Microsoft

EVOLUTION

+

FINANCE
PEOPLE
STRATEGY
CREATIVE
MEDIA
ANALYTICS

MARKETING PLANNING

Microsoft

“Vision is the art of seeing what is invisible to others.” -Jonathan Swift

Microsoft

> Great marketing starts with great planning.

@msftdynamics

A note **from** Microsoft

Welcome to the inaugural edition of Project Evolution, a quarterly publication addressing *the art of the possible* and *the science of the probable* around dynamic customer relationships.

We set out to create a publication by business practitioners for business practitioners —very different from typical Microsoft fare, which can be heavy on technology and Microsoft products and services.

This first issue is focused on Marketing in general, and Marketing Planning in particular. As consumers embrace new technologies at an increasing pace, marketers are also adopting these emerging platforms to speak with their customers. While these solutions may help marketers stay relevant, they also create a lot of inefficiencies inside a marketing organization, and perhaps more concerning, they build a large amount of fragmentation and disconnect into the customer experience. Brands must commit to building better customer experiences. These experiences start with great marketing that brings consistency across the marketing team, channels, programs, and phases of the customer life cycle. Marketers must deliver this in a way that is scalable and enables visibility into spend, response, and return on marketing investment. This commitment only comes to fruition through Marketing Planning. Great marketing starts with great planning.

We're thrilled to invite you to browse the thought-provoking ideas in this issue through a marketing practitioner's lens. Our cover story on Marketing Planning takes a look at creating alignment between the people, process, and technology that support your marketing. We've got a cool twist on FAQs, called the Unfrequently Asked Questions (uFAQ) which answers the questions you didn't ask. Our *Deep Dives* section features in-depth looks at approaches to building a smarter marketing strategy, a practical look at localization in a global economy, and the truth about big data and how to make it work for you.

This issue's Interview is with Microsoft's Fred Studer, General Manager of Product Marketing for Dynamics CRM. His passion for marketing and vision around customer relationships are helping to spur Microsoft's transformation into a devices and services company. Also look for our other sections chock full of stats and infographics: Versus looks at Facebook vs. Twitter vs. LinkedIn while *Bytes* and *Briefs* looks at things you care about at-a-glance: *finance, people, strategy, creative, media, and analytics.*

We hope you enjoy this edition of Microsoft Dynamics CRM. This magazine is for you, so please reach out and let us know what you think, what you'd like to see in future issues, or just say hello.

Cheers,

JAMIE FIORDA and the Microsoft Dynamics CRM team

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Microsoft Dynamics

dynamics crm

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BRIEFS

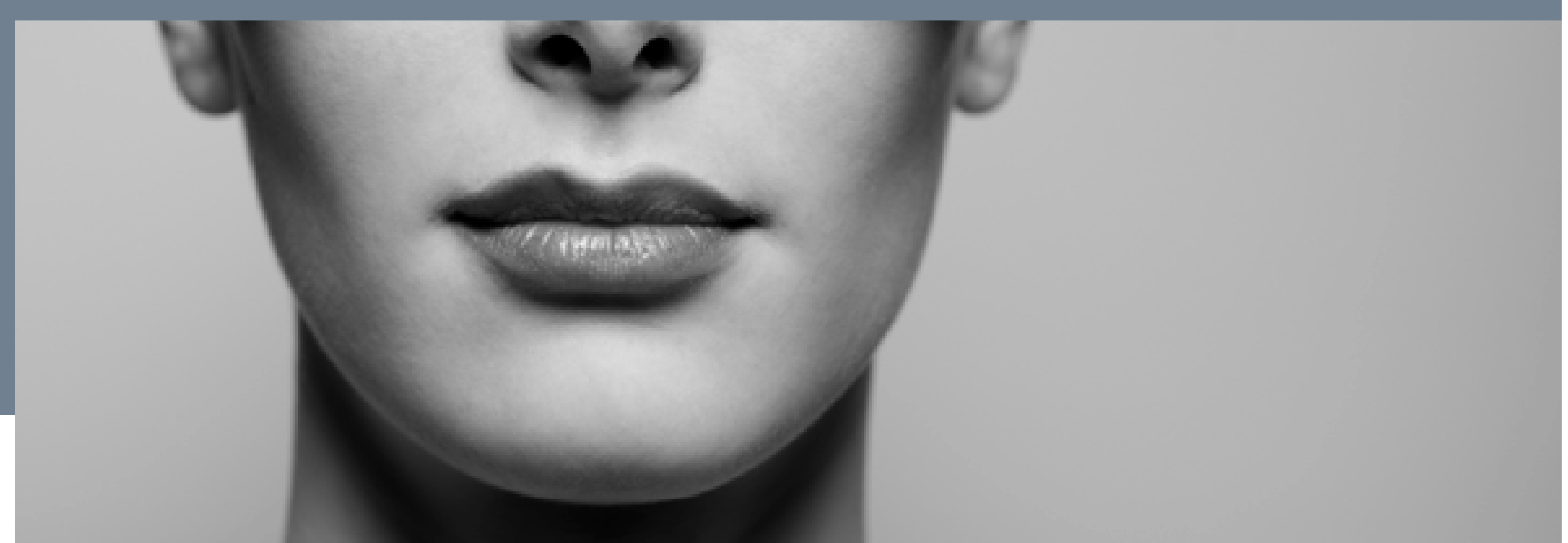
Briefs provide an overview of important and emerging marketing topics.

DEEP DIVE

Explore these informational and educational articles written to provide applicable knowledge to help improve your marketing.

BYTES

Bytes offer a quick glance at some new data, insights, and ideas.



MARKETING PLANNING

With growing fragmentation in the marketing world, the next major evolution in marketing is designed to bring it all together.

16

Average number of marketing tactics being deployed by enterprise businesses

Welcome to the modern era of marketing. The Don Draper days of advertising are behind us. Print, once a marketing staple, is going the way of the Dodo bird as emerging technologies open up a plethora of new marketing opportunities. In 2013, enterprise businesses were using an average of 16 different marketing tactics, resulting in nearly two-thirds of them citing a lack of integration across marketing as a significant challenge (Content Marketing Institute, 2013). Marketing is growing in complexity, and finally, the tools to help manage it all have arrived.

> *"Marketing automation is a lethal secret weapon for marketers."*

Marketing Planning tools help marketers align the resources, people, processes, and technology that support their marketing efforts. This coordination and automation has been shown to have drastic results on marketing performance. A 2011 study by Oracle reported roughly a 575% increase in qualified leads and a 200% higher conversion rate for campaigns automated with Marketing Planning tools. Let's take a deeper look into what these tools do.

Collaboration
Marketing Planning tools centralize working documents so that all team members can have access to the latest version, make edits and notes, and assign tasks to other team members.

Workflow Management
Workflow management is simplified by centralizing objectives and communications. By defining workflow activities and assigning tasks, Marketing Planning tools allow for more visibility into the project status, which can help identify and proactively address deadlines that are at risk of being missed.

Budgeting
Greater visibility into the workflow provides greater visibility into budgets. Marketing Planning tools help marketers manage budgets, expenses, and attribute incoming revenue to various marketing investments.

Digital Asset Management (DAM)
Gone are the days of dozens of file iterations. V1...V2...V2.1... DAM systems within Marketing Planning software help streamline your file storage and retrieval. Not only can they centralize and organize your assets, but they can couple these assets to different workflow activities and tasks, making campaign execution even faster and easier.

Brand Management
A valuable piece of establishing workflows and centralizing digital assets is that it helps you build a more consistent brand. Marketing Planning tools allow everyone to work with the same approved assets and can add oversight and approvals to the development and execution process.

Social Media Management
The notion that social media is free was short lived. It's no secret that successfully managing social media takes a lot of content development and management. While they can't yet crank out topical whitepapers, Marketing Planning tools do offer many features that can help make managing your social media marketing a lot more efficient and effective. Tied into their workflow management and digital asset management tools, users can manage content schedules, assign posts to different users, approve posts and content before they go live, and have assets centralized and available at a moment's notice. In the fast moving world of social media, efficiency is key.

Media Planning and Buying
The media planning and buying tools in Marketing Planning software help make the process more efficient and accurate. On the front end, media planners can review historic campaign costs and performance to help them make more informed decisions about upcoming campaigns. Buyers can build campaigns and issue insertion orders from within the tools. On the back end of the process, marketing managers can view the plan to see what creative assets need to be developed for the campaign. Once the assets have been developed, they can be appropriately trafficked based on the current plan. Since the insertion orders were set up in the tools, approving invoices is simplified.

> MRM's most impressive feature is its ability to tie individual marketing elements together to provide a singular, centralized, and cohesive look at your marketing.

Automation
Marketing automation is a lethal secret weapon for marketers. Content automation can help place appropriate messaging and creative on your website based on who the user is and where they came from. Similarly, emails can be programmed and automated to deploy based on individual user flows. This customization not only provides a more relevant user journey but has repeatedly been shown to produce better campaign results.

Analytics
Managing and executing your marketing through a Marketing Planning tool gives you unprecedented insight into marketing performance. As these tools tie together budget allocation, media, and on-site performance, they begin to provide you a window into your return on marketing investment (ROMI).

Integrated Marketing Management
Perhaps the culminating point of Marketing Planning is its ability to integrate all of these individual components. Whether you leverage workflow management, social media tools, or marketing automation from your software, the most impressive feature of it all is the ability to tie these individual elements together to provide a singular, centralized, and cohesive look at your marketing. --

MARKETING PROCESS

QUESTION
Establish what you know, what you don't know, and what you need to know in order to be successful. Don't make assumptions.

DISCOVERY
Explore your questions and find answers to fill information gaps. Questions that cannot be answered here may be answered through testing and measuring results.

Phase 1

STRATEGY
With your destination established, create an approach for getting there. Will you be taking a car, boat, plane, or walking?

Phase 2

PLANNING
Develop the tactical approach to reaching your destination. If your strategy sets your mode of transportation, the plan provides the turn by turn directions.

Phase 3

DEVELOPMENT
Build and gather the necessary assets and resources needed to bring the plan to fruition.

EXECUTION
Utilizing the assets and resources you've generated, deploy the established plan and push your program into market.

Phase 4

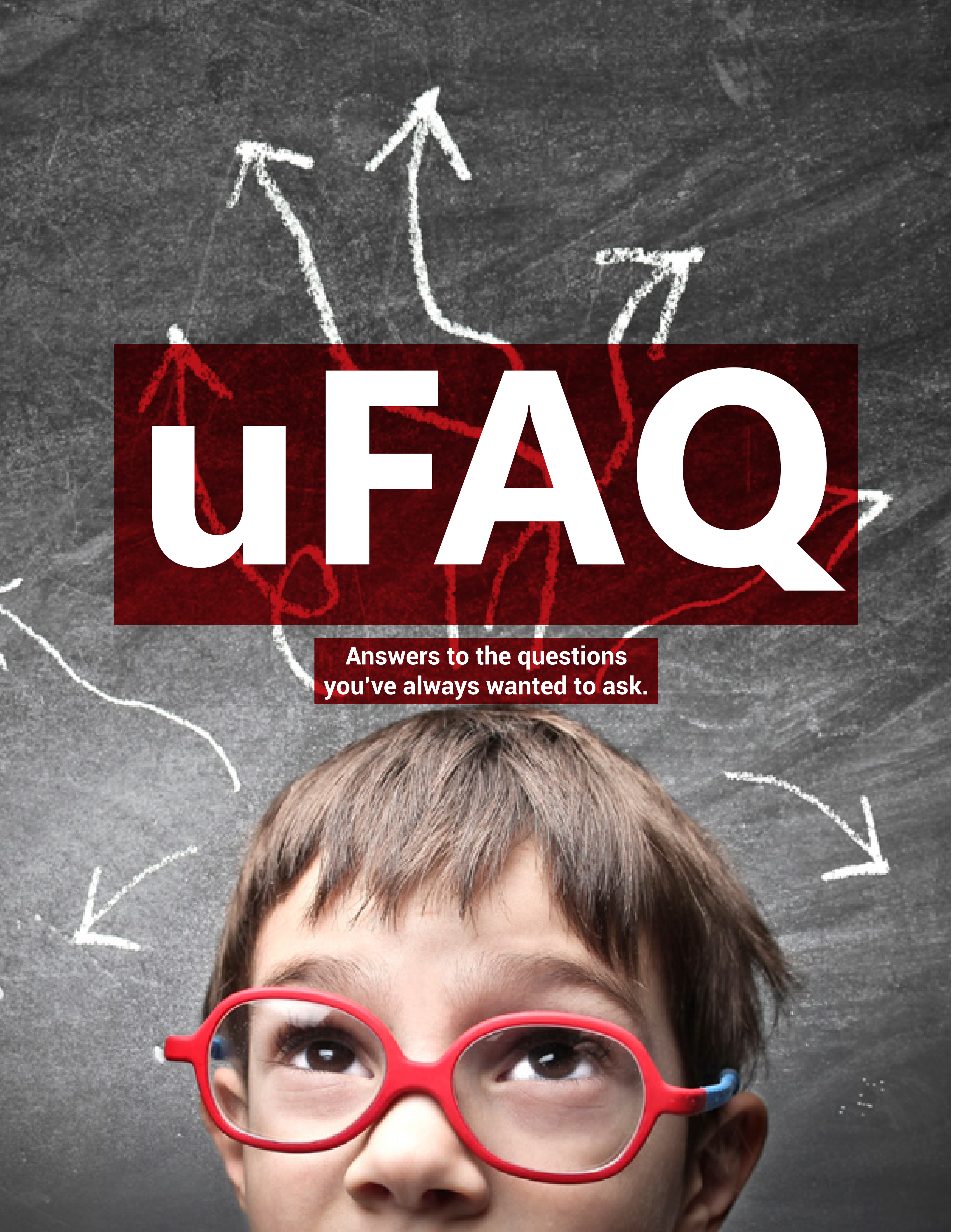
MEASUREMENT
Identify and measure marketing variables that will provide you with data that will help answer some of your outstanding questions.

ANALYTICS
Leverage your program data to help you find answers to unanswered questions and discover valuable marketing insights.

Phase 5

OPTIMIZATION
Use insights from your data to improve performance of live programs and to help make more strategic decisions on future programs.

Phase 6



UNFREQUENTLY ASKED QUESTIONS

What is an ad exchange?
To understand ad exchanges, let's first start with ad networks. Ad networks are companies that represent multiple websites and sell ads from across those websites. Ad networks initially fulfilled two main needs. First was to simplify buying across multiple websites. The second was to help smaller publishers, those who were not large enough to have their own representation, sell ads. By combining a group of small publishers, there was enough reach to attract advertisers.

It was an evolution of this second need that spawned ad exchanges. Ad exchanges, at least from the advertiser side, are similar to buying from an ad network. These ad exchanges were originally designed to aggregate and sell remnant ad inventory and inventory from small publishers. With a growth in popularity, an increasing amount of more premium inventory has become available on many ad exchanges. Because of the fragmentation of the inventory being sold on ad exchanges, they rely on technology platforms to manage their inventory. Right Media (Yahoo!), DoubleClick (Google), OpenX, and AppNexus are a few of the major ad exchanges.

These platforms facilitate bid based buying and selling. In action, this means that advertisers input a maximum CPM (cost per thousand impressions) that they want to pay and, in real time, the software will find available inventory that is at or under the designated max CPM, and "buy" it from the publisher on behalf of the advertiser. While the back end may be managed slightly differently from ad networks, for an advertiser working with a rep, there is little difference in their process. In fact, many ad networks backfill their own inventory through buying off of exchanges, so you may already be leveraging ad exchanges even if you're not aware of it.

What exactly is a DSP?
A DSP, or demand-side platform, is software that enables media buyers to access and buy inventory from multiple ad exchanges and from multiple data providers through a single interface. When ad exchanges were first established, media buyers could only buy ad exchange inventory through a sales rep. DSPs now give buyers the tools and access to buy and manage campaigns directly from the exchanges.

DSPs act as a sort of "self-serve" tool for ad exchange buying, allowing media buyers to set parameters like target audience, maximum CPMs (bids), frequency caps, and budgets. Once the campaign is set up in the DSP, the buyers can optimize inventory and bids based on the media and overall campaign performance.

What is an eCPM?
eCPM stands for effective CPM. Digital media buyers historically bought inventory based on a CPM (Cost Per Mille or cost per one-thousand impressions). For example, a publisher may have inventory available at different CPMs, let's say $1, $2, $3...$10. If a media buyer bought 10,000 impressions at a $4 CPM, this would mean that they would buy 10,000 impressions that were for sale at a $4 CPM. Their net cost would be $40 (10,000/1000 * $4 = $40).

Now consider this: for that advertiser, some of the $1 CPM impressions might

> Social media does not change the fundamentals of marketing

perform better than the $4 CPM impressions that they bought. Also, there might be some $10 CPM impressions that would perform quite well also. When buying based on an eCPM, the advertiser will buy the best inventory they can, regardless of CPM, as long as the average CPM, or effective CPM, is the same. So per our previous example, the advertiser would still pay $40 for 10,000 impressions, but the impressions would come from different CPM inventory. In theory, this buying method helps publishers be more efficient with their inventory, giving the best available inventory,

"Sometimes the social media messages you send aren't as important as the messages your social media sends about you.

The misconception is that your tweets, posts, and updates are the only messages you send through your social media.

regardless of price, to each respective advertiser. From the advertiser's perspective, it should help performance because it allows optimization across a greater pool of impressions.

Should I hire an intern to handle my social media?
Absolutely. And definitely not. Millennials have a distinct advantage when it comes to social media. Many of them have been heavy users since its inception. It was made for them. They understand how it functions and are efficient at managing it. By all means, let an intern execute your social. Do not let your intern set your social media strategy or dictate what your plans should be. Despite what people may tell you, social media is not "changing the way we do marketing." It's a tool. A very powerful tool, I'll give it that, but it is simply another tactic through which you can execute a marketing strategy. Social media does not change the fundamentals of marketing. While it might change the means by which people get information, it does not, in and of itself, change why people buy. Word of mouth and social proof were important to consumers long before they were broadcast on Facebook. So in short, yes, leverage the expertise of your young employees, but also understand their limitations. Don't be afraid to lean on your own marketing knowledge and expertise to set your social media strategy.

What's more important on social media: quality or quantity?
This seems to be a hot topic as of late, and if you do any research on the topic, you'll see a lot of people trying to convince you that quality is key. While I'm not going to tell you that is wrong, I am going to tell you that it's not so black-and-white. Consider this: your social media presence is just another marketing tactic through which consumers will make assumptions about your company. Based on how you're using social media, there are times where high quality interactions are vital to success. It's easy to understand the value of 500 brand evangelist followers vs. 10,000 random people who don't really care about your brand. The messages you send out to the 500 high quality fans will have a greater impact on those people and your business.

The misconception is that your tweets, posts, and updates are the only messages you send through your social media. Non-verbal communication is often more powerful than verbal communication. It is not that difficult to image two different websites for a company. Let's assume that they have identical copy, but one is beautifully designed with brilliant imagery while one looks like it was built in 1995. The messaging is irrelevant to how your company will be perceived by someone visiting these sites. Sometimes the social media messages you send aren't as important as the messages your social media sends about you. Whether you like it or not, large, popular, sought after brands have hundreds of thousands of followers. Even if they are the best followers you could ask for, if you only have a handful of followers, is this sending out the message you want it to? --

What is the blue "i" icon on banner ads I keep seeing?

The Advertising Option Icon is displayed on banners that are leveraging user data.

The development of behavioral targeting based on user cookie profiles has raised many privacy questions.. Starting in 2011, the Digital Advertising Alliance, consisting of some of the largest marketing organizations in the US, developed a program to help consumers understand their privacy rights and expectations. The result was the creation of the Advertising Option Icon, which is displayed on ad banners that are targeted leveraging user data. Although self-regulated, to date, most major publishers have implemented the tag into their ads. Clicking on this icon will give the consumer more information about behavioral targeting, help them understand why they were targeted, allow them to opt out of being targeted based on their user data, and frequently even lets users update their information to get more relevant ads.

FRED STUDER

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Accounting & Finance
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INTERVIEW

What brought you to Microsoft?
The amazing opportunity to join so many brilliant people with the common aspiration to improve the world! We do it every day!

How do you define MRM?
It's completely evolved. Gone from quarterly tracking of marketing goals, collateral and dollars to optimizing search, social connections and impact. And tuning that mix minute by minute.

