Cross-channel marketing in media and entertainment

Using analytics and personalization to attract consumers and grow revenues

Contents

Executive summary

The world's appetite for media and entertainment is seemingly insatiable. New channels and devices are enabling users to consume music, books, film, news, TV, games and more in ways that were barely imaginable a few decades ago. With the web, the sheer volume of media choices has multiplied exponentially from the print and analog media of the past.

This growth poses an immense challenge to chief marketing officers (CMOs) and their staff at media and entertainment companies. How do you capture the attention and loyalty of an impatient, impulsive consumer in a world saturated by media? If you're a traditional publisher, how do you revamp your revenue model, monetize content and drive ad sales? How can media companies stand out in a fiercely competitive landscape and meet consumer demand for a relevant experience across channels?

For every challenge, the new media world opens new opportunities. Like consumers themselves, media companies have at their disposal an unprecedented wealth of information—the key is using that data for competitive advantage. This white paper outlines strategies and technologies available today that can enable media and entertainment companies to market effectively across online, offline and mobile channels, optimize content delivery across platforms and capitalize on new revenue streams and partnerships.

A data-driven approach to personalizing media experiences

A few decades ago, media and entertainment companies relied on high-level market measurements to guide their offerings and satisfy what they perceived to be audience demand. Advertisers, TV broadcasters, publishers, film producers and others based decisions on audience demographics such as age, gender, race and geographic location.

Those techniques continue to be valuable, but now measurement and content can be tailored at the individual level

thanks to the enormous volumes of activity data that consumers generate through virtually every interaction, over any device, with any type of media. However, the growing volume of activity data is not necessarily an asset for media companies.

Unharnessed, data can be a liability that obscures visibility into consumption and behavior across channels and devices. In fact, the "data explosion" was cited as the top pain point by more than 1,700 CMOs across industries in an IBM® study. It was named by 71 percent of CMOs as an area for which their organization was not sufficiently prepared. This was followed on the list of pain points by social media and the growth of channels and devices, as shown in Figure 1.[1]

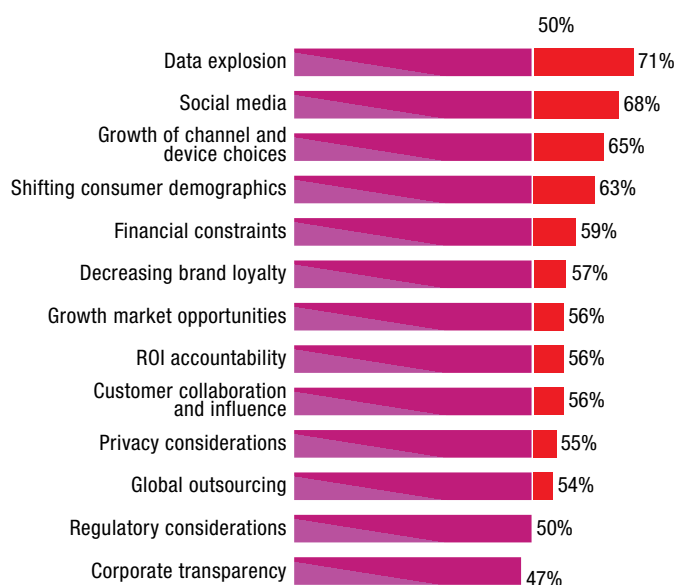### Percent of CMOs reporting underpreparedness

Figure 1. A majority of CMOs feel unprepared to deal with the ongoing "data explosion."

Data growth contributes to the overall complexity that confronts media and entertainment, right up to the C-level. A full 78 percent of media and entertainment CEOs surveyed by

IBM said they expect complexity to grow significantly over the next five years, but only 53 percent believe they know how to deal with it successfully.[2] For marketers, obstacles include:

- Limited access to silos of customer data
- Proliferation of channels and touch points, including mobile and social media
- Lack of automation and integration in data collection and marketing execution
- Limited insights into customer cross-channel behavior
- Barriers between marketing teams and IT
- Inflexibility to react swiftly to threats and opportunities

More than 80 percent of media and entertainment CEOs have made a priority of better understanding and serving customers, IBM surveys have found. In line with other studies, research by the IBM Institute for Business Value shows that consumers want relevance and a seamless experience across channels. They appreciate the convenience of content tailored to their interests and are more likely to reward companies that can meet that ideal with increased consumption and business.

