

Why Analytics is Critical for Marketing Success

Yesteryear Marketing: Spray and Pray

Not so long ago, marketers adopted a 'spray and pray' approach to marketing. They sprayed the marketing budget over the media-mix - television, print, radio, outdoor - and prayed that their efforts would pay off. And when it didn't, they sprayed some more and hoped for a better outcome.

Marketing was, by and large, a game of chance; antecedents and gut-instinct informed strategy decisions.

But let's not be too harsh on these marketers; they operated in simpler times. The consumer was less demanding and the competition was limited. Generic messages and homogeneous products were the order of the day. Mechanisms to collect and track consumer behavior were elementary, and largely, manual. Technology to analyze consumer data was rudimentary and simply not worth the effort.

Personal Computer: Game Changer

Such was the marketing milieu until an innocuous device challenged the status quo. The arrival of the personal computer was the watershed moment in marketing. Powerful computer networks enabled unprecedented data collection and analysis. The information age, as it were, ushered in a new era of marketing. Computer-aided capabilities made it possible for marketers to slice-and-dice data, to uncover consumer preference, and predict purchase behavior.

Consumers too became more discerning, no longer willing to buy into one-size-fits-all products and services - they demanded personalized messages, customized solutions, and quicker turnaround. As a result, mass marketing gave away to customer segmentation and targeted offers.

Competition also intensified as marketers vied with each other for supremacy, armed with data and analytical tools.

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Enter Big Data Analytics

Data became all-powerful; the coinage 'big data analytics' entered the marketing lexicon. The marketing landscape changed dramatically, and marketers were challenged to keep pace.

According to a 2014 CMO survey conducted by The Fuqua School of Business at Duke University, [six in 10 professionals](#) reported rising pressure from upper management to be more data-driven, with marketers feeling the majority of the pressure.

And that pressure has only intensified. Marketers are being held increasingly accountable for spends and analytically-informed decisions.

How are they coping in the new environment? How are they responding to the demands of 'big data analytics'?

Cultural Mind-Shift Lagging

The Duke study report that while spends on sophisticated analytical tools have increased from 6 to 10% of the marketing budget, marketers are reticent in deploying analysis in decision-making. They seem to be wary of stepping out of their comfort zone and are clinging to old practices. In general, marketing budget allocation continues to be driven by historical spend, past successes, thresholds-levels for individual mediums, and prior commitments. Few marketers pay attention to economic value, payback period, lifetime value, and other such metrics.

The issues commonly cited by the Marketing old guard, are lack of analytical expertise within the team, problems with data quality, or simply the lack of time.

With that said, marketers universally recognize the power of analytics. They know that deeper consumer insights, better targeting, personalized solutions, and enhanced customer experience would significantly improve marketing effectiveness. The Duke University survey reported that over half (51%) of marketers had plans to invest in

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in-house analytics.

This is an important step to be sure, but much more is needed. Tools and resources will not work, in the absence of a cultural shift in the marketing mind-set. Many marketers are wary of numbers and tend to relegate data-analysis to the 'nerds'. And when the reports come back, marketers do not utilize them, because often they do not understand them.

Investing in sophisticated analytical tools and hiring resident analysts will be ineffective, in the absence of collaboration between marketers and analysts. Marketers must work closely with analysts and researchers to understand the data, challenge assumptions, and draw out actionable insights.

Marketers Must Act Upon Insights

The point of data collection and analysis is to act upon insights. Without follow-up action, the data is simply of no value. In the age of big data, marketing leadership would be well advised to formulate an analytics committee, tasked with digging into data, unearthing insights, formulating hypotheses, testing them through marketing activities, and presenting the outcome of analytically-informed marketing initiatives. To underscore its seriousness, the senior management should be invited to these forums.

The analytics forum would also serve to assuage the bean-counters, who at times see marketing spends as reckless and wasteful. Placing data at the heart and center of marketing strategy, would censure the naysayers, and fortify marketing's seat at the organizational decision-making table.

The Power of Marketing Analytics

Marketing analytics is essentially about shoring up the credibility of marketing activities. It is about analyzing the effectiveness of marketing programs to rationalize spends, improve efficiencies, and return on investment (ROI).

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Analytics provides answers, albeit directional ones at times, to questions about the effectiveness of marketing activities and the profitability of customer segments and product lines.

It measures past performance, provides benchmarks for present activities, and projects the future growth trajectory. It tells us how our campaign is doing, which channels are working, which customer segments are responding, which ones should be targeted in the future, which products should be added to the portfolio etc., thereby enhancing our understanding of the effectiveness of our efforts.

The power of analytics lies in the profound insights it offers into customer, competitor, and market behavior. Its power lies in propelling marketing to new levels of effectiveness. Yet despite the upside, many organizations fail to harness its potential.

