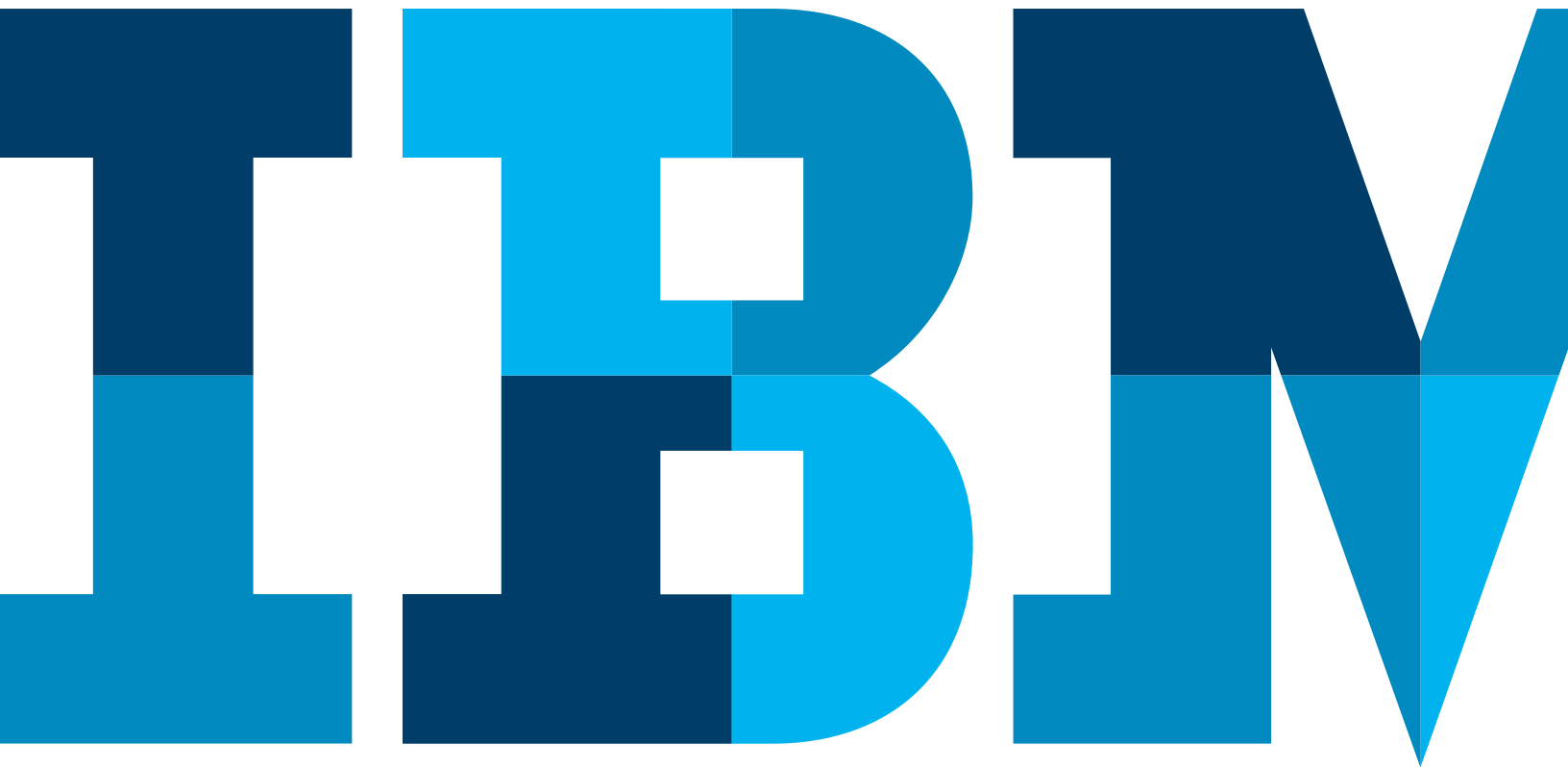# Social media analytics: Making customer insights actionable

IBM

Overview

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

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

This paper describes the role social media can play in presenting a more strategic view of customer data and how the right combination of technologies can deliver insight to help companies more effectively meet perpetually shifting consumer demands expressed through, and influenced by, these dynamic communication channels. It covers the implications for not only marketing and sales, but also IT and considers how and why social media tools and applications can be integrated with existing technology investments.