But how can you best provide that experience customers are looking for? Engaging an increasingly fragmented audience requires a data-driven approach that turns information into a business asset to enable personalized cross-channel marketing, optimize consumer insight and media experiences, and support innovative revenue models and partnerships.

Times of experimentation, innovation and desperation

Across the media industry, these are times of experimentation, innovation and, for some players, desperation. Daily print newspapers have folded or moved to an online-only format in large American cities such as Seattle, Oakland, Honolulu, Cincinnati, Albuquerque and Tucson—a move that would have been virtually unthinkable a decade earlier. Other print media have taken similarly draconian measures as print advertising revenues and circulation decline, and online revenues increase only marginally.

As shown in Figure 2, a study by Pew Research Center found a pronounced shift to online news consumption, with corresponding losses to newspapers, magazines, radio, and local, network and cable television.[3]

 A similar substitution of online media for traditional media is seen in TV and film. The number of films and programs which air on TV and ultimately appear on the Internet has risen to more than 100,000.[4] For television, online substitution is most apparent with coveted younger audiences. As shown in Figure 3,

nearly 50 percent of US consumers ages 18 to 21 watch less traditional TV as a result of online viewing, according to an IBM survey.[5]

These are just a few of the large-scale changes unfolding across media and entertainment. While dynamics vary across different media, all players face the common challenge of adopting a more data-driven approach to marketing and content delivery on a far more granular and personalized level than is common today.
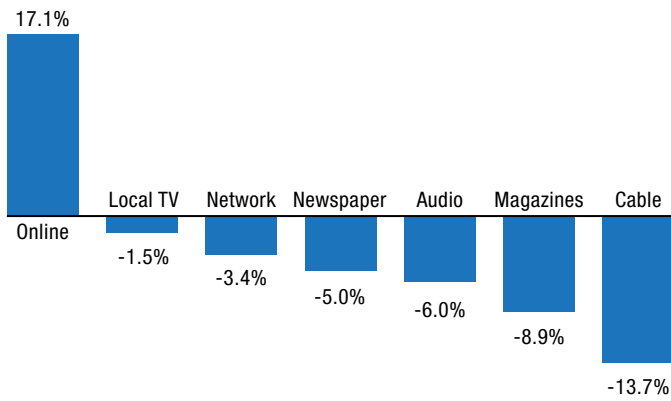
Audiences turn to web
Percentage change in audience, 2009-2010

Figure 2. Audiences are increasingly using online news sources and relying less on traditional channels.

Impact of online video viewing on "traditional" TV viewing US respondents segmented by age
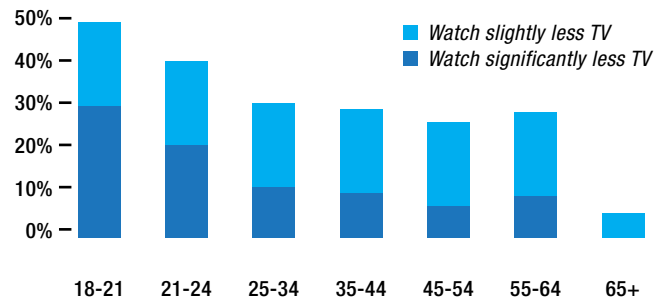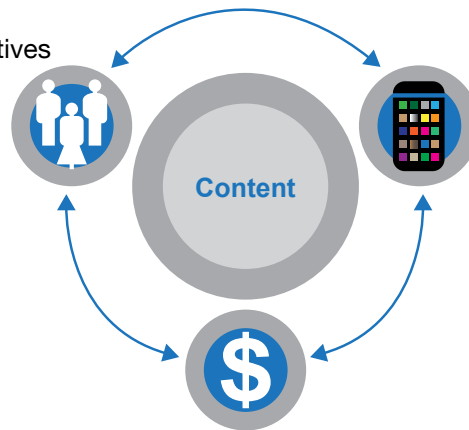
Figure 3. Consumers are watching less traditional TV as a result of online viewing.

