Building Blocks for Multichannel Metrics

Online, direct, and brand marketers have been facing multichannel measurement challenges and crafting solutions for years. Unfortunately, many of these solutions haven't been shared across marketing disciplines. The online has remained separate from the offline.

Let the sharing begin now! In Part I, we will explore today's marketing landscape and discuss the importance of multichannel metrics. Then we'll look over the shoulders of web analysts, direct marketers, and brand advertisers as they solve multichannel measurements and metrics problems within their own confines to discover many building blocks for bridging marketing metrics across online and offline.

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With Great Opportunity Come Great Challenges

Has marketing become more challenging today or is it easier than ever? Both! On the one hand, there is formidable competition for the attention of today's over-messaged, out-of-time, and in-control buyers. On the other hand, new channels for connecting with buyers are springing up left and right. The marketer who is able to ride on the coattails of the multichannel revolution has the opportunity to connect with always-on consumers anywhere, any time. Doing so, however, requires a new set of know-how. Let's picture the opportunities for the marketer who can acknowledge and overcome the challenges ahead.

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Chapter Contents

Multichannel, Schmultichannel!

Mobile devices are in every hand. Television and the Internet are converging. The *online* and the *offline* are fusing into two sides of the same coin. When marketers take stock of all the channels through which they are interacting with their customers today, the count quickly reaches 10 to 15 different avenues. So, most marketers feel like multichannel artists already. What is there left to talk about?

Well, it is one thing to interact through multiple channels in parallel. It is quite another to fuse those activities together in an intelligent way to maximize response and conversion rates. That is the mark of multichannel marketing as a science, and few marketers claim to have embraced it to date.

The channels in question include the traditional brand advertising outlets, as shown in Table 1.1. What the traditional outlets have in common is that they are *non-addressable*—i.e., the message is delivered to whoever happens to be listening or watching, and those individuals are not identifiable. Marketers align their advertisements on these media based on their target audiences' affinities and passions, say around soccer.

Table 1.1 Overview of Brand Advertising and Direct Response Channels

Brand Advertising Channels (Not Addressable)	Direct Response Channels (Addressable)
TV/radio/print	Store (purchases)
Out-of-home	Call center
Marketing events	Direct mail
Product placement	Sales and service teams
In-store displays	Mobile devices
	E-mail
	Web display ads
	Search engines
	Website

In contrast, the addressable channels speak to individual prospects. Therefore, they have the opportunity to tailor the message to each individual, prompt for a purchase or inquiry, and measure the response. Typical direct response channels are listed in Table 1.1 also.

As online and offline converge, more and more channels are becoming addressable. For example, display ads on the Internet used to be nonaddressable but now they can be targeted to individuals, as we will review in later chapters.

Technological advances are making it easier to measure marketing success within individual channels. Yet, the proliferation of channels is making it harder to gauge the real picture of success because any marketing impulse has repercussions across multiple response channels. The complete business results attributable to a marketing initiative need to be added across all the online and offline channels where activity increased. At the same time, the marketing initiative can cause activity to decrease on some channels due to “cannibalization,” i.e. buyers switching to other channels; that needs to be taken into account as well.

Not by coincidence, this channel fragmentation has been taking place in conjunction with two other tidal shifts in marketing. Namely, consumers are increasingly in charge of the dialog with companies. As a consequence, marketers are working to change from a product centric to a customer centric way of running their businesses. Let’s examine the implications with which marketers wrestle.

Just What Kind of Trouble Are Marketers In?

Let’s use a recent first-hand experience that my family and I lived through to illustrate the kinds of trouble that today’s marketers face when reaching their audience. It all began after we changed houses. Moving is one of those major life events that attentive marketers rightfully watch out for as an opportunity to capitalize.

Interruption Marketers, Not Welcome Anymore!

It barely took 24 hours at our new home before we were abruptly stopped in our tracks and reminded why this is the right time for this book. Namely, the telemarketing squadrons began attacking our new phone number with no less than ten calls a day. A side effect of the U.S. National Do-Not-Call Registry (www.donotcall.gov) is apparently that unregistered phone numbers receive maybe ten times the volume of telemarketing calls that we had deemed annoying a few years ago.

Have those marketers ever heard of a customer-centric approach to marketing? Yes, to a certain degree, actually. You might be surprised. Their databases flagged our family as having moved recently and predicted correctly that we would be making a plethora of purchases for setting up our new home. So, some of them prioritized us for phone offers for lower credit interest rates and called us multiple times per day to deliver the offers. Not a bad bet, if you put yourself in that marketer’s shoes. Some recipients should find this interruption to be a valuable service. But for the rest, what a nuisance!

Yet, we can assume that the person allocating the marketing budget did their Return On Investment (ROI) analysis and concluded that they would get their money’s worth of orders. However, had they used a balanced-scorecard approach for evaluating their campaign ROI instead of just looking at the monetary results, surely they would have noticed that they would be in the red in terms of being cursed out many times by annoyed prospects!

Equipped with caller ID and a short temper, my family became very fast at swatting out the unwelcome phone offers. It is not that telemarketers are unpleasant people; they tend to be very friendly actually. However, our willingness to spend our precious time on a telemarketer's inquiry has been greatly diminished for many reasons. Every day we see more advertising messages than we can possibly act on. Estimates frequently range from a couple hundred to a couple thousand messages per day for the average person in the U.S. The Internet has given us confidence that we can find almost anything we want, whenever we want. We also know we can find independent reviews and peer recommendations whose advice we have come to trust more than a vendor's pitch. Finally, for most of us, our past experiences with telemarketing do not instill us with hope that we'll be surprised with a particularly relevant offer.

The plight of the telemarketer is singled out here as an obvious telltale for the increasing challenges that interruption marketing is facing in all its forms. What a comic battle between marketers and prospective buyers! Whenever marketers find a new avenue for interrupting buyers to shove ads down their throats, buyers gear up and find a new way around them. In just the minute or two that it may have taken you to read the previous paragraphs, your e-mail filters probably stopped another batch of spam from reaching your inbox. DVRs (digital video recorders) such as TiVo enable us to dodge the umpteenth repetition of the same commercial interruption. Satellite radio and iPods enable commercial-free listening. The only difficult thing about filtering untargeted direct mail offers from your mail box is not the minute that it takes every day, but the bad feeling that you get about all that wasted paper and energy.

Note: Although rumors of interruption marketing's death have been greatly exaggerated, it is clearly suffering from increasing inefficiencies.

Competition among companies has become less about competition between products and more about competition between marketing communications seeking buyers' attention, writes Prof. Manfred Bruhn in the German-language book *Guide to Integrated Communication (Leitfaden Integrierte Kommunikation),* published in 2006 by Marketing Börse (www.marketing-boerse.de). This point of view places an enormous amount of responsibility on the marketer's shoulders. Namely, the marketer's role is seen to grow beyond creating a market for their products toward becoming more of a part of the offering itself. Likewise, under this view, a business's failure cannot be blamed on the product's competitiveness alone; the marketer's competitiveness is also part of the equation.

