

RACONTEUR

# The CMO agenda





## Who we are.

It started with highly respected, highly frustrated executives who felt locked out of their own business data. And when you get that much talent and experience focused on one problem—making data more accessible to business leaders—you get a phenomenal solution.

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RACONTEUR

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Data-driven marketing puts statistics and measurement at the centre of a discipline traditionally dominated by passion and creativity. This report asks: what's the best mix for success?

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Getting to the action



# Rise of the data-driven marketer

Data is no substitute for creative thinking, and only the most innovative marketers will deliver impact in today's competitive landscape

MAISIE McCABE

**W**hen the lingerie brand Cosabella became frustrated with its digital agency partner it took drastic action – it hired an algorithm to take over. “Albert” has handled the brand’s paid search and social media marketing ever since. The results are impressive. Cosabella has tripled its return on its advertising investment and increased its customer base by 30 per cent.

Ninety per cent of all data that exists today was created in the last two years. Marketers are inundated with facts. Alongside traditional sales and brand-tracking stats sits a plethora of information on everything from online searches and social media conversations to live user experience and real-time ad performance. But are all of the answers in the numbers, waiting to be found by the right algorithm? Or, do the human skills of intuition and creativity still have a role to play for brands wanting to make people buy things and do stuff in this data-bloated world?

Matthew Heath, the chairman of M&C Saatchi-owned agency Lida, believes the volume of data now available has fundamentally changed the discipline of marketing.

“It’s not just the scale of data but our ability to store it and process it cheaply and quickly,” Mr Heath explains. “Marketing feels less like intuition and more science.” His enthusiasm is perhaps unsurprising given Lida’s heritage in direct marketing, as new technology has transformed the sector.

While Mr Heath insists data does not provide a substitute for creative thinking, he says it can provide the “right fuel and insight for that creativity”.

Data-driven marketing does not have to mean display ads following you around the internet. A recent Lida email campaign for O2 created personalised videos for customers coming up to the end of their contract, suggesting which phone was right for them and highlighting O2 benefits in their area. In a world where 58 per cent of people don’t upgrade because they’re happy with their phone, a third of the email’s recipients not only upgraded but also increased their tariff.

Anna Watkins, the UK managing director of Oath, the parent group of Yahoo and *The Huffington Post*, believes the route to effective marketing is working more closely with agencies and media partners not cutting them out. “Having partners who can build the right level of insights from the initial creative meetings helps inform an idea that will work across multiple platforms and channels,” she says.

But not everyone believes in opening up the creative process to data scientists – or anyone else. Creative agency professionals can be particularly protective.

“You don’t want to lose the intuitive touch,” says Nick Farnhill, chief executive of the sister advertising and digital creative agencies Publicis London and Poke. “You can use data to prove and evaluate why an idea is a good thing, but shouldn’t be in a situation where you’re relying on that for why you’re taking an idea forward.”

Marketers also need to make sure the possibilities of data-driven communications do not distract them from the basics. Sonia Sudhakar,

the marketing director at Guardian News & Media, says the dangers include “getting lost in theoretical and technical discussions which distract you from the core marketing task, forgetting the art when concentrating on the science and neglecting brand comms because your data-driven comms are showing direct, measurable impact”.

Meanwhile, Suki Thompson, the founder of marketing consultancy Oystercatchers, warns of the additional risk of overinvesting in technology. “Brands that invest considerably more in technology than in people who have the insight necessary to exploit the opportunity will fail,” she warns.

Sometimes a single statistic is all you need. Back in 2004 Sainsbury’s based its corporate strategy around a simple idea. Its then-ad agency Abbott Mead Vickers BBDO realised that Sainsbury’s £2.5-billion three-year sales growth target translated to increasing each transaction by just £1.14. Sainsbury’s stopped trying to get the big shoppers to spend more and instead encouraged everyone to “try something new today”. And they did. Sainsbury’s profits rose 43 per cent and it increased its sales by £1.8 billion in two years.

Laurence Horner, the strategy director at creative agency Lucky Generals, is not convinced the fundamentals of marketing have changed. “All the great marketers I’ve worked with have been not only data-literate but data-fluent,” Mr Horner explains. “They’ve had a running tabulation of data points about the brand in their heads at all times. They knew what mattered and they made sure they were measuring it.”