Personalize cross-channel marketing

- Choreograph marketing across channels and devices
- Deepen engagement with personalized email, social media and display ad retargeting campaigns
- Unify inbound and outbound initiatives

Optimize consumer insight and media experiences

- Capture consumer activity to build complete cross-channel profiles
- Integrate customer analytics and cross-channel marketing execution
- Analyze and optimize media experiences on websites and devices

Content

Capitalize on new revenue streams and partnerships

- Utilize quantified data to support advertising sales
- Build engagement and monetization with co-creation
- Focus on the long-term media consumer lifecycle

Figure 4. Three key focus areas for growing revenue in media and entertainment.

Three key focus areas for media marketing

The challenges facing media and entertainment companies may seem daunting, but they can be solved. Media marketers can utilize leading-edge technology to focus on three core areas—personalizing cross-channel marketing, optimizing consumer insight and media experiences, and capitalizing on new revenue streams and partnerships.

Personalize cross-channel marketing

Consumers increasingly want consistent experiences across their various devices, and are open to marketing and social engagement with media companies that offer content they like. Interactive cross-channel marketing can help media and entertainment companies drive cross-sell revenue, build loyalty and return website visits, and grow the subscription business.

Media marketers can take a cue from consumers in blending and converging various channels to deliver content and marketing enticements. Consider some of the ways that consumers interact with media and marketing:

- Clicking on a paid search ad from a smartphone
- Following a video ad link after watching news online
- Watching a feature-length film on a tablet
- Commenting on social media while viewing a TV program
- Sharing an online video game on Facebook or Twitter
- Reaching a song download page by clicking a QR code in a magazine
- Using a direct mail discount code to purchase a DVD in a store

Most media marketers have silos for email, paid search, display ads, social media and other outbound and inbound channels. If campaigns are executed in isolation, marketers lose the opportunity to orchestrate a personalized message across the channels that the consumer prefers. Campaign measurability suffers, with limited visibility into how both clickthrough and view-through (exposure to unclicked assets) affect other campaigns.

Ultimately, it becomes difficult to make informed decisions on marketing mix and budget allocation. Without the ability to accurately attribute credit to multiple channels and campaigns for sales and conversion, marketers risk curtailing initiatives that are driving interaction and revenue.

