UNIVERSITY OF WISCONSIN
DATA SCIENCE

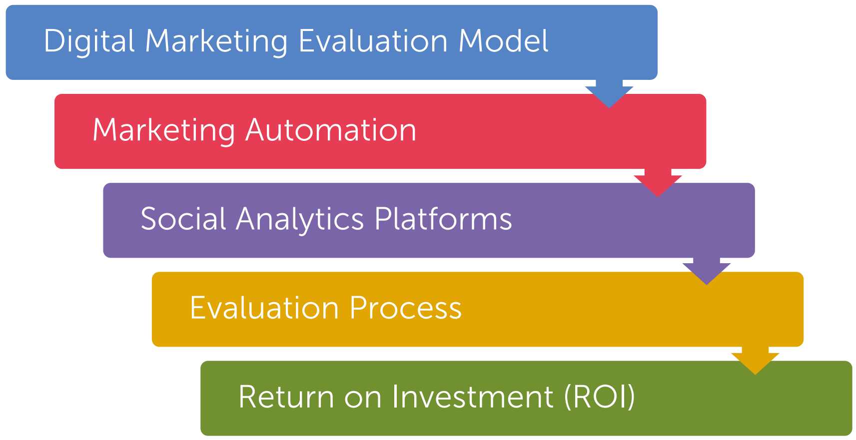
DS 780

Data Science and Strategic Decision-Making

Lesson 14 Introduction

Evaluation and ROI

Evaluation and ROI Topics



Well, welcome to week 14. We're covering chapter 13 this week and there's five main topics. Digital marketing evaluation model, which we'll discover is a little bit of a mash up, and then marketing automation, and social analytics platforms. Those two topics are actually starting to grow together as some of the software starts to get merged together. And then the evaluation process, and finally, the return on investment for digital.

Digital Marketing Evaluation Model

Now, with the digital marketing evaluation model, I use the term mash up, and it really is a marriage of a couple of things. One is the five step digital marketing and measurement model, and add that together with social analytics metrics.

So there's some footnotes in the text if you want to go dig a little bit deeper about the models because they're relatively-- well, there's a lot to them and we're going to be going along the surface of them. If you want to dig deeper, you'd want to go to the source material. It's in the end notes in the chapter.

Digital Marketing Evaluation Model: Steps

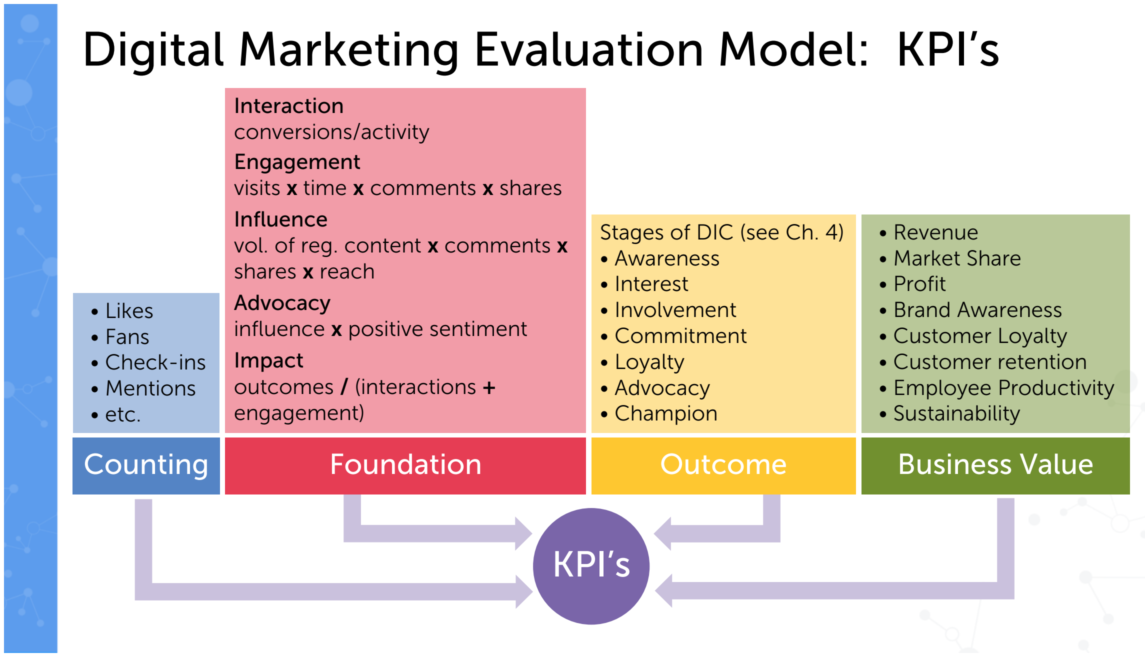
1. Identify Business Objectives
2. Identify Outcomes
3. Identify KPI's
   - Counting metrics
   - Foundation metrics
   - Outcome metrics
   - Business value metrics
4. Identify Targets
5. Identify Segments