Truth be told, many marketers are overwhelmed when it comes to data-analysis - we simply do not know where to begin. A practical first step is to assess where the need for analysis is the greatest and start from there. Take stock of your analytical capabilities, identify gaps, and formulate a plan to fill them.

Without a robust data strategy, the marketing path to enhanced customer understanding would be arduous. A well-conceived strategy that takes into account analytical capabilities, needs and gaps, and aligns resources accordingly, would steer marketing towards sophisticated analysis.

Baby Steps: Digital First

A good starting point for analytics is digital media, as the platform lends itself to analytically-informed marketing. The company website is the basic building block of digital analytics. Web analytics tools like **Google analytics** enable tracking of web-traffic. The google analytics dashboard captures metrics such as page views, most exited pages, average visit duration, bounce rates, etc., to determine the effectiveness of lead generation and content marketing. Google Analytics also furnishes data on

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referral sites -sites from which traffic came to the website – enabling fine-tuning of link-building strategies. It facilitates the filtering of customer data and analysis based on the filters, providing the impetus for customization and targeting.

The analytics tool sheds light on keywords that led traffic to the website, which are important data-points for search engine marketing (SEM) and paid search campaigns. Keywords also inform product design, with insights about preferred product features and functionalities, gleaned from customer searches. They also reveal changing consumer trends, preferences, and pain-points, and provide a steer for value proposition development and marketing strategy formulation.

Powerful as web analytics is, it is not all-encompassing. Analysis of a single marketing channel does not tell the whole story. Marketing analytics must include data from marketing activities, across all channels. Digital marketing analytics provides a more complete picture of online activities, evaluating data not only from the website but also from email campaigns, digital PR, and social media activities. Digital marketing analytics can determine the effectiveness of online marketing mix elements and corrective actions can be instituted in real-time, thereby improving marketing efficiencies.

Moreover, digital marketing analytics provides insight on leads, bolstering the lead management processes. Combine that with predictive analysis and scoring capabilities to qualify and prioritize leads and increase the odds of sales conversion.

Integrated Analytics

Analytics must link online and offline marketing activities to provide a holistic picture of effectiveness.

Powerful as digital media is, over 70% of marketing spend continues to be allocated to offline channels such as television, print, and outdoor. Marketing Mix Modeling (MMM) can be employed to gauge the effectiveness of traditional media mix elements.

Attribution models linking marketing activities to conversion can be used to calibrate

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digital spends. Heuristic analysis, such as Reach-Cost-Quality (RCQ) can help evaluate spends on sponsorship activities and outdoor advertising. As marketers, we do not need mastery over these sophisticated techniques – we simply need an appreciation of their collective power in giving us a clearer picture of marketing effectiveness and bolstering our decision-making.

While offline channels continue to garner the lion's share of the marketing budget, the digital platform is growing in importance. One of its greatest advantages is real-time data capture and analytics. At a time when speed and agility are increasingly important, the power of digital media is that campaigns can be refined at short-notice, providing greater control over costs and results.

Comprehensive Data Strategy

As marketers take strident steps towards analytically-informed marketing, devising a comprehensive data strategy is an integral part of that journey. Processes must be put in place to gather data from all touchpoints such as point-of-sale systems, social media channels, blogs, and online forums, call-center logs, etc. These disparate sources often yield valuable nuggets to inform marketing. Unlike in the past, technology to convert the data into marketing insights is now available, and investing in systems to identify, collect, and update data is worthwhile.

So is investing in a centralized data repository, enabling a holistic view of customer information, and enhancing customer understanding. Reporting must also be integrated as far as possible - fragmented reporting presents a disjointed view of marketing activities and does not reveal the bigger picture, necessary to impact strategy. The ideal construct would be a platform that integrates, measures, and reports on the entire gamut of marketing activities.

No doubt the journey will be challenging and issues of data integrity and quality will surface. But that should not deter marketers from staying the course – an iterative process will yield robust results over time. And the fruits of the labor will be sweet.

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Nerds are Hired

The growing importance of big data has impacted hiring trends. Analytics is becoming an increasingly priced skill for marketers. The ability to dig into data, track, and measure the effectiveness of marketing campaigns is a non-negotiable requirement these days.

Doreen Bloch, CEO of Poshly Inc., echoes the thoughts of upper management when she says:

"In today's business climate, marketing hires are expected to have fluency in data and analytics. This proficiency can be demonstrated in many ways, whether it's expertise with statistical tools, metrics, data analysis, or market research insights. Candidates with experience in Google Analytics, email software, and website testing tools rank higher for me when it comes to marketing."

Analytical skills separate marketing candidates from their peers; the future belongs to those who have the rigor to delve into the details of data.

With that said, analytics is not the be-all-and-end-all of marketing. It is equally important to have the business acumen to translate data into actionable insights, and the creativity to use that information in the development of products and services. The reed breed of analytical marketers, with business acumen, creativity, and communication skills to boot, will be much in demand in the information age.

About the Author:

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