MEASURING HOW CONSUMERS INTERACT WITH YOUR BRAND: BRAND ENGAGEMENT MONITOR

MERKLE THOUGHT LEADERSHIP SERIES
Executive Summary:
Marketers face a challenging new reality as fragmenting media, changing consumer behavior, and emerging technologies force them to cede a significant portion of brand control to engaged consumers. To thrive in this changing world, marketers must devise a system to measure and quantify consumer engagement with their brands. The resulting metrics will enable greater budget accountability and more effective information-based marketing decisions.

This white paper outlines the key elements required to measure brand engagement, their impact on brand equity, and provides a road map to chart progress toward realizing a successful metrics initiative. By tracking and analyzing levels of brand engagement across different customer segments and life cycles, marketers gain the ability to:

• Help determine where to spend the “next best dollar” across media and the ability to optimize the mix of consumers by life cycle stage and engagement level.

• Demystify the correlation between prospects and inquiries by engagement type and how engagement activities drive conversion at the top of the traditional marketing funnel. This allows marketers to rank the impact of marketing activities and focus on the most influential programs.

• Quantify the engagement factors that move customers toward increased loyalty and repeat purchase versus those activities that foster brand switching.

• Monitor brand engagement on an ongoing basis to forecast consumer involvement with the brand and make continuous adjustments accordingly.

Control Of The Brand Shifts To Consumers

For years, marketers controlled all aspects of their brand messaging and grew accustomed to managing how, when, and where to expose consumers to the brand. However, the Web and online social networking tools have eroded corporate control of the brand in favor of the consumer. Engaged
Consumers now voice their opinions on brand Web sites and share their point of view with others via blogs, product reviews, and a burgeoning number of social networking sites and tools (see Figure 1). Marketers responded to this shift by reaching out to their highest value consumers in hopes of transforming the nature of the relationship from transactional to conversational.

**Figure 1**

Different ways consumers engage with brands

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**Marketers Seek To Measure Brand Engagement**

Companies lack a scientific approach to measure the impact of various brand activities and are largely working in the dark to determine the best plan for future marketing investments. Marketers need to establish a core metric around brand engagement across brand and external assets in order to a) systematically measure brand equity and b) effectively allocate marketing budgets and efforts across all brand initiatives. While the market has experience measuring some forms of engagement, it has been narrowly focused around a specific channel (mostly interactive) as opposed to across most relevant consumer touch-points.
The marketing enterprise struggles to collect relevant data on a cohesive and consistent basis. As noted in a recent study by Forrester Research, “Marketers must wrestle down the numerous data sources to capture the presence, value, impact, and degree of customer interactions across channels.” The sheer volume and complexity of data creates significant challenges for marketers to collect, aggregate, and manipulate diverse data sources. This task is further compounded by the need to store and update data and then serve the information in a timely manner.

**Introducing the Brand Engagement Monitor (BEM)**

Marketers devote a significant portion of their budgets to promote direct and indirect brand “interactions” in various forms. Merkle defines **brand engagement as any monetary or non-monetary activity in which prospects and customers initiate and interact with the brand, either on- or offline.** The following table illustrates examples of online and offline consumer engagement:

<table>
<thead>
<tr>
<th>Examples of online engagement include:</th>
<th>Examples of offline engagement include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Online registrations and opt-ins to participate in activities or receive information</td>
<td>• Catalog and information requests</td>
</tr>
<tr>
<td>• Browsing habits including number of sessions, navigation path, and time spent on pages</td>
<td>• Event participation</td>
</tr>
<tr>
<td>• Online purchases and abandoned shopping carts</td>
<td>• Filling out surveys</td>
</tr>
<tr>
<td>• Posting reviews and participating in blog discussions</td>
<td>• Customer service inquiries</td>
</tr>
<tr>
<td>• E-mail opt-ins/outs and number of E-mail registrations</td>
<td>• Purchases</td>
</tr>
<tr>
<td>• E-mail click behavior</td>
<td>• Warranty and product registration</td>
</tr>
</tbody>
</table>

A **Brand Engagement Monitor (BEM) tool** combines engagement activities from disparate data sources with strong analytic capabilities to create a nuanced and descriptive view of the consumer. The resulting insight is presented via a clear user interface to connect consumer engagement with **ROI beyond basic revenue metrics.** Senior management also benefits from a unified and meaningful means to look at the cumulative effects of brand participation on customer behavior and value.
Essential Components of Brand Engagement

In order to design and successfully implement a Brand Engagement Monitor, companies must consider the following four core dimensions within their enterprise:

1. **Technology & Database Infrastructure**
   Brand engagement measurement requires a sound technical foundation with access to databases often distributed across the Enterprise (e.g. point-of-sale systems, Web servers, direct response prospect and customer databases). Firms should consider their ability to collect, aggregate, and store data and the technology platforms needed to weave these systems together.

