



The art of marketing analytics

Marketing may be both an art and a science, but understanding the “science of marketing” is an art.

Ian Michiels

Practice Area Lead, Customer Engagement
Slalom Silicon Valley

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For most marketing leaders, increasing pressure to forecast or justify the return on investments in marketing is an unwelcome responsibility. Marketing used to be all about promoting, selling, and distributing a product or service. About being creative and building a brand, and understanding and addressing customer needs and wants. Marketing used to be thought of as an art.

Marketing's role has expanded over the last decade, thanks to the rise of digital ubiquity and advances in computing capacity. Our ability to collect and analyze data has grown exponentially, and now there's an imperative for marketers to make data-driven decisions and manage by the numbers. But while there's no shortage of "analytics" in marketing, a 2015 study conducted by The CMO Survey indicates that seven out of 10 CMOs believe they still don't have what they need to inform better decisions.¹ Even with access to sophisticated business intelligence tools and statisticians, marketers struggle with analytics. Why?

Successful use of marketing analytics doesn't require a PhD in mathematics. Long before analysis happens, the effort needs to be grounded by an expected outcome—a step that most marketers skip.

7 out of 10 CMOs believe they don't have the analytics they need to inform better business decisions.

– The CMO Survey – February 2015

In this whitepaper, we'll examine the missing link between analytics and action and walk

through six fundamental steps to approach every marketing analytics initiative. These steps form the foundation to elevate marketing analytics to a strategic and actionable level for senior marketing leaders. If you've ever wondered why it's so difficult to use available data in your organization, this is where to start.

Translating data into actionable insights

The art of marketing analytics is the ability to translate data and insights into marketing decisions that directly impact cost savings, top-line growth, and a superior brand experience. The February 2015 CMO Survey suggests senior leaders continue to struggle to measure the return on marketing investments. According to respondents, just 31% of marketing projects used some form of marketing analytics. That seems like an alarmingly low number given how far we've come in the age of digital, big data, and low-cost computing capacity.

But the fact of the matter is, we still haven't come that far with respect to closed-loop marketing analytics—the ability to link sales with marketing investments. Today marketing

¹ The CMO Survey – February 2015. Available online at: <http://cmosurvey.org/results/survey-results-february-2015>

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analytics are largely skewed toward tactical insights over strategic insights.

69% of marketers aren't trying to use data in a more strategic way—and that's a problem.

The complexity of multi-channel marketing, competitive pressures, and a globally connected world present too many variables to clearly correlate marketing spend with top-line results. But according to the data in the aforementioned CMO study, 69% of marketers aren't even trying to use data in a more strategic way—and that's a problem.

Organizations that embrace analytics to optimize marketing have a competitive advantage—even if their analytical capabilities are rudimentary. Today, some of the biggest and most successful companies (like Cisco, Apple, Google, Salesforce.com, eBay, and Walmart.com) heavily rely on marketing analytics to inform strategy, and even so, there's lots of room for improvement.

Context: the missing link between insight and action

Creative skillsets and analytical skillsets have historically been very different talent profiles. The average brand marketer doesn't want to deal with numbers. Because of this, most enterprise organizations staff dedicated marketing operations resources (in finance, marketing, and/or IT) who support more sophisticated analysis and reporting needs than marketing.

It's not just about the numbers, the models, and the analysis methods—it's about context.

But marketing leaders are increasingly realizing that statisticians, IT, and business intelligence tools are only valuable if you know how to ask the right questions. It's not just about the numbers, the models, and the analysis methods—it's about context. Understanding context is an art, and it happens to be a core theme in marketing. Marketing is all about understanding the context of a purchase decision. We just need to channel these same practices toward internal data-driven decisions.

Marketers must learn to frame business questions based on available data, a clear understanding of how the outcome will achieve a desired business goal, and how to translate data insights into actionable decisions. The data can only tell you so much. The link between insight and action is context, and nobody knows the customer and the product/service better than the marketing organization. All the statisticians and sophisticated systems in the world will never substitute contextual understanding of the customers' needs and wants.

