Marketing Analytics

Unit -1

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Definition of Marketing Analytics

Marketing analytics involves the technologies and processes CMOs and marketers use to evaluate the success and value of their efforts. As such, marketing analytics uses various metrics to measure the performance of marketing initiatives. Effective marketing analytics gathers data from all sources and channels and combines it into a single view. Teams then use the analytics to determine how their marketing initiatives are performing and to identify opportunities for improvement. It is difficult to determine the effectiveness and return on investment (ROI) of your marketing campaigns without marketing analytics.

It’s worth mentioning that metrics play a critical role in marketing analytics, but marketing metrics and marketing analytics are two different things. Marketing metrics refer to the data points, while analytics put the data in context and show how your marketing efforts translate to revenue.

Benefits of Marketing Analytics

Marketers cannot rely on intuition alone to get their initiatives and campaigns right, especially given the necessity of marketing for retaining customers and driving revenue. The C-Suite must see the value of your marketing initiatives, and analytics is the best way to show them. After all, you need to have a way to measure and monitor your campaigns and then demonstrate their value clearly to executives and stakeholders. The data alone doesn’t tell enough of a story to executives; you must have marketing analytics that clearly tells the story of your value and how your work relates to revenue.

Top-notch marketing analytics programs also benefit teams in other ways:

- See the big picture of marketing trends
- Identify which programs work and why
- Monitor trends for a given period and over time
- Understand the ROI of each program thoroughly
- Forecast results

One of the most valuable benefits of marketing analytics is the way in which it empowers organizations to make better decisions. If your marketing efforts remain stagnant, your company cannot grow because you are not engaging modern customers. When you use analytics, however, you can “measure proposals based on strategic return, economic value, and payback windows,” according to McKinsey & Co. Thus, marketing analytics provides a solution for measuring initiatives consistently, which results in having a more effective means of comparison. Utilizing analytics empowers organizations to make data-driven decisions, so teams become more efficient and organizations save money and time.

Marketing Analytics Best Practices

As marketers come to learn the value of delivering a consistently outstanding customer experience, marketing analytics has emerged yet again as a must-have because of its role in transforming the customer journey. Now that marketing platforms are accessible to marketing teams, including those without analytical or technical backgrounds, they are weaving data and analytics into their strategies like never before.

To that end, MarTech Today suggests five best practices for utilizing marketing analytics in the best way possible to transform the customer journey:

1. **Ensure high-quality data** – Your analytics rest on your data. That means you need a tool that mines both structured and unstructured customer data from all possible sources, including various interactions and touch points.
2. **Get real-time insights** – Your marketing analytics solution also needs to deliver real-time insights to you. You can’t be effective if your information is out-of-date; tracking the right metrics at the right time is key.
3. **Perfect your dashboard** – While it may be tempting to track as many metrics as possible, your analytics will not be as useful if you do. Rather, define your goals and measure results for the use cases most important to you.
4. **Choose the right analytics visualization** – Marketing teams and stakeholders must be able to make something of the data if you are to gain meaningful insights from it. The key is to choose the most appropriate data visualizations so you can find patterns and interpret the data. Thus, you must choose a marketing analytics solution that allows you to choose or customize your visualizations instead of using default charts for displaying data.
5. **Use a tool featuring machine learning and AI to predict and prescribe** – Marketing must be real-time and predictive to be effective today. You must be able to make accurate predictions, analyze the data, and make data-driven decisions to enhance each step of the customer journey.

The New Realities of Marketing Decision Making Market Sizing: Data Sources

Every business has a market. From businesses like Amazon, whose audience could be anyone, to niche businesses selling specialized, custom products, knowing your market is essential to establishing a successful business. Many organizations believe their product is so novel or useful that their market is everyone, but more often than not, the customer base will actually exclude certain demographics. If your product is extremely expensive, that means the product is probably only going to be bought by people in a certain income bracket. If your product can only be used in certain areas (like boats as opposed to cars), you'll likely only sell that product regionally. This is why it's important to understand your target audience and estimate your market size and type when setting up your business and marketing plans.

