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Measuring Engagement

by Brian Haven and Suresh Vittal
for Marketing Leadership Professionals

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Measuring Engagement

Four Steps To Making Engagement Measurement A Reality

This is the second document in the “Measuring Customer Engagement” series.

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EXECUTIVE SUMMARY

The metrics marketers use today fail to capture the supercharged social behaviors and intimate relationships people have with brands. With the four I's of engagement: involvement, interaction, intimacy, and influence — marketers obtain a framework to decipher this complexity. To measure engagement, marketers need to take four critical steps: define, audit, assess, and prioritize the metrics that are appropriate for their customer buying processes.

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Forrester interviewed 14 companies, including: Adobe Systems, Critical Mass, Fifth Third Bank, Hewlett-Packard, MarketingNPV, Merkle, MTV Networks, OgilvyInteractive, Procter & Gamble, Research In Motion, Royal Caribbean International, Umbria (J.D. Power and Associates), Visible Measures and Wells Fargo Bank and the following authors: Jim Novo and Eric Peterson.

Related Research Documents

[“Five Tools And Technologies To Measure Engagement”](#)

April 22, 2008

[“Marketing's New Key Metric: Engagement”](#)

August 8, 2007

[“Eight Marketing Technologies That Enable Customer Centricity”](#)

June 5, 2007

TODAY'S MEASUREMENT SYSTEMS ARE ANTIQUATED

Marketing measurement is daunting with the digitization of mass media, fragmentation of customer attention, and Social Computing activities becoming mainstream. Marketers inevitably discover that the marketing metrics in place today fail to tell the full story about their customers. Even in online channels, where tracking individual behavior is possible, the metrics like impressions and response rates are relics of a time when marketers controlled the messages. But so far, most marketers fail to take action because they:

- **Can't agree on the metrics that matter.** From traditional mass metrics like GRPs (gross rating points), direct mail campaign response rates, and same store sales volumes to online metrics like site stats, transaction data, and click-through rates, there's just too much to take in. Now marketers must consider adding individual metrics related to social media content, online sentiment, in-store loyalty card usage, brand awareness, and many more. With so much feeding into the assessment of a person's relationship with the brand, it's difficult to decide which of the myriad metrics actually matter.
- **Can't obtain the data to drive these metrics.** Marketers must wrestle down the numerous data sources to capture the presence, value, impact, and degree of customer interactions across channels. This is easier said than done. One financial services marketer we spoke to described the problem, "We have seventeen systems that contain valuable customer data. But we have no visibility into these systems and no means to navigate the data." To further exacerbate the problem, marketing must work with a fractious partner — IT.¹
- **Can't apply these metrics to inform marketing strategy.** Most marketers want a silver bullet, and they don't want to work for it. And metrics continue to be a lens into the past — they're seldom useful to drive future direction. To inform marketing strategy effectively, marketers need these metrics delivered in a fashion that makes them actionable. But marketers struggle with poor delivery mechanisms, inadequate analytical skills, and an inability to take quantitative insight and turn it into creative output that resonates with customers.
- **Can't prove the value of enhanced insight.** Not only do marketers struggle with justifying the necessary expenditures for a metrics system, but they also need to prove to management how these metrics boost customer insight — let alone revenues. As one marketer so eloquently said, "We haven't been able to look at ROI in an integrated fashion. So we haven't been able to look at the contribution per channel in a multichannel campaign. We really want to be able to track that, but it's hard." Companies lack institutional commitment across brands and a wide variety of technology, analytical, and marketing skills.

ENGAGEMENT MEASUREMENT OFFERS A FRAMEWORK FOR A NEW, CONNECTED ERA

Marketers need an intuitive framework that allows them to move away from treating customers as generic segments to focusing on an individual's buying process. To work, any framework must align with the multifaceted buying process of today, not the linear process of the past. So how can marketers navigate these troubled waters? Engagement — the level of involvement, interaction, intimacy, and influence that a person has with a brand over time — is the new approach necessary for mapping today's intricate customer behaviors into an actionable strategy while aligning them with a person's buying process.