The digital marketing evaluation model has five steps to it, as the text presents it. The first is identify business objectives. Second, identify outcomes. Identify key performance indicators and there's four categories. They're counting, foundation, outcome, and business value metrics, and we'll talk about the details of those in the next slide. The fourth step is identify targets, and the fifth, identify segments.

Now, we'll talk a little bit about each of these things, but as we look at each of them, there are these three filter criteria, as the text refers to them, that you might want to keep in mind as you look at each step. The first is acquisition of traffic. In other words, how do you expect to actually drive traffic to your sites and which sites are you driving it to.

Then expected behavior is what do you want people to do? Are there certain things that somebody coming into the sites does that drives value and that you're looking for? And then finally, the outcomes.

What are you really looking to achieve? What's going to drive value and actually make the organization some money? So those things could be anything from registering for a conference, to subscribing to a blog, to actually buying something. All those sorts of things.



Now, in step three of the digital marketing evaluation model on the previous slide, I said we'd talk a little bit about the details of the four types of metrics that were indicated there for step three. So here we are, and it's a lot for a slide, but it's just designed to give you an idea of what's involved in each. And you'll notice as we go through that there's some overlap between these categories.

Now, first is the counting metrics. So these are things that we're used to hearing about. The likes, and the number of fans, and check-ins, mentions. All these various social media sorts of things that are really easy to find. They're usually provided to us by whatever platform we're working with. So what we're doing really in each of these is literally counting how many times something happens.

The next category of metrics its foundation metrics and there's five of them listed here, and you can see their calculations. And here's where some of the overlap happens, where some of these things could be taken from other categories, some of the things we're using in the calculations. But in the end, the idea is to find out some basics of what's really happening.

So the interaction, engagement, influence, advocacy, impact. We've heard these words. We've used these sorts of things and what the model is trying to do here is simply evaluate each of them.

The third category of metrics is outcome, and this is taken wholesale from chapter four of the text, the digital involvement cycle. Where we talked about awareness, interest, involvement, commitment, loyalty, advocacy, and champion. So the levels that people can achieve or you want your customers, or potential customers, to achieve.

And then the fourth category of metrics are business value metrics, and these are things that if you're dealing with finance people, or accounting folks, or CEOs for that matter, these are numbers that they're going to be very comfortable with. So revenue and market share, obviously, and profit. At the end of the day for a for profit, that's one of the biggest things of all.

But then we also get into some marketing terms. Brand awareness, customer loyalty, customer retention, and then management terms-- employee productivity and sustainability. But all of those are terms that management is generally going to be very familiar with.

