

Marketing's Big Leap Forward

Overcome The Urgent Challenge To
Improve Customer Experience And
Marketing Performance

Table Of Contents

Executive Summary	1
Interactions Threaten Marketers' Ability To Meet Key Goals.....	2
Big Data Technologies Bridge Marketing's Goals And Challenges.....	3
Create Competitive Advantage Through Big Data Innovations.....	4
Key Recommendations	11
Appendix A: Methodology	12
Appendix B: Demographics/Data.....	12
Appendix C: Endnotes.....	13

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Executive Summary

Marketers urgently need to improve the customer experience at the moment of interaction. Yet most struggle to create this interaction-based capability, from analyzing and understanding customer interactions to securing adequate budget and staff to managing customer interactions across channels and programs.

Big data is formally understood as techniques and technologies for getting insight from more data faster and cheaper. For marketers, big data represents the ability to act with greater agility, designing data-driven programs that adapt as customers interact with brands.

Marketers must embed the agility from big data practices across the organization on four specific levels: strategy (executive leadership), investment (new technologies and resources), innovation (processes), and broad-based measurement (customer experience).

New big data technologies are best positioned to meet marketers' challenges and deliver substantial revenue and performance benefits to the organization.

Marketers can meet the twin challenges of improving performance and customer experience by improving big data maturity.

In October 2013, StrongView commissioned Forrester Consulting to evaluate the adoption of big data technology in marketing and its benefits and challenges. Specifically, the study focused on measuring marketing big data maturity and its effects on top marketing goals. To do this, Forrester surveyed 155 US-based B2C enterprise marketing and sales decision-makers and conducted in-depth interviews with six of them. Forrester found that marketers can improve customer engagement and lifetime value by incorporating big data tools and techniques into marketing strategy and processes.

KEY FINDINGS: MARKETERS' INVESTMENTS IN BIG DATA TECHNOLOGIES BRING CLEAR BENEFITS

Forrester's study yielded four key findings:

- › **Marketers struggle to manage the twin challenges of program performance and customer experience.** Survey respondents clearly feel the challenge of meeting customers' growing expectations of relevance and responsiveness as they interact with brands across channels. Yet marketers continue to be held to traditional programs of customer acquisition, retention, and loyalty.
- › **Big data tools and techniques bridge the gap between customer experience and marketing priorities.** New technologies like nonrelational databases enable marketers to orchestrate the customer experience, apply insights to real-time interactions, and predict future customer activity more accurately.
- › **Marketers have a window of opportunity to use these innovations to gain a competitive advantage.** In the rapidly evolving era of customer obsession, firms can use technology to create sustainable differentiation through interaction-based programs on the level of individuals.
- › **Mature big data marketers see significant return on investment in both engagement and lifetime value.** Firms that have implemented these tools see significant increases in customer engagement, customer retention, and upsell and cross-sell revenue.

Interactions Threaten Marketers' Ability To Meet Key Goals

Marketers face clear rivalries for attention and prioritization. On one hand, marketing continues to fulfill baseline tasks of demand generation like customer acquisition and retention. On the other hand, the volume of customer interactions is skyrocketing as new channels and new devices empower individuals, creating expectations that marketers will respond with commensurate speed and relevance. This growing chasm is seen most clearly in marketers':

› **Continuing responsibility to increase the value of the customer base.** For all the changes that marketing has undergone over the past decade, marketers still need to acquire and retain customers. Increasing customer lifetime value and loyalty was the top goal for US marketing organizations; 42% of respondents selected it as a top-three priority (see Figure 1). Customer

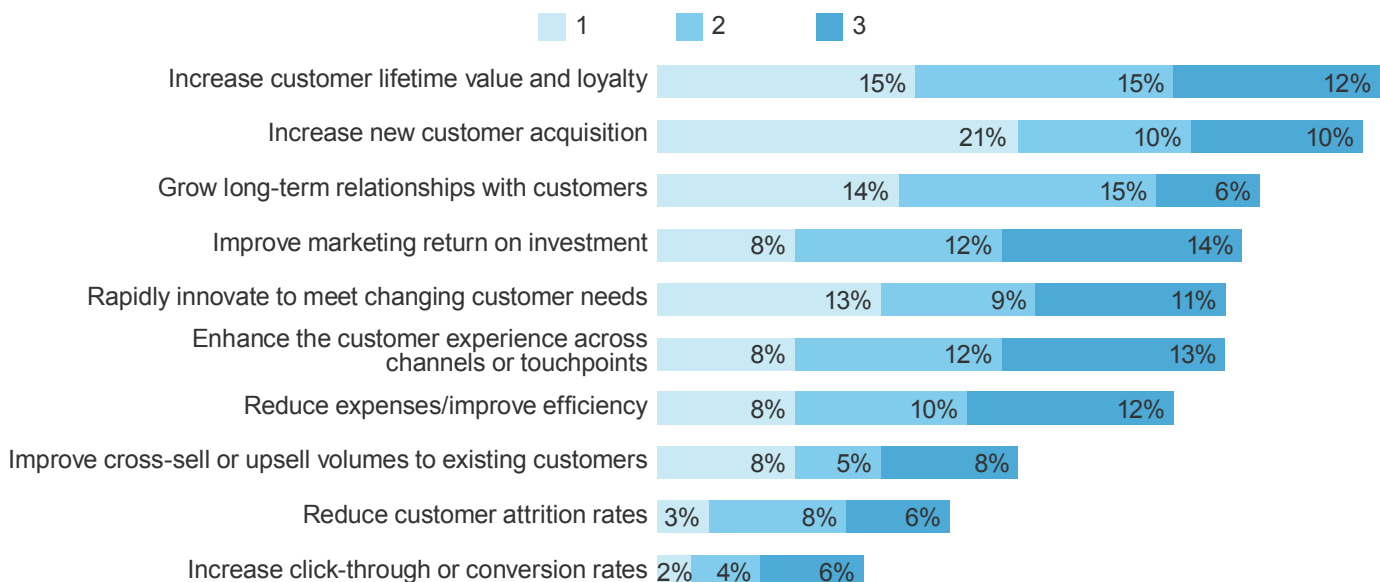
acquisition (41%) was the second most important goal; 21% of the respondents selected it as *the* most important goal for marketing organizations. Growing long-term relationships was the third most important goal, with 35% of respondents selecting it as a top-three priority.

