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The Customer Experience is Written in Data

Why and how the most successful brands are putting data at the center of marketing strategy

In association with Google

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Foreword by Google

Marketers today should feel like kids in a candy shop. Innovations in technology have made new forms of creative, communication, and consumer interactions possible. And integrations between technologies have helped marketers more efficiently and effectively drive results.

While mobile and digital have certainly changed the landscape for enterprise marketers, consumers are perhaps the ones who've made some of the biggest and fastest changes. Mobile forever changed the customer journey, which now meanders over multiple touchpoints — but it also gives marketers even more opportunities to wow consumers and be useful.

Each of those consumer interactions, in turn, adds to the digital information stream. And that data has given leading marketers an edge by helping them better understand — and even anticipate — their audience's needs in order to deliver more relevant experiences in the moments that matter most.

But therein lies one of the biggest marketing challenges today. With data seemingly everywhere, why are so many marketers still feeling like there's not a drop to drink?

Data needs to be gathered, transformed, analyzed, and turned into actionable insights before it's useful. While many marketers focus on making magic happen in that last mile, those previous stages are a critical part of the course to conquer too.

Companies that have invested in shoring up a data and analytics foundation are able to better support big business decisions and enable their marketing team to make more-informed choices each day.

At Google, we believe that — much like our mission to organize the world's information and make it universally accessible and useful — marketing organizations should enable their teams and partners across the company to access data, uncover insights, and take action to move the business forward. This includes applying audience insights to help turn more shoppers into buyers, tailoring customer experiences to drive loyalty, and optimizing campaigns or reallocating budgets to improve marketing ROI.

In this report, we explore how leading organizations have built a data and analytics strategy to guide the way. And while having a strategy is key to success, these marketers have also secured critical support from the C-suite — and the rest of the organization — by building a data-driven culture.

Most importantly, marketing organizations paving the way have recognized that there are three things that go better together in today's world: data, that is well-integrated to provide a more complete view of each customer; teams, that increase collaboration, communication, and sharing of data and audience insights; and technology, that unifies analytics and advertising stacks so marketers can deliver more relevant, engaging customer experiences and value to the business.

Key Takeaways

The Customer Experience is Written in Data is based on findings from an online survey of over 700 marketing and analytics executives at consumer brands. Throughout the report, leading organizations are compared with the mainstream as defined by their success in hitting their top 2016 goal.

The common ground between the two groups illuminates the role that data needs to play in marketing success. Their differences serve equally as inspiration and warning about the choices that can propel or delay an organization's evolution.

Data isn't an abstract goal at leading companies; it is part of their culture. They are more than twice as likely to say that they routinely take action based on insights and recommendations from analytics than their peers in the mainstream. (60% vs. 26%)

Effective strategy is the foundation of marketing leaders' successful use of data and analytics, enabling growth by creating structures for understanding and using data as a business resource. From defining KPIs and the touchpoints of the customer journey, to assisting decision making at all levels, leaders' strategies emphasize daily usefulness throughout the marketing organization. Leaders' strategies themselves reflect their reliance on data; they are 48% more likely than mainstream respondents to say that marketing strategy is strongly data-driven. (65% vs. 44%)

The purpose of data-driven marketing is to connect with customers in ways that grow the relationship, increasing loyalty and margins through a better value exchange. There is rare consensus on this premise, with nearly 90% of all respondents agreeing that "understanding user journeys across channels and devices is critical to marketing success."

But leaders are more likely to have turned this goal into investment in their data/analytics tools, people and resources. This has a variety of clear benefits, including being 50% more likely than the mainstream to currently have a "clear understanding of customers' journeys across channels and devices." (64% vs. 43%)

Leading companies associate integration of data sources with financial success; they are 51% more likely than the mainstream to strongly agree that having an integrated marketing and advertising stack is vital to revenue growth. Not surprisingly, they are also 52% more likely than the mainstream to have fully integrated technology.