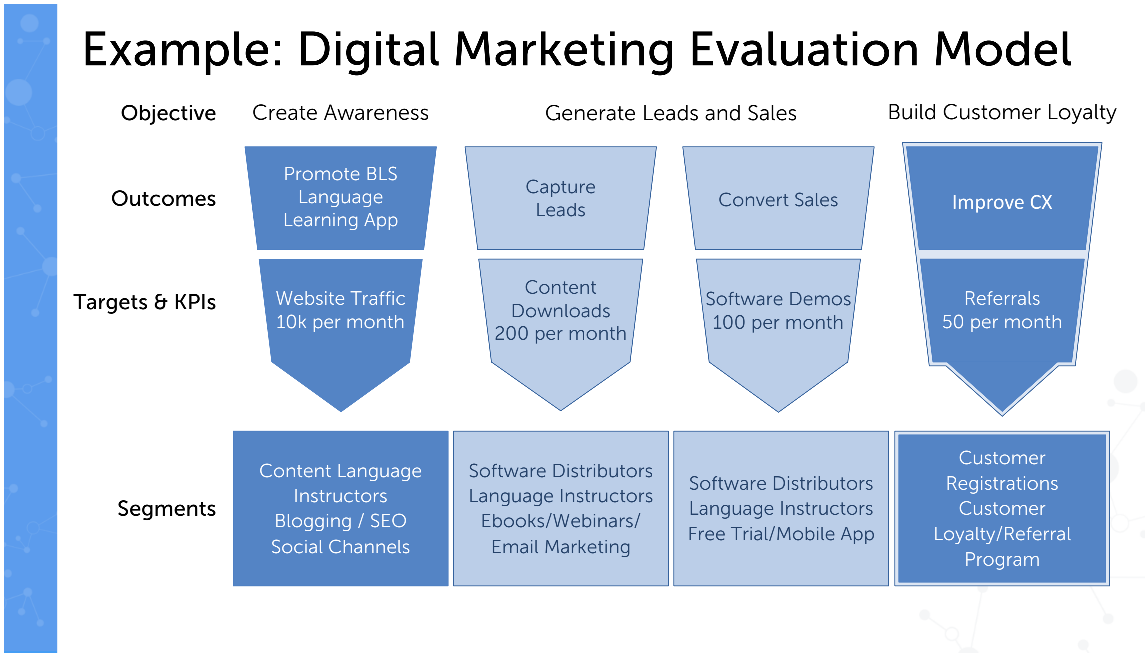


Figure 13.3 in the text provides an example of putting the digital marketing evaluation model to work. And it's using the ongoing the BLS example or case that the text uses. Now, up at the top-- and by the way, if you're looking for the original outline of this, it's actually figure 13.1 in the text. But I think it's easier to visualize it and understand it if we see the examples from the case in the text.

So first of all, up at the top, there's objectives. In this case, create awareness, generate leads and sales, and build customer loyalty are the objectives that managers would come up with in this particular case.

And then from that you can derive some outcomes. So in this case, promote BLS Language Learning App, the product that they sell, and other outcomes or capture leads, convert sales, and improve the customer experience.

And if basically, all of these things, the objectives and the outcomes come from applying the digital involvement cycle. So if you take that concept, the digital involvement cycle, and apply it, in this case, to the BLS case, that's what they came up with after doing that.

And then to actually make things happen, then you need some targets and you need some key performance indicators. So they've gone through and done that in each case. In this case, create awareness. They need website traffic of 10,000 per month is what they're showing as a target, and that essentially becomes a key performance indicator.

Now, how you get from one place to another is a big part of this. In figure 13.2 in the text, there's a big grid that gives you an idea of when you're actually getting down and starting to wrestle with the alligator in the mud.

What you actually have to do to make these pretty little pictures, these little diagrams of how the model works. You really need to be able to get down in the mud and that gives you a good example of what happens. It's not rocket science, but it does take a lot of detail work.

All right, as we keep going down then there's the section called segment's, and you'll notice that in this case-- so if we look at the create awareness objective. Go down to the bottom for the corresponding segments.

We see that they're looking to talk with college language instructors, and also bloggers, and search-- well, they're trying to optimize search, obviously. And part of that is by going into bloggers or making use of bloggers, targeting them as a segment. And then also all the various social channels.

And as you go across, you can see, in the case of generating leads and sales, that objective, if you're going to capture leads, look at the segments they're talking about there-- software distributors, language instructors, showing up for the second time, and then we've got ebooks, webinars, email marketing.

So this is where it gets real, when you get down here and you actually see what you're doing, what you need to achieve, and the targets and the KPIs, and who you're doing it to or doing it with, I guess depending on how you look at it. And that gives you a general idea of what this whole digital marketing evaluation model really is all about.

Marketing Automation Benefits

- Connect with new prospects
- Stay in touch with existing customers
- Strengthen relationships with customers
- Incorporates measurement tools
- Industrial strength for Fortune 500
- Cloud based options for SME’s

Now, moving on to the next topic, marketing automation. Let's first take a look at the benefits of marketing automation. First of all, connecting with new prospects. It's going to help you do that, and do it in an orderly fashion, and an efficient fashion. That's really what marketing automation is all about.

It will also help you stay in touch with existing customers and strengthen relationships with customers. So it's not just staying in touch, the whole point is to build this relationship with each customer. It also incorporates measurement tools.

So it helps you do all of these first three things, and helps you do it more efficiently, and then it also helps you measure what your results are. Now, there are industrial strength marketing automation tools for large companies. And quite often for small to mid-sized enterprises you'll see cloud based options.