Marketing digitization-following the consumer

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

- 1.43 billion people worldwide visited a social networking site last year.[1]
- Nearly 1 in 8 people worldwide have their own Facebook page.[2]
- Last year, one million new accounts were added to Twitter everyday.[3]
- Three million new blogs come online every month.[4]
- 65 percent of social media users say they use it to learn more about brands, products and services.[5]

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

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

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

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

The time to act is now. Indeed, as a result of social media's rapid growth, recent years have seen an accelerating shift in marketing spending away from traditional channels such as print and broadcast to digital channels. This transformation is being driven by the cost advantages and precision offered by digital marketing platforms. Of particular note is the growing area of applications to manage the increasing volume and influence of social media, and the significant rise of social media spending as a percentage of marketing budgets.[6]

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

Social media: A catalyst for richer customer insight

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

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

Social media can be a catalyst to help companies achieve:

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

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

Social media management: Strategic considerations for marketing and IT

Marketers have embraced social media enthusiastically, for the most part. In a study by Forrester Research, 54% of companies surveyed say that marketing "owns" social media strategy. But nearly one fifth of organizations don't have a single designated owner of their social media strategy and only 20% have centralized their social media deployment.[7] This means a potentially fragmented corporate view, with outcomes interpreted differently by each group—from public relations, to market research to sales, to others. That should give IT and the rest of the organization pause, because it means that there may be little coordination in the selection of social media vendors or consistency in the analysis of social media data.

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

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

Indeed, IT can help in the selection of social media tools to help groups like market research be confident that the data they view is accurate and validated. IT can ensure smooth integration between unstructured and structured pools of data for analysis, such as unstructured social media data and structured data from a company's transactional databases. As Forrester Research observed, "firms expect this data to conform to the high quality and reliability standards that they expect from their traditional data sources."[8]

Ray Wang of Constellation Research makes the point that, as guardians of data and its distribution within the enterprise, IT has ample opportunity to be engaged in social media strategy. Wang points to the need for executive support and internal collaboration in terms of both functional and cross-functional requirements. This is where IT can remind marketing of the wider opportunity to link social media strategy to existing IT points of integration, as well as consulting on vendor selection.[9]

Social media readiness: Key performance questions

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

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

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

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

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

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

Regardless of the sophistication and scope of the social media initiative, the end goal is alignment with corporate imperatives and goals, and a measureable return on investment.

IBM Social Media Analytics

IBM Social Media Analytics helps enable rich analysis that provides insight into critical business functions such as marketing, customer service, product development and supply chain. Built on IBM's analytics platform, it is designed to analyze billions of social media comments and can provide tailored results through interactive dashboards and customized reports. It helps marketing professionals transform their customer relationships by actively incorporating consumer sentiment and sophisticated analytics into the business and marketing strategy of their organization, so they can be more precise, agile and responsive to market demands.
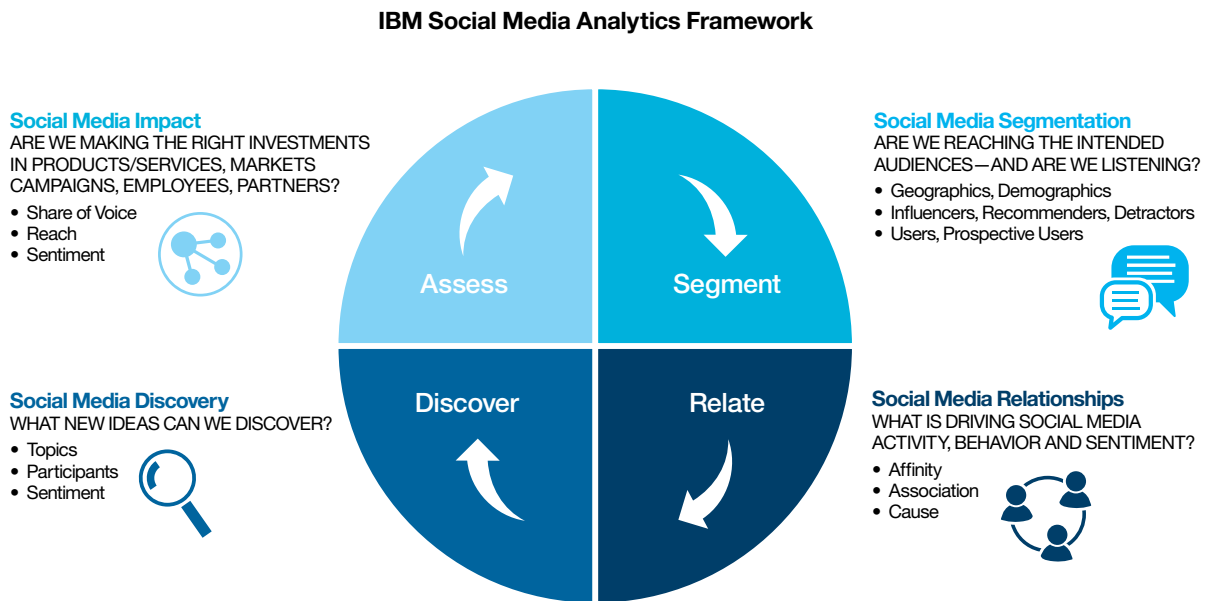
IBM Social Media Analytics Framework