For all the fuss – a fifth of retailers cited data-driven marketing as the most exciting opportunity this year in the Digital Trends in Retail report from Econsultancy and Adobe – the growth in digital analysis does not always correlate to results. Deloitte and Duke University’s The CMO Survey found the amount spent on marketing analytics is expected to almost triple over the next three years, despite the fact it has barely improved its effect on performance in the last five years.

The scale of data available to marketers has made the job of interpreting it more complex than ever. But marketers need to avoid being distracted by the biggest or shiniest toy. Often the best campaigns come from the simplest insights. Algorithms have their place but – for the moment – are likely to miss them in favour of the most easily measured.



**5.8%**

of marketing budgets are spent on marketing analytics

**198%**

projected growth in budget spent on marketing analytics over the next three years

# Delivering performance with data

In an increasingly connected world, many organisations are failing to take advantage of performance marketing

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## OLIVER PICKUP

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**P**erformance marketing, the catch-all term referring to online projects in which advertisers pay marketing organisations when a specific action is completed, is nothing new. However, it is undeniably growing fast.

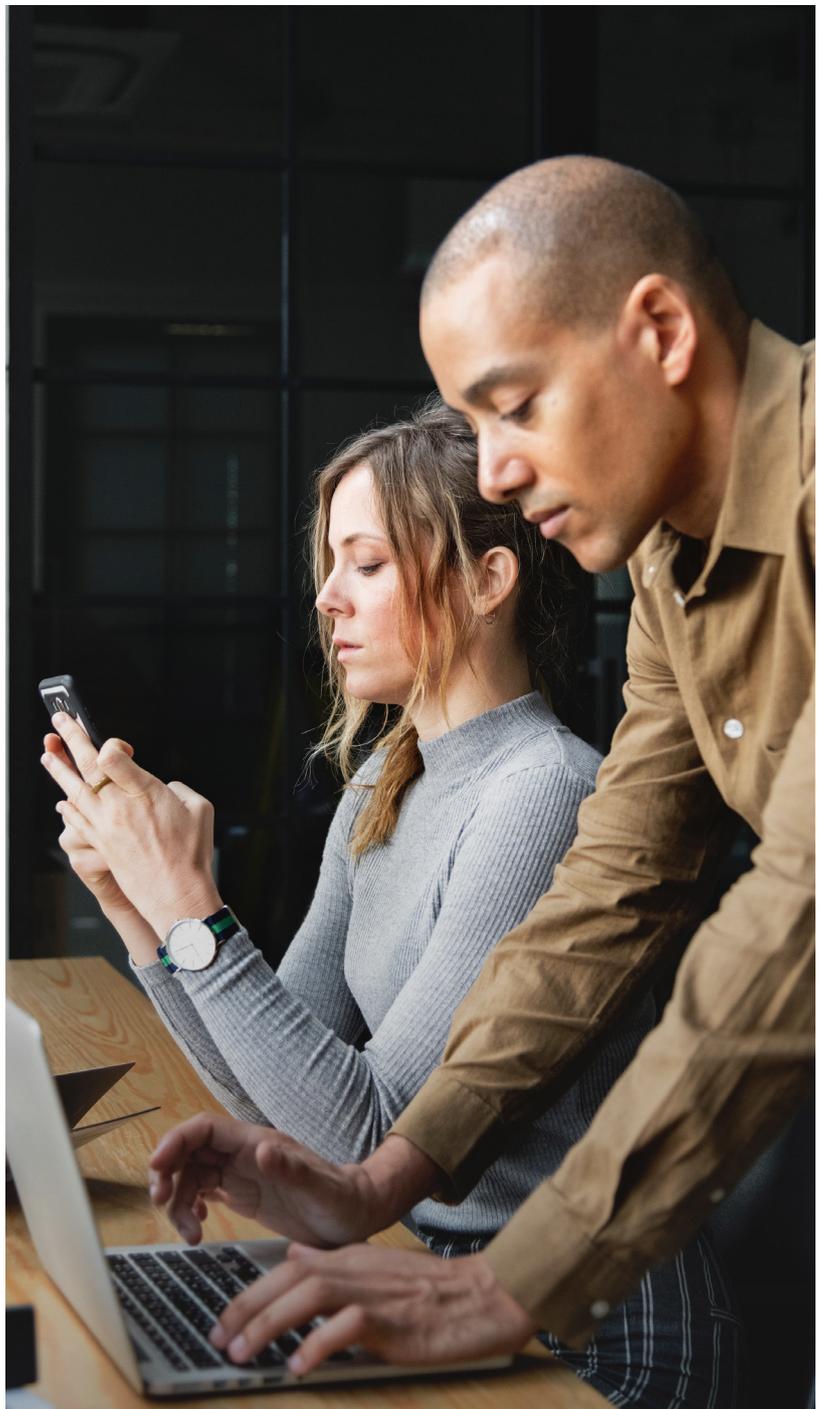
Global advertising spend hit a record £115 billion in 2017, a year-on-year increase of 14 per cent, according to the Interactive Advertising Bureau. In large part this is thanks to its focus on outcomes – such as leads or sales conversions – compared with more traditional digital metrics, like page impressions or clicks.

