

MARKETING INTELLIGENCE

How to convert data into meaningful, business-critical action



IN THIS WHITE PAPER, YOU WILL LEARN:

- What Marketing Intelligence is
- Why it matters
- How it helps marketers go seamlessly and rapidly from data to insight to business-critical action
- How it allows data to drive overall business strategy, not tactics
- How marketers can optimize to meaningful action and KPIs
- How it allows marketers to work more closely with other key enterprise functions, including sales, customer service and product development

INTRODUCTION

Profusion of data... but still a Knowledge Gap

The amount of data being created and collected continues to explode, increasing at exponential rates. This data gives marketers the ability to track consumers, predict outcomes, and react accordingly: in theory, right message, right person, right time.

But not in practice. Despite the profusion of data, marketers' ability to make meaningful decisions and take business-critical actions is not improving. They rely on tactics and metrics – retargeting, impressions, CTRs, social shares and so on - that haven't changed in a decade.

The result: marketers focus on goals that are easy to measure, not the goals that matter. In the process, they learn the wrong lessons from their marketing.

To compound the problem, marketers increasingly face a challenge from technology giants like Amazon, Facebook and Google. Their core business is built around collecting massive amounts of consumer data and using Artificial

Intelligence to optimize their efforts – both areas in which they have built-in advantages.

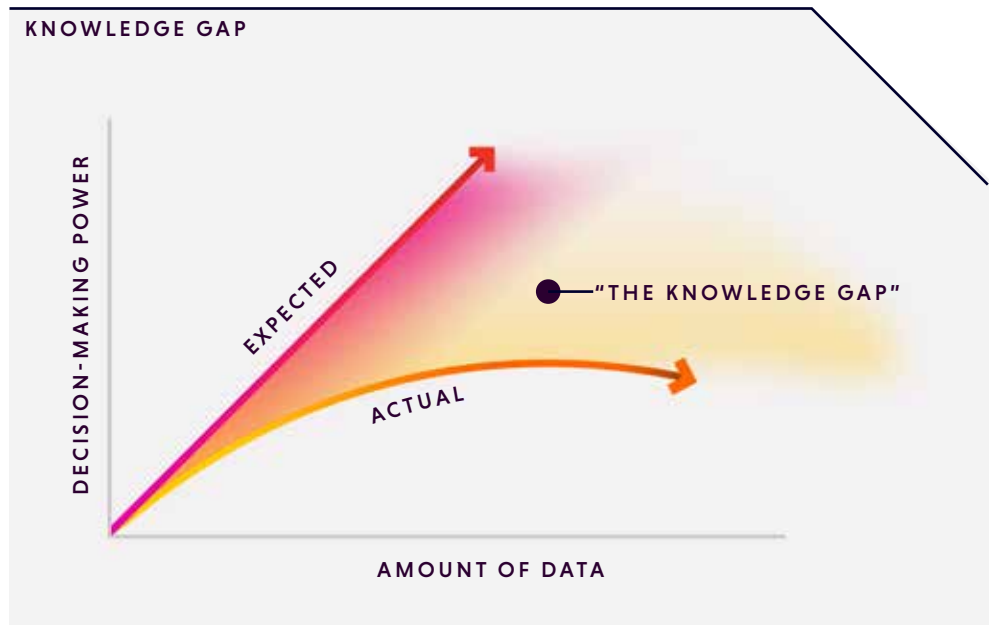
Over time, marketers unable to convert their data into insight, and insight into meaningful action, may find themselves pushed out by these entities as they extend their businesses into new sectors.

At the heart of the problem is the Knowledge Gap. In theory, more data is always better because it means marketers know more about the customer.

But without the appropriate technology and expertise - Marketing Intelligence - marketers' ability to take meaningful business actions using that data improves only slightly, leaving them with a gap – the Knowledge Gap.

In the Knowledge Gap, marketers struggle to make the best use of their data, derive limited insights, cannot turn those insights into meaningful action, and cannot measure its impact against business-critical KPIs.

Closing the Knowledge Gap is no simple task. Doing so requires the resources and technology to put that data to work. The solution is Marketing Intelligence.



What is Marketing Intelligence

Marketing Intelligence is the information needed to drive business outcomes, elevating insights to fuel brand strategy, rather than just optimize tactics.

It's the intelligence that goes from unstructured data at the beginning of the process into meaningful action at the end of the process.

