



# **Real-Time Capture of Consumer Brand Encounters for 360° Media Optimization and Consumer Insights**

**Walter J. Carl, Ph.D.**

**Chief Research Officer, ChatThreads Corp.**

**ARF re:think 2011 Conference**

**May 22, 2011**

**New York, NY**

## Executive Summary

A basic problem for brand marketers is to understand when consumers notice their brands and how these encounters contribute to purchase. Past approaches to solving this problem focus on what marketing spend or impressions are purchased rather than what consumers actually notice (purchased impressions vs. actual impressions), record a limited set of encounters, and rely on data recalled weeks or months after the actual encounter rather than at the moment of encounter. Additionally, results are rarely available to help marketers actually inform the next budget cycle's planning or optimization in real-time. A better solution provides validated data captured in real-time for any type of consumer brand encounter, based on what consumers actually experience, within a competitive set of brands, to offer insight, optimization, and data inputs for time-series modeling.

## Introduction

Think about the hummus you eat, the small kitchen appliance you own, or the software you use. Now think about all of the encounters you have with these brands, every day, in media, conversations, and online. Have you ever wondered how these encounters affect your desire to purchase these products? So do the brand marketers.

Amidst the thousands of brand encounters consumers notice each day a basic problem for brand marketers is to understand when consumers actually notice their brands and how these encounters contribute to purchase.

Past approaches that marketers have used to help address this problem, such as marketing mix modeling<sup>1</sup> (MMM), Market Contact Audit<sup>TM2</sup> (MCA), and consumer mix modeling<sup>3</sup>, can be characterized along four dimensions:

- what marketers do versus what consumers experience;
- capturing data via recall versus in real-time;
- a closed set of encounters that marketers identify in advance versus any consumer encounter;
- obtaining results when marketers need them versus results when marketers get them.

Marketing mix modeling, as its name suggests, focuses at the market level rather than the consumer level, and importantly uses as its inputs media impressions bought as inputs rather than impressions actually noticed by the consumer. Further,

---

<sup>1</sup> Kerin, RA & O'Regan, R (2008). *Marketing Mix Decisions: New Perspectives and Practices*, Roger A. Kerin and Rob O'Regan, eds. Chicago, IL: American Marketing Association.

<sup>2</sup> Chattopadhyay, A & Laborie, J (March 2005). Managing Brand Experience: The Market Contact Audit<sup>TM</sup>. *Journal of Advertising Research*, pp. 9-16.

<sup>3</sup> Hallward, John (September 2008). "Make Measurable What Is Not So": Consumer Mix Modeling for the Evolving Media World. *Journal of Advertising Research*, pp. 339-351.

results of MMM often come months and months after they are needed to inform budget and planning cycles. MCA and consumer mix modeling approaches focus on consumer experience but their inputs are based on a fixed group of encounters the researchers have identified at the beginning as well as recall weeks after exposure to a brand. Relying on recall can call into question the validity of the data as well as how granular the analysis can be in terms of brand encounters that may be consequential to purchase, such as how they interacted with a brand on the store shelf or observed others using a brand.

To determine what consumers actually notice and how these encounters contribute to purchase behavior, brand marketers need a solution that provides:

- real-time data,
- that are actively provided and passively validated,
- from any marketer- and consumer-generated brand encounters,
- centered around what consumers actually experience (not just what media are bought),
- within a relevant competitive set of other brands,
- offering insight into how the experiences lead to key business outcomes like purchase behavior,
- in a way the marketer can optimize and plan for the future,
- and data that can be used for time-series modeling.

### **How It Works: Communities + Mobile**

Through its real-time technology platform, ChatThreads enlists consumers armed with their mobile phones to report brand encounters and reactions immediately, at the time of experience (see Figure 1). Participants are recruited through a number of sources based on the target requirements of our clients. These include third-party proprietary communities, loyalty card programs, and traditional sample providers. Each participant tracks multiple brands simultaneously, either in the competitive set or complementary brands relevant to consumer life stages, to offer built-in benchmarks, relative standing and competitive intelligence.