2. **Data Content**
   In the case of brand engagement measurement, too much data presents just as much of a challenge as too little. Companies should assess the overall business value of their sources and the timeliness of the data before including them in the system for analysis. Please see the recent Merkle white paper, “Optimizing Data Content to Improve Marketing Performance” for more information on this topic.

3. **Analytics**
   Marketers must apply strong analytics to the brand engagement data to determine the customer segments, time span, value definitions, and weightings used to develop the metrics. Analysts design cohesive engagement scores and serve the information so that marketers can then act and make sound decisions.

4. **Utilization**
   A clear user interface allows marketers to share results with a broader corporate audience to review performance and findings on a monthly and quarterly basis. Successful initiatives include easily accessed dashboard reports and forecasting tools.

A Metric To Link Brand Activity And Financial Results

A Brand Engagement Monitor (BEM) provides senior marketers with the customer and brand insights needed to drive accountability across the marketing enterprise. A BEM accomplishes this on two levels:

**Customer Level:** A BEM measures customer or customer-segment engagement over time and builds a link between branding activity and revenue. Marketers use a BEM tool to:

- Measure consumer progress through the marketing funnel
  The tool provides the insight needed to determine what activities across channels and touch-points
influence the most brand-aware consumers and how to “push” them through the purchase funnel and convert them to first time buyers. A BEM also surfaces information on which repeat buyers show propensity to become “brand evangelists.” (See figure 2.)

• **Craft a better communication strategy**
  Marketers act on insight from the tool to determine the next best call to action that the consumers should receive in hopes of moving them further along the purchase funnel.

![Figure 2 Life Cycle Stage Funnel](image)

Marketing Activity Level: A Brand Engagement Monitor ranks consumer on- and off-line engagement activities over time and identifies high-value efforts worthy of future marketing spend versus wasteful activities that drain budgets. A BEM helps marketers drive accountability for their organization and demonstrate the value of marketing decisions by:

• **Measuring the relative impact of specific consumer-engagement activities**
  A BEM tool identifies and ranks the branding activities that are the best use of marketing budgets and those that are most effective for building long-term brand equity value in consumer segments.

• **Facilitating accurate forecasting of brand-sponsored activity performance**
  Marketers leverage data on existing programs to choose the best future course of action to drive financial performance from select customer segments.
Once a BEM is established and operational, marketers can track and analyze engagement trends in relation to financial and marketing metrics like sales and transactions, customer satisfaction, and aided and unaided brand awareness.

**Getting Started – Alignment & Assessment**

Marketers undertaking a Brand Engagement Monitor initiative should begin with a kick-off meeting to define the following:

- **Data Inventory & Analysis**
  - Data sources, channels and dimensions
  - Time span
  - Data evaluation
  - Data collection methodology, aggregation, and manipulation

- **Audience & Marketing Initiatives Mapping**

- **Approach**

- **Initial Data Requirements**

The following BEM road map helps companies determine the maturity of their organization, their ability to measure brand engagement, and the steps needed to evolve to the next level (See Figure 3). Please note that firms may have varying levels of strength in each component category (e.g. Level 2 in Analytics and Level 3 in Technology and Database Infrastructure).
Levels 1 & 2: Ad Hoc Analysis on Limited Programs

At this initial stage, marketers typically look for a limited view of activities (usually limited to one channel), historical analysis, and correlations to a financial metric (usually top line revenue).

Objectives:
- Determine key populations:
  - Prospects
  - Inquiries
  - Active buyers
  - Lapsed buyers
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- Define segments across the key populations:
  - Customers with and without E-mail addresses
  - Web vs. call center vs. retail buyers
  - Inquiries by products or request type
  - Buyers by product preference

- Determine and finalize list of activities: Brand and database marketers determine the final list of engagement activities based on data collection, source quality, consistency, and business relevance.

- Finalize the metric of measurement: Based on the business type, metric and span of measurement should be determined. Example metrics for the retail industry include buying, return, and inquiries patterns over six to twelve months. Marketers in industries with longer sales cycles, like automotive, should focus on leads and purchases over twelve to thirty-six months.