Buyers Want to Be in Charge

Funny though, our family really did make a plethora of purchases within two weeks of moving into our new home! Yet, in our case, the telemarketers missed out on the opportunity. As soon as our Internet connection became live, we went researching online to make our buying decisions. At that point, the dialog was in our hands and any ads that we saw, if we noticed them at all, were relevant to our search. Earlier we were swatting out the telemarketers as "too much info." However, during our research, no amount of information seemed to be enough to satisfy our appetites. After all, we wanted to make good decisions. This was true especially when it came to the biggest buying decision that we had to make, namely the car. We happily clicked on all sorts of relevant advertising messages. Ironically for the telemarketers, we even thoroughly studied offers for financing with low interest rates.

As long as we believed that it was our own idea to do so, we were highly motivated to examine financing options. Earlier, when the marketers were interrupting us and asking us to check on the same idea we were stubborn.

Note: Although buyers are not listening when you talk, paradoxically they have become more information-hungry than ever in their research for buying decisions.

This constitutes a great opportunity for those marketers who know how to be at the ready with the right information at the right time.

Buyers Are Multichannel Beings

After all the product research we did online for our shopping spree, my family and I dropped off from most of these websites without completing a purchase. For example, after narrowing down our choice of car make and model, the exact car and financing option that we picked was still sold to us the old-fashioned way—namely offline, and by a friendly sales person at the dealership. Of course, the opposite happened too. When we found products of interest in stores, we used comparison-shopping engines to find better prices online. Sometimes after a shipment arrived, we returned the purchase to the local store if it wasn't what we expected.

As typical buyers, we did not think in terms of channels. We just sought the most convenient way of accomplishing our goal. From the *multichannel* marketer's point of view, we exhibited *cross-channel* behavior. Let's define these terms for the purposes of the book.

> **Note:** A *multichannel business* is one that interacts with its customers through multiple media—for example, through a telephone, store, and website. Short of an ice cream vendor on the beach, there must be very few businesses left today that are not multichannel. *Multichannel marketing* refers to marketing communications delivered on multiple media in parallel and, hopefully, in a coordinated fashion. The term also implies that responses to marketing initiatives are accepted from multiple channels.

> **Note:** The term *cross-channel* is often used interchangeably with multichannel. However, a more precise definition of the term differs from multichannel. Namely, cross-channel refers to the act of beginning a communication, or buying cycle, on one channel and crossing into another channel to continue it there. This is the meaning that we will assume for this book.

Cross-Channel Behavior Patterns

My colleagues at Unica Corporation use the wiggly line chart in Figure 1.1 to describe the seemingly random paths that customers may take across channels during the life cycle of their relationships with vendors. Sales cycles that may be triggered on one channel may cross to another channel for consideration and to yet other channels for the transaction and post-purchase relationship. For instance, a TV commercial by Crate & Barrel may make one customer aware that they also carry home office furniture. Considering a replacement of her ratty office chair, she may check models and prices on the website. Then she may call the call center to inquire about available colors and delivery options. Yet, ultimately she may go to the nearest store to try a few choices and pick the one she finds most comfortable.

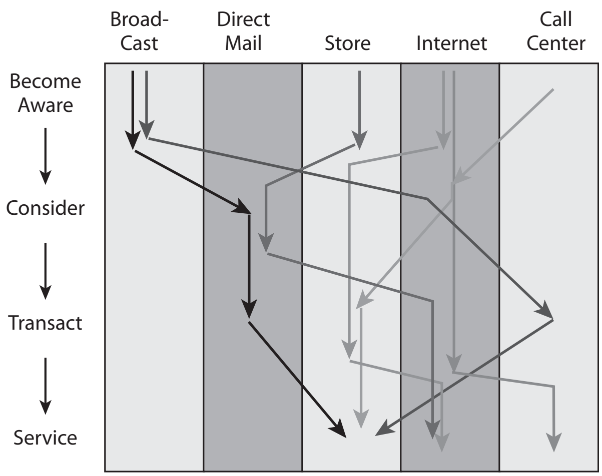

Figure 1.1 Sample wiggly line paths of buyers through the buying cycle (Source: Unica Corporation)

At first it may seem as if there is no pattern here that marketers can pick up. When we look at an individual's buying cycle, this may be true—so much depends on circumstance, let alone the individual's preferences. All of us have wiggled our ways through almost any possible path on the chart. However, when we aggregate the behavior of groups of buyers, it becomes clear that certain channels are more typically frequented during certain stages of the customer life cycle. My colleagues at Unica lay this out in the form of the Harvey Ball chart in Table 1.2. A full Harvey Ball indicates that a particular channel is very typically used in a particular stage of the relationship. A half-full Harvey Ball means that a channel can be used with certain limitations, whereas an empty Harvey Ball suggests that a channel is ill-suited for a particular stage in the buying cycle.

► **Table 1.2** Channels Most Typically Used in Each Stage of the Buying Cycle. (Source: Unica Corporation)

	Channel \ Stage	Awareness	Perception	Consideration	Trial	Initial Purchase	Retention	Cross-Sell, Up-Sell
Offline	TV / radio / print	●	●	◒	○	○	○	○
	Out-of-home	●	◒	◒	○	○	○	○
	Events	◒	●	●	●	○	○	○
	Product placement	◒	●	●	○	○	○	○
Online	Web ads	●	●	●	○	○	○	○
	Blogs	◒	●	●	○	○	◒	○
	Search	◒	◒	●	○	○	○	○
	Website	○	◒	◒	●	●	●	●
	E-mail	○	○	○	◒	◒	●	●
	Mobile	?	?	?	?	?	?	?
Offline	Direct mail	○	○	○	◒	◒	●	●
	Call center	○	○	○	◒	◒	●	●
	Store / sales	◒	◒	◒	◒	●	●	●
	Service team	○	○	○	○	○	●	●

One could argue whether some of the Harvey Balls should be more or less full. But for most of the channels, it makes intuitive sense that they are better suited for specific goals than others. For example, TV can raise awareness for a product, but until the TV and Internet truly converge, it is still necessary to go to another channel for learning more and purchasing. Direct mail can sometimes raise awareness. However, raising awareness is not typically thought to be its best application. Due to consumers' short temper at the mail box, direct mail is much more likely to get attention from recipients once their brand awareness and acceptance has already been raised through other channels.

Then, there is mobile commerce. Ever-smarter mobile devices are now like multichannel microcosms themselves, namely across voice, SMS, MMS, e-mail, WWW, audio, video, and other channels. Acceptance levels for receiving marketing communications are, however, still difficult to judge. They have reached different levels in different countries with users in Asia and Europe being much more tolerant currently than U.S. consumers. For instance, most in the U.S. would still say “No!” to receiving unwelcome advertising on their mobiles. Yet, when your mobile is equipped with GPS (i.e., geo location and local search capabilities), wouldn’t you want it to make you aware of nearby cheap gas stations? I would. There is no doubt that as marketers increase the relevance of their messages, their acceptance will increase as well.

When you step back and look at Table 1.2 from a distance, it becomes obvious that the channels in the first seven rows of the figure are best at attracting potential buyers but not so apt at converting them to customers and maintaining an ongoing relationship. The latter purposes are better achieved through the channels in the bottom seven rows of the figure. This suggests why cross-channel behavior is pretty much a given for most customer relationships. For example the “research-shopper” is a phenomenon coined in an article published by Verhoef, Neslin, and Vroomen in May 2007 in the *International Journal of Research in Marketing:* “The research-shopper phenomenon is the tendency of customers to use one channel for search and another for purchase” (shortcut via multichannelmetrics.com/ResearchShopper).