Can you give us a rundown of Microsoft Dynamics CRM? Any recent or upcoming changes? What is distinct about your approach to MRM?
It's a fact that most sellers, marketers and service people hate their CRM. They HATE them! It's because our competitors have forced the use of stale, decade old applications of oppression into the market. Our philosophy with Microsoft Dynamics CRM was to create applications for people. To help them get things done. To change the game. In order to do that you have to start with the people in mind. And build apps that people will LOVE to use! That's what we will deliver with CRM 2013. With regards to marketing, it's about taking that people first aspiration down to each individual marketer. To give them the power to do awesome marketing, not to worry about technology. We give

> "MRM will ultimately put people into space, solve world hunger, and put an end to global warming."

Versus

Which is more likely to be around in 15 years?

~~Facebook or Twitter~~

Twitbook

Which is more likely to be a success?

Glass or iWatch

Which is better at driving leads?

Email or paid search

Which will be gone first?

Print or broadcast radio

Where is the greater growth opportunity?

Clouds or mCommerce

Which is a better investment for businesses?

Blogging or Facebook

Which is a more iconic ad campaign?

Mastercard Priceless or Old Spice Man

What's more likely to happen first?

~~Seattle wins a NBA title or Seattle wins an NHL title~~

Don't be afraid to take risks, learn from failure fast, and do everything with style and flair.

-Fred Studer

them an ability to start with solid resource management that translates into incredible multichannel marketing execution. We aspire to help them to make epic marketing happen!

Where do you see MRM going in the future?
I think it will ultimately put people into space, solve world hunger and put an end to global warming. Obviously after it helps companies plan for ridiculously awesome marketing.

What are the biggest obstacles to bringing this vision to fruition?
Speed of adoption is going to be our biggest challenge. As the software development cycles continue to increase we must rethink the entire upgrade and adoption strategy for our users.

Is there a recent or emerging technology that you think could change the future of MRM?
I would say that social and mobility have given way to a completely new mind set. That mind set is one of constant commutations, exponential virtual touch points and brand new decision cycles. These have been as a result of many new technologies, and I believe, have caused and will continue to drive tectonic shifts in how people consume and interpret marketing forever.

Out of all of the changes in the marketing world over the past 20 years, what do you consider to be the most significant and why?
Social networks because they are intolerant and unforgiving of fluff and fiction.

What do you see as the next major evolution in marketing?
Predictive and individualized marketing enabled by the improvement of big data and actionable analytics.

What tools are in your personal marketing arsenal?
Solid resource management, great analytics and amazingly creative people. It's the trifecta where magic happens!

Have there been any new technologies or platforms that have caught your attention lately?
I have been fascinated this company called Skybox Imaging who are launching 24+ satellites. They provide access to the near realtime HD images of the earth. The opportunity for companies to leverage these images to make more informed, data-driven decisions is very cool.

What marketing tools/ strategies do you see as being undervalued?
Good old fashioned guts.

What brands do you envy or think they're "doing it right?"
It would be a tie between Redbull and Old Spice. Great and inspiring marketing. Who doesn't get fired up about space jumps, extreme mountain biking or Formula One?

What do you believe is the greatest challenge marketers' face today?
Worrying about how little dollars they have rather than getting out there and innovating.

With such a cluttered landscape, what can brands/marketers do to be truly different?
Always start with your customer and how you will help them deliver on their purpose better than anyone else. Clear and valuable differentiation always sells.

What's the best piece of advice you'd give to a new markter?
Don't be afraid to take risks, learn from failure fast, and do everything with style and flair.

What's the best piece of advice you'd give to a fellow veteran markter?
Help and inspire the new marketers. Don't be afraid of the competition, but embrace it. You'll probably learn something too ;) --

VERSUS

FACEBOOK VS TWITTER VS LINKEDIN

Social networks are an important part of many marketing plans. Facebook, Twitter, and LinkedIn are the three largest social networks. Get the best return from your social media efforts by leveraging the most appropriate platforms in the most effective ways.

48% OF INTERNET USERS ARE ON THESE SOCIAL NETWORKS

THE PERSONAL PERSONA

Get personal. Build authentic relationships. Add value by sharing content that helps people look good in front of their peers.

THE PUBLIC PERSONA

Tech savvy socialites. Add value through publishing unique and interesting content. Large first mover advantage.

THE PROFESSIONAL PERSONA

More about the individual than the brand. Focus on connections. Add value by giving back and offering professional support.

WHO, HOW, AND WHEN TO USE

FACEBOOK

Who With Facebook's size, it is easy to find users of all ages, genders, interests, backgrounds, locations, and careers. When compared to Twitter and LinkedIn, Facebook skews younger. This younger group also happens to be the most active users as site usage is inversely correlated with age.

How People take Facebook very personally, more so than other social networks. It has a sense of personalization that makes people feel as though it is an extension of themselves, perhaps one of the reasons people are so defensive about privacy issues. People share personal information, photos, videos, and have private conversations with friends on Facebook. It is also a frequent procrastination tool.

When to use Facebook is largely about social interaction and reputation. People obsessively check posts to see how many friends commented and liked it. Brands who are looking to building genuine social relationships with their customers (admittedly difficult to do at scale), or those who have enough of a "cool factor" that their fans can gain clout through association, can find great success on Facebook. A Facebook Page in and of itself is not a strong awareness building tactic.

TWITTER

Who Twitter users are active, tech savvy socialites. They skew slightly older than Facebook, but younger than LinkedIn. When compared to average users, Twitter users are significantly more likely to travel, be early adopters, start a new business, change jobs (even more so than LinkedIn users) and be dating.

How Whether it's news, entertainment, or sports, Twitter has replaced the RSS feed for getting information. Users sift through hundreds of post and peek at what interests them. While it's also about sharing, the data suggests that the vast majority of tweets come from a small number of users (a recent University of Illinois study found that the top 15% of users account for 85% of tweets).

When to use Twitter is about headlines and reading information. People on Twitter like to be the first to know. Brands who have unique, fresh, entertaining, and interesting content (news, deals, etc.) to share can find great success on Twitter. Select brands have had success using Twitter for customer service interactions, although it could be argued that encouraging complaints in such a public forum could be counterproductive. Brands looking to build relationships with their customers may have more success on other platforms.

LINKEDIN

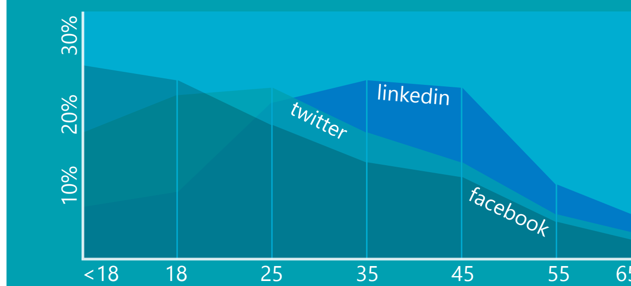
Who LinkedIn users skew older and slightly more affluent. Similar to Twitter, they are active travellers and job seekers, but tend to be less tech savvy than those on Twitter.

How Recent changes to LinkedIn have both increased site usage as well as changed how people use LinkedIn. Where it used to be a professional Rolodex, it is becoming a portal for users to share and read industry related news. Due to the nature of the site, the information and content posted on LinkedIn remains more professional.

When to use LinkedIn is very much about one-to-one connections. While they do offer groups and company pages, it remains largely about interconnections, as opposed to pushing content. LinkedIn is a great tool for companies who have either a large number of individuals or highly influential individuals who act as public brand evangelists.

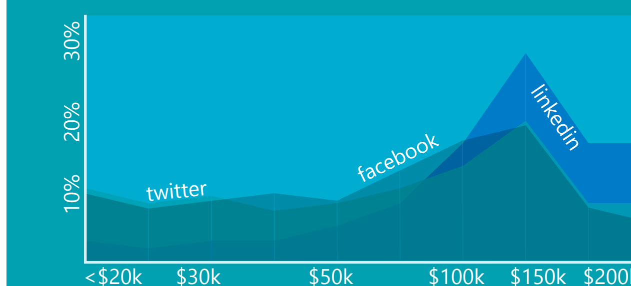
BY THE NUMBERS

Age



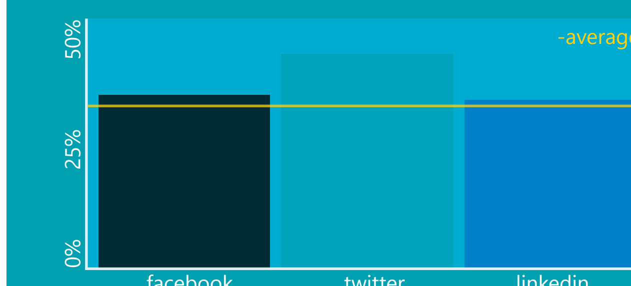
While the size of these sites brings users of all ages, Facebook has the largest percentage of younger users where LinkedIn has the largest percentage of older users. Twitter users fall in the middle (Quantcast, 2013).

Household Income



Twitter and Facebook users have similar HHIs, which remain flat except for a spike around $150k. LinkedIn skews heavily towards more affluent users, not terribly surprising given the professional nature of the site (MRI, 2013).

Values Social Status



TWITTER USERS VALUE HIGH SOCIAL STATUS 30% MORE THAN AVERAGE USERS (MRI, 2013).

EMERGING IDEAS

1

Biometric Systems

Biometric security systems turn fingerprints, faces, eyes, and voices into personalized passwords. While the concept is not new, developments now allow for smaller and more advanced systems.

Perhaps the most promising opportunity with biometrics is to advance mobile payments. Biometrics may bring the much needed security to mobile phones that would enable larger scale adoption of payments via mobile phones or even using a fingerprint in place of a credit card.

Biometrics may also enable more personalized experiences. Imagine an airport kiosk that recognizes you as soon as you approach, a family computer that targets ads based on the family member who is using it, or being displayed personalized offers as you walk through a store.

Integrated Tech

In a relatively short period of time, our digital world has completely infiltrated all aspects of our traditional world. Computers are no longer meant to live on desks, but in cars, washing machines, refrigerators, furniture, fitness equipment, shoes, and beyond. This technology growth has brought us some amazing possibilities but its unprecedented rate of development has left us with a fragmented world of gadgets.

New technologies like low energy Bluetooth 4.0, NFC, Wi-Fi, cloud computing, and faster mobile processing are all playing a role in bringing cohesion to this fragmented digital world. Integrating these technology solutions not only makes for a better user experience, allowing all of your technology to be managed from a single place, but it opens the door for opportunities like larger scale smart energy grids that could intelligently distribute power to reduce waste.

2

3

Smarter Smart TVs

TVs as we know them are changing in front of our eyes. According to IHS Screen Digest, more than a quarter of the TVs sold in 2012 were Internet-enabled. It is projected that market penetration of smart TVs will reach 55% by 2015. And this figure doesn't take into account Internet-enabled set-top boxes like the XBox, Apple TV, Roku, and the new Chromecast, which bring Internet access to not-so-smart televisions.

This on-demand viewing will create a massive shift in how marketers approach TV advertising. For starters, it will allow publishers to deliver more relevant advertising to their users. If two households watch the same late night talk show, they may receive different ads based on other content they each watched earlier, or perhaps even based on the content they viewed on their computer or a store they checked into on their phone.

This digital integration will also give advertisers a unique ability to pair together multi-screen experiences. This may be a "request for more information" button on the TV that will email the viewer a follow up or the ability to target online display ads to a user who has recently seen a particular TV commercial.

This evolution is happening at a rapid pace and the possibilities that accompany it are seemingly endless. As new technologies enable us to provide more seamless experiences for users across our media mix, MRM systems provide us the tools to ensure a consistent and cohesive brand experience across all of these evolving touch points.

bytes

GREATEST CHALLENGES IN CALCULATING ROI

44% | Connecting marketing activities to specific revenue

40% | No integrated system to manage necessary data

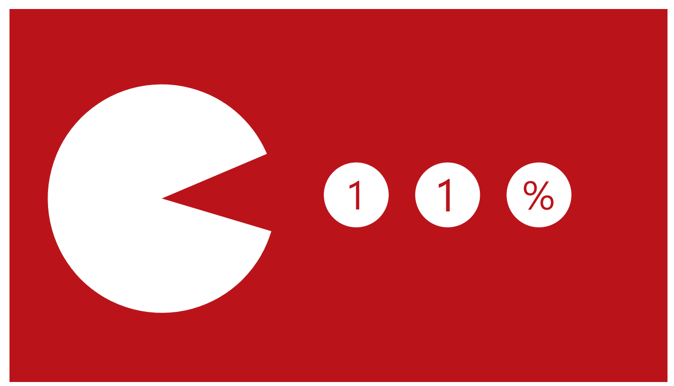
30% | Doing data analysis at campaign level

22% | Connecting marketing activities to specific spending

Teradata, 2013

ON AVERAGE, MARKETING SPEND ACCOUNTS FOR 11% OF REVENUE

Up from 8.5% a year earlier, new services, CRM, and new products account for the 29% growth in spend rate.



PROJECTED **6.1%** GROWTH IN OVERALL MARKETING SPEND

A 2013 CMO study from Duke University projects a 6.1% growth in overall marketing spend over the next twelve months.

DIGITAL MEDIA GAINS GROUND IN ASIA

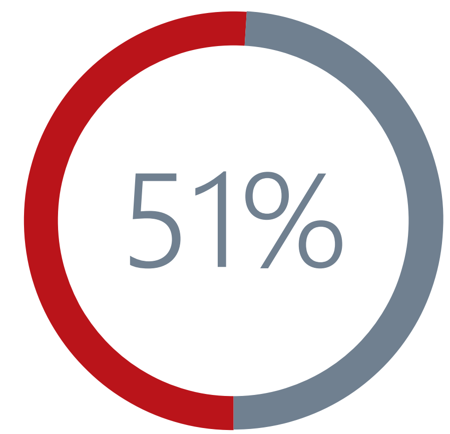
Japan and South Korea account for 15-20% of overall ad spend and it's on the rise. Digital is gaining ground in China as well, but it currently accounts for only 3-5% of overall ad spend (The China Tracker, 2013).

ONE POINT TWO PERCENT

Across all business sectors, an average of 1.2% of sales go towards marketing. Industries like Oil, Gas & Chemical, and Wholesale pull this average down, at 0.4% and 0.5% respectively. Consumer products spend the largest share, at 6.6% (Schonfeld & Associates, 2013).

THE VALUE OF MARKETING

A 2013 study by Forrester Research reported that only 51% of B2B CMOs felt that marketing's financial value to the business was clear, with only 10% strongly agreeing.



TRACKING REVENUE PERFORMANCE

While over half of marketers track email engagement, only about 20% attempt to calculate revenue performance against their marketing efforts (Oracle, 2013).

ROI

RANKING ROI BY MARKETING CHANNEL

SEO REIGNS SUPREME

SEO outranked all other marketing channels for ROI ranking with 75% of respondents scoring it as either excellent or good.

EMAIL SHOWS STRONG ROI

A not-too distant second place finisher, email ranked well for ROI with 66% of respondents scoring it as either excellent or good.

PAID SEARCH AND CONTENT MARKETING

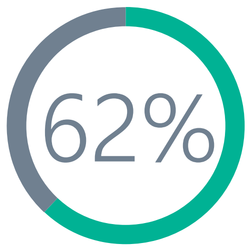
Behind email marketing, paid search and content marketing rank third and forth, respectively, for driving the best ROI.

BOTTOM OF THE BARREL

Online display advertising and mobile marketing rank at the bottom for ROI, with 28% and 25% scoring them as poor performers, respectively.

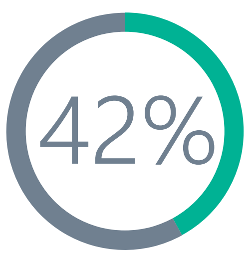
Econsultancy, 2013

EXPANDING DIGITAL INITIATIVES



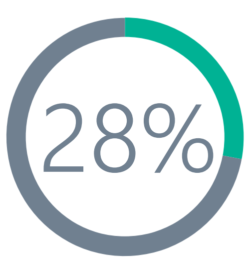
INTERNAL

62% of brands said they'll increase internal resources to manage expanding digital plans



EXTERNAL

42% of brands said they'll increase external resources to manage expanding digital plans



DIVERSIFY

28% of brands said they'll diversify their agency partnerships to focus more on specific areas of expertise

TOP CAREER CHOICE FOR 2013

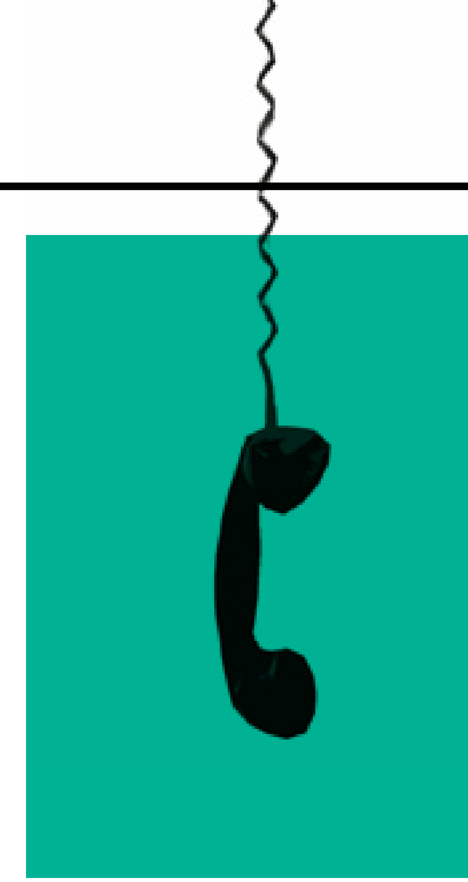
The U.S. Bureau of Labor Statistics listed Market Research Analyst as the fastest-growing occupation in 2013. The field will undergo an estimated 41% growth in 2013 as more businesses, research firms, and government agencies are using marketing research methods to improve their efficiency. Common degrees for analysts are in business, math, statistics, or in sciences. The median salary for a Market Research Analyst is $60,250.

SAME LOVE, MORE SHOPPING: LGBT HOUSEHOLDS MAKE 16% MORE SHOPPING TRIPS THAN AVERAGE.

Same-sex partnered households make an average of 173 shopping trips per year, 16% greater than the U.S. average, spending an average of $8,651 annually vs. the U.S. average of $6,898 (Nielsen, 2013).

WOMEN DOMINATE THE COMMUNITY MANAGER ROLE

Sixty-five percent of community managers are female. The average salary for a community manager is $51,647, and the average age is 30 (Social Fresh, 2012).



THE SMALL CUTBACK

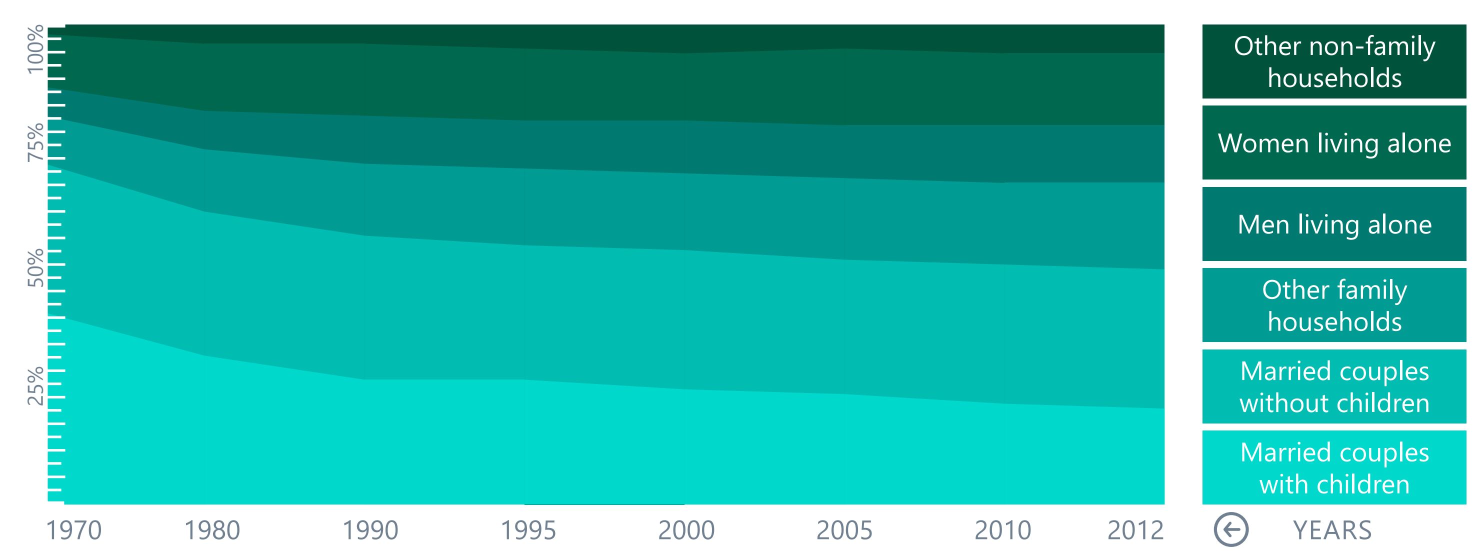
A study from Harris Interactive showed that consumers are cutting back on small ticket items to save money. Of note, when comparing the second half of 2012 and the first half of 2013, consumers were choosing generic brands 9% more of the time and there was a 25% increase in consumers ditching landlines.