Market Size

Market size can be simply defined as "the number of people likely to buy a product or service." Many businesses have a rough idea of who their market is or how many individuals it might involve, but it's important to accurately estimate market size in order to plan for things like budgets, sales goals, marketing efforts, and staffing. Knowing how large your market can be directly proportional to your business efforts. Using smart market size estimation techniques is an important planning step.

How to Evaluate Market Size?

There are several kinds of market sizing techniques that businesses should consider and use in their market size analysis. The most important step, before considering anything that will help you estimate your market, is having good data that accurately paints the picture of the marketplace or industry. Having good data and research is necessary to understanding how to estimate your market size. Before working with any market size estimation techniques, make sure you have solid information to draw from and analyze. With good data, you can:

- **Look at the competition:** Are you the only provider of your business or service locally? Regionally? Nationally? This will tell you a lot about the potential size of your market. If you have a lot of competition, you know you are competing with other businesses for customers, effectively reducing or limiting your potential market.

- **Understand your product:** Be realistic about things that will affect who will buy your product. Things like cost, usefulness, reliability, or availability will influence how many people are truly in your market.

- **Understand your customer:** Similar to understanding your product, you must know something about your customer when doing market size calculation. Are your customers likely to be male? That tells you something about your market. Are they likely to be college-educated? Found in cities? Make a certain salary a year? Knowing your target customer always leads to helping you estimate your market size.

Estimating your market size is an important step in establishing and growing your business, including planning budgets, forecasting goals, and creating marketing plans. In addition to being something businesses should do as they launch, it should also be reevaluated regularly as your business gains customers and recognition. Customer market size is never a static thing and can grow, change, and shrink based on anything from the economy to available technology, so always be mindful of market size for your business.

Data Sources

Your selected approach will dictate the necessary sources to estimate market size. Secondary research or desk research searches for existing data and is the most commonly used form of research in this type of exercise because it is quicker to obtain and therefore usually more cost effective. Through general web searching, a wealth of information can be found at little or no cost. Subscription-based or syndicated research is a great place to start, but there are also free sources that contain valuable information. Articles about companies or products in the target market will often quote data from these sources. You might also check whitepapers and product announcements for similar information. Publicly held companies are required to share information in analyst and investor reports. Quarterly and annual reports are typically available on these company websites as well as through the SEC filings. Also, trade associations will often conduct market research and aggregate industry data.

Primary research, also called field research, is often used in addition to secondary research. The primary research can take on many forms and can strengthen your understanding of the market, allowing you to make better informed assumptions. The most versatile form of primary research is in-depth telephone interviews that can be used to capture more sensitive information. If possible, on-site visits can be used to confirm or contradict market sizing estimations or determine key information on market trends, such as technology, market performance, relative competitive position or other information dealing with understanding scope and defining the target market.

Stakeholder Analysis

Objectives for this session:

By the end of this session, you should be able to describe:

- A definition of ‘stakeholders’ for your organisation
- How the concept of ‘stakeholders’ relates to concepts of the organisation
- The purpose of Stakeholder Analysis
- Some common forms of Stakeholder Analysis
- Stakeholder Mapping techniques

A ‘Stakeholder’ is:

Any person or organisation who can be positively or negatively impacted by, or cause an impact on the actions of a company. (Freeman, 1984)

The individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and are therefore its potential beneficiaries and / or risk bearers. (Post, Preston & Sachs, 2002)

Stakeholder theory in the context of the organisation:

1: The objective of a business is to make profits for its shareholders. (The Shareholder Value Perspective)

… or …

2: Companies are networks of parties working towards a shared goal. Employees, suppliers, shareholders, external interest groups and customers co-operate to create mutually beneficial results. (The Stakeholder Value Perspective)

Why use Stakeholder Analysis?