Integration enables some of the most powerful capabilities of digital. Seventy percent of organizations with full-stack integration use marketing attribution to evaluate channel performance, compared to only 45% of those who have not. Similarly, they are over 60% more likely to be optimizing experiences in real time using analytics. (66% vs. 41%)

1. Guided by data: the trajectory of modern marketing

Making data a top priority is not about competitive advantage; you are at a disadvantage if you do not.
Director, Healthcare/Pharma

This report explores how the use of data and analytics within modern marketing is evolving to accommodate a fluid, changeable reality. It uses the insights of more than 700 executives at large, consumer-focused brands to look for advantages to be had and pitfalls to avoid in creating and executing a marketing data strategy.

With disruption a real possibility for slow movers, this study is less focused on where average companies are today than where they are going. It attempts to highlight the factors that differentiate successful, forward-looking companies from their peers.

To that end, respondents have been divided into two groups, based on performance. *Leading* companies significantly exceeded their top 2016 business goal and comprise roughly a quarter of the sample. The remainder are designated the *mainstream* for comparison.
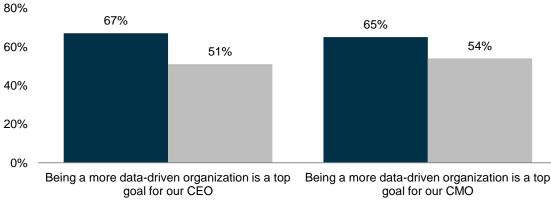
Throughout the research, the differences between these groups are significant and educational. Leaders are consistently further along in building organizations that use data in powerful and practical ways on a daily basis. They're not where they want to be, nor do they have all of the technical or organizational pieces in place, but they are invested and making progress.

These companies offer guidance and inspiration for marketers as they work to answer the big questions that will define their future.

Most companies say they want to be "data-driven," but it's a goal that eludes many. One reason is that not all leaders have internalized it; only about half of mainstream company respondents report that being data-driven is a top priority for their chief executive. That's in contrast to those from leading organizations, two-thirds of whom say that executive leadership is already committed, both within marketing and the larger business. Most of the remainder believes that this priority will apply to their organizations within 12 months.

Leaders vs. Mainstream
Figure 1: Do the following apply to your company today?

Respondents: 661

Efforts to master customer data were initially focused almost exclusively on digital advertising opportunities, but the focus on customer experience has expanded brands' motivations. Today, data is recognized as the foundation of marketing strategy, customer understanding and accurate decision making.

Data isn't an abstract goal at leading companies; it has become part of their culture. Some of the clearest distinctions between forward-leaning brands and their peers are their everyday uses of data, and applying data strategy principles.

As seen in Figure 2, leaders use data to support decision-making more often and across more dimensions than the mainstream.

Figure 2: To what extent does your organization make decisions based on data/analytics insights in the following areas?

	Share describing area as "strongly data-driven"		
	Leaders	Mainstream	Difference (Leaders)
Digital advertising	71%	51%	39% more likely
Direct marketing or demand generation	66%	42%	57% more likely
Marketing strategy	65%	44%	48% more likely
Brand or corporate marketing	61%	38%	61% more likely
Offline advertising	52%	28%	86% more likely

Respondents: 652

Some organizations focus their data practice on areas where they had little insight before. Emerging priorities such as advanced audience segmentation or modeling get the attention of analysts and management. But it's important that marketers also apply their new capabilities to existing norms and processes.

Conventional wisdom about long-standing practices or customer behaviors can be dangerous in shifting markets, yet it is still very much in effect. Only 36% of mainstream respondents strongly agree that decisions made with data are superior to those based on gut instinct and experience.

For leaders, the figure rises to nearly 60%, and this belief translates to behavior – these companies are more than twice as likely as the mainstream to say that they routinely take action based on insights and recommendations from analytics. (60% vs. 26%)

Today, a core use of data is to understand customers as individuals — and as a rapidly evolving whole. Across all types of respondents, nearly 90% agree that "understanding user journeys across channels and devices is critical to marketing success."