REDEFINING INTELLIGENCE

Are GPAs and college degrees still meaningful indicators for future employee success? In the next 30 years, more people worldwide will graduate from college than since the beginning of time (UNESCO, 2006).

THE EVOLUTION OF THE AMERICAN HOUSEHOLD

The American household has gone through some major shifts over the last several decades. Where married couples once made up over two-thirds of all households, now they make up less than half. The share of households with married couples and children has more than halved since 1970. There has been notable growth in men and women living alone, with women being 24% more likely to live alone than men. Other family and non-family households have also had significant growth, nearly doubling (94% growth) from 1970 to 2012 (US Census Bureau, 2012).



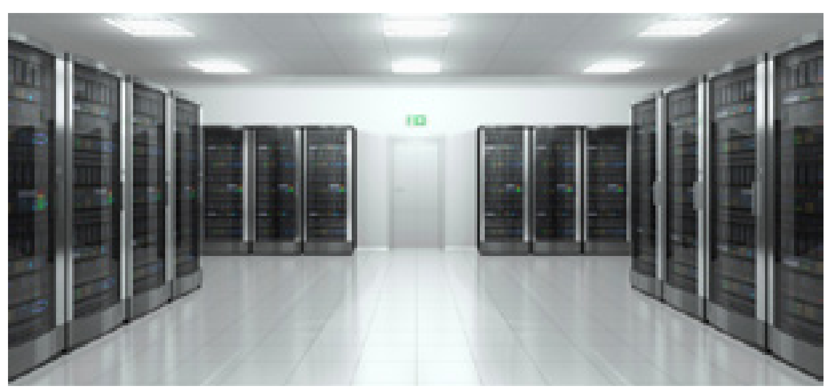
10x

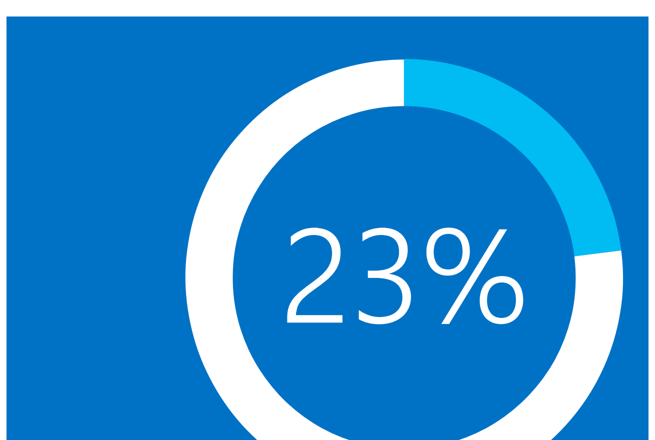
TRYING TO GET IN TOUCH WITH NEW LEADS? ACT FAST.

Slow follow up can be detrimental to building relationships with new leads. The chances of reaching a new lead are 10x higher when they're contacted within the first hour (InsideSales, 2012).

Over a third of marketers cite deficiencies in IT as a cause for failing to meet customer demands and expectations.

Kikablink, 2010



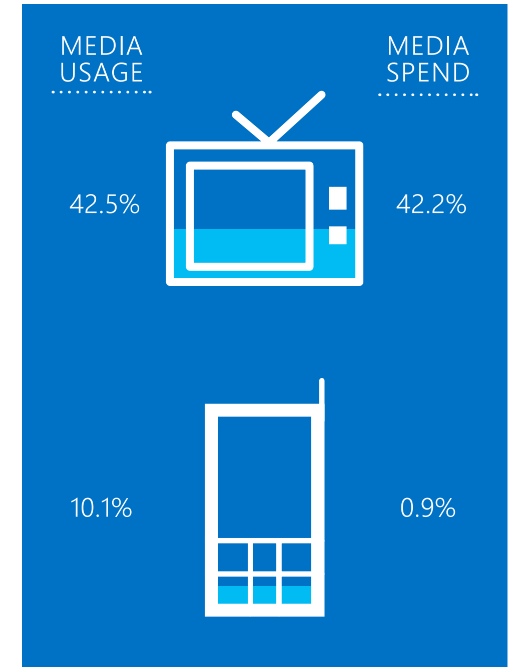


ONLY 23% PERCENT OF COMPANIES FEEL THEY PERFORM WELL AT MRM

Marketing resource management fell to the bottom of a list of things businesses felt they performed well at. The only other activity that ranked worse was "Outbound and inbound marketing customer interaction management," at 10% (Forrester, 2013).

NO AD LOVE FOR MOBILE?

An eMarketer study reported that despite mobile accounting for 10.1% of total media consumption, it only received 0.9% of total ad spend. In contrast, TV accounts for 42.5% of media consumption and receives a proportionate 42.2% of total ad spend.

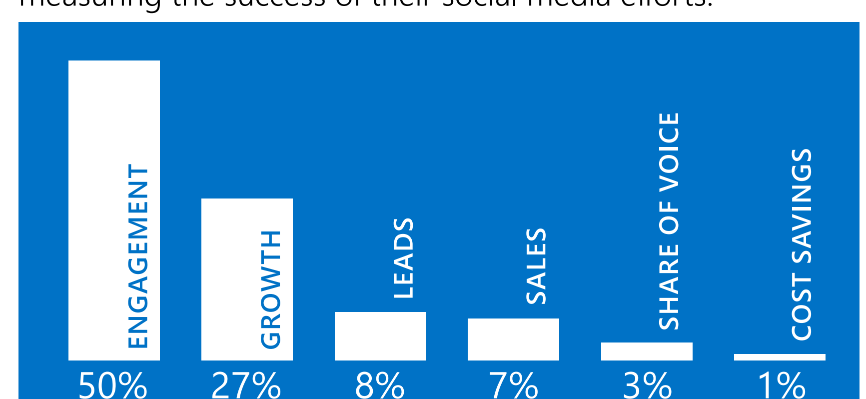


CHARACTERISTICS OF A SUCCESSFUL CIO

A Gartner study looked at the characteristics of CIOs from the top 25% of companies by earnings. The top listed qualities include vision, persuasiveness, and a willingness to take risks.

DEFINING SUCCESS

Social Fresh surveyed 304 community managers to gain a better understanding of how social media professionals were measuring the success of their social media efforts.



THREE STRATEGIC ASSUMPTIONS

When building a marketing strategy, there are three key strategic assumptions to keep in mind while planning.

ASSUME THE LCD

Plan for your lowest common denominator consumer. Assume the lowest level of intelligence and attention. The Mason Test, named after the nine-year-old son of an agency exec, states that all work - ad campaigns, client presentations, etc. - must be simple enough to be understood by a nine-year-old child. Make it easy. As Timothy Prestero says, "There is no such thing as a dumb user, only dumb products."

ASSUME NO ONE CARES

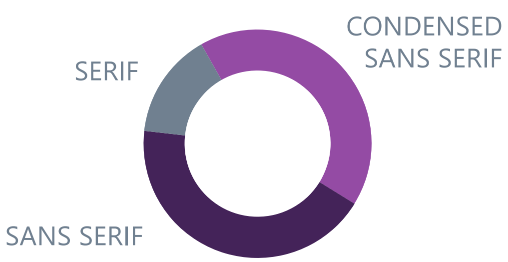
We invest a lot of time, energy, and heart into our work and thus, it is very important to us. Our customers don't. Don't assume that because something is meaningful to you that it will matter to a consumer. Ask yourself, "If what we're producing had no brand affiliation, would there be a demand for it?"

ASSUME LAZINESS

Similar to assuming the LCD, assume that consumers are lazy. Make products, campaigns, and information as easy to use and understand as possible. If you need to rely on the consumer to interpret or "figure it out," you need to find a way to simplify. To quote Timothy Prestero again, "Make it hard to use wrong. You want to make the right way to use it, the easiest way to use it." Simplify.

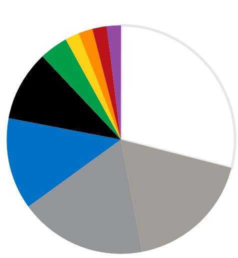
DATA

DESIGN TRENDS FOR INFOGRAPHICS



FONT

CHART

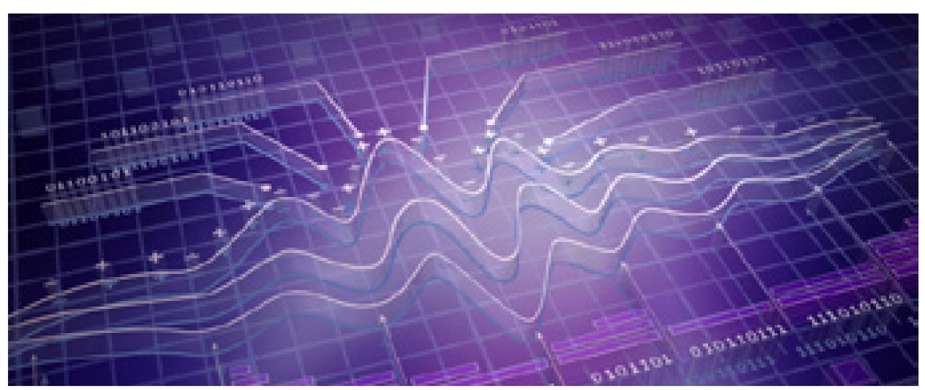


COLOR

Visual.ly, 2013

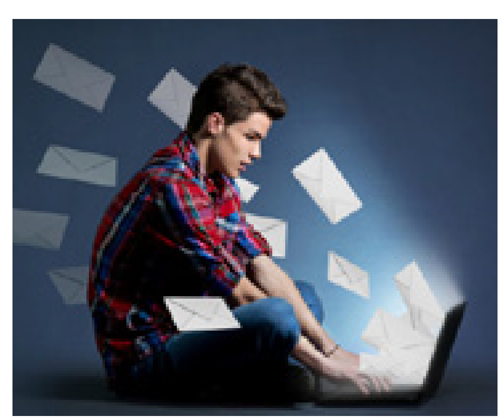
INFOGRAPHICS: MERGING ART & DATA

Infographics are artistic visual representations of data. Infographics have been booming over the last few years, with over an 8x increase in search volume, and there's lots of data to support why. Ninety percent of information transmitted to the brain is visual. Studies have shown a 112% increase in site traffic after publishing an infographic, and images are liked 2x more versus text on Facebook (Infolicious, 2013).



WANT HIGHER OPEN RATES? PERSONALIZE YOUR SUBJECT LINES.

Emails with personalized subject lines saw a 32% higher open rate than emails without personalized subject lines (MailerMailer, 2012).



26% THE AVERAGE ORGANIZATION SPENDS 26% OF THEIR MARKETING BUDGET ON CONTENT MARKETING

SOCIAL MEDIA REIGNS SUPREME

According to a study by MarketingProfs, 79% of organizations are using social media.

AVERAGE COMPLETION RATE BY VIDEO LENGTH

The lower the length of ad video the higher the completion rate.

15-second videos received a 76% completion rate

30-second videos received a 65% completion rate

>30-second videos received a 40% completion rate

IS THIS THE END OF QR CODES?

Despite a 30% growth in the smartphone market this year, the use of QR codes has remained flat, meaning that a decreasing percentage of smartphone owners have used QR codes (comScore, 2013). According to a 2013 study from Arbitron, only 21% of American smartphone users have ever scanned a QR code. Perhaps a URL is easier after all.

MOST POPULAR CHANNELS FOR ENGAGING WITH CUSTOMERS

- ONLINE ADS
- FACEBOOK
- EVENTS
- EMAIL
- TWITTER

KORN/FERRY, 2013

5000

THE AVERAGE PERSON SEES ABOUT 5,000 ADS EVERY DAY

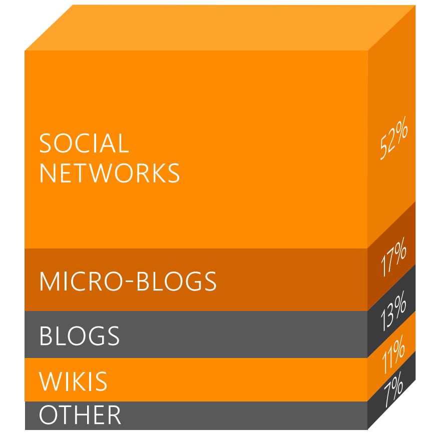
According to a 2007 study by research firm Yankelovich, consumers see an average of 5,000 ads and offers a day.

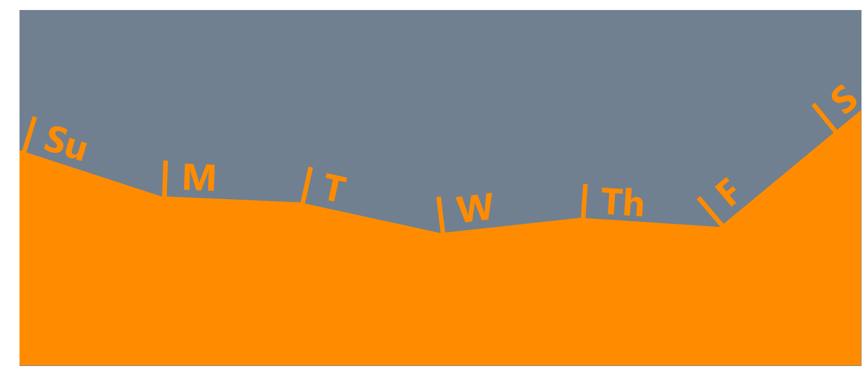
INCREASING ORGANIC SEARCH RANKINGS

68% of marketers plan to increase their SEO efforts (Social Media Examiner, 2012).

SOCIAL NETWORKS DOMINATE SOCIAL MEDIA SPEND

Social networks, like Facebook and LinkedIn, account for 52% of social media budget allocation (IDC, 2012).





WORKING FOR THE WEEKEND

A study looking at 1.5 billion emails showed that emails sent on the weekend outperformed weekday emails by roughly 55% based on clicks (Oracle, 2013).

2 OUT OF 3 MARKETERS

have moved at least 30% of their budgets from traditional media to digital media over the last 3 years (Duke University, 2012).

A LOOK AT FACEBOOK'S MASSIVE REACH

Greater reach than any TV network among 18-34 year-olds

A 2013 Nielsen study shows that Facebook has a greater reach than any single TV network among 18-34 year-olds. The disparity is greater amount 18-24 year-olds, with Facebook's reach (70%) being 15% greater than the largest TV network (61%). The margin was closer among 25-34 year-olds, with Facebook reaching 77% of the audience, compared to 71-75% among the top four TV networks.

Time of day matters

During the day, users 18-34 are significantly more likely to be using both Facebook *and* watching TV in the evening, opposed to the daytime where they are more likely to be using either Facebook *or* watching TV, but not both.

TV is still really popular

Note that these TV metrics are for a single network. When looking at TV as a whole, reach for Millennials is upwards of 90%.

DATA RESOURCES

Before you drop a lot of money on data or research, check out one of these options.

Put your ear to the street
Scratch focus groups. If you want to get consumer feedback, go find your consumers out in the wild. Go covert to get candid feedback. People are usually willing to share their opinion and purchase rationale to help a fellow shopper.

Read what people are saying
Social networks, including forums, are a great source for candid consumer feedback. Free tools, like Bing Social, Social Mention, and Addict-o-matic are great for mining social networks.

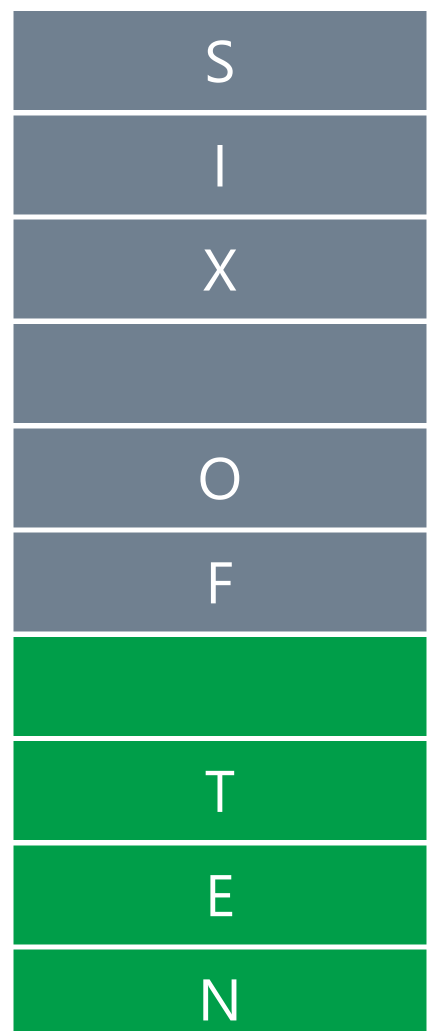
Public data sources
There are many public data sources that you can get free or inexpensive data from. The Bureau of Labor Statistics, PEW, and U.S. Census are great starting points. Sites like Hoovers, Sitegeist, and Quantcast provide more specific data. You can also look for published data from groups like the IMA, AMA, and Forrester.

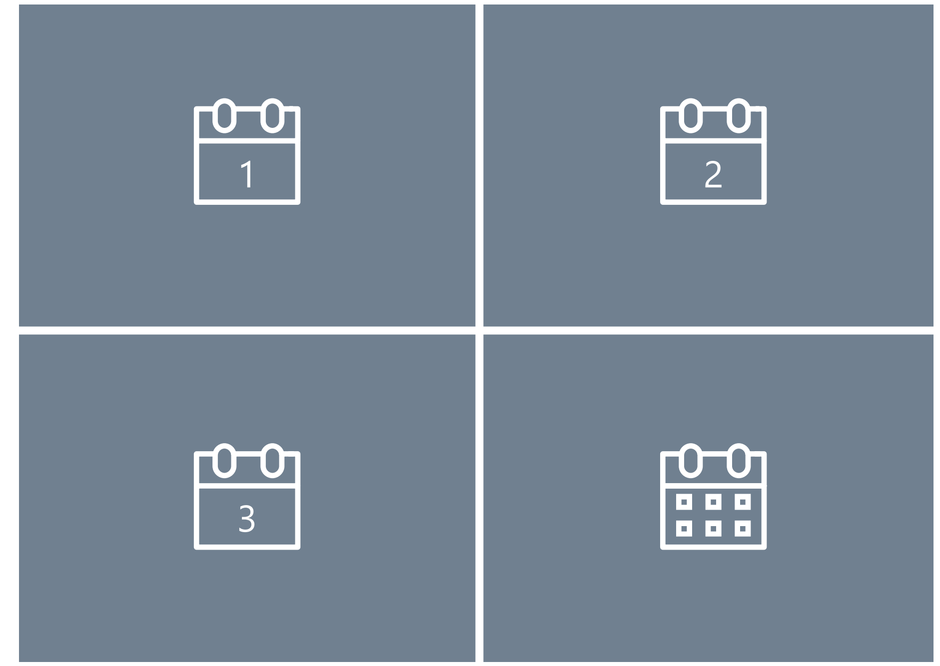
ANALYTICS BUDGET AT SIX PERCENT

Roughly six percent of marketing budgets are allocated to marketing analytics with service companies allocating the largest share, 11.6% for B2B service companies. 53% of CMOs surveyed anticipate marketing analytics spend to increase over the next year (MarketingSherpa, 2012).

NO QUALITY CONTROL?