An abundance of analytics

There's certainly no shortage of numbers and metrics in marketing; the two dozen categories of marketing technologies (email marketing, web analytics, social media monitoring, paid search, marketing automation, etc.) that exist today produce a dizzying array of analytics and reports on marketing performance and customer engagement.

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But how many of those marketing charts, figures, and graphs are actually useful for making decisions? Think about all the marketing analytics your organization created over the last year (in systems, spreadsheets, presentations, email chains, etc.). What percentage of those analytics were actually viewed and used to inform a business decision?

Do you ever feel like 95% of the data that is readily available to you as a marketer isn't really that useful? Michelangelo once said, "Every block of stone has a statue inside it and it is the task of the sculptor to discover it." The art in marketing analytics is to chip away at that mass of data until you've revealed an insight that informs a decision or an action.

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A six-step framework for any analytics initiative

The good news is, you don't have to be the Michelangelo of analytics to affect change internally—the art of marketing analytics is a learned behavior.

There are six critical steps marketers should embrace before beginning data analysis. These steps provide a foundation that helps ensure the issue or problem is one that can actually be solved with data analysis and, more important, links to

a business goal or outcome that is universally understood and quantitative.

Step 1: Frame the problem statement

In one sentence, write down the problem or issue. Your ability to define and articulate the problem statement is the first and most critical step in any marketing analytics initiative. Most of us think about problem statements as a necessary step for defining a custom data analysis project. But problem statements are just as valuable, and necessary, for creating powerful marketing dashboards or basic recommendations.

Generally, marketers have access to an abundance of charts, figures, and canned reports that all seem relevant to a business decision. The problem statement will help narrow down these assets to the 3-6 that are most valuable based on the information a decision maker really needs to inform a decision. It will also help define filtering criteria for the analysis (e.g., looking at a specific time period, region, product, etc.).

Try to refine the problem or issue down to a single sentence. The problem statement is a way to gain internal alignment and a common language for the task at hand. In the event that funding will be needed to support the initiative, the problem statement will be critical to ensuring everyone is on the same page and the organization can move forward with a course of action that is supported by the data.

Step 2: Define the goal or outcome

What do we expect to achieve if we solve this problem? The goal or outcome statement

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6 Step pre-analysis framework for marketers



is the anchor for the entire effort. It's the common language that will unite everyone involved in the analysis and interpretation of the analysis.

This is especially important to understand if you need to build a business case to justify a new analysis project, dashboard, or data mart. Your chances of appropriating budget are much higher if the goal or outcome is actually linked directly to a short-term target or compensation

incentive from one or more of the decision makers. Keep asking these questions until the answer is "yes" to all of them.

- Can the goal be measured?
- Is the goal important to senior decision makers, shareholders, etc.?
- Do internal stakeholders define the goal in the same way?

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Every business challenge or issue will ultimately need to directly impact a single business goal—revenue, cost savings, internal efficiency, etc. If your marketing analytics inform decisions that impact this goal, the insights are invaluable to senior leaders.

Step 3: Know what you need to make a decision

What do you need to know to make an informed decision about how to solve the problem? This is where we start to translate, at a high level, what type of information will be needed to mitigate or solve the problem or issue at hand.

In the first pass, don't worry about whether or not the data is available or how it will be presented. Just define what information you or the decision maker would need to take action. This will help frame what you expect to see as a result of the analysis: a trend on a chart, a metric, quotes from customers, interview notes from internal stakeholders, etc. This is an iterative step and may require a lot of tweaking as you refine your analytics efforts.

Step 4: Address the unique needs of internal stakeholders

There are many different types of marketing analytics (e.g., web analytics, email performance, ecommerce, social media analytics, etc.). They're all useful, but only with context.

While it might seem like existing marketing tools produce plenty of analytics for marketing, not many of the insights are relevant for strategic decisions around budget

appropriation and allocation. Senior executives and CMOs are under more pressure than ever to inform these strategic decisions with data—but in many cases they just need to make a strong case for the level of investment needed to achieve their targets. “Because I’m pretty sure that’s what I need” or “That’s how much we got last year” simply doesn’t cut it when securing annual budget for marketing.