It's about understanding and analyzing trends in your data and building a testable narrative framework for applying that understanding to your customer interactions across multiple fronts, from content to messaging to frequency to targeting.

It's about applying what you've learned about your target audience to your strategies for messaging and targeting, so you can reach the right customer at the right time with the right message to drive business outcomes.

It's a methodology that puts marketing at the heart of the enterprise and allows it to better integrate with other key functions, including sales, customer service and product development.

It's the intelligence that allows marketers to create business-critical KPIs and then optimize towards them.

Think of it like this: if insights are the "ah-ha!" moments we come across in our day-to-day marketing lives, then Marketing Intelligence is the "so what?"; it's the connective tissue that ties those insights to action that drives business growth.

MARKETING INTELLIGENCE: A STEP FORWARD FROM INSIGHTS AND OPTIMIZATION

Insights, Optimization and Marketing Intelligence are linked, but it is important to understand the difference.

Insights are derived from the analysis of two or more data points. For marketers, they are most useful for understanding what customers do, or how they think and behave. The more data points, the more granular the analysis and, theoretically, the stronger the insight.

Optimization is the action of improving performance or process, either in terms of efficiency or effectiveness, and is based on data analysis.

Both are essential skills for marketers to master. But they only get marketers to the starting gate.

The race will be won by those marketers who embrace Marketing Intelligence.

Marketing Intelligence is about connecting key data points to desired business outcomes, and using them to develop a strategy.

Properly applied, Marketing Intelligence links strategy to tactics.

Strategically, it informs marketers about desired outcomes, how insights can be turned into action, and the development of metrics that allow them to optimize towards success.

At the tactical level, it helps marketers make informed media decisions – placement, timing, segmentation based on measures like lifetime value and propensity to purchase, and targeting.

HOW MiQ HELPED A FINANCIAL SERVICES COMPANY FIND A NEW KPI AND SUCCESSFULLY EXECUTE AGAINST THAT

▼ GOALS

A financial services company was optimizing media towards cost-efficient deposits, but treating all depositors the same. It did not differentiate between customers funding their accounts with \$100 each week from those depositing \$1,000+ each week. As a result, it was unable to maximize its media ROI.

▼ SOLUTIONS

MiQ knew this client needed to go beyond simple cost-per-application KPIs and optimize toward the conversions that would deliver the most business value.

MiQ connected three core data sets to develop a new KPI that would truly impact the bottom line: Cost Per Deposit Value.


This KPI incorporated user-level media impression data to evaluate prospecting and retargeting efforts; onsite pixel data capturing site and funds visits; and offline data to assess product types and fund values. Users were then segmented as low, medium or high-value based on their long-term value to the business as measured by frequency of visits and funds, and fund value.

Finally, MiQ studied purchase behavior to identify the user characteristics associated with long-term value. It applied that data to help the client optimize cross-sales and up-sales and focus prospecting efforts on high-value accounts.

▼ RESULTS

 39:1 ROI

 45% of new accounts attributed to MiQ

 43% of new funds attributed to MiQ were of the highest-value account type

Why it's difficult for marketers to go in-house

On behalf of MiQ, Advertiser Perceptions surveyed 152 US and UK brand marketers and advertisers in April 2018.

It found that, while almost all (93%) marketers agree that data science and analytics are either “very” or “somewhat” important to their business, fewer than half (45%) felt that their organizations considered themselves “advanced” users of data science and analytics.

There are several hurdles preventing them from investing further in the necessary infrastructure and capabilities to succeed.

The biggest are: 1) a lack of measures of actual business impact (43%) and cost (43%); 2) difficulty interpreting data (39%); 3) a lack of resources and talent to interpret and analyze the available data (38%).

While some marketers may prefer to go in-house, they face core challenges.