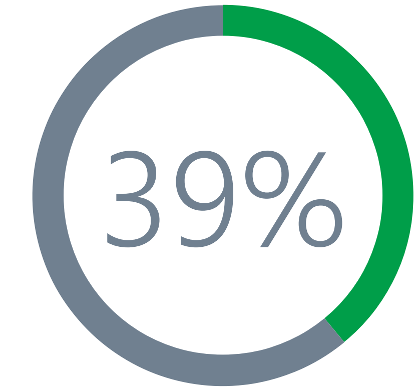
A 2013 from Duke University's Fuqua School of Business showed that six out of ten businesses were not evaluating the quality of their data. This means that there has been an decrease in quality control measures, which was closer to five out of ten in a similar study conducted in late 2012. The study reported that roughly 30% of marketing projects used marketing analytics on average.



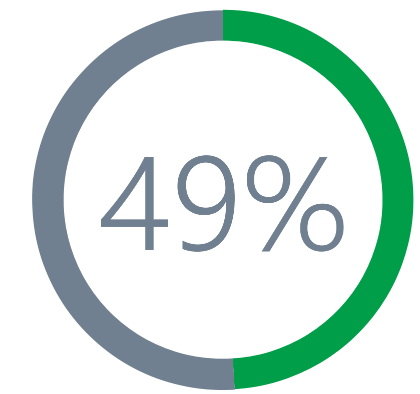


CREATE A FOUR-POINT ROLLING BENCHMARK

A four-point rolling benchmark uses the average of four data points. The first three data points are the previous three periods. The fourth is an average of a set of specified number of periods. For example, a rolling benchmark may take the average of three previous months and the average of the nine months previous to that to create a four number average. In this case, a year's worth of data was included in the benchmark.



THIRTY-NINE PERCENT OF C-LEVELS CURRENTLY USE BIG DATA FOR BUDGETING, FORECASTING, OR PLANNING



FORTY-NINE PERCENT OF C-LEVELS CURRENTLY USE BIG DATA FOR CUSTOMER INSIGHTS, SEGMENTATION, OR TARGETING

MCKINSEY, 2012

THE "STATE OF MARKETING" POINTS TO CUSTOMER DATA

According to the CMO Council's "State of Marketing" report, 62% of respondents said they planned to focus on customer data analysis. One of the primary goals of these efforts is to improve audience segmentation and targeting.

briefs

SETTING **BUDGETS**

Allocating a marketing budget

Managing budgets can be one of the most stressful and frustrating part of a marketer's job, especially for anyone who's ever been allocated a budget that was a far cry from what was requested. "Don't they see the value in this?"

And for those who set the budgets, allocating a marketing budget can be equally stressful and frustrating. Frequently deciding how much to allocate to marketing feels like shooting into the dark. "What is the right amount to maximize our ROI?"

While there's certainly no singular answer to these questions, a few tactical approaches to setting budgets can help deliver some much needed context to the marketing budget discussion.

TOP DOWN

Budgets are set at the highest level and allocated downward. For example, a marketing manager will be allocated an annual budget from the CFO and build a plan around the available budget.

BOTTOM UP

Budgets are set based on resources needed to achieve a plan. For example, a company creates a plan to sell 50,000 items and establishes a budget based on the plan.

01 Objective-based

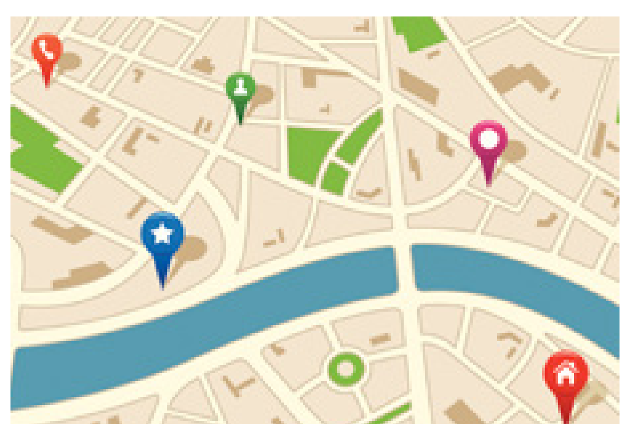
The most fundamental bottom up budgeting method is using objective-based budgeting. With objective-based budgeting, business objectives are first established, at which point a plan is constructed outlining what it would take to achieve these objectives. The budget is then set according to what resources would be needed to fully execute this plan. While this sounds like the dream scenario, there are a few potential drawbacks, such as overspending and a lack of the creative thinking that can occur when trying to devise a plan to achieve business goals on a tight budget.

03 Historic

A widely used method for setting budgets is to use historic numbers to set the budget. "Just do what we did last year." This method may work for established brands who are comfortable maintaining status quo but has obvious limitations for businesses who don't have historical data to leverage. This also assumes that there was some rationale in establishing the original marketing budget and that there have been no major shifts in market conditions. Even with those shortfalls, many people find comfort in the consistency.

02 Percent of sales

A common top down budgeting method is percent of sales, which, as its name suggests, sets the marketing budget as a percent of sales. This may look at historic sales, current sales, or projected sales as a benchmark for setting the budgets. In a sense, this method treats marketing budget as a cost of goods sold instead of an investment upon which there is an anticipated return.



04 Competitive

With a competitive parity budgeting approach, marketing budgets are set based on what competitors are spending, typically with the intention of matching their budgets for similar activities. This approach is seen as a defensive approach to budgeting, frequently taken by category leaders defending against competitors who are trying to steal market share. It may also be effective in protecting non-category leaders against similar or smaller competitive brands.

05 Market share

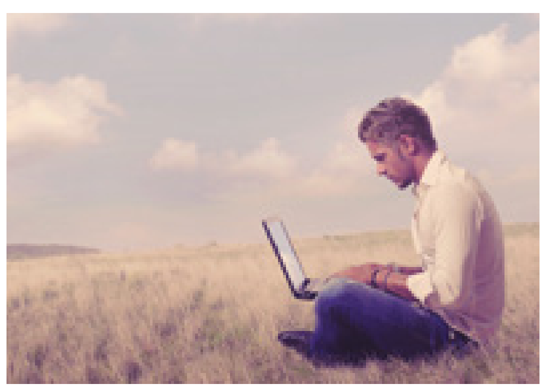
Perhaps the offensive counter to the defensive competitive parity budget is to budget based on market share objectives. Market share budgeting estimates a dollar amount to achieve one percent of market share based on competitive spend and competitive market share. With a market share objective in mind, this estimate can be used to determine roughly how much budget must be allocated to market in order to increase market share by a given amount.

06 Combined

Of course no one ever said that anyone had to choose one budgeting method and use it exclusively. Perhaps the most local approach to budgeting isn't any one approach but to use the information and methods available to you to establish a budget that considers both top down and bottom up perspectives. This will help ensure that both business objectives and organization financial priorities are accounted for. Perhaps above all, it is most important to have a rationale for how a budget is established so you can develop an understanding of how variances in your budgeting will affect performance, helping you make more informed future decisions.

THE GEN Y TAKEOVER

The offspring of the Boomer generation now make up the largest generation in American history. Millennials, also known as Generation Y, are the 75 million individuals born between 1977 and 1998. According to the U.S. Bureau of Labor Statistics, Millennials currently make up 25% of the American workforce, a number that is expected to balloon over the coming decade to 40% by 2020 and as high as 75% by 2025.



STAY FLEXIBLE

A 2013 study by Millennial Branding and oDesk showed that time and location flexibility were one of the most important factors in choosing a job for Millennials, with a staggering 89% responding that they value a flexible schedule. In today's digital world, it is easier than ever for workers to remain connected while out of the office. When establishing compensation packages for Millennial employees, consider that benefits like more time off and a flexible work environment may go farther than an increased salary.

OFTEN STEREOTYPED AS ENTITLED AND LAZY, Millennials are actually intelligent, eager, and collaborative workers.

MILLENNIAL WORKFORCE

Millennials are a generation like none other. They are extremely well educated, tech savvy, entrepreneurial and diverse. They're the present and future of the American workforce. Here's how to get the most out of your Millennial workers.

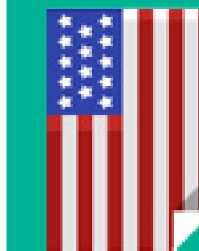
Create a sense of purpose
Millennials are incredibly entrepreneurial minded, and more than almost anything else, they want to be a part of something that is bigger than themselves. They want to change the world. Create a sense of purpose so they know that they're making a difference.

Give them guidance
Millennials are eager to learn. Feed their thirst for knowledge to keep them engaged, entertained, and motivated. The personal relationships and guidance from strong leaders and mentors can be invaluable to their development.

Give them feedback
Since their inception, Millennials' value has been dictated by a series of standardized tests, measurements, and grades. In the professional world, there are no report cards or grades to help them gauge their performance. This can be very unsettling for Millennials, especially in a volatile job market. Provide feedback periodically to let them know how they're doing. This small gesture can instil a lot of confidence in them.

Keep them involved Millennials don't want to just be a number. They want to know that what they are doing matters. Provide them with insights into corporate objectives and help them understand how their work plays an important role in a bigger corporate picture.

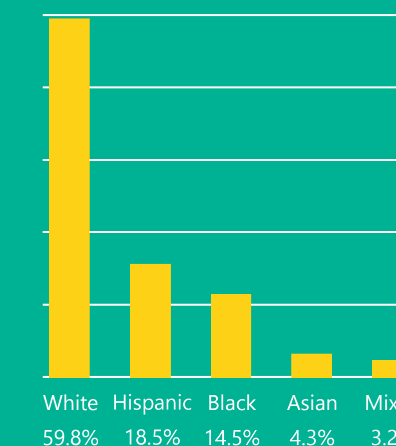
Provide them with the right perks
While money is certainly important, Millennials find great value in non-monetary benefits as well. Time off and work flexibility are important to them. As it's easy to feel undervalued as a young employee, gestures that show Millennials that they are valued can have a big impact on employee satisfaction. These may be small perks like providing gym memberships or team lunches on Friday.

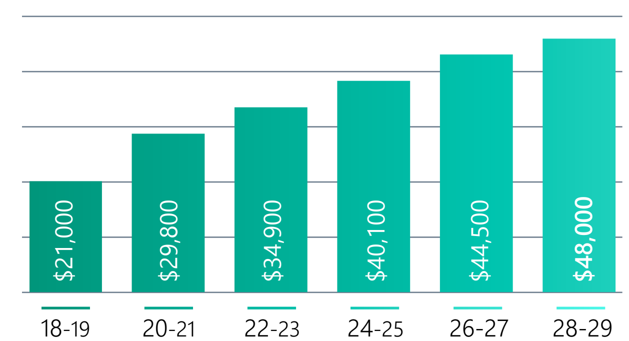


MEET THE WORLD'S MOST DIVERSE GENERATION

Millennials are the most diverse and globally minded generation in American history, a challenge and opportunity for employers.

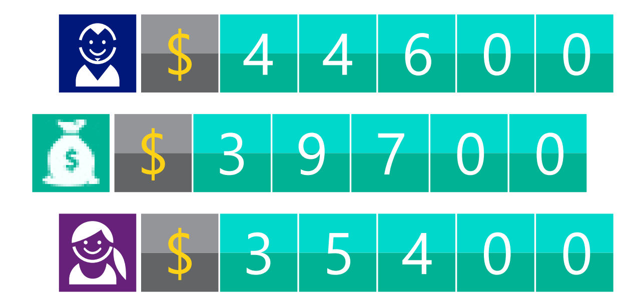
Easy transportation and digital connectivity has made Millennials the first global generation. Hispanics, Blacks, and Asians make up well over a third of the Millennial population. In 2012, they accounted for 29% of Americans who traveled abroad (MRI, 2013). Not only do they want to explore the world, Millennials want to make it better. 79% of Millennials said they want to work for a company who positively impacts society, with 44% stating they'd actively pursue such companies (NCIV, 2013).





SALARY BY AGE

Average salary by age for Millennials increases by roughly $5,000 every two years (Payscale, 2013).



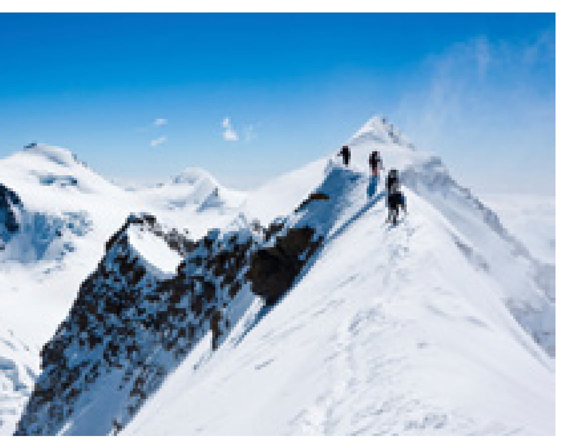
SALARY BY GENDER

There is a large salary discrepancy between genders, in part due to job selection (Payscale, 2013).

INCREASING REVENUE

OBJECTIVE BASED PLANNING

Maximize the short-term and long-term value of your business by building your marketing plans around business objectives.



Objective-based planning is the most fundamental model of bottom up planning. It starts with establishing clear business objectives, which may range from increasing awareness by 10% to expand into a new market.

After establishing these business goals, build a strategic plan outlining what it would take to achieve these goals. This may be to increase media reach by 20% with a minimum frequency of 3 touchpoints across 2 different media. This type of tactical strategy will allow you to easily translate your strategy into a plan.

Once you've developed a plan, you can back out what it would cost to execute such a plan. This process may take you through several planning iterations, which may involve resetting expectations with regards to business objectives. At the end of planning, your objectives and your path to reaching those objectives should be clearly defined. All that's left to do is execute. --

01 VOLUME

Sell more by getting a larger volume of products into market either by adding product to existing stores or expanding into new outlets.

02 VELOCITY

Increase sales by increasing the speed at which people buy. This can be done through discounting, bundling, or increasing size.

03 MARGIN

Increase profits by increasing profit margin. Tactics like scarcity and brand redesigns can help build product value and justify price increases.

INCREASE DISTRIBUTION

% ACV

total sales revenue for the stores where a product is being sold
/
total sales revenue for the market over the same period.

Percent of All Commodity Value calculates distribution based on total sales revenue.

%ACV considers the opportunity of each retailer. A product might be distributed in 9 of 10 stores, but if that 10th store accounts for 80% of sales, then claiming to have 90% distribution in a market is deceiving.

% PCV

total sales revenue of the product category in stores where a product is being sold
/
total sales revenue of the product category in the market over the same period.

Percent of Product Commodity Value calculates distribution on category sales revenue.

%PCV considers opportunity cost of the product category. This balances the value of large retailers who may have low category sales and a smaller specialized retailer with large category sales.

DISTRIBUTION

total number of stores where a product is being sold
/
total number of stores in the market over the same period.

Distribution calculates the probability of a store carrying a given product.

Distribution is useful as it's an easy number to calculate and understand; however, unlike %ACV or %PCV, it doesn't account for opportunity based on the size of the retailers a product is distributed in.

DEPTH VS BREADTH

Increased distribution can be achieved through increasing the depth or breadth of your distribution. Distribution depth refers to the number of products that are stocked on a retailer's shelf. Distribution breadth refers to the number (or ACV) of stores selling your product. Increasing depth can be a tactical move for market leaders defending against competitors, or smaller competitors trying to increase market share. Increasing breadth can be a tactical move for growing companies looking to expand into new markets. While this may seem like an easier path to distribution growth, there are many implications involved with expanding distribution breadth, such as shipping, storage, and increased overhead. --

"Son said, "Hov, how you get so fly?"
I said from not being afraid to fall out the sky."
-Jay-Z, Beach Chair

IMG types

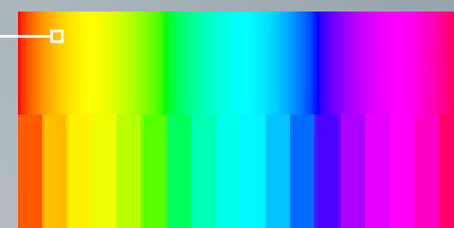
Manage your creative assets better by learning the differences between file types and how they can be best utilized.

TIFF

TIFF uses a flexible combination of quality and color reduction to compress images. While not the best file format for online, it's generally used as the file standard for photographs in the printing world.

PNG

PNG files support a large spectrum of colors without a loss of quality. The result is large file sizes, but they are great for photos and working graphics that may be later compressed as a JPG or GIF. It also supports transparency.



GIF

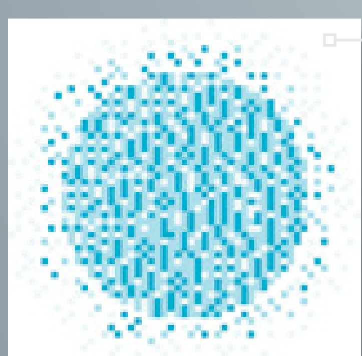
GIF compresses images by reducing the file to 8-bit color (256 colors). There is no loss of image quality. Great option for logos and images without a large color spectrum.

JPG

JPG compresses images by reducing image quality. Over-compressing images may make them look pixelated. It has millions of colors, which makes it a good option for photos.

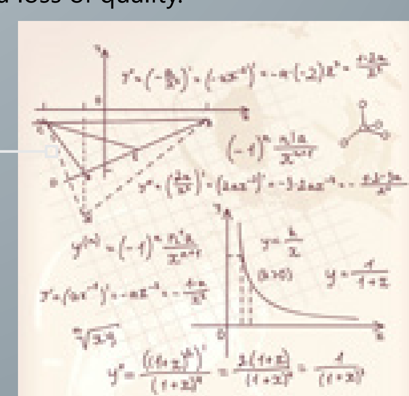
WEBP

WebP is a new file format designed by Google that uses a combination of compression methods to reduce file size. It was designed to be a replacement for JPG, and it supports animation and transparency.



RASTER (AKA BITMAP)

Raster graphics are made up of blocks of color called pixels. They make up continuous tone images, like photos or artwork. They are resolution dependent, i.e., if you scale the image larger, it will result in a loss of quality.



VECTOR

Vector graphics are made from mathematical lines, arcs, and curves. They make up solid colored objects, like logos or text. They are resolution independent, i.e., scaling has no impact on quality as the mathematical formula just recalculates at the different size.

Designing for the right destination

64% of decision-makers read their email via mobile devices. Are you designing your creative for the right destination?

RESPONSIVE DESIGN With the growing adoption of smartphones and tablets, Internet usage across multiple devices has skyrocketed over the past five years. Separate studies from ComScore, TechCrunch, and Morgan Stanley predict mobile web will surpass desktop web in 2013. Responsive web design can help your brand address this shift.

Responsive design puts the user experience first by creating designs that adapt to the user's behavior and environment. These designs use flexible grids to enable a singular experience across multiple devices that render dynamically based on the user's screen size, platform, and device orientation.

Building responsive websites not only helps create a better user experience but it can save you time and money from not having to build multiple iterations of a website for different devices. It also improves SEO.

*(MarketingProf, 2012)

84% of consumers state that when they find a brand they like, they stick to it (MRI, 2012).

Brand guidelines

1

BE CONSISTENT

Consistency is key in branding. Make sure your guidelines are consistent and make sure you're consistent in using them.

2

KEEP IT SIMPLE

If you want your brand guidelines to be followed, make it easy to do so. Make them clear, concise, and easy to follow.

3

HAVE A PROCESS

Help ensure your brand guidelines are being followed by having an approval process and checklist for use of brand assets.

4

GO BEYOND THEM

Remember that these are guidelines, not rules. Know when it is alright to venture outside of the box and explore.

What's the best medium to meet your objective?

There are hundreds of different ad platforms and executions available to marketers. Whether you're driving awareness or generating sales, make sure you're using the most effective medium for the job.

From video games to restaurant urinals, it seems that if there's a place to put an ad and a person to see it, someone has done it. With increasing fragmentation, consumers are bombarded with advertising on a daily basis, seeing an estimated 5,000 ads per day (Yankelovich, 2009).

With this type of media environment, marketers are faced with the challenge of not just getting their message in front of consumers, but doing it in a way that customers will receive that message.

And not all media are created equal. Different media perform better at achieving different objectives. For example, in-store sampling is a great tool for generating product trial but has limited reach, as opposed to TV, which has great reach but is not always the best medium to drive someone to take an immediate action (note: DRTV can be an exception here).