› **Urgent need to innovate using customers' individual interactions.** As mobile, social, and other digital channels multiply direct customer interactions, marketers struggle to create personalized programs using customer knowledge and real-time responsiveness. Understanding customer interactions across channels is US marketers' current No.1 challenge; nearly half (46%) of respondents identified it as a top challenge (see Figure 2). Other top challenges include not having adequate budget or staffing (43%), managing campaigns across multiple marketing technologies (42%), and maintaining data quality across campaigns (38%).

FIGURE 1

Increasing Customer Numbers And Loyalty And Growing Customer Relationships Are Marketing's Top Goals

“Which of the following are your marketing organization's top three goals?”



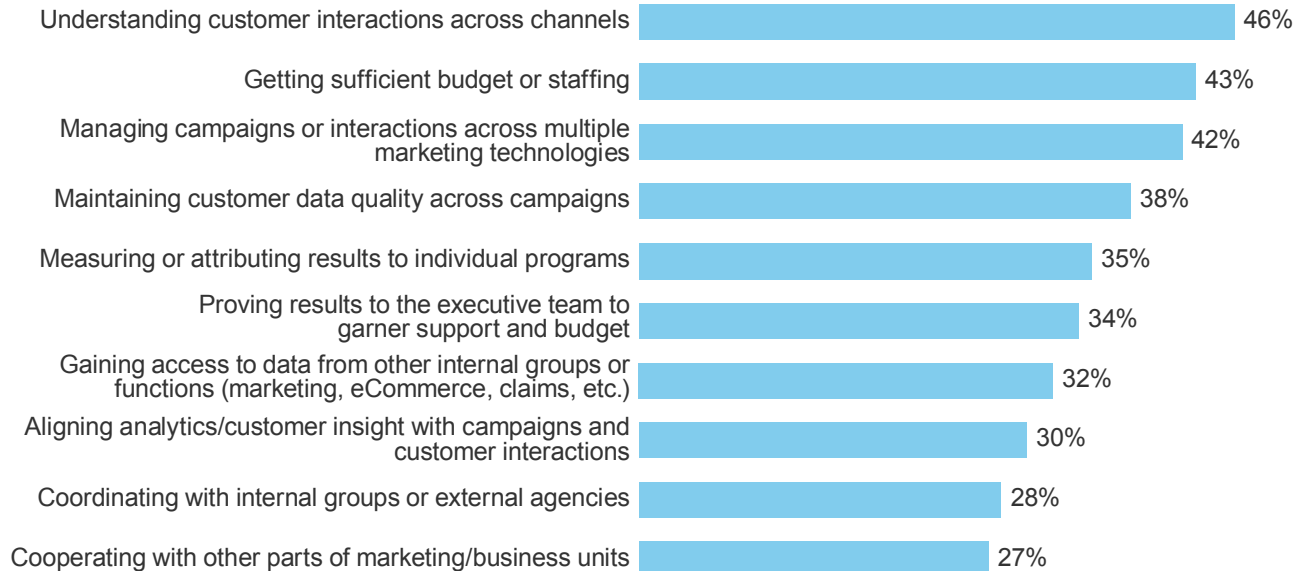
Base: 155 US-based enterprise marketing and sales decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

FIGURE 2

Nearly Half Of Marketers Struggle To Understand Customer Interactions Across Channels

“What are your firm’s biggest challenges to accomplishing these goals?”



Base: 155 US-based enterprise marketing and sales decision-makers (multiple responses accepted)

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

Big Data Technologies Bridge Marketing’s Goals And Challenges

“Our investment in big data allows us to influence the behavior of shoppers in the moment. It’s not a one-size-fits-all discount on a product, but a one-to-one program that gets the best results. Every customer reacts differently.”

— Senior marketing director at a multibrand US-based retailer

Into this breach between responsibilities and challenges steps big data. Big data is formally understood as techniques and technologies for getting faster insight from more data at lower cost.¹ However, this definition does little to help marketers see the importance — let alone the relevance — of tools and methods that seem so far away from both the business need and the customer interaction. But big data is critical to future marketing performance; it represents the ability to bridge the divide between traditional demands and rising customer challenges. Big data tools and techniques help marketers to:

- › **Implement programs that orchestrate individual customers’ cross-channel activities.** Big data technologies don’t just improve descriptive and predictive analytics. Marketers can use these innovations to provide offers to customers based on their real-time behaviors or guide customers through complex cross-channel interactions across life-cycle stages. In short, marketers should look to big data technologies to improve customer value and long-term relationships in the very moment of the interaction.
- › **Understand customers split across media, systems, and programs.** To acquire and build relationships with customers, marketers must use multiple technologies, from email marketing systems to behavioral targeting tools. Assembling a single view of the customer from these systems requires a significant investment of time and resources. Big data technologies ease this burden, providing affordable infrastructure that absorbs the many different types of customer data, from demographics to transactions to clickstreams.

› **Enable more powerful and accurate predictions of customer behavior.** By creating a universal store of customer attributes and behaviors, big data technologies enable analysts and data scientists to produce much more fine-grained models of customers' future activities. These rules and models enable firms to produce much more tailored promotions and offers, improving overall performance and reducing contact fatigue, opt-outs, and disengagement.