Here again, leaders earn their designation – they are 50% more likely than the mainstream to currently have a "clear understanding of their customers' journeys across channels and devices." (64% vs. 43%)
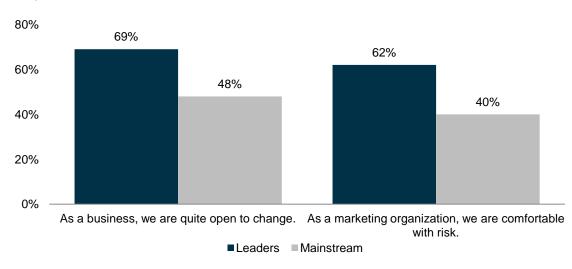
2.   Leaders enable more teams with data

The digital revolution has led to two kinds of change for businesses and their marketing divisions. The first is situational, such as the adoption of a new capability or response to consumer behavior. The second type of change is enduring 'transformation,' the large-scale reorientation and restructuring of the company or major divisions within it.

> Data is a key transformation tool for all departments. It has become a core way of working. It drives a learning & innovative culture with clarity on contribution to the business (therefore allowing additional budget request when there is a business case), less prejudiced decision making and systematic, continuous improvement. I can't imagine a marketing function without this capability, attitude and infrastructure.   VP, Financial Services

The purpose of most transformation efforts is to become smarter and more nimble. Companies engaged in this process often discover that successful and lasting changes require a broad spectrum approach, from technology initiatives to reallocating human resources, to fundamentally restructuring teams and processes.

Leaders vs. Mainstream
Figure 3: To what extent do the following apply to your business/marketing organization today?

Respondents: 661

Every business changes, but success and failure are often determined by whether an adaptation anticipates conditions or responds to them. As many waning brands can attest, reacting to a trend when it's in full effect can come too late in the digital era.

> "We want to see the future, make good decisions and act fast."   VP, Automotive

Openness to change can't happen without some comfort with risk. In Figure 3, leaders appear to have made the connection; they are 44% more likely than the mainstream to describe their organization as "quite open to change" and 55% more likely to report being "comfortable with risk." It's of note that both types of company say they are more open to change than comfortable with risk.

Collaboration and open access

Creating a structure for more efficient and innovative interactions within and between business units is central to a more responsive and flexible business. Respondents see the availability of data, and its fluid movement, as a pillar of their reimagined organization; 86% of senior

executives (SVP or higher) agree that eliminating organizational silos is critical to expanding the use of data and analytics in decision-making.

In fact, they see this level of restructuring as fundamental to success. Eighty-four percent of senior leaders agree that business structures/organizational silos are the biggest barrier to communication and information sharing.

Enabling marketers to better communicate with analysts and with each other across sub-disciplines and teams is seen as essential, especially as marketing departments come to rely heavily on data. Across all respondents, 93% agree that collaboration across marketing and analytics teams is essential to driving results.

> "Marketing is very siloed. Digital marketing groups and a few senior executives [have access to analysts/insight] but it's not passed along or available to other groups. Not enough people have access."
> Manager, Technology

While collaboration is critical, another way to break down silos is to go one step further: enable and encourage access to data and provide the necessary training to use it. The potential payoffs are significant:

- Marketers at every level can work with data on their own deadlines.

- Everyone has a stake in how data is collected, defined and used; employees move toward a culture which assumes that data will be a part of decision making.

- Analyst time is freed up to guide the expanding pool of data users and ensure alignment with KPI definitions and strategy.

- Further, analysts and data scientists can focus on higher order questions instead of prosaic performance and segmentation questions.

Leaders have internalized the potential for information flowing freely across the organization; they are 57% more likely than the mainstream to strongly agree that open access to data leads to higher business performance. (58% vs. 37%) Security underpins any successful initiative to share data more widely. Leaders are 31% more likely to include the standard and processes related to data security and privacy in their strategic documents. (68% vs. 52%)

Not surprisingly, they are further along in providing access to marketing performance metrics (63% vs. 48%) and providing a common analytics platform used by marketing/business managers and analytics teams. (68% vs. 46%)

The effectiveness of an open-access approach is tied to training for generalists. Having a common and accessible analytics platform is only useful to staff that understand how to use it. Only 38% of mainstream companies report that generalists get enough training to use their analytics resources effectively.