So things that a company that doesn't have a big IT team can implement and quite often these are designed to integrate with other automation modules a company might be operating. So it might be able to talk back and forth with anything from an accounting package to some kind of software that's used in a call center. Things of that nature.

Marketing Automation Functionality

- Demand Generation
  - Advertising, SEO, Inbound & Social Media Marketing
- Website Optimization
  - Web analytics & visitor analysis software
- Lead Generation
  - Lead qualification, development, content marketing, and sales management
- Sales Process
  - Contacts by: email, digital channels, and phone.
  - Post purchase customer interaction and CRM
- Ongoing Campaign Analysis
  - Sales effectiveness tracking and sales intelligence
- Marketing Budgeting and Forecasting

All right, well it's also important to understand exactly what the functions of these different marketing automation packages are. And there's some variation from package to package, but in general, they're designed to help you generate demand. And it's more or less managing these processes and coordinating these processes.

So you've got different staff members and teams working on different things. It's a way of being able to make sure everybody knows what everybody else is doing, and things go efficiently, and you're not doing things twice, and you're not not doing something that should have been done. All of those sorts of things. So it's designed to make management, as a whole process, much, much, much better.

So, under demand generation, fairly obvious things like advertising, and search engine optimization, and then all of your various social media marketing efforts. Website optimization. So there might be parts of the package that help you with web analytics, and analyzing what's going on with your website, who's visiting, and what are they doing, and all those sorts of things. Things that can help people make decisions.

There's certainly going to be some lead generation to it. So a process that automates lead qualification, and then the development of a lead, and it usually brings in things like content marketing and sales management.

They all sort of need to work together. And again, the whole point of the process is to automate it, and make it more efficient, and squeeze more revenue out of the same amount of investment.

The sales process. So you've generated leads and you've done all the things you need to do to qualify the leads, and make them as good as possible for the sales team, or the sales efforts that you're doing, if it's not a straight sales team process.

So here, you've got methods of contacting those leads. Certainly, email, and the various digital channels, and telemarketing. And in some cases, it's going to be and actual sales force. Especially B2B, you're going to have a sales force out in the field, and they would be a part of this process as well.

And then once a sale is made, now you've got a customer, and this is the crucial part of the sales process that sometimes gets forgotten, is you don't want a sales team or your sales effort just walking away from the customer once you get their money. At that point, the relationship has just been taken to another level, and you've got to manage the interactions with customers.

And generally speaking, we refer to this as customer relationships management, or CRM. And of course there are packages that grew up around CRM, and some of those packages have grown into these other areas, and might be considered marketing automation packages at this point.

Then we've got ongoing campaign analysis. So here, what you're doing is basically just taking the pulse of the sales effort. Is what you're doing right now effective? If you find things that aren't, obviously then there needs to be some management attention, and some decisions made on how to make adjustments, course corrections. Or in some cases, building a whole new ship. It can vary.

There's also the aspect of sales intelligence, here, with ongoing campaigns, especially with social media as opposed to traditional media. Because you've got this two way communication channel, the social media starts to look a lot like what happens with the traditional sales force, where you have the two-way communications.

And what that allows is communications back to the firm about what's going on in the marketplace. So sales people, when they're making sales calls, that's part of the job usually, is finding out what's going on. What did the competition tell this client, and that sort of thing, a and we can do the same thing with social media. So we're gathering sales intelligence as well. And then, of course, we've got marketing.

And basically, budgeting and forecasting for marketing is what we're talking about here, and that's an important part of the process as well, and we need to be able to integrate that in the marketing automation software if we really want to be efficient about the whole process because then we can take measurements back through the automation system, and that can help you find out whether you're above or below budget. All that sort of stuff. It sort of completes the circle.

Marketing Automation Vendors

All right, now there's a number of vendors that provide different flavors of marketing automation software or systems. And the book has a list, and I've updated the list here on this slide because this is a market that's changing fast.

Some of them have been bought by other companies and either bolted onto those company's, other offerings. In the case of IBM Marketing Cloud, that's what happened there with one of the firms named in the book.

Other companies have simply appeared to have disappeared, and others have been taken in by a larger firm, or merged with a firm of similar size, and maybe they've changed their focus or put together a couple of pieces that each previous firm had. So in any case, at this point it looks like there's these nine that seem to be out there.