Cultivate interactive engagement across channels

Personalized cross-channel marketing is the evolution of multichannel marketing. A unified cross-channel marketing platform enables marketers to progressively choreograph messaging and offers to prompt a consumer action, as opposed to simply repeating messages through email and other channels. Done right, interactive marketing makes channels work together to deliver a personalized experience. Figure 5 compares the silos that can result from standalone multichannel initiatives versus the focused funnel of cross-channel marketing.
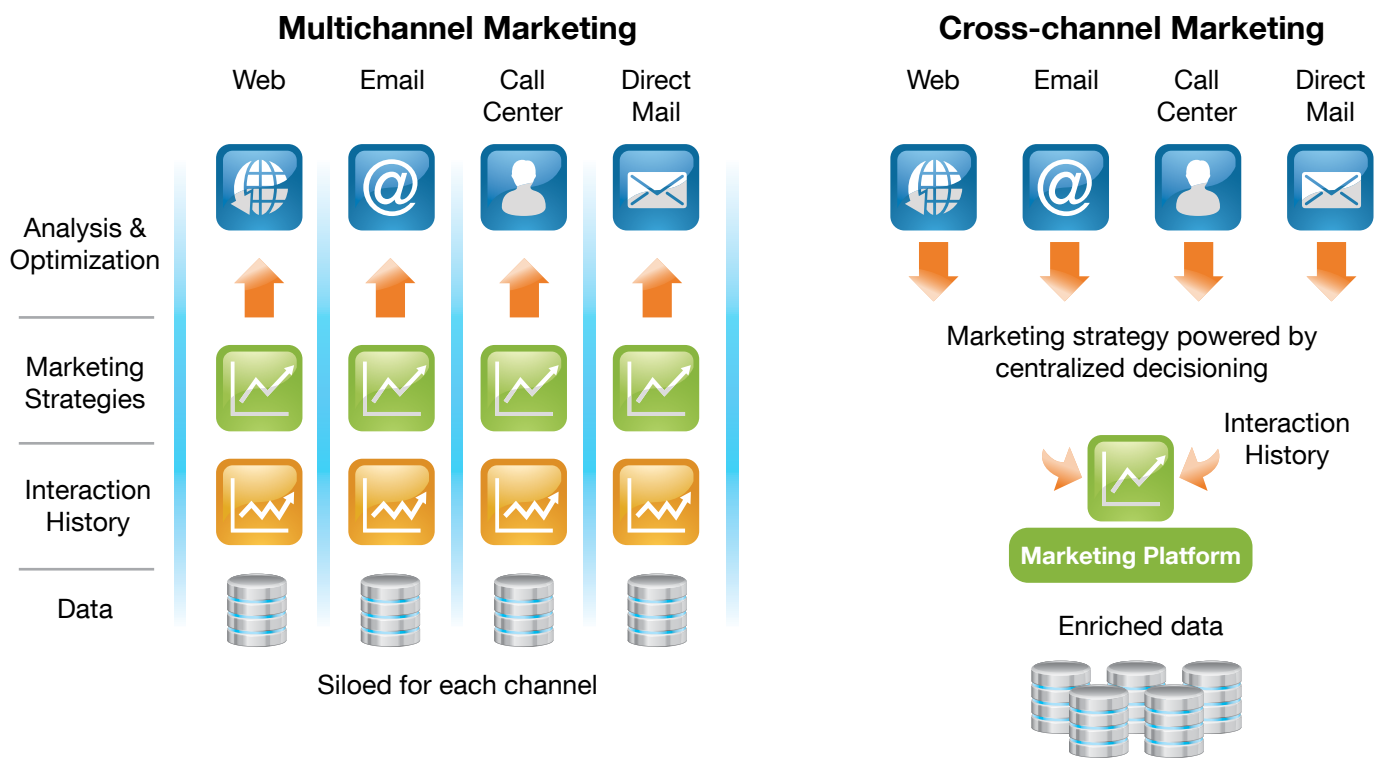

Figure 5. Cross-channel marketing unifies complementary customer initiatives.

One area for cross-channel marketing is television and the Internet, which consumers increasingly use simultaneously. A Forrester Research report found that 48 percent of US online consumers use a PC to chat, browse and research while watching TV, up from 34 percent a year earlier. That dual-channel usage is expected to continue growing with web-enabled TVs, which Forrester predicts will make up 58 percent of US set sales by 2015. [6]

TV marketers are taking advantage of this "second screen" phenomenon by offering viewers social media interactivity, either on microsites or Facebook, and sneak peeks at future episodes or unaired footage. A new iPad application from Yahoo! takes that a step further, listening for audio signatures from TV programs and automatically delivering related content to the user's device.

Another example of orchestrating multiple channels is real-time marketing through text messages for opt-in customers. With event-detection technology, marketers can make text message offers based on user activity in another channel. For instance, a song download abandoned in a shopping cart could prompt a text offer to complete the purchase at a discount.

The ideal cross-channel marketing platform provides a single view of the customer based on historical and real-time activity across every point of interaction and flexibility to use such tactics as inbound marketing, retargeting, and paid search.