“We can enhance classic marketing goals by improving efficiency and refining strategies. But we’re also able to create a much wider role for marketing.”

— Director of marketing at a technology management firm

Create Competitive Advantage Through Big Data Innovations

Marketers can meet the challenge of customers' embrace of digital interactions by themselves embracing innovations in big data technologies. Firms can use these innovations to create lasting relationships with customers through superior analytics and speedy responses. By adopting these capabilities, they can reconcile the apparent rivalry between traditional marketing goals and the urgent need to address individual customer interactions wherever they occur. In our survey of big data practitioners, we find that marketers who want to create competitive advantage and improve agility should adopt practices that:

› **Use new interaction-based programs that guide customers through real-time journeys.** By far, the most important factor to the success of marketing programs is providing quick, relevant responses in customer interactions; 44% of respondents chose this capability as the most critical one (see Figure 3). The ability of big data technologies to manage real-time interactions at scale enables marketers to operate programs on the level of individual customers without incurring exorbitant staffing or infrastructure costs.

› **Implement in-line and advanced customer analytics capabilities.** Marketers can only orchestrate individual customer experiences when they can select appropriate content and offers during the interaction. Respondents told us that generating customer insights through analytics and data mining (36%) was the second most critical capability. That big data technologies provide the ability to process and apply customer data within a marketing context indicates their suitability as the basis for a new marketing technology stack.

› **Prioritize investments in technologies that yield performance improvements in key challenge areas.** Indeed, the same issues that marketers rank as most challenging face are those to which mature marketers have successfully applied new big data technology (see Figure 4). Survey respondents felt that new big data and marketing technologies could have the greatest positive impact on improving customer lifetime value (36%) and understanding customer interactions across channels (33%).² Other top marketing challenges that can be solved through big data and marketing technologies include managing campaigns or interactions across multiple technologies and maintaining customer data quality across campaigns.

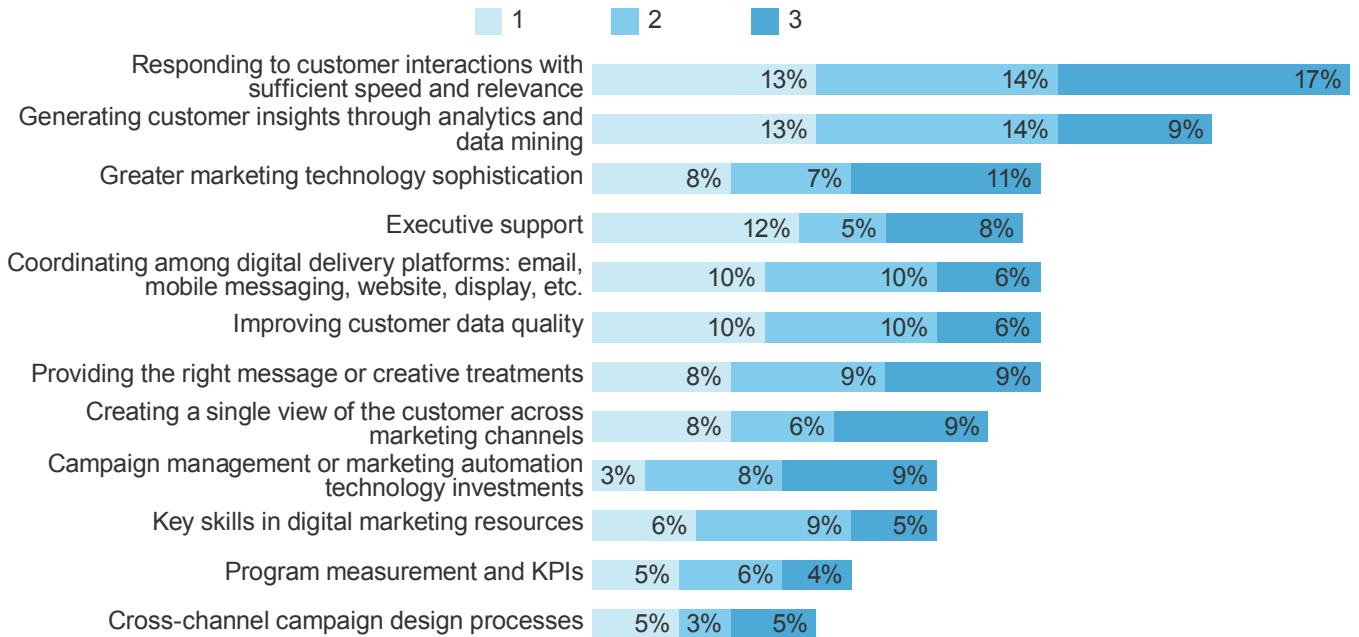
“We use big data primarily to influence shopper behavior. We’re upgrading the in-store infrastructure so that we can orchestrate customers’ experiences in real time. Better experiences allow us to maintain premium pricing.”

— Director of marketing at a major US grocery retailer

FIGURE 3

Quick, Relevant Responses To Customers And Analytics Are Most Critical To Marketers' Future Success

“What three factors are most critical to the future success of your marketing program?”