I'm sure there's plenty of others, but these would be a good place to start if you wanted to dig down and take a look at what marketing automation vendors are actually offering. And you'll see there's differences as you go from firm to firm, and of course, what that means for a company and for managers that are looking for marketing automation help is it's a matter of finding the right fit.

Some of these are going to be better for companies in certain industries or companies of a certain size that have certain problems. And then the next company, that may be a terrible fit, and another one might be a great fit. So you have to go through that whole vetting process and see which one makes sense for your firm if you're looking at adding marketing automation.

Social Analytics Platforms

- Firms need to align their needs with social analytic platforms
- Social analytics is being incorporated into marketing automation
- Choosing social analytics package can be complex
- Smaller organizations may choose to start with basic suite like Sprout Social or Hootsuite

All right, the next topic for the chapter was social analytics platforms. And let me start by saying that as you go through this, I think you'll start to see that there's a very real possibility that a lot of these things will eventually sort of merge into the marketing automation software. And I think there's some clues that it's already starting to happen.

It's the same thing that happened when CRM first came out. It was sort of a standalone package and now we see it as a part of-- there's a lot of add-ons to it or maybe it's been merged together with other things in some of the marketing automation packages. And we start to see the things that fit together, and need tighter coordination, and so forth. It just sort of naturally seems to occur over time.

So as far as social analytics platforms go though, first of all, the need is generated because companies have to align their needs-- whatever is going on within their company in this area-- with the social analytic platform that they're going to choose.

Now, you need them for a lot of the same reasons that we talked about in marketing automation. The whole idea is to make the process of analyzing social media results-- to make it more efficient and more useful to management.

Now, the second bullet point up there, social analytics is being incorporated into market automation, we covered. Choosing social analytics package can be complex. Yes, it can. And all you have to do is take a look at figure 13.4, which we will do on the next slide, actually, and we can see a least a little hint of that.

And then finally, a lot of these packages, because they are complex, it means that smaller companies that, again, don't have that IT resource within the company-- and maybe their needs aren't that complex either because they're smaller-- might want to start with simple, basic suites that are available online. So Sprout Social or Hootsuite would be obvious choices.

Comparison of Social Analytics Platforms

Business Objective	Key Performance Indicator	Social Analytics Platforms
Foster Dialog	Share of Voice	Alterian SM2, Radian6, Scout Labs, Statsit, Tendrr, Visible Technologies
	Audience Engagement	Coremetrics, Webtrends, Radian6, Scout Labs, Converseon, Filtrbox (Jive), Visible Technologies
	Conversation Reach	Alterian SM2, Radian6, Scout Labs, Social Radar, Statsit, SWIX, Trendrr, Visible Technologies
Promote Advocacy	Active Advocates	Biz360, FiltrBox (Jive), Radian6
	Advocate Influence	Cymfony, Filtrbox (Jive), Lithium, Radian6, Razorfish (SIM Score), SAS, Telligen, Twitalyzer, Visible Technologies
	Advocacy Impact	Coremetrics, Lithium, Omniture, Webtrends, SWIX, Telligent
Facilitate	Resolution Rate	Filtrbox (Jive), RightNow Technologies, Salesforce.com, Telligent
	Resolution Time	Filtrbox (Jive), RightNow Technologies, Salesforce.com, Telligent
	Satisfaction Score	Foresee Results, iPerceptions, Kampyle, OpinionLab
Spur Innovation	Top Tends	Alterian SM2, Cymfony, Filtrbox (Jive), Radian6, SAS, Scout Labs, Social Mention, Social Radar, Trendrr, Visible Technologies
	Sentiment Ratio	Alterian SM2, Converseon, Cymfony, Filtrbox (Jive) Radian6, SAS, Scout Labs, Social Radar, Trendrr, Visible Technologies
	Idea Impact	Biz360, Cymfony, Filtrbox (Jive), Luglron, Radian6, Scout Labs, Visible Technologies

OK, so as promised, figure 13.4 from the text, and it's a comparison of social analytics platforms. Now, notice on the left-hand side, we've got business objectives. So these are going to vary by company, and obviously some companies are going to have maybe some other objectives that might not fit perfectly into one of these categories.

But this is a good start and it gives us an idea of what the comparison process might look like. And it's not a complete reinvention of considering software purchases or other complex purchases. You go through a similar process where what do we need? That's the objectives part here. And that's the thing that's in common.

