

Chief  Marketer

# Special Report

*Data Driven Marketing*

## Start Making Sense

How marketers can gain a better understanding of what data *really* matters to their organization

BY BETH NEGUS VIVEIROS

For most marketers today, a dearth of information on customers isn't a problem. Rather, it's much the opposite. There's data coming in from all sides—big, small, social, transactional, behavioral...the list is endless.

The problem today is figuring out what data points *really* matter to your organization and then deciding how to apply that information for increased engagement, retention and ROI.

"For many marketers, the biggest challenge is focus," says David Hibbs, senior strategic consultant, Responsys. "They're collecting data all over the place but they don't know how to leverage and personalize it, and take it to the next level. They need to put a plan around it to drive more relevance."

"Data is flooding in from every direction and trying to transform it into something usable is a non-trivial technology solution," says Scott Brinker, co-founder and CTO of Ion Interactive. "There's the question of which vendors to buy from, who is going to implement the operations side and how everything fits together."

"Marketers need to make big data smaller so they can digest and make sense of it," notes Michael Fisher, president, Yesmail Interactive. "They need to analyze it, find the low hanging fruit, and move into a direction where they can gain increased revenue and retention. [In the process,] they'll identify audiences that they didn't know existed."



## Building Your Team

Finding the right people with the right skill sets to make your data driven marketing dreams a reality is a challenge for many organizations, notes Scott Brinker, co-founder and CTO of Ion Interactive.

“There’s a lot of people in marketing who didn’t necessarily [study] statistics and analytical thinking in school,” he says. “They don’t have these skills and they may feel self conscious about not knowing what to do.”

“The skill sets you’re trying to bring in are often different from what you’ve historically [hired],” agrees Ken Blake, vice president, data analytics, Harte-Hanks Analytics. “The challenge is how to leverage the old guard while bringing in the fresh thinkers and have them work together in harmony.”

This isn’t an insurmountable obstacle, Brinker says. “Becoming an intelligent consumer of data isn’t all that difficult—take existing marketers and enhance their skills.”

Having those experienced marketers on board is still essential, even in a world where statistical analytic skills are ever more important, he adds.

“There’s a whole set of people now saying data has all the answers, to just look at the data and it will tell you what to do—that data fundamentalism trend is a bit alarming,” says Brinker. “That will come back to bite a lot of people. Any one set of data can have an infinite number of interpretations—you need experience, context and judgment to use data wisely and make healthy decisions.”

Too many marketers sometimes think that simply buying the right data tool will solve their problems, laments Blake. “They’re not spending enough time being prepared for what data is available and honing their people resources and overall skill sets.”

The gap between statisticians and marketers is similar to the gap that has existed in the past between marketing and IT, says Brinker. “Some marketers don’t know enough [about statistics] to question the data person, and the data person doesn’t understand marketing well enough to offer up the right information.” —BNV

“You can’t just look at what data is available, Marketers need to figure out what strategy they want to develop and from *there* look at the data,” says Ken Blake, vice president, data analytics, Harte-Hanks Analytics. “Determine what experience you want to provide to your customer. If you’re a bad chef and you’ve been working with five ingredients, the solution isn’t to give you 10 more ingredients. Start small and get your fundamentals in place first.”

So how do marketers translate all the customer data at their fingertips into a quantifiable ROI for their business?

## The Online/Offline Divide

For starters, there’s the issue of bridging the gap between online and offline data, says Chris DeMartine, vice president of business development, V12 Group. In offline data, such as transactional histories, marketers typically know who customers are. In digital data, cookies provide information for retargeting, but the information isn’t necessarily personally identifiable.

“It would be great to merge that data together, but you can’t do it without personal identifiers,” he says, noting that this potential makes encouraging on-site

registration all the more imperative, paving the way for more intelligent targeting with ads and email.

## Break Down Silos

A surprising number of organizations are still storing their data in silos and that approach really doesn’t support cross channel pollination, says Fisher.

“It’s a big missed opportunity if you can’t analyze proper attribution,” he notes. “Many companies can’t tell you how many customers visited more than one channel, and they might not even realize that customers aren’t even coming back.”

But if you do have multiple siloed channels of data, take a step back before you dive in, cautions DeMartine. Before you make changes, listen to you customers and understand their needs and what they are saying before you start making changes.

“There’s so much noise today, and there’s so much to get your head around,” agrees Fisher. “What I really like to do is provide some level of illumination. Do you know your customers the way you should? The data in Silo 1 isn’t always in Silo 2, so knowledge isn’t always shared. There’s a lot you can look at behaviorally and psychographically and you can do that once you know what your customer looks like.”

Bridging the channels with this information can create better customer relationships, he says. “Direct mail, email... there’s no dead marketing channels, it’s just aligning the right channel with the right customer so you can communicate in a meaningful way.”

## Don’t Be Afraid to Test

In the digital landscape, many marketers are still doing basic A/B tests, which

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## The Power of the Social Data

Using social graphs to analyze your customers' Facebook behavior is one way marketers can capitalize on social data.

"As you build on those connections on Facebook, you can build a broader picture of who has similar interests, and see how those things are connected together," notes David Hibbs, senior strategic consultant, Responsys.

Social graph data can give marketers a "global map" of how people are connected, and illustrate their relationships with people, products and brands. Because of its depth of penetration (more than a billion monthly users and 69% of the U.S. online population), Facebook is a great place to use the concept.