We often classify media as either passive and active. Passive media are media like television and radio that can be passively consumed. Active media are media like online and magazines that require active user engagement to consume the ads. Passive media are often associated with entertainment and relaxation where active media are often associated with information and discovery. Active media, like the Internet, are frequently used for doing product research.

Optimal Frequency

Anyone who has been incessantly stalked by an ad for a pair of shoes they looked at two weeks ago can attest to the importance of frequency capping. Not only does frequency capping eliminate wasted impressions on users who are simply not interested but it allows you to increase your reach by seeking out new users instead of continually bombarding the same one.

This raises the question of "what is my optimal frequency?" The answer is a big, fat, "it depends." Naturally all brands and products are different and the process through which consumers decide and purchase these products can vary greatly. Variables like attention and context play a large role as well. To set a benchmark, a 2003 study from Atlas looked at frequency vs. CPA and found diminishing returns occurring after roughly seven impressions.

To help determine the optimal frequency for your campaign, look at the cumulative conversion rate at each impression volume. When possible, it is also advisable to cap ad delivery after a user has already converted as to not waste impressions trying to sell them a product that they just bought.

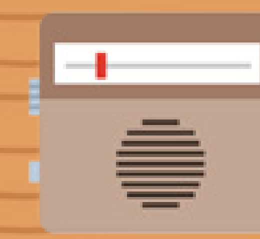
Impressions	Cumulative Impressions	Cumulative Conversions	Cumulative Conversion Rate
1	5	1	20%
2	9	2	22%
3	13	3	23%
4	15	4	**27%**
5	17	4	24%
6	18	4	22%

Impression Click

Key

Reach
Impact
Awareness
Direct Response
Cost

Television
TV has great reach both regionally and nationally. It is a great medium for generating awareness. While spot market TV can be inexpensive, generally TV comes at a premium.



Broadcast Radio
Radio can be effective in spot markets but is tedious to buy nationally due to fragmentation. Recent research has also put the efficacy of radio advertising into question.

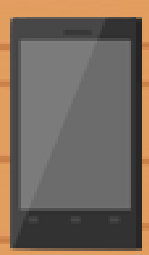
Outdoor
Outdoor advertising can be great for generating awareness, particularly in targeted markets, but the local nature of the medium, can make buying nationally difficult.

Digital banners
Digital ads offers great reach and targeting, which makes it an effective direct response tool. High impact ads (rich media) can be effective awareness generating tools.

Online Video
Online video has seen great growth recently, and it's not without good reason. Online video is effective in driving awareness and offers the opportunity for engagement.

Email
Email is a great direct response tool, especially for high consideration purchases, allowing users to respond on their own time instead of requiring instant action.

Social Media
The low cost of social media ads makes them efficient for direct response. Building a social media presence helps develop long-term customer relationships.



Mobile
A lack of a strong mobile commerce platform has limited the adoption of mobile advertising. The limited size makes high impact ads difficult, but it can be done.

Paid Search
Paid search should almost always be a foundational element of any media campaign. The CPC pricing model makes it a cost efficient direct response driver.

Defining VARIABLES

Analytics is frequently a step that happens at the end of a campaign. In order to get the most out of your data, it is critical to properly establish measurement goals and parameters while developing the strategy. Establish which dependent variables you want to affect (sales, profit, order size, NPS, etc.). Then determine which independent variables affect those outputs. From there, you can strategically manipulate these independent variables, isolate them in your tracking, and assess their impact.

MEDIA & ADVERTISING

There are many media and advertising variables that can be manipulated for greater impact on your objectives, whether your aim is to increasing awareness or increasing sales. Different media, such as TV, radio, billboards, and online banners, may be more efficient than others for achieving a particular objective. Multiple ad executions, including individual elements like color and graphic style, may be measured against performance. These variables will not only help you optimize live campaigns, but they will help you better understand your audience, your product category, and better prepare you for future campaigns.

MARKET & COMPETITION

Evaluating the competitive landscape is a key component in determining an appropriate marketing strategy. Sometimes new companies have success being an underdog. Other times being new to market is an immediate deficit. Understanding market conditions and where gaps exist can help you better position your brand or product.

BUDGETS & RESOURCES

Your budget will dictate the quantity and quality of many of your other variables, particularly advertising and distribution. Available resources, particularly staffing and technology, have a large impact as they often dictate how budget is allocated. Track how these variables affect performance to establish the optimal budget and marketing mix to maximize your returns.

AUDIENCE & MESSAGING

Establishing a target audience is an important element to driving success. Depending on budgets and resources, it might make sense to narrow your targeting by demo or geo. When targeting multiple audiences it can be beneficial to segment audience specific messaging to each group. Try testing multiple messages to help identify key motivations and purchase triggers.

DEMAND & LIFECYCLE

Demand is one of the largest indicators of success. While tactics like pricing and scarcity can help increase existing demand, they cannot create a demand where one doesn't exist. Category and product lifecycles have a large impact on demand, dictating who may purchase a product and how frequently they do so. Performance insights here can be leveraged in future efforts.

deep dive

SMARTER STRATEGY

"Adventure is just bad planning." -Roald Amundsen

On the 14th day of December, 1911, famed explorer Roald Amundsen became the first man to reach the South Pole - the most remote spot on Earth. A major underdog in what has become known as the *Race to the South Pole*, Amundsen became known for his obsessive preparation. He prepared for every predictable situation, good and bad, even living on dolphin meat for weeks just to see how his body would react. By the time his expedition departed, their preparation left them with only one possible outcome. Amundsen's approach teaches us that with every launch, every campaign, and every new day, comes new challenges. In a world of marketing that is evolving in front of our eyes, we must be smarter. As we get lost in the familiarity of our work days, we risk letting routine take the place of strategy and preparation.

Only 20% of marketers believe that they can accurately forecast the impact of a 10% budget cut (BCG, 2010). Perhaps it's not hard to fathom why. Consumers see more ads, have more brand touch points, and have access to more information than ever before. There are over 2,100 TV stations, 15,000 radio stations, 2,200 newspapers, 242 million Internet users, and over 327 million cell phones in the US alone (US Census, 2013). US advertising spend has increased to $171 billion dollars. That's a lot of ads.

Like preparing for an expedition, a plan to improve your marketing must begin with a sound strategy, and a sound strategy revolves around a destination, in this case, our business objectives. We must first assess different business objectives, approaches, and how these approaches affect our strategy. While not all of these topics covered are directly related to marketing activities, understanding them conceptually is important to making strategic decisions about how and where your business should invest money. Another important part of building a strategic approach is understanding what tools and techniques are available to us. Only then, with a comprehensive understanding of our destination, surroundings, available resources, and means for feedback, can we prepare a smarter strategy.

Short-term programs: Discounting, sampling, POS promotions, event marketing, LTO, product focused advertising, direct response advertising (search, email, direct mail, online, events)

Long-term programs: Brand development, market research, awareness generation, brand perception campaigns, brand focused advertising, loyalty programs, CRM, high impact advertising (TV, radio, OOH, print, online, sponsorships & partnerships, PR)

SETTING OBJECTIVES

Objective-based planning

When planning a marketing program to maximize your revenue, you should always start by analysing your objectives. Typically, these objectives can be simplified to "maximize the short-term and long-term value of the business." Sometimes, private (and too often public) companies may account for personal objectives, such as providing a corporate jet or donating money to an organization that an employee is a board member of - not that donating money is a bad thing. It is frequently a smart financial decision for a business. Or perhaps the owner of a private company is overwhelmed by the size of the business and chooses to downsize so they can have more free time. But for most businesses, this objective is to make more money.

Short-term vs. long-term objectives

Short-term vs long-term objectives are an important consideration when preparing your strategic approach. While returns from short-term investments are not always simple to measure, they are typically easier to quantify than long-term investments. It's easier to calculate how many online purchases an email campaign drove last quarter than it is to calculate how much a lift in perception shifted Lifetime Customer Value and how much that shift will affect revenue over the next 10 years.

The frequent challenge with long-term investment is that many businesses plan short-term, particularly when budgeting. Too often, budgets are set on an annual basis using sales numbers from the previous year. The problem with this approach is that programs may be cut on the basis of not driving sales over the previous year, though they may be necessary for building long-term customer loyalty. Frequently, short-term marketing investments are product focused, while long-term investments are more brand focused. It should also be noted that short-term investments frequently have long-term returns, and vice versa. These returns should be attributed to the investment when calculating their overall value. While for now, we just want to emphasize the importance of planning for both short-term and long-term objectives, we will discuss models that will enable you to better project the returns from investments in long-term or ongoing programs.

INCREASING PROFITS

Sell more or increase margins

Assuming your goal is to increase your profits, there are two main ways to do that. You can sell more products by either increasing your distribution (volume), or increase the rate at which people purchase your product (velocity). Alternatively, you can increase your sales margins by getting people to purchase more profitable products (product mix), increasing the price of your products (price), or cutting you cost of good sold (COGS). These tactics are not mutually exclusive and are often used together to help increase profits.

Sell more: Volume

The first way companies can sell more products is by increasing their distribution volume. Distribution is commonly communicated in terms of % All Commodity Value (% ACV) or % Product Category Value (% PCV). ACV is the total sales revenue of a given market over a given period. (Typically ACV will only include stores that carry a particular product category in their market set.) % ACV is the total sales revenue for the stores where your product is being sold as a proportion of the total ACV for that market. PCV is a similar calculation, but instead of looking at total sales revenue, it uses only sales revenue from a particular product category.

These are valuable statistics because they take into consideration the market power of certain retailers. For example, if you sell at one of ten stores in a market, you might say you have distribution in 10% of the stores in that market. But if that one store is Walmart and Walmart accounts for 90% of sales in that market, saying you only have 10% distribution doesn't really tell the whole story. In this case, your % ACV would be 90%.

ACV is the total sales revenue of a given market over a given period.

% ACV is the total sales revenue for the stores where a product is being sold/total sales revenue for the market over the same period.

SMARTER strategy

Frequently, short-term marketing investments are product focused, while long-term investments are more brand focused.

Increasing distribution can be done by increasing the depth or breadth of your distribution. Distribution depth refers to the number of your products that are stocked on a retailer's shelf. This may mean that they increase the shelf space from five slots to ten slots. This is a good strategy in several scenarios. First, for brands who may be second, third, or fourth in share of voice in a large market category and are trying to increase their market share by taking it from the market leaders. Second, for market share leaders who are trying to keep smaller competition out of a particular market. It can also be an effective approach for brands with a strong % ACV who may be trying to introduce new products into existing markets (i.e., a chip company introducing a new flavor). Retail slotting is a complex subject of its own and a topic better left for a separate piece later on.

The more frequently considered way to increase distribution is through increasing breadth, meaning getting more stores (or stores with a larger % ACV) to sell a product. This may mean increasing % ACV in an existing market or entering a new market to get additional distribution. This will typically be the growth strategy for young companies with limited % ACV. Entering new markets is a sound strategy for companies who have limited % ACV growth opportunities in their existing market.

> Increasing distribution can be done by increasing the depth or breadth of your distribution.

While selling more products seems like an easy path to making more money, there are, of course, several considerations. For starters, increasing product sales means increasing the investment needed to produce those products. Sometimes this is an incremental variable cost, and that is an ideal scenario. Products almost always have both variable and fixed costs associated with them, and fixed cost increases tend to come in steps. Production over a certain volume may require an investment in a new facility, which is a huge overhead cost. It may require hiring additional staff whose output is not directly tied to the product costs, such as a marketing director or a finance manager. The decision to sell through a large retailer can be particularly challenging because often the contracts that brands are required to sign are not favorable for the brand. There are many examples of brands investing large amounts of capital in stocking products for a retailer, only to have that retailer pull the product off the shelf after a few weeks when it did not sell.

For brands who are well known in a particular market and have not maxed out their growth in that area, it is often more lucrative for them to increase their % ACV in a that territory than it is to enter a new one. Entering a new market often comes with many expenses including travel, staffing, and shipping costs. It also typically requires a large marketing investment. To oversimplify the arithmetic, if you spend $1 million in advertising in a market with 1 million people, you are effectively spending $1

If you spend $1 million in advertising in a market with 1 million people, you are effectively spending $1 per consumer on advertising. If you are entering a new market of 1 million more people, in order to simply maintain a flat budget, you must double your marketing budget to $2 million.

per consumer on advertising. If you are entering a new market of 1 million more people, in order to simply maintain a flat budget, you must double your marketing budget to $2 million. This of course doesn't take into consideration things like product lifecycle and market environment.

All that being said, expanding into new markets is an important and lucrative way to grow a business. It is simply important to have a full understanding of all of the costs associated with increasing sales volume. For brands with the capacity to do so, move hard and fast. Just be warned that when you hear of businesses failing because they "grew too fast," rapid new market expansion is frequently the reason why.

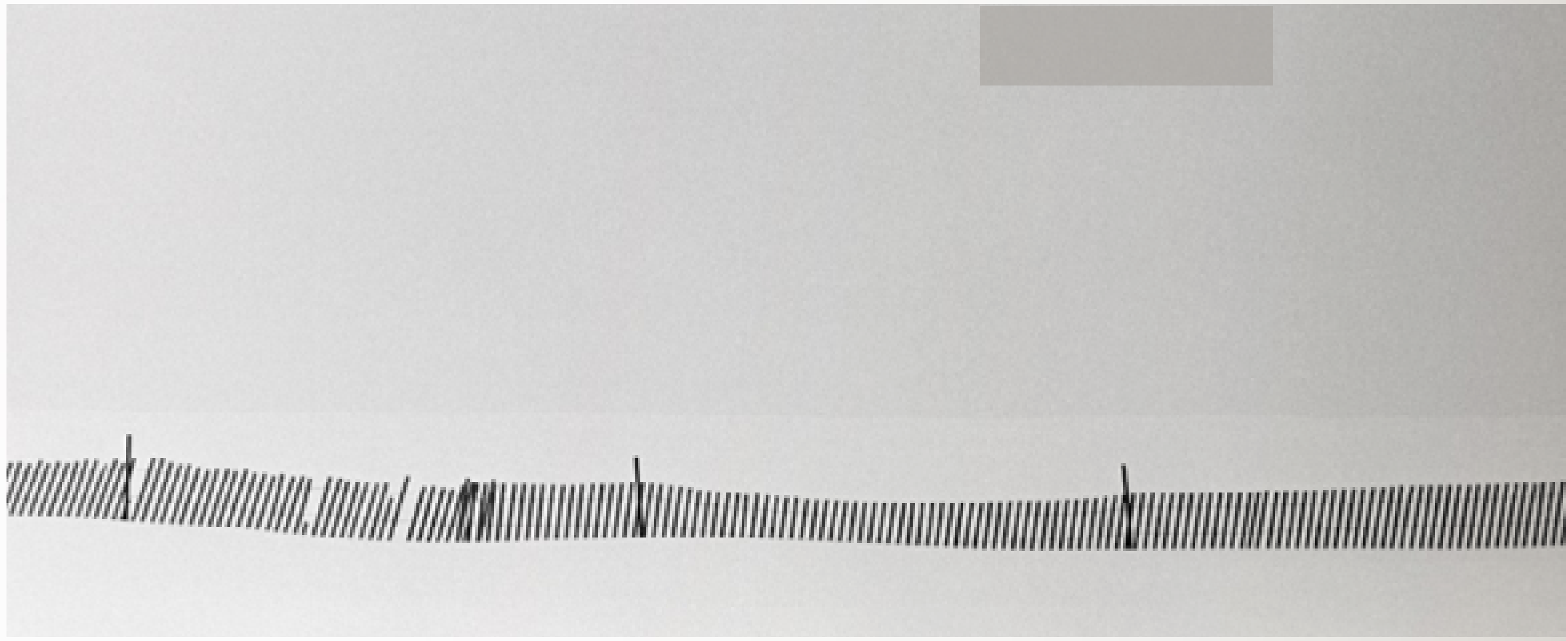
Sell more: Velocity

If you don't have the capacity to expand your operations, or you've maxed out your distribution and you want to push more products, you can do so by increasing your sales velocity or the rate at which consumers buy your product. Perhaps the easiest and most obvious way to do this is through promotions, which may include discounting or events. For brands who simply need to "move products," discounting is a great option.

Discounting for perishable product's can be an effective strategy as it causes a spike in purchases while not disrupting the products purchase cycle. With nonperishable products, you may simply be allowing consumers to stock up on your products at a lower price. This can be a good and a bad scenario. While a spike in sales from consumers stocking up on your product will inevitably results in a subsequent drop in sales during the next purchase cycle (since they've already purchased during their last purchase cycle), there can be several benefits to having a consumer stock up on your product, particularly when seeking to gain trial and adoption of new products.

Many studies have shown that it takes five repeated actions to form a habit (with many confounding variables, of course). This statistic suggests that if you can incentivize a consumer into buying or using a product five consecutive times, they will become a "user" of your product. If a consumer stocks up on a certain brand of toothpaste because of a great deal, the repeated long-term use of that toothpaste, assuming a positive experience, could help turn them into a lifetime user. In essence, it's a short-term loss for a long-term gain by increasing the Lifetime Customer Value. Of course there will always be bargain hunters who will only shop for deals, and these folks may never become lifetime customers. You can't win 'em all.

Discounting is frequently done via coupons - either printed, promotional codes, in-store price reductions, and more frequently, mobile coupons. One of the values



in doing this is that the number of coupons redeemed can be tracked. It is an important note that this is not the same as "tracking the number of units sold as a result of the coupons". For starters, coupon fraud (people duplicating coupons or retailers submitting coupons for redemption that were never used by a customer) is a serious problem in many industries. Secondly, depending on your product, you may simply be cutting your margin on sales that would have happened anyway.

A major downside of discounting is the profit loss from the coupons themselves. This can make a couponing program a lot more expensive than the cost to print the barcodes. If you discount a million products $0.50 each, you are effectively costing your company $500,000 in lost profits, so while you may see an immediate increase in sales velocity, you are not necessarily going to be bringing in more profits.

A great way to use discounting without sacrificing profits is to use discounts to keep a product competitively priced while positioning it as a premium product. Consumers make price-quality assessments about products. In order to appear like a more premium product, you may choose to increase the price of your product, while at the same time, reducing it via discounting to keep the cost competitively priced (or where it would have been had you not "raised" the value of the product). If a consumer has a chance to buy a $300 gadget for $200 or a similar $200 gadget for $200, they see a huge value incentive to buying the "$300 gadget." People love getting a deal.

The next major strategy for increasing velocity is through innovation. This velocity model is easiest to see in the technology space where new product versions are released regularly and a device that is even a couple years old is quickly outdated. It is also commonly seen with software, vehicles, and in entertainment; however, innovation exists in almost all industries, whether an improved formula for a cleaning product or a new type of light bulb that uses less electricity. While innovation happens in almost all industries as a strategy to increase velocity, it is most effective with products with longer lifecycles. A newly formulated baby food likely won't get a mom to increase the frequency with which she purchases baby food (although it may make her choose your brand over others).

As with many of these growth tactics, innovating a product can take some serious investment and may not always pay off. Sometimes consumers will like an old product better than a new one. Product innovations vary greatly by category and by product lifecycle. For products with a relatively fixed lifecycle, such as perishables, innovation may not be the best investment for increasing velocity (although may be a necessity to remain competitive). For products with long lifecycles, innovation can be a great way to persuade someone to trade in an old model for a new one.

The last way to increase velocity of sales that we'll discuss is the true marketing path, and that is to change product perception and motivation to increase use. In some circumstances, this means getting a consumer to use or consume the product more frequently. Nike and MilkPEP provide us with two excellent examples of this tactic. For a long time, Nike has focused on motivating people to be active. It's not always about the shoes or the outfits, it's about running or staying after practice to work on your jump shot. What Nike is doing is getting people to increase the frequency with which they use their products. If you buy running shoes and run once a week, you may replace them annually. If Nike can convince you to run every day, they know you'll be buying a new pair every couple of months. Similarly, MilkPEP got consumers to drink more milk with their iconic, "Got Milk?" campaign, which shared the benefits of drinking milk in a way that made it mainstream and cool.

The second perception shift marketers can make to increase their velocity of sales is to create additional uses for their products. Campaigns for both Febreeze and Bounce are great illustrations of this strategy. Febreeze, once just an air freshener, now suggests using Febreeze in shoes, on furniture, on clothes, and in the car. Similarly, Bounce suggests leaving a Bounce sheet in a closet or in the car to keep them smelling fresh. Expanding the product utility beyond what it was originally intended for will increase their purchase velocity, as well as their value, which may even enable you to raise your product price.

