How to Get the Data You Need to Win at Digital Marketing

Andrew Frank
Vice President, Gartner Research
Gartner for Marketing Leaders

Gartner

Lead Author

Andrew Frank
Vice President, Gartner Research
Gartner for Marketing Leaders

Andrew Frank specializes in best practices for data-driven marketing, including how organizations can use data to drive sales, loyalty, innovation and other business goals.

Andrew also specializes in marketing and advertising technology and business trends. His research focuses on new opportunities in digital advertising and media intelligence leveraging mobile, social, video, and advanced TV platforms and channels, and using data-driven targeting, metrics, interactive design and real-time ad operations.

Top 5 Issues That I Help Clients Address:
- What are the best practices for acquiring and distributing data, both internally and externally?
- How can marketers best use data to inform strategic processes such as market evaluation and product development?
- Which approaches work best to model and analyze audiences, actions and dialogues?
- How can marketers tune in to the "voice of the customer"?
- What are the best practices for managing customer data security and privacy?

Additional Analysts

Jennifer S. Beck
Vice President, Distinguished Analyst and Gartner Fellow
Gartner Research
Gartner for Marketing Leaders

Michael McGuire
Vice President
Gartner Research
Gartner for Marketing Leaders

Richard Fouts
Vice President
Gartner Research
Gartner for Marketing Leaders

Laura McLellan
Vice President
Gartner Research
Gartner for Marketing Leaders

Bill Gassman
Director
Gartner Research
Gartner for Marketing Leaders

Adam Sarner
Director
Gartner Research
Gartner for Marketing Leaders

Yvonne Genovese
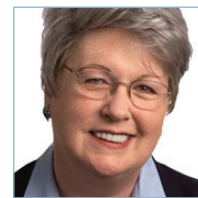Managing Vice President
Gartner Research
Gartner for Marketing Leaders

Jake Sorofman
Director
Gartner Research
Gartner for Marketing Leaders

Julie Hopkins
Director
Gartner Research
Gartner for Marketing Leaders

Allen Weiner
Vice President
Gartner Research
Gartner for Marketing Leaders

Gartner

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Segmenting customers and online audiences is at the heart of many important data-driven marketing techniques. The mountains of data available to digital marketers should make segmentation easier, yet many struggle with volume, variety and velocity of data. A comprehensive approach can help.

Analysis

You know the value of applying data comprehensively to marketing objectives, such as:

- Segmentation and customer prospecting

- Website optimization (including optimizing mobile apps and social pages)

- Retargeting and look-alike modeling for email and targeted ad campaigns

Your company may have taken steps toward providing a single (or 360-degree) view of its customers by consolidating various data sources into a data warehouse and making it available to customer service and a few marketing analysts. But it's rare for these solutions to do what you really need:

- Integrate all of the up-to-the-minute social and behavioral data available (often anonymously) from third-party sources.

- Use this data to define and analyze real custom segmentation models and personas.

- Apply the data to optimize operational systems such as campaign management.

- Tie marketing activities to specific objectives to understand exactly what's working, especially for long-term goals like brand positioning.

How can all data sources come together into a resource that's useful to all your digital marketing efforts, to acquiring and retaining customers (see Figure 1)? Consider two things:

- Four categories of customer data you need to deal with

- Three things you need to do with the data

Figure 1. Customer Space Data Framework
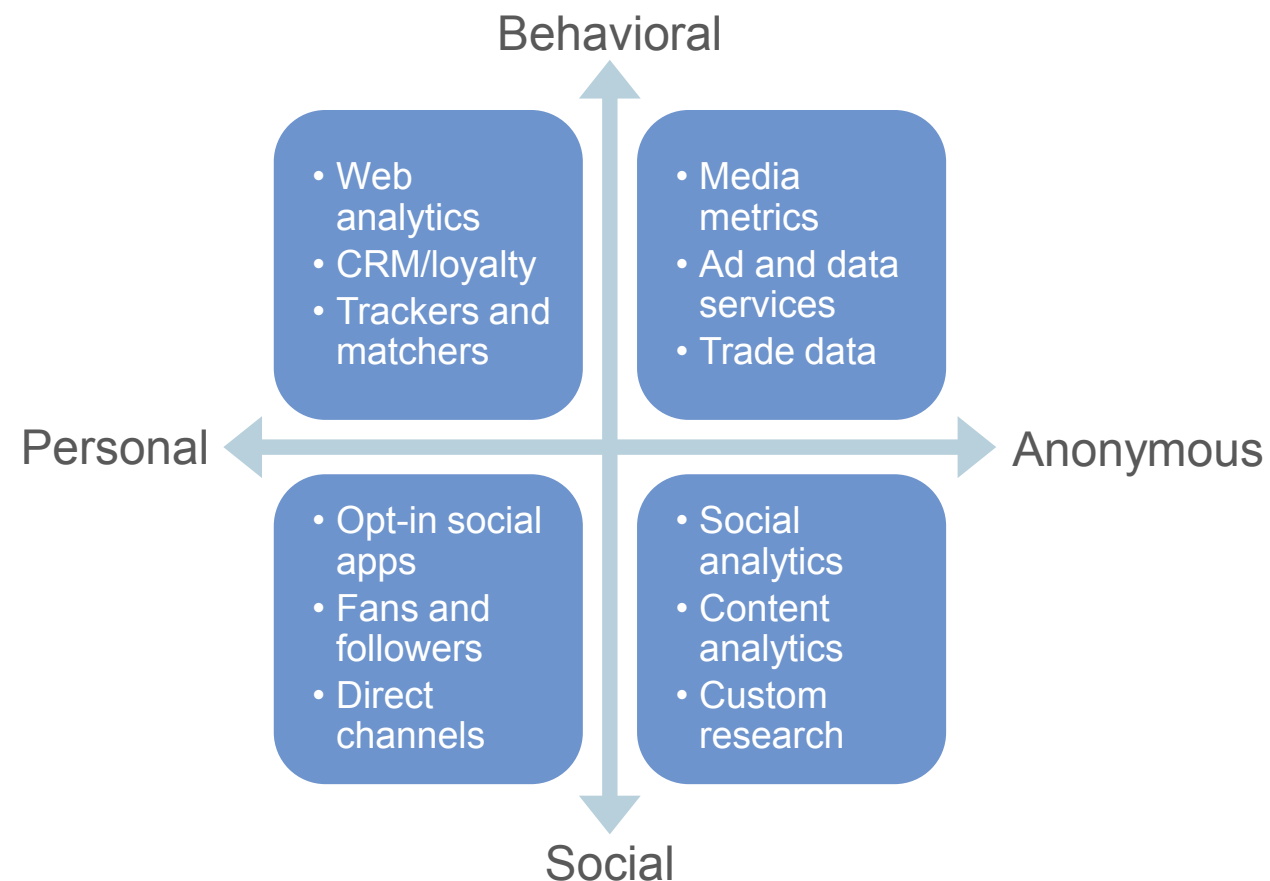
Source: Gartner (August 2012)

Four Customer Data Categories

The Framework

Many businesses maintain personal relationships between salespeople and all their customers. For these businesses, marketers tend to support the sales force with up-to-date product information and sensing new market opportunities. Consumer-oriented companies, especially if they sell directly through e-commerce, need a more scalable approach. Segmentation is the key: If you can define the right personas that represent your most valuable customers, then you can tailor your communication to individual needs and preferences without maintaining a unique relationship with every individual. You can also avoid wasting time and money on people who won't buy your products.

But how do you know if your audience segments are optimal, or if your personas accurately represent them? To answer this we must consider the data. Think about the data that goes into building segment personas along two axes:[1]

- First, data can be personal (pertaining to known — or at least uniquely identifiable — individuals) or anonymous (aggregated into segments but not linked to specific people), or somewhere in the middle. In general, internal systems collect personal data (in limited quantities) while external services provide unlimited data from anonymous sources.

- Second, data can capture many kinds of attributes. Demographics are familiar to most marketers, but data can also be about behavior or attitudes:

  - Behavior data usually refers to specific actions, such as clicks, taps and even selecting a TV program on a remote control.

  - Attitude data refers largely to unstructured data — things people say or post online, places they check-in, connections they maintain, or topics they follow.

  - In between are searches that represent a person's intent and social actions, such as liking a brand on Facebook or following someone on Twitter.

These dimensions are technically and conceptually challenging to integrate into a single view and require collaboration among data analysts, technologists and marketing leaders. To motivate these conversations, let's take a closer look at the four quadrants on the diagram.

The Four Categories

The two axes in Figure 1 yield four categories of customer data:

Personal-Behavior: Marketers usually start with internal sources of data, such as CRM systems, Web analytics, and sales and service channels, to create an enterprisewide view of the customer. Such a view will be based mostly on transaction and service history along with Web, mobile and enterprise-owned social applications (including search word referrals, which may give clues to intent). This data is the most actionable through techniques such as retargeting and targeted cross-selling. It's also the most useful in building a picture of your most valuable customers based on historical relationships.

Anonymous-Behavior: Marketers may then supplement this data with third-party data acquired from online data providers to gain more insight into customers — or people who may resemble them and be reachable through direct marketing channels such as email or behavioral ads. Data management platforms facilitate the matching of first- and third-party datasets for segmentation and targeting. At the same time, marketers or their agencies use anonymous data from metrics sources like Nielsen to identify what types of media their desired audience will use. Such data has traditionally been acquired from panels designed to represent a sample of the larger population, but the fragmentation of digital media is forcing these data providers to employ more census-based methods.