One explanation for the boom in performance marketing is an increased access to, and understanding of, data. But is this relationship causal or a correlation, and what does the future hold?

“Great marketing has always been data driven,” argues Jack Swayne, managing director of marketing agency iProspect. “Data helps marketers understand how people make purchase decisions and enables them to influence those decisions.

“The difference now is that there is a greater access to data, and a growing number of digital touchpoints. This allows marketers to: better understand people as individuals and their purchasing journeys; reach specific groups, thus minimising wastage; and know what percentage of their advertising is working.”

He adds: “It is the digitisation of media and the benefits that it brings that has resulted in the increased popularity of performance marketing. As long as the world continues to become more digital – which it will – then performance marketing will continue to boom.”



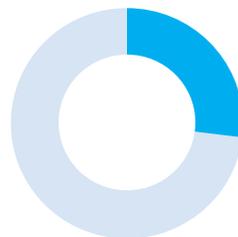
Rhiannon Prothero, marketing director of SAP in the UK and Ireland, asserts that a high majority of organisations are failing to take advantage of performance marketing. “We live in an increasingly connected world, where user behaviour is giving businesses ever greater insights into consumer interests, and yet only 28 per cent of marketers are using data to deliver personalised customer experiences across their channels,” she laments.

“Data has pointed to shifts in consumer preferences. Just look at how Netflix has basically killed ‘normal’ television. Despite this, only in 2017 did digital advertising spending finally surpass TV advertising spend.

“The rise of mobile has allowed everything down to a consumer’s foot traffic to be tracked and charted. To craft these numbers into effective communication, and to keep pace with change, marketers need to become technologists.”

Jon Clarke, chief executive of Cyance, agrees that those who “speak data” will win the future. “Brands need to work smarter when attempting to attract and engage with their customers – there is no place for lazy, mass-marketing anymore,” he warns. “The challenge is that most marketers are overwhelmed by the sea of data now available. The value lies not in the data, but the ability to extract actionable insights, driven by customer behaviour, to establish what customers want and need at any point in time.”

Finally, Mr Clarke declares it is a “no-brainer” to embrace data-driven performance marketing. “By using these insights to establish who to target, when and with what message or offer, you can improve digital advertising clickthrough rates by as much as six times, generate three times more marketing leads, and convert almost four times more sales,” he suggests. “And you can realise these business benefits for as much as two-thirds less effort.”



**28%**

Marketers using data to personalise on-site experience

Experian survey, 2018



## Data-driven traveller marketing

For an example of how performance marketing has grown in the last decade, consider the fortunes of Sojern. The San Francisco-headquartered organisation provides data-driven traveller marketing, was founded in 2007 and has since expanded to 13 offices around the globe with over 5,700 travel customers worldwide. In 2017 they surpassed the \$100 million (£78 million) annual revenue run rate threshold.

“With the speedy growth of the internet of things and consumers utilising multiple devices and platforms, data streams are accelerating at a rapid rate, as is the level of complexity,” says Matthieu Betton, who heads up Europe for Sojern. “The challenge then becomes not how to gather data, but how to interpret the data to add real business value smartly.”

