Five Keys to Marketing Analytics Excellence

Insights from the webinar *Five Keys to Marketing Analytics Excellence* - one in a series powered by Loyalty 360.

Featuring:

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About the Presenter

Doug Mowen is one of nine executives and 200 employees and contractors that make up the chief data analytics office (CDAO) at USAA. USAA provides insurance, banking, investment and retirement products and services to 10 million members of the US military and their families. In his role as the Executive Director of Decision Sciences, Mowen brings more than 15 years of experience in supporting, creating and managing analytical functions in large companies. At USAA, he has led the development of controlled experimentation and attribution processes, generating significant increases in product acquisition rates and reducing cost per product. USAA continually conducts tests and provides insights and recommendations to reallocate significant portions of the marketing budget throughout the year.
Introduction

How does marketing compare to a game of pool?

Sometimes you hit a good shot – 9 ball corner pocket – like when you’ve marketed a product and your customer purchases it. But sometimes your shot misses, and you knock in your opponent’s ball. You could even knock your ball into the pocket, but mistakenly knock your opponent’s ball into a different pocket at the same time.

Of course, you can’t predict everything in a game of pool – or in marketing. A campaign may reveal a weakness that sends customers scuttling to a competitor. A new product can cannibalize an existing product line. Customers could leave one of your legacy product lines to consume one of your newly launched products – perhaps causing you to lose some revenue.

But unlike pool, it’s hard to observe and measure with the naked eye what’s happening in marketing. The way to improve your chances of success is to build a solid measurement plan that lets you define and measure diagnostic metrics.

USAA: Playing to Win

Doug Mowen, Executive Director, Chief Data and Analytics Office at USAA, knows how important it is to play smart at marketing. USAA, which provides insurance, banking, investment and retirement products and services to 10 million members of the US military and their families, is known for its legendary commitment to members.

From the time he joined USAA’s management team in 2002, Mowen has continually focused on the best way to use analytics and insights to drive value for both the USAA membership and the enterprise. Under his leadership, USAA has established a brand identity that truly revolves around superb customer service. It’s a directive that ensures customer satisfaction and generates positive returns on marketing investments.

Mowen had a chance to put his marketing prowess to good use in 2009. That was the year USAA expanded its eligibility requirements to include anyone who had honorably served in the armed forces along with their eligible family members. It was a whole different approach for USAA, which was founded in 1922 by a small group of Army officers who decided to self-insure each other when outside insurers felt they were too risky.

The 2009 eligibility expansion meant that USAA had to figure out how to quickly raise awareness with a large, new group of prospects. Based on his experiences, Mowen shares five tips that can help any marketing organization achieve excellence.

Key Insight 1: Define Success.

Which Insights Would Promote Data-Driven Decision Making?

As you design your measurement plan with stakeholders, the first things to ask are, “What are you trying to accomplish? What is success?” It’s crucial to get your stakeholders to clearly define this. Some stakeholders may say they want to generate responses or sell more products. These types of general answers should stimulate additional questions that can provide better answers about what insights are needed. So, for example, you could ask what types of responses they’re looking for – such as phone calls, website visits or other responses. And you should ask the stakeholders to clarify what counts as a response.

The Case for Multichannel Measurement

USAA once launched a new online radio ad and saw great response rates – almost too good to be true. After digging into the responses, it turned out that 50 percent of the responses were bounces from USAA’s mobile site. The members had immediately left the website because they had clicked there unintentionally. This is just one example of why it’s so important to set up a comprehensive, multichannel measurement plan that will reveal the metrics you want to measure and the pitfalls you need to avoid.
Key Insight 2: Target Carefully.
Understand Your Customers and What Drives Their Behaviors.

When you’re targeting your audiences, you should incorporate as much as possible from the wealth of data that’s available today. Demographic variables give you a good idea of what the customer looks like, and they’re generally good predictor variables. But USAA has found that behavioral data is a much better predictor. To find it, be sure to pull data from your website and call centers along with transactional and event-type data, such as marriage, moving to a new home or having a baby. All of this information can help you more fully understand your customers’ behaviors.

Know Who You Should – and Should Not – Target

Most organizations create models to target customers, such as affinity models, response models and net lift models. But few spend time building models on people they should not market to. By collecting behavioral data, you may learn that you should not target specific groups of customers because they have a negative effect on performance. Consider an example.

USAA identified a large group of customers who had been marketed to for years, for multiple products across all of its companies. But they had not purchased a single product. USAA launched a test plan with this group, removing them from all direct marketing. Then it measured the results with live customers who remained in its everyday campaigns. “We quickly found that we could effectively remove these customers from our direct marketing without losing any production,” said Mowen. “This reduced our denominator and increased our overall acquisition rate. It also helped us to reduce our cost per product and save millions of dollars annually.”

Key Insight 3: Align Resources.
Understand Who and What Is Available, and Know the Limitations.

After identifying who you should or should not target in marketing, you should decide how you will communicate with customers and how they will communicate with you. Do you want to create a full surround-sound campaign using all available marketing channels? Or do you have a limited budget and only want to focus on a few? In that case, which ones should you use? These are all important questions to help narrow your approach.

Finding the Right Marketing Mix

USAA uses a system of structural equation models within its marketing mix optimization process, said Mowen. “We ask things like: Can the call centers handle the influx of calls? Can member service reps sell the full range of products? Do they need to be trained on specific items? Do we need to create specific landing pages or digital experiences for a campaign? Do we capture all the data we need, or do we need to build additional stores to improve extracts from source systems? Do we have existing reporting, or do we need to create additional dashboards or reports?” At USAA, all of these questions are addressed before a campaign launches.
Key Insight 4: Measure Carefully. 

