The Data-Driven Transformation

How Marketers Are Using Data to Rethink and Improve the Customer Journey
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Technology has freed customers to engage with brands on their own terms — researching, discussing, shopping, and purchasing at all hours via multiple devices and channels. Giving customers a standout experience with a brand requires reaching them with relevant information or offers that have value at each micro-moment of their journey. To do that well, marketers must be able to understand and quickly act on all the data available to them.

“Consumers are more in control than ever before,” says Jeff Jacobs, partner with McKinsey & Co. and leader of its category growth strategy and marketing procurement groups. “They are operating across touch points — smartphone, tablet, laptop, TV — sometimes all at the same time. And there is the absolute expectation that you will know me, what I like, and how I want to be communicated to.”

Research bears this out: 65% of consumers surveyed by Accenture Interactive said they were more likely to buy from a brand if they were recognized, remembered, and receive relevant recommendations.

“What will clearly differentiate brands going forward is how effectively they use data to deliver more value to customers,” says Gerry Murray, research director for marketing and sales technology at IDC Research Inc. “It is the competitive advantage.”
Data and analytics tools are key to helping brands rapidly identify the right audiences and their intent, deliver relevant messages, and refine tactics. But marketing organizations face challenges along the way, according to Matt Gay, head of advertising and marketing solutions at Accenture PLC. “Siloed organizations, disparate and disaggregated data sources, and lack of tool optimization are keeping them from changing strategy and plans,” he says.

To achieve their own data-driven transformations, marketers need a road map that includes three key initiatives: moving toward a unified view of customer data, fostering collaboration and connection between disparate groups, and assembling teams with the analytics skills to mine actionable insights.

Where’s your data? Why marketers need to unify systems
In the past several years, marketing technology has proliferated in many organizations, and by and large it’s delivering value: Companies that are spending the most on marketing technology are also the top performers identified in a recent study by the Association of National Advertisers (ANA)² (see Figure 1, “Top Performers Are Investing in Technology,” below). However, all that purchasing has led many companies to assemble an array of disconnected point solutions. Social marketers, merchandisers, and mobile marketers each have their own tools, while external partners may use completely different platforms. If marketers don’t have a unified technology stack, it’s difficult to not only consolidate the data to create a holistic picture of customer behaviors across channels but also determine the effectiveness of marketing efforts across the customer journey.

Before marketers can think about performing reliable, insightful analytics or delivering more customized experiences, they must aggregate their data. “Creating an end-to-end understanding of how customers flow across functions requires shared data sets, systems, and processes — not just across the marketing group but from advertising and sales to fulfillment and customer service,” says IDC’s Murray.

This means consolidating core systems, including multichannel marketing and advertising systems, content management, customer data management and analytics, and collaboration and reporting tools. A key part of the digital transformation at Sprint Corp. has been to regain control of customer data by setting up an in-house digital marketing agency (see page 8). The company is consolidating data gathered from across the spectrum of channels and devices to better understand customers and deliver the right messages. Sprint wants to use that data to improve customer experience at all stages of the life cycle by making the right information available to support teams, as well.

### Figure 1

**Top Performers Are Investing in Technology**

A greater percentage of higher revenue organizations report they are “very effective” at investing in new technologies.

(Percentages reflect “very effective” responses provided by study participants in two segments: the full survey sample and the top-performing companies that are generating revenue at a rate higher than the market.)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Higher revenue</th>
<th>Significant difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actively investing in new technologies</td>
<td>67%</td>
<td>73%</td>
</tr>
<tr>
<td>Hiring new talent</td>
<td>60%</td>
<td>63%</td>
</tr>
<tr>
<td>Actively moving resources to new sources of business growth</td>
<td>52%</td>
<td>55%</td>
</tr>
<tr>
<td>Scenario planning</td>
<td>49%</td>
<td>55%</td>
</tr>
<tr>
<td>Actively testing new business models that could disrupt our own business</td>
<td>43%</td>
<td>47%</td>
</tr>
<tr>
<td>A dedicated team to analyze possible disruptions and their impact</td>
<td>43%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Base: 158 client-side marketers
Source: Association of National Advertisers
Building connections, encouraging collaboration

Although new technology platforms can deliver an omnichannel view of what’s happening at various touch points, it can be difficult to make use of that perspective if organizational barriers limit how teams work together.

