Marketing Data and Analytics Primer for 2016

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Data and analytics have rapidly become the foundation of marketing, superseding more qualitative approaches. Sourcing and using the right data, combined with smarter analytics and optimization, are required for marketing success.

Scope

Data-driven marketing (DDM) applies data and analytics to planning and execution processes in order to increase marketing’s efficiency and effectiveness.

It covers:

- Customer data analysis
- Use of data for targeting and personalization
- Measurement and optimization of marketing initiatives
- Data and analytic methodologies and organizational considerations
Analysis

Figure 1. Marketing Data and Analytics Overview

Marketing is on a journey. Its former leaders vacillated between selecting data to support foregone conclusions and expressing outright hostility toward the idea that quantitative analysis might trump intuition in the quest to motivate people to action. But today's marketers shun data at their peril. Gartner's 2015 survey of data-driven marketers showed that more than two-thirds intended to base most of their decisions on data and analytics within two years. But for most, achieving mastery is a steep climb.

How do marketers reach the summit? Success requires careful planning and reliable guidance. Every journey starts with inventory. Smart marketers know where they are: their current data sources and reliability; the skills of their team; and the strengths and weaknesses of their processes and tools. In particular, they focus on four guideposts on the way to becoming a leading data-driven marketer: people, experiences, impact and organization.

**People:** Data and analytics no longer work in one or two channels. Information must be collected at an individual level, linked across platforms and devices, and assembled into a master marketing record that can be used as a basis for insights. **Experiences:** Better customer insights need to be turned into a set of experiences that work in harmony. These experiences should reflect near-real-time data and deliver a more personalized message. **Impact:** Measurement is more than a report card — it’s how the marketer knows which paths to choose and which to avoid. It informs investment, effort, focus, testing and strategy. It’s the marketers’ compass. **Organization:** The expedition team needs to include the right mix of generalists and specialists, along with outside
experts organized to ensure smooth and agile operation. Instilling a data-driven culture in a deep-rooted marketing organization remains challenging. It helps when marketing leaders can demonstrate data and analytics producing clear results.

Top Challenges and How Gartner Can Help

Our research on data-driven marketing will help marketers at all stages of their journey become more effective and efficient. Regardless of maturity, the digitalization of business affects marketers in similar ways. Customers (and prospects) have learned to love the connected cross-channel and platform experiences they get from the best companies. All companies — even those with very different infrastructures and business models — are held to the "Amazon standard" and must rise to compete. Our research will help marketing leaders understand the technology tools, internal processes and organizational changes needed to get there. Marketers’ long-standing struggle to measure and improve the impact of their marketing and advertising efforts continues. Decoding the influence of marketing channels and tactics on a desired outcome — like a conversion — and its impact on business metrics like lifetime value, is an ongoing project, so our research will also focus on measurement at the foundation of marketing initiatives.

How can I build an accurate, complete and personalized view of prospects and customers?

The shift from aggregated to individualized data collection and analysis is well underway. Modern marketers must be there.

Information must be collected at an individual level and assembled into a master marketing record. The reason for this imperative is simple: Customers are demanding it. They are increasingly frustrated if a company does not connect information gathered on one channel and apply it across all others right away. And they are disappointed if this cross-platform experience does not feel (at least somewhat) adapted to their preferences and state.

Marketers who do not move toward a single view of the customer will lose sales, market share and loyalty to competitors who do. However, this single view is not as naive as a golden record or a data warehouse full of personal nuggets. In its ideal state, it is an organized repository — or linked series of repositories — that can capture data from any channel or device that touches a customer or prospect, link it to a singular identifier, and make that data available for use almost immediately. Moreover, it must do so while respecting people’s rights and expectations of privacy, employing personification to obfuscate intrusive detail while retaining an essential marketing identity.

An accurate personified customer record is the essential component of data-driven marketing discipline and forms the heart of the digital marketing hub. Without it, marketers’ insights into their customers and prospects are incomplete and their execution inhibited. It is a prerequisite for personalization, targeting, offer optimization and measurement.

Planned Research

- Implementing Personification in the Real World
Managing an RFP for Data Management Platforms

How can I use data to deliver more personal, contextual and near-real-time cross-platform experiences?

*Relevant personalized messaging provides a better experience and better response.*

Better customer insights need to be turned into a set of experiences that are orchestrated for maximum impact. These experiences should reflect near-real-time data and deliver a more personalized message. As we’ve said, some degree of personalization is expected. Customer experience starts with relevance, and customers quickly grow impatient with experiences they perceive to be off the mark. Advertising that doesn’t apply inspires tune-out — and, increasingly, ad blocking. Marketing that seems off-base can inspire low conversion rates at best, and fast defection at worst.

Advanced analytical methods have improved marketers’ ability to deliver better experiences. Many of these have moved off the modeler’s workbench into software packages that can be applied to a wide variety of contexts. Starting with e-commerce and entertainment recommendation systems (“customers who bought X also bought Y”), predictive analytics tools continue to expand their application to website, native app, email and other channels. Built on the customer record, these tools and methods also grow faster and more able to handle new, near-real-time data streams. They rely less on descriptive methods and offline modeling and are more adapted to the world of digital business.

