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Advertising Analytics 2.0

By Wes Nichols, Cofounder & CEO, MarketShare

Fueled by big data and new technology, marketers now have unprecedented real-time tools to optimize allocations.

REACHING FOR MARKETING'S HOLY GRAIL

Measuring marketing impact one medium at a time no longer works. Ads increasingly interact and teasing apart how that happens in order to spend your dollars more effectively requires new, sophisticated data-analytics techniques. When we helped one of MarketShare's clients – a consumer electronics giant – create and deploy the latest advanced analytics tools and techniques, the rich findings allowed the company to reallocate its ad dollars to garner a 9% sales lift – without spending a penny more on advertising.

The picture no longer need be fuzzy. Marketers can now know precisely how all the moving parts of a campaign collectively drive sales and – importantly – what happens when you adjust them. In the new world of Analytics 2.0, marketers who stick with traditional, backward-looking measurement methods face great peril by risking millions on dangerously outdated approaches.

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IN WAR OF KNOWLEDGE, ANALYTICS 2.0 IS TACTICAL ADVANTAGE

In a marketing world plagued by incorrect attribution where competitive as well as internal battles are increasingly fought with knowledge weaponry, Analytics 2.0 is the advantage data-driven marketers seek. It answers the key questions all CMOs should be asking themselves today.

THREE LEGS OF THE ANALYTICS 2.0 STOOL

Using advanced, predictive analytics to uncover new insights into marketing's effect on revenue involves three broad activities:

1) Attribution: Here you quantify the contribution of each advertising element, also using relevant data from non-marketing functions.

2) Optimization: We also call this "war gaming." Here you use predictive analytics tools to run scenarios for business planning.

3) Allocation: Now we get to the big payoff by using the findings in real time to redistribute your resources across different marketing activities.

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Harvard Business Review

Seismic tech and data availability shifts offer vast new predictive-analytics opportunities.

We can now crunch terabytes of data in real time to gauge performance, predict future results and capture bottom-line improvements...

...but Analytics 2.0 success means building and entwining the infrastructure within your organization.

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Analytics 2.0 is powered by the integration of big data, cloud computing and new analytical methods.

It offers paradigm-shifting transparency and profound insights into marketing's impact on profitability.

Electronic Arts – one of the world's largest gaming software companies – retooled its analytics with MarketShare's help. Recommended allocation shifts helped make Battlefield 3 the most successful launch in EA history.

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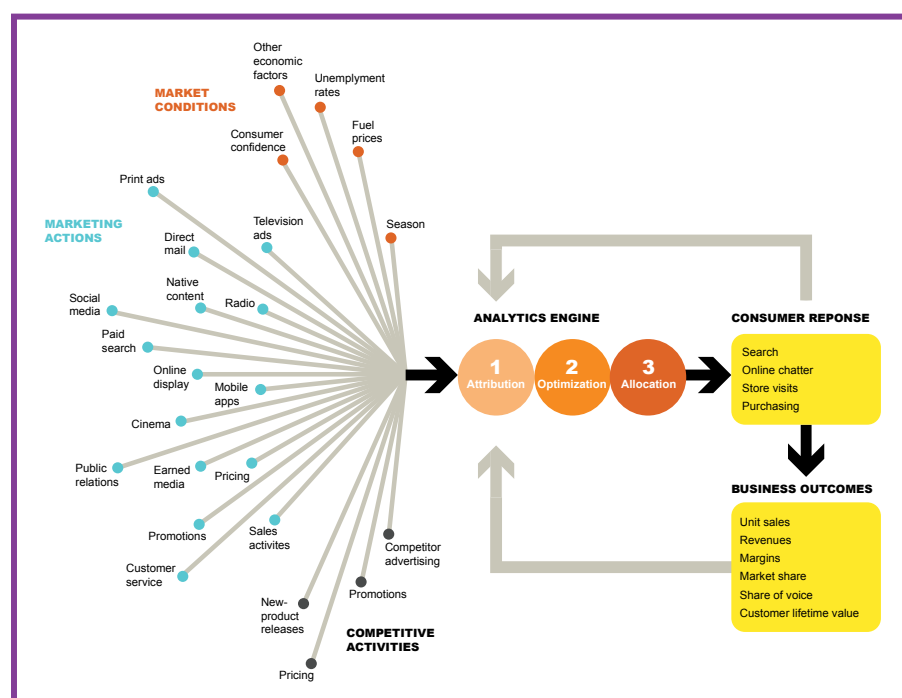For more information visit
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MARKETERS MUST STOP MEASURING ACTIVITIES IN SWIM LANES

Armed with time-honored techniques such as focus groups, surveys, mix models and last-click attribution, many marketers mistakenly think they have a handle on how their advertising affects behavior and drives revenue. But that backward-looking approach treats your many "touch points" as if they all work in isolation. But they don't! Add in different teams, agencies and media buyers all operating in silos and you have a recipe for – well – *disaster*.

We call this old approach "swim lane measurement" which helps explain why specific outcomes are too often attributed to certain marketing activities, which in turn explains why the folks in finance tend to be marketing value skeptics.

Chart below: A software analytics engine uses impact models that account for hundreds of variables to optimize the marketing mix and guide future spending allocations. New data and feedback then allow marketers to fine-tune spending in real time.

FIVE IMPLEMENTATION STEPS

Our experience suggests that success requires these five steps:

1) Embrace Analytics 2.0 as an organization-wide effort.

2) Assign an analytics-minded director or manager as point person.

3) Create the questions you want answered and conduct full data inventory.

4) Start small. Prove the concept in a line of business, geo or product group.

5) Test aggressively and feed results back into the model.

Almost any company can deploy Analytics 2.0. But one thing is sure: Businesses that don't will be left behind.