Mr Betton provides two instances where Sojern’s expertise have delivered exceptionally impressive outcomes. First, for Hertz, data-driven performance marketing led to more than 45,000 bookings for the vehicle-hiring organisation in only nine months.

Second, Sojern worked with Starwood, one of the world’s leading hotel and leisure brands with a portfolio of more than 1,200 properties. The first weeks of the campaign were spent strategically monitoring which origin markets were performing best. The campaign was then optimised towards those markets. Consequently, Sojern far exceeded the target of €3:1 return-on-investment (ROI) ratio for five of the six destinations, reaching as much as €10:1 ROI in one. Overall, Sojern generated more than €127,000 (£114,000) in direct booking revenue for Starwood from the campaign.

Offering a final piece of advice, Mr Betton says: “The successful companies will be the ones that focus on the science behind the data and not just the data itself. Those who don’t will be left for dust.”

**“Brands need to work smarter when attempting to attract and engage with their customers – there is no place for lazy, mass-marketing anymore**

Jon Clarke, Cyance

# Making attribution work with culture

In many organisations there are so many processes, parties and systems involved in the lead-to-sale ecosystem that proving the return on investment of top-of-funnel marketing spend can be hugely challenging. **Mark Johnston, marketing director** at US software company Domo, explains why accurate attribution is crucial, and why the challenge is no longer a technical one...

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## MARK JOHNSTON

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**M**odern attribution is often narrowly defined within marketing, and fails to look at the broader context of the business. Yet, as consumer behaviour has grown in complexity, in line with an explosion of new channels and technologies, it is more important than ever for organisations to achieve a holistic view. Chief executives have to create a company-wide culture that crushes silos and encourages every employee to see how their work impacts the wider organisation.

**2x**

Uplift in digital marketing spend by firms that measure ROI

Adobe survey, 2018

**26%**

Executives not confident they are measuring ROI on digital marketing

How many marketing teams look left or right across the business and appreciate that while their own metrics may have gone down, another department's have gone up as a result? This is the effect of attribution. People need to understand that success can be indirectly attributed to their activity. So marketers have to look beyond the marketing department.

Data is the proof that can bridge the divide between marketing and sales, providing the accuracy and validity to demonstrate the impact of marketing activity, and to communicate this value across the organisation.

As the legendary 'Marketing Technology Landscape' infographic by ChiefMarTec's Scott Brinker demonstrates, there are nearly 7,000 marketing technology solutions out there, yet it has never been easier to connect the numerous data sources and tools that exist within a company. The challenge is no longer simply technical but personal, and organisations need to strike a sweet spot between securing, governing and distributing data, empowering everyone in an organisation to make better decisions and add more value to the business.

An integral part of this is talent. The role of the marketer has been transformed, but it isn't as clean cut as having science people or creative people – we need to think about a blend of skills. The skill set of the next generation of marketers straddles commercial nous, data know-how and creative excellence. Senior marketers should be thinking about how they develop and nurture that talent.

Another challenge lies in looking beyond the use of marketing data and understanding the bigger picture. We work with US retailer Target and their attribution model uses sales information to inform their marketing activity. For example, if their New Jersey store runs out of a certain product, they can quickly see which marketing channel or activity to turn down to reduce demand in that particular store.

Attribution is not just about the short-term context of sales either. A colleague of mine worked on personalisation for a large brand which used to carry out A/B tests to increase sales, but they never connected sales data to returns data. Knowing that you sold 100 items but had 85 returned is critically important for an attribution model, because siloed data is meaningless.

It goes back to culture – marketers need to care about the business beyond the marketing department.

Attribution is often very focused on lead to sale, but it is also important to be able to attribute the effects of longer-term initiatives. For example, brand campaigns can have a massive impact on sales, but because they are longer term it is harder to attribute sales growth to activity that may have happened one or two years before.

Real-time data is hugely important too, yet while a lot of people might have real-time insight, they are not necessarily taking real-time actions.