Now, what happens here, the next thing is KPIs. So what are the KPIs that we really need for social that are going to help us meet those business objectives? And what this chart does very nicely is lists some KPIs for each objective.

So let's take a look through one of these and we'll start at the top. Foster dialogue is that business objective. And you notice that the KPIs that they're showing for that objective would be share of voice, audience engagement, conversion reach-- excuse me, conversation reach.

And then what's happened, and this has taken a lot of research now by somebody who was in the organization to put this together, would be the social analytics platforms available today. Because if somebody researched this a year ago, and now we're trying to make a decision today, there's probably some changes that have happened. And then there's the firms or the products that would be able to provide the KPI for the company.

And then, of course, what happens is as you go down and you see the KPIs that are most important to you because of your business objectives. The key is finding the company that shows up in the most of the KPIs that you're looking for. That would be a simple first cut, say, in an analysis in the decision making process.

So again, it's a complex area. It's fast moving, and chances are five years from now, a lot of these things are going to be just a module in a marketing automation package. Today's needs are important sometimes. You've got to solve the problem today even though you know the life the technology might only be two or three years. And that's really what this analysis can help you do.

Evaluation Process

- Data gathered by measurement tools
  - Marketing automation software
  - Social analytics software
- Use Digital Marketing Evaluation Model
  - Gather data
  - Measure data
  - Evaluate actual campaign performance against projected outcomes and targets
  - Determine if campaign is meeting objectives
  - Make adjustments as needed
- Report results to stakeholders

The next step or next topic-- excuse me-- in the chapter was evaluation process. And this is all of, I guess we could call it three paragraphs, and in the text. So it's a very brief treatment of it, to say the least. But if we kind of distill it down, if we can distill down three paragraphs, the first thing is to take a look at the data that's gathered by measurement tools.

Whatever marketing automation software or social analytics software you have, you're obviously going to need to look at the data that's been collected by your software tools. And then you'd actually use the digital marketing evaluation model to take it to the next step, to go through the model and perform the evaluation.

So the model, of course, is all about gathering data, measuring the data, and then evaluate the actual campaign performance. OK, so what really happened against whatever your projected or your desired outcomes and targets were.

So pretty standard business stuff here, where you've got to an objective and did you make it or did you not make it. Except that what we're using is the data gathered by the measurement tools and then kind of massaged in the digital marketing evaluation model.

Then it's a matter of doing this for the different pieces of a campaign and then looking at the campaign as a whole. Did the campaign actually meet the objectives? And of course, standard management process, you've got the circular continuous improvement process going on. You'd make the adjustments that are needed. So use the tools, gather the data, measure the data, evaluate, and make the adjustments.

And then, of course, there's the part where you need to report the results to stakeholders. So depending on where you are, this could mean you know reporting up the chain, I guess, to your managers. But for the organization as a whole, it's really talking about being able to explain if it's a large effort that stands out, being able to explain maybe to shareholders.

But probably more importantly, for most of these projects that don't rise to that level of exposure, it is probably the stakeholders that are most important, quite often are other employees, other teams, and getting other departments or other parts of the company on board with this whole process.

And that can do a couple of things. It can raise the level of the game across the company, but it also can raise the level of awareness about the importance of the whole digital process.

Return on Investment

Best Practices for ROI Digital Marketing Strategy

- Clarify goals
- First click attribution
- Be where they shop
- Map user generated content (UGC)
- Measure the effectiveness of channel KPI's
- Target each stage of the cycle

All right, well, the final topic is ROI or return on investment. And we can start with best practices for ROI digital marketing strategy. And these are going to sound pretty familiar, I think, but certainly you start by clarifying your goals. If management at whatever level you're working with has come in with some goals, certainly those would need to be clarified up top.

And then you've got this whole idea of first click attribution. Now, this first click attribution thing is sort of dropped on us here by the textbook authors without much context. And there is an end note if you want to follow that down the rabbit hole, but it appears to be a case of a way of basically pumping up ROI.

But it also, in fairness, seems to talk a little bit about where you measure in making a difference. So if you're measuring ROI of an effort and you're measuring fairly up towards the beginning of the sales process, well, there isn't much success that's going to happen until you work your way through the sales process. So if you can measure at the end.

That appears to be what they're talking about, is a little bit of playing with the ROI. Gaming system, some people might call it. But just as much, you could look at it as a way of picking the right place to measure.