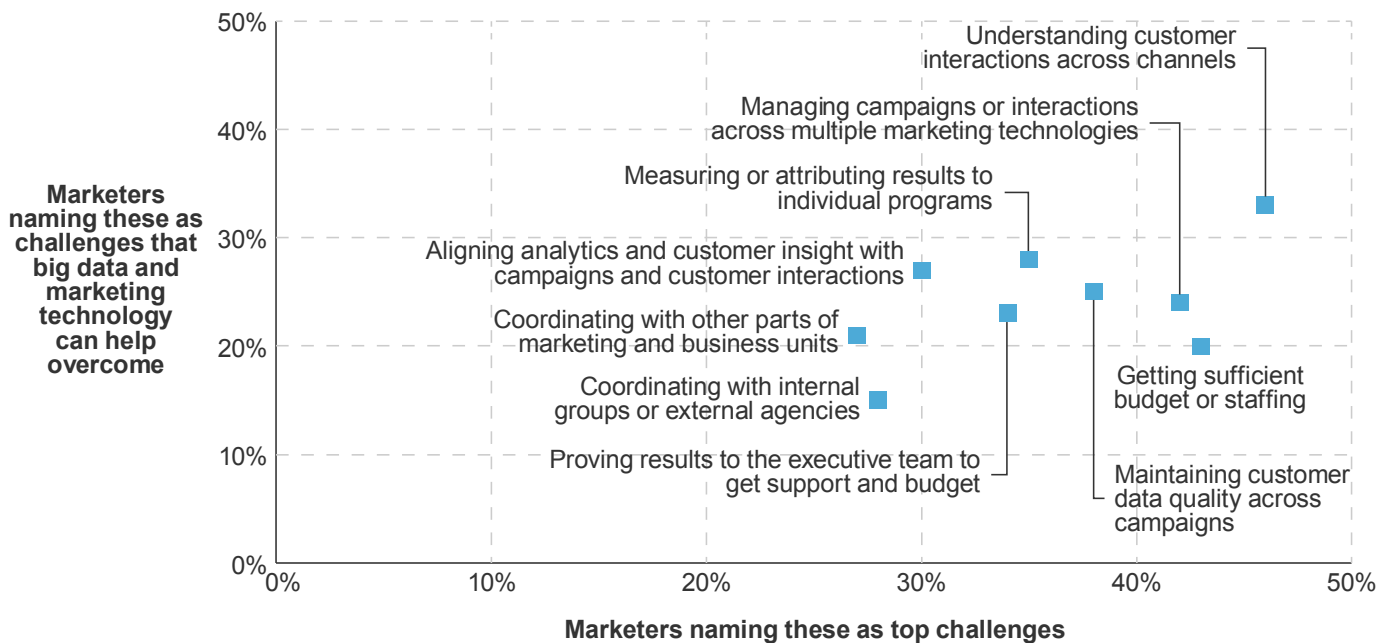


Base: 155 US-based enterprise marketing and sales decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

FIGURE 4

Top Marketing Challenges That Big Data Can Solve



Base: 155 US-based enterprise marketing and sales decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

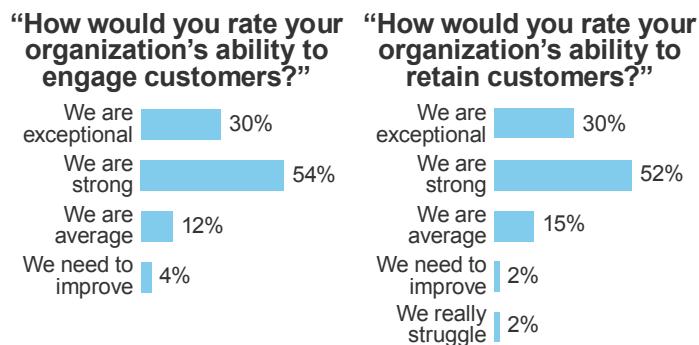
JUSTIFY INVESTMENTS IN CUSTOMER ENGAGEMENT AND MARKETING PERFORMANCE

Marketing budgets are increasingly stressed, facing growing demands to support existing technologies in addition to media, analytics, data management, creative, and strategy. When faced with emerging technologies, how can marketers make the case for investing above and beyond those well-established demands? Our survey respondents told us that their investments in big data technologies yield:

› **Increases in customer engagement and retention.** Big data technologies improve marketers' ability to understand customer interactions. Indeed, 84% of our respondents told us that they are exceptional or strong in their ability to engage customers; 82% said that they had that level of capability for retaining customers (see Figure 5). Organizations that prioritize big data analytics and execution can expect to improve their ability to build long-term customer relationships.

› **Improvements in cross-sell and upsell performance.** The impact of these tools and techniques isn't limited to unquantifiable "improved experiences." Nearly three-quarters of the respondents (73%) told us that they are exceptional or strong at upselling or cross-selling existing customers (see Figure 6). Using these advanced technologies enables firms to become more mature and better predict the best offer to present to customers as well as the best time to present it.

FIGURE 5
Respondents Are Strong In Customer Engagement

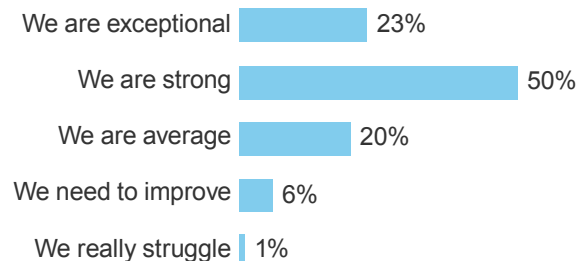


Base: 155 US-based enterprise marketing and sales decision-makers (percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

FIGURE 6
Respondents Rate Themselves As Strong In Improving Customer Lifetime Value

“How would you rate your organization’s ability to upsell, cross-sell, or enrich your relationship with existing customers?”



Base: 155 US-based enterprise marketing and sales decision-makers
Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

IMPLEMENT A BIG DATA MARKETING PRACTICE IN FOUR KEY AREAS

Emerging technologies often provide competitive advantages, but do so without providing a clear path for marketers to follow. Does big data also follow this pattern, leaving only the most intrepid or technically advanced to accrue the benefits? To gain insight into how firms can increase their big data maturity, our survey asked big data marketers to rank 12 criteria in four dimensions (see Figure 7). We found that marketers should:

› **Prioritize and benefit from a strategy of agile or rapid innovation.** Our survey found that 49% of respondents agreed or strongly agreed that leaders must adopt rapid innovation and agile business development practices in order to realize the transformative potential of these tools. Thirty percent more firms that rated themselves as exceptional at customer engagement have adopted this practice than those that felt that they needed to improve. A further 58% of firms that rated themselves as exceptional or strong at cross-selling and upselling have adopted this practice, compared with only 24% of those that consider themselves average or think that they need improvement (see Figure 8).