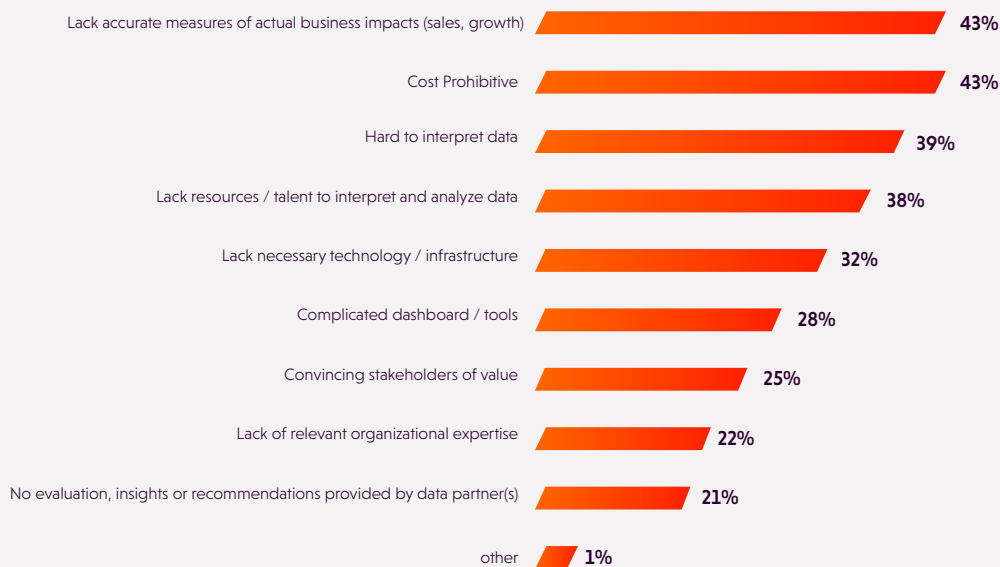
One, the increasing demand for more advanced infrastructure and expertise makes building in-house solutions infeasible.

Two, ensuring their technology and machine-learning capabilities stay up to date when it is not their core competence compared to the existing and tested infrastructure and expertise of a third-party partner.

Three, they lack the access to external data assets a third-party partner can also provide.

The latter is significant because broader datasets allow marketers to connect their valuable first-party data to an even larger universe of data, and develop more holistic views of their consumers than was previously possible. In-house solutions require building a method for both on-boarding third-party data and going through the arduous process of vetting the data, weeding out good from bad, signal from noise.

What are the biggest challenges preventing your organization from investing more in data science / analytics?



n=152 marketers in the US and UK, source: Advertiser Perceptions April 2018 study

People and machines: marketers need more than Artificial Intelligence

In an age where algorithms rule, it's tempting for marketers to think they can hand over data analysis and insight generation to machines, especially as Artificial Intelligence (AI) takes hold.

But AI must be handled with care. It can do many things brilliantly well, but not everything.

When we apply AI to the field of Marketing and Advertising, we're typically talking about a branch of AI called Machine Learning, in which a computer is trained to accomplish a specific task, such as optimizing delivery, making buying decisions, or bidding on inventory.

AI is important because, as the amount of consumer data available to marketers has exploded, it has become impossible for a single person, or even a team of people, to sift through that data and make meaningful decisions.

So, we need to train computers to sift through massive datasets, find anomalies, identify similarities, predict high-value audiences or determine which data points and variables have value. These automated tasks can be run repeatedly over large datasets, and with proper feedback loops, improve each time.

But AI has its limitations.

❖ AI IS INHERENTLY REACTIVE

Machine learning processes for optimization essentially use data about the past to predict the future. As such, they are limited to predicting future events based on what has already occurred, and cannot create hypotheses or intelligently speculate on the unknown.

❖ AI DOESN'T "UNDERSTAND" THE DATA OR THE PROBLEMS IT'S BEING ASKED TO SOLVE

Machine-learning processes are purely mathematical and divorced from any understanding of the meaning of the problem they are trying to represent and solve. This can lead to strange incentives or unintended outcomes. For example, it may make sense to a human to stop targeting

a customer who has just booked a trip or bought a car; however, an AI process will, without external direction or significant learning time, see such customers as ideal targets for future advertising.

❖ AI RESULTS CAN BE DIFFICULT OR IMPOSSIBLE TO UNDERSTAND AND BUILD UPON

It can be difficult for a human to parse why an AI made a particular decision, or what that decision meant, particularly if there are obscure variables or variable names in the dataset. The output from a machine-learning process typically requires expertise to understand, and it can be difficult to take the learning of the AI and apply it to future initiatives.

❖ AI HAS NO MORALITY

The efficiency of machine learning can be a double-edged sword: in the process of optimizing toward a specific goal, it may discover ways to shortcut that goal or the measurement of it rather than accomplish it in the intended manner. Put another way: an unsupervised machine-learning process may unintentionally find ways to "game the system" for measurement rather than accomplish goals honestly. The most common example of this "gaming the system" occurs with attribution systems in ad serving.