3. Data strategy and a daily advantage for marketing

Strategies can be dry, distant documents, or they can be dynamic tools that focus decision making, speed processes and enhance the business benefits of data and analytics.

Leaders are 35% more likely to have a documented data and analytics strategy (66% vs. 49%). More importantly, they are more likely than the mainstream to have strategies that are useful to the largest share of stakeholders in marketing on a day-to-day basis. Figure 4 compares adoption across a range of elements by the two groups.

Leaders vs. Mainstream
Figure 4: Do the following apply to your organization today?

	Leaders	Mainstream	Difference - Leaders
Identifies business goals we are trying to achieve with data analytics	74%	53%	40% more likely
Strategy principles are useful for decision-making at all levels	69%	54%	28% more likely
Identifies standards and processes related to data security and privacy	68%	52%	31% more likely
How we define and measure the touch points in the customer journey	67%	50%	34% more likely
How we integrate data and related technologies	65%	49%	33% more likely

Respondents: 622

Ensure focus

What is an organization trying to accomplish with data analytics? Under the surface there might be a hundred answers, but at any given time, the company can only effectively support a handful of priorities. Only 53% of mainstream companies report that their strategy associates current, specific business goals with the data practice, compared to nearly three-quarters of leaders.

Lack of alignment creates issues of priority and resource allocation; half of all respondents say that lack of alignment in goals/objectives for data and analytics presents a significant or critical negative impact on their organizations.

For marketing, clear alignment between data-related initiatives and business goals makes it easy for the larger business to understand and support investment on the front end and evaluate the results.

Build trust, ensure alignment

Unclear definitions stop or impede many data-related initiatives. In fact, 45% of all respondents say that unclear definitions of KPIs present a significant or critical negative impact on their organizations.

To address this, 70% of leaders' strategies include definitions for KPIs in both earned and owned media. These definitions are fundamental tools for marketers. They ensure that internal discussions use the same data in the same ways, and provide a specific frame of reference for external conversations with third parties such as technology vendors, agencies, measurement services and data providers.

A ramp or roadblock to growth?

When innovators inside an organization want to explore the potential for new products, processes or structures, they need data to make the case. When sales strategists want to expand the company's reach through partnership, they need data to share and define success and failure.

Providing specific guidelines on data sharing is overlooked in most strategies. While roughly two-thirds of leaders grapple with external sharing, less than half of mainstream companies do so. The figures rise somewhat for strategies that included guidance on the internal sharing of data, to 69% and 54% for leaders and the mainstream respectively.

4. The radical impact of integrated data

The most successful brands demonstrate are aggressivene in their approach to data. They see it as the key to better decision making, customer journey analysis and, ultimately, higher growth.

Not surprisingly, this attitude extends to their investment in connecting their disparate data sources; leaders are 52% more likely than the mainstream to have integrated their marketing and advertising technology stack.

This level of integration is still rare, having been achieved by only 15% of the total sample. But the priority is there and the share is growing, with another 26% describing themselves as being on the way to an integrated solution.
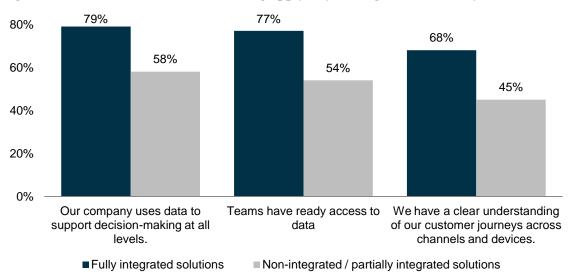
By definition, these same companies have made data a high priority. Their technology is only one part of a larger effort that includes executive support, structural openness and a strategic approach to data and analytics.

The lack of integrated data sources has a ripple effect throughout the analytics practice and wider business. Organizations that describe their lack of integration as a significant or critical challenge are much more likely to report associated issues, compared to those that don't.

- Sixty-seven percent (vs. 22%) say that analyst response is slow, limiting the usefulness of the practice and narrowing the areas on which analytics can have an impact.