- Identify the stakeholders likely to be affected by or influence the activities of the organisation
- Assess how those stakeholders could be impacted or impact upon the organisation
- Anticipate the consequences of any change in the organisation’s activities
- Identify stakeholders’ ‘success criteria’
- Assure a successful outcome for the organisation by developing co-operation with stakeholders (*see:* Customer Focus)

Meeting stakeholder needs:

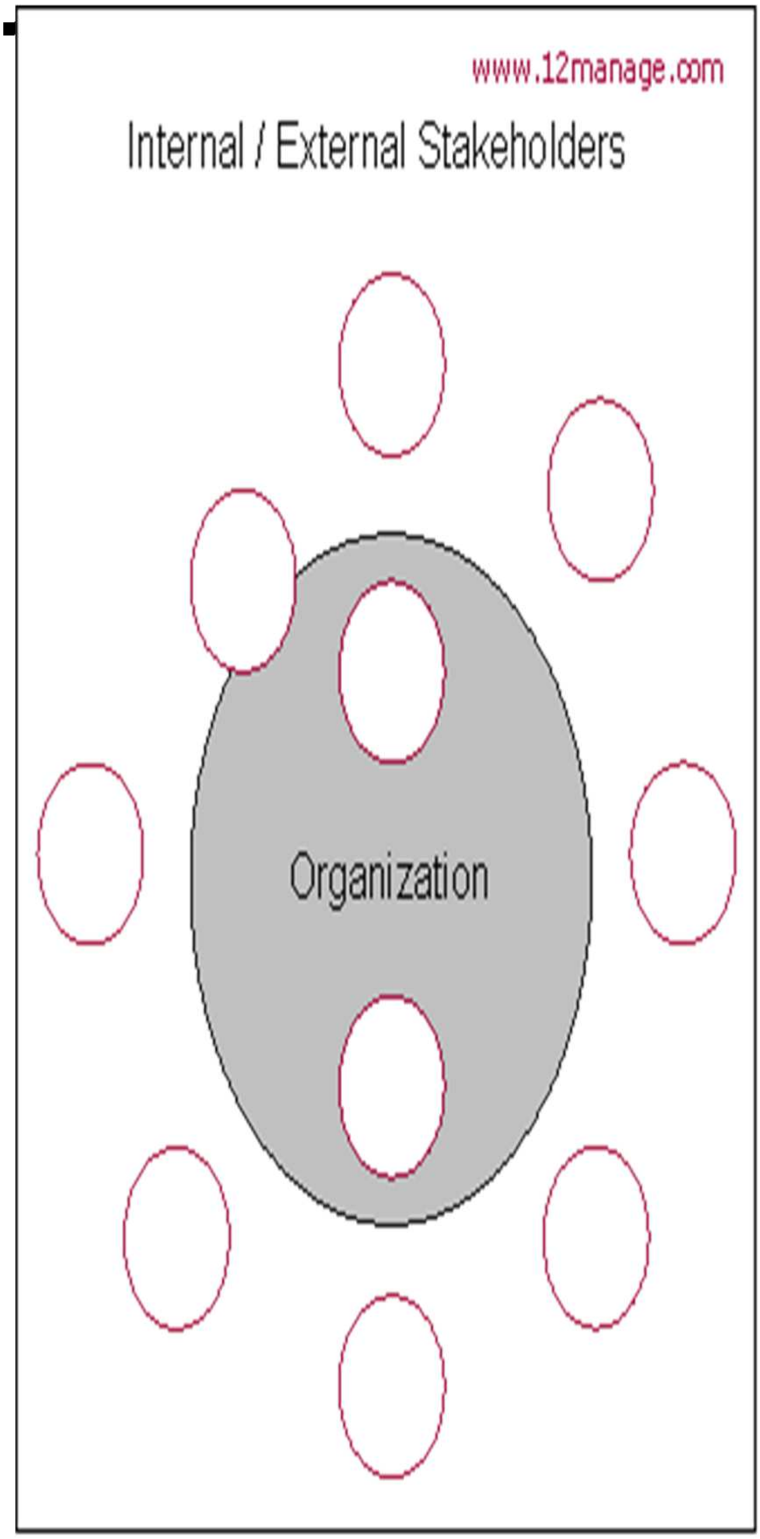
- Where does your organisation create stakeholder value?
- How can you do that better?
- Can you eliminate or reduce focus on processes which do not add stakeholder value?
- How do you communicate with stakeholders?
- Do your communications encourage stakeholder exchange?
- Do you communicate the stakeholder value?

Who are the Stakeholders?