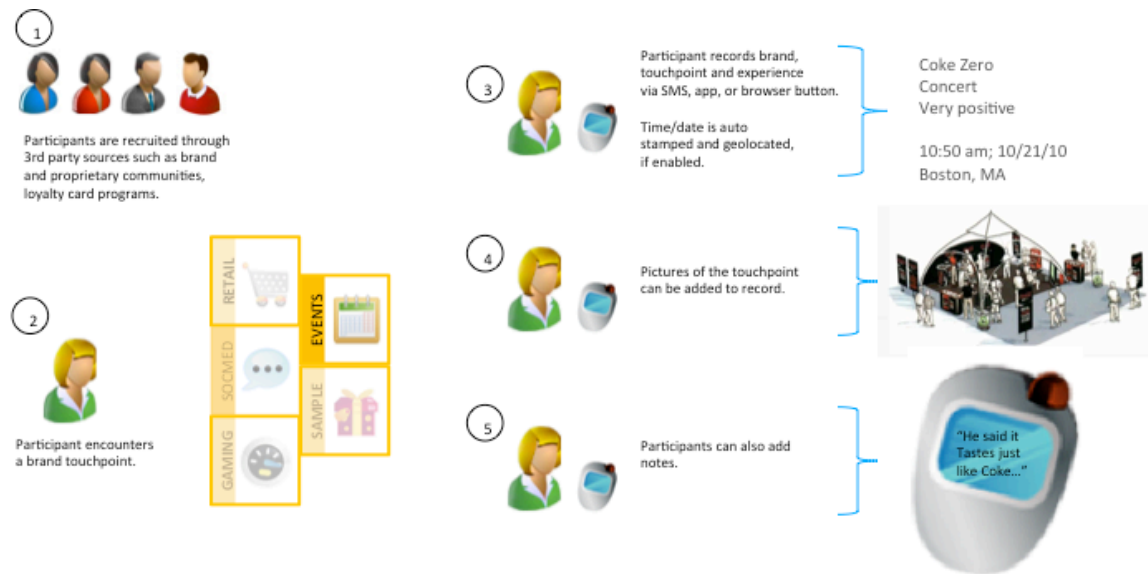
Data collected from consumers include brand, the type of touchpoint (e.g. billboard, I spoke to my neighbor, Facebook status update, I used, observation of brand use and display by others) and consumer sentiment about the touchpoint. Consumers submit any type of encounter and are not limited to a prescribed list. All submissions are automatically time- and date- stamped and can be geo-located. Participants also have the option of adding pictures and notes to the data.

Pre- and post-surveys are conducted for consumers to measure changes in behavior and intentions. Each participant tracks brand encounters for a seven (7)-day period and can be re-contacted four or more weeks later to capture additional purchase activity. Participants are not eligible to participate in tracking for the same brand for at least six months.

The brand encounters can be validated based on algorithms that assess internal consistency and coherence in consumer reports, geo-location, loyalty card data and sales volume data. For example, in a small kitchen appliance study ChatThreads was able to validate self-reported purchases against third-party sales data to within three percentage points for the five brands tracked, and within one-tenth of one percentage point for the client's brand.

With this solution, performance metrics are computed and displayed via an online dashboard in real-time, which allows marketers to mine the data for unique insights and perform ongoing optimization: relevant frequency, reach, share, and quality of consumer experience. Attribution analysis is performed on the full data set in order to show how much each touchpoint, individually or in combination, contributes to lifts in key performance indicators and consumer likelihood to purchase. Since data are captured with a time and date stamp, they can be used to inform and refine marketing mix and agent-based models.

**Figure 1**



## Actionable Insights for Marketers

By tracking ongoing consumer brand encounters in real-time marketers are able to compare impressions purchased to actual impressions, assess the purchase contribution of all marketing activities above and below the line, and glean new insights based on the rich consumer experience data that are captured.

### *Impressions purchased to actual impressions*

Media are purchased based on the number of impressions a marketer assumes consumers will actually notice. However, real-time tracking of consumer touchpoints allows marketers to determine the percentage of consumers who *actually notice* their media and marketing activities. Marketers can compare impressions bought to impressions noticed to hold media buyers accountable for their media spend. Based on actual impressions, marketers can also calculate a cost per percent of actual reach. For example, in a study on small kitchen appliances, ChatThreads determined that 27% of consumers actually noticed Brand 4's TV ads in a 7-day period (requiring 16% of its paid media budget) while only 9% of consumers actually noticed Brand 5's TV ads (11% of its budget). But it cost Brand 4 seven times more than Brand 5 for only three times as many consumers to notice their TV ads (see Figure 2).

**Figure 2**



TV TOUCHPOINT	BRAND 4	BRAND 5
% Consumers Encountered	27%	9%
% Paid Media Budget	16%	11%
Cost / % Encountered (Index)	720	100

### *Above the line and below the line impact*

By capturing consumer experiences in the moment we can detect how the full range of paid, owned and earned media impact consumer purchase behavior, from interacting with the product and packaging in-store to consumer recommendations to TV ads. In the same small kitchen appliance study the client was especially interested in how particular elements of the in-store experience contributed to consumer purchase behavior. The ability to capture data in real-time allowed the marketer to achieve highly detailed information about the in-store experience, something that would not have been possible to do in a reliable way using recall-based methods. For example, ChatThreads calculated that interacting with the small

kitchen appliance in-store (actually picking up the model and moving its parts) led consumers to be nearly 16% more likely to purchase Brand 4’s coffee maker (see Figure 3). Consumers who came into contact with the product packaging in the store were 34% more likely to purchase Brand 4’s coffee maker.