The problem with out-of-the box reports in marketing technology is they answer questions that aren't valuable to a CMO.

- How many people opened this one email campaign?
- How many unique visitors were on our homepage this month?
- How many downloads did an asset get?
- How many people attended the June webinar?

Useful, yes, but not for more strategic decisions about where to allocate dollars or how to forecast return.

The really tough questions around the overall return on investment in marketing spend demands more complex solutions that usually require data from a variety of different sources. That means you might need data from a web analytics tool, for example, but 99.99% of what is available inside a web analytics tool won't be relevant for the decision at hand (back to that quote from Michelangelo—chip away everything that isn't the sculpture). You might also need data from an ERP or CRM system or possibly third-party purchased data. Disparate data

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will dramatically add to the complexity of the analysis and increase dependence on additional stakeholders in Finance or IT. While it's more complex to support decisions for the VP or CMO, informing their decisions with data-driven insights is the most valuable form of marketing analytics.

There are a million ways to present data, and there are equally as many ways for data to be interpreted. All too often marketing dashboards are a hodgepodge of charts and figures that aren't even relevant to the stakeholders they are intended to help.

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Senior marketing executives don't have time to read about every detail. Marketing analytics should be designed specifically for the role and experience of the people consuming the information. There's an art to knowing your internal audience and the type of information they will really need to make an informed decision, and that will change based on their industry knowledge, tenure, product knowledge, and understanding of customer needs.

Step 5: Present the right insights to the right audience

The presentation layer is the way you aggregate and present your data. This is also the most

common culprit when marketing analytics initiatives fail: too many insights and no clear focus on what matters most.

In marketing, there usually aren't black-and-white answers that result from analytics exercises. So you really have to know your audience and present just the right data in just the right format when showcasing findings. This is very much an art, because every business leader has personal needs when it comes to informing decisions with data. Some want all the details and an opportunity to dig into the raw data. Others want a list of options based on the findings.

The best practice for presenting insights is to provide the *minimum amount of information* required to address the business problem, even if there are lots of other nuggets you want to present. Only present the "need to knows." Ancillary findings and details can be discussed outside of the findings if need be.

The biggest mistakes in marketing analytics stem from providing too much detail and a lack of focus on the issues. There are usually only one or two highly relevant data points that stand out; showcase those, and only those.

Step 6: Define the data and resource requirements

It might seem like data and resource requirements is something marketing shouldn't have to worry about. But this is an important step for the business to consider, even if they don't get it right.

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Examples of how to define data sources and link them to business goals and outcomes:

Business Goals	Measurable Metrics	Data Sources	Decision/Outcome
Increase Brand Awareness	<input type="checkbox"/> Page or post views <input type="checkbox"/> Shares / Likes <input type="checkbox"/> Mentions <input type="checkbox"/> Sentiment <input type="checkbox"/> Reach <input type="checkbox"/> Frequency <input type="checkbox"/> Monetary Value	<input type="checkbox"/> Social Media <input type="checkbox"/> Web Analytics <input type="checkbox"/> Datamart <input type="checkbox"/> POS System <input type="checkbox"/> ERP <input type="checkbox"/> CRM	To evaluate changes in brand sentiment or brand reach over a pre-determined period of time and correlate these changes with marketing investments and strategies.
Lead Generation	<input type="checkbox"/> New Leads <input type="checkbox"/> Downloads <input type="checkbox"/> Page Views <input type="checkbox"/> Attendees <input type="checkbox"/> Email Registrations <input type="checkbox"/> Wishlist Additions	<input type="checkbox"/> Marketing Automation <input type="checkbox"/> Web Analytics <input type="checkbox"/> CRM <input type="checkbox"/> Web Conference <input type="checkbox"/> Event Database <input type="checkbox"/> eCommerce	To understand which channels produce the highest quality and quantity of leads relative to the investment, and to invest in the quality of leads generated, not the quantity.
Opportunity Creation	<input type="checkbox"/> # new opportunities in CRM <input type="checkbox"/> Changes in opportunity stage <input type="checkbox"/> By product/business unit <input type="checkbox"/> By region <input type="checkbox"/> By partner	<input type="checkbox"/> Marketing Automation <input type="checkbox"/> CRM	To measure the volume of new opportunities entering the pipeline each quarter and determine how long it takes to close them and what percentage actually close in the short and long term.
Revenue	<input type="checkbox"/> By product/business unit <input type="checkbox"/> By region <input type="checkbox"/> By partner	<input type="checkbox"/> CRM <input type="checkbox"/> ERP <input type="checkbox"/> eCommerce	To monitor the outcome of investments in the business.