Inbound marketing. Using cross-channel customer data during inbound interaction is a proven way to drive cross-sell revenue. For instance, a web data or cable TV provider with visibility into customer behavior is positioned to make relevant cross-sell offers when a customer phones a call center. An automated engine that recommends products and services when customers visit a website, based on historical and in-session behavior, can substantially increase cross sell and conversion.

Rodale: Growing customers and ad revenues

Rodale, the global media company with a focus on health and fitness, reaches more than 70 million people through channels including magazines, books, online, newsletters, direct-to-consumer, videos and more. Rodale's use of IBM Coremetrics® Web Analytics and Coremetrics Explore is an important part of its customer engagement strategy, helping to drive website visits, subscriptions and conversions, and advertising revenue.

With magazines including Men's Health, Runner's World and Organic Gardening, Rodale uses Coremetrics Web Analytics to continuously measure and optimize content to meet customer demand. With analytics, Rodale increased new customer acquisition 92 percent for one magazine and boosted clickthrough rates by 45 percent. Overall, its online revenue grew 20-fold in just three years.

IBM Coremetrics Explore has given Rodale marketers breakthrough insights into search engine performance and cross-site promotions. With a systematic approach to measurement and optimization, Rodale has successfully transitioned from print-only publications to cross-channel interactivity with loyal customers.

"As a company, we are relying more and more on e-commerce to drive business growth," said a Rodale web analytics manager. "Our challenge is to grow not only our audience but also our online revenues. IBM Coremetrics allows us to measure everything we do so we can invest our time and money in high-return activities that help us meet our growth targets."

Display and email retargeting. With fast-moving competition and impatient consumers, smart media marketers aren't sitting by idly after consumers depart their websites without conversion. They're retargeting browsers and abandoners with both brand-level and product-specific display ads and email. Personalized emails can alert customers to new products and offers, and invite interaction on social media. By reminding browsers and dormant customers of offerings, marketers can prompt return visits and deepen the relationship.

Paid search marketing. Paid search is important for attracting consumers looking for a specific media genre or asset, but it can consume budget and staff time while delivering subpar results unless marketers have deep visibility and real-time control over the solution. The ideal search marketing platform enables comparison of paid-search performance against other channels, supporting data-driven decisions on marketing mix and budget. It provides automated and real-time keyword bid management, visual dashboards, and search metrics performance tracking to help reach acquisition, conversion and retention goals.

Optimize consumer insights and media experiences

With so many channels, content offerings and types of consumers, how can media marketers increase their insight into user behavior and optimize the media experience?

The answer lies in adapting processes and technology. The ideal technology platform brings together processes and data that are typically spread across multiple applications—analyzing website usage, measuring campaign performance and attribution, and building complete customer profiles.

Web analytics. Continuously monitoring website usage is essential to success. Media companies need to track navigation paths, search terms, page views and other key metrics, and pinpoint drop-off points that can signal usability problems. A/B testing is important to determining which combination of content, creative and placement users find most compelling. Quantified data on usage and users is critical to ad sales and partnerships with third parties.

But the standalone web analytics solutions in place at many media companies don't readily support customer analytics and marketing. Marketers lack capabilities for tracking individual user behavior and launching campaigns based on that information. Notably, an IBM Unica® study of marketers found that less than 24 percent felt they made "very effective" use of web data for customer analytics and marketing.[7] The best web analytics platform integrates tightly with customer profiling and campaign execution and measurement.

Complete customer profiles. The ideal solution enables marketers to capture many millions of consumer media interactions across digital channels, using cookie technology that tracks user activity. The platform accommodates integration of offline data (from a customer database, store transactions or paper forms), and can add information that fans share on social media. With a rich data store, media marketers can segment audiences and deliver the personalized experience that users want.

Campaign execution and measurement. Armed with customer insights, media marketers can move directly from analytics to interactive cross-channel marketing via social media, email, paid and display ads, and mobile-exclusive offers. A visual measurement interface illustrates the success of each campaign and channel. With attribution modeling, marketers can assess the influence of multiple interactions including both clicked assets and unclicked impressions. This improves on the flawed last-click attribution model and provides the holistic measurements needed for data-driven marketing mix and budget decisions.