- Assign the point scores and weights to all activities: Once the data is compiled, a series of covariate correlations and multivariate models are developed in order to determine the relative weights of influence for each of the engagement activities.

- Calculate the consumer-level Brand Engagement score and index: The sum of all weighted activities at the customer or customer segment levels is the Brand Engagement Score.

**Infrastructure:**
- Analytical files/Ad hoc data mart

**Analytics and Reporting:**
- Run a set of descriptive analysis and basic trending reports
- Generate a set of correlation reports

**Levels 3-4: An Integrated Solution with Ongoing Trend Reporting**

By Levels 3 and 4, the Brand Engagement Monitor is integrated into the database and influences an expanded breadth of activities across the enterprise. The Brand Engagement scores are calculated, finalized, and used by senior marketing management to measure the effectiveness of programs.

**Objectives:**
- Integrate brand engagement index into marketing database and update scores
- Develop core tracking and trending reports
- Fill in key data gaps with market research
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**Infrastructure:**
- Marketing database

**Analytics and Reporting:**
- More data sources are incorporated to maximize coverage across touch-points
- Advanced data aggregations are performed
- Activities weights are updated
- A set of advanced reports are developed

**Levels 4-5: Enterprise-wide Solution with Forecasting Tools and Dashboard Reporting**

Marketers with the greatest competency for measuring engagement access the BEM tool to track trends and insights on an ongoing basis. A forecasting tool is developed to plan and allocate marketing funds more effectively. The metrics generated by the program are a regular fixture in executive team meetings and C-level executives regularly view their brand engagement measures by accessing an array of dashboard reports.

**Objectives:**
- Create forecasting tool for activities
- Create dashboard reports
- Push tool usability to CMO level

**Infrastructure:**
- Forecasting application is developed and fully operational
- Dashboard reports are incorporated into the reporting system
Brand Engagement’s Impact on the Marketing Enterprise

As marketers begin evaluating engagement measures across the marketing enterprise, new forms of customer management, processes, strategies, and agency relationships will emerge. Armed with clear insights on consumers’ overall value to the brand, marketing executives are more likely to preemptively tailor different offers to different groups of prospects and customers to drive increased engagement. Engagement initiatives will chip away at the longstanding barriers between many marketing organizations’ left and right brain competencies. Marketing executives will “break” old paradigms and focus on the consolidation of traditionally siloed disciplines like analytics, data management, and technology with creative, design, and messaging across all customer segments and channels.

How Merkle Can Help

Merkle works with clients to develop the infrastructure and analytics to enable the quantification of brand engagement across their prospect and customer base and make information-based decisions on their brand equity.

Merkle specializes in information-based marketing strategies and is one of the nation’s leading database marketing firms. With a proven track record in developing winning strategies based on information insight for large consumer-focused organizations, Merkle works with many of the nation’s leading businesses, including Procter & Gamble, Dell, Capital One, GEICO, and DIRECTV.

Merkle turns clients’ data into actionable marketing opportunities by helping businesses acquire, retain, and maximize their most profitable customers. This is accomplished with sophisticated database marketing tools, including predictive modeling, prospect segmentation, customer profiling, and direct marketing program analysis. Providing the necessary framework to aggressively apply information-based strategies to marketing programs, Merkle leverages a highly disciplined and organized approach that helps businesses close the gap between strategy and implementation. The result is significant time-to-market improvements, knowledge expansion, and greater profitability.

Merkle focuses on service by providing a strategy tailored to each of its clients’ unique needs. Combining data analysis, analytics, and creative, Merkle helps its clients build custom Marketing Knowledge Centers leveraging technology that best meets the needs of each client. Merkle has over 100 statisticians and analysts who build and deploy nearly 1,000 models and analytical projects annually.

Take your marketing efforts to a new level with Merkle. To begin your information-based marketing strategy, call 800-9-MERKLE or e-mail Mike Savage at msavage@merkleinc.com for more information.
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About the Author

Yoram Greener is a Senior Director in Merkle’s DbM Consulting Group and joined Merkle in 2006. With over 15 years of experience in quantitative analytics, database marketing, and CRM practice, Yoram is responsible for identifying marketing opportunities and providing marketing enterprise database solutions. Prior to joining Merkle, Yoram was a Director of Analytical Solutions for MBS Insights, a database marketing firm owned by World Marketing and specializing in the retail industry. Yoram holds BA degrees in Economics and Statistics, and an MBA from Hofstra University.