Revisiting The Engagement Framework

Engagement measurement encompasses the quantitative and qualitative metrics collected from both online and offline channels. It comprises the concrete individual metrics from store visits and online purchases, to the softer, aggregated insights from brand awareness studies, sentiment, loyalty, and advocacy.² Our definition of engagement is:

Engagement is the level of involvement, interaction, intimacy, and influence an individual has with a brand over time.

Four components make up the engagement framework — the four I's:

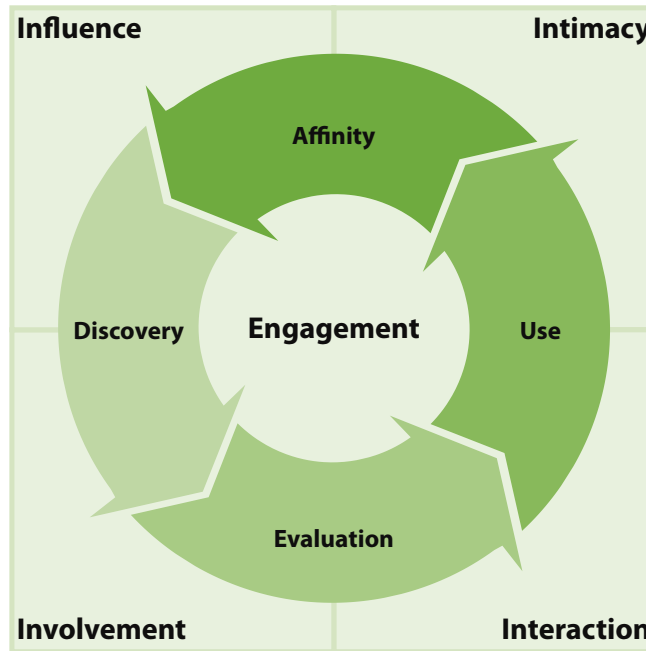
- **Involvement — the presence of a person at the various brand touchpoints.** Metrics include Web site visitors, time spent per page, physical store visits, impressions from mass media advertising, etc. Data sources include Web Analytics, store traffic reports, etc.
- **Interaction — the actions people take while present at those touchpoints.** Metrics include click-throughs, online transactions, in-store purchases, uploaded photos or videos, etc. Data sources include eCommerce platforms, POS systems, social media platforms, etc.
- **Intimacy — the affection or aversion a person holds for a brand.** Metrics include sentiment measurement in blog posts, blog comments, discussion forums, customer service call sentiment, etc. Data sources include brand monitoring services, survey responses, customer service call centers, etc.
- **Influence — the likelihood a person is to advocate on behalf of the brand.** Metrics include brand awareness, loyalty, affinity, repurchases, Net Promoter, satisfaction ratings, forwarded content, etc. Data sources include market research services, brand monitoring, customer service call centers, surveys, etc.

Aligning The Engagement Framework To The Buying Process

Applying the four I's of engagement allows marketers to go from measuring behavior en masse to honing in on individuals' buying processes. Any buying process that is relevant in today's complex marketing environment must include an understanding of the buyers' interactions with peers, brands, venues, and media. A buyer's path through this complex landscape traverses four key stages: discovery, evaluation, use, and affinity (see Figure 1).

- **Involvement metrics help measure activities following discovery.** A person can *discover* a brand in three primary ways: 1) observing others with the brand; 2) initiating the discovery on his own; or 3) being encouraged by others. Involvement allows marketers to measure a person's presence and what a person does after discovering a product or service. In order to engage with a brand, a person needs to know about it first. Involvement metrics include unique site visitors, TV ad impressions, Web site page views, time spent per page, and in-store visits, which help marketers understand how and when a person discovers a product or service.
- **Interaction metrics track actions following evaluation.** People use three primary criteria when evaluating a brand: 1) Determine credibility; 2) assess viability; and 3) determine relevance. Interaction metrics enable marketers to measure the specific actions people take when deciding whether a product is right for them. Interaction metrics include first-time purchases online or offline, loyalty card registrations, requests for free samples, comments on blogs, user-generated content, and click-throughs on banner ads. These metrics help marketers understand how and when prospects evaluate products, supporting their transition into customers.
- **Intimacy metrics monitor opinions during and after use.** Use has three primary characteristics: 1) usefulness of its features and functions to accomplish a goal; 2) usability of those features and functions when in operation; and 3) the desirability based on repeated activity with the product or service (positive or negative).³ Intimacy tracking allows marketers to measure people's attraction (or distaste) toward the brand after a person acquires the product or service and uses it. Intimacy metrics include satisfaction rates, sentiment in customer service calls, brand affinity, and sentiment in online forums and review sites like TripAdvisor.com, which help marketers understand the opinions people develop during and after their use of a product.
- **Influence metrics assess expressiveness as a person develops affinity.** A person's feelings manifest themselves in three primary ways: passion level for the brand (favorable or not); expression of passion through sentiment (verbal conversation, written text, or produced content); and advocating for, or against, the brand. Influence presents an opportunity for marketers to measure the impact individuals have on others, feeding into their discovery process. Influence metrics include Net Promoter Scores, friend connections in online communities, fan Web sites, content forwarded to friends, word-of-mouth, viral user-generated content, and loyalty, which help marketers understand the affinity and passion a brand engenders.⁴