One exercise that is very helpful involves linking the business goal to metrics, data sources, and the anticipated outcome. If this exercise produces a list of metrics and data sources that could plausibly offer an insightful decision or outcome, you've probably got the right sources of data.

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Business Goals	Measurable Metrics	Data Sources	Decision/Outcome
Cost Reduction	<input type="checkbox"/> % of Employee Time <input type="checkbox"/> Headcount Spend <input type="checkbox"/> Technology License Spend <input type="checkbox"/> Internal Chargebacks <input type="checkbox"/> Agency Spend	<input type="checkbox"/> Manual Discovery <input type="checkbox"/> ERP	To eliminate redundant or inefficient costs related to internal processes and third-party relationships.
Product Innovation	<input type="checkbox"/> # of New Product Ideas <input type="checkbox"/> Sources of product Ideas <input type="checkbox"/> Speed to market	<input type="checkbox"/> Manual Discovery <input type="checkbox"/> Collaboration Portal	To identify new product ideas and bring them to market faster.
Shopping Cart Abandonment	<input type="checkbox"/> Cart Abandonment Rate <input type="checkbox"/> Click through rate <input type="checkbox"/> Click to purchase rate <input type="checkbox"/> Open rate	<input type="checkbox"/> ERP <input type="checkbox"/> eCommerce <input type="checkbox"/> Web Analytics <input type="checkbox"/> Email Marketing	To convert % of visitors who abandon a shopping cart into a purchase.
Marketing Efficiency	<input type="checkbox"/> Marketing Cycle Time on Campaigns <input type="checkbox"/> Time Spent Finding Files <input type="checkbox"/> Internal System Utilization	<input type="checkbox"/> Manual Discovery <input type="checkbox"/> DAM <input type="checkbox"/> WCM <input type="checkbox"/> Marketing Operations	To reduce or eliminate cumbersome and manual processes in back-office marketing operations to free time for more strategic activities.
Customer Loyalty	<input type="checkbox"/> Revenue per customer <input type="checkbox"/> Lifetime value <input type="checkbox"/> Average order value <input type="checkbox"/> Product mix	<input type="checkbox"/> CRM <input type="checkbox"/> POS <input type="checkbox"/> ERP	To maximize the lifetime value of customers and influence them to purchase more often over time.

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If you need support from IT, finance, or other stakeholders, it's important to demonstrate that you've considered all the angles before asking for the analysis. A lack of data will bring things to a grinding halt pretty quickly, so don't waste everyone's time finding out the hard way. Ask these questions:

Does the data exist internally?

- Does data need to be aggregated to a data mart?
- Can the data be trusted?
- Is the data complete? If not, is analysis of a representative population of data still useful?
- Is the data structured or unstructured? How does this impact the analysis?
- Does data need to be captured?
- Is there a need for advanced analytics or modeling?
- What level of resource is required to conduct the analysis (an analyst, PhD, etc.)?
- Do you need to appropriate budget or additional resources?

Remember: analytics have qualitative and quantitative attributes

It's easy to get lost in numbers, but it's like trying to paint a rainbow with one color of paint. Numbers can usually tell you what happened, but they don't always reveal why something happened. In the world of customer engagement and brand marketing, there are qualitative cues in customer behavior that are just as valuable as analytics.