The next thing, best practices. Be where they shop. Well, that kind of makes sense. It's sort of common sense. You want to fish where the fish are. So if you want to measure ROI, and you want good results on the ROI, you might want to, again, be where they shop, as the book says, or fish where the fish are, as I would prefer, and go to where they are in the social networks.

As the book points out, a lot of the decision making process happens after people have gone in and checked some sort of social media against the typical advertising, and so forth that's put out, or just general information sites that might provide information on a particular type of product or a specific product.

So where you're actually measuring from where your activity is, and therefore where you measure from, can have a pretty big impact on ROI. If you think about it, that's a good thing. Your measurement will actually change the behavior of marketing to move it to a place where the ROI is higher. And as long as you're not fooling yourself by playing games or anything like that, that's a real hardcore improvement in the results that the effort is providing.

The next bullet point is somewhat related to the be where they shop and that's map user generated content. Again, a lot of the final decision making process of consumers happens in a social environment where they're getting information from people who've already bought the product, or people that have researched it, or people in the industry. Things of that nature.

So if you're looking at where you're placing your promotional efforts, and where you're measuring from, all that, you'd want to do it in places where there's more user generated content. That's where people are going when they get near to pulling the trigger on purchase decisions.

Next item, measure the effectiveness of channel KPIs. So you've got these KPIs you're using. The question is are they really effective? And you can go back and basically reset the tool, find whatever the baseline is and all that, and then actually do some tests of different--

Well, depending on what you're testing, basically different content and see how it moves the KPI. Now, that's a lot of work, but if you really want to use a KPI and be able to rely on that, a little bit of testing probably isn't such a bad idea.

And then the last point up here is target each stage of the cycle. Now remember, we're talking about return on investment here. So we want to make sure that we're matching the right metric to each stage of the cycle so that we can do a better job at evaluating what's going on and evaluating the ROI at each point in the process.

Digital ROI?

- Text proposes a non financial ROI called Digital ROI
- Claims DROI is linked to the "strength of the brand built up over time."
  - This is not a new concept. It is special case of brand equity.
  - In traditional marketing, the long term effect of advertising and promotion accumulates brand equity.
  - It is difficult to measure, but clearly exists.
- Unlike shareholder equity, brand equity is not a financial term even though it does impact the true value of an organization.
  - Bottom line is to consider marketing expenses an investment, not an expense – whether accountants wish to do so or not.

Now, the text proposes something called a digital ROI and this is really a non financial ROI. So the claim is the DROI is linked to the quote, "strength of the brand built up over time," unquote. And the issue here is that this is not a new concept by any stretch of the imagination. What it really is, is a special case of something called brand equity.

So if we look at this in traditional marketing, it's really sort of what happens over the long-term as you invest-- and I use the term invest very intentionally there. As you invest in advertising and promotion, it accumulates over time, and it builds up this brand equity, which is something that's very difficult to measure.

We know it's there. We can see the results in marketing and the operation of companies, but we can't really measure it. And of course, that causes some issues with accountants who if you can't measure, if it's not objective, then to them it does not exist. So we don't see brand equity reflected in financial statements.

But what you do see it is it's reflected when a company, say, gets purchased, and there' a premium paid. It ends up as goodwill on the financial statement going forward or on the balance sheet going forward. So that's how accountants handle this reality that exists.

But the fact that you can't really measure and it's not objective, which most accounting things need to be to keep the faith of people that actually use accounting statements. So you can't blame accounts for that, but it leaves us with this problem with brand equity being there, but we can't really put a number on it very easily.

Now, another way, besides when companies change hands, to realize that it exists, is to use some little tricks, basically. So for example, if I were to ask you how much you would be willing to pay for a McDonald's franchise, and then I asked you how much would you be willing to pay for a Burger King franchise. All other things being equal. You know the cost of the building and all that stuff, but just the franchise fees that go to McDonald's or Burger King.

The question is which would you pay more for, McDonald's or Burger King? Now, most of us are going to answer McDonald's. I might get a few people that are in love with The Whopper or something like that, and they're going to go with the Burger King route, but in terms of paying more, people are going to go with McDonald's.

Why? Well, they can see from numbers that they can make more money at McDonald's. And then the question would be why is that? And a lot of it has to do with brand equity. That McDonald's name is going to pull more people off the road and into that parking lot, or into that drive-through at a McDonald's than a Burger King, if the Burger King had been built at exactly the same spot. That's a place where you can actually see brand equity in action.