Determine the Incremental Benefits of Your Initiatives.

The importance of good measurement is hard to underestimate. To do it, USAA uses scientific methodology to examine the available models that it can use for targeting and vehicle assignment. Once it understands budget and success metrics, USAA uses a marketing mix optimization model to determine which channels to use for campaigns. Then it uses a vast suite of prediction models to further refine its target audiences - creating the best chance for success. Finally, it focuses on building the measurement (or test) plan. Where possible, USAA prefers to use a control versus exposed approach to measure the incremental value of individual tactics. And when it can’t use a control group, it turns to special types of A/B testing or time series modeling.

What Works – and Why?

USAA’s approaches allow it to take a deep dive into the data surrounding its tactics. The results yield clear insight into what is or is not effective. After all the tactics and campaigns have matured, USAA runs them through a sophisticated attribution process that ensures each response and product is only counted once. This attribution process is imperative to evaluating how all of the products perform together.

Key Insight 5: Build Credibility.

Certify and Clearly Communicate Your Results.

If you can clearly support and share your analytic results, you will be much more successful at building a business culture that relies on facts to make decisions. But keep in mind that if results are not favorable, people may question the data, the measurement techniques or the analysis itself. Sometimes these discussions can lead to additional knowledge or insights. But if your data and measurement techniques are solid, this unnecessary debate can strain your analytical resources or lead to spin across the organization.

To combat these attitudes, partner with your chief financial officer to certify your results. A partner outside of your organization can help develop, support and back your measurement techniques and certify the benefits, leaving little room for interpretation. You can also gain ground by over-communicating your results. For example, if it helped you create a data store or gather additional data elements, share the results with them. Let them know how their work directly contributed to your findings. The more people who can directly speak to your results and the insights generated from them, the more likely that everyone will rely on the results of analytics to guide their decisions.

Help People Trust the Analytics

Why not make it easy for people to remember and share the results of your analysis? One way to do that is to create a three- or four-sentence elevator speech. Or you could develop an internal fact base using hip-pocket slides, cheat sheets or self-service dashboards.

Another way to build credibility is to benchmark your results against competitors in your industry. USAA used Forrester to conduct an independent assessment of its attribution and marketing mix optimization processes. USAA was excited to learn that it was considered a market leader and best-in-class – not only compared to the financial services industry but across all industries. By formally sharing these results throughout its organization, USAA greatly improved the credibility of data and analytics across all levels of its organization.
How SAS Can Help

As you invest in marketing analytics technologies, you have to do more than just build a campaign management infrastructure, deploy a new social media analytics capability or build a huge, impressive data warehouse. SAS helps marketing organizations use big data to the fullest extent possible so they can better understand the customer, design appropriate interactions and ultimately drive better marketing results. Consider a few tips that can help your organization achieve these goals:

• Be able to show a clear connection between what you do and how the results drive your company’s revenue. Link your marketing metrics (campaign results, acquisition rates, lead generation scores, etc.) to business results (share of wallet, loyalty, category share, profitability, etc.).
• Learn as much as possible about the customer experience. That way, you can deliver branded experiences that are relevant, personalized and anticipated across all interactions. It’s also important to share your multichannel knowledge of the customer and their interactions with your entire organization. That could include a direct consumer campaign, but it could also include sharing information that enables departments outside the realm of marketing – like technical support or market research that can be used in the call center or on the website.
• Be prepared for multichannel campaign management, which consists of choreographing outbound and inbound conversations with customers. That could include things like targeted mail, direct mail, and all types of customer interactions on social media or through the call center. You must determine how to see and respond and communicate to the customer consistently across all those channels.
• Look for growth opportunities that are inherent in customer data. It’s not just about having relevant dialogues with customers – you have to be able to find hidden gems and cultivate relationships to drive revenue. And you have to make the right moves with all of your marketing investments – not just run better campaigns.
• Recognize the dramatic evolution of marketing campaigns so you can effectively sustain your brand. Along with billboards and full display ads, newspapers and magazines, marketing departments also have to take into account social media options and many different websites. With that comes an added expectation of immediacy and a real granularity of measurement.

Final Thoughts

Marketing is all about finding the most profitable growth opportunities in your data, knowing where to place your bets, taking the best marketing action and ultimately maximizing the cross-business influence of every dollar you spend. Through a customer intelligence platform that aligns the customer journey with your marketing systems and processes, SAS helps you accomplish all of these things.

With SAS, you can unite data, analytics, operations, customer engagements and marketing actions across channels to win, serve and retain your customers in an increasingly complex digital world. Marketers today frequently have to straddle this fence between art and science – which entails not just crafting messages and emotional connections with customers, but also having crisp measurements to put the proof behind what they do. SAS also helps them understand what works and what doesn’t – not only with a broad demographic or specific segment, but also at the individual customer level.

It’s not easy to do. But as USAA has proven, marketing analytics used wisely can return impressive results. Armed with the right tools, processes and technologies, marketing executives can have tremendous, positive influence across their entire organizations.

Learn More

Read the white paper From Growing Pears to Growing Connections.

Learn about SAS® Customer Intelligence solutions.

Explore hot topics in marketing at sas.com/en_us/insights/marketing.html.

For fresh perspectives from other marketers, read our Customer Analytics blog.

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