INCREASE MARGINS

Aside from increasing the number of units sold, you can increase your profitability through increasing margins on your products. One way of doing this is through decreasing your cost of goods sold (COGS). As that is more a production issue than a marketing issue, we won't go into much detail on COGS here. The second opportunity to increase your margins is through increasing your price, and this can be done by increasing the perceived value of your product in several ways.

Sell at higher price

Perhaps a stupidly obvious strategy, but the first option for selling at a higher price is to simply sell at a higher price. Consumers often use price as a gauge of quality, so instead of using marketing to increase perceived quality so you can charge more, you can use pricing in itself to increase the perceived product quality. This can be a particularly effective strategy in highly saturated and undifferentiated categories, such

SMARTER VOLUME STRATEGY VELOCITY MARGINS

If a consumers has a chance to buy a $300 gadget for $200 or a similar $200 gadget for $200, they see a huge value incentive to buying the "$300 gadget." People love getting a deal.

as beverages, where it is difficult to quantify the differences. There may be little difference between a $5 bottle of wine and a $50 bottle, but an open trial vs. a blind taste test might show two different results. Cost can have a huge impact on how we perceive products, and pricing slightly above or below the competition might give your product a leg up.

Tell people

Another seemingly obvious yet often overlooked strategy for changing product perception is to tell consumers what you are. Sometimes in advertising we can be too creative and we outsmart ourselves. Sometimes you just need to tell it like it is. Certain industries, such as Automotive and Technology, have this tactic down. Every single car has been ranked first in some category by some magazine. It might be "the most durable rear tail light covers" ranked by a car magazine that the CEO's brother runs out of his basement, but the claim is there. When Microsoft first launched their Bing search engine, they tried to invent a new category, calling it a "decision engine." The problem was that no one knew what a decision engine was, and they didn't know why they needed one. It didn't tell you what Bing wanted to be. Microsoft finally changed directions and all but directly told consumers what they'd been trying to say: "Bing is a better version of Google." In their most recent campaign, Bing has built a "blind taste test," comparing Bing and Google search results (check out BingItOn.com). And now their message is starting to resonate with consumers. Almost everyone knows what Google is. This comparison makes it easier to understand what Bing is. There's no need to complicate something that is meant to be simple. Just tell people what you are and that you're better.

Branding

Probably the most fundamental way to increase brand perception is through revised branding. This may mean revising an existing brand or creating a completely new brand. Complete rebrands are most frequently seen in cases where a brand name has an extremely strong connotation, either negative or positive. Making major changes to an in market product can be a dangerous game if consumer expectations are already fixed; however, by rebranding a product, you can reestablish expectations with consumers around a new identity.

For brands with negative connotations, establishing a new brand may give them the opportunity to disassociate a bit from the "former" brand. This was the case when Tricon Global Restaurants (KFC, Pizza Hut, Taco Bell) was having major problems. Their debt, reportedly $4.7 billion, was 10 times that of their cash flow and their shareholders' equity started at negative $740 million (KPMG, 2004). On top of that, their food chains, particularly KFC, were being attacked by animal rights groups for their poor treatment of animals. Turning this brand around was a huge task, particularly in the highly competitive and volatile Quick Service Restaurant (QSR) industry. Tricon's management executed a bold and complex strategy of refranchising (selling existing company-owned restaurants to new and existing franchisees) restaurants and reducing liabilities by closing a large number of underperforming locations. As a symbol of their new direction, Tricon Global Restaurants rebranded themselves as Yum! Brands, Inc., which helped separate them from the painful missteps and challenges of their past. Since this brand shift, their valuation has grown nearly nine-fold as they have retained their spot as world's largest restaurant company.

On the flip side, well-defined brands with strong positive connotations may also use branding tactics to protect their identity, as was the case when Toyota launched the Scion sub-brand. Toyota has developed an incredibly strong and positive reputation in the marketplace as being a safe and reliable family vehicle. And while Toyota certainly wants Scions to be seen as safe and reliable, their main selling proposition for a group of cars designed for young men and women revolves around sex appeal and culture. Not only did they risk having a Scion line lose some of its cool factor for being "a Toyota" - not a historically sexy brand - but they had more to lose by damaging the Toyota brand name, one that has been so strong that it has upheld its reputation despite several recent product blunders. As a result, Toyota felt the Scion brand, complete with the target audience-appropriate imagery and messaging, was better run independently of the Toyota brand, a strategy that has brought them great success to date.

Brand Redesign
While sometimes it may make sense to wipe the slate clean and rebrand a company or product from scratch, in a lot of cases redesigning a brand or product can go a long way towards making a product appear more premium. This may include updating logos, websites, branded materials, and packaging. There are several fixed costs associated with a brand redesign, including the cost of creating and designing the new brand imagery. A new package design will mean having to create new plates and a higher quality package may increase your COGS. Additionally, you may have to account for a loss on materials and products that are unusable after the redesigned product is released (e.g., business cards with the old design). But despite these costs, a brand redesign can be one of the fastest, least expensive, and most effective ways to build a new brand perception.

Affiliations & Endorsements
A powerful way to increase your brand value is through affiliations and endorsements with either positively perceived companies or perceived category experts. Several companies have recently gained a great deal of value and perceived quality due to their relationships with one of the most valuable brands in the world, Apple. Belkin has seen a great deal of success through getting their products into Apple stores. Not only does this provide a great retail distribution outlet for them, but for many, it validates their products as "Apple approved." Similarly, both Twitter and Facebook's valuations increased with the announcement of their direct integration into Apple's iOS. We see an increasing number of businesses who list one of their core selling propositions as "engineered by former Apple employees." You don't need to look far to learn that the Nest's Founder and CEO is former Apple SVP Tony Fadell. These affiliations carry a great amount of value, and partnering with companies with high brand values can help elevate your brand. The tricky part is getting them to want to partner with you!

While I'm not a fan of celebrity endorsement for the sake of celebrity affiliation (I love Tom Brady but I have no idea why he's selling me UGGs), when a celebrity provides credibility and validation to the product, these types of endorsements can be very valuable. Beats Electronics, founded in 2006 by music moguls Jimmy Iovine and Dr. Dre, has done a phenomenal job of using music industry icons to make their Beats headphones one of the top selling headphones in the market - despite marginal reviews of the product itself. Not only have they done a great job of selling headphones, they've redefined the market for high-end headphones, which has historically been a niche market for audiophiles. Now, instead of using free iPod headphones, customers are shelling out hundreds of dollars for high quality headphones, leading to competition from other music industry moguls including 50 Cent, Ludacris, and Quincy Jones.

Do one thing and do it well
The range of products or services that one offers can have a large impact on the quality perception of those particular offerings. Typically, the more diversified that a company is, the lower the perceived quality of an individual offering. For instance, if a store offers music lessons, dry cleaning, ice cream, and computer repair, you'd probably choose to take your broken computer to the computer repair shop down the street that only fixes computers (this would also be the strangest store ever, but you get my point). The auto repair industry plays into this perception greatly, with particular shops focusing explicitly on German cars or a particular brand, suggesting that they know those cars better than a shop that services all types of cars. It's being an expert in one vs. being a "jack of all trades, but master of none."

Apple has been a big proponent of this philosophy, minimizing its product line to 12 core products, and with these 12 products, they are outselling many other major electronics companies who make dozens of products across many different product categories. Much of Apple's success comes from the quality perception (and reality in many regards) of their products. They don't make 16 different phones. The make one. In a famous quote, Steve Jobs told Nike CEO Mark Parker, "Nike makes some of the best products in the world. Products that you lust after, absolutely beautiful stunning products. But you also make a lot of crap. Just get rid of the crappy stuff and focus on the good stuff."

One of the largest examples of success through specialization happened in the late 1990s. At the time, there was a relatively large set of search engines competing for market share, including Yahoo and AOL, as well as HotBot, Excite, Dogpile, and AltaVista. And at the time, all of these companies were trying to be web portals (Six Revisions, 2009). They were your one stop shop for information, emails, games, shopping, and oh yeah, they had a search bar. In 1998, Google came along with a simplified position. They were a search engine. That's it. At the time, you couldn't do anything else even if you tried. You either did a full search, or you were "feeling lucky". While by no means the single factor of Google's success, the fact that people perceived that they had better results due to the fact that they only did search was an undeniable factor that helped them become the market leading search engine.

Scarcity
The Laws of Supply and Demand are perhaps the simplest and most fundamental principles of economics. Demand is "how much (quantity) of a product or service is desired by buyers," while supply "represents how much the market can offer" (Investopedia, 2013). All other factors remaining constant, in a free market, as demand rises, so does price, and when supply increases, prices fall. Similarly, as price increases, demand will decrease. The price point and quantity level at which supply perfectly meets the demand is referred to as an economic equilibrium. Now we're all well aware that the real world doesn't exist in a vacuum like this. There are likely additional variables at play, for example a circumstance where a food brand overproduces a product because shutting down a plant one or two days a week and starting it back up again would cost more money than the costs of over-supplying the market with their product. Or competition may force you to price a product within a certain range despite the fact that you cannot produce enough of a product to meet demand at that price level.

Scarcity is a measure of supply in which quantity does not meet the market demand at a given price point. In situations of scarcity where demand is high, the value of the product can grow at an exponential rate. Furthermore, what consumers are willing to do to attain said product also grows at an exponential rate. In early 2012, Nike released their limited edition Nike Foamposite Galaxy shoe. There were only 1,200 pairs of shoes sold nationwide. The crowds outside a Florida mall, which had 200 pairs of the $220 shoes, grew so unruly that they were forced to cancel the event at the mall. The event cancellation only escalated emotions of the crowd, who had been waiting for hours for a chance to get the shoes, that eventually SWAT teams were called in to help defuse the situation before it turned into a full blown riot. Later the same day, the shoes could be found online reselling for $2,500 a pair (ABC News, 2012).

The stories of extreme consumer behaviors due to scarcity for products go on, from the New Jersey Walmart employee who was tackled by nearly 300 customers, suffering a concussion and a broken rib, because he was holding the store's last remaining Tickle Me Elmo doll to the riots and violence that broke out around the country over Cabbage Patch Kids, leaving one woman with a broken leg after getting caught in a mob of over 1,000 angry shoppers (TIME, 2010) .

What's perhaps most fascinating about these stories of violence surrounding scarcity is that these products are far from necessities. After natural disasters, it is not uncommon to see people looting stores or robbing houses.

MARKETING **JOURNEY**

Scarcity of food, water, and shelter certainly lead people to do some unflattering things, but the fact that people are injuring other people over shoes and toys due to an artifically created scarcity illustrates just how much scarcity can increase the value of products.

Creating scarcity to increase product value can be an extremely effective tactic for brands and products that have some existing demand. Most brands who use scarcity tactics (either intentionally or not) have relatively fixed prices, and so they aren't able to benefit from increased margins due to the product scarcity (although resellers typically do). For example, movie theaters don't increase ticket prices for popular movies during the release weekend of a big new movie, only to reduce ticket prices as the demand goes down (maybe they should), but in many cases, the excess demand validates what may be an already high price for an existing product. Even though the movie theater makes the same amount of US dollars, the person who waited in line for 6 hours to see a midnight showing of the latest James Bond movie incurred a higher cost than someone who saw it on week 4 with no wait. Even though the person who saw it on week 4 might normally think that $12 for a movie is high, considering that other people "paid" a much higher cost to see the movie, that $12 doesn't seem so exorbitant. In fact, by avoiding the additional costs of waiting in line, the $12 ticket with no wait is effectively a reduction in the cost of the movie, which as we learned from our earlier economics lesson, will increase the demand to see it. In addition to the increased perceived value of the products and brand, the hype generated around product scarcity can also lead to some great publicity.

The market where we do frequently see increased margins due to scarcity is that of luxury items. For example, high end cars may have a huge margin on them because they are one of eight in the world. This increased margin has high validity due to the fact that the scarcity of these products is fixed. While it may be hard to find the newest gadget the first week it hits the shelves, in a month or so after launch, it will no longer be scarce. Furthermore, many of these luxury products, especially

limited edition prints, jewelry, and works of art, will appreciate over time.

Innovation

Innovation, whether it's in the form of new products or improved existing products, can be a great way to build increased value into products and services. Now of course this is simple to say. You're probably thinking, "innovation is expensive," "innovation is hard," "innovation is risky." So let me start by addressing a few of the "buts" you've probably already come up with in your head while accompanied by the world's saddest song on the world's smallest violin.

Yes, innovation is hard and innovation can be expensive. Yes, it is estimated that 80% of innovations fail. And while successful innovations may allow you to sell your products for more money in-store, it may require large amounts of capital to develop these innovations. It's why companies like Microsoft, Apple, Samsung, and Google are in a constant cycle of patent battles (Forbes, 2012). The creation of the technology in these patents is expensive. These patents protect these innovators from incurring all of the costs of innovation while their competitors skip the research and design costs and jump straight to production of someone else's ideas. This all leads to the question, "is the cost of innovation investment worth the return?" The real question is not "can you afford to innovate?" it's "how can you afford not to?"

Now it's easy to point out the highlight reel of innovation successes and failures. Napster took down the music industry by providing access to vast libraries of music and immediate digital downloads. Now cable companies are clinging to an outdated provider model while companies like Netflix, Hulu, and Amazon try to innovate (Forbes, 2011). The cable companies only have themselves to blame for not moving to innovate first. Companies like RIM (now Blackberry) and Blockbuster's lack of leadership and failure to innovate within an evolving market took them from being market leaders to, in the case of Blockbuster, bankruptcy (which could be around the corner for Blackberry as well) (Forbes, 2012).

Quite often, innovation comes at a premium, especially in the technology field. Innovation builds value in a few ways. First movers

> "Victory awaits him who has everything in order, luck, people call it. Defeat is certain for him who has neglected to take the necessary precautions in time, this is called bad luck."
>
> *-Roald Amundsen*

place intrinsic value upon having the latest and greatest products or seeing something first. While general consumers may not be willing to pay a premium for innovation, they still recognize the value. More often, innovation builds value into products because it provides something of incremental value. After years of consumers complaining about how hard it is to get ketchup out of glass bottles, Heinz did the unthinkable and ditched their iconic bottles for an innovative

INNOVATION

DOES NOT NEED TO BE COMPLEX OR MASSIVE FOR IT TO BE EFFECTIVE.

Innovation isn't limited to technology or to the products themselves. Innovation can be in the form of financial tracking, product introductions, pricing strategies, supply chain management or organizational management.

new design. In 2002 they introduced the plastic upside-down bottle which has gotten rave reviews from consumers. Easier to use. Less waste. It was an immediate success, and since its release, Heinz's ketchup sales have increased by roughly 25% a year as consumers switched from other brands to use Heinz's new bottle. But they didn't stop innovating there. While they were happy to be stealing their competitors' sales, they were still not able to increase ketchup consumption with the new bottles despite their ease of use, so Heinz took a page out of Coke's book, who discovered that consumers drank more Coke when it came out of a 2-liter bottle than out of a 12-ounce or 1-liter bottle. People seemed less likely to ration with the larger bottles. And so when Heinz re-engineered their bottle to hold more ketchup while still fitting on a refrigerator shelf, the results were exactly what they had hoped for. Consumers who moved from a 24-ounce bottle tos a 36-ounce bottle used 44% more ketchup while those who moved up to the 46-ounce bottle used 78% more. Consumers essentially went through the bottles at the same pace, regardless of size (Pack World, 2006; CNN, 2006; Heinz, 2013).

Innovation isn't limited to technology or to the products themselves. Innovation can be in the form of financial tracking, product introductions, pricing strategies, supply chain management, or organizational management. In the heart of the recession, McDonald's increased profitability without increasing prices through an innovative database solution that bridged their POS software, training tools, and other business applications, giving franchise owners and staff easier remote access to the tools they need to run their business. This solution reduced McDonald's server demand by 50%, increasing efficiency and reducing overhead in restaurants. It saved them tens of millions of dollars in hardware costs, all necessary savings for McDonald's to keep providing meals at the low cost that they do (Virtual Bridges, 2010).

Innovation does not need to be complex or massive for it to be effective. Sometimes a simple change in perspective is enough innovation to cause a disruption. One of my favorite innovation case studies of all time, in 2008 Post Foods saw an 18-point gain in market share after it reintroduced its Shreddies cereal (Shredded Wheat in the US) as Diamond Shreddies, which were diamond shaped as opposed to the original square cereal shape (a.k.a., exactly the same) (Macleans, 2008). Even simple products that seem timeless can fade out of fashion if they fail to adapt, a lesson learned from Hostess, who recently went out of business after 82 years (CBS News, 2012). If something as simple and iconic as a Twinkie can become obsolete, do you think your products are safe?

Product Mix

Optimizing a product mix to increase margins can be really challenging, especially depending on the industry you're in. While gross profit margins vary greatly by product, companies frequently fall subject to the Pareto principle (a.k.a. the 80/20 rule) where 80% of their profits come from 20% of their sales. All other factors aside, logic may tell us to ditch our less profitable products and focus on growing our higher margin products, but this may not always be possible. Products like printers and game consoles are frequently sold as loss leaders because the manufacturers count on making money on ink, games, and accessories after someone purchases their products. For them to simply ditch this unprofitable product in their mix makes absolutely no sense.

The key word here is "mix." When there is cross-product dependency in a product mix, such as in the case of a printer, it is important to account for the impact that changing investment in one product has on the others. While there's no magic formula to establish this, by isolating each product and the correlation coefficients between each of the products in the mix (i.e., what and how strong the effect that they have on each other is), you can start to establish what an optimal mix might look like.

When there is no or low cross-product dependency, optimizing a product mix can be a lot easier. Think of it as concentric circles. If you have room for growth with your highest profit margin product, you should invest more into that product before you move to the next ring and invest in lower profit margin products. And once you've maxed out your most profitable product, move to your second most profitable. If you own an ice cream store with 10 flavors and every day by noon, you're out of chocolate but have hardly sold any bubblegum flavor, The real question is not, "Can you afford to innovate?" it's, "**How can you afford not to?**"

stop buying bubblegum and buy more chocolate. This is frequently referred to as "firing customers." Even if you don't currently have room for expansion with other products, cutting out a product that is barely profitable can still leave you with more available cash and resources for other investments. Just because a product isn't unprofitable doesn't mean it's worth investing in. There are opportunity costs to these investments too. Again, this example assumes no cross-product dependency. If the ice cream shop has made its mark around introducing new wacky flavors every month and even though no one ever buys the wacky flavors, it brings people into the stores, the bubblegum flavored ice cream is probably still worth the expense (in this scenario, the product could be considered a marketing investment and gain some revenue attribution from other sales that it helped drive). But sometimes, we hold on to bad products for too long. When it's time to let go, let go. Sell the product mix that will get you the highest profits while setting yourself up for optimal long-term growth.

Stand for something

Now being a data and analytics guy, I'll be the first to admit that you can find some case studies or numbers to support any far fetched strategy. If enough people try a bad idea, eventually one will be successful, if by nothing other than chance. There is a lot of data in support of and against brands investing in causes, each making their share of good points. All of that being said, I'm a firm believer that businesses and brands can build value by doing social good and standing for something. Here's why.

I'd like to preface my points here by saying that I do not necessarily believe that business have an intrinsic duty to give back. I think at worst, they need to be neutral - do no harm - but even at that, businesses provide jobs and services that are important to our economy. How many new jobs offset leveling an acre of trees? The math isn't always black and white. But I do believe that brands can create value (translation: positive financial returns) from socially responsible investments, and I hope the more they are able to do so, the more they will seek to invest in such outlets.

The most common argument against corporate philanthropy or cause marketing has to do with data. Now like all good analysts, when we don't like what the data say, we argue that everyone is lying. And in all fairness, if you ask a participant in a focus group, "would you be willing to spend an extra $1 on this product to save an endangered panda cub?" of course they can't say "no." What do you expect them to say? And the data we see on this subject support this. "40 percent say they will not purchase a company's products or services if corporate social responsibility (CSR) results are not communicated." (Cone, 2012). Really? I'd like to meet one person who shops with such scrutiny and integrity. The vast majority of people claim they'd prefer a brand that supports a cause, and they're willing to spend more for such a brand (Nielsen, 2012); however, this claim doesn't always carry through to the cash register (if they really wanted people to donate, they should stop hanging the names of everyone who contributes and start hanging the names of everyone who doesn't).

