

RESEARCH

## Data-driven marketing strategies see 47pc increase in consumer loyalty

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*Forbes Data-Drive report*

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By NANCY BUCKLEY

Collecting data for marketing purposes is becoming the way of the future, but 21 percent of brands surveyed do not collect any analytics, according to a new report from Forbes Insights.

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Data-driven marketing is when brands use data to reach marketing goals and measure results. Data has always been about who bought something, where they acquired it, when they purchased it and what the item was, but with increases in data consumption, brands can now look into why a consumer bought it and adjust their marketing strategies toward this information.

"Data-driven marketing is not an activity that should remain confined to a segment of the marketing department," said Joe McKendrick, analyst and contributor at Forbes Insight, Doylestown, PA. "It is not an activity that gets conducted, processed, and then forgotten about. Rather, it's a change in the way the organization organizes itself around the brand, focuses its employees and interacts with customers.

"Data-driven marketing encourages companies to maintain a continuous cycle of

interaction with their customers, to keep learning and evolving as customers' needs change," he said. "Most companies recognize the need to embrace data as the key to growth and understanding. However, most are only beginning this journey."

Forbes Insights, in association with Turn, conducted a survey in October 2014 and received 331 responses from senior executives to compile the “[Data Driven and Digitally Savvy: The Rise of the New Marketing Organization](#)” report.

## Collect for results

As a result of data-driven practices marketing tactics have turned toward a continual process of engagement and learning. Marketers have access to data for each individual consumer without a survey. Facts and figures allow brands to develop in-depth marketing plans that are geared toward consumers.

However, if a brand wants to enact data-driven marketing they must incorporate it within the organization; it cannot be from one program. Many executives in the survey admitted to the lack of integration throughout the entire brand.



## *Leaders by industry*

Also, for 55 percent of brands surveyed, data is a key factor from the very beginning of a marketing campaign, guiding it through the process.

Only 11 percent of the brands surveyed are considered leaders in data-driven marketing. The brands earned this position through always measuring results with analytics and basing all marketing decisions on data.

These leaders are technology and telecommunications companies as well as retail brands.

Those in consumer goods and automakers lag behind with their data-driven marketing strategies.

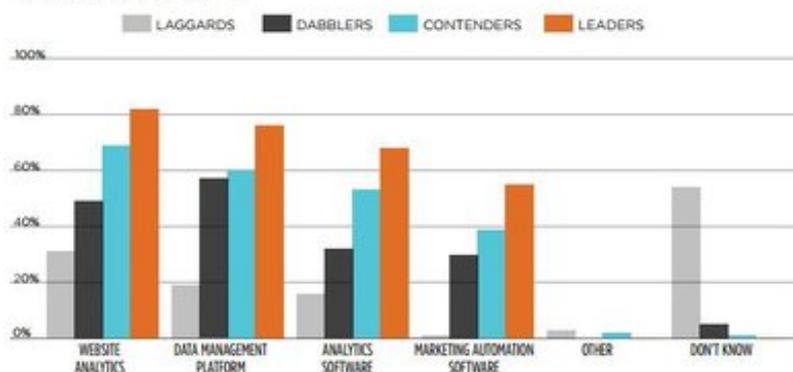
Results from these marketing tactics have produced greater consumer loyalty and engagement and the attainment of new consumers. Looking at audience data has changed 38 percent of the brand's targeting strategies and for some has even completely altered the course of a campaign.

Brands that do not have data behind their marketing strategies have statistically seen a drop in the retention of their consumers and have seen little increase in profitability.

"Starting small is good advice for companies of any size," Mr. McKendrick said. "Start with small pilot projects to test campaigns and ideas.

"Most importantly, be flexible, and don't be afraid to change course. Working with data affords brands the opportunity to quickly assess the results of their efforts, and to rapidly switch gears," he said. "The data-savvy segment in our survey—which we define as enterprises who are well ahead with data-driven marketing efforts—demonstrate far greater flexibility to change in their marketing efforts. A majority of these leaders, 58 percent, report that data-based feedback has given them cause to extend or repeat campaigns, and close to half have altered campaigns already under way."

FIGURE 27. TECHNOLOGIES CURRENTLY EMPLOYED FOR DATA-DRIVEN MARKETING  
— BY STAGE IN DEVELOPMENT



### *Sources used for Data*

The information that is collected from consumers is also important in enacting and maintaining a data-driven platform.

Sixty-two percent of brands collect demographics, 42 percent collect behavioral data and 38 percent redeem information from online transactions. Brands are required to use data collected from different platforms and varying sectors of the company to create a cohesive marketing strategy.

In order to bring all this information collected into a brand's marketing plans, a brand is often required to make new hires to bring in skills that have previously been missed.

Many brands also reported that the use of these facts and numbers have resulted in the ability to measure the ROI of marketing campaigns as well as a change in the organizational structure to better use the information.

Understanding trends, habits and desires of consumers has been increased through technology and has allowed brands to look at a more detailed analysis of their consumers. These technologies include Web site analytics, data management platforms, analytics software and marketing automation software.

Brands looking to become a data-driven marketing leader are encouraged to integrate their analytics from senior management down and integrate it throughout the company,

provide training for staff to better understand the data, hire new employees trained in data analytics, assist business decision makers in understanding the information and look at the business results.

"For many marketers, taking on data-driven marketing can seem complicated – but it doesn't have to be," said Paul Alfieri, senior vice president of marketing at Turn, New York.

"Working with a trusted partner such as an integrated marketing platform or tested data-driven agency can help support the transition," he said. "It starts with identifying the data that you have – traditional sources such as mailing lists, purchase records and sales databases as well as the data that comes out of digital identifies such as cookies. Integrating these together provides a better understanding of your customers, which you can then combine with third-party data to build a complete picture of audience behaviors, attributes and content habits."

### Big data, big ideas

It has become easier to collect data on consumers since individuals leave a trail wherever they go, but figuring out how to analyze and use the information can be daunting, according to a panel April 24 at the iProspect Client Summit.

However, if a brand can mine data correctly, it can be used to personalize and enhance the consumer experience while interacting with the brand. This is particularly true of retail, where a consumer expects a level of personalization after beginning a relationship with a store ([see story](#)).

One brand that has been using in-store data to change the brand's awareness of individual stores is La Perla.

The Italian lingere brand teamed with a software platform to create a platform that was implemented for all La Perla boutiques and fashion stores where its products are sold.

La Perla worked with MicroStrategy Mobile to analyze sales and other company data points through key performance indicators. This new technology allowed La Perla to be aware of information in all its stores and make necessary alterations to tactics without too much delay ([see story](#)).

As data-driven marketing increases, brands will be adding more strategies to their marketing tactics.

"There will definitely be more of it in the years to come," Mr. McKendrick said. "What is important to keep in mind is that marketing will not be 100 percent data driven – there's still a need for human guidance.

"All the data in the world is worthless without the context that human decision-makers put to it," he said. "Plus, the enterprise needs to be on board with these projects. Marketing is no longer a dark art practiced within a solitary department – everyone in the organization, to some degree, is now a marketer, whether assessing product feedback data for the next

stage of design, or reviewing sales data."

## Final Take

*Nancy Buckley, editorial assistant on Luxury Daily, New York*

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