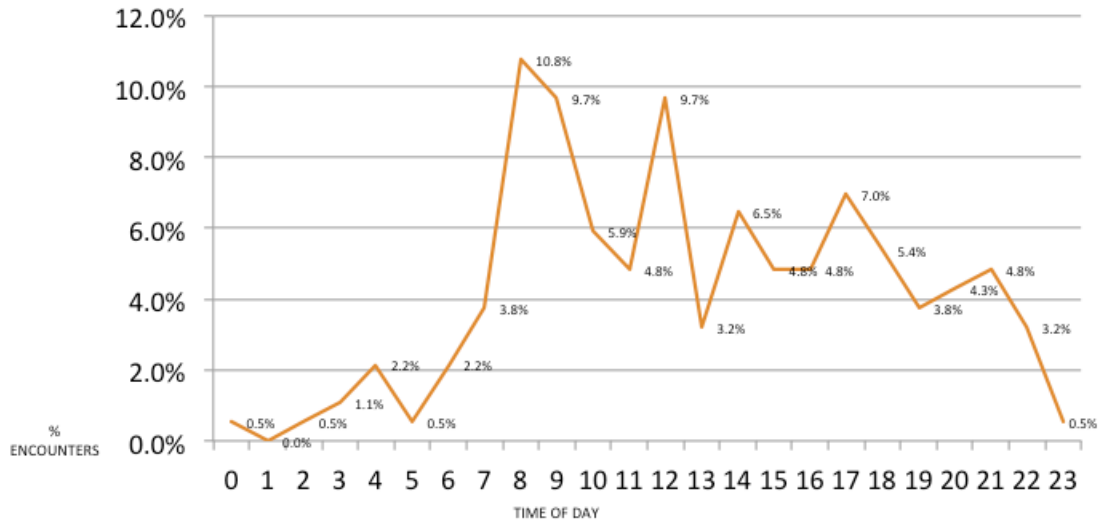
**Figure 3**

TOUCHPOINT	BRAND 4	BRAND 5
<i>Baseline Purchase Probability</i>	3.8%	3.5%
In-Store: Interact	15.9%	
In-Store: Packaging	34.2%	
TV Ad		11.7%
WOM		11.9%
Search		8.1%
Website	13.0%	
 Shopped @ Wal-Mart		7.9%
 Shopped @ Target	33.8%	9.5%

*Capturing experiences in the moment uncovers new insights.*

In addition to capturing rich detailed information to determine purchase attribution, marketers who track encounters in real-time are also able to uncover new insights and generate new research questions to pursue. For example, in a study of popular brands of hummus ChatThreads learned that 30% of target consumers used hummus between 7 – 11 am, surpassing in frequency the number of encounters during lunch or dinner hours (see Figure 4). This was especially surprising to the brand marketer because they operated under the assumption that lunch and dinner times were the most frequent time periods consumers used hummus. This prompted the client to conduct additional research on the topic to identify specific uses of the product during these times (breakfast, snack or lunch preparation).

**Figure 4**



### **Future of Capturing Real-Time Brand Encounters**

There is a meaningful bottom-line advantage to brand marketers who track in real-time, on an ongoing basis, how consumers encounter their and competitors' brands. Doing so offers marketers the ability to continually iterate on consumer insight, optimize their media mix based on actual impressions, and improve existing tools used for attribution analysis.

First, in the small kitchen appliance study, once the marketer determines that in-store packaging meaningfully contributes to consumer purchase behavior the marketer can dig deeper into what aspects of the packaging do consumers actually notice. Ongoing tracking allows marketers to take a key learning or insight from a prior month of tracking and gain additional insight the next month.

Second, the marketer can compare purchased impressions to actual impressions to identify underperforming media buys and optimize through adjustments in media allocation or negotiated rates.

Third, ongoing tracking creates time-series data that can be used as an input into marketing mix modeling. This can supplement MMM by providing a more robust explanation of variance in the model as well as capturing below-the-line channels that MMM was never designed to capture. Additionally, real-time tracking of brand encounters can supplement agent-based modeling by providing empirically-grounded and verifiable inputs regarding reach and frequency of all brand encounters within a competitive set, as well as coefficients that show how much each type of brand encounter contributes to brand perception shifts and purchase behavior.

## **About ChatThreads**

ChatThreads ([www.ChatThreads.com](http://www.ChatThreads.com)) is an independent consumer analytics company. The company's touchpoints solution tracks in real-time how, when and where consumers encounter brands, and analyzes how these encounters contribute to purchase behavior. Clients include Fortune 500 brands and their agency partners including Coke, Escalate, Frito Lay, House Party, Kraft, Kelloggs, Hamilton Beach, Lindstrom Co, Microsoft and Ogilvy.

## **About the Author**

Dr. Walter Carl is the Founder and Chief Research Officer of ChatThreads. ChatThreads' proprietary methodology was developed by Dr. Carl while a faculty member at Northeastern University in Boston and has been implemented by many leading Fortune 500 brands. Dr. Carl is chair of the Word of Mouth Marketing Association's Research and Measurement Council where he led the groups editing Volumes 2-4 of *Measuring Word of Mouth* and the Measurement and Metrics Best Practices Guidebook.