**marketers need to care about the business beyond the marketing department**





I worked with a big media agency that was buying keywords for a well-known software product. They thought it made sense to buy the keywords for specific components within the software suite, but it transpired that only people with a product query or problem used those search terms. The agency racked up hundreds of thousands of dollars in costs, but it took a month to spot it. Real-time data should enable real-time alerts and actions – that is where the power lies.

Getting attribution right means an organisation must start with a clear understanding of its core goals, both tactically and in a broader commercial context. Setting the outcomes and indicators of success is really critical.



**53%**

CMOs who say having the right talent is the most important factor for growth

Deloitte US survey, 2018

Organisations that are becoming more data driven balance three things well: they secure the right data, govern access to it, and distribute it to the people who need it. Why shouldn't an art director have access to the attribution information that allows them to look at campaign performance and make better decisions? It is senseless to limit such information to the CEO or an analyst.

Cracking attribution is no longer a technical issue, it is an enablement issue. CMOs who master attribution are truly accountable, earning a valuable seat at the table because they can prove the impact they are having on a company's strategic goals. Attribution takes away any doubt and gives marketing greater credibility within the business.

# Timeline of data-driven marketing

## SEO – LATE 1990s

Search engine optimisation (SEO) as we know it dates back to the late 1990s and early 2000s, coinciding with the dot-com boom. Purists will tell you it is even older, but SEO changed the game, allowing content to appear more relevant for people seeking a specific topic.

## EMAIL – LATE 1990s

The internet's initial use case was electronic mail, and in the late 1990s – again, thanks to the dot-com boom – it came of age for marketers. It is a medium that has been dead many times, but "in a well optimised marketing mix it will still deliver some of the best return on investment", states Dan Coleman, digital marketing director of Red Hot Penny.

## SOCIAL MEDIA – MID 2000s

The first Facebook ads arrived in 2004, but it was not until 2013 – when the social media giant introduced lookalike audiences and conversion pixels to track actions on the advertiser's website – that it really took off. The other social networks have followed suit, but Facebook is as vital as Google Ads nowadays.

## SEARCH – MID 2000s

Nat Cummins, managing director of Zenith UK, says being searchable online has been important for the last dozen years, and is critical in 2018 – especially because of the smartphone revolution. "Being easy to find, and ranking highly in a Google search should be the number-one marketing focus." Nisham Robb, marketing director at Google, agrees, and says: "Businesses, large and small, have to make sure they can be found online, and ideally have a mobile-friendly website, even if it is fairly simple. There has been a complete evolution in how we search online. People used to search for 'hairdressers in Reigate', and now they search for 'hairdressers near me'."

## VIDEO CONTENT – MID 2000s

YouTube, founded in 2005, was the first major video content website. Now it attracts over 30 million visitors per day and almost five billion videos are watched every 24 hours. There are others (including Vimeo, DailyMotion, Vube), but bitesize video content – and the opportunity to "go viral" on social media networks – is now a potent marketing weapon. "The average consumer watches approximately an hour-and-a-half of online video content every day," says business guru Mary Portas. "And 76 per cent of marketers revealed that videos have helped increase sales."

## SMARTPHONES – LATE 2000s

The social media revolution was fuelled by the explosion of the smartphone market. Apple launched the iPhone in summer 2007 and now there are reckoned to be three billion smartphones in use globally. "Our mobiles are the very heart of our lives – we are looking at the screen when we go to bed and wake up," says Google's Ms Robb.

## GROWTH HACKING – 2010s

It sounds like "wart removal", jokes Mr Coleman, but growth hacking "is a fairly recent term for using all the available tools and datasets to optimise business growth".

## VOICE – MID 2010s

The neck-breaking rise of voice tech – aided by smart speakers, such as Amazon Alexa – could lead to what Scott Galloway, professor of marketing at NYU Stern School of Business, calls "the Amazon singularity". He talks about a "brandless future" but progressive organisations are keeping pace by engaging with this ultra-convenient technology.

# Five frontiers of marketing

We look at five digital techniques that are transforming marketing...

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NICOLA SMITH

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## Voice-response

In 2016, voice made up 20 per cent of searches in the Google mobile app. By 2020, ComScore predicts that voice search will comprise half of all searches. Voice response is growing, thanks largely to personal assistants from Google, Amazon and Apple, but also fuelled by the internet of things (IoT), spawning a range of voice-activated devices from fridges to washing machines and doorbells.