Although the marketer’s own (first-party) data is its most valuable resource, data from outside is often essential. Advertising usually requires it, and even experiences on a marketer’s own channels can often be enhanced through smart data acquisition and partnership strategies. Our research also covers this important ingredient of success.

**Planned Research**

- Market Guide to Personalization and Dynamic Creative Optimization Platforms
- Understand Data Science Basics for Marketing
- Demystifying Modeling: A Guide for Marketers

What is the best way to measure the true impact of my marketing and advertising?

*Measurement is essential to know where to put your time and money for the best return.*

Measurement and optimization is more than a report card: It’s the way the marketer knows which paths to choose and which to avoid. It informs investment, effort, focus, testing and strategy. It’s the marketers’ compass. At the same time as marketers attempt to develop a cross-channel and cross-platform picture of their customers and prospects, they are applying more sophisticated reporting and analysis to answer key questions:

- What is the real business impact of my marketing investment?
- Which particular strategies and tactics are working, and which are not?
- How can I improve the real return on my marketing dollars?

Traditional methods such as marketing mix modeling and customer surveys have had to suffice for years, in lieu of better ones. Digital channels and richer data sources and methods have made more rapid and accurate approaches available. In particular, individual-level data collection and analysis have been used by sophisticated marketers for some time to build attribution models. However, these models historically were complex and often only partially successful.

Nevertheless, improvements in data collection, technical infrastructure, analytical methods and marketers’ own growing sophistication combine to push the field forward. The best marketers are now able to understand impact at a more detailed level and use the resulting insights to improve tactics and investment allocation. Our research intends to guide marketers to improve their measurement and optimization practices.

**Planned Research**
- Market Guide to Attribution and Marketing Mix Modeling Platforms for Marketing
- Advanced Way to Measure Content Marketing

**How should I organize my team and external providers to keep my program up-to-date?**

*Knowing there is no one-size-fits-all for organization structure is a start. The key is to know what is right for your strategic goals.*

The data-driven marketing team needs to include the right mix of generalists and specialists, along with outside experts, organized in the right way to ensure smooth and agile operation. Our research has already shown that there really is no optimum organization structure, but rather success depends on a complex mesh of factors that includes industry, competitive dynamics, location, the availability of talent, the systems and data sources that are available, and — above all — the strategic priorities of the company and CMO.

Data-driven marketing is a quantitative discipline, and there is no doubt that the analytical demands on the CMO’s team continue to grow. Many CMOs are scaling up teams and adding centers of excellence, while others are making smart use of external professional services. Our research shows that most data-driven marketing leaders use a combination of internal and external talent and tools.

It is useful to study the best. It is also evident that team structures and methods in the data-driven marketing organization can come in a range of shapes and sizes. Our research will provide both best practices and tools to determine what sort of data and analytics organization, and which type of service provider, best serves your strategy.

**Planned Research**
- Market Guide to Marketing Analytics Service Providers
Related Priorities

Table 1. Related Priorities

<table>
<thead>
<tr>
<th>Priority</th>
<th>Focus</th>
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<tr>
<td>Customer Experience</td>
<td>Today, 89% of marketers compete primarily on the basis of customer experience — discrete moments that, together, strengthen or weaken a customer's preference, loyalty and advocacy.</td>
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<tr>
<td>Multichannel Marketing</td>
<td>Multichannel marketing represents orchestrated interaction across digital and traditional customer touchpoints to acquire, grow and retain customers, engaging audiences and extending relationships.</td>
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<tr>
<td>Digital Commerce</td>
<td>Marketing leaders are on the hook to deliver measurable business impact. Digital commerce drives directly attributable revenue and also collects valuable customer insight.</td>
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<tr>
<td>Mobile Marketing</td>
<td>Mobile marketing involves using information about people's context (location, identity, relationships and intentions) to tailor information and products that increase customer engagement and sales.</td>
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<tr>
<td>Social Marketing</td>
<td>Social marketing listens to and engages customers, distributes content, and cultivates brand advocates. Successful social marketing can increase awareness, consideration, conversion and advocacy.</td>
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Source: Gartner (January 2016)

Suggested First Steps

- "Presentation of Key Recommendation From Gartner's Data-Driven Marketing Survey, 2015"
- "Data-Driven Marketing Techniques Fuel Investments in Talent and Centers of Excellence"
- "Magic Quadrant for Digital Marketing Analytics, 2015"

Essential Reading

- "Understanding Ad Tech"
- "How to Build Segments and Personas for Digital Marketing"
- "How to Develop an Effective Marketing Dashboard"
- "Cool Vendors in Data-Driven Marketing, 2015"

Analyst Profiles

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More on This Topic
This is part of an in-depth collection of research. See the collection:

- Gartner for Marketing Leaders' Research Overview for 2016
Digital has redefined the role of marketing, adding new players and creating bigger complexities.

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- Choose the right channels
- Quickly shortlist marketing and technology providers
- Stay informed on market and competitors
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