“If you wait, you may find that everything has changed. We use agile methods in the planning processes; waterfall processes don’t work anymore. Big data tools and techniques allow us to be quick and reactive.”

— Director of client resource services at a global financial company

- › **Invest in real-time interaction management.** In order to operationalize the advantages of big data in marketing, 49% of respondents agreed or strongly agreed that they had adopted technologies that activate customers with in-line decisioning at digital touchpoints in the past 12 months. Firms that rated themselves as exceptional at customer engagement are 28% more likely to have adopted these tools than firms that think they’re average or need to improve (see Figure 9). We found an eye-opening difference in cross-sell/upsell performance: 62% of firms that rated themselves as exceptional or strong at cross-selling had adopted these tools, whereas only 12% that think they’re average or need improvement had.
- › **Establish centers of excellence (COEs) to develop and evangelize big data applications.** Fundamental to the capabilities unlocked by big data technologies is the ability to mine and manage interactions to create value and relevance for customers. Given that this capability mixes a wide range of activities, from strategy to creative development to analytics and marketing operations, 51% of respondents agreed or strongly agreed that they had adopted COEs for big data applications. Twenty-seven percent more firms that think they’re exceptional or strong at customer engagement had adopted these centers than firms that rated themselves as average or needing improvement (see Figure 10). Importantly, 66% of firms that rated themselves exceptional or strong at cross-selling and upselling had adopted this practice, whereas only 10% of those that said they were average or needed improvement firms had done so.
- › **Enact new key performance indicators and analytics methods.** Improving marketing performance through

enhanced customer engagement requires marketers to optimize interactions as they occur. The majority of respondents (54%) told us that they had adopted predictive and real-time analytics to optimize next best actions. Twenty-three percent more firms that rated themselves as exceptional at customer engagement adopted these analytics practices than firms that rated themselves as average or needing improvement (see Figure 11). Further, 66% of businesses that think they are exceptional or strong at cross-selling and upselling had adopted advanced analytics, while only 21% of those average or needing improvement did.

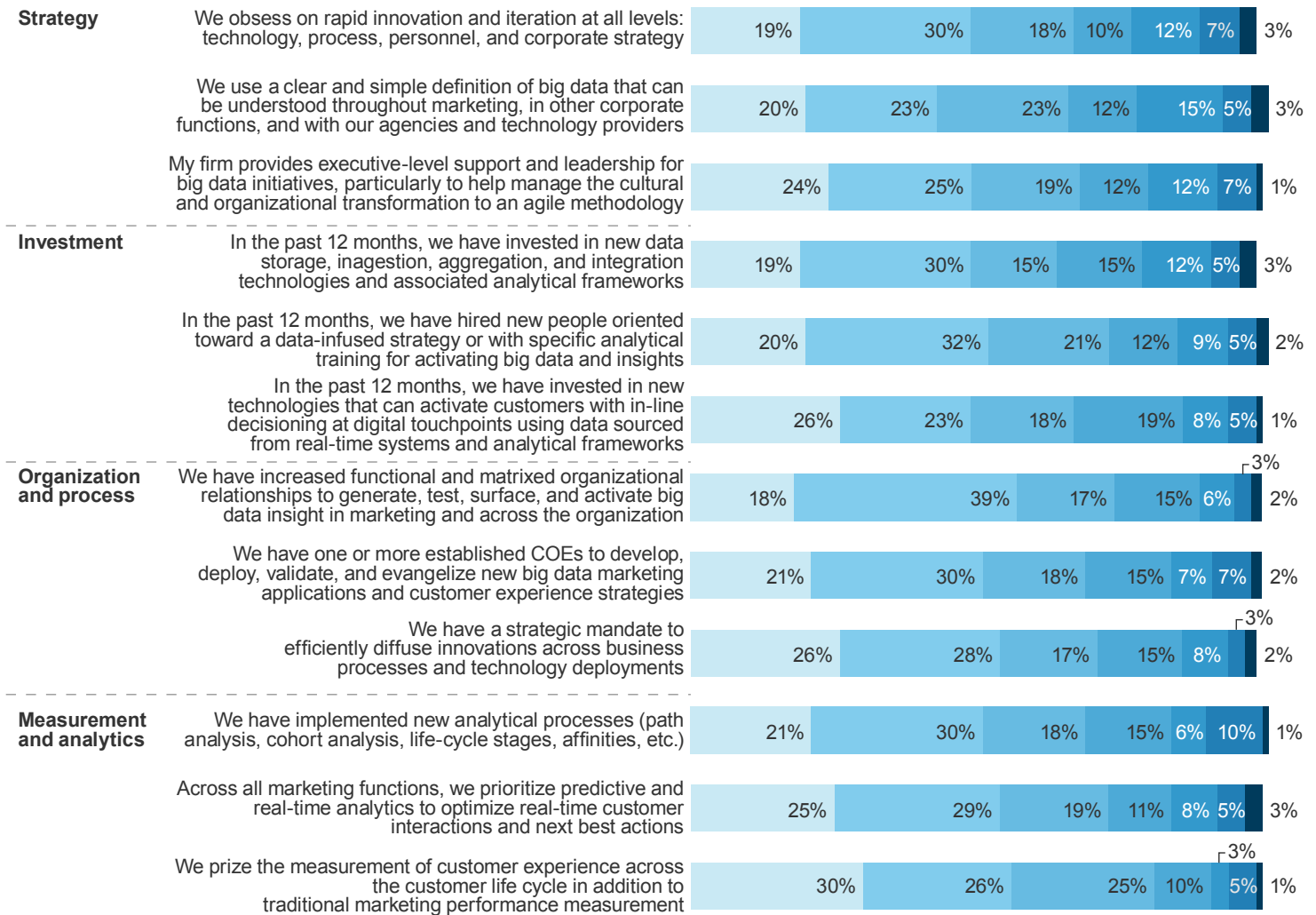
“We are becoming more matrixed with more specialties. We need to push both marketers and merchandisers through new insights, not just confirm what they already know. We need to be embedded so we can create the narrative around the numbers.”

