

GSD&M'S VIRTUAL CROWD USES ANALYTICS

Advertising giant GSD&M has always been on the leading edge at its home, Idea City, in Austin, Texas. This time they are using virtual simulation and collaboration to help their clients develop advertising strategies. They have created a "virtual marketplace" to help test messages, media, and audiences. One of their managers, Maury Giles, head of accountability and analytics, describes it this way

In the same way you can create 'SimCity,' you can create a virtual marketplace. Instead of spending \$30 million on a campaign, you're not sure is going to work, you can try it and run it. . . It's like a simulation of what would happen if we spend this money on this message with this group of people.

The technology lets GSD&M managers set up a simulated population of as many customers as they want. They set up rules, such as what percent likes what products in the market, what city they live in, what their network of friends looks like, what the economy looks like, and what competitors are doing. The system uses its database to simulate customer behavior.

For example, a simulation would help a customer decide if they should use the Web, TV, radio, or some combination to create the results they seek. It's a tool to help make marketing decisions, but managers must still make those decisions. Although it may take four to six months to set up a simulation, the results are compelling. One manager said that the predictions from their system are within 95% of what actually happens.

Discussion Questions

1. What is the benefit to GSD&M and their clients of using a simulation to predict customer behavior?
2. What other scenarios can you think of that might benefit from this type of simulation?
3. Describe the culture necessary to support GSD&M's use of simulation as a means of experimenting with marketing scenarios.

Source: Adapted from Lilly Rockwell, "GSD&M Taps Virtual Crowds to Test Real Ads," *Austin American-Statesman*, April 21, 2008, Section D, p. 1.