Note: Marketers should expect prospects to cross channels from those media that are good at raising their awareness and facilitating their research to other media that are better suited for product evaluation, purchase, and service.

Good Morning! This is Your Wake-Up Call

The marketer who is stretched thin across many responsibilities may still be asking: “Is cross-channel behavior from online to offline (and vice versa) a significant enough phenomenon that it should be prioritized for attention now? Or is it a marginal occurrence that can be neglected?” The answer could not be more loud and clear. Multiple independent studies over the last years have confirmed that the greater portion of sales that resulted after online research is not completed online but offline. For example, see the chart in Figure 1.2 from JupiterResearch’s *US Online Retail Sales Forecast, 2006 to 2011,* published in January 2007. The chart shows total U.S. online sales per year in relation to the far greater amount of offline sales that were influenced by preceding online activity. The chart also projects that the portion of online plus online-influenced offline sales in comparison to total U.S. retail sales is expected to grow further from 36 percent in 2007 to 47 percent by 2011. In other words, 47 cents of the average dollar spent in retail is projected to be spent either online or influenced by preceding online activity. Researching online before buying offline is becoming the norm.

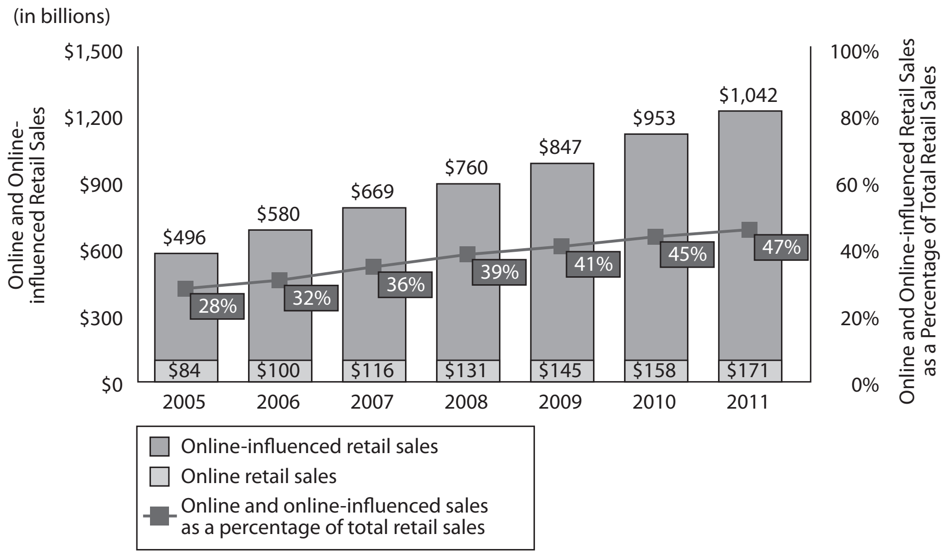

Figure 1.2 Online and online-influenced retail sales, 2005 to 2011. (Source: *JupiterResearch Internet Shopping Model*, 11/06 (US only))

The biggest wake-up call for marketers here is the following: Even the most beautifully designed and optimized websites unfortunately may still not convert online shoppers into offline buyers from the same company's stores or call center. Shoppers often leak from the sales funnel just at the moment when their buying process switches from one channel to another. In fact, Brandweek, citing research by Forrester, reported something that many of us already knew intuitively from our own experience:

> *Forty-three percent of consumers purchased a product from a different retailer than the one whose Web site they used to research the item.*
>
> —Study: Web Research Nets In-Store Sales, *Brandweek*, *May 2007 (*shortcut via multichannelmetrics.com/Brandweek*)*

This makes sense. The decision about *what* we want to buy in most cases is a separate query from *where* we want to get it. Think about what this means though. It means that a marketing campaign or search keyword that is very good at bringing shoppers to your website cannot automatically be assumed to result in offline buyers for you.

Note: Unfortunately, you can't extrapolate online metrics, such as campaign click-throughs and site engagement, into offline purchases that should be credited to the campaign.

Marketers would have it so much easier if this kind of extrapolation were a valid approach. Yet, a more accurate method for measuring cross-channel campaign results is required.

Are Multichannel Customers Automatically More Valuable?

It is often cited that multichannel customers tend to be bigger spenders than single-channel customers. For example, Shop.org released a study by J.C. Williams Group and BizRate.com that confirmed this finding after 48,000 interviews with shoppers in all channels.

> *Cross-Channel shoppers spend 50% more—and visit stores 70% more frequently—than the average shopper.*
>
> —Multichannel Retail Report 2001, Shop.org, *October 2001*

The important question for marketers to ask themselves is whether there is only a correlation here or actually a causal relationship. Do multichannel consumers spend more because they are somehow more engaged through multiple channels? Or are these consumers engaged in multiple channels because they are looking to buy so much that a single channel would not provide them enough convenience and availability for doing so? In other words, if the marketer could expand the number of channels used by a group of customers, can he expect that this group of customers will automatically start spending more?

This is a difficult question to answer. The result may likely differ from company to company. Studies have shown that multichannel shoppers are more valuable because they are more likely to respond to cross-selling and up-selling. Multichannel customers simply have more frequent interactions with the vendor making them more likely to be exposed to such offers. There is also a psychological effect of reinforcement when a brand, message, or offer that is seen on one channel is repeated on other channels. Given this relative uncertainty, the best point of view for marketers to adopt is that of a call to action.

Note: Multichannel customers are probably not automatically more valuable customers, but they can be turned into more valuable customers. However, this depends on the vendor's ability to leverage the multichannel experience not just for delivering consistent service and more convenience, but also for intelligent cross- and up-sell offers that reinforce each other.

Moreover, multichannel customers also have less-favorable characteristics. As Hung LeHong, research vice president for retail at Gartner Inc., cautioned in *Internet Retailer* in January 2007: "Retailers need to be aware of these characteristics in multichannel shoppers because they open the door to decreased loyalty." Namely, Gartner found multichannel customers to defect more easily when they can get a better price for the same product elsewhere. This makes intuitive sense because price sensitivity is among the biggest reasons why customers research their buying decision on multiple channels in the first place. Additionally, multichannel customers have been found to require better customer service probably because they want to make more informed buying decisions. According to Gartner's findings, any perceived shortcoming in the shopping experience is apt to send a multichannel shopper elsewhere. The best way for marketers to look at this is again in the form of a call to action:

Note: Multichannel customers may defect more easily when price competition arises; yet vendors have the opportunity to build on the multichannel relationship in such intelligent ways that the customer perceives better service as an advantage for staying loyal.

Chicken Soup for the Troubled Marketer

Who would not be stressed out as a marketer today when buyers increasingly ignore their old-style interruption marketing, instead take control of the interaction themselves, and do so across the increasingly fragmented landscape of channels? To help marketers over their slump, a number of new approaches to marketing have been recommended over the past decades. These timely new approaches to marketing promise a solution to the marketer's plight. The marketer with the know-how and capabilities for implementing these novel approaches could establish a competitive advantage over others.