Social Media Impact
ARE WE MAKING THE RIGHT INVESTMENTS
IN PRODUCTS/SERVICES, MARKETS
CAMPAIGNS, EMPLOYEES, PARTNERS?
• Share of Voice
• Reach
• Sentiment

Social Media Segmentation
ARE WE REACHING THE INTENDED
AUDIENCES—AND ARE WE LISTENING?
• Geographics, Demographics
• Influencers, Recommenders, Detractors
• Users, Prospective Users

Social Media Discovery
WHAT NEW IDEAS CAN WE DISCOVER?
• Topics
• Participants
• Sentiment

Social Media Relationships
WHAT IS DRIVING SOCIAL MEDIA
ACTIVITY, BEHAVIOR AND SENTIMENT?
• Affinity
• Association
• Cause

Assess   Segment   Discover   Relate

Figure 1: IBM Social Media Analytics helps organizations act upon social media insights to solve business problems.

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

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

As shown in Figure 1, IBM Social Media Analytics helps organizations go beyond mere social media "listening" so they can act upon insights and solve business problems. By providing capabilities to measure social media impact, segment audiences, understand relationships and discover new opportunities, it helps organizations continually improve and refine their business tactics and strategies. Each of these capabilities can be seen as phase in developing an effective social media approach.

Assess
This is typically the initial step in social media analytics usually referred to as "listening." In this step you are monitoring what's happening in the social world to uncover sentiment regarding your products, services, markets campaigns, employees and partner. Although you may gain detailed information, the data has not yet been transformed into effective action.

Segment

The ability to segment your audience is fundamental to a successful social media strategy. IBM Social Media Analytics helps you categorize your audience by locations, demographics, influencers, recommenders, detractors, users and prospective users. You can use this intelligence to understand if you are reaching your intended audience, and hone your messages to gain the most favorable results with your intended targets.

Relate

Understanding the relationships between social media topics is an advanced capability that helps determine the strength of negative or positive sentiment. For instance, you can use the IBM SPSS® clustering algorithm in IBM Social Media Analytics to identify the affinity of multiple topics such as "high ATM fees" and the name of a particular bank. If the sentiment clustered together for those terms tend to be very compacted then that can be seen that as highly concentrated or a "high" affinity. This insight can then be used to guide a variety of decisions such as which actions will improve customer satisfaction, where to spend advertising dollars, and which competitor weaknesses should be targeted.

Discover

This capability helps organizations discover the "unknown unknowns" among social media topics, participants and sentiment. The powerful analytical platform of IBM Social Media Analytics can uncover hidden or unexpected elements within social media dialogues that may be critical to your business strategy. For example, you could reveal issues like product defects associated with other brands that could have an impact on your similar brand. Even though you would never have thought of adding this search to social media analysis, discovery will show that it is very relevant and important.

Applying predictive capabilities to social media

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

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

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

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

From here, you might compare them against existing segments in a customer database to gauge potential reaction to new offers. This insight helps confirm new trends that can be applied to existing customers for targeted campaigns to support viral marketing to specific segments with special offers to encourage advocacy. A recent story in the business press, for example, described a cosmetics company that identified online advocates for a particular brand of eyeliner. In advance of a new launch, this company sent product kits to these advocates, who, shortly thereafter, created viral buzz for their stores during a much larger new product launch.

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

Figure 2: IBM Social Media Analytics can help organizations discover hidden trends and topics that common social media searches miss.

Transforming insights into effective actions

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

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

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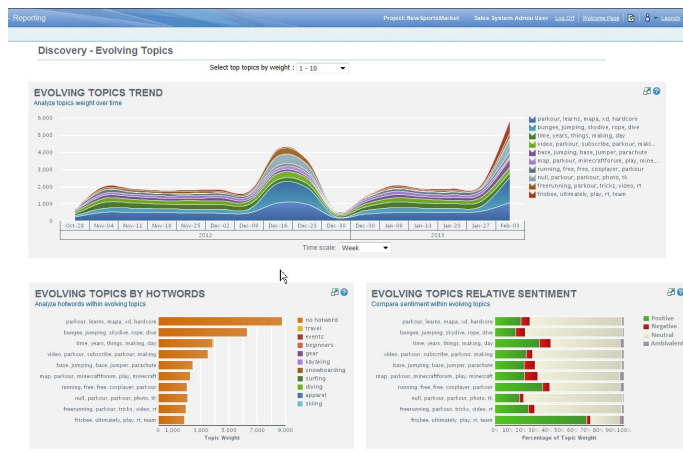
About IBM Business Analytics

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

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

Request a call

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

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