

VIDERITY

Marketing Analytics

Being data smart requires a culture change to realize business benefits



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Being data smart requires a culture change to realize business benefits

The volume, velocity and variety of big data can be intimidating and overwhelming for marketers. Taming it to make business sense is like controlling and harnessing the force of a waterfall to generate energy. Not easy but doable with the right capabilities and tools.

Data used to be associated primarily with number crunching, statistical modeling and technical analysis far removed from the actual customer. Propeller-heads with big math brains interpreted historical financials. Software engineers developed programs to track numbers — stock numbers, sales numbers, promotion numbers. And, brands preferred to rely on creative talents to win the customer rather than build campaigns around data analytics.

But the dynamic digital marketplace has become fertile ground for turning data into connected insights about people's intent, choices, decisions and actions. Consumers are voting with their fingertips on multiple devices in real time. They expect brands to

fit their needs of the moment with relevant experiences to compete for their attention. As consumers move among devices and channels, they are creating touchpoints everywhere — online, offline, proprietary, third party, corporate networks, social networks, location-based and mobile. And, if this were not enough, the speed, volume and variety of structured and unstructured data from every touchpoint are multiplying daily.

In this fire hose of data, companies need to find the key to understanding customer intent, develop innovative solutions and products and, above all, connect with consumers at the right time, in the right place, with the right offers. Now, isn't that the role of marketing?



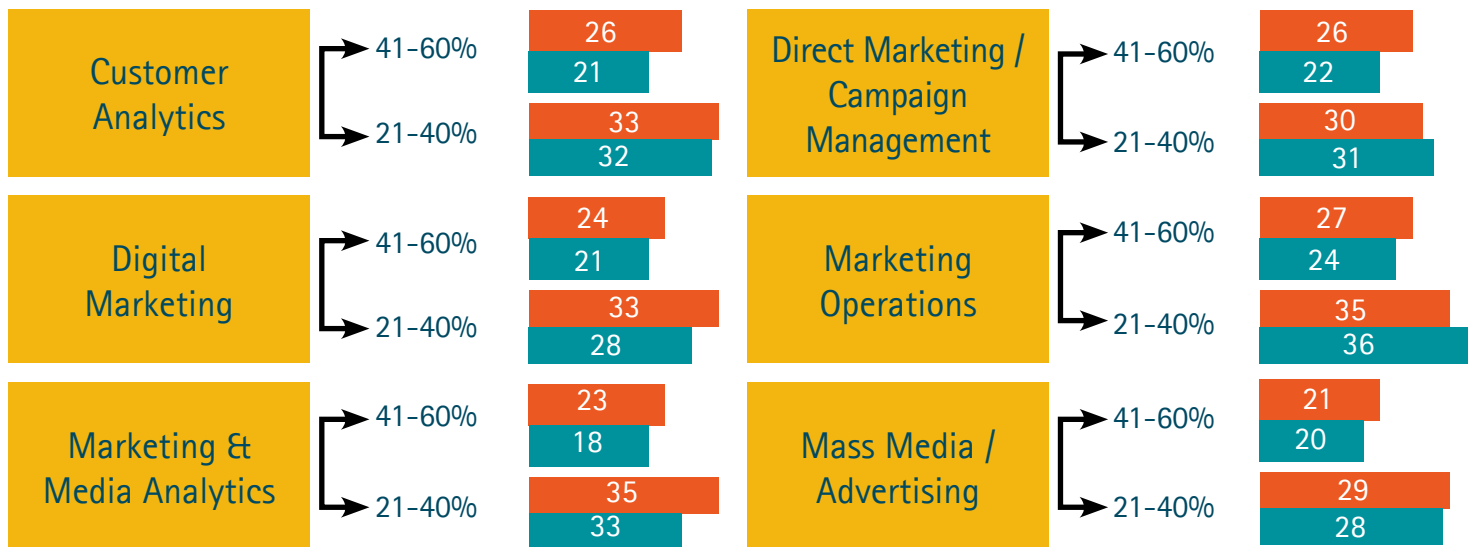
Connecting the dots and dashes

As the ecosystem of consumers becomes increasingly digitized, analytics is moving from a qualification and measurement tool to a core business decision making capability. Marketing organizations that want to remain relevant to the business need to focus on growing their own analytics skills. According to a Gartner survey of 242 marketing analytics professionals in November and December 2012, 21 percent of the marketing budget is allocated to marketing analytics¹. But many marketers are struggling to make the analysis actionable. Even when analytics is embedded within automated marketing systems (to recommend offers to online visitors, for example) many organizations are unable to get value from (often disconnected) analytics programs².