Many marketing organizations are still segmented by channel, product, or geography. “A lot of companies operate with very distinct silos, and they’re not thinking holistically about the consumer’s experience,” says McKinsey’s Jacobs. They implement campaigns and other customer communications independently, with little coordination or visibility into overall business outcomes.

Organizational silos and difficulties aggregating data are top challenges to using customer data for better audience targeting, according to a recent Accenture study (see Figure 2, “Top Challenges to Better Audience Targeting,” above). And according to a 2017 ANA study, over one-third of marketers report that their company’s organizational structure — often based on internal functions rather than customer needs — does not position them for growth.

In contrast, more collaboration has been found to result in a more effective marketing function. In a McKinsey & Co. study, 51% of top-performing marketers were part of a networked organization — one where cross-functional teams come together as needed — compared with just 18% of lower-performing peers. These high performers also met more frequently with other parts of the business to create and deliver customer experience journeys.

One way to inspire and promote a more collaborative culture is by giving people a glimpse into what their colleagues do every day. “Take a social marketer and get them to spend a day shadowing an event manager or work side by side with the email folks,” says IDC’s Murray. “They can get a better understanding of what the other group does, what analytics models they use, and how they might work together and leverage each other’s insights.”

Tapestry Inc., the new corporate name of the luxury fashion and accessories group formerly called Coach, is breaking down silos on an even more ambitious scale (see page 7). Its centralized data analytics team is pulling together data not only across multiple channels of customer engagement but also from three formerly independent companies — Coach, kate spade new york, and Stuart Weitzman. The resulting richer view of the customer will be leveraged to support the company’s strategies.

Develop analytics skills on the marketing team

Marketing organizations need to bring hard-to-find quantitative skills into the workforce, whether by hiring or training existing staff, to complement more traditional strengths. “Marketing organizations have very, very smart people who know about brands and advertising, and consumer insights, but they also need data scientists, mobile developers, and other titles that weren’t part of marketing organizations in the past,” says McKinsey’s Jacobs. “Identifying the talent that is required and bringing it into the organization is critical.”

The Consumer Health group at Bayer AG, for example, established a digital measurement center of excellence that...
combines marketing, data, and technology skill sets (see page 6). It’s also training brand and support teams so that they have the skills needed to support the new strategy. The result is an improved ability to mine insights used to boost engagement and drive more efficient campaign spending.

At Sprint, supporting its digital focus will mean hiring about 100 people in 2017 and more in 2018. The company is building its team with experts in creative development for display, programmatic digital media, paid search, media buying, and analytics, as well as other digital areas, such as web development and operations.

Marketing can incorporate not just expertise but also approaches from other disciplines. Some marketing organizations are taking a page from information technology and using the agile methods often applied to software development, Jacobs says. This includes embracing a test-and-learn approach to measuring marketing effectiveness and a willingness to experiment.

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Lay the foundation for innovation

Adopting the systems and structure to support data-driven strategies will fuel the next decade of innovation in marketing organizations, says IDC’s Murray. Data-driven marketing will enable these groups to provide customers with entirely new kinds of experiences and messages that add value to their lives.

For organizations to be successful, “marketers need to define and implement road maps that not only show business results quickly but also make some fundamental operating and capability changes,” says Accenture’s Gay.

The goal to keep in sight is laying a data and analytics foundation that can support the ongoing construction of a data-driven marketing capability. “This is not the future, it is now,” Gay says. “You can make great progress in less than a year with quick wins along the way. Then you can actually implement the new strategy and plans that you want to on a solid foundation.”