Mobile device optimization. Mobile devices, from smartphones to tablets to e-book readers, are increasingly a critical channel for media companies. At IBM customer Yellow Pages Canada, for instance, more than 30 percent of site searches come from mobile devices—up from single digits just a few years earlier. In the US, nearly half of adults (47 percent) get at least some local news and information on their phone or tablet.[8] Yet mobile users are especially fickle, and more likely to bounce from a website than conventional laptop users.

Breaking down mobile traffic by device types and operating systems is vital to prioritizing mobile site optimization efforts and identifying glitches that can prompt a user to click away. Understanding usage of mobile apps is necessary to justify those investments, while a data-driven approach gives local media companies, such as newspapers and TV stations, opportunities to partner with advertisers for location-based marketing.

Capitalize on new revenue streams and partnerships

While media companies want to drive more website visits, merely increasing traffic does not ensure profitability. Media marketers are challenged to create new member benefits, monetize content and engage in profitable partnerships. Because digital media consumption comes at the expense of its traditional counterparts, old-line media and entertainment companies in particular need creative approaches to grow advertising and subscription revenue.

The digitization of content makes it possible for media companies to "unbundle" products and deliver the discrete songs, articles, games, films and other assets that a consumer wants. For example, downloaders can purchase a single song, rather than a full album, while a newspaper reader can buy a single article. Publishers of business books such as McGraw-Hill and travel guides such as Lonely Planet enable individual chapter downloads, usually for less than $10.

Yellow Pages Canada: Success with web analytics

For Yellow Pages Canada, understanding search and user activity across its informational websites is critical to success. Yellow Pages Canada uses IBM Unica NetInsight to analyze and optimize site content, to structure and search results, and to deliver information as quickly and precisely as possible to about 16 million monthly visitors.

Just as importantly, web analytics gives Yellow Pages Canada sales and marketing teams quantified usage data to drive ad revenues with merchants. Since replacing its previous solution with Unica NetInsight, Yellow Pages Canada has broadened web analytics usage beyond two specialized analysts to more than 200 marketers and line of business personnel. Greater visibility into site data has enabled the company to bundle cross-sell offers for visitors while better supporting mobile devices, which account for 30 percent of site traffic.

With the IBM solution, Yellow Pages Canada unique visitors have increased by 5.8 percent and total visits by 8.1 percent. Clickthrough rates to merchant pages improved 10 percent, while user perception, as tracked by surveys, improved 44 percent.

"Using Unica NetInsight makes the marketing team more aware of performance and metrics data they can act on, rather than the bottleneck of asking a web analyst to run a query for them," said a senior web analyst. "It's a huge benefit to make web analytics data easily available across the business to support sales, marketing and site optimization."

Cable and satellite TV providers have long offered tiered pricing, and individual films on demand at a per-film price. Hulu offers thousands of TV programs and films on its website at no cost, and thousands more, plus support for more devices, to subscribers. Those models are expected to continue evolving, with even more options as TV and the web converge.

Given consumer interest in the convenience of personalized content, a key to capitalizing on unbundled and tiered models is using behavioral data to tailor offerings to user interests. Leading media marketers are successfully capturing new revenue by giving consumers flexibility in pricing and content. Other focus areas include:

Partnerships and ad revenue. Channel and device convergence has given rise to unlikely media partnerships. For instance, rivals NBC, Fox and ABC are behind Hulu. Demonstrable data on usage and consumer activity makes a media company more attractive to potential partners. Advertisers naturally demand to understand audiences to ensure they are delivering the right message to the right consumers. The increasingly data-driven nature of advertising is raising the stakes for media marketers to prove why their properties are a better bet than the competition's. At IBM customers Yellow Pages Canada and Fox Sports, equipping sales teams with timely and detailed information to support ad sales is a top use of the data captured by IBM web analytics.