To serve the connected consumer on the go, across channels as well as devices, at scale and at the point of need, "filling old wine in new bottles" is not enough. Marketing organizations are realizing they need to transform themselves by embracing a different culture. A culture in which analytics plays a crucial role. Marketing decisions are data-driven and not based purely on intuition; teams collaborate seamlessly across skills (for example, brand, digital and data); and organizational silos are broken down (think Product, Marketing, IT, Sales and Customer Service). In this collaborative environment, innovation takes the form of quick product and service launches in response to identified consumer needs or aspirations.

To what extent is this already happening? Recent research of more than 400 senior marketing executives from around the world shows that more than 70 percent recognize the need for a major digital transformation of the marketing organization to give their company a competitive edge³. As digital budgets increase, the heaviest investment is expected to be in customer experience and data analytics capabilities. Indeed, about one quarter of senior marketers plan to dedicate between 41 and 60 percent of their employees to marketing, media and customer analytics in 2013, an increase of five percent over 2012 (Figure 1)⁴.

Figure 1: Significant Employee Growth Forecast in Analytics Capabilities



Percentage of respondents actual resource allocation for 2012

Percentage of respondents projected resource allocation for 2013

¹ Bill Gassman, Andrew Frank and Jake Sorofman, "Highlights from Gartner's Data-Driven Marketing Survey, 2013," April 9, 2013, accessed April 29, 2013.

² Ibid.

³ Viderity, "Turbulence for the CMO: Charting a Path for the Seamless Customer Experience," 2013.

⁴ Ibid.

The analytics challenge

To align marketing priorities with the business objectives, create highly relevant customer experiences, and maximize the marketing return on investment (MROI), companies should enhance their analytics capabilities in at least four key areas:

1

Test and learn

Continuously test, measure and develop new marketing ideas. Pilot marketing campaigns quickly in limited channels to test the ground before launching them on a bigger scale across multiple channels, and assessing their effectiveness.

2

Measurements and evaluation

Build analytics and measurement into all aspects of marketing. Identify a mix of investment opportunities to increase the effectiveness of marketing efforts across various customer segments in all channels.

3

Insights and understanding

Employ analytics to gain a deep understanding of the business. Learn why a product or a campaign is performing in a particular way. Then use forecasting, scenario planning and optimization to fine-tune future performance. This might include using algorithms-based automated forecasting tools to prevent unforeseen and unwanted situations such as: overstocking of inventory; poor coordination between demand planning and trade marketing; and executing a product launch without knowing all the possible factors impacting the market and brand performance.

4

Performance analysis

Adopt a holistic approach to marketing analytics that captures all the key drivers of performance. This could include designing a flexible pricing and promotions simulation model (for a retailer, for example) which accounts for other marketing and media activities and competitor responses.