A typical list of Stakeholders would include:

- Owners, stockholders & investors
- Banks and creditors
- Partners & suppliers
- Buyers, customers & prospects
- Management
- Employees, unions, works councils
- Competitors
- Government & regulators: local, national, international
- Professional and industry associations
- Media: local, national, trade, financial
- NGOs
- Communities & other interest groups

Categorising Stakeholders:



Internal and External Stakeholders

- Within the organisation: e.g. employees & management
- Outside the organisation: e.g. government & trade associations

Categorising Stakeholders:

Primary, Secondary & Key Stakeholders

- Directly affected: e.g. employees & stockholders
- Indirectly affected: e.g government & media
- Most significantly affected: those with the most influence from either group

The Stakeholder Analysis process:

1. Identify all stakeholders (Brainstorming)
2. Identify stakeholder needs & interests
3. Classify groups of interests (Stakeholder Mapping)
4. Identify areas of conflict: Organisation v Stakeholder, Stakeholder v Stakeholder
5. Prioritise, reconcile and balance stakeholders
6. Align significant stakeholder needs with organisation’s strategies and actions

Stakeholder Analysis Matrix

Stakeholder	Stakeholder Interests	Assessment of Impact	Potential Strategies

Advantages of Stakeholder Analysis

- Get to know stakeholders better:
  - Relative importance, power and interests
  - Better managed relationships
  - Risks identified
- Make better strategies and decisions
- Greater acceptance of organisation actions by stakeholders

Disadvantages of Stakeholder Analysis

- Best done on continuous basis
- Assessment of analysis may be subjective
- Maybe not all stakeholder interests can be met at the same time
  - Focus on most important stakeholder
  - Balance & reconcile all interests according to importance or urgency

Stakeholder Mapping

- Several techniques for categorising stakeholders
- Helps identify which stakeholders may support or oppose change / organisation's actions
- Which stakeholders are the most powerful, have most influence
- Help decision makers formalise / prioritise strategies

The Power / Dynamism Matrix

Classifies stakeholders in relation to the power they hold and their aptitude for action (dynamism)

Can be used to indicate where political effort should be made before instigating change

Power / Dynamism Matrix (Gardner et al. (1986)

		Dynamism	
		Low	High
Power	Low	A Fewer problems	B Unpredictable but manageable
	High	C Powerful but predictable	D Greatest danger or opportunities

Power / Dynamism Matrix:

Stakeholders in groups A & B: are the easiest to deal with.

Stakeholders in group C: are important because thy are powerful. But low dynamism means their reaction is predictable and expectations can be managed.

Stakeholders in section D: Need most management attention because they are powerful and reaction is difficult to predict. May need to ‘trial’ new strategies with them.

The Power / Interest Matrix

Classifies stakeholders in relation to their power and the extent to which they are likely to show interest in the actions of the organisation.

Can be used to indicate the nature of the relationship which should be adopted with each group

Power / Interest Matrix (Gardner et al. (1986)

		Level of Interest	
		Low	High
Power	Low	A Minimal effort	B Keep informed
	High	C Keep satisfied	D Key players

Power / Interest Matrix:

Stakeholders in group A:
Need only minimum effort an monitoring

Stakeholders in group B: Should be kept informed as they may be able to influence more powerful stakeholders

Stakeholders in group C: Are powerful, but level of interest is low. Generally expected to be passive, but may move into group D on an issue of particular interest

Stakeholders in group D: Are both powerful and interested. Their co-operation is of key importance for new strategies

