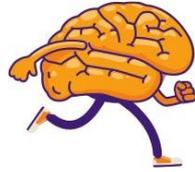


5 Steps to Data Driven Marketing

A u t h o r J o u n i L e s k i n e n



1. Define Specific Goals

Marketing departments need to set goals that tie tactical metrics to strategic objectives. Everything starts with the company vision and mission; what are the company level goals, and how do people plan to achieve them? What are the planned tactics and strategies?

All company functions, including sales and marketing, are there to do their part and carry out actions required to execute the company mission and reach business-wide goals. Marketing is not there just for fun, or a necessary evil, but instead is a business function that has a purpose and clear measurable goals that drive sales and growth. That's what makes marketing an investment instead of an expense.

Tactical metrics are important. They are the foundation for measuring success, but they need to be linked to strategic objectives through defined goals – especially in current omni-channel environments. The business impact of marketing cannot be judged solely by single channel and tactical metrics. The power of marketing is in taking advantage of combinations of channels to reach and serve customers during their buying journey as they are jumping from application to application in their daily lives. By measuring impact against the business objectives and related goals, the organization can answer the question "What is the impact of marketing on business?"

2. Map KPIs and Metrics to the Goals

When the specific measurable goals have been defined, a KPI that best describes the progress on reaching the goals needs to be chosen for each of them. There are enormous amounts of metrics available from many digital and offline channels that can be used for constructing a KPI. You should be able to tell how a certain objective is doing just by quickly looking at the KPI without having to go through every metric individually. If you notice something worth investigating further in a KPI value, then it's time to drill down into the detailed metrics. KPIs and metrics should always have a target value to tell if its red or green, good or bad. If only tactical metrics are used for measuring success, it's hard to tell if the values are good or bad. People who use the metrics daily may have a very good intuition how good the values are and what they mean, but nobody outside that inner circle can. And after all, marketing must be able to communicate its impact on business to the rest of the organization and often even stakeholders outside the company.

Now you may not have all the metrics and data available when defining the goals and KPIs, but don't limit your goals to the available metrics and data. It's best to set the goals high enough to really move the business forward. People usually set their goals too low and underestimate the amount of work that it takes to reach those goals. There are usually some metrics and KPIs available even though the collection of data is not yet automated. It's best to start using what is available as soon as possible in an organized way and then fill in the gaps in a priority order, and step by step improve the analytical capabilities of the team.

3. Identify Channels and Data

To drive business growth using analytics, it is necessary to integrate data from different sources. The data needs to be managed properly to build a trustworthy history with enough variation in activities for advanced analytics use cases. The data sources can be divided into two main categories: Marketing Activities and expenses which includes digital and offline channels. This is the investment side. Sales and brand value data which includes sales figures, customer surveys, brand measures et cetera are on the outcome side. To measure the business impact of marketing and identify growth opportunities we need both sides.

A lot has been said about calculating marketing return on investment (MROI) based on hard metrics and measuring marketing activities only against sales figures. But not all marketing aims at immediate sales conversion. The increase in brand value is an important outcome as well. Studies show time and again that strong brands outperform weak brands in hard metrics and shareholder value. And the advertising spend of strong brands has gone down in recent years with the emphasis on digital channels and products that people love and like to share over social media and the digital world.

4. Design Dashboards and Advanced Analytics use cases

A good dashboard shows how tactical metrics link to strategic objectives. It helps to understand the meaning of data and turn insight into action. How can this be achieved?

KPIs should have predefined goals which they are evaluated against, and not just measure or select the metrics that look nice. For ages, all kinds of performance dashboards have basically made the user feel that they suck without showing how much they suck or how they can improve. To address this issue, it is vital to attach reference values to the metrics and KPIs.

Context to the data can be provided by including external reference points; for example industry baselines or by looking at trends and comparing values to some previous reference point in time, for instance last month or last year. When comparing trends and time related reference points, disruptions that may influence the comparability like seasonality, competitor activities, and in some cases weather should be considered.

The data must be updated frequently. Replacing manual spreadsheet reporting with always up-to-date dashboards can eliminate the whole reporting process for good. Manual reporting is better than nothing, but it has many problems. When reports are built from various files extracted from separate marketing and sales applications, the integration of data and calculations must be done manually every time. This is not only time consuming and error-prone, but also demotivating for the employees having to do the tedious work. For many marketers, even daily updated data is real-time compared to what they are used to when being served by manual reporting.

Automatically updated "real-time" dashboards with drill down capabilities enable fast decision making. The KPIs are always up-to-date and available during and after campaigns. Drilling down into details from objectives to KPIs and all the way to the tactical metrics to identify points where there is a need for improvement or optimization, makes it possible to make timely and accurate decisions.

While visual analytics gives the insight on the impact of marketing and how well it's executing, the advanced analytics provide the ability to increase growth and marketing return on investment. There are various techniques which should be used in combination to allocate marketing investments optimally to get more done with less, and to identify growth opportunities. When planning advanced analytics use cases you need to consider if the goals that you have defined can make use of or require advanced analytics, and that all the requirements are met. For example, is there enough historical data and variation in the data to make a good enough analytical model?

5. Make a Plan

When the current state of marketing in the organization has been analyzed, and the objective where we want to be is set, it's time to make a plan where we take all the gathered information and turn it into tasks that result in the deployment of data, KPI's and tools for data driven marketing. A good plan has only the most critical goals; max 5, and even better if only 3. The higher the number of goals, the harder it is to choose between them. Think of which 20% of the goals if reached would make 80% of the impact. We want to be sure that the goals that have the most impact will be reached first.

The goals are then split down into preferably no more than 5 tasks. These need to be measurable, have target values, a deadline, and somebody who is accountable for the task to be completed on time. It's vital that the accountability for a task lies with one person – a name in the plan, and not a team or business unit. If more than one person is accountable for a task, then nobody is accountable. You should also make sure that no one is popping up significantly more than others in the "accountable" column of the plan. The person overloaded with tasks will inevitably become a bottleneck for the plan execution. The idea is that we want to get results fast by distributing the tasks and running the whole team in parallel.

Prioritizing and planning is hard, but it's worth the time because it makes execution much easier. You'll be amazed by what you can accomplish as a team in a short amount of time with a well prioritized plan. Perfectly data driven marketing can be just a few steps away.



Avarea has put these steps into a service which we call the "Marketing Analytics Accelerator." We use it to deploy marketing technology in a way that supports business objectives.

AVAREA