You will be very familiar with all of the following recommendations because they are repeated frequently and are commonly accepted as sound advice today. Interestingly, however, they have only been put into action by companies to varying degrees so far. The recommendations range from making marketing more accountable and integrated across media to making it more customer-centric. Given the advent of user-generated content in Web 2.0, another piece of advice is to take into account that consumers are no longer passive recipients of marketing messages, but they are active interpreters. Therefore, the marketer is also advised to find ways of amplifying the voices of customers who are raving fans.

> ### What is meant by Web 2.0?
>
> Wikipedia describes Web 2.0 as a "phrase which refers to a perceived second generation of Internet based services such as social networking sites, wikis, communication tools and folksonomies that let people collaborate and share information online in ways previously unavailable." The term was coined in 2004 with the first Web 2.0 conference by O'Reilly Media (for more info., see multichannelmetrics.com/Web20).

Make Marketing More Accountable

What conclusion would you draw from the fact that there are more and more choices for spending the marketing budget, yet there is a sense that not everything is equally effective at producing results? Doh! We need to measure what works and quit wasting our money on the other items. Even for our best initiatives, we ought to experiment with variations and measure their outcomes to see if we can't improve results even further.

Traditional marketers have been running analytics of various types for decades now. This is still quite a tricky job for mass marketers—for example, in broadcast media—who typically rely on various audience measurement techniques based on panels. Direct marketers have been measuring response rates to their offers across countless offer variations in order to continuously tune their outcomes. Offline marketers have also embraced modeling techniques where they study the outcomes of past marketing initiatives in order to isolate key factors that help predict the success of future marketing opportunities. Measurement, targeting, and especially modeling have reached great sophistication and are typically done by trained specialists.

With online marketers, I cannot recall a time when the desire to measure marketing results became more prominent than in the year 2000 following the bust of the dot-com bubble. Rightfully, marketing budgets were cut unless marketers could prove ROI. Once that mindset was adopted, web analytics were elevated from something that the Information Technology (IT) department looked at, past something that just counted eye balls, and on to a strategic control center for marketers. Getting web analytics reports was quite easy. However, getting web analytics right turned out to require a lot more skills than originally anticipated.

The web analytics solutions available at the time typically stopped short at reporting; therefore, they left all analysis—i.e., interpretation—for the human to do. The latter will always remain indispensable, but web analytics offerings have meanwhile evolved to provide much more direct guidance for decision support. Namely, investigative reporting now provides answers to ad hoc questions. A/B comparisons can quickly highlight differences between ad variations, visitor groups, and time frames. Automated optimization solutions adjust web pages or search ad prices to their most advantageous configurations. In that sense, web analytics has become more feasible and easier than ever. The human's responsibility has shifted slightly from manual analysis to making sure that today's analytics capabilities are generously applied to the site. There is no excuse left for ignoring the inherent measurability of the online medium and claiming to be drowning in reports without any guidance.

So, if online and offline marketers have all these sophisticated solutions for measuring results available to them today, marketing accountability should be in pretty good shape. Right? Wrong! Where is the catch?

Note: Buyers are multichannel beings. Buying cycles are cross-channel. Yet, online and offline marketers still perform their measurements of success in isolation.

Few web analysts capture offline conversions that are attributable to online activity—i.e., sales in stores or call centers that would not have come in if customers had not been researching on the website beforehand. Few offline marketers on the other hand include online browsing activity in their analysis of prospects, customers, and campaign results. Why is there this gap between online and offline when business intelligence and marketing automation technologies have been available for years? Why this gap, when online and offline marketers each within their own confines are already conducting analytics across multiple channels?

Maybe it is that collecting cross-channel data is more difficult. Maybe it is because practitioners perceive the issues to be complex and they require substantial investment that would be hard to sell to senior management. Maybe there are not yet enough examples of marketers who have tried the theoretical ideas in practice, proven their value, and are raving about them at industry events. Certainly, if it is difficult to find web analysts and other database marketing specialists for hiring, it is even more difficult to find multichannel marketing analysts. So there is lingering confusion, resistance to change, and a real lack of know how. A recent study analyzing data from 759 survey responses by marketing practitioners worldwide confirmed this.

A mere 9% of marketers say they believe their ability to measure the financial returns across all forms of marketing is "a real source of leadership" or "as good as it needs to be."

—Lenskold Group & MarketingProfs 2007 Marketing ROI Process & Measurements Trend Study. (shortcut via multichannelmetrics.com/LM2007*)*

Taken together with the wake-up call to marketers around multichannel behavior this suggests that multichannel metrics are a critical gap for turning marketing accountability into reality. That in turn is indispensable for maximizing marketing success.

Integrate Marketing Communications!

When all your friends voice the same opinion on a subject, it becomes very easy to agree. That is essentially the idea behind Integrated Marketing Communications (IMC), a vast body of work that was developed starting already in the late 1980s. Only, instead of "friends" just substitute "marketing channels." Namely, IMC encourages marketers to increase the effects of their marketing messages by broadcasting them consistently across multiple channels. Consistency of the message for a particular target segment is the key idea here: "If for Volvo you are communicating safety & reliability on TV, then you shouldn't communicate performance values in magazines to the same target audience. Though, additional benefits can be positioned to other relevant audiences in media that are specific to them. However, those messages should not confuse the messages to the broader audience." This example left by business consultant Zahid Adil on the MarketingProfs discussion boards sums up the idea.

Philip Kitchen and Patrick De Pelsmacker, in their book *Integrated Marketing Communication: A Primer* (Routledge, 2004), trace the birth of IMC first to practitioners in the late 1980s and then to academic interest spearheaded by Professor Don Schultz at Northwestern University. There are various definitions of IMC. I find the definition left by Laura Brooke-Smith of D.Y.B Strategies on the MarketingProfs discussion boards to be particularly informative:

> *IMC is "The co-ordination of a business's promotional efforts by determining [e.g., through measurement] the most effective way of meeting the objectives of informing, persuading and reminding customers and potential customers of the business as well as reinforcing attitudes and perceptions. The tools available to the integration process would be advertising, sales promotion, public relations, direct and online marketing and personal selling. The business will determine how much to spend on each tool not on whether they will market or not, that decision is already made."*

Implied in the definition is the fact that these communications would be coordinated in a consistent fashion across all media with which a customer segment comes in touch. Also implied is that communications, in order to be more persuasive, will start with the customer or prospect in mind and then work backward instead of starting with the products. In order for an organization to achieve this consistency in its communications, the IMC literature also invests great focus into the organizational requirements, from management buy-in down to channel expertise.

The goal of IMC is to be more persuasive with getting customers to take action. How is IMC more persuasive?

Synergies are compounded. The crux of the matter is the empirical observation that when companies communicate in such consistent and customer-oriented fashion across multiple media, the effects of repeated communications compound each other. Synergies increase marketing pressure. Customers become more likely to take notice and act. Psychologically, a marketing message may appear more believable when it is consistently heard from multiple channels even though it is really coming from the same source.

