



Analytics and Marketing Operations: A One-Two Punch for Growth

By Laura Patterson

Today's customers are more value-oriented and less loyal creating even greater challenges in today's business climate. With customer expectations increasing, the competitive landscape growing, the proliferation of new technologies and channels, and the avalanche of data, marketers need more than intuition and experience to succeed. The world is just too dynamic and the pace of change is just too fast. In fact, the deluge of data is actually fueling the growth of analytics. As Dave Frankland of Forrester once said, "the goal is not to collect data, but to develop insights." Insights are the purview of analytics. Analytics are algorithms advanced and/or mathematical techniques on large volumes of data that help marketers translate data into actionable insights to help drive marketing and customer strategies and optimize marketing efforts.

Analytics is hard and time consuming so why make the effort and investment? A High Performance research study by Accenture found that companies that invest heavily in their analytic capabilities outperform the S&P 500 on average by 64% and recover more quickly during economic downturns.

How are the high performers different? First, they have above average analytical capabilities. Second they have better decision support analytical capabilities. Third, they more highly value analytical insights, which seems obvious or they wouldn't have invested in the first two. And finally, they use analytics across their entire organization, including sales and marketing. Julio Hernandez, a partner at Accenture, says, "Companies need to be analytically inclined and data-driven in order to turn insights into action for driving growth."

How can you use analytics to drive growth? Marketing analytics help you answer questions such as: "Which customers are worth paying a lot of attention to? Which ones are worth less?"

Analytics helps you evaluate and address five growth opportunities:

1. Acquire more valuable customers
2. Acquire customers who will buy more from you

3. Acquire customers who will buy your more high value products/services
4. Retain high value customers longer
5. Determine which marketing activities have the greatest impact on accelerating customer acquisition and improving retention

Companies use analytics to make decisions related to business operations, competitive moves, staffing and skill requirements, customer strategy, positioning and messaging, marketing optimization. Even so few companies really invest in analytics. A 2011 Ventana Research study included input from more than 2,850 organizations found that more than half of organizations still spend the majority of their time in unproductive data preparation and quality assurance processes, rather than in applying analytics.

There are so many possible analytics projects to evaluate it may be hard to know where to start. To prioritize projects we recommend you evaluate projects against two criteria: ease of execution from easy to hard and value derived from low to high. Score each project and classify them into one of four categories.

1. High-Value/Easy-to-Execute- Must Dos
2. Low-Value/Easy-to-Execute – Quick Hits (things you can do in 30 days or less)
3. High-Value/Hard-to-Execute- Transformative
4. Low-Value/Hard-to-Execute- Nice to Have

We recommend you focus on the high-value/easy-to-do first. This is the way to demonstrate fast high value wins. Then tackle the easy-to-execute/low-value for the next set of fast wins while you put a plan in place to address the hard-to-execute/high-value projects.

The math associated is analytics is only step. Here are few items that should be on your checklist before “doing the math”:

1. Establish a clear methodology you will use to guide your work.
2. Define the business objective and desired outcomes.
3. Analyze and select the most appropriate data sources to support the outcomes and scope of work
4. Select, extract, and transform data upon which will be used to create models.
5. Create, test, and validate models
6. Apply model results
7. Manage and modify models to improve performance

It's probably become evident that an analytics approach to marketing takes skills and resources. In their book *The Four Pillars of Profit-Driven Marketing*, authors Leslie Moeller and Edward Landry claim that being good at analytics is not enough. Analytics along with the tools to disseminate the insights from analytics, the processes that makes sure analytics is not an afterthought and the organizational infrastructure are the keys to success.

How do you scale it? Most companies have some analytical capability, usually residing in a market research or intelligence function. We believe the optimal way to scale is with marketing operations. Marketing operations is oxygen for growth. A properly chartered and resourced marketing operations function facilitates an agile marketing organization. These marketing organizations define efficient and scalable processes, including data capture and management; use analytics to identify and recommend ROI-led marketing investment, including developing models to optimize channels; and facilitate strategic planning and growth by using analytics to develop market and customer segmentation models.

Our research shows that many organizations have someone performing some part of the marketing operations function, primarily budgeting, research and planning. As we approach 2012 and continue to try and manage a business environment that most of us would describe as uncertain, perhaps it is time to invest in the infrastructure and skills to achieve the next level of capabilities on your marketing metrics and analytics journey.

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