- Sixty-three percent (vs. 24%) cite the significant or critical negative impact of a lack of trust in their data, which as discussed above, undermines the basic value in the data as a decision-making tool.

- Seventy-one percent (vs. 25%) say that analysis and insights are insufficient. Taken a step further, those without integration concerns are more likely to have a clear understanding of the customer journey than those with issues in tying data sources together.

Not surprisingly, comparing respondent companies by their level of technology integration shows a consistent gap in attitude and capability.

Full marketing/advertising stack integration vs. Non-integrated or partially integrated
Figure 5: To what extent do the following apply to your organization today?

Legend: ■ Fully integrated solutions ■ Non-integrated / partially integrated solutions

Respondents: 613

Several of the positive associations with "full stack" integration are evident in Figure 5 above.

Decision making is at the heart of a useful data and analytics practice. What distinguishes good from great is how widespread the benefits are throughout marketing. Is insight available only for management or is it there to help with mid-level planning and daily execution? Companies with

full integration of marketing and advertising technologies are 37% more likely to report that data is used to support decision-making at all levels.

Integrated systems allow employees to access data more easily to guide daily decisions because there's less labor involved from analysts in basic reporting and building KPIs from disparate data points. An added benefit is that analyst resources are freed for other tasks; companies with fully integrated solutions are 43% more likely to say that they have the analyst resources they need to accomplish their data-related goals.
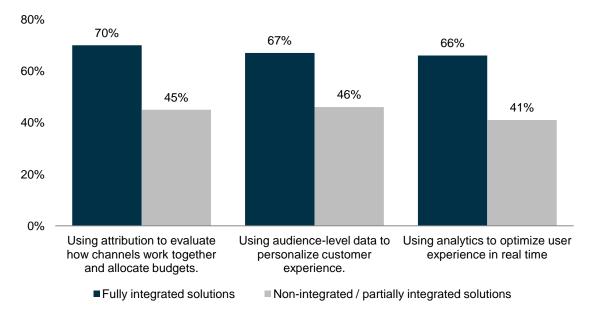
For many, the central purpose of marketing integration is to better understand an increasingly complex customer journey. Nearly 70% of those with fully integrated solutions cite a clear understanding of the path from research to retention across channels and devices, compared to only 45% of respondents at other stages of integration.

> [Analytics technology allows us to] explain the customer journey and how micro segmented clusters behave in certain device/geo/time/demographics combinations. This gives marketing valuable insights of customers and future clients.   C-level, Technology

Integration is also a significant factor in enabling both fundamental and emerging capabilities in digital marketing and customer experience management.

Seventy percent of organizations with full-stack integration use marketing attribution to evaluate channel performance and review budget allocation, compared to only 45% of those with partial integration. This allows them to better understand the forces influencing the customer journey and budget accordingly.

Full marketing/advertising stack integration vs. Non-integrated or partially integrated
Figure 6: What is the status, if any, of the following capabilities at your organization? (In place today)

Respondents: 636

The drive to deliver customer-specific content, advertising and service is powerful, but complexity has kept many companies from achieving more than rudimentary personalization. Companies with fully integrated solutions are 46% more likely to be using audience-level data to personalize customer experience than the mainstream, and are over 60% more likely to be optimizing experiences in real time using analytics.

The Customer Experience is Written in Data

5. The path forward

#1 Invest in integration

The effects of being able to effectively and efficiently associate datasets are significant in both adding capability and reducing friction between the promise and reality of data-driven marketing. Looking ahead, integration is an important — even foundational — step into the next stage of modern marketing, where focus on the individual will demand deep insight and instant action.

Fifty-five percent of all respondent companies report that a lack of integrated data sources presents a significant or critical negative impact on their organization.

While two-thirds of "full-stack" respondents are using audience-level data to personalize their customer experience, that's true for only 46% of the mainstream. A similar share of those with integrated solutions is able to optimize experience in real time based on analytics, compared to 41% of those that haven't yet pulled the pieces together.

#2 Ensure trust in the data

Marketers at every level need to trust the data, or they'll return to gut instinct and standard operating procedure.