UNDERSTANDING MARKETING INTELLIGENCE

These shortfalls mean that, while AI is an essential tool in narrowing the Knowledge Gap, marketers still need an additional layer of technology and expertise to close the gap completely and convert their customer data into marketing intelligence.

This is where properly-trained, experienced, Human Intelligence comes in.

The attributes of Human Intelligence include:

▸ ASKING THE RIGHT QUESTIONS

Solving business challenges starts with asking the right questions – identifying the challenges that need to be solved, determining how to measure them, and discovering the proxy metrics that will predict success for those outcomes that can't be measured directly. Asking these questions requires Human Intelligence that understands the business and its industry, available measurement techniques, the breadth of datasets available, and how to design machine-learning processes to answer the questions posed.

▸ APPLYING DOMAIN OR INDUSTRY KNOWLEDGE AND EXPERIENCE

Machine-learning processes have to start from scratch, and their inability to understand the datasets or domains they're operating in can leave "blind spots" in their ability to optimize. Domain or industry knowledge can be particularly useful here, where understanding of the buying cycle for a particular product category can be used to prevent having AI re-learn what experienced marketers already know – thus avoiding, for example, insensitive retargeting.

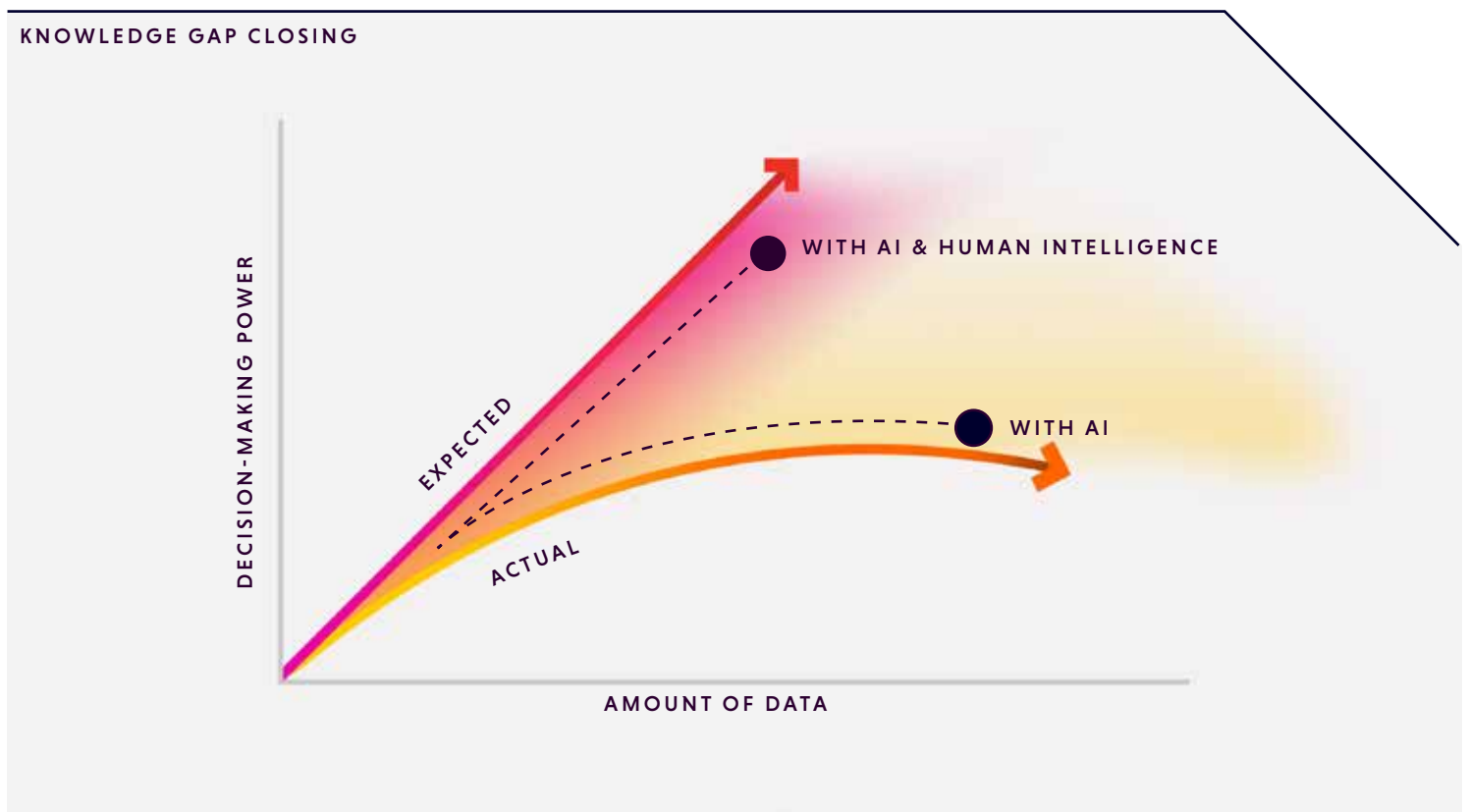
▸ IMPROVISING AND ADAPTING

Humans can make up for the shortcomings of AI by being adaptive, reacting to external factors such as social buzz, major events, or other trends that may have an impact on marketing initiatives. Where machine learning processes may take time to learn about these factors and react, taking action only after they've passed, a human can improvise and "right the ship" immediately, either taking advantage of a positive trend or avoiding a PR disaster.

▸ BUILDING A NARRATIVE AND SHARING INFORMATION

Good analysts and data scientists act as a kind of journalist when it comes to reporting on machine learning outcomes, parsing the results and building a story that explains what audience insights were discovered, why they matter, and more importantly, how they can be used to improve future marketing initiatives. By converting these machine-learning findings into a proper narrative, they turn automated insight into Marketing Intelligence that can be shared across an organization and used to drive business outcomes.

Combining the power of AI with the flexibility of Human Intelligence allows teams to automate and continue learning while analysts work with marketers to direct these findings towards the desired business outcomes, thus closing the Knowledge Gap.



MiQ WORKS WITH A CAR RENTAL OPERATOR TO REDUCE RESERVATION AND SALES COSTS

▼ GOALS

A global car rental company faced a specific and significant issue: broken reservations. Customers reserving cars online were failing to pick up their vehicles at physical locations, resulting in lost business and fleet-location inefficiencies. The brand needed a way not only to drive more online reservations, but also identify the reasons behind broken reservations and mitigate the drop-off rate.