Figure 1 Engagement's Four I's Align With People's Buying Processes



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Source: Forrester Research, Inc.

AN ENGAGEMENT MEASUREMENT STRATEGY REINVIGORATES CUSTOMER INSIGHT

Let's make one thing clear from the outset: Measuring engagement is no easy task. An effective engagement measurement strategy requires deep business understanding, a strong data foundation, robust analytical skills, and simple user interfaces that communicate marketing's performance.⁵ Most marketing organizations lack the skills, staff, tools, and techniques needed to handle this growing complexity. Four key steps guide marketers to an engagement strategy. The first three — definition, auditing, and assessment — evaluate needs and existing capabilities (see Figure 2-1). The fourth step, prioritization, determines the plan for acquiring the required metrics.

Define The Constitution Of Engaged Customers

Business models, product or service types, stage in the buying process, and even the emotions a brand evokes often dictate a customer's goals. It's these complex behaviors that marketers must understand to develop a definition for an engaged customer. To define engagement, marketers should:

- **Align audience needs with existing capabilities.** To define an engaged customer, marketers must clearly articulate audience types (e.g., personas) and the goals of each audience type (see Figure 2-2).⁶ For instance, a wireless device maker like Samsung might create six personas, like “soccer mom” or “business tycoon” to identify the most common users of their devices. Next,

marketers must identify core business functions that meet these customer goals. In our example, Samsung would create personalized photo-sharing landing pages for the “soccer moms.” The relevant metrics for this function are application downloads, usage, and duration; tracking these will show how “soccer moms” are engaging with Samsung’s photo-sharing tool.

- **Improve each segment’s experience with the brand.** Understanding the motivations of customers improves marketers’ ability to deliver relevant messages and experiences. The payoff? Marketers can foster customer engagement and expose opportunities to create new products and services that meet the needs of existing and prospective customers. Engagement metrics allow marketers to track how they perform to plan, identify the gaps in their strategy, and recognize the customer segments whose expectations they fail to meet.

Audit Engagement Measurement Capabilities

Identifying goals and metrics is one important part of measuring engagement. But marketers may not have access to all the metrics or the data sources that define these metrics. Marketers must audit their measurement capabilities to:

- **Take stock of all existing data sources.** To audit engagement capabilities, marketing analytics teams must: 1) agree on the definition of each metric; 2) identify inputs to each metric; and 3) locate the sources that host these inputs (see Figure 2-3). For instance, when defining engagement metrics, Gap might determine that customer profitability is an excellent indicator of “intimacy” in the engagement framework. Now, in the audit step, Gap would identify the inputs that determine profitability (i.e., acquisition cost, average order value, or frequency of purchase) and find that the data that drives these metrics resides partly in its point-of-sales system and partly in its loyalty card system.
- **Establish a baseline that supports planning.** Auditing helps marketers understand what each metric means and where the underlying data lives. The payoff? The outcome of the audit kick-starts the engagement initiative by ensuring that internal stakeholders are all in agreement on the engagement definition. Taking stock of existing and needed measurement capabilities guarantees that all parties agree on the measurement inventory required. Additionally, marketers get a better sense of the data required to make engagement measurement a reality.