Co-creation and collaboration. With social media, users don't just consume media—they *are* the media. Empowered consumers increasingly expect the opportunity to showcase their creativity, opinions and knowledge by co-creating content and building their own fan base. Promoting co-creation and collaboration has been especially effective in video and social gaming, where enthusiasts can customize characters and drive virtual events. The Yahoo! Contributor Network allows sports fans, mechanics, online daters and others to showcase their talents and to a certain extent promote business interests,

earning nominal sums for articles. By marketing co-creation opportunities across social media and other channels, media companies can improve engagement while promoting premium paid membership.

Focus on the media consumer lifecycle. With a goal of recurring subscription revenue, marketers can use solutions that track the media customer lifecycle over the long term—for example, progression through such stages as first-time downloader, email opt-in, asset purchaser, Facebook fan and paid subscriber. By understanding what prompts users to progress from one milestone to the next, media companies can refine strategies to personalize and market content. They can also pinpoint drop-off areas that contribute to attrition or inhibit progression into a long-term lifecycle.

The IBM approach to media and entertainment marketing

IBM offers a set of Enterprise Marketing Management solutions geared specifically for the needs of the media and entertainment industry. Through the fusion of web analytics and digital marketing automation in its Coremetrics and Unica products, IBM empowers marketers to turn site visitors into repeat customers and loyal advocates by orchestrating a personalized and compelling experience throughout each customer's lifecycle.

To achieve this, IBM tracks customers and prospects as they interact with an online presence to provide a comprehensive view into consumer behavior over time and across channels. This unique insight is used to automate interactive cross-channel marketing, real-time personalized recommendations, email targeting, display ad targeting across ad networks, and search engine bid management—delivered to customers through any digital vehicle including social, mobile and web.

With a long history of industry leadership, IBM equips media and entertainment marketers with the innovations they need to respond not only to today's challenges, but tomorrow's as well.

About IBM Enterprise Marketing Management

The IBM Enterprise Marketing Management (EMM) Suite is an end-to-end, integrated set of capabilities designed exclusively for the needs of marketing organizations. Integrating and streamlining all aspects of online and offline marketing, IBM's EMM Suite empowers organizations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, timely and measurable business outcomes.

The IBM EMM Suite helps marketers understand customer wants and needs and leverage that understanding to engage buyers in highly relevant, interactive dialogs across digital, social, and traditional marketing channels. IBM EMM provides robust web and customer analytics, event detection, campaign management, real-time interaction management and recommendations, lead management, digital marketing optimization, email marketing, targeted advertising, search engine marketing, and marketing resource management capabilities. Over 2,500 organizations around the world use IBM EMM solutions to help manage the pressures of increasing marketing complexity while delivering improved revenue and measurable results.

IBM's time-tested and comprehensive offerings are giving companies such as E*TRADE, ING, InterContinental Hotels Group, Orvis, PETCO, United Airlines, Vivo and wehkamp.nl the power and flexibility required to provide their customers and prospects with what they expect today—a more consistent and relevant brand experience across all channels.

For more information

To learn more about IBM Enterprise Marketing Management please contact your IBM marketing representative or IBM Business Partner, or visit the following website:
ibm.com/software/marketing-solutions

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[1]IBM, "From Stretched to Strengthened: IBM Global CMO Study," October 2011.

[2]IBM, "IBM Global CEO Study: Media and Entertainment Industry Executive Summary," May 2010.

[3]Pew Research Center's Project for Excellence in Journalism, "State of the News Media 2011," March 2011, http://stateofthemedia.org/ and http://pewresearch.org/.

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[6]Forrester Research, Inc., "Updated 2011: Use Social Media to Boost Your TV Audience," July 2011.

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[8]Pew Research Center's Project for Excellence in Journalism, "State of the News Media 2011," March 2011, http://stateofthemedia.org/ and http://pewresearch.org/.

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