Reach is increased. The multichannel approach also ensures that the communications are delivered to all prospects in the target market by selecting the media with which the targeted individuals tend to spend their time.

Frequency is increased. On a single channel, there are practical limits to the frequency with which an ad message can be delivered before fatigue sets in. Spreading the same message to different channels can allow increasing frequency while the effects of fatigue may be somewhat lesser.

The best medium is used for each stage in the marketing cycle. Broadcast media, for example, can be leveraged for what they are best at, namely increasing awareness of a brand or product and acceptance of its value proposition. Then the Internet and direct mail can be leveraged for what they are good at, say capturing sales or leads.

Success is measured and evaluated. IMC emphasizes marketing accountability and continuous optimization for arriving at more and more effective communications

Today, we take it for granted that brands are presented to us in a consistent-enough fashion and more or less on any medium. This is probably why we rarely hear a name attached to this approach to marketing anymore, i.e., IMC. We just seem to lump it in under the multichannel marketing umbrella today. The discussion has moved on.

But wait! IMC started before the dawn of the World Wide Web and long before the era of Web 2.0. How many companies have extended IMC to include both online and offline media? Of course, most companies have a website and do a certain amount of online advertising. But on average, the level of marketing spending online is only a fraction of that offline. What would be the optimal mix between online and offline channels? In addition to website, e-mail, search, etc. how about some of the more novel online opportunities for marketing such as viral marketing, RSS, podcasts, video inserts, etc.?

Well, how could we answer that question without first measuring our return on investment from each channel? Measurement and evaluation is a key strategy recommended by IMC. Yet, we already know the poor state of adoption of multichannel metrics today. So, we can derive that very few companies must have made an informed decision for allocating their marketing spending between online and offline. What companies need so that they can make an informed decision would be a marketing dashboard with cross-channel metrics that reveals where marketing spending generates the highest returns. Because few companies have put such a dashboard in place, it would not be surprising if there is misallocation. Various studies conducted over the past years hinted that such misallocation may indeed be rampant. Namely, there is a startling discrepancy between the amount of time that consumers are spending on the Internet vs. the percent of advertising budget that marketers are allocating to the online medium.

Already in 2002, the Online Publishers Association announced the results of a study by Millward Brown Intelliquest showing that consumers with workplace Internet access spent more time in a 24-hour day online than watching TV.

Thirty-four percent of total media minutes are spent on the Internet, while 30% are spent watching television and 26% are spent listening to the radio.

— OPA Media Consumption Study,
February 2002

Yet, total U.S. ad spend online was estimated at $19.5 Billion for 2007 by eMarketer, whereas TV ad spend was estimated at roughly $75 Billion and total media spend across all channels at $285 Billion. In other words, while consumers spend more than 30% of their media time online, less than 7% of ad spend has been allocated to the Internet.

Mind you that the disparity does not automatically prove that there is misallocation. More information on the returns from each channel is required.

For some companies, it could very well be that offline advertising leads to significantly better returns so that the disparity would be justified. The best way for marketers to act on this obvious disparity is once again to take it as a call to action.

Note: Marketers should not neglect measuring and comparing marketing returns from online and offline channels so that they can ensure that they really are allocating their advertising investments such that they produce optimal returns.

What does the IMC literature contribute to multichannel marketing measurement? It makes great recommendations on success metrics. However, the literature has not gone too deep into the practical aspects of *how* to collect such measurements across online and offline. Truth be told, survey results published by Professor Manfred Bruhn cite measurability as a key barrier to adopting IMC still today. That is the gap that this book is aiming to help close.

"Companies cite lack or defects with measuring success as the biggest barrier for the actual work of integrating marketing communications. Difficulties arise especially for measuring the interdependence of the coordinated use of marketing instruments."

—*Professor Manfred Bruhn,* Guide to Integrated Communication (Leitfaden Integrierte Kommunikation)*, published in 2006 by Marketing Börse (*www.marketing-boerse.de*). Translated from the German original.*

Be Customer Centric!

You have not lived under a stone for the last fifteen years, so you already know that the rise of customer-centric marketing constitutes the primary recommendation for overcoming today's marketing challenges. In brief, a customer-centric business delivers products, services, and marketing communications in such a manner that they are more relevant and more valuable to the recipient. As a result it is assumed that they will also be more welcome. What is the distinction from IMC? If for example IMC ensured that you purchased a Volvo because the brand messages around safety repeated consistently across multiple media were relevant to your priorities, then customer centricity is concerned with your personal experience in every interaction through every channel during and after the buying process.

Yet, when it comes to details, customer-centric business strategy means different things to different people. Many flavors have been formulated and given names such as CRM (Customer Relationship Management), database marketing, direct marketing, relationship marketing, event-based marketing, right-time marketing, One-to-One marketing, permission marketing, behavioral targeting, personalization, and most recently, customer experience management. If you read up on CustomerThink (www.customerthink.com), Bob Thompson's forum for customer-centric business strategy, you will be amazed to see that even the gurus don't quite agree on a formal definition. For the purposes of this book, it shall suffice to stress some of the common denominators that are key requirements for all or most of the flavors.

Two-Way Value On CustomerThink, Paul Greenberg, who is the author of *CRM at the Speed of Light,* sums up brilliantly that "what remains unchanging is the commitment to two-way customer value." Namely, on the one hand the business is organizing itself to make every interaction with the customer as valuable an experience for the customer as possible. However, the business is not doing this for altruistic reasons but to increase the customer lifetime value—i.e., the incremental returns that it can hope to harvest from the customer over time.

Good, Relevant, and Consistent Experience In order for the experience to be valuable, it needs to be a good one. Among the many requirements for a good customer experience is that the customer perceives the interaction as relevant to his or her goals. In other words, interruption marketing is definitely out of the picture unless the interruption hits the spot. Additionally, the experience is much more likely to be a relevant one if it is consistent with past interactions regardless which other channel they occurred on.

Dialog Rather Than Monolog In order for the experience to be consistent and relevant, it needs to be born from a dialog with the customer rather than a monolog. In other words, the business needs to listen to customers and study their behavior. Otherwise, how could the business come up with relevant responses or treatments and remain consistent with past interactions?

Multichannel Mind-Set Because customers are multichannel beings and demand relevant, consistent experiences across all channels, businesses need to adopt a multichannel mind-set when listening to their customers. Otherwise, businesses may miss two-thirds of the conversation! For example, when designing a website in a customer-centric fashion, the marketer with a multichannel mind-set anticipates someone who arrives on the website to get accessories for an item he has purchased in a store.

Multichannel Metrics and Measurement at the Group Level A multichannel mind-set implies the need to measure the behavior of groups of customers across channels in order to better understand how the group wishes to interact across channels. In his inspiring article "How to Embrace Multichannel Behavior," published on ClickZ in May 2007, Jack Aaronson likened this to the folklore tale of an architect who built a college campus but did not build any sidewalks. Instead the architect said, "The students will create the sidewalks." A year later the architect revisited the school to build sidewalks where the students had created well-worn paths. As Avinash Kaushik, the author of *Web Analytics, An Hour A Day,* always emphasizes: "Don't assume that you know what your customers want! Instead measure, study, and ask them." Once you find out in which ways your company's customers want to use the channels that you have available, you can focus on making those paths as easy for them as possible.

