

Data Driven Marketing: Four Quadrants of a Successful Strategy

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EXECUTIVE SUMMARY:

Given the rapid change in customer expectations and online behavior, organizations have begun to realize the “broader” aspect of the marketing function in Business Strategy and in being the evangelist of the consumer’s voice across the ecosystem. CMOs have objective targets and are expected to impact Topline with pointed, “I know what you did Last Summer” marketing strategies & metrics to transparently forecast ROI, in addition to owning the Customer Lifecycle Process of Acquisition, Retention and Sales Uplift.

Putting together the key stones of an Analytical Marketing framework and eventually moving towards an **“Automated 1:1 Direct marketing”** process are possibly the one big “raison d’être” for today’s tech savvy CMO. Integrating a plethora of transactional “data silos”, building an organizational customer hub, aggregating and publishing Real Time Customer KPIs to fuel operational marketing & customer service initiatives are crucial components of this process

THE GRADUAL ASCENSION OF THE CMO:

Marketing as a function has undergone a sea change from a transactional function to being a much more evolved participant in organizational strategy and managing customer satisfaction including acquisition & retention.

The Marketing Manager’s primary role of advertisement communication, messaging, pricing strategy and brand building a couple of years ago has evolved into a deeper function that demands value creation for the organization. Some of the key business skills that the CMO needs to bring onto the table as called out in this report from Forrester:

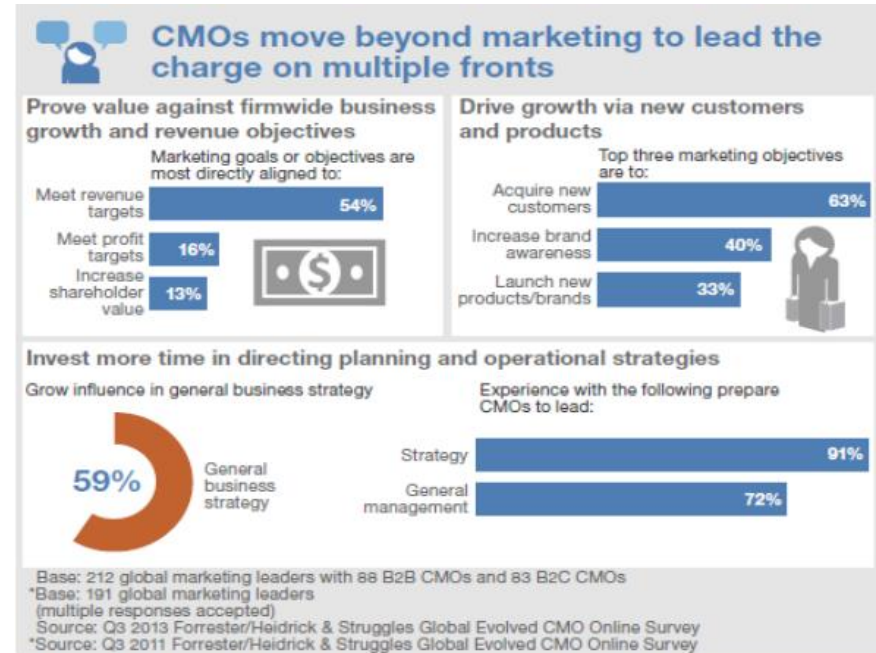


Figure 1.1 : Source: 'The Evolved CMO in 2014', FORRESTER - Heidrick & Struggles, March 2014

Participation in Organizational Strategy and evangelizing the customer’s voice across the ecosystem are the critical expectations from the CMO.

KEY PERFORMANCE INDICATORS:

The CMO Role has become objectivized beyond being a fulfillment function to delivering measurable outcomes in terms of increased sales from Marketing efforts, customer retention, acquisition and capabilities to effectively cross / up sell services / products. A survey (Table 1.1) from Aberdeen Group across 200+ CMOs gives a clear indication of how the Best in Class companies move up the ladder and show continuous improvement in marketing contribution across key organizational value creators like sales and customer management.






Benchmarks	Best in Class	Average	Lags
Average Contribution to Sales Pipeline	60% 9.8% YOY 	10% 2.9% YOY	3% -1.9% YOY 
Incremental Sales Lift YOY (→)	10% 	1.1%	-4% 
—Avg Customer Spend	7.6% YOY 	1.9% YOY	-3.9% 
—Cross & Up Sell Revenue	7.2% YOY 	1.9% YOY	-3.6% YOY 
Customer Retention	86% 9.5% (YOY) 	77% 2.1% (YOY)	68% -3% (YOY) 

Table 1.1 : **Analytics for the CMO - Aberdeen Group 2011, 160 Organizations Survey 7074-RA-cross-sellsales-effectiveness, 7231-RP-upsell-cross-sell

In addition to the Key outcomes indicated above, the following capabilities are key to the Modern CMOs' success:

- 1) Orchestrate the customer voice laterally across the organizational ecosystem for a consistent “Customer Brand Experience”.
- 2) Eclectic Technology choice in Driving Marketing efficiency through solid data driven frameworks.

CHALLENGES FOR THE MARKETEEER:

The Great Divide

Traditionally, the CIO has been the “tech” custodian – starting from Organization Security Policy to driving technological & platform investments. Inter-department IT requests, for example, even a simple campaign analytics report from Marketing is fulfilled by the IT team – ticketed as “another task”. The alignment between CIO & CMO has been an area of intense speculation for analysts and management gurus alike. Given the context, the marketing function has had challenges in

- 1) Evangelizing its new Avatar as the “Customer Voice” across the Organization.
- 2) Getting Acceptance for Marketing as a broad based strategic function.