Endnotes

The Opportunity
When Jeff Rasp joined Bayer AG’s Consumer Health division as director of digital strategy in 2015, the business’s marketing data was disjointed and dispersed. There was ample opportunity to use data more effectively to measure the impact of marketing expenditures, optimize performance, and drive revenues and growth. By integrating customer data, the division could also create a holistic view of the customer journey to better understand consumer behavior and deliver more customized messages.

The Challenge
Because media buying was outsourced to third parties, the marketing and advertising teams had limited access to data and decisions on marketing spend. Each channel — mobile, ad servicing, programmatic — was managed independently, and the data wasn’t integrated with Bayer’s marketing analytics platform. The proposed data-driven transformation also required tools, capabilities, and best practices that were new to Bayer. In addition, internal constituents and agency partners had to be sold on the strategy and the changes needed to implement it.

The Approach
With the overarching strategy in mind, Rasp’s team spent a year assessing Bayer’s existing technology landscape, looking for capability gaps and taking a second look at point solutions that might be used more strategically as part of a unified technology environment. They uncovered a content management system, for example, that could connect to their analytics system, enabling Bayer to tailor content to specific customer segments.

Rasp’s team then established a digital measurement center of excellence to guide the transformation. The center brings together individuals with marketing, data, and technology skills and fosters collaboration among measurement strategy, IT implementation, agency partners, and the insights team.

The team also assembled a marketing insights platform capable of ingesting and analyzing a wide variety of customer behavior and transactional data using a single customer ID. It then built the company’s first attribution model to analyze the reach and effectiveness of marketing efforts across customer touch points.

Education was critical to getting everyone on board. That effort included introducing the company’s new capabilities to brand marketers who were less digitally savvy, as well as building tutorials into the platform to guide them through the new processes. “We needed to make sure they understood the big picture of what we were trying to do,” Rasp says. Their perspective needed to shift from a wary, “That’s not how we do things,” to an excited, “Oh, now we can do that,” he says.

Rasp’s group also worked closely with Bayer’s legal and compliance team to update the company’s data privacy policy to cover the new data mining and personalization activities. With the ability to map customer IDs to digital devices, Rasp and his team look forward to taking personalization even further.

The Path Forward
The new technology platform went live in December 2016, and it is already delivering results. With a single view of the customer, Rasp’s team was able to determine that too much money was being spent on reaching certain individuals, while opportunities to reach others were being missed. Optimizing that outreach has reduced wasteful spending by 30%.

Now that Bayer has more precise measurement capabilities, it can also hold its data providers more accountable. “I can ensure that if it’s purchase-level data, that the data provider is giving me the greatest value for that division,” Rasp says. “If not, I can migrate to another one where I do get better return.”

As the company continues to act on data insights and develop more tailored messages for specific customer segments, engagement has improved by more than 50%.

“We are now living in a data-driven organization with the ability to measure across channels and use the data to evolve strategy and optimize approaches,” Rasp says. “The team is able to capitalize on more complex capabilities like audience segmentation to deliver more relevant messages.”

At Bayer, Data Drives Move to Customer-Centric Marketing

At a Glance: Bayer AG
Industry: Life sciences
Headquarters: Germany
Founded: 1863
Employees: Over 115,000 worldwide
Source: Bayer AG
The Opportunity
With the recent unveiling of its new corporate name, Tapestry Inc., the company underscored its creation of the first New York-based house of luxury fashion brands. That strategy has driven Parinaz Vahabzadeh’s mission since she re-joined the company four years ago. As vice president of Global Data Labs, her mandate is both to develop an omnichannel view of consumers’ activity and to drive customer engagement across an expanding brand portfolio that now includes Coach, Kate Spade New York, and Stuart Weitzman.

“Our vision is to drive and execute a strategic management of data and our portfolio of brands, and to develop a centralized analytics function that leverages that information to help drive revenue for the company,” she says. The analytics team will support not only marketing and merchandising, but potentially also inventory optimization, human resources, and demand forecasting.

