists on the strategic direction. There will increasing be a CTO (Chief Technology Officer - a mix of marketing, product development and technology) sitting alongside the CMO, advising him/her what is now possible in this ever changing world of technology. Technology must become a central hub of Marketing.

Future trends -
-Storytelling will replace advertising as the key for media communications (as it delivers the entire brands story).
-Analytics will lead to a forensic understanding of our customers (as we get greater access to more data - we are swimming in a world of clues).
-Social CRM will become more important than data bases - as the internet will allow us to find those who like what we have to offer (and to then provide them with relevant information - usually well away from the brands own website).

CRITICISM

It's easy to criticise all digital books because they become out of date the day they are published. Sure the numbers for usage quoted are for 2012 but it still suggest a trend. But the reality is 1) they are still more up to date than most of us and 2) A lot of the base content still remains the same.

This is a book written by different experts for each chapter so there is a bit of overlap. As a book it straddles that difficult line between trying to cater for the digital novices whilst still providing enough quality content for the more experienced practitioner.

As always I have some criticisms:

Their suggestion that Digital is 'the answer' is the typical flaw of a writer selling us their view of the world. So we do need to keep digital in perspective. Less than 10% of all conversations happen on line, and digital purchases still only account for c10% of all purchases. We also know that TV is still a critical element in most campaigns as it provides certainty of delivery (unlike many digital offerings) and drives high awareness and proven ROI - so let's not write off TV. The Board room is still full of Digital immigrants who built their own careers on TV based brand building. They are also focused on control and certainty (a TV campaign can still deliver with greater certainty than most digital campaigns can).

Personally speaking, I do not want a 'deep meaningful relationship' with every brand out there. I may have a close affinity with some brands (that more closely reflect my values and identity or fulfill a key need) but the vast majority of brands will not have that level of emotional connection with - they perform a passing transactional function for me.

Furthermore, their suggestion that people make decisions purely on rational information is to be challenged, as we still know that the emotional power of brands still heavily influences decision-making and opinion.

Whilst ROI is a key metric it can mislead strategies (as the easiest way to increase ROI is to reduce the investment level) so it must still be about reach, engagement, outcome and business performance.

Furthermore I challenge the need to develop ROI at every media level as

1) Different media will have different return curves (both in terms of speed of delivery and ultimate scope of delivery) so difficult to compare 'apples with pears' of the overall campaign (we don't for example ask - what is more important - the heart or the lungs?
2) Merely having an ROI on Search that is higher than say TV ignores the scaleability (i.e. search quickly runs out of effectiveness above a certain level of investment)
3) The interconnected nature means we should instead look at the holistic effect.

In reading all this, you may think a brand needs to be continually 'in people's faces' all the time. I suggest a brand needs to be aware that over exposure can do more harm for the brand than it does good. It's a bit like a person on the 'outside' of your social group constantly trying to butt in.

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