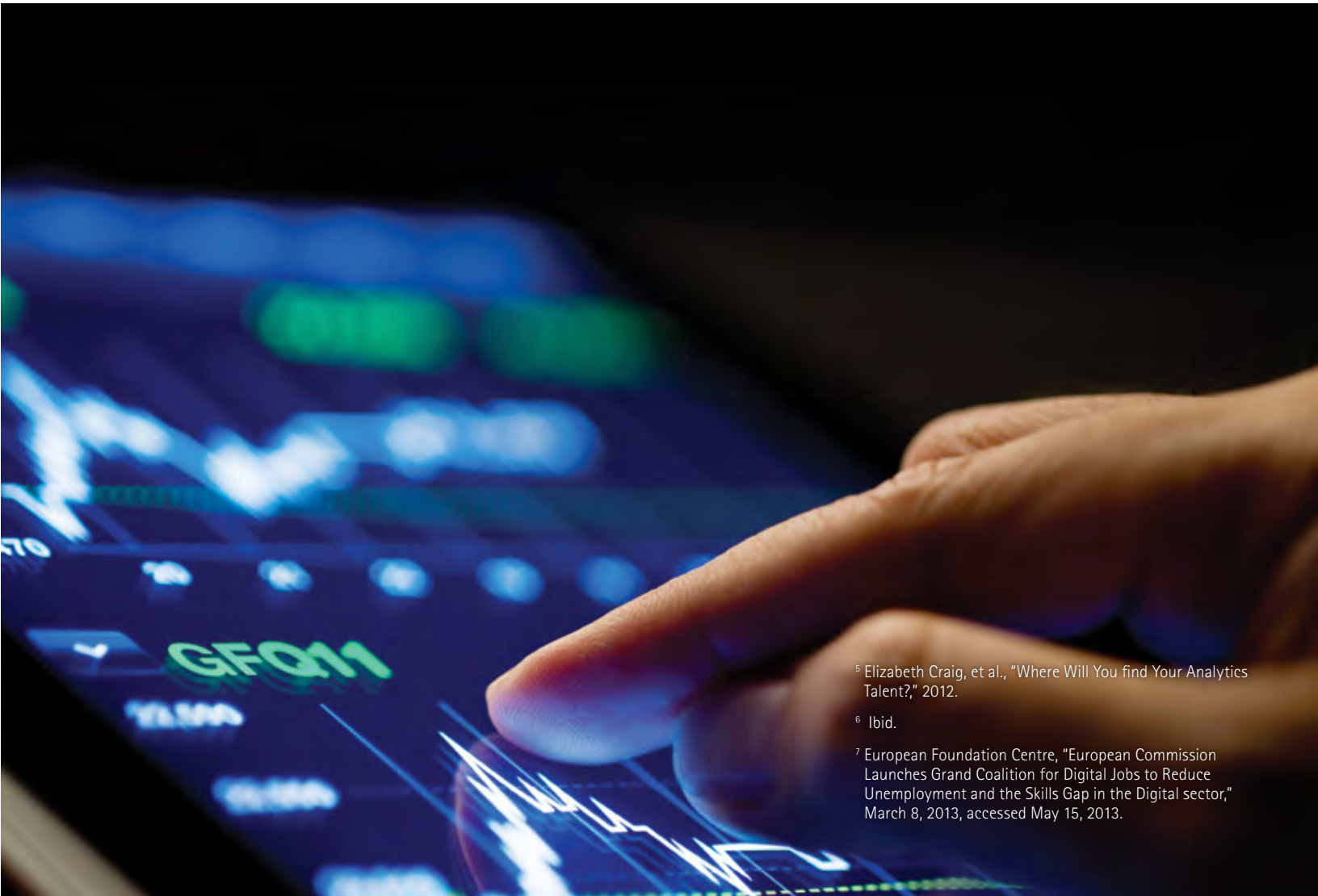
These possibilities call for talent that is well-versed in techniques such as econometrics, customer segmentation, investment optimization and simulation, and predictive analytics. But, it is not easy to find people with these skills. It is even harder to find and retain professionals with the ability to translate quantitative insights into data-driven business decisions and specific actions.

The rapid growth of digital has resulted in a shortage of experienced professionals, as educational programs scramble to keep up with market needs. Today, not only is there a global shortage of analytics talent, there is also a mismatch between supply of, and demand for, analytics talent. According to a

recent survey of 258 North American business leaders conducted by **Viderity Analytics** and **SAS**, the United States is projected to create 44 percent of the new jobs for analytics experts by 2015, but has only 23 percent of the supply. By contrast, India and China are expected to have a surplus of more than 72,000⁵ and 18,000 analytics experts, respectively⁶. While, the European Commission predicts that by 2015, approximately 900,000 information and communication technology positions will need to be fulfilled across Europe⁷.