Once marketers have collected this data, they can add context to it, he notes. "Certain attributes will start to boil up and opportunities will present themselves."



Skullcandy

Skullcandy, which has over 2 million followers on Facebook, sells products like headphones and earbuds, as well as other wireless audio accessories. Its offerings cater to segments like hard-core video gamers and movie buffs keen to maximize Dolby Surround Sound.

While it knew there was a very hip hop focused audience for its products, social graphing showed that there was a base of Skullcandy fans for bands like "I Set My Friends on Fire," meaning there also a significant metal segment the company should be targeting as well. "So they'll try to tie that back to customers and understand who they are, and they look at ways to keep their brand in front of these people," says Hibbs.

This, he adds, could take the form of several things, including email campaigns based around those areas of interest, social posts connected to things like favored music genres, fashion styles or sports, and targeted social display ads to reach look-a-like audiences.

Competitive data can also be analyzed with social graphs. Skullcandy did this against rival Beats By Dre and found that while Dre did have comparatively more reach in hip hop and R&B segments, Skullcandy scored better with alternative, metal, rock and dubstep fans. Likewise, looking at movie interests, while Dre scored higher in the drama and musical categories, Skullcandy ranked higher for action and animation/kids (the latter likely because of a promotion featuring Yo Gabba Gabba).

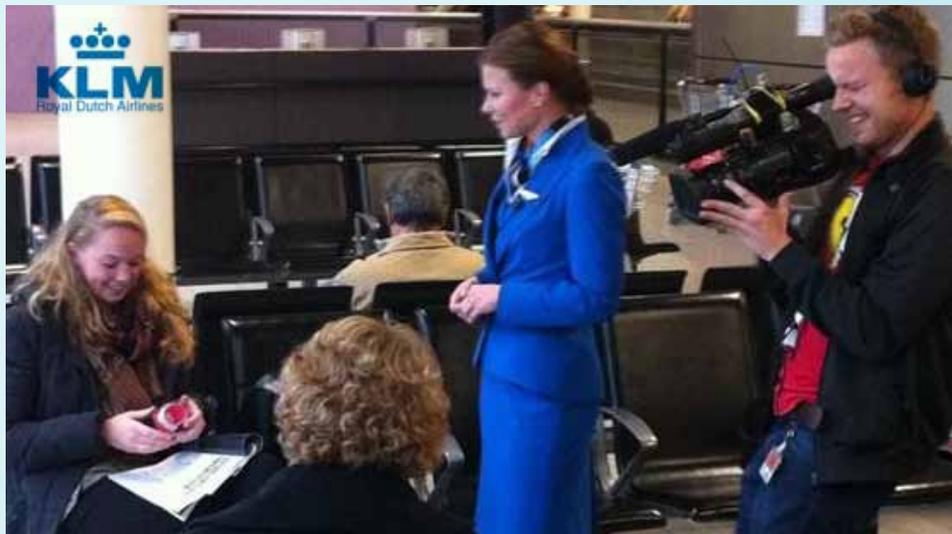
Encouraging fans and customers to sign in using Facebook Connect is an essential part of this process. Hibbs cites Amazon as a marketer that does a great job explaining to customers the benefits of Facebook Connect and what happens (gift suggestions for friends based on their likes and favorites, additional recommendations, easier access to wish lists) and what doesn't happen (they don't share your purchase history with Facebook, nor will they contact your friends on Facebook).

"They're using a lot of data to drive very personalized information," says Hibbs. "It's all about setting expectations up front and being clear with customers what you will be doing."

The use of information via Facebook Connect is still relatively new, so some companies might be leery about implementing it, which is a natural response, says Hibbs. "Today, [emailing consumers about] abandoned carts is a very typical tactic. But in the past that would have been considered super creepy. Now, people expect it and maybe even hope for it, in the hopes that they will get a discount."

Avoiding seeming "creepy or not genuine" is a concern for all marketers when it comes to social data, agrees Scott Brinker, co-founder and CTO of Ion Interactive. He points to one potential—and perhaps rather extreme—example in KLM's "KLM Surprise" campaign from a few years ago.

The airline monitored Foursquare and Twitter to find passengers who were checked in for a flight. In a video posted on YouTube, KLM explains that it then searched the passengers' social profiles in a "discreet manner" to come up with ideas for small personalized gifts. They then hunted down the passengers in the airport and presented them with the surprises. The idea was to alleviate the boredom of waiting for a flight. While some folks did seem truly delighted, a few looked rather stunned that the airline had searched them out in this manner. *-BNV*



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won't give you the maximum value quickly, says Fisher.

“Marketers need to embrace multivariable design and personalization, and using data to drive that is a must,” he says. “It’s no different that it was in direct mail 10 years ago. It’s not about the mailboxes you reach, it’s about the people who open what is in them.”

There are definitely more opportunities for testing today, agrees Blake. “It varies vertical to vertical—some might see testing as damaging if you can’t go out with the best offer to everybody, so you might get pushback. But that’s where you get smart about what data you use.”

If you’re going to test online, the obvious place is to test with those who have already been to your site. Because retargeting is performance based, it isn’t a big budget item,” says DeMartine, noting marketers can gather additional data to test simply by reaching out via email to see how customers want to communicate with you. Whether they even respond to your message is valuable information in and of itself.

Remember, the cost of being wrong today is far less in the past. “You can fig-



ure out if you’ve made a mistake in days, rather than months, and you can turn

around bad decisions at great speed,” says Blake. **!**