▼ SOLUTIONS

MiQ combined multiple data sets and connected the brand's reservation files to its own impression logs. This enabled the team to identify those users most likely to break and those most likely to complete their rental reservations. These audience segments were then treated with different targeting strategies (high-value customer retargeting, breakage predictive segments, etc.) to minimize impression waste, decrease breakage, and guarantee that media conversions lead to real revenue for the client.

MiQ also developed a dashboard integration fully customized to the client's specific business challenge. This platform collated multiple data feeds (impression/media stats, reservation files) and media partners (Abakus, Google) to integrate offline data and help the rental car company manage its vehicle fleets. It also informed high-level business strategy extending far beyond media buys, such as ideal location placements for new franchises.

▼ RESULTS



57% decrease in cost of reservation year-over-year



60% decrease in cost of sale



72% decrease in cost of sale from Q2 to Q3

Marketing at the core of the business

There is no dispute that, via machine learning tools, marketers have become more adept at identifying what consumers are doing and how they take those actions.

Where the industry falls short, however, is understanding why those consumers are behaving the way they are, what their motivations are, the priorities driving any given decision – and then activating messaging that makes a demonstrable difference to the business measurable by relevant business-critical KPIs.

This is the gap between data, insight and appropriate action.

Filling that gap doesn't start with technology or analytics per se. It starts with asking the right questions, and then using a combination of technology, AI and Human Intelligence to devise and execute the right strategy.

This is the role of Marketing Intelligence.

When it succeeds, it puts marketers at the core of the business, the hub around which other business functions perform, and drives relevant and measurable business outcomes.

ABOUT MiQ

MiQ is an independent marketing intelligence company with the people and technology that help businesses win. It is our vision to reimagine the value of marketing by connecting data and discovering insight to drive business outcomes.

Founded by Lee Puri and Gurman Hundal in 2010, MiQ currently employs over 550 people across 15 offices located in North America, Europe and APAC. The world's leading brands and media agencies such as American Express, Avis, Lenovo, Unilever, Microsoft, GroupM, Publicis and IPG work with MiQ. In the last year, the company has won various awards including Fastest Growing Tech Company of the Year at the Stevie Awards, Most Effective Use of Data at The Drum's Digital Trading Awards USA, and The Sunday Times International Track 200.