INSIGHT ON ANALYTICS AND SEGMENTATION

HOW TO GET THE MOST FROM YOUR CUSTOMER DATA
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INTRODUCTION

Marketers not only have access to detailed customer data today, they often have too much. But the issue isn’t just about Big Data. The data that marketers are wrangling is big, small, structured, unstructured, siloed, and shared. In other words, it can be complicated to get to the data marketers need when they need it. Fortunately, some marketers are finding ways to connect, access, and analyze the data they need when they need it.

Often, marketers use that data—and the analytics needed to transform it into useful insight—for segmenting audiences far beyond just a few fields on a form, and then interacting with those customers in more relevant ways than ever before.

In this eBook, we highlight some of the recent advances in analytics and segmentation, as well as what marketers stand to lose if they’re too slow in upping their analytics game.
Creating an impactful marketing campaign can be a tricky balancing act. On one side, there’s analytics. Consumers leave a data trail with information about almost all of the choices they make and actions they take. Searches, purchases, sharing—all can inform a marketer’s efforts. “Analytics, for a marketer, is fundamentally used to figure out what customers want and need,” says Matthew Greitzer, COO of Accordant Media, a programmatic media-buying company. “Analytics help marketers figure out where to make investments and up their spend. It helps cut through the clutter.” In turn, companies are creating vast repositories of data that fuel, personalize, and optimize campaigns. Analytics enable measurements of success, spark innovation, and in essence, decode the human DNA that compels a potential customer to respond to a message.

Then there’s the other side of creating a successful campaign: gut instincts and creativity. “Don’t optimize the soul out of a campaign,” says Jon Gibs, VP of data science and analytics at digital agency Huge. “It’s important that we let the artistic vision and creative vision come to life.” Gibs says that infusing instincts allows marketers to appeal to the human mind and emotions. He adds that instinct simply means interpreting the data with creativity. “Analytics and creativity should not be separated,” Gibs says. “The two should always work in tandem.”

This delicate balancing act, Greitzer says, often comes into play when marketers are trying to evaluate unknowns or new aspects of a potential campaign. “It can be tough. A channel, say for example mobile, may not necessarily be mature enough for the metrics to tell a really concise, complete story,” he explains. “I think that’s where instincts come into play. Your gut instinct might tell you that customers are using mobile more; they’re spending more time researching and interacting, even if they don’t make the purchase on mobile. So a marketer’s gut instinct would say to invest in that channel. And that could be a good thing.”

Certainly with the right mix of analytics and gut instinct, marketers can transform their messages from simple promotion to powerful persuasion. “Marketing is really both an art and a science,” says Mark Josephson, CEO of Bitly, a popular URL shortening service. “It started off as pure art, but the numbers don’t lie. Analytics can—and do—inform your instincts.” Josephson says the most effective marketers recognize that human beings are not simply a collection of algorithms, and know that stats and data help measure performance. “The most successful marketing has always been incredible ideas grounded in truth. Data doesn’t lie,” Josephson says. “And the most successful direct marketers apply incredible gut instinct to data. It’s the difference between good and great campaigns.”

So how can marketers find that seemingly elusive balance? Gibs suggests that marketers change the way that they think about the role of instincts and analytics. “The big thing marketers need to think about [when they’re balancing their instincts with analytics] is that the true purpose of instincts is to test a hypothesis,” Gibs explains. He says marketers should simply put their gut feelings—or hypothesis—in front of the analytics team. “The analysts should indentify the instinct as a hypothesis, and then test it.” He says companies can either prove or disprove the hypothesis, and everyone can move forward with a more informed campaign and actionable metrics. “Just be willing to change what’s not working,” Gibs says. “And for the most part, I’ve found, at least part, their initial instincts are usually right.”
4 MODERN THEMES IN SEGMENTATION

The availability of background and behavioral data is so wide that a growing number of companies are avidly segmenting. By Al Urbanski

DIGITAL TECHNOLOGY HAS DEEPENED the portents of the core direct marketing segmentation story, endowing it with multiple subplots and countless possible outcomes. The availability of background and behavioral data is so wide that a growing number of companies are avidly segmenting.