The Challenge
Vahabzadeh’s 11-person team of data engineers, data scientists, marketers, and analysts is responsible for customer data from the moment it’s collected across any touch point globally for all three brands. The team manages data privacy, data organization, and data optimization; partners with IT to build data pipelines into the tech ecosystem; and provides the tools for the business to leverage the data. That’s a big job, and Vahabzadeh says that executive-level support and advocacy from the C-suite has been critical to accomplishing it.

As I’ve become more focused on data science, I see companies struggling with how to organize teams, organizationally where they should sit, and what their mandates should be,” she says. “But one of the other things that is really key — and I see it across every organization — is the cultural change that’s involved in helping people to make data-driven decisions. With everything that we’ve done over the last three years, we’ve spent about 50% of our time on cultural change.”

The Approach
The centralized analytics group, known as the Data Labs team, does not report into a specific business function, which is a good starting point for meeting its cross-functional objectives. It has left behind the old service-center approach to focus on empowering data consumers. “Our mandate is to democratize the data,” says Vahabzadeh. “As a small centralized team, we need to find ways to focus on the most impactful projects and enable the broader teams to run analytics independently, as well.”

The team created customized tools and platforms that gave users more options for accessing and working with data. That effort included a lot of planning and discussion around what types of questions the analytics group should enable cross-functional partners to answer themselves, explains Terrence Lai, director of data science and customer analytics.

Identifying the small minority of users who are either early adopters or detractors is vital in encouraging adoption of new analytics tools, Lai points out. Because detractors are often the most vocal, it’s important to work closely with them to foster partnerships. At the same time, helping fuel the success of early adopters and advocates builds the case for adoption internally.

“If you can find one or two early adopters of customer analytics or predictive analytics within the company and leverage their success stories, others in the company will follow,” Vahabzadeh says, “especially in a results-driven environment such as ours.”

The Path Forward
Although its original foundation was as the Coach.com analytics team, Vahabzadeh’s group is making progress toward realizing an omnichannel view across Tapestry’s brands. A few months ago, it brought Stuart Weitzman data into the analytics ecosystem, and it plans to finish onboarding the Kate Spade New York data by the first quarter of 2018. That will result in shared data that’s visible across three brands, and includes both online customer activity and offline transactions that occur in brands’ retail stores.

Says Vahabzadeh: “I don’t think we’ve even scratched the surface of leveraging that data set in the digital ecosystem.”
Sprint’s New Data Foundation Fuels Experimentation

The Opportunity
In the highly competitive U.S. wireless industry, Sprint Chief Digital Officer Rob Roy says a data-driven strategy has been critical to the company’s transformation effort, turning the number-four carrier into a more agile and focused omnichannel marketer. “We wanted to make data-first decisions,” Roy says, “so we need to have the capabilities in-house to do that.”

Roy successfully made a business case for creating an in-house digital marketing agency, with the goal of streamlining internal communications, increasing speed to market, boosting annual cost savings, and taking a more data-driven marketing approach.

The Challenge
This effort has required Sprint to regain control of its customer data, which until recently was managed by external ad agencies and marketing partners. Data and technology professionals also worked separately from the marketing team, further hampering customer data analytics efforts.

The Approach
A key step in building in-house capabilities has been recruiting talent, including digital marketers, data scientists, and technology professionals. “We needed to get the right people who know how to build the architecture to house all the data,” Roy says. He also made organizational changes to have some data and IT professionals from within Sprint roll up to the new team. “That was a change in mindset about where your data scientists and technology talent should live.”

The digital group designed a technology foundation capable of correlating large volumes of customer data in real time and delivering insights to Sprint’s data management platform. These insights can be shared throughout the company, not just in marketing, to solve a variety of business challenges.

The team has developed a strategy for collecting, integrating, and ensuring the quality of data from across channels and devices, including web, search, display advertising, email, social media, retail stores, call centers, and third parties. By cleansing and consolidating this information, the organization could begin to perform more robust analytics and customer segmentation.