So, getting back to DROI, it's really just sort of a special case of that. So it's something that it's difficult to explain, difficult to measure, and all that. And the main thing to remember is that unlike a financial term like shareholder equity-- that's something that you actually see on the balance sheet of a type of corporation-- brand equity simply is not used in the financial world. It's a marketing term, but it does, as these little examples that we just talked about indicate, it does have an impact on the value of the organization.

So what does this all lead us to? And that's the bottom line. Remember, I said investment used was with a purpose earlier. The bottom line is to look at marketing expenses. So when you're advertising, when you're investing in digital, or whatever you're doing in marketing, it's an investment, not completely an expense.

Now, the accountants are going to tell you it's an expense, and that's fine. For financial accounting purposes we need to do that. But for decision making, for managerial accounting purposes, for looking at things, for making management decisions, we need to look at those probably as investments for the most part. Yes, there's an expense component, but for a lot of it it's a long term investment in building brand equity, or in this special case, digital ROI.

Possible Measurement Methods for DROI

- Brand health
- Customer quality
- Added value
- Digital footprint
- Competitive position

With digital ROI, what we're doing really is looking at how the organization is improving-- well, as the books says, the overall value of the brand. And there's five different inputs for DROI that the text is proposing. Now, the first of those is brand health, and this is simply a composition of loyalty, authenticity, and reach.

And they give an example of a social brand's 100, which is a measurement index that uses three social KPIs for this. One is win-win relationships with customers, employees, and supply chain. Another is active listening to comprehensively serve customers' needs. And then finally, social behavior that is compelling, truthful, authentic, and open with each community.

Very, very soft measurements, to say the least. Hardly something that could be categorized as objective, and that's the issue with DROI pretty much all the way through, just as it is with brand equity. It's something that is there. We just have a very difficult time using traditional objective measures to see how much of it is there.

The second proposed component to this is customer quality. Now traditionally, when we look at customer quality, we look at the frequency of purchase and the amount of the purchases, and maybe the profitability of the purchases. Whether they're purchasing high markup items, things along that line.

But for this purpose, they're talking about the amount of user generated content, and the influence and reach of your advocates and champions. So do you have a bunch of customers who are really into you or do you just have a bunch of customers that buy because you're convenient, is really what we're getting at here with customer quality.

The third is added value. So the question is, is there some sort of extra benefit involved for the company for being involved in digital? Now, of course, you're involved for digital for some sort of purpose. So the example the text uses, or one of the examples is what's the added value of using Twitter for customer service?

So you're using it for customer service and you're getting the job done. It helps you with customer service. It helps resolve things and it provides it across a channel that some customers prefer. The added value part might come from the fact that, at least the initial parts of some of those Twitter exchanges, are going to be public.

And you'd see others would see that you're doing a good job taking care of customers when there are issues, treating people right, those sorts of things. So in the traditional world, we're really talking about a PR value that's added on top of whatever the benefit is for actually using that particular digital tool.

Now, the fourth thing is the digital footprint. In other words, just how visible are you out there in the digital world. If you're using digital for all these various purposes, what's going to happen is you're actually going to be noticed eventually. You eventually reach a critical mass, maybe is a good way of thinking about it.

So again, the thing that happens there is you're getting exposure. You're getting what we traditionally would call PR. And then the question then is how much does that benefit you? But overall, I think the assumption here is that an increase in your digital footprint. In other words, an increase in the amount of "digital PR" you might get is a contributor to how healthy the brand is.

The fifth point is competitive position. What is the overall effect of your digital initiatives? So it really comes down to how well you connect with people. How well you connect with both prospects and customers, and can you get into deeper conversations with them using digital.

Now, how do you measure that of course, is an issue, and what they propose is some fairly traditional methods. So for instance, top of mind brand recognition. If you're a soap company, you might ask consumers, name five soap companies. And if you come up pretty much all the time in the top five, then you're going to have what's known as top of mind brand recognition.

People are able to recall that you're a soap company and you're one of the soap companies they're aware of, and there's other ways of doing it. They use examples of touch points for your brand's web and social assets and responses to social engagement. So how well is your whole digital effort going is really the measurements that they're proposing.

So that's the five top ways of looking at DROI. And it also is the last slide and the end of week 14. We are tantalizingly close to the end of the course as well. But we'll come back and take a look at things for a week 15 in the next set of slides. Have a good one.