Marketers need to think about the intimacy of this medium, developing home assistant skills that trigger actions and gather valuable data, creating content that captures voice search and developing advertising that works on voice-activated devices without interrupting the user experience.




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## Geospatial data

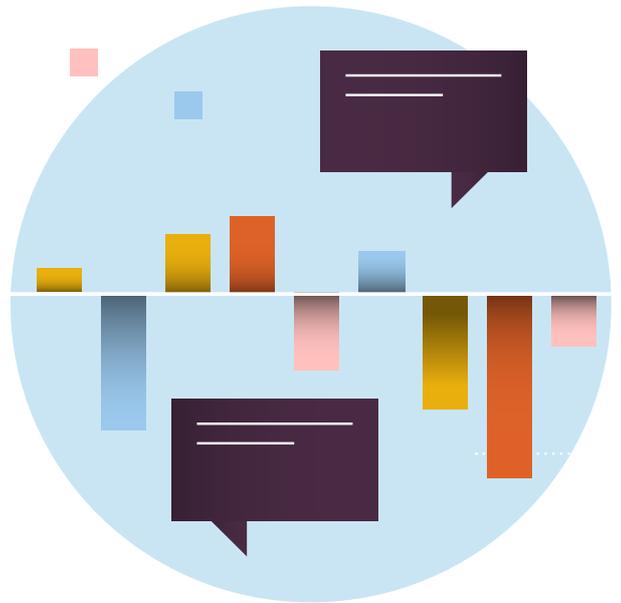
Geospatial data includes any information with a geographical component, such as postcodes, GPS, satellite imagery, city infrastructure maps, or weather data. Combined with technologies such as IoT, drones, location sensors, mobile devices and social media, geospatial data can enable marketers to see how and where customers interact with them, and to analyse and predict trends in specific locations.

Geospatial data has already been used to improve the accuracy of insurance quotes, and predict cold and flu outbreaks in certain areas, as well as identify the optimal areas to build new crematoriums, based on cost and availability of land, and predicted mortality rate. Closer to marketers' hearts, it is being used to assess whether online advertising is driving consumers to bricks-and-mortar stores.

## Instant messaging

We live in a world of instant gratification and this is borne out by the popularity of instant communications from Snapchat to Instagram, Facebook Messenger to WeChat. eMarketer reported that messaging apps grew by 15.5 per cent in 2017, with 1.82 billion people worldwide regularly using them.

The appeal lies in their spontaneity and immediacy, and while they are used as a personal communication tool for sharing photos, videos, messages and voice calls, they also offer brands a perfect platform for personalisation. Companies that build a messaging app strategy – perhaps using chatbots to interact with customers and provide personalised product suggestions, reviews and advice – can drive engagement in a digital space where their audience spends much of their time.



## Artificial Intelligence (AI)

The effects of AI technology are already evident, from Amazon deploying predictive analytics for recommended purchases, to Google using algorithms for tailored online ads, and more recently the use of chatbots and personal assistants such as Google Home. It offers both opportunities and challenges to marketers.

As consumer-facing AI-powered systems become more reliable and sophisticated, shoppers will increasingly rely on the technology to recommend products and services, changing the way they discover items and make buying decisions. It means marketers will have to reevaluate their strategies, understand how AI algorithms work and identify where their offering fits into the new customer journey.

## Live video

Live video is expected to grow 15-fold, from 3 per cent of internet video traffic to 13 per cent by 2021, according to Cisco, with Facebook Live and Twitter Periscope leading the way, not to mention Instagram's launch of live streaming at the beginning of 2018.

Consumers spend three times longer watching live videos than pre-recorded videos, presenting brands with a sizeable opportunity to make an impact. Live video also has other benefits, from eliminating production and editing time to embracing authenticity and capitalising on the spontaneity younger audiences crave.

But as competition grows, live videos are expected to become more interactive and immersive, meaning brands who want to own this space will have to invest in more than a smartphone.