Assess The Value Of Each Metric

Auditing uncovers the data that is readily accessible or challenging to procure, but assessment helps marketers interpret the innate value each metric provides to informing the engagement profiles. The reality most marketing organizations face is that all metrics aren’t equally accessible. Assessment enables marketers to:

- **Assign costs associated with engagement metrics.** Assessment requires marketing managers and marketing technologists to quantify: 1) the financial cost of obtaining each metric; 2) the people and skills necessary to interpret the meaning of each metric; 3) the changes in processes necessitated to procure these metrics; and 4) the clarity each metric brings to engagement (see Figure 2-4). For instance, when assessing metrics, Proctor & Gamble's Beimgirl.com might discover that relevant metrics like program registration and story submissions are more costly but more beneficial than metrics like number of free sample requests and customer satisfaction rates.
- **Establish business value.** Assessment helps marketers conduct a simple cost-benefit analysis and identify the most valuable metrics. This enables marketers to evaluate the business ramifications of each metric. In this step, marketers are asking questions like: "How does the metric change my view of customer types?" "What incremental insight does the metric give to my existing understanding of customer needs?" "How do my organizational processes need to change to acquire these metrics?" The answers to these questions allow marketers to understand the contribution and costs of each metric.

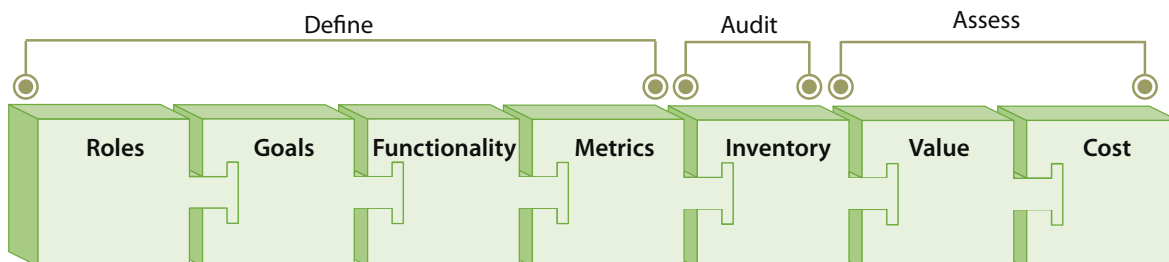
Prioritize The Acquisition Of Engagement Metrics

Assessing the value of each metric helps determine cost to obtain them, but prioritization allows marketers to decide the order in which to obtain metrics. Why is prioritization important? All marketing organizations have finite budgets and limited time to explore the myriad measurement options. Prioritization allows marketers to:

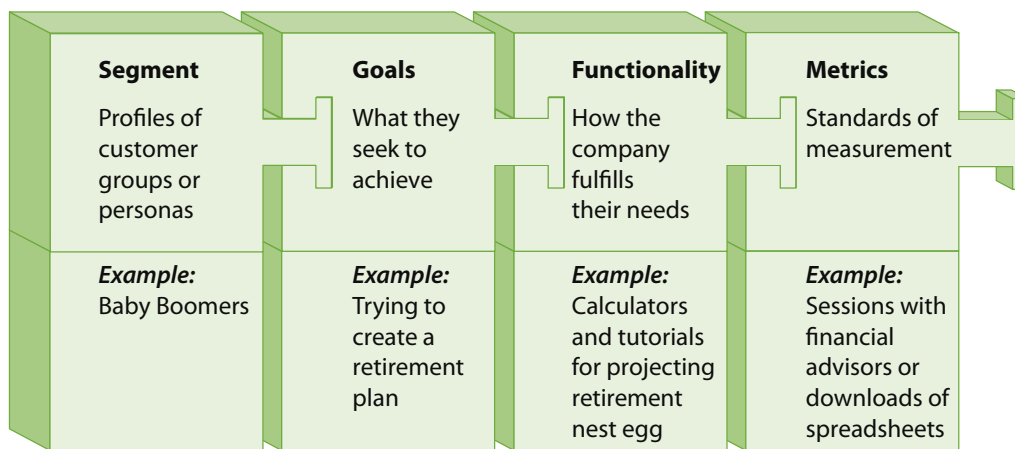
- **Classify metrics based on value.** Marketing leaders must approach prioritization by mapping the metrics into four categories: 1) No Brainers (low cost, high value); 2) Why Nots (low cost, low value); 3) Plan Aheads (high cost, high value); and 4) Throw Aways (high cost, low value) (see Figure 3). For instance, outdoor gear and clothing retailer, Recreational Equipment, Inc. (REI), might determine that linking membership card usage to engagement is extremely valuable and economical to obtain, whereas tracking customer sentiment at the store level is equally valuable but very expensive.
- **Plan for engagement measurement.** This type of analysis helps Tesco prioritize the metrics to obtain in the short term and those that need additional planning. Additionally, prioritization allows marketers to identify the resources and skills necessary to implement the engagement measurement project plan.