Multichannel Measurements at the One-to-One Level Finally, here is a requirement that is common to most flavors of customer-centric marketing, but not to all. The requirement is emphasized heavily with flavors referred to as CRM, database marketing, direct marketing, relationship marketing, event-based marketing, right-time marketing, One-to-One marketing, permission marketing, behavioral targeting, and personalization. These flavors share the common goal of building a database of insights into customer history and preferences learned from interactions with each prospect and customer. This level of measurement and mass personalization was named the One-to-One level by Martha Rogers and Don Peppers in 1993. The more complete the insights available on each prospect or customer, the more relevant and valuable the company can render their next communication, offer, or service.

However, recent critiques of approaches to customer centricity have noted a possible overemphasis of this kind of data-driven automation. Bob Thompson writes in *Customer Experience Management: A Winning Business Strategy for a Flat World,* published by CustomerThink Corp. in 2006, "Customer Experience Management (CEM), on the other hand, concentrates on the customer's value proposition and includes all interactions, not just those that can be automated," (see multichannelmetrics.com/CEM).

Similarly, Bryan and Jeffrey Eisenberg warn in their book *Waiting for Your Cat to Bark?* that a strategy based on One-to-One level measurement and personalization is not suited for every business model and "Eventually the marketing costs for such a massive undertaking would outweigh its ability to contribute to revenues." Instead the Eisenberg brothers recommend *persona-lization*—i.e., the design of websites and other customer interaction channels based on *personas*. Personas represent groups of customers with shared goals in common situations. As a consequence, persona-lization does not rely on multichannel measurements down at the individual customer level. Aggregate measurements or studies suffice instead.

Regardless of which flavor of customer centricity you believe will work best for your company, a multichannel approach is a requirement that is common to all of them. Yet, knowing the poor state of adoption of multichannel metrics today, one has to assume that the implementation of customer-centric business strategies must have suffered or slowed as a consequence.

Note: If enterprises have any hope of achieving customer centricity, key requirements are a multichannel mind-set and the measurement of customer behavior across channels (whether at the group or One-to-One level).

Leverage the Voice of the Customer

Web 2.0 has opened up new opportunities for marketers to be heard by over-messaged, out-of-time buyers. The opportunity is not to spam buyers with marketing messages now delivered through RSS in addition to e-mail. Rather, the opportunity is to amplify the voice of customers who are raving fans and are happy to be vocal about it on their social networks. This may include customers' blogs, podcasts, and other consumer-generated content. The company that best knows how to amplify their fans' voices will build the best brand. The company that best knows how to listen to customers as they talk with each other and share experiences has the opportunity to build the best products.

The marketer's role is to create raving fans the old-fashioned way but then provide them with avenues and reason for sharing their excitement—e.g., viral marketing campaigns. Think for example of contests for consumer-generated commercials. Doritos & Yahoo! Video teamed up for a consumer-generated Super Bowl commercial contest in 2006 that generated significant buzz. More than 125,000 people were reported to have visited the dedicated Doritos micro site showcasing the contenders during the first two weeks of January 2007. That was ten times as many people than visited Doritos official site.

What is a Viral Marketing Campaign?

In contrast to advertising, viral marketing refers to campaigns encouraging "people to pass along a marketing message voluntarily", according to Wikipedia. To achieve that goal, the campaign may often include entertaining elements, such as a funny video or website.

“So, did we sell more Doritos?” would be an appropriate question to ask marketers. More specifically, the question should be how much customers who participated in the campaign or who were engaged through the campaign in some ways are spending versus a control group that did not participate. In most cases, this is a call for multichannel metrics because the viral campaign will likely span multiple media such as websites, e-mail, SMS, TV, etc. In the case of Doritos, purchases ultimately come in through retail stores. In later chapters, we will discuss how to assess the sales outcomes of such a campaign nonetheless.

Note: More likely than not, viral marketing or other social networking campaigns require multichannel measurements for evaluating their outcomes.

Web 2.0 also brought back attention to another opportunity for marketers. It used to be called *collaborative filtering* before the dotcom bubble burst, but it is known now as *social intelligence*. Social intelligence was made famous at Amazon through the “People who bought this book also bought …” feature. Nowadays, the concept has widened. Think, for example, of consumers’ product ratings and reviews available at retailers such as Circuit City. Think of Netflix, where customers can rate the videos that they have viewed and share their recommendations with others in their network. Think of Apple iTunes or Yahoo! Music Jukebox, where musicians’ albums and songs are automatically ranked by popularity. Additionally, there are cross references to other musicians that fit a similar taste. As a consequence, even if you are brand new to a musician, you can immediately know which songs you may want to sample. The social intelligence features increase loyalty to the service instead of competitors who may not offer the same.

Note: Repackaging social intelligence into an offering valued by customers can help companies counteract multichannel customers’ tendency to defect to cheaper competitors.

The marketer’s role is to foster the measurement of social intelligence in such a fashion that customers find it convenient to participate. For example, in the case of ranking music it suffices to collect data on how often each album and song has been clicked. There is no need to interrupt users to ask them to rate songs and albums. Once the social intelligence has been gathered, it is up to the marketer’s imagination to repackage the intelligence in ways that customers appreciate. Typical goals may include increased cross-sales or loyalty. Multichannel metrics are often required to confirm whether the goals have been achieved. Put yourself in the shoes of a marketer at Circuit

City for example. Ask yourself to what extent the customer reviews of products on the website lead to more store sales versus just visits by shoppers who read the review but then purchase the product elsewhere. Later chapters recommend ways in which marketers can measure this to answer the question.

The Missing Puzzle Piece, Multichannel Metrics

As should be clear by now, multichannel metrics are indispensable for unlocking the most-anticipated solutions to today's marketing challenges. Without multichannel metrics:

- Marketing accountability remains an empty wish because marketing results that play out across a fragmented landscape of channels cannot be consolidated.
- Integrated Marketing Communications cannot be allocated to channels optimally because the effectiveness of each channel is not understood.
- Customer-centric marketing strategies remain off target because the picture of the customer is torn into multiple pieces where interactions cross channels.
- The value of viral and Web 2.0 marketing strategies cannot be evaluated because they are multichannel campaigns by nature.

Yet, as observed by the industry analysts who were quoted earlier, multichannel metrics across online and offline are missing at most companies today. In the next chapters, we will see that multiple islands of multichannel metrics are already in place within online, direct, and brand marketing, but just not across all three.

When asked why marketers have not closed this gap, some of the reasons that marketers have cited were confusion around measurement. This is true especially for measuring the interdependency of multiple touch points. Other reasons are lack of resources, buy-in, and standards for measurement. Organizational politics between different teams that are responsible for different channels with differing goals, such as prospecting versus customer marketing, should not be neglected.

Yet one has to wonder how real these cited obstacles can be given that they would also be true for each of the multichannel islands—i.e., online, direct, and brand marketing. Yet they have not held up marketers to adopt multichannel metrics for the channels within those islands. Could it be that integrated multichannel metrics across all three islands are simply the next frontier that is waiting to be tackled? Maybe we are waiting to reach a tipping point for broader adoption.