"So why do you still believe that CSR investments will drive a positive value then?" you ask. I'll give you four reasons. First, while I think that a lot of the pro-CSR data you'll see is exaggerated, I don't think the attitudes are false. I think that consumers generally do want to purchase socially responsible products from responsible companies. Which leads me to my second point: part of the reason these attitudes have not been carried through to the cash register is because too many brands are doing a horrible job of being strategic in planning and articulating their position on social issues. Blame the strategy, not CSR. It's like deciding to sell bikes, making a handful of crappy bikes, and then when nobody buys them, determining that people don't actually like bikes. Brands, like Patagonia and TOMS Shoes, have made corporate responsibility a core part of their business and have achieved great brand value in doing so. The third reason is that if you don't see the value in it now, think about five or ten years from now. The largest demographic groups in the US who are advocates of corporate responsibility are moms and Millennials, both largely educated groups with increasing spending power (Nielsen, 2012; Cone, 2012). Furthermore, consumers in the largest growing economic region, APAC, rated corporate responsibility higher than consumers in any other region globally. Lastly, the economics go beyond just purchases. Socially responsible companies have higher employee satisfaction and retention, can produce huge cost savings by reducing waste, and are generally given more leniency when problems do arise within the company, as they are typically seen as good companies that made a mistake rather than bad companies who got caught.

Brands need to take a consistent stance and build solid strategies that answer the questions, "how is this position adding value to our consumers?," "what does this say about our brand?," and "why is this going to convince a consumer to buy our product over another or spend more for our product?"

Other subjective variables

Sometimes it's internal politics, sometimes it's personal, but there are a couple of variables that we run into frequently that may cause collisions between long-term strategic planning and short-term necessities.

Trade marketing

The world of trade marketing is large and complicated, something we'll discuss further in future editions, so while I'm not going to address it in too much detail, I do want to acknowledge its impact on strategic planning. Buyers, particularly those at large retailers, have a lot of power, especially over smaller brands. The revenue from a single large retailer can be significant, and these buyers are the gatekeepers to that revenue. These buyers like to see brands supporting their stores and immediate sales, meaning that things like coupons and in-store price reductions are seemingly valued greater than larger brand building efforts. In several circumstances, I've seen buyers make ultimatums for brands, requiring the brands to make significant investments in the store's marketing programs (i.e., pay the store money) or have their product pulled off the shelf. Brands may be forced to cancel other programs to fund these retailer specific buys, because, at least in the short-term, the cost of having a major retailer drop a product is much greater than the cost of losing a brand campaign. As we can learn from Amundsun, this is certainly a scenario that brands and agencies should be planning for in advance. When building your strategy, long before it is an issue, you should set a plan for how you would reallocate marketing budget to support a trade marketing program throughout different points in your campaign.

Investment rounds & IPO

Another time when businesses may favor short-term objectives is when it comes time for a company to raise money via investment rounds or IPO. Certain companies may favor a specific performance indicator over others if they feel that it's a metric that's important to investors. This was seen with Facebook's IPO where they put a lot of focus on the number of user accounts and interaction for advertisers. It made them look larger than they were and the performance from their partners made them look like a strong advertising option, which is Facebook's main revenue source. Yet shortly after their IPO, Facebook acknowledged that roughly 83 million of their user accounts were fake, about 8.7% of their nearly 1 billion global users. Upon deleting these accounts as a series of site improvements, it also deleted Likes from brand pages. Brands like Zynga's Texas HoldEm Poker, South Park, and Justin Bieber each lost tens of thousands of fans and hundreds of thousands of Likes (CNN, 2012; TechCrunch, 2012).

While it's impossible to foresee every scenario, assessing business objectives and the road to achieving these objectives can go a long way towards helping you achieve your goals. Getting to your destination is a whole lot easier when your strategy addresses any challenges you'll face. So prepare wisely and enjoy the journey. --

Just because a product isn't unprofitable doesn't mean it's worth investing in. Sell the product mix that will get you the highest profits while setting yourself up for optimal long-term growth.

LOCALIZATION

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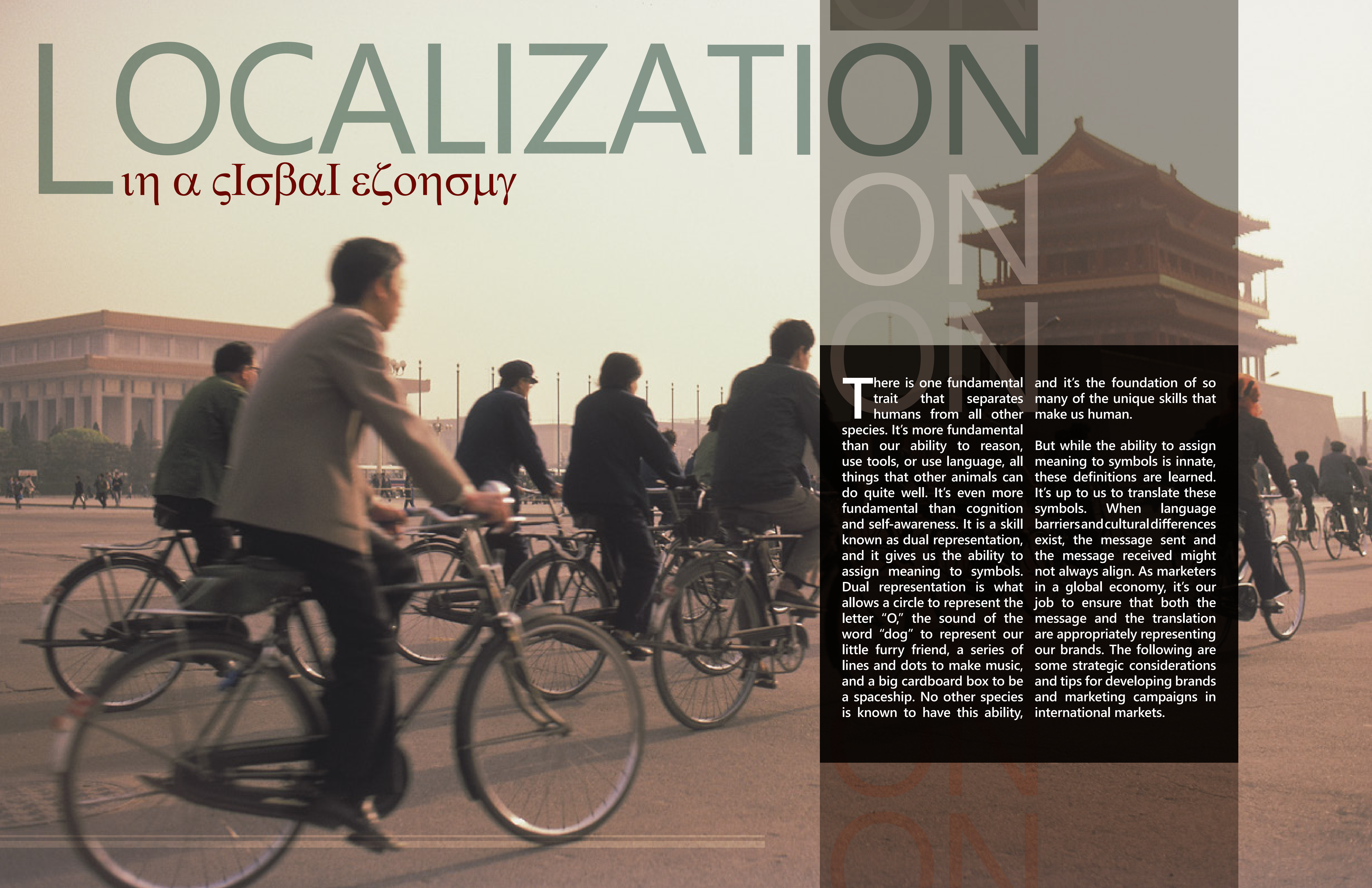


There is one fundamental trait that separates humans from all other species. It's more fundamental than our ability to reason, use tools, or use language, all things that other animals can do quite well. It's even more fundamental than cognition and self-awareness. It is a skill known as dual representation, and it gives us the ability to assign meaning to symbols. Dual representation is what allows a circle to represent the letter "O," the sound of the word "dog" to represent our little furry friend, a series of lines and dots to make music, and a big cardboard box to be a spaceship. No other species is known to have this ability, and it's the foundation of so many of the unique skills that make us human.

But while the ability to assign meaning to symbols is innate, these definitions are learned. It's up to us to translate these symbols. When language barriers and cultural differences exist, the message sent and the message received might not always align. As marketers in a global economy, it's our job to ensure that both the message and the translation are appropriately representing our brands. The following are some strategic considerations and tips for developing brands and marketing campaigns in international markets.

DUAL REPRESENTATION, A SKILL THAT GIVES HUMANS THE UNIQUE ABILITY TO ASSIGN MEANINGS TO SYMBOLS, IS FUNDAMENTAL TO HOW WE COMMUNICATE.

THREE APPROACHES TO LOCALIZATION

Centralized

With a centralized approach to global marketing, all marketing materials come from a centralized location. This may mean that all assets are created and localized out of a global headquarters and then distributed to their respective markets. This approach builds strong brand consistency and is typically more efficient, as it reduces duplicate efforts of multiple markets generating their own marketing materials. The downside is that it limits localization. A centralized team creating this content often does not have the insight that local marketing branches do.

Decentralized

The flip side to a centralized approach is a decentralized approach. In this model, materials are produced by local teams. This approach typically results in the highest degree of marketing personalization, as local teams are much more in tune with consumers, language, and culture. This is true localization, as content is created per market. If you are using localization vendors for this task, choose them based on their ability to translate and recreate marketing materials. The replication of marketing efforts across multiple teams makes this approach less efficient than centralizing the process and can also result in low brand consistency, as the use of brand elements and messaging will likely vary from market to market.

While this may cause some global CMOs to quickly raise a red flag, it is fair to ask the question, "so what?" Will brand inconsistency between countries cause significant confusion for consumers? Certain brands, like Starbucks, have a lot of equity in the global consistency of their brand. An American can go into a Starbucks in the UK and have a very similar brand experience as they would in the States, a variable that has earned Starbucks a lot of success. Many other brands don't have such high cross cultural exposure. If there is a large amount of variance in the branding of Dyson vacuum cleaners between the US and Korea, how likely is it that this variance will cause harm to the brand? For a brand like this, it could easily be argued that localizing the message to each culture would be more important that maintaining global consistency.

Hybrid

The last approach to localization is a hybrid of both a centralized and decentralized model. This may mean that brand assets are derived from a central location and that local entities are allowed to alter the messaging for the local market within a certain framework. This keeps a moderate level of global brand consistency and localization. While this seems like the best of both worlds option, constraints may not allow such an approach. A hybrid model is likely more difficult to manage and the most expensive approach as it requires both a centralized team and local teams. Furthermore, there is even more duplication than with a decentralized model. This hybrid approach may not be an option for a young company who simply doesn't have the resources to employ a local team, or for decentralized companies who rely exclusively on their local teams, such as a non-profit where the local chapters act independently.

In 2010, 60 million international travelers visited the US with the largest amount coming from the UK, Japan, Germany, France, and Italy. Between 1990 and 2010, international travel to the US increased by 52%. Ease of travel is making the world a smaller place (BEA, 2011).

When choosing an approach, there are several key questions to consider.

1 What are our available resources centrally and locally?

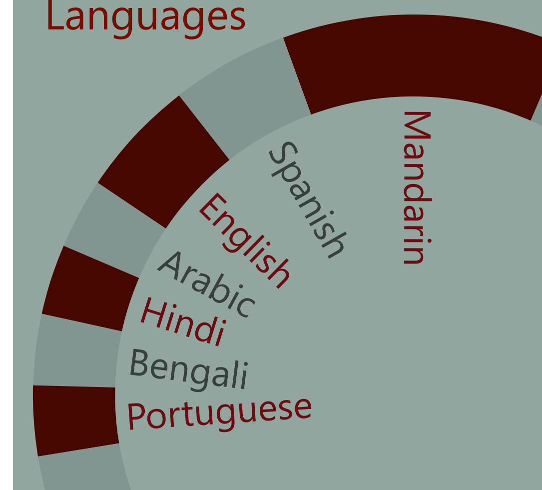
2 What is our brand/ product recognition in each region?

3 How culturally different is this region?

4 What is the cost of doing business in this region?

5 How well do we feel we understand our local audiences?

Top Seven World Languages



LOCALIZATION FUNDAMENTALS

Localization does not equal translation

It needs to be said early on that localization does not equal translation. While translation is a component of localization, it can be a damaging move to simply translate a campaign into a local language without considering local implications. Translation makes concepts legible. Localization makes concepts relevant. Localization not only addresses language but also cultural differences, variances in consumer psychology, and context.

At the core of marketing is the recognition that not all consumers are alike. Audience segmentation models allow us to target different individuals with messaging that addresses their specific needs and concerns. This same rule applies when localizing materials for different markets. An important step in the localization process is taking the time to understand the psychology, motivations, and behaviors of consumers in each market. Gaining an intimate understanding of your target audience is an important foundational step toward successful marketing, no matter the market.

Addressing language

Translation into a local language is an important part of localization, but does not define localization in and of itself. According to a 2005 study by Ethnologue, there are 6,912 languages in the world. Thirty-three percent of these are spoken in Asia and 30% in Africa. The first step in addressing language is to determine which languages you need to translate into. Some areas are quite straightforward, such as France or Spain. Other regions like Switzerland, which is divided between four main languages, may be more of a challenge. You should also be aware of local laws pertaining to language, such as Canada, which requires both English and French on product labels or the Toubon Law in France, which requires all packaging and advertising materials to be in French.

When localizing a campaign, it is important to be aware of any translations that may be misinterpreted, colloquialisms, double meanings of words, and potentially offensive slang.

You should also be aware of definitions that differ among countries who speak the same native language. A term used in Mexico may be mainstream, but that same term may be vulgar in Argentina. The difficulty of language localization will vary greatly depending on what is being localized. There are several different ways to localize language: manual translation, computer-assisted translation (CAT), and machine translation (MT).

Manual translation uses a translator who speaks both languages. This method is a good approach for marketing messages, as it helps ensure any cultural or contextual language elements are addressed. It may also be required for technical or niche content that cannot be accurately translated by software.

Computer-assisted translation (CAT) uses computer software to aid in translation but incorporates manual editing into the process to provide greater accuracy. This approach is generally based on a translation memory (TM), which is a type of database that leverages previously translated texts to increase translator productivity on new material. Often this approach includes other bilingual tools that allow translators to search for phrases in their text and perform consistency checks for terminology. This is a good option for highly repetitive (often technical) materials that need to be accurate, but do not need to be completely rewritten for the target audience.

Machine translation uses linguistic software to translate from one natural language to another. This software performs word or phrase substitution. This approach has obvious limitations. Depending on the software and the language pair, quality may vary drastically. Output quality is best judged by a native speaker of the language. New training approaches for MT are improving translation accuracy, and pricing for this model will depend on the complexity of the source, linguistic training needed, and the accuracy expected of the output, which often will need to be post-edited by a human for quality.

Addressing cultural differences

Understanding local culture is critical to avoid misrepresenting your brand or worse, offending local consumers. Pepsi had several reminders of this in Asia where they lost market share after changing its vending machines from deep blue to light blue, a color that is the symbol of death and mourning in Southeast Asia (Qualman, 2012). Pepsi had another misstep in 2004 when they were sued in India for glorifying child labor after a television ad depicted young boys serving Pepsi to an Indian cricket team celebrating a win (Rediff India, 2004).

While these two moves seem harmless on the surface, they show how a lack of cultural understanding can have serious consequences. There is no machine or computer-assisted technology that can eliminate cultural misunderstandings. The only way to avoid these issues is through developing an understanding and having oversight from individuals who understand the local culture.

Addressing local context

Both locally and abroad, context can have a significant impact on how a message is received (check out Ameriquest's "Don't Judge Too Quickly" commercials for some funny examples of why context matters). Gerber learned their lesson the hard way after launching in the African market. Due to low literacy rates in much of Africa, it is common for packaged goods to use pictures on the labels to indicate what is inside. This proved problematic when Gerber introduced their baby food jars and packaging with their iconic smiling baby

Localization does not equal translation.
Translation makes concepts legible. Localization makes concepts relevant.

TIPS FOR BETTER LOCALIZATION

Localization does not just mean translation
Don't just translate text. Understand that things like context, imagery, colors, body language, and other elements also have meanings in different cultures, and consumer motivations and behaviors differ as well.

Be proactive
When possible, take a proactive approach to localization. A proactive approach will not only help you avoid disruptive issues, but it will allow you to adapt to the culture.

Learn about local culture and customs
There's no software to help address local culture and customs. In order to best market in a particular culture, you need to gain an understanding of that culture.

Use common sense
Look for obvious red flags and "if you see something, say something."

Beware of bad translations
Beware of unintended bad translations, humor, double meanings, colloquialisms and idioms, and potentially offensive material.

One size does not fit all
What works in one market may not be the best fit for another.

logo. Colgate also fell victim when they launched a toothpaste in France under the name *Cue*, also the name of a notorious French porno magazine. And perhaps the biggest contextual blunder was when Swedish company Locum (represented as "locum." in their logo) sent out their Christmas card replacing the "o" with a heart. I'll let you do the math on that one.

Like culture, there's no magic formula for identifying contextual missteps. The biggest defense against embarrassment is to obey the rule, "if you see something, say something." If at any point in the process, you notice anything that could be misinterpreted, say something as soon as possible. Having to reprint thousands of ads is likely less costly than publicly defaming your brand.

Positioning
It is important to consider the existing market landscape when launching in a new market. For brands that are well established in other markets, it is natural to want to establish the same position in an expansion market; however, that might not be possible. Existing brands may already have a stronghold on a particular brand position, which may require you to establish a new brand position for that particular market. For this reason, among others, it is important to understand the competitive landscape when entering a new market.

MOVING INTO NEW MARKETS

Localization can be a large undertaking, especially when launching a product into a new market. The need for localization isn't exclusively reserved for launching into new countries with different languages. There are many different cultures within the U.S. alone that may warrant localization. Materials to be localized can be broken down into three buckets: product, messaging, and support.

Product localization
The first step in moving into a new market is to ensure that the product is localized. This may be a very simple or incredibly complex step depending on the product. A hat in Japan is going to look a whole lot like a hat in the States. Translating a book from English to German is a relatively straight forward process. A video game, however, might require some significant changes.

For tangible products, such as apparel or electronics, it is important to consider the physical environment within which these products will be used. For example, variances in temperature and moisture may require you to consider using different materials to produce a product. Local economics might also have an impact on raw materials. In parts of the world with less disposable income, slightly sacrificing product quality by implementing less expensive materials may be the difference between successes or not in a given market. Contextual considerations, like category familiarity and education, are also important considerations in launching products in new regions. Some things that seem intuitive to one culture may not be so intuitive in another.

Products should also be sensitive to the cultural and religious context of their products. History has shown that certain product features and elements that seem harmless may cause offense and even lead to military conflict if not carefully addressed. In 2010, a military standoff ensued after Nicaragua moved troops into Costa Rica based on an error in Google Maps that incorrectly displayed the border between the two countries. Ultimately, the discord was peacefully resolved and Google fixed the error. Other border disputes have occurred over Google Maps, including a 2011 dispute between Germany and the Netherlands over Dollart Bay.

In another less extreme instance, the classic and seemingly harmless PC game, Minesweeper, underwent significant criticism in the Balkans. This area had been plagued with remnant landmines in the aftermath of a brutal war in the 1990s. In 2001, the International Campaign to Ban Winmine (Minesweeper) was launched in Italy, lobbying to remove the game. They contended it was offensive to victims of landmines and to those who continued to risk their lives to clear them. As a results, a version called Field of Flowers, in which the mines were replaced with flowers, was introduced during the Windows Vista timeframe.

Messaging localization
The list of poorly translated product names and ad campaigns is long. Of course there is the story (actually an urban myth, but good illustration) of the Chevy Nova, which saw poor sales in Central and South America as "no va," in Spanish, translates to "it doesn't go." Or when Coors' "Turn It Loose" slogan translated to "Suffer from Diarrhea" in Spanish. And poor contextual awareness doesn't have to be cross cultural to occur, as was seen when the city of Seattle announced their new *South Lake Union Trolley*, which has since been renamed to the *Seattle Streetcar*, but not after a wave of "Ride The S.L.U.T." merchandise immortalized the name forever.