Here, several experts in audience targeting outline four new themes in segmenting.

**Segments are everyone’s business**—increasingly, even B2B marketers, say author Ruth Stevens and database consultant Bernice Grossman, president of DMRS Group. They recently asked a number of data suppliers to cite which common customer segmentation variables, such as size and industry type, they provide to clients. What Stevens and Grossman found surprised them: Some suppliers provide as many as 100 variables, including details on companies’ installed technology and spending on items like insurance and legal services. “B2B data is richer in segmentation variables than most of us had thought,” Stevens says. “The richness approaches levels B2C marketers are accustomed to.”

**Segments are in flux.** Digital tracking technology clearly demonstrates that people slosh out of one bucket and into several others, depending on timing, circumstance, or life-cycle maturity. “What you know about someone after 10 or 20 clicks is different from what you know after only one or two,” says Brian Rogers, director of customer success at Evergage, a provider of Web personalization services. “You have to dynamically segment individuals as you learn more about them.”

The more times customers return to websites or respond to emails, the deeper their character profiles become. “Their needs change,” Rogers says. “If you’re not agile enough in your segmentation you may mistakenly deliver the wrong messages. You need to take recent behavior into account, and quickly update your campaigns.”

**Segments belie easy metrics.** A visitor spends five minutes appraising an item on an e-commerce site, adds it to his cart, and then abandons it. Many marketers will retarget cart abandoners. But this situation is also an opportunity for better segmentation.

“Maybe the shopper is waiting for a better deal, but it’s a mistake not to explore alternatives,” says Justin Premick, director of educational products at AWeber, an email marketing software provider. “Marketers measure success by click rates and open rates, but they make too many assumptions about the reasons behind failed conversions.”

Instead of sending cart-abandoners better deals, marketers should be peppering abandoners with questions via pop-up or email surveys that will reposition them into segments likely to boost conversion rates. “Deeper segmentation can make marketing efforts more productive,” Premick says, “but productivity tends not to be a standard marketing KPI.”

**Segments are mobile.** Mobile marketing tends to be segment blind. “Marketers have to realize that ‘one size doesn’t fit all’ applies to mobile efforts as much as to their other campaigns,” says Len Shneyder, marketing manager of OtherLevels, which uses A/B testing and other tracking methods to help marketers segment mobile customers. “Sending out as many pushes as possible based solely on geographic preference with no user intelligence is like blasting emails.” Marketers can use location data augmented with personal data provided by customers in app sign-ups, for instance, to ferret out behavioral details that are the building blocks of mobile segments. Where people spend most of their time, Shneyder notes, could clue marketers in to what language consumers speak or how old or affluent they are.

“It’s not a lot different from email marketing,” Shneyder says. “Mobile has a high churn rate, but you can track recency of visits, recency of purchase, and what time zone [customers are] in. Marketers have to start creating segments based on these factors, because it makes no sense to send everybody with a cell phone the same blanket message.”
ANALYTICS IS A CMO’S BEST FRIEND

CMOs who want to extend their tenure should embrace analytics to improve marketing performance and enable innovation. By Ginger Conlon

THE ROLE OF THE CMO is not only the most varied today, it’s also the most at-risk. So says Gartner Research Director Gareth Herschel. On average, he said during a presentation at the Gartner Customer 360 Summit, CMOs have the shortest tenure in the C-suite, at about two to three years. Embracing analytics to improve marketing performance and innovation can help extend that tenure, Herschel said.

Where do CMOs get insight? “There’s no shortage of people giving the CMO information and advice,” Herschel said, adding that, of course, different sources appeal to different CMOs. He pointed out that information could come from external sources such as an ad agency partner, consulting firm, or social network, or from internal sources such as the business intelligence (BI) team.

But the bigger question is what type of analysis will resonate most with a CMO?

Herschel cited three dimensions of analytics that will appeal to different CMOs based on their priorities: better measurement, higher performance, and business innovation. “These areas are about ‘what gets measured gets managed,’ continuous improvement, and working smarter,” he said.

