

A new way of looking at the Value of Data

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the new ideal in data

Situation:

While there is no doubt that the evolution of “Big Data” has been transformative in the way companies do business every day and how customer expectations have changed as a result, we do have doubts around the effectiveness on how companies have harnessed the value offered by big data in the realm of marketing and customer management. Improvements have certainly been made, but there remain vast opportunities to take things even further. From an academic perspective, the “Brand” companies have embraced the principles of One to One Marketing first introduced by Don Peppers and Martha Rodgers so long ago. The challenge is one however that has existed so equally long ago... how do we balance the cost of precision vs. the opportunity of scale.

At the onset the cost of precision was realized in the lack of technology to effectively execute one to one marketing or what has since evolved to CRM or now People Based Marketing (PBM). One quick view of the marketing and advertising technology landscape suggests that many people and firms have invested in technology that more cost effectively executes PBM and for quite a while now, companies have invested in these technologies, believing that the marketing dilemma had been solved and the money would start flowing in. But something happened along the way and the money has not come the way everyone hoped. So what did happen? We would posit that people confused the idea of precision with another term... accuracy.

If you look closely at the landscape that we all work in, the problem with accuracy is that there are very few individuals at first blush within all the activities that occur that are truly vested and benefit from accuracy. While accuracy is a critical element in driving results, it is something that is highly complex to address and lacks a clear advocate. In addition, there is no clear evidence that Accuracy at an effective level can be achieved. Conversely, both Precision and Scale have built in advocates that are incented to avoid a detailed assessment of Accuracy. Precision on the first hand is easier to understand and assess and the technology companies could easily sell the promise. Managers within the Brand companies could also sell the promise of the technology to upper management, create opportunity for self-promotion and advancement through large program investments, and protect themselves from the risk of failure as the internal IT groups existed as easy scapegoats. Scale is the mechanism by which virtually all distribution channels and media are paid; hence anything that goes to reduce the scale of any marketing or advertising program reduces their profits. Publishers and agencies are both compensated on volume, not performance, and where performance is introduced, the measured outcome is typically not connected to the sales performance the marketer achieves, but instead some artificial intermediate measures the publishers and agencies can control like views, impressions and clicks.

It appears however, that Brand companies have started to wake up in the past 24 months to situation they now find themselves in. Online retailers like Amazon have taken control in virtually all sales channels, Google and Facebook have equally gained control in media distribution, and more importantly, Brands have lost visibility into what of their marketing and advertising expense is and is not working in driving sales and profits. They have biggest lost control in their customer visibility and interactions. Proctor & Gamble pulled back their entire digital ad spending for a quarter with no impact seen on their revenue suggesting just how ineffective their current marketing efforts are. The problem of course is what to do to fix the situation. Getting back to the customer, taking control of your customer audience and customer data, and introducing effective People Based Marketing appears to be an answer, but again how is this done.

To learn more, email:
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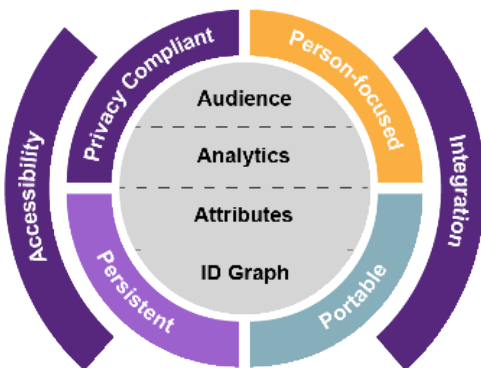
A path forward:

We would suggest there exist three critical steps to moving forward in today's landscape. All three of which require a strong Identification strategy:

- First, go back to the role of Accuracy. Accuracy must be first and foremost as customers expect it and effective performance evaluation requires it. Accuracy comes in two key components: Data accuracy and Identification Accuracy. Both must be managed throughout to drive any successful PBM strategy.
- Second, taking greater control of your first party data, specifically as it relates to access to your customer audience. Don't cede your audience to agencies and platforms that will resell access based on interests you have cultivated. Companies like Microsoft and Foursquare are already pushing this growing trend. This, however, can only be effectively executed where companies can accurately identify their customers and control the matching of interest attributes they have created through their own customer interactions.
- Last, we would introduce the idea of "Decision Value Attribution". Brands have long looked at performance as a direct effect on customer value. We would instead suggest that while driving customer value is critical, brands should look at each investment decision they make in their marketing and customer touch-points through the impact that decision has on their ultimate change in profitability. Within that assessment should be an evaluation of the importance of the decision and the level of risk that can be taken if the decision happens to be a wrong decision. Risk tolerance addresses the notion that this analysis is complex and fraught with inaccuracies. What does increase accuracy is a strong Identification Strategy, both in identifying your customers affected by your investments and connecting them to your sales/ response process or platform.

Decision Value Attribution –

Assigning value to each decision process impacted by your investment decisions (both financial and resource) in customer marketing and customer touch points that drive your customer's actions and in turn your profit



Adstra: The 1st Data Bureau

Adstra maximizes value by ORCHESTRATING data across media and technology, in ways that drive customers' success.

Built with robust and persistent identifiers, Adstra enables action in both the known and anonymous realm, and across both off and online channels.

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