The Path Forward
The in-house digital marketing agency, which began operating in September 2017, enables Sprint to take a more data-driven approach to media buying, including conducting tests to measure the impact of its digital marketing efforts. In fact, Roy earmarks 20% of his budget for experimentation. “Today’s environment calls for experimentation, not just optimization,” he says.

One of the group’s first experiments measured the impact of paid search on in-store traffic. Company leaders suspected that those digital investments drove not only online conversions but also retail traffic and sales. Over eight weeks, Sprint increased paid search spending and saw digital sales grow 20% and in-store sales rise 32%.

In another test, Sprint discovered it could increase sales conversions by customizing campaigns for certain customer segments that the company hadn’t paid attention to in the past. Of course, not every experiment yields meaningful results, but to Roy, that’s all part of the test-and-learn mindset. “If we’re not failing [some of the time],” he says, “we’re not pushing the envelope far enough.”

With its integrated digital marketing systems, Sprint is starting to build better customer profiles and serve these segments with more relevant customer experiences. “We can understand the moment that a customer is experiencing and tailor a message to that moment,” Roy says.

That real-time capability could be a game changer for other business functions, from the customer relations team to the prepaid wireless unit, which have already started using the analytics intelligence. “It’s spreading across the organization in a meaningful way,” Roy says. “For the first time, everyone will be using the same data. That’s a huge win.”

“At a Glance: Sprint Corp.

Industry: Telecommunications
Headquarters: Overland Park, Kansas
Founded: 1899 (as Brown Telephone Company); established in 1992 as Sprint
Employees: 28,000
www.sprint.com
Source: Sprint

“We can understand the moment that a customer is experiencing and tailor a message to that moment.”
—Rob Roy, Chief Digital Officer, Sprint

The Data-Driven Transformation: How Marketers Are Using Data to Rethink and Improve the Customer Journey

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From smartphones and tablets to smartwatches and connected TVs, people always seem to be attached to some kind of device. These new technologies have changed the way consumers browse, research, and shop — and they’ve also made them savvier decision makers. To stand out today, brands need to find ways to stay relevant in real time. That’s where data comes in.

Data helps you see and do more. It helps marketers get a more complete view of their customers across touch points, spot trends, and test new campaigns. Better data also helps companies deliver more personalized messages across channels, boosting relevance and giving brands a competitive edge.

With information flowing in from so many channels and devices, the first step toward data-driven marketing is developing a strategy for getting your data house in order. When marketers begin to integrate different information sources, companies can uncover insights to help reduce wasteful spending, deliver more value to their customers, and ultimately increase revenue.

But it’s not just about integrating data. It’s about acting on unique insights the data provides. Leading marketers — those who’ve outperformed their top business goal in 2016 — are more than twice as likely as mainstream marketers to say that they routinely take action based on insights and recommendations from analytics.1 Those leading marketers are also 1.5 times as likely to have an integrated marketing and advertising technology stack to help them get the job done.

The leaders at Bayer, Sprint, and Tapestry Inc. (the parent company of Coach, kate spade new york, and Stuart Weitzman) have taken steps to make those connections across data, teams, and technology to deliver better experiences for their customers and better results for their businesses. They also understand that data-driven marketing is an ongoing journey, so they continue to test and learn.

We conducted research and talked to other marketers who are building a data strategy, and we hope their stories, frameworks, and best practices can help you in your transformation. Check out The Data-Driven Marketer’s Strategic Playbook to learn how you can unlock the power of data to better understand your customers and deliver better experiences.

— Sean Downey
Vice President, Media Platforms, Google

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1. “The Customer Experience is Written in Data,” Econsultancy/Google, May 2017 (Respondent details: n=677 marketing and measurement executives at companies with over $250 million in revenues, primarily in North America; n=199 leading marketers who reported marketing significantly exceeded top business goals in 2016; and n=478 mainstream marketers [remainder of the sample]).