The challenge for the marketing organization is not just one of simply hiring professionals who are adept at techniques such as trend analysis, data visualization,

statistical modeling, simulation and optimization. What marketing organizations need are analysts who can employ technical capabilities to represent and interpret big data sets to tell a compelling story. For example, how is a particular segment of customers behaving or likely to behave toward a particular product launch? Or, which messages and offering mix would be most appropriate to different customer segments? To attract and retain these professionals, marketing organizations need to have challenging assignments, a comprehensive integration plan and a well-thought-out career program.



⁵ Elizabeth Craig, et al., "Where Will You find Your Analytics Talent?," 2012.

⁶ Ibid.

⁷ European Foundation Centre, "European Commission Launches Grand Coalition for Digital Jobs to Reduce Unemployment and the Skills Gap in the Digital sector," March 8, 2013, accessed May 15, 2013.

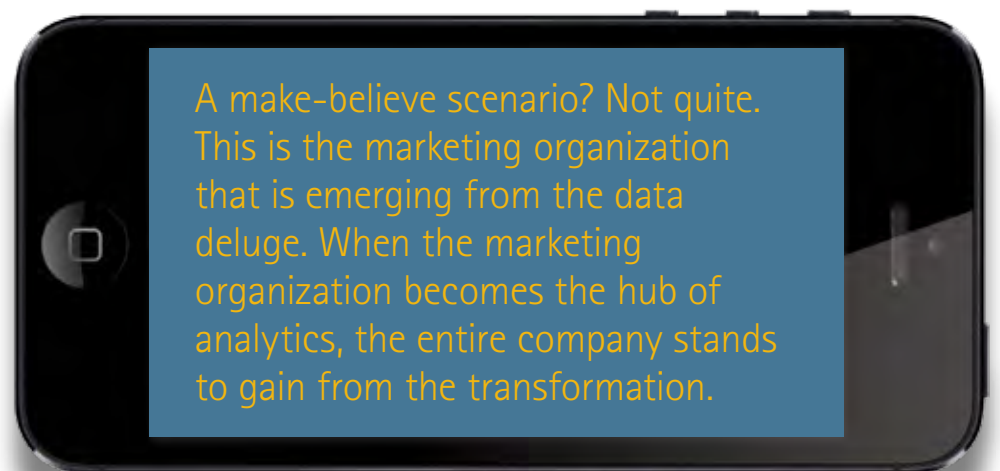
Collaborate or die

The transformation to a data-driven marketing organization is a journey. A long the way, marketers will need to become very comfortable with two simultaneous developments that could give their company a competitive edge: an agile approach to analytics and a culture of collaboration across creative and technical teams.

Imagine the potential...

After the merger of the sales and marketing departments, the executives of the new group reconcile themselves to learning from and collaborating with their young tech-savvy digital mentors. These "Gen Yers" consider email to be history, and are not flustered by massive volumes of structured and unstructured data from multiple sources. In fact, they talk to the numbers on their screen like they were real people with a personality. Surprisingly, these young graduates with math, statistics, data, analytics and similar backgrounds are even

able to string together a story about each customer — where they live, what they like or dislike, their age group, their friendship circle, education level, how many members are in their family, where they like to shop, when and where they go on vacations, and much, much more. Best of all, these folks are not intimidated by authority or seniority. Their insights are fact-based and data-driven. Therefore, they don't hesitate in telling seasoned marketing executives which of the company's offers will suit which segment of customers at a particular moment. As a result, the finance department is able to measure the revenue per customer and forecast future potential revenues (per customer) accurately under different scenarios. The innovation team (comprising IT and analytics-savvy marketing folks) is able to launch new products and offerings quickly into the target market. And, the hybrid sales-marketing group has a true understanding of the lifetime value of its customers.



About Viderity

Viderity helps the world's leading brands drive superior marketing performance across the full multichannel customer experience. Working with Viderity professionals dedicated to serving the marketing function, Viderity offers integrated, industrialized and industry-driven marketing solutions and services across consulting, technology and outsourcing powered by analytics.

For more information, please reach out to us!



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