— Director of marketing at a major US grocery retailer

FIGURE 7
Big Data Maturity Across Four Marketing Dimensions

“Has your firm has adopted the following practices?”

7 — Strongly agree 6 5 4 3 2 1 — Strongly disagree



Base: 155 US-based enterprise marketing and sales decision-makers (percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

FIGURE 8

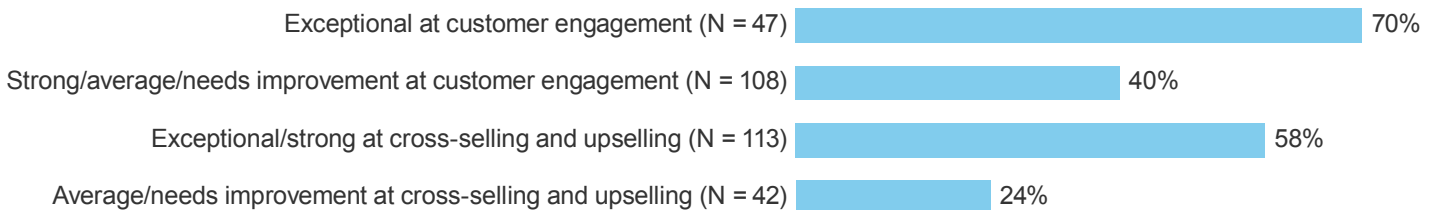
Firms Exceptional At Customer Engagement, Cross-Selling, And Upselling Obsess Over Rapid Innovation

“Has your firm has adopted the following practices?”

7 — Strongly agree 6 5 4 3 2 1 — Strongly disagree



Responses of 6 and 7 (strongly agree)



Base: 155 US-based enterprise marketing and sales decision-makers (*percentages do not total 100 because of rounding)

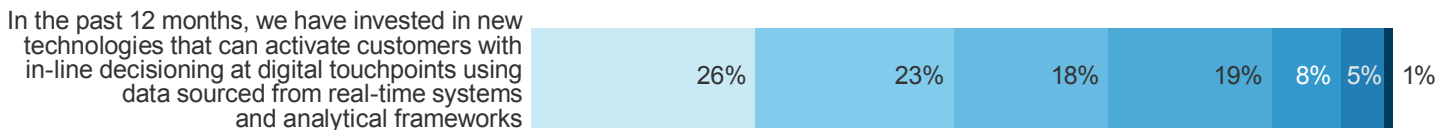
Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

FIGURE 9

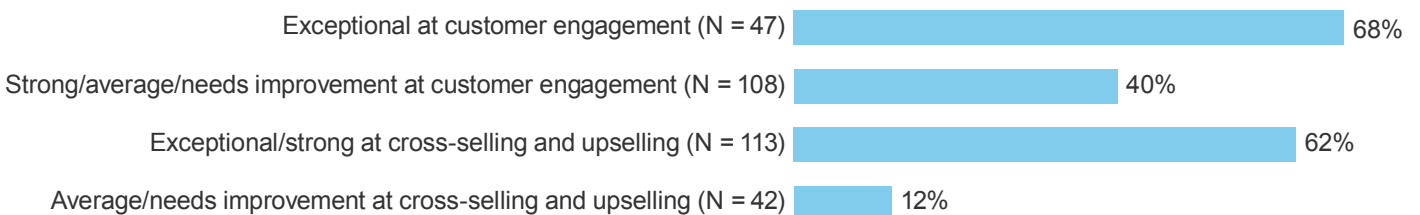
Firms Exceptional At Customer Engagement, Cross-Selling, And Upselling Invest In Real-Time Touchpoints

“Has your firm has adopted the following practices?”

7 — Strongly agree 6 5 4 3 2 1 — Strongly disagree



Responses of 6 and 7 (strongly agree)