How can analytics improve the measurement of performance?
“Great headlines make bad metrics,” Herschel said, adding that 90% retention is interesting, but lacks context. “But great headlines capture attention.” CMOs can use that data to start the conversation with their CEO; similarly, other marketing leaders can use it to lead off a discussion with their CMO.

Analytics can improve the measurement of performance by helping to identify causality, he said. This includes analysis of lagging indicators (e.g., revenue and profit performance, purchase processes) and leading indicators (e.g., lead capture processes, consumer confidence, customer sentiment, brand awareness). Additionally, marketers can use analytics to measure the business cycle, and then use that information to calibrate to business realities.

How can analytics improve performance?
“Branding isn’t enough,” Herschel said, noting that ever-increasing customer expectations are forcing marketers’ hands. “Companies need awesome customer experiences and mostly the CMO is in charge of that.” Process management is the key to customer experience, but companies need adaptability and flexibility, he said. Herschel compared process management to having agility to take Lego blocks to build a plane and then reshape them to a spaceship.

Analytics, he said, is only part of the solution for improving performance. CMOs need the insight from analytics plus process flexibility. Then they need to find the businessperson who wants to help them drive change and show them how analytics can support them in doing so—versus finding an analytics enthusiast who might not be focused on action.

“Analytics helps at all stages of the customer relationship,” Herschel said, adding the caveat that BI should never lead customer strategy. Marketers should do so, using analytics to help—not just with table stakes like segmentation and audience targeting, but also by using insight as a competitive differentiator. That is, by using it to deliver value to customers. He cited Amazon’s recommendations engine as an example that provides a benefit to customers and credibility to Amazon.

How can analytics enable innovation?
Driving innovation is about getting a home run, Herschel said. CMOs need to lead marketing innovation. Herschel recommended going beyond adopting and adapting winning ideas from other companies and industries. As an approach to generating big ideas, he suggested “determining what’s important to us” (business drivers), “considering what can we adapt from what others have done” (examples), and using analytics to “learn what can the data tell us” (information assets). In terms of the latter, Herschel warned against CMOs getting too caught up in their own data. “Instead, think of what data you have access to versus just your own data,” he said, going so far as to recommending using the Scientific Method to look at the possibilities and determine which to pursue.

When asked in a Gartner research study last year, “What’s your priority for Big Data?” just over a third of respondents said marketing and sales growth; not far behind was product and service innovation, Herschel said. CMOs also can monetize their company’s data, he said, adding that Tesco’s cost of analytics is zero because it sells its data.

So, ultimately, analytics isn’t just about thinking strategically; it’s also about thinking differently. CMOs who use it to do both are the ones who will gain an edge for their company and themselves.
BUILDING A SUCCESSFUL EMAIL PROGRAM is a lot like building with bricks: Marketers must have a strong foundation based on multiple layers of data stacked on top of each other. LEGO Education, a division of the LEGO Group, reinforced this lesson when it leveraged marketing automation to gain further insight into its sales cycle and deliver more targeted emails.

Constructing a base. Getting products in the hands of teachers and school administrators is the best way for LEGO Education to expose its target customers to the toy bricks and solutions it designs for classrooms. However, these “brand-in-the-hand” experiences, like conferences and workshops, can be expensive and difficult to scale, says Brandee Johnson, senior marketing manager for LEGO Education. In turn, the brand relies on multichannel campaigns, which are primarily driven through email.

So when LEGO Education began outgrowing its old email service provider a few years ago, Johnson knew that she had to search for an alternative option.

Stacking on new technology. LEGO Education uses tools from Act-On for marketing automation, list segmentation, and lead scoring. With this software, marketers for LEGO Education can build customer profiles based on data points like job titles, geographic locations, past purchases, and online behaviors. The brand collects this information through a number of ways, including data purchases, events, online Act-On forms, transactions, and responses to email marketing promotions—like giveaways. Then based on this information, marketers segment the company’s list and sends relevant content to specific audiences automatically, such as product previews, teacher testimonials, and videos.

“We might know that we’re targeting first grade teachers in the state of Texas who’ve already purchased [our product] StoryStarter,” Johnson explains.

After LEGO Education sends its campaigns, marketers track a number of metrics: who opens the emails, who clicks on them, which links they clicked, the pages that they visited (and for how long), and whether they eventually convert. These interactions help LEGO Education better identify where leads are in the sales cycle and guide the company’s nurture process and lead scoring.

For instance, if a recipient clicks on one area of the email but doesn’t show further brand engagement, LEGO Education may follow up with additional content to try to pique his interest, Johnson says. Or, if a subscriber received an email and then watched a video or attended a webinar, the company will pass the lead onto sales.

Compared to the retail market, the purchase process for the ed-
ucation sector is quite different, Johnson says. First, LEGO Education has to adopt more of a B2B mind-set because it’s targeting people who aren’t spending their own discretionary income. The size of the order can also impact the duration of the sales cycle. If a district is ordering products for multiple school buildings, the purchase process can take upwards of 12 months, Johnson explained. But if a teacher is purchasing a product for an individual classroom, that time frame is much shorter. Plus, the brand experiences different seasonality. Instead of seeing a spike around the holiday season, LEGO Education sees fluctuations around school budgeting cycles. Therefore, it’s critical that LEGO Education knows who it’s talking to and where they are in their customer journey.

Building up results. Not only has LEGO Education been able to send more emails since implementing Act-On’s platform, but it’s also been able to send more targeted ones. The company has more than doubled its number of marketing leads and, in turn, sends more quality leads to its sales teams. In addition, the organization expects to have expanded its reach by four times by 2015. Furthermore, LEGO Education’s marketing team is sending seven times as many email campaigns per year.

“We’re down to a pretty fine science now,” Johnson says. “When we send out an email we can get almost generally within 1% [and] tell you what percent is going to open and what percent is going to click.”

Atri Chatterjee, CMO of Act-On, says that LEGO Education has also been able to reap the benefit of launching campaigns without constantly running to IT.

“A marketer needs to be able to design and run a campaign without involving IT because often times, especially in mid-sized companies, they don’t have that many IT resources,” he says.

However, LEGO Education wasn’t able to stack up the success right away. While Johnson says implementing the software was easy, realizing its full potential was a challenge. Investing in more resources, such as additional talent, helped LEGO Education overcome this challenge and expand its capabilities.

“Just like with any other tool, you can get out of it what you put into it,” she says.

LEGO Education has continued to enhance its email marketing program by updating designs and templates, as well as by growing its marketing team. Johnson adds that the company is also making some list management changes to maintain data hygiene and is in the process of launching a new nurturing project for leads culled at events.

Of course, not all marketing and sales organizations are able to work together like the teams at LEGO Education. But perhaps they could learn to work hand-in-hand by following The LEGO Movie’s mantra: “Everything is awesome. Everything is cool when you’re part of a team. Everything is awesome when we’re living our dream.”

NEW DIMENSIONS IN CUSTOMER ANALYTICS

Marketers at Expedia’s Egencia, FreshDirect, and MasterCard explain what it takes to adopt today’s more customer-centric analytics. By Eric Krell

DATA-CENTRIC DIRECT MARKETERS HAVE long anticipated the state of marketing today. That is, marketing has plunged into the “era of analytics” that Tom Davenport and Jeanne Harris forecasted seven years ago in Competing on Analytics: The New Science of Winning.

“Modern marketing is entirely data-driven,” asserts Geoff Galat, VP of enterprise marketing management at IBM. “Having the ability to analyze all available data provides the only effective foundation for marketing efforts.” While there is no backing out of this analytical era, there are questions about what lies ahead. Customer data represents a fast-growing supply of potential knowledge, which can only be harvested with the right tools and talent. And click-through and conversion rates are trusty standards for marketers. But what lies ahead?

The answers point to several evolving dimensions of customer analytics capabilities. Galat cites “struggle metrics,” which help marketers understand why customers don’t convert. Cate Vanasse, senior marketing manager of customer success for Expedia’s corporate travel arm, Egencia, relies on video “view metrics” to help manage another crucial measure: salesperson time. Predictive and real-time customer analytics are also gaining traction. MasterCard monitors external loyalty program measures; Audrey Messer, director of analytics for FreshDirect, says that the online grocer has shifted from “what” and “how many” metrics (e.g., sales) to “who” and “why” measures (e.g., customer engagement).

Marketers exploring new dimensions of customer analytics say that while the measures are important, the enabling processes, tools, talent, organizational culture, and even mind-set are equally vital. Elevating a customer analytics capability to a higher level of performance requires much more than “hanging a banner on the lunchroom wall that says, ‘We’re Now Customer-Centric,’” says Peter Fader, codirector of Wharton Customer Analytics Initiative.

Here’s a look at what’s required, from the perspectives of FreshDirect, Egencia, and MasterCard.
FreshDirect: Shifting from sales to loyalty

In recent years New York–based online grocer FreshDirect’s marketing team has been busy adding senior talent, opening a new headquarters in the Bronx, venturing into new markets, and responding to natural disasters and occasional Internet snafus (see “FreshDirect’s Secret to Tantalizing Its Customers,” April 2013).

Today the company is busy venturing into new customer analytics dimensions, Messer says. She describes customer analytics as a “key component of our ability to interpret, understand, and reveal customer behavior; these insights help us to understand not just what makes customers similar, but more important, what makes customers different.” And that understanding helps the grocer customize and send relevant communication messages in the right channel at the right time.

Recent results are impressive. By focusing less on sales and product analytics, and more on loyalty curves and segmentation-related analytics, the company has increased its loyalty segment by 14% and overall customer engagement by 4.1% in the past 12 months, Messer reports. Achieving these results “requires the right marriage between culture and technology,” she says. FreshDirect uses SAS analytics for customer acquisition and retention.

The primary challenge FreshDirect encountered when shifting its measurement focus was that the new analyses generated more questions than answers. As far as problems go it wasn’t a bad one to contend with, according to Messer. “To us, it was a good sign of great work,” she says. “Our insights are thought-provoking; they generate discussions and debate among the teams.”

These discussions, Messer emphasizes, produced lessons that are just as valuable as the gains in loyalty and customer engagement. Messer and her team learned to:

- Align before analyzing: They needed to clearly lay out the nature of the problem and the specific questions to be answered before beginning the analysis.
- Avoid analysis paralysis: They learned to counter their tendency to wait for more data or more time before making a business decision. “We have to incorporate into the analytics the benefits and risks associated with the information we have today,” she says. “For example, if we were to wait until we have more data, do we expect the story to change? If so, why? Would the business be able to adjust to a change or does the business only have one shot at getting it right? How would this change impact the customers?”
- Allow the data to drive the learnings: It can be difficult to resist the sway of engrained organizational beliefs about customer behavior, even when those beliefs are not supported by the data. Customer tastes and attitudes change, Messer adds, so it’s important to understand how the belief began and the degree to which current data supports—or doesn’t—the belief today.

These gleanings helped FreshDirect evaluate new customers’ early behaviors with greater accuracy, which in turn helps the company answer key questions, such as: Are new customers following the predicted path up the loyalty curve? If not, when and how is the best way to intervene? Is the predicted path the best predictive model, or does the model need to be refined based on new data?

These answers lead to the last (new) dimension to the analytics process that Messer identifies: sense of humor. “Sometimes customers do things that data can’t explain or capture by the data,” she adds. “And in cases such as this, we look to Clint Eastwood for guidance: ‘A man’s got to know his limitations.’”

Egencia: Corporate travel services sales take time

Corporate travel services represent a highly complex B2B sale, a factor that makes precious the time Egencia sales professionals have to identify, reach, and persuade the actual purchaser among a crowded field of decision-makers and influencers from corporate travel, HR, procurement, finance, and operations. “The ability to track how clients engage with our content is invaluable in spotting key indicators that could impact overall travel program health,” Egencia’s Vanasse says. Egencia uses video extensively to grab prospects’ attention; it uses Brainshark’s video presentations so it can track who, where, and how long analytics.

The manager who pulls the purse strings’ offer differs from the day-to-day owner of the relationship with Egencia. Even more challenging, the individual in the client or target company tasked with launching a new travel program may not understand the value of Egencia. “We’re all-hands-on-deck during the customer onboarding phase—sales, account management, implementations, and marketing—to ensure that the rollout is on track,” Vanasse says. Sharing information about Egencia’s travel services via Brainshark video is a key component of onboarding.
DEFINING SOCIAL ANALYTICS

Here’s a taxonomy of what social analytics means, what types of objectives marketers should set, and what they should look for when selecting analytics tools. By Elyse Dupré

SOCIAL ANALYTICS IS MORE THAN JUST tracking tweets and measuring mentions. It’s connecting on-platform metrics to offline business value and ROI, says Amanda Felson, direct response specialist for Twitter. In addition, she notes that each of the many social platforms weighs metrics differently.

“There’s no universal framework,” Felson says. “You may come back with different answers from tool to tool.” Even with those variations, there are elements of social analytics that are fairly consistent. Here’s a taxonomy of what social analytics means, what types of objectives marketers should set, and what they should look for when selecting analytics tools.

What is social analytics?
Jenny Sussin, principal research analyst for Gartner, defines social analytics as the consolidation and analysis of different social feeds for the purpose of answering a question or gaining insight. Slavi Samardzija, chief analytics officer for Wunderman and KBM Group, expands this definition, saying that social analytics has three primary branches: social listening, social engagement, and social graph data.

Social listening, he says, is primarily based on unstructured text, such as customers’ posts about brands, products, or categories. On one hand, marketers try to understand and quantify these conversations by measuring share of voice, polarity, mentions, and topics to inform creative and customer engagement and interaction strategies. Social engagement, on the other hand, consists of gathering digital actions from social communities or networks, including likes, shares, video views, and followers. These measurements, Samardzija says, help marketers identify the types of content customers engage with most to drive future content. Last, he defines social graph data as the ability to identify who is engaging with a brand and its competitors at an individual level and then link that data back to its customer database to identify and engage with brand champions.

What are its objectives?
Setting goals is essential to social analytics, and Gartner’s Sussin says that there are three primary objectives marketers should consider. First is market research, such as demographic research, industry-related research, and competitive analysis. The second objective, she says, is campaign analysis, which measures how social or traditional campaigns resonate with consumers by tracking changes in activity or engagement. It can also include measuring perception of brand messaging and sentiment analysis. The third objective on Sussin’s list is influencer analysis, which identifies influencers in an interest area or demographic a brand is trying to reach, as well as how to reach them.

Richard Sim, performance product marketing manager for Facebook’s ad monetization team, says that the focus on fan quality rather than fan quantity is a significant evolution in social analytics. “While fans are important, the real questions to ask are: Who are the fans that you care about? Which fans do you really want?” Sim says. “You also care about how your fan base impacts your target audience.”

What should marketers ask when looking for tools?
With the many social analytics tools available, finding the right ones can be daunting. Sussin suggests two crucial elements marketers should consider: First, what’s the information source; where does it come from? Every marketer will have different needs. Some marketers will want a full “fire hose” of data, while others will want data from specific social sites. So, it’s important that a vendor or data provider meet those needs. Second, how is the data analyzed? This may include keyword-based analysis, natural-language processing, or machine learning. Sussin also advises working with a vendor that offers acceleration and deceleration of trend analysis, which looks for social signals that indicate that it’s time for a change in marketing strategy or messaging.
The Back Story. It’s a tale too often told: A company has vast amounts of customer data and no cohesive system in place to analyze it. UK–based digital curriculum company Espresso Education was facing that exact problem, but with an interesting twist: It knew who its customers were—the teachers who had signed up to use the Espresso service in their classrooms—but knew virtually nothing about what they were doing with it.

Espresso serves about 9,000 primary and secondary schools with educational videos, original rich-media content, and other digital learning resources. All told, Espresso currently hosts about 126,000 assets on its server, and more assets are being added all the time.

Espresso spends more than £1 million a year on buying fresh content to pump into its pipeline, but it was flying blind when it came to understanding customer engagement. There was no function in place that would allow Espresso to see which pieces of content teachers were accessing or which bits were most or least popular.

Though its retention level was through the roof at a staggering 94%, Brent Battams, Espresso’s head of business planning and analytics, wanted to make sure Espresso was seeing commensurate levels of engagement. The company built its own database in an attempt to harness its data, but it didn’t provide the needed insight.

“We had 9,000 schools, but we were never able to see what they were doing, and in today’s world that’s kind of ridiculous,” Battams says. “We were taking a lot of gambles with our own internal investments.”

The Objective. Above all, Espresso was looking to create a simple, automated ranking system to help determine in real time which teachers were actively engaging with Espresso content (superusers) and those who had merely subscribed but either rarely engaged or didn’t engage with Espresso products (average or disengaged users).

Based on that information Espresso would be able to more tactically and quickly designate who it needed to reach out to with free onsite training sessions. As it stood, Espresso could only undertake the onerous process of ranking its users about twice a year, which means the company was forced to rely on six-month-old information. As an added layer of complexity, if a head teacher who used Espresso moved to a new school, her previous school would still potentially be classified as a superuser—and therefore not in need of training—when in fact a training session was just the thing that school needed.

Espresso also needed a solution to help track and personalize its marketing campaigns. “We didn’t know if our marketing campaigns were effective or if we were targeting the right customers,” Battams says. “We’re talking about 180,000 teachers, and it’s a big problem if we’re not sure who we’re targeting.”

The Solution. To get a handle on its data, Espresso brought in digital revenue intelligence company Scout Analytics for a lesson in real-time and predictive analytics.

Scout’s Yield Optimizer tool allows Espresso to differentiate between the customers most likely to renew their subscriptions based on their usage patterns, as well as which schools might require additional training and support to get them using Espresso. Battams and his team now use Scout to determine teachers’ usage over time, and to keep an eye on demand change.

Tracking engagement engenders more engagement. If, for example, usage drops by 25% at a particular school, Espresso is immediately privy to the information and is therefore able to add that account to its priority attention list. Espresso can also create automated triggers like targeted follow-up “health check” emails based on specific customer actions.

“Not only are we doing better targeting, the training department can see who to book a session with where it makes most sense—rather than spending £200 to send a trainer to a superuser who doesn’t need it,” Battams says. “This has helped us increase our renewal rate by a couple of hundred customers in one year alone.”

Espresso has also been using a new Scout offering, known as Scout Playbooks, to set KPIs and objectives for its marketing department and develop more robust marketing automations and triggers. The function rolled out in mid–November 2013.

Next Steps. Now that its data is squared away, Espresso can focus on new initiatives with confidence, Battams says.

For example, Espresso is in the midst of launching a new product to handle a major national curriculum change that will apply to every primary school in the UK, starting in September 2014. To ensure that the new product, rather than the competitors’, is introduced into schools early, Espresso is giving it away to teachers for free for one year. Using Scout Playbooks, Espresso can track whether teachers have logged in to their gratis accounts, and if not, send follow-up emails to ensure engagement.

About 800 schools signed up with Espresso within just two weeks of launching its free-access campaign. About 60 new orders roll in every day. “It’s a big risk we’re taking, giving our product away for free,” Battams says. “But we’re using the right marketing tools and the right campaigns to get the customer engaged, so that a year from now Espresso will be embedded as the go-to.”
A RECENT ARTICLE IN THE WALL STREET JOURNAL identified the following traits as valuable skills for today’s open data-scientist positions: expertise in higher mathematics, practical problem-solving skills, the ability to “translate Ph.D. into English,” industry experience, communications skills, and a knack for plucking “useful information from data that often lacks an obvious structure and may even come from a dubious source.”

Here are a few attributes that the article didn’t mention: paradox management, ethical mettle, comfort with gray area, and the ability to apply organizational principles to decisions in which factors exist outside of the boundaries of organizational policies. The technical and communications skills are necessary, but the so-called softer skills that I mentioned are quickly becoming even more valuable.