# Turning data into meaning isn't easy

Competitive advantage comes from knowing how to turn a wealth of fragmented and disparate data into actionable insights

NICOLA SMITH

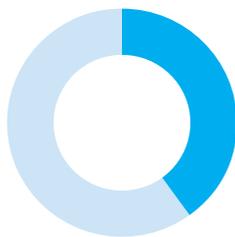
**L**ots of data; not much insight. This is the problem facing many marketers.

If that data is living on different systems, the challenge is even greater. A first step is pulling it together.

This can be achieved in various ways. Implementing a customer relationship management (CRM) system to suit the needs of an individual business can be mind boggling. Enter a CRM agency such as Armadillo, which works with companies at the procurement stage of a system such as Adobe Marketing Cloud or Salesforce, ensuring it can collect the right data at the right time. This can then be customised.

“On an ongoing basis, we build reporting tools on top of a CRM system that report what different departments within a brand needs to see,” says Nicholas Blake, head of data and digital operations at Armadillo. “These are often short-term reports, focused on recent results, and help steer tactical activity.”

Other companies build their own bespoke data platforms from the ground upwards. Media agency R.O.EYE wanted to stitch together its disparate silos of raw data into a meaningful single system. “Our



**40%**

of marketers consider reaching audiences at the right moment to be their top multi-channel marketing challenge

Gartner, 2017

objective was to prove the concept of tracking users across their digital journey to understand which marketing channels were the most effective and how they work together,” says Chris Blower, head of business development.

The process is not for the faint-hearted. It involved integrating various third-party tools, including conversion-tracking pixels that identify which users are making purchases; an ad server, which deploys adverts across the internet; a database to manage the increasing amounts of data being created; and a cloud storage platform. This allowed the company to create the datasets it needed.

“Building our own solution was a long, iterative journey which has cost thousands and continues to evolve,” says Mr Blower.

R.O.EYE’s work shows how a single view of the data can bring real insights. The firm recently worked with Harveys Furniture to understand the customer consideration cycle over bank holidays. The retailer had been working on the assumption that their customers operated on a three-week consideration period. Using SingleView, R.O.EYE were able to isolate transactions that completed over the Easter period and identify when customers’ journeys started, and in which channel.

“We were able to report back to the client that almost two-thirds of transactions started and completed within three days,” says Mr Blower. “This had a huge knock-on effect on how they purchase radio and TV slots, and re-aligned their focus on online campaigns to improve return on investment by 33 per cent year on year.”

Data also offers a big opportunity around real-time engagement. Research from Gartner in November 2017 revealed that 40 per cent of marketers consider reaching audiences at the right moment to be their top multi-channel marketing challenge.

Mike Stone, senior vice president of marketing for mobile engagement provider Urban Airship, says artificial intelligence-based solutions are helping to overcome this challenge, turning a wealth of data into predictive models that can guide real-time outreach for each individual customer. “As models are continuously fed ‘live’ customer data, interaction and information targeted for each individual becomes more accurate over time, with real-time automation making execution scalable,” Mr Stone says.



He cites ASOS as an example, with the retailer using AI to provide product recommendations based on a customer's buying pattern. "Going further, with AI orchestration capabilities, retailers can use these insights to create sophisticated messaging strategies, sending highly targeted content to consumers on their preferred platform, and at the exact moment they are most likely to respond."

Turning data into meaningful insights isn't easy. Aside from getting the right technology and software in place, human skills are a critical piece of the equation. To capitalise on its bespoke platform, econometric modelling had to recruit a crack data team, comprising skills in data modelling, data science, statistical analysis and econometric modelling.

But the right talent can be hard to come by. As Blake Cahill, senior vice president of global digital marketing and media at Philips, says: "Converting raw data into actionable insights and outcomes is a key capability that all organisations should be building and recruiting for. Finding people who can bridge the fields of quantitative and qualitative data to turn into actionable insight has been challenging."

Each business needs its own unique strategy driven by its own singular objectives if the full potential of its customer data is to be realised. That said, Umberto Torrielli, co-founder and managing partner at datatech service provider SBDS, posits: "We follow a basic rule of thumb: identify the business and marketing goal and work backwards from that."

**“Converting raw data into actionable insights and outcomes is a key capability that all organisations should be building and recruiting for**

Blake Cahill, Philips

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