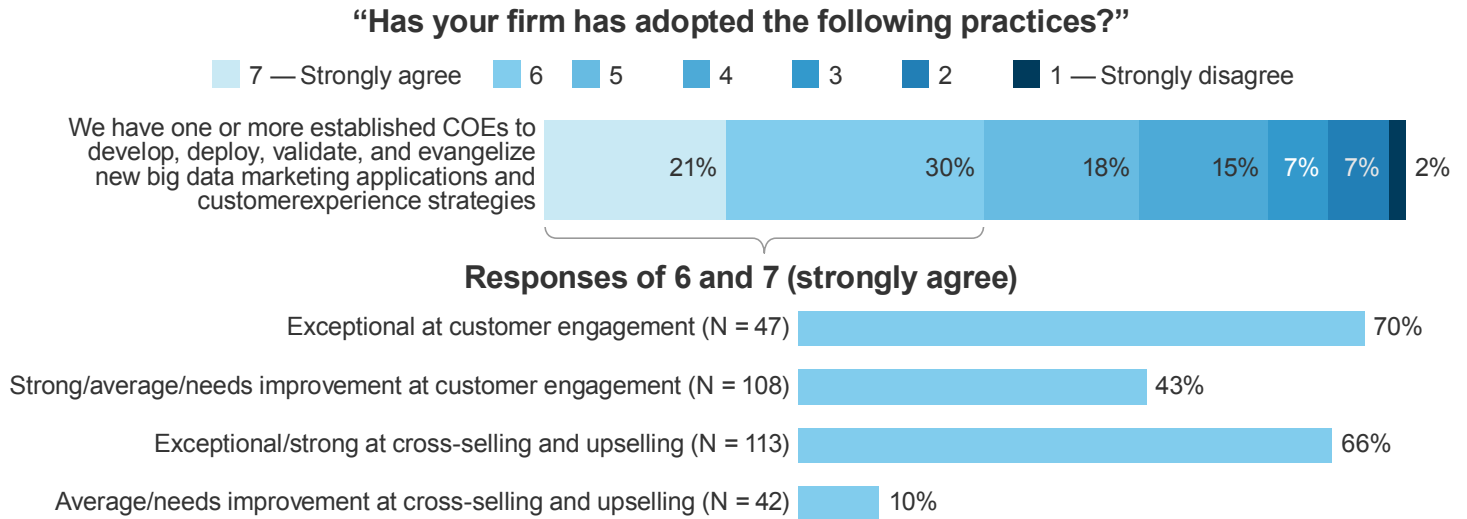


Base: 155 US-based enterprise marketing and sales decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

FIGURE 10

Firms Exceptional At Customer Engagement, Cross-Selling, And Upselling Establish Big Data COEs

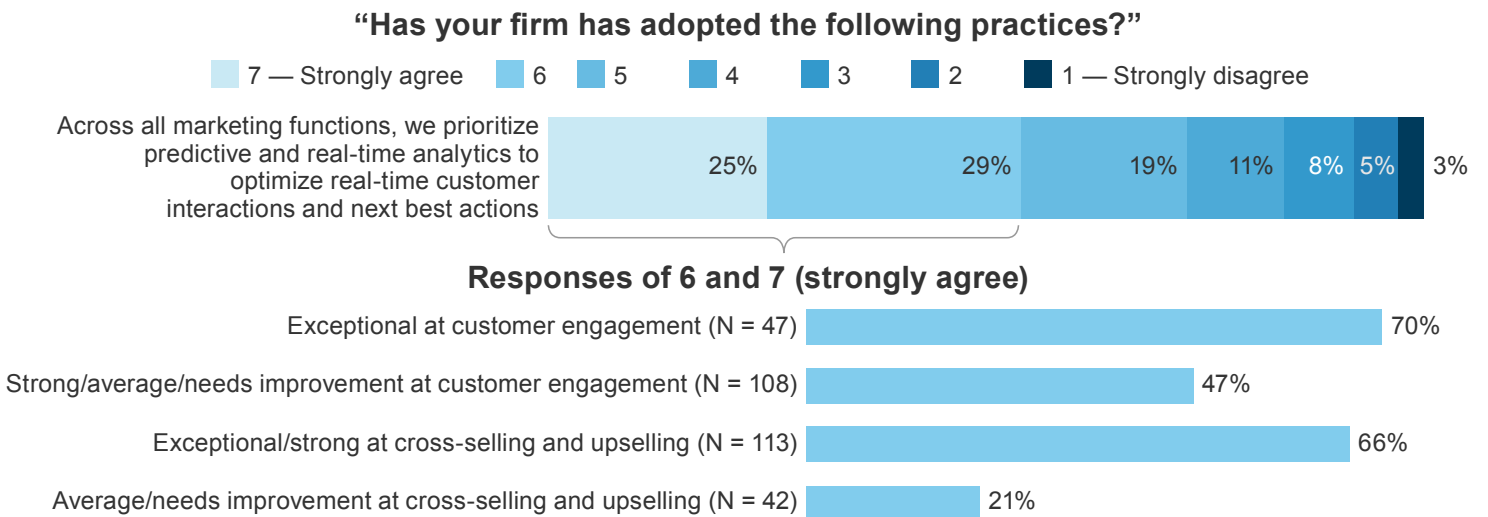


Base: 155 US-based enterprise marketing and sales decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

FIGURE 11

Firms Exceptional At Customer Engagement, Cross-Selling, And Upselling Prioritize Real-Time Analytics



Base: 155 US-based enterprise marketing and sales decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

Key Recommendations

In the short time since big data tools first appeared, marketing is already seeing the benefits from this rapidly evolving category.³ While you don't need to master the often bizarre cast of technologies — including Hadoop, Hive, Pig, MongoDB, and Flume — you must prepare your organization to absorb their effects. Marketing has for so long relied upon the simplicity of mass advertising and the familiarity of direct campaigns. Yet nearly every aspect of consumers' experience — from media to technology to products — is rapidly and unrelentingly changing under the influence of addressability and analytics. We clearly found that organizations that have blazed a trail in big data are already reaping clear benefits in engagement and marketing performance. You have both an urgent need to follow their example and the ability to do so. To increase your big data maturity:

- › **Establish a clear executive champion who can evangelize the effort.** A highly visible proponent of your big data program may be the single most important choice you make. A strong and articulate advocate can rally your employees to the cause, help clarify the benefits, and cut through the organizational silos that impede progress. Although the unfamiliarity of the technologies may hinder your effort to recruit an evangelist, the benefits will speak clearly to decision-makers focused on outcomes.
- › **Promote a clear, simple definition of big data across the organization.** To help smooth the obstacles to your big data marketing program, write down and publicize a straightforward statement of what big data means for your business and your customers. Big data tools and methods may provide clear advantages for practitioners, but the initiative will still need to compete for resources, let alone attention, within the marketing organization. Further, your internal partners (IT and finance) and your external suppliers (agencies and service providers) also need to understand the rationale for your program and the contributions they need to make to help it succeed.
- › **Elevate the discussion above the channel and the practice.** Too often, marketing technology initiatives are applied in the channel (web analytics, mobile messaging, or social listening) or within a practice (customer relationship management, digital, or customer intelligence). Mature organizations apply big data across functions and apply the insights to customer interactions, regardless of the medium. Follow their lead by holding cross-functional planning sessions and marketing performance reviews.
- › **Create a marketing capability and technology road map.** Marketers' ad hoc buying practices often limit powerful tools to a single purpose. To ensure that your efforts prevail across all customer touchpoints, create a high-level road map that charts the sequence of tools and customer data you will implement and the phases you will accomplish this in. But picturing a progression of technologies isn't enough; you must also coordinate those efforts with the changes in strategy, personnel, and business processes that your firm will make in its path toward big data marketing maturity.