Figure 2 Three Steps To Identifying Your Engagement Measurement Capabilities

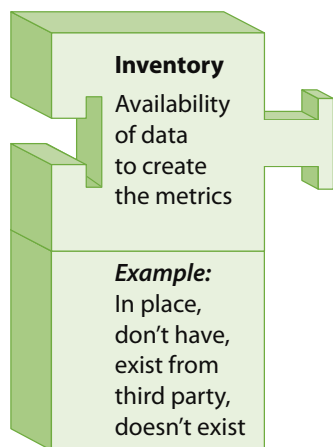
2-1 Seven steps to identifying your engagement metrics



2-2 Define



2-3 Audit



2-4 Assess

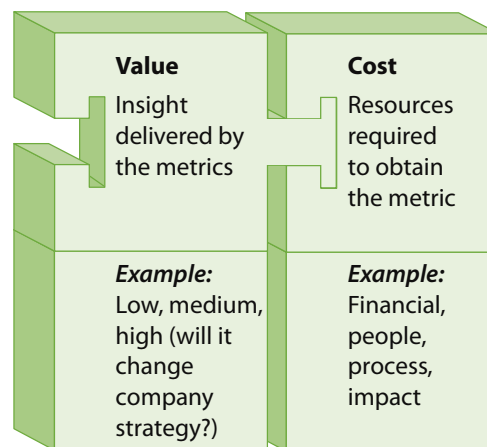
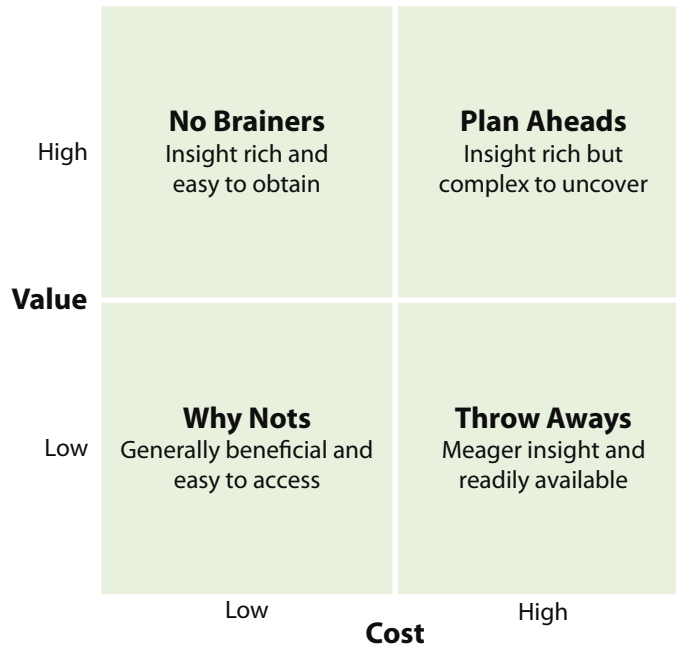


Figure 3 Four Categories To Prioritize Engagement Metrics



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Source: Forrester Research, Inc.