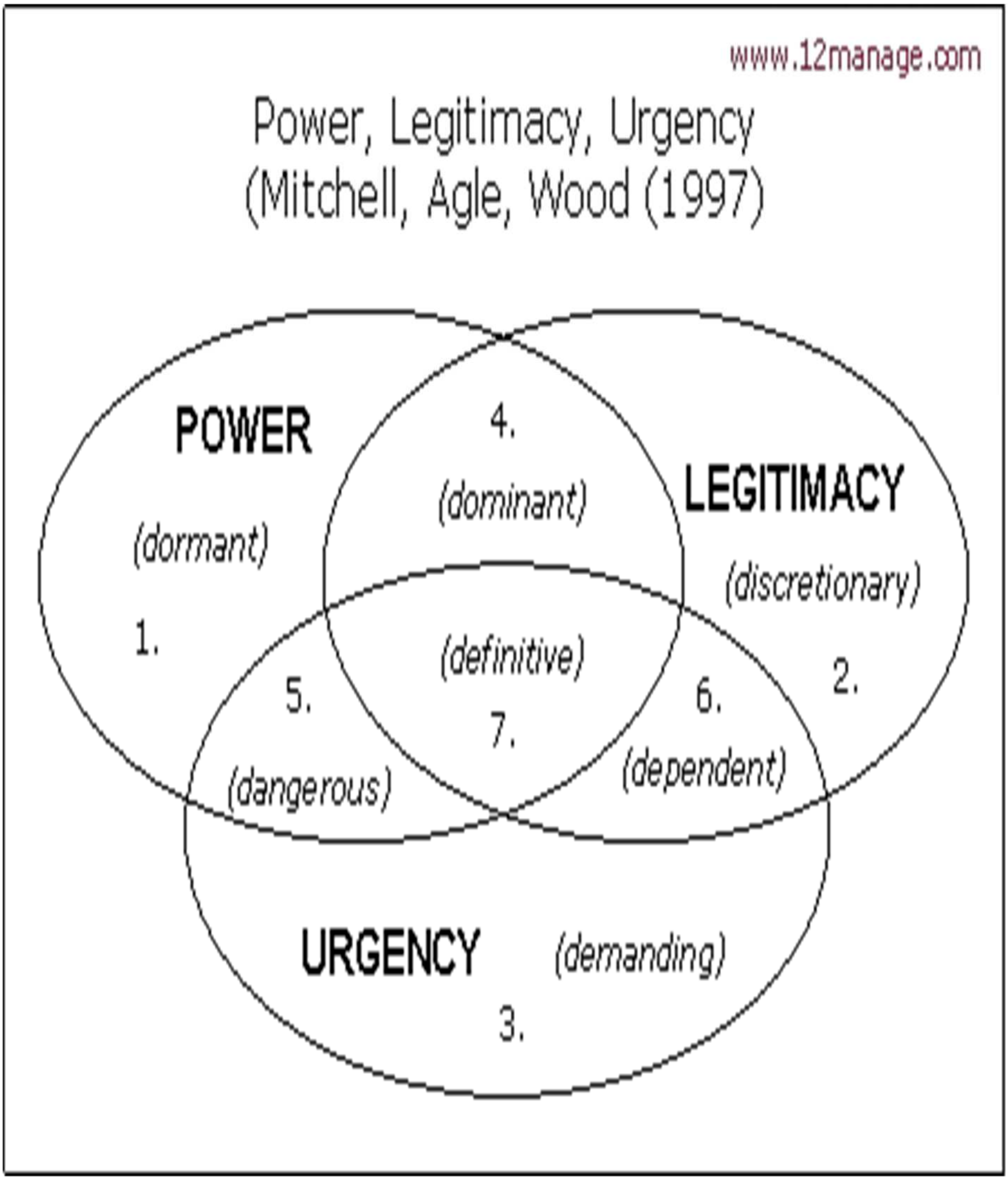
The Power, Legitimacy and Urgency Model

Maps stakeholder behaviour according to its balance of three characteristics:

Power: Of the stakeholder to influence the organisation

Legitimacy: of the relationship in terms of desirability or appropriateness

Urgency: The expectations of the stakeholder in terms of criticality and time-sensitivity



Stakeholder behaviour is mapped into 7 types

Power, Legitimacy & Urgency Model

Latent Stakeholders (Groups 1, 2 & 3): Sub- divided into ‘dormant’, ‘discretionary’, or ‘demanding’ stakeholders

Expectant Stakeholders (Groups 4, 5 & 6): Sub-divided into ‘dominant’, ‘dangerous’, or ‘dependent’ stakeholders

Definitive Stakeholders (Group 7): have all three characteristics and should command a high level of management attention

Note: management’s assessment of each stakeholders position is still subjective!

In conclusion:

You should now be able to describe:

- What is meant by a 'stakeholder'.
- Who your organisation's stakeholders are
- How Stakeholder Analysis can help you prioritise stakeholders for management attention
- How you can categorise stakeholders
- How Stakeholder Mapping can help identify key stakeholder groups