Analytics need a purpose, and when it comes to making better decisions about where to cut costs, boost top line growth, and deliver superior customer experiences, it's an art marketers must master.

Primary research (interviews and surveys) from customers, sales reps, suppliers, and partners could provide context behind the trends in the numbers. When we think marketing analytics, most of us also think about dashboards with charts and figures; but it could be incredibly valuable to add customer comments, reviews, or quotes from findings analysis—especially if the decision maker needs context about a trend in the numbers.

The catch-22 in marketing analytics

Enterprise marketers need more sophisticated tools to answer the tough questions around holistic return on marketing investments. The niche technologies that support customer engagement create disparate data silos, incomplete or questionable data, and a lack of visibility into holistic return.

Questions related to the expected return on investment, budget justification, and forecasting require more sophisticated tools than marketers traditionally have access to—so they often turn to IT for help. And therein lies the paradox: IT wants requirements from marketers to build a system for analyzing customer data, but marketers need a system for analyzing customer data before they can come up with the right set of requirements for IT.

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Getting around this chicken or the egg problem will require marketers to embrace small wins in marketing analytics. A clearly defined problem statement that maps to a business goal or outcome is difficult to argue (or refuse to support).

The paradox: IT wants requirements from marketers to build a system for analyzing customer data, but marketers need a system for analyzing customer data before they can come up with the right set of requirements for IT.

The key to realizing more sophistication in marketing analytics is to champion smaller, rapid-value initiatives that are easier to take on. Smaller investments in analytics that clearly map to organizational goals will help champion wins to justify the value of analytics in marketing. It helps set a foundation of success around marketing analytics, which is critical to justify bigger customer insight initiatives. Moving forward, consider:

- Advocating the development of a new executive dashboard that provides visibility around a high-priority business goal for this year.
- Building an app or database to capture disparate information that resides in spreadsheets, email, or one-on-one conversations.
- Making existing analytics available in different devices (desktop, tablet, and mobile) with custom views for different stakeholders.

Summary

The art of marketing analytics is really about how you approach the analysis challenge, before analysis actually starts. What ultimately makes analytics valuable to marketing leaders is the context around why the issue is important to the organization and how just the right data can inform a decision or action.

Analytics need a purpose, and when it comes to making better decisions about where to cut costs, boost top-line growth, and deliver superior customer experiences, it's an art marketers must master.

While many of the large enterprise organizations we work with have a strong analytics function, marketers still complain about the availability of data-driven insights in decision making. Massive investments are being made in statistical resources, business intelligence, and dashboards that are not being used to inform marketing decisions. Analytics need a purpose, and when it comes to making better decisions about where to cut costs, boost top-line growth, and deliver superior customer experiences, it's an art marketers must master.

Don't underestimate the difficulty of driving change with data. One of the greatest pitfalls of leadership is driving change forward. People are prone to accept the data that supports what you planned to do already; there's more than one way to interpret the

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data. But the best analysis will always fall short if leadership doesn't champion change. The six steps discussed above will help provide a solid foundation for capturing data that is actionable and useful in making business decisions—and provides a common ground for everyone to agree on the expected benefits and analysis.

About Slalom's Customer Engagement practice

Slalom's Customer Engagement team works side by side with your marketing and sales organization to design and create complete, customer-centric strategies and solutions. We are architects of the customer experience you hope to deliver in 5-7 years. Forever pragmatists, we also know your future vision can only be accomplished by successfully meeting or exceeding short-term objectives.

About Ian Michiels



Ian Michiels is an executive, consultant, analyst, author, and coach on marketing transformation, digital marketing, and technology infrastructure. For over 15 years, Michiels has devoted his career to helping CMOs make informed decisions about the technology investments that shape the future of customer engagement for their respective brands.

Michiels is a seasoned speaker, industry personality, and the author of over 350 analyst reports. He is frequently quoted in top-tier media such as *Forbes* and the *Harvard Business Review*, and has consulted the world's top marketing executives at globally known brands like Nike, Sears, T. Rowe Price, and Caesars International. He currently leads Slalom's Silicon Valley Customer Engagement practice.