The Mature Buyer

Informed, Influenced, Biased, Opinionated, and Inundated by a plethora of Options and accessible by a host of channels, the “Always On” modern buyer is more than a handful for the marketer. The customer is almost done with the buying process before reaching out to a vendor.

Marketing today, owns a significant proportion of the sales process – in influencing, putting out content, collateral and reaching out to the right audience. Knowing who will buy, what, when and more importantly what customers are saying to whom is a key to effective marketing and this does take some doing.

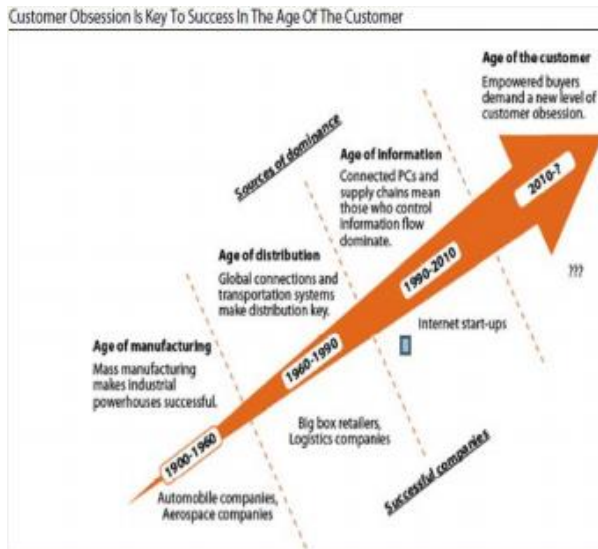


Figure 1.2

Technology

Surprisingly, exponential growth of data is due to information technology and that in itself is spurring the need for more IT to manage customer information. Making the right Marketing platform investment, the build vs. buy decisions and leveraging tech tools to provide aggregated value to further and even to measure critical marketing activities is a critical goal for the CMO.

This needs hands on architectural expertise to make the right recommendations and a solid execution team to fructify the vision which in today's context is not available to all CMOs.

THE FOUR QUADRANTS OF MARKETING AUTOMATION:

Some key predictions for the year from IDC on the role of the CMO are:

- 1) The CIO-CMO coalition along with being crucial for the positioning of marketing technology across all organization functions, will also bring to light the technical and operational skill gaps which need addressing. Investments in sales enablement, data and content will be the key to spurring pipeline conversion rates.
- 2) CMOs will be paving a distinct path to success by guiding the marketing organization and the talent base towards tracking their customers' journey, maintaining agility and augmented investment in marketing technology.
- 3) Cloud oriented purchases could amount to 90 percent of future IT industry growth; compelling organizations to take note and adapt.



Figure 1.3

SOLUTION: REAL TIME

The primary components of a successful Marketing Automation Strategy are depicted in Fig 1.3.

Putting the framework together is a challenging exercise that involves the following logical steps including changes to existing applications like CRM, Customer Service, Ecommerce platforms, POS, Order Management, and Fulfillment etc.

The icing on the cake would be real time demographic, Social information about customers that can be integrated in real time with a variety of third party data providers like RAPLEAF. The “WBS” of getting to a successful Marketing Automation Practice can be broken down:

- **Identify** the “Value Rich” Customer Data Silos.
- **Build** Integrators / Connectors to accumulate Lean Data Points.
- **Model** the information (Relational and / or Big Data) in scalable data source.
- **Analyze** (SAAS, R, and OCTAVE) to compute Customer KPIs and Build Intelligent Models.
- **Publish** relevant information across the Organization on Demand, Real Time like RFM Indices, Risk Scores, Product Affinities, LTV, Advocate Rating etc.
- **Measure** ROI of the aggregated information like RFM, Risk Scores etc. to improve the model, analytics and thus the quality of intelligence.

The four quadrants to a scalable marketing data platform are Behavioral Aggregation, Derived Intelligence & Analytics, Campaign Management Platform and ROI Measurement

THE GOOD PART:

Most organizations use some level of automation in bits and pieces – Web Site Analytics, Campaign Management, CRM etc. to name a few as depicted in the Forrester Research Below:



Base: 157 marketing professionals focusing marketing efforts on the US

Figure 1.4: ** Forrester May 2013 Up the Ante in the Age of the Customer - Silver Pop May 2013

The building blocks and components are available in most organizations and Marketing has good hands on with the transactional data analysis. The next big step is to put the data silos together and creatively utilize the enhanced information to derive enhanced Marketing ROI & ensure consistent brand experience by propagating the “Customer Voice” internally.

KEY BENEFITS & CASE STUDIES:

A quick reference of organizations & businesses who have achieved significant success by integrating & putting to work some diverse sources of customer data:



Domain: Automotive (Car Maintenance) Driver Side



Domain: Tourism Envirofone



[Greyferret](#) is a data driven Life Cycle Marketing framework from Lister Technologies Ltd that is designed to offer e-tailers an edge by helping marketers achieve their critical marketing goals i.e., Customer Retention, Acquisition & Sales Uplift.



By using real-time behavioral data of customers, Greyferret helps e-tailers execute the right campaign strategies for the right context; leading to improved conversion, targeting & segmentation efficiency, personalization, and thereby contributing to an improved Customer Lifetime Value using prebuilt Customer KPIs.