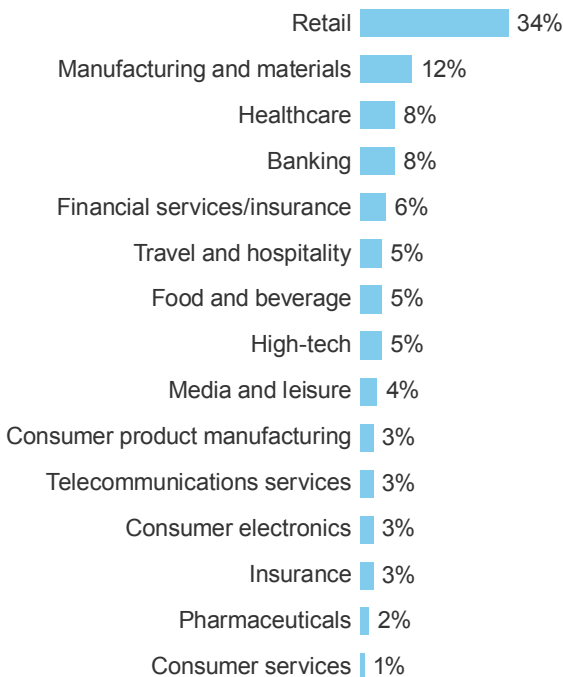
Appendix A: Methodology

In this study, Forrester conducted an online survey of 155 B2C cross-industry organizations in the US to evaluate the adoption, benefits, and challenges of using big data technology in marketing. Survey participants included decision-makers in enterprise marketing and sales. Questions provided to the participants asked to measure marketing big data maturity and its effects on top of marketing goals. The study began in October 2013 and was completed in November 2013.

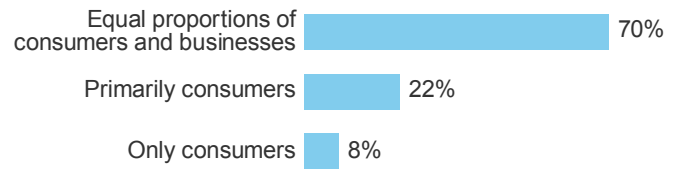
Appendix B: Demographics/Data

FIGURE 12
Industry Breakdown

“Which of the following best describes the industry to which your company belongs?”



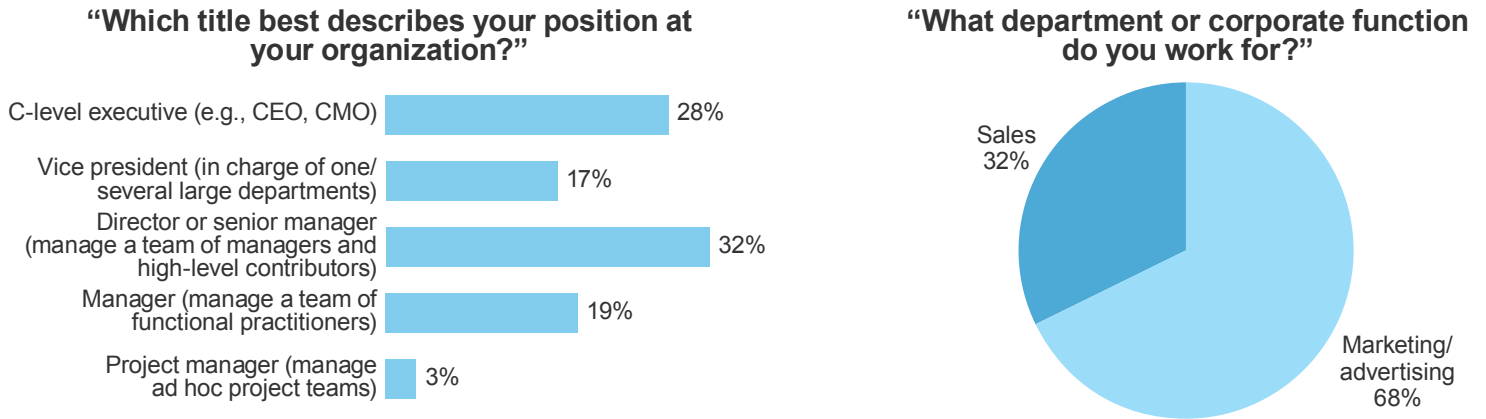
“In your job, which of the following best describes the audience that your products or marketing are targeted to?”



Base: 155 US-based enterprise marketing and sales decision-makers (percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

FIGURE 13
Title And Department Breakdown



Base: 155 US-based enterprise marketing and sales decision-makers (percentages may not total 100 because of rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013

Appendix C: Endnotes

¹ Forrester formally defines big data as “techniques and technologies that make handling data at extreme scale affordable.”
 Source: “Expand Your Digital Horizon With Big Data,” Forrester Research, Inc., September 30, 2011.

² Source: A commissioned study conducted by Forrester Consulting on behalf of StrongView, November 2013.

³ Google helped kick off the race to create big data technologies with the publication of its Google File System in 2003.
 Source: “The Google File System” (<http://static.googleusercontent.com/media/research.google.com/en/us/archive/gfs-sosp2003.pdf>).