WHAT IT MEANS

ENGAGEMENT MEASUREMENT WILL TRANSFORM THE MARKETING LANDSCAPE

As marketing leaders embark on the engagement journey, they will discover that old habits are hard to break. To get their money's worth from measuring engagement, they will have to rethink their existing organizational structures, processes, strategies, agency interactions, and vendor relationships. Marketing leaders will seek:

- Radically new marketing skills.** Polar organizations focused purely on analytics or creative are destined to fail. A union between right-brained and left-brained thinkers is inevitable. Why? The left-brained marketers will gather and process the constitution of engaged customers. The right-brained marketers will coalesce these insights into actionable marketing strategies manifested in persuasive creative, relevant messages, and innovative products. This marriage is absent in today's marketing organizations. A likely scenario: Web analytics specialists will break out of their online mold to embrace all channels and partner with design strategists who will redefine products, creative, and customer dialogues. Visionary marketing leaders will invest in finding these individuals and fostering a culture that inspires and rewards collaboration.

- **Partners well versed in engagement.** Engagement won't only upend marketers' lives, it will affect the entire marketing ecosystem — agencies, database marketing service providers, media buyers, and technology providers. The old definitions of success and failure will no longer apply. Data and technology service providers like Accenture, Merkle, and Unica will build multichannel engagement systems. Agencies like Design Continuum, Digitas, and Ogilvy & Mather will institutionalize engagement into their core practice areas to deliver effective customer discourse, new product development, and creative. Marketing leaders will demand that their partner networks rethink their pricing models based on identifying, delivering, and retaining engaged customers.⁷
- **Convergence of marketing technology.** While engagement is a radical way to think about your customers, marketers will realize they have to act on these findings. But the current mishmash of technologies puts marketers in an uncomfortable position, unable to execute multichannel programs. Marketers will invest in a unified data and technology infrastructure that closes the measurement loop from tracking customers by level of engagement to executing programs tailored for each stage of engagement. Marketing leaders will create a marketing technology strategy role that owns the road map to the platform of the future — the Enterprise Marketing Management suite — composed of vendors like Google, Nielsen, Omniture, and Unica.⁸

ENDNOTES

- ¹ Marketing leaders rank their relationship with IT as the least productive in the organization. See the April 24, 2008, "[Marketing-IT Collaboration: It Is Possible](#)" report.
- ² Using engagement, you get a more holistic appreciation of your customers' actions, recognizing that value comes not just from transactions but also from actions people take to influence others. See the August 8, 2007, "[Marketing's New Key Metric: Engagement](#)" report.
- ³ There are three tactics for creating desirable online experiences: 1) providing engaging content and functionality; 2) focusing on aesthetics; and 3) incorporating elements of game design. See the August 8, 2007, "[Desirable Online Experiences: Taking Web Sites Beyond Useful And Usable](#)" report.
- ⁴ Affinity is a critical new component that sheds light on customers' feelings about a brand (positive or negative), and with new services, it can be tracked almost in real time, providing ample opportunity to correct a problem or seize an opportunity before it wanes. See the August 8, 2007, "[Marketing's New Key Metric: Engagement](#)" report.
- ⁵ Engagement measurement requires a cross-channel, data-intensive approach that strains today's measurement processes and the underlying technology that supports them. Furthermore, marketers attempting to measure engagement without the proper tools often find themselves lacking the infrastructure to make engagement an ongoing effort. See the April 22, 2008, "[Five Tools And Technologies To Measure Engagement](#)" report.

- ⁶ Developing personas to design for engagement, customer experience professionals must be sure the personas are based on primary research, create empathy for users, and enable design decisions. See the May 8, 2008, “[Use Personas To Design For Engagement](#)” report.
- ⁷ Marketers are diffusing agency power by turning to a portfolio of players in search of specialized expertise. As marketers select new agency partners, they must revise their evaluation criteria to build an integrated marketing team. See the February 23, 2007, “[Help Wanted: 21st Century Agency](#)” report.
- ⁸ An enterprise marketing management suite that integrates activities across the full marketing life cycle helps increase relevance, improve customer experiences, increase transparency, and enable marketers to collaborate more effectively. See the May 7, 2007, “[The Enterprise Marketing Software Landscape](#)” report.

This online marketing suite, underpinned by a central hub, is the eventual destiny for all online marketing technology and will enable a single view of the customer across channels, provide process tools to support collaboration, centralize optimization, and support a partner ecosystem. See the October 17, 2007, “[Defining The Online Marketing Suite](#)” report.

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