Across all respondents, 44% describe a lack of trust in the data as a significant or critical negative impact on their organizations. That figure rises to over 50% of senior executives.

> The lack of trust is astonishing. I've seen managers completely disregard some data that showed an enormous range for improvement based on [their] lack of knowledge. VP, Professional Svcs.

If a trust problem exists, step one is to determine whether perception and reality overlap. Genuine gaps must be addressed, and even if the issue cannot be easily or quickly addressed, it must be flagged for any teams that may rely on that data. This may mean shelving a data set until it matches the expectations of the teams using it.

Mistrust may simply reflect a lack of understanding. This can easily happen if definitions are obtuse or marketing staff doesn't have the training to understand the processes that underlie data gathering and insights. Education and open discussion of weak areas can quickly and effectively shift internal views.

Efforts to build trust are rooted in clear communication. They should be complemented by opening up secure access to data and using strategy development to give everyone common definitions and an understanding of how data is managed.

#3 Encourage access

Even with data sources and marketing technology sufficiently connected, one of the most common barriers to building a data-driven culture is a lack of knowledge and human resource. Without the ability to get answers easily or quickly, teams turn away from data-driven decision making.

> We live and breathe data-driven marketing but, as a medium-sized company, we're often restrained by the limited human resources to handle the implementing, tracking, analyzing and reporting. So we use data for high-priority or important decisions.
> Manager, Technology

Across all types of respondents, 75% agree that lack of education/training on data and analytics is the biggest barrier to more business decisions being made based on data and insights.

If marketers can't get the information themselves they look to dedicated analysts, and are often frustrated. Two-thirds of mainstream respondents say that their organizations do not yet have sufficient analyst-related resources to accomplish data-related goals. A similar percentage reports that generalists do not receive enough training to effectively use the data and analytics resources their company has available.

In both areas, leaders enjoy an advantage; they are 55% more likely than the mainstream to have robust generalist training programs and 85% more likely to have sufficient analyst resources.

#4 Deploy strategies as a service

Without data we would not be able to test decisions and prove outcomes. C-level, Technology

Data and analytics strategies can have many purposes, but if done right they should speed and support decision making throughout the marketing organization. A good strategy can help its users to address a range of problems, from practical daily questions to the highest level alignment of business goals with marketing actions;

- How does the organization define the connections between customer experience and financial success?
- What is the process for dealing with discrepancies between server-side reports and analytics?
- How does marketing calculate the impact of different channels using attribution?
- Is a piece of technology a necessity or an optimization?
- How do you pull together the necessary data for a new automated campaign?

This characteristic – whether strategies are useful to a range of stakeholders up and down the org chart – is another that separates leaders from the mainstream; leaders are 30% more likely than the mainstream to describe strategy principles as useful for decision making at all levels. (70% vs. 54%)

Data and how it's used has to be defined before it can be used in essential measurement. And data needs rich context and storytelling to help guide marketers in their daily decisions. A strategy for the advancement of analytics is the foundation of progress, defining what a marketing organization is doing and why.

Companies that seek to join industry leaders in using data throughout their marketing organizations and businesses can look to their strategies as the place to start.

Methodology

This report is based on an online survey conducted in the second quarter of 2017. Invitations were sent to specific Google and Econsultancy lists, and the sample was supplemented by third-party providers. Respondents from third parties were offered an incentive to complete the survey. It closed on May 23rd with 712 qualified responses.

The sample comprised marketing executives who qualified for the study based on their seniority and organizational revenue and sector.

- Over 90% of all respondents were based in North America, with the remainder predominantly located in the UK and mainland Europe.

- Any respondent below the 'manager' level was disqualified. One-third is at the vice president level or higher.

- The study represented a wide range of consumer-facing sectors. The most heavily represented industries were financial services (13%), retail (12%) and consumer goods (10%).

- All qualifying organizations reported annual revenues above $250 million, with 60% reporting over $1 billion in 2016 and 26% reporting revenues above $5 billion.

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Econsultancy's mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises improve their marketing.

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