Questions Answered

The top promises that multichannel metrics make is to help marketers:

- Better understand which marketing initiatives work and which don't, by calculating the ROI realized from marketing spending across channels more accurately

- Better understand customers' preferences and experiences
    - At the overall, customer segment, or persona level, by studying the behavior of customer groups across channels
    - At the One-to-One level by reuniting each prospect and customer's interactions with the company across all channels into a more complete customer profile
- Better understand how customers like to combine multiple channels to accomplish their goals and conversely how marketers can combine multiple marketing instruments for theirs
- Better understand how products and services are combined by customers who may acquire them from multiple channels

See Table 1.3 for the kinds of questions that marketers can answer with the help of the appropriate multichannel metrics.

▶ **Table 1.3** Kind of Questions Multichannel Metrics Can Answer

Level of Measurement	Learn about Marketing Initiatives	Learn about Customers and Prospects	Learn about Channels	Learn about Products and Services
Measurements at the aggregate (or summary) level—i.e., across all customers, or for selected customer segments, or for selected personas	What works? What does not work? What's worked in the past?	What is in demand? What are current trends?	How do customers wish to combine channels and how should we do the same? How can we reduce leaks from the cross-channel funnel?	How do customers wish to combine products and how should we do the same? What social intelligence can we capture?
Measurements at the One-to-One (i.e., detail) level	Where are we in the dialog? Is there fatigue due to too many offers?	How can we be of service? How can we be relevant? What lifetime value do we predict?	Did the customer leave to a competitor or just shift to a different channel?	What is the next-best cross-sell, or up-sell offer? When is the right time to next contact the customer about a product?

The chapters in Part III of the book will outline multichannel marketing methods that employ these questions in order to turn the answers into action for better two-way value between customers and company.

Measuring Absolute Results versus Trends

The skeptical reader will have lingering doubts that multichannel metrics can be measured with absolute accuracy. The skeptic is absolutely right to be doubtful. Web analysts know that online metrics are not 100 percent accurate either despite the digital nature of the medium. Measuring the results of a TV or billboard advertisement is far more imprecise. If nothing else, it already follows from these facts that multichannel metrics can be no more precise than online and offline metrics are.

However, as Jim Sterne, chairman of the Web Analytics Association and producer of the eMetrics Marketing Optimization Summit conference series, put it during an interview with Stone Temple's Eric Enge in January 2007, "Web analytic data is not precise, but as long as the inaccuracies are consistent, then the delta is true." In other words, if you make a change to your registration form on the website and as a result completed registrations go up by 10 percent, that result is true. Similarly, if you make a change to your offer to print an online wish list for customers to take to the store and sales go up by 10 percent, then your change was a very good idea.

This suggests that multichannel metrics may be most reliable when measured over time and used for assessing the impact of changes that you make to your marketing programs. Yet, absolute numbers are too valuable to give up completely. Especially, when it comes to ROI calculations to help us choose between alternative advertising investments we do need to rely on absolute results as a guide. Take an example. You compare the ROI of a paid search keyword versus running an advertisement in the local newspaper. When you measure the resulting store sales attributable to the keyword compared to a newspaper ad, you may find that the paid keyword appears to have an ROI of 20 percent, whereas the newspaper ad only comes to an ROI of 8 percent. However, both measurements may have missed an unknown number of customers who bought from you without being identified as having used either the keyword or seen the newspaper ad.

From a practical point of view, what should you do? At what point after eliminating sources of error that you can identify, should you stop doubting, take faith in your findings, and as a result prioritize the keyword over the newspaper ad? The mathematical answer to that question would require doing the statistical analysis to determine the required sample size for acceptable margins of error. Such analysis is justified when you are making relatively large budget decisions. But for relatively small marketing investments, the overhead would be too costly. Therefore, many marketers don't invest the time and instead make a leap of faith when the sample size feels reasonable to them. Regardless of whether you take the shortcut or do the statistical analysis, once you adjust your marketing mix, I recommend that you go back to measuring the trend of sales attributable to marketing efforts. That way you can reassure yourself that the reallocation of your marketing spend has succeeded in increasing business volume.

Challenges to Overcome

It is easy to win friends for multichannel metrics. What's not to like about them when they are so incredibly useful? Well, to paraphrase Spiderman, with great opportunities come great challenges.

Data Collection and Integration Challenges

Foremost, there is the challenge of collecting customer behavior data from all channels and fusing the data to form a complete picture. Partially, the challenge is just in terms of know how. There are very few sources to turn to for advice on methods that should be used. There are analytics experts within each of the islands of online, direct, and brand marketing; however, they haven't shared much with each other in the past.

In fact, the deeper you are in any of these three disciplines, the more confusing the data can sometimes get. For example, even within just web analytics, there are multiple data collection methods that each will yield different numbers for the same website. But that kind of ambiguity has not stopped web marketers from turning web analytics into a gold mine by improving website results. Likewise, it should not stop multichannel marketers from doing the same across online and offline.

Even with the best know how, though, the actual data collection and integration still requires effort and typically a custom implementation. Every company has a different mix of systems and data items that are vital to it. Therefore, the implementation is less like traditional web analytics where the data sources are somewhat standardized. Web analytics applications come with prebuilt algorithms that can assemble raw data into a coherent picture. Instead, a multichannel metrics implementation is more like database marketing where off-the-shelf applications provide flexible capabilities for reaching and joining data sources as needed. This too, however, should not stop multichannel marketers because it is something that has already been done millions of times in direct marketing.

That same thought continues into the warehousing of multichannel data. Web analytics data has the nice advantage that most of it can be housed in generic data models that come prepackaged with off-the-shelf software. Multichannel data is less generic, especially when it comes to customer characteristics that each company stores. Hence the resulting multichannel data warehouses differ more from company to company. Yet, is that a reason to stop marketers? If it were, then no catalogs would come in the mail because the same issue is true for direct marketing.

The bottom line is, the investment needs to be committed and justified just like any other marketing effort by proving the ROI that results from employing the multichannel metrics.

The effort that is required can be reduced by using technology that was designed with multichannel integration in mind. Often, legacy technology may not have been designed for the purposes of multichannel integration. For example, data may be held captive in proprietary data silos. With the popularity of hosted, web analytics solutions, online behavior data often resides outside the company's systems at a third-party provider. Data feeds are then required in order to integrate multichannel data back into a central location. For some companies, that data transfer across the Internet may raise security concerns. If the data is to be used to drive right-time, let alone real-time, customer communication applications, then this data transfer may pose an additional risk to factor.

Yet, data is not the only challenge. In fact, the following challenges need to be overcome before we even get to the data collection phase.

Fusing the Online and Offline Marketer into a Whole Marketer

Maybe the most enjoyable aspect of working at Unica is that there are many colleagues from both the online and the offline marketing worlds. We get to compare the view points of both sides first hand. As it turns out, multichannel marketing requires more than just integrating marketing methods and metrics. It requires integrating the mind-sets of the marketers.

Kevin Cavanaugh, a colleague at Unica, pointed out the following brilliant analogy. Kevin is a veteran in the marketing industry with one foot deep in the offline direct-marketing world and the other deep in the online-marketing world.