While message translation can certainly cause challenges, the real challenge with marketing in foreign markets is addressing consumer motivations in a different culture. A brand message that is relevant and meaningful in one culture may be meaningless in another. For example, in the US, power toothbrushes are sold to help improve heath, beauty, and give confidence. This differs greatly from Japan, where power toothbrushes are seen as a device rewarded to those who have mastered the use of a manual toothbrush. Examples like this show the true discrepancy between translation and localization. Simply translating an ad campaign between the U.S. and Japan may not have any harmful mistranslations but it will not address the motivations and behaviors of the local consumers.

Support localization
Once you've localized your product and messaging, you have to have a system in place to support your new customers. The first part of this process is updating support materials into the local language. This may include translating product manuals, directories, and support websites. Depending on what you're providing, the complexity of this may vary. Translating a short "how-to" manual and translating a technical document for complicated medical equipment are two different beasts.

Support becomes more complex when some form of live support is required. Whether via phone, live chat, or email, building a team that can respond to customers in their local language brings up a lot of different challenges. The most obvious is language, which will require either building a support team who speaks the local language or leveraging sophisticated, and often imperfect, software to help manage translation. If there is a centrally located staff that will support customers in a different part of the world, you must also consider the impact of time zones, work weeks, holidays, vacation times, and seasonality. Some of these challenges, such time differences between the east and west coasts, can even cause issues within the US. --

TACTICAL CHALLENGES

Time zones
Work weeks
Holidays
Vacation times
Seasonality
Technology
Politics

UNDERSTANDING BIG DATA

When we think of big data and analytics, it is numbers, not words that come to mind. Yet it's words, not numbers, that have caused such a commotion and misconception in the business world. One word in particular, and a very little word at that. This word has resulted in billions of mislead dollars spent in various industries trying to figure out what it means. And many analysts are benefiting greatly from it. The confusion is easy to understand; semantics have created these types of challenges before, but we want to show you how changing your definition of big can help demystify what big data is and how to get the most out of it.

There are several definitions of the word big. One means large. Today, when we discuss big data, this is most frequently how we're defining it. Large data has been the source of many expensive server rooms being built, custom applications being developed, and a demand for people who can understand a lot of numbers. An alternative definition of big is significant or important. To me, this is what is meant by big data. There is a shortage of people who can translate significant data. Anyone can be taught to process numbers, but learning to translate data into something significant is as much an art as it is a science. We must leave the left brain role of data scientist and enter the right brain role of storyteller. A large amount of data produces charts and graphs. Significant data tells a story, a story that can transform how you do business.

Finding significance in data doesn't require a large amount of data, it requires the right data. Relevant data. Getting relevant data isn't always easy. It requires strategic planning far in advance of launching and tactical maintenance throughout. Our discussion today will revolve around building a strategy and plan to get the right data for you and how to craft your story with it.

Finding significance in data doesn't require a large amount of data, it requires the right data.

What does significant really mean?

While we're on the topic of definitions, I think it's important to take a moment to better define another word: significant. In the science world, statistical significance in data refers to the reliability of the data. The science world uses α values and p-values and t-values to measure this reliability. An α value of .05 or .01 is typically the standard of significance in science, meaning that we can be 95% or 99% confident that the results from our test can be accurately generalized to the population and are not showing a false relationship.

In terms of big data, significance can be defined as information that is valuable, relevant, and gives us the ability to make an informed decision. While we may not require the same 99% confidence levels that exist in the science world, it is important to be aware of statistical significance when analyzing data. A sample size of three users is probably not enough to make any grand generalizations. But if we're assessing two live landing page options and 70% of users over a month choose one landing page over the other, those results may pass the statistical significance test we need to make a decision.

Start at the end

The concept of data mining can be confusing. It is often thought of as "taking a mountain of data and see if there are any

diamonds of information in there." While there are certainly times that this approach can be fruitful, that is not the intention. It is much smarter to start your measurement planning with a thorough understanding of what questions you are trying to answer with your data. Understanding what your measurement goal is will allow you to be smarter about how you set up your tracking. Here are a few opportunities to begin with.

Campaign optimization

On the relatively simple end of the data spectrum is campaign optimization. Start with identifying the questions to be answered with your data. Which publishers receive higher clicks? Which publishers have the lowest CPA? Which creative assets perform best against which placements? And slightly more complex: which media mix delivers the most efficient conversions? With these questions in mind you can decide what website pages and creative assets need to be tracked, and at what level you need to track your media assets. Just be cognizant of attribution with users that have multiple touch points on their journey.

Identifying target audiences

A lot of assumptions may be made in defining your target audience. A strong approach is letting them tell you who they are. Large networks and publishers have a large volume of information about their users. Typically this data is used

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to help brands target specific audiences; however, this data can be used retroactively as well. Instead of targeting media based on user profiles, run media across multiple audience groups. If you track conversions, you will then be able to look back and see which cookie pools the converting users originated from, giving you greater insights into which target audience groups are actually buying your product.

Website optimization
When exploring website layout or UX options, a great way to determine a direction is by testing both options. Simple tracking to show page views can help you understand if one website iteration does a better job of driving users through to a sale. For single websites, this type of tracking and simple user flow analysis can help you understand if there are any spots within the website that are causing issues. If there is a 5 step checkout process and you see an abnormally high drop-off after step 3, it might be worthwhile to test some different layouts for that page to see if they can reduce drop-off. Small tweaks can produce large improvements. Even a small reduction in the drop-off rate can result in millions of dollars in additional revenue, especially for high volume companies.

Purchase motivation and messaging
One of my favorite uses of data is in user research. Spare yourself the focus groups and analyze consumer motivations through a series of messaging tests. See which call-to-actions really trigger consumer action. A toothpaste company may test different motivational messaging, such as "healthier teeth," "whiter teeth," and "a noticeable smile." These results will tell you a lot about what drives purchases. A slightly more sophisticated approach may look at sequential messaging. Per the example above, a company may discover that "a noticeable smile" is what drives the initial awareness and interest, and following that message up with "healthier teeth" may be the trigger users need to switch brands. Motivations differ between consumers at different lifecycle stages, but strategically planning messaging tests around these variables can be an incredibly valuable research approach. The bonus of this approach is the added value of letting your ads drive sales while they gather data for your research, as opposed to doing first party research that likely has little value outside of the research itself.

Automation
Automation can be a powerful tool. Whether it's automating follow up emails for support customers or dynamically serving images on your website based on user profiles, automation has been shown to increase performance and efficiency. Using data for this type of automation starts with deciding what you're automating. From there, you can identify what data is needed. User data, lifecycle data, weather data? While perhaps not driven by an answer to a question, the process of building a data infrastructure for automation is much like using data for addressing any of the challenges above.

Predictive analysis
Many believe that performing predictive analysis is the holy grail of big data. Imagine being able to predict individual customer support issues and address them before a consumer picks up the phone to call your support team. Recall the infamous case when Target predicted, based on her purchases, that a teenage girl was pregnant before her family knew. This type of data analysis is no different from what we discussed above, it just requires asking different questions. For Target, the first question was, "How do we know when a woman is pregnant?" which lead to asking, "Are there purchases or purchase cycles that are unique to pregnant women?" This question drove them deeper, asking whether or not they could identify not only if a female shopper was pregnant, but what stage of her pregnancy she was in, based on her purchases. Target, who has an amazing amount of data about their customers, was ultimately able to find unique and strong correlations between certain purchases, purchase patterns, and pregnancy. The challenge was further complicated by

big
data

Large data produces graphs.
Significant data tells a story.

needing to filter out not pregnant shoppers such as gift givers who may get falsely flagged because they bought diapers, but ultimately, this analysis was able to help them deliver relevant ads to pregnant consumers at the right time, a move that has been quite lucrative for them in an extremely valuable category (Andrew Pole Keynote, Performedia, 2010).

Identifying variables

Once you've identified the questions you want to answer, the next step in setting up a measurement strategy is to identify independent and dependent variables. An independent variable is one whose value determines the value of a dependent variables (ex., if temperature determines the number of ice cream cones that are sold, temperature is the independent variable). Our dependent variables will likely be something along the lines of profits, revenue, awareness, or sales volume. Additionally, we should also start to think about any interaction effect between our independent variables as well. If time spent studying and hours of sleep are the two variables that affect a test score, we may find that there is an interaction between sleep and studying as well. Perhaps certain sleep levels increase the quality of the study time so that one hour of studying on two hours of sleep is equal to only .75 hours of studying on seven hours of sleep. This is referred to as an interaction effect. By identifying our independent variables and the interaction effects between them, we can build models that will isolate these variables in an effort to calculate the effect a variable had on our dependent variable. This will enable us to make predictions about our dependent variable based on different independent variable inputs.

What we can affect?

When deciding which independent variables to leverage there is one important consideration: what can you affect? There are many variables that affect business outcomes that we have the capacity to alter – advertising, operational capacity, distribution. Other variables, while no less significant to our outcome, mght be out of our control – economic trends, regulatory environments, social trends. In isolating our variables, it is important to consider both internal and external variables. We must recognize that we only have the ability to adjust specific independent variables; however, understanding the impact that certain external variables have on our outcome can be valuable in doing predictive analysis. While some of these external variables may be completely unpredictable and out of our control, like a natural disaster, the impact of some external variables, such as weather, can be important to understand despite an inability to alter them ourselves.

Measurement & Testing

Data collection: Quantitative vs. Qualitative

With your variables established, you must next prepare a plan to measure them. At the core of measurement are two data types: quantitative and qualitative. Simply put, quantitative data is numeric, and qualitative data is non-numeric. When measuring 1's and 0's, we're most frequently looking at quantitative data. Did an event happen or not? How many people clicked on a banner? How many people visited a page? Qualitative data, like from a focus group or a forum, is incredibly valuable, but it loses the objectivity of numeric data. Qualitative data also makes it more difficult to compare multiple options as there is no way to average out the results. As such, it's common to develop a Likert scale to turn words into numbers (e.g., scoring written user feedback on a 1-10 scale for satisfaction).

Different ways to collect data

There are several methods through which you can collect data. We'll divide them into two main groups: controlled and naturalistic. Controlled methods are done in an environment where extraneous variables can be eliminated. Research like focus groups or eye tracking studies done in a lab environment are generally considered to be controlled methods for collecting data. Naturalistic methods collect data from subjects in a live environment. Any data collected from your users who are actively using your product, website, or clicking on your ads, would be considered naturalistic.

big: *adjective* \'big\ 1: large or great in quantity, number, or amount. 2: of great importance or significance.

For purposes of our big data discussion, we're primarily referring to naturalistic data.

Web cookies

Technology has made tracking individuals online relatively simple. Web tracking employs several relatively straightforward technologies, perhaps the most notable of which is the web cookie. The web cookie was originally developed to help improve online shopping experiences. Previously, when a user added items to a shopping cart, they could only be stored for that particular browsing session. Should that user leave the site and then later attempt to return to their shopping cart, their items would not be stored. Ecommerce sites started putting cookies, a small piece of data, onto people's computers that would allow the website to identify and restore their browsing session when they came back to the site. What started out as a simple tool for shopping online became much more complex once the technology to read

SIGNIFICANCE OVER SIZE

and extrapolate information from cookies advanced. Today, cookies, which contain somewhat of a history of your web activity, are translated by software to help make inferences about who you are, such as age, gender, and interests.

Click and conversion tracking

To understand how click tracking works, let's first look at how conversion tracking works. The simplest example is tracking page views with a conversion pixel. A conversion pixel is simply a 1x1 image, not unlike a normal image on a webpage, just smaller. All of your images sit on a server and when someone loads the page on their browser, it calls to the server to display the necessary page's images, including our 1x1 conversion pixel. Every time a browser requests this 1x1 pixel, the server notes that it was requested and served. This tally of requests tells us how many times the page was loaded. Other conversion tags, which may be things like JavaScript snippets, act in a very similar fashion. When the script is called, the server tracks the request.

Click tracking uses what are called redirects to track clicks. When you click on a redirect link, such as a Bitly link, you are briefly redirected to a different webpage before being redirected to your destination page. This happens in a fraction of a second and is normally not visible to the user. The server, on the other hand, knows every time that a given page was loaded and thus the number of page loads for the redirect page should equal the number of clicks. The next time you see a banner ad online, hover over it and look at the URL in the bottom left. You'll likely see a long, complex URL string. This is the URL of the redirect page that you will visit before being redirected to you ultimate destination.

Measurement matrix

When putting a measurement plan into market, a great tactical step is to build a measurement matrix. This is a multidimensional grid that identifies and isolates each variable as well as variable clusters. For example, if you're looking at messaging vs. audience vs. placement, your matrix might have a cluster for, " Message A, Target A, Placement A," then "Message B, Target A, Placement A," and so forth. Having a defined matrix like this will help you greatly when mining this data for insights. It will allow you to look at the data in aggregate, but also isolate different variables to see the effect of each. Being able to break down these variables independently, as well as look at them in clusters, is important in identifying correlation coefficients between variables. It can also help reduce multicollinearity, where multiple highly-correlated independent variables affect a dependent variable in a way that makes it impossible to detect which one is causing the effect.

Setting a baseline

Setting benchmarks can be a challenging task, but it is an incredibly worthwhile one. While industry benchmarks can be unreliable, they do provide a good point of reference. Establishing and surpassing internal benchmarks is even better.

A common method for establishing a benchmark is through the four-point rolling benchmark. This model takes the average of four data points. The first three represent the previous three periods. The fourth combines historic periods. For example, this may mean doing a rolling benchmark of the previous three months and the fourth point being an average of the nine months before that. This model helps account for short-term fluctuations that can make using month-over-month metrics challenging.

Data analysis and modeling

Deterministic vs. stochastic models

Data models can be either deterministic or stochastic. Deterministic data models behave predictably and will produce the same results when replicated. Stochastic models include randomness as a variable. Running the same stochastic model multiple times will produce a range of results. While deterministic models are frequently easier to deal with, stochastic models often more accurately represent the randomness seen in the real world.

Compartmental models

Compartmental models are what most people are used to with data modeling. Taking a top-down approach, it divides data into different compartments, known as classes. It assumes that all data within a particular class behave the same, typically based on some sort of average. In a scenario where you are grouping men vs. women ages 24-35, you are utilizing a compartmental model.

Agent-based models (ABMs)

A relatively young and exciting data model, agent-based modeling takes a bottom-up approach. As opposed to the top-down approach of compartmental models, which start with the group and then extrapolate to the individual, ABMs start with the individual. Their first level addresses each individual independently with the variables that affect each one. The second level addresses interaction between different individuals. The third level addresses classes as a whole.

To better understand the differences between these two models, let's look at the population of sheep in a given area over time. Sheep population might be affected by the wolf population and available grass for food. A compartmental model might predict the sheep population in 2 years by creating some regression based on the population as a whole as compared to wolf and food populations. An agent based model treats each individual sheep as a data set of its own. Each sheep would live its own "life." During its life, it's would react to different variables, such as energy levels, risk avoidance, and reproduction. A given sheep may not risk getting to a food source if a wolf is near. Another sheep, closer to the end of life and who has already reproduced, may put greater value on the food than the risk avoidance. The end result is a complex system that articulates the balance and interaction between a large number of variables that control each individual's behavior. This example and others are well illustrated at http://ccl.northwestern.edu/netlogo/.

+understanding big data

Decision-analytic models
Unlike compartmental or ABMs, which show the behavior of systems over time, decision-analytic models are used to help make decisions based on predicted outcomes or payoffs. Decision-analytic models will often use decision trees that will weigh the probability of all possible outcomes that may occur down a series of paths. Different variables, such as opportunity and risk of each path, will be assessed in helping to reach a decision.

Decision-analytic models are frequently seen in economics and healthcare, where various cost/benefit analyses around healthcare quality must be weighed. Various models may be leveraged to help determine the probability of each path.

Monte Carlo method
The Monte Carlo method is a common model for determining probability. The easiest way to think of Monte Carlo experiments is to envision a dartboard. If you wanted to know what the probability was of hitting the bullseye, you could measure the area of the board and calculate the proportionate percentage of space that the bullseye takes up. Alternatively, you could use the Monte Carlo method and throw a dart a thousand times at the dartboard. The percentage of times that you hit the bullseye over the thousand throws would be your probability of hitting the bullseye.

Discrete-Event/Fixed-Time Models
A key parameter in each model, whether compartmental, agent-based, or decision-analytic, is whether it is discrete-event or fixed-time. Discrete-event models count each event as a data point. When tracking clicks online, you'll be using a discrete-event model as you'll only record data when an event occurs. Fixed-time modeling uses fixed-time intervals. This model is more common when there is ongoing data, such as inventory managers who are trying to understand monthly or seasonal variances in sales.

Predictive modeling
The goal of many of these models is not to tell you what has happened, but to help you predict outcomes. How will changing you budget allocation affect revenue? How will a shift in your media mix affect performance? And these models are designed to do

In the end, data, in and of itself, is useless. A page with numbers doesn't solve problems. Charts don't solve problems. It's the stories and insights derived from these numbers and charts that are what is significant about this big data revolution.

that. So why do we bother with data collection and data mining? Why don't we just start with predictive analysis? Well, your predictions will only be as accurate as the accuracy of the data that you provide to your model. By leveraging strategically organized and clean data from your campaigns, you can build predictive models that are well-informed from real world scenarios. And furthermore, as you continue to tweak your independent variables, optimize your campaigns, and gain additional insights, you can continue to cycle new insights and information into your predictive models. They will become increasingly smarter, as will you.

Telling the story
In the end, data, in and of itself, is useless. A page with numbers doesn't solve problems. Charts don't solve problems. It's the stories and insights derived from these numbers and charts that are what is significant about the big data revolution. We've trained many scientists, mathematicians, and business analysts on how to mine and organize numbers. When the data makes a straight line, it's a win. When the data is cluttered, we try again. What we need now isn't data scientists but a degree that combines statistics with creative writing. Individuals with the capacity to interpret numbers on a page and turn them into something beautiful, something useful, and something worthwhile. A story. --

"Never put off till tomorrow what you can do the day after tomorrow."

-MARK TWAIN

MEETING MINUTES

Don't have time to read everything.
Here are the meeting notes with the highlights.

20 Private, public, professional

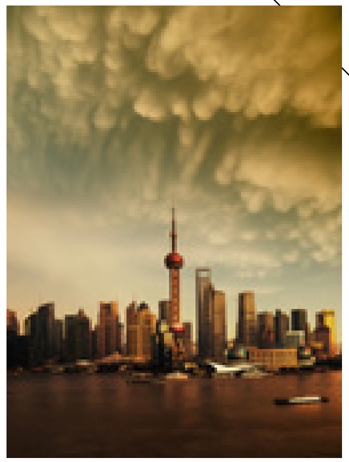
Different social networks serve different purposes. They are used differently and should not be approached as a single entity. Facebook represents the personal persona, Twitter represents the public persona, and LinkedIn represents the professional persona.

42 Millennials are taking over

Millennials are a generation like none other. They are extremely well educated, tech savvy, entrepreneurial and diverse. They're the present and future of the American workforce. By 2025, 75% of the U.S. workforce will be Millennials.

74 Localization does not equal translation

Localization does not equal translation. Translation makes concepts legible. Localization makes concepts relevant. It requires an understanding of culture, context, and the behaviors and motivations of local individuals.



8 MRM is in

With growing fragmentation in the marketing world, MRM is designed to bring it all together. MRM's most impressive feature is its ability to tie individual marketing elements together to provide a singular, centralized, and cohesive look at your marketing.

54 Build smarter strategies

Increase revenue through increasing distribution volume, sales velocity, or profit margins. Smart strategies leverage variables like branding, product mix, scarcity, and innovation to improve business performance and increase revenue. Marketing is a journey. Preparation is key.

46 PNGs, JPGs, and GIFs, oh my

PNGs support many colors, transparency, and don't reduce quality. JPGs support many colors but lose image quality, making them great for images and photos. GIFs don't lose quality but don't support many colors, making them great for graphics with solid colors, like logos.

82 Big is significant

Big, as in big data, is defined as significant, not large. Finding significance in data doesn't require a large amount of data, it requires the right data. Relevant data. Large data produces graphs. Significant data tells a story.

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