

Turning BIG DATA into Black Gold



AUTHOR: Vinny Vijeyakumaar

associate editor: Uttara Gupta

Ninety percent of the data that exists today has been created in the last two years. In the time it took you to read that last sentence, 11.6 terabytes of data were generated. That is equivalent to about 17,400 CD-ROMs (if you remember what those are!). We live in a connected world, with a proliferation of devices that connect online. For the modern marketer, this means access to large volumes of data. If you believe in the saying that data is the new black gold, then marketers have struck it rich, right? Unfortunately this is not always the case.

The challenge for the modern marketer is that Big Data creates big noise. To be able to make leaps and bounds in your business, you need to be able to cut through the noise, identify meaningful insights, and, most importantly, act upon them. Simple insights can help increase your user base, conversion rates, and revenue by multiples.

So how does the modern marketer cut through the noise and collect barrels of black gold from his or her data? I propose a simple 4-step process that gets you looking at what's truly important:

1. Identify your organizational objectives
2. Identify the KPIs you should be tracking
3. Implement your data collection systems
4. Take action on your data

1. Identify your organizational objectives

The crux of any good digital measurement plan is to align it with what the rest of your organization is striving for. If you measure in a silo, without measuring what matters to your CEO, your efforts will be put to waste.

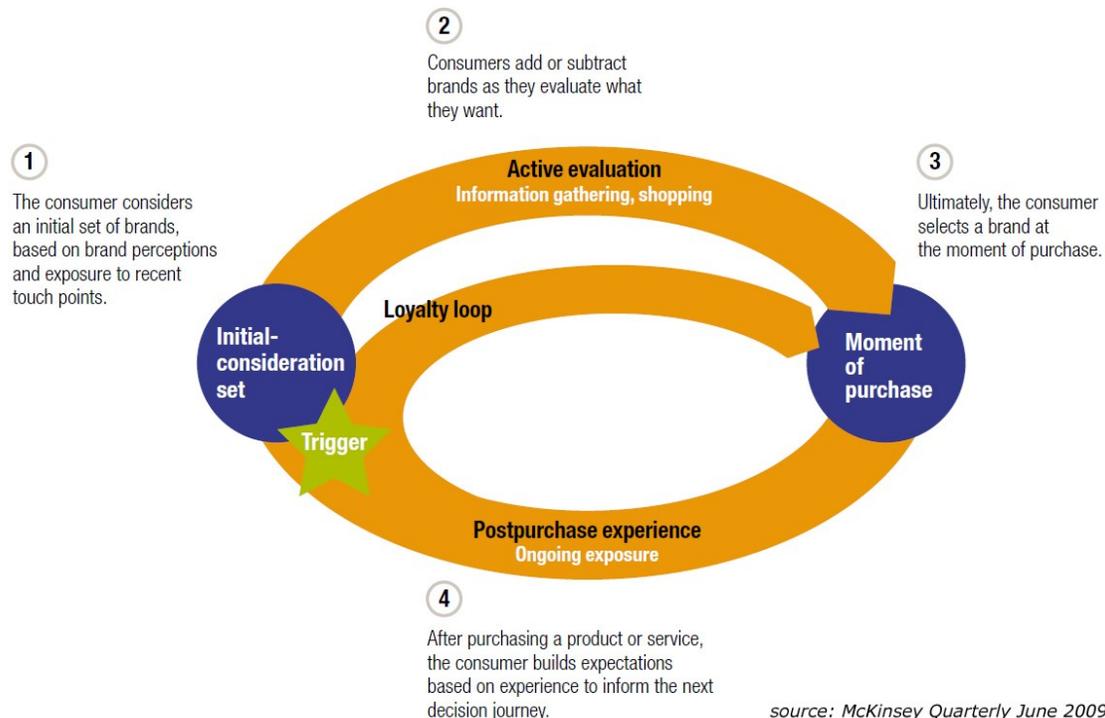
Your organizational objectives will depend on your industry, the maturity of your business, and the leadership's vision on where they want to get. Some example objectives include:

- Grow global market share by X percent
- Increase marketing ROI by X percent
- Reduce cost of goods sold by X percent
- Increase word of mouth referral rate by X percent
- Reduce call center resources by X percent

If you are not sure what your organizational objectives are, speak to your senior management and refer to your company's annual reports. They are often good enlighteners on what matters.

Determining your organizational objectives gives you a clear foundation for what you should be measuring and what actions you can take to shift your business forward. Anything measured outside of this is meaningless.

The consumer decision journey



2. Identify the KPIs that you should be tracking

Now that you know what your organizational objectives are, it's time to start identifying the KPIs that align with them. By monitoring these KPIs, we ensure that we are keeping a finger on the pulse of the business and can rapidly detect any shortcomings.

One way to start thinking about KPIs is to look at the consumer decision-making process. McKinsey proposes a four-step process in today's digital era. Consumers first create an initial consideration set of brands and products they would consider purchasing. Then they actively evaluate members of the set, adding and subtracting candidates. Next