Online marketers tend to live in a mind-set that is somewhat akin to *The Matrix*, (from the movie under the same title). There is an unbelievable detail of data streaming in about every prospect's and customer's every click, every day, every time. Having so much data at hand, online marketers use web analytics to turn the otherwise useless data into insights with which to improve the success of website design and online advertisements. What do you *not* see in *The Matrix* as easily, however? A picture of the customer as a person! Online marketers have traditionally been more focused on prospecting and aggregate-level analytics rather than paying much attention to the individual customer relationship.

What about the offline marketer's world? The offline marketer's world is more akin to the TV show *CSI: Crime Scene Investigation*. Offline marketers are not blessed with the detailed data available to the online colleague. They have to leverage every bit of information that they can extract and derive about their prospects' and customers' wishes, needs, desires, and dreams. Over time, they have become very clever at using every bit of data that they can get their hands on. Additionally, the offline marketer has typically been at this job much longer than the colleagues on the website. As such, the better offline marketers have already taken to a relationship marketing approach rather than "one size fits all" or spamming. Yet, according to research, despite the availability of technologies that enable merging the web data warehouse with the customer data warehouse, most offline marketers cite that they still lack clickstream data in their databases.

In combination, it appears that the online marketers have all the data, but the offline marketers have figured out the better questions to ask. They should talk, yes? But read on.

Organizational Challenges

The literature on Integrated Marketing Communications is highly recommended for a deep exploration of the organizational challenges that can block multichannel integration. If your company is like most others today, marketing is still divided into advertising, customer marketing, and interactive marketing departments. Employees across departments probably don't cooperate nor even communicate with each other very frequently. In my own work with customers, I have seen lead employees who frankly do not care about the other departments' goals. It can seem almost as if they were not the same company.

Remedies to this management problem are beyond the scope of this book. However, it is worth pointing out briefly that the online and offline channel experts in each department need to cooperate through overarching generalists that ensure integration. As Bruhn points out in the *Guide to Integrated Communication* cited earlier, this co-operation cannot happen in a top-down manner because the generalists are not expert in the special opportunities or limitations within each of the channels. Yet, this cooperation can also not happen in a bottom-up manner because the channel specialists may not be looking beyond their plates. As a consequence, an iterative approach of down-up management is required. In other words, multiple rounds of refining top-down plans with bottom-up feedback.

However, marketing cannot even go it alone. IT is a strategic enabler for collecting, storing, and orchestrating all the multichannel data between the company's systems. The cooperation between IT and Marketing has received a bad reputation, and maybe most noticeably so for the web channel. As a result, many online marketers have bypassed IT wherever possible by outsourcing web analytics. Yet the offline piece is so inextricably dependent on the company's information systems that outsourcing has been less of an option. As a result, online marketers who want to become multichannel marketers need to make friends with their IT colleagues again.

Hire People Who Care About Performance

Embracing multichannel metrics requires that companies first embrace web analytics and offline analytics. As Rebecca Lieb, editor in chief of ClickZ, put it: "Analytics are like exercise equipment. You don't get a great shape just from putting the equipment in your basement." If you don't make exercising one of your top three priorities in the day, it is not going to happen either!

Yet, if you are a web analyst for example, you know that the state of affairs with adopting best practices for web analytics still leaves much to wish for at most companies.

Namely, while a web analytics solution is in place almost everywhere today, it has rarely also been staffed with at least one dedicated web analyst who can give metrics the necessary attention. As a result, most companies tend to run generic reports and stop at mundane statistics such as traffic counts. Few of the solutions' capabilities for providing guidance are employed. Few metrics are shared on a regular basis. When this is the case, not surprisingly, the web business is not getting into any better shape just from having a web analytics solution around. It is worth asking why this has been happening to companies because the same obstacles, at a minimum, will also transfer to the adoption of multichannel metrics.

What is the difference between those who get a web analytics solution and those who really *get web analytics*? The following advice by Tom Harrison of DigitalAdvisor may sum it up: "Hire people who care about performance." DigitalAdvisor is an online company that uses web analytics to help them understand how visitors looking for plasma TV and LCD TV reviews and ratings are using the site in order to improve their TV buying experience.

In 2005 the discussion in the web analytics user community first turned to the phenomenon that almost all website marketers have a web analytics solution in place; yet the vast majority is leaving all the money on the table by using it solely for low-value trend reporting. Even fewer leverage the high-value analytics at their fingertips for optimizing ad spending and site conversions. Countless best practices for approaching web analytics successfully have been published since then. For example, you need to start with your site goals, translate those into key performance indicators (KPIs), make sure that you don't have too many KPIs, assign each KPI to an owner, and work an incremental cycle of testing and improvements.

While many more marketers have adopted these best practices today, to be honest, the majority of companies are still not following them. Why not? Not enough people, other priorities, too busy? DigitalAdvisor has been able to increase business results five fold. These other companies are too busy for that? Obviously, most web marketing managers must not have their priorities straight—or they don't believe in the opportunity that waits for them in the analytics because they befriend too many bad users of web analytics and not enough superstars like Tom Harrison.

Why were DigitalAdvisor and Tom Harrison so successful? Tom says, "We believe that the only way to run our business is to run it by the numbers." So the foundation is that management cares about performance. On top of this foundation Tom recommends hiring people who care about performance, as he and his colleagues do. I think that is what it boils down to. If you care about performance, you are going to find ways to get the numbers and optimize. If performance is not among your top three priorities, then you will always be too busy—too busy for web analytics and way too busy for multichannel metrics.

Hire People Who Care About People

The leading businesses do hire people who care about performance. Yet, Bob Thompson rightfully pointed out, during a conversation on CustomerThink, that the leading businesses seem even more frequently to hire people who care about people. After all, metrics are only a means to the end goal, which is to provide a better customer experience and increase two-way value. That requires people who are excited about employing the metrics and methods toward this goal.

Is it a Chicken or Egg Problem?

Finding people of this nature is easier said than done. They need to be as good at understanding business issues as they need to be at understanding data issues. They need to be savvy in marketing and in IT. They need to be strategic thinkers, care about customer service, and still need to be analytic enough to dig deep into the numbers. They need sound judgment for distinguishing fad from opportunity. They need to be neutral enough not to favor the marketing channels in which they have personal experience, but seek out the ones that promise the best returns. On top of all that, they need to be good communicators to get the couch potatoes in their organizations to come on board with the program.

They need to be true multidisciplinary superstars, in other words. Needless to say, this breed of employee does not come readymade out of the typical school program. They are more likely to be molded on the job at companies where there is already a mindset in existence of multichannel integration, performance optimization, and customer service orientation.

As a result, there may be a chicken or egg problem for creating multichannel marketers: Many companies may not get started with multichannel metrics because of lack of staff with prior experience. Yet, many business analysts may not gain know how of multichannel metrics because their companies are not prioritizing them yet.

It is time to cut through the Gordian knot now to unleash the benefits of multichannel metrics for business optimization. It is time for some marketers to be the chicken *and* the egg. Let's cross the street between online and offline to shake hands with the marketers on the other side. Somebody has to take the lead; why not you? May the rest of this book be helpful as you create your own path across the camps.