If I sound like I’m on an ethical high horse, bear with me. I just held numerous discussions with marketing leaders on the (separate and related) issues of data security and privacy. I was struck by the magnitude of the data challenges that marketers and their colleagues face. The complexity of the management and security of customer data stems from fluidity. How, where, and why companies obtain, analyze, and secure customer data is changing dramatically and quickly. So are the approaches and tools criminals use to breach this data. As a result, so are consumer—and consequently, legislator—opinions about data security and privacy.

Seventy-one percent of consumers surveyed by SAS last year indicated that recent news of major data security breaches intensified their data-privacy concerns. Yet, 60% of these same respondents also said that they expect businesses to know their preferences and understand their needs. A 2013 holiday-shopping survey from Accenture found that 61% of consumers would trade increased privacy for more personalized offers from their retailers.

I would wager that the Accenture survey figure would be significantly lower than 61% had the question been posed immediately after the Target breach hit the news. Managing marketing data means managing multiple moving targets. That’s why establishing firm, steady principles (or values, or behavioral guidelines) is so important within marketing functions and organizations as a whole.

Policies and rules simply cannot keep up with the pace of technological advancement—or with fluctuating customer preferences and a highly charged political and regulatory environment. Rules, as LRN CEO Dov Seidman has pointed out, tell us what we can and cannot do; values tell us what we should and should not do.

When CEOs, CFOs, and CMOs are hiring data scientists, they should look beyond the valuable and necessary technical requirements of the position to ensure that candidates have the ability to distinguish between should and should not. These are the traits that can help companies avoid dubious reputations.
Marketers Allow Social and Analytics to Tell Their Fortunes

THE FUTURE LOOKS BRIGHT FOR MARKETERS’ BUDGETS

RESPONDENTS WHO MEASURE MARKETING ROI BY MEANS OF
- 27% Manager judgments
- 22% Customer surveys
- 18% Econometric modeling

10.9% Percent of overall budget devoted to marketing

6.7% change in marketing spend in next 12 months (relative to 12 months prior)

72% Expected increase in marketing analytics spend over the next three years

15% Marketers who don’t measure marketing ROI

49.2% Marketers who aren’t able to show social’s impact on their business yet

32.5% Percent of projects leveraging available or requested marketing analytics

7.4 Currently
- 10.1 Over the next 12 months
- 18.1 Over the next five years

10.9 Expected increase in marketing analytics spend over the next three years

Source: McKinsey & Company, the American Marketing Association, Duke’s Fuqua School of Business

MARKETERS WHO PREDICT THE FOLLOWING CUSTOMER OUTCOMES IN THE NEXT 12 MONTHS
- 74.7% Increased ability to acquire new customers
- 69.3% Increased customer purchase volume
- 49% Increased ability to retain customers

THE FUTURE LOOKS BRIGHT FOR MARKETERS’ BUDGETS
Brad Buchanan
@loconsoho
What angers me about data collecting isn’t that the data is being collected. It’s being incorrectly used. #marketing #analytics #socialmedia

Doug Schaefer
@dougschaefer
If I see one more thing claim to be IoT that doesn’t include scalable analytics for all that friggin’ data, I’m going to puke.

Christy Allen
@christyallen71
We need more insight. Analytics need to be embedded in real-time transactions. #SIR2014

socorro
@usaibarra534
Make sure you are adding custom URL parameters to any links shared in social to tie back to Google Analytics Goals

JHEY SZN
@ShyRonnie_RN
I learned something interesting today. Audience segmentation is one the most important things to consider when putting out a message.

Jeannine Rossignol
@j9rossignol
Buyer personas is not about segmentation. When you study buying decisions you find less need for segmentation. @buyerpersona #ITSMA14

Nandini Rathi
@Nandini_M
More than 80% of email marketers send the same content to all subscribers. Remember, email marketing without list segmentation is a waste.

Sal
@GoneBandanaz
working in social media is all fun and games until you have to deal with analytics.... My desk is covered in spreadsheets

Amy Howes
@amylilyhowes
I swear real-time Google Analytics are better than tv. I LOVE DATA.

lauriemccabe
@lauriemccabe
#dellworld2014 customer: its about relevant data not big data