Personal-Attitude: To get a clearer picture of needs, motivations and other psychological hot-buttons, marketers still turn to custom panel research methods, although owned and earned social media now also addresses these needs. Digital marketers mine their own social channels for clues, and combine them with behavior data (as well as social graphs to track influence) to show the needs of specific segments and what marketing messages will resonate with them. Social utilities

like Facebook Connect and Twitter sign-in attaches identity, friends and privacy preferences to any website or application. They connect attitude to unique identity.

Anonymous-Social: Finally, marketers must come to terms with the social networks through which people filter their understanding of your company, products and competitors without identifying themselves explicitly to you. Social analytics consists of:

- Social network analysis looks at the relationships among individuals and the propagation of information through these networks.

- Influence analysis identifies the strongest sources of influence and authority in social channels.

- Social media monitoring analyzes commentary and other user-generated content for trends in sentiment and other attitudes about a brand or other topic.

In addition, content analysis finds meaning in social feeds such as Twitter and Facebook — for example, the actual source of a complaint. Customer service typically uses these sources to trigger workflow dialogues with customers or to inform broader digital marketing processes. However, you can also use this for segmentation analysis by identifying issues that resonate with an entire segment, such as perceptions and concerns about product qualities (taste vs. nutrition, economy vs. luxury and others).

Three Things You Need to Do With the Data

Combine the Data

All this data involves disparate silos inside and outside the organization. Data-driven marketing integrates all sources of data into a unified hub based on the individual, a specific person or persona. However, much of the data available about people from the cloud is not resolvable down to the level of a recognizable individual — and, even if it were, privacy considerations often intervene. Thus, finding common attributes to match among datasets and use as markers for segmentation becomes an important method of aggregating data. That way you don't always need positive identification to combine personal with anonymous data. Such an approach allows marketers to:

- Make inferences about what membership in a segment might mean about an individual

- Discover new segments based on hidden correlations among identifiable and anonymous behaviors and attitudes

In other words, you can put known people into a segment, then look at aggregates of their segment to see what other look-alikes might be doing and saying that's relevant to your marketing goals.

Analyze the Data

You'll need a range of analytical capabilities, possibly including:

- Data mining

- Forecasting

- Measurement and reporting

- Optimization

- Predictive modeling

- Simulation

- Visualization

- Data management (modeling, transformation, quality)

But you need to get the results of this analysis in a format that you can use to make decisions without having to flip back and forth between screens. A dashboard with visualization technologies, including point-and-click analysis, will give you quick access to insights.

Apply the Data

Just defining segments and predicting their behavior isn't enough. If you want to influence behavior through marketing tactics, use the data — especially the up-to-the-minute parts of it — to drive your marketing systems. A growing number of vendors are entering the market with data activation systems that integrate your custom analysis with the systems you use (email, ad servers and Web optimization platforms) to optimize your models with real-world results.

What to Do Next

- Choose a few key marketing processes or decisions to focus on first. Start with a narrow scope, and then expand as your team's analytic abilities grow.

- Assemble a marketing insight team to plan and execute the required analysis. Include marketing, business, IT and analytic skills. Don't overlook people with special knowledge, such as pricing, media buying and lifetime value, if you need them.

- Learn more about which analytic methods are suitable for each marketing process (see "A Marketing Analytics Framework for CMOs").

Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Survey Analysis: Challenges Grow As Marketer-Agency Relationships Restructure Around Data"

"Tossing Your Cookies: The Privacy Implications of Context-Aware Agents"

Evidence

[1] One additional dimension is the distinction between static data, such as identity, and dynamic data, such as context — for example, where a person is currently located or what they were searching for yesterday.

Regional Headquarters

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
USA
+1 203 964 0096

European Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters
Gartner Japan Ltd.
Atago Green Hills MORI Tower 5F
2-5-1 Atago, Minato-ku
Tokyo 105-6205
JAPAN
+ 81 3 6430 1800

Latin America Headquarters
Gartner do Brazil
Av. das Nações Unidas, 12551
9° andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509

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Our experienced research analysts talk to marketers every day — from those just entering the digital realm to the innovation trailblazers. These interactions capture real challenges, best practices and what is critical for success.

Gartner provides marketers with the research, data, tools and expert advice to rapidly deploy, optimize and measure digital technologies and coordinate diverse marketing programs into a strategy that drives results.

GARTNER HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
USA
+1 203 964 0096

Europe Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters
Gartner Japan, Ltd.
Atago Green Hills MORI Tower, 5F
2-5-1 Atago, Minato-ku
Tokyo 105-6205,
JAPAN
+81 3 6430 1800

Latin America Headquarters
Gartner do Brasil
Av. Das Nações Unidas 12.551,
25º andar
World Trade Center, Brooklin Novo
São Paulo 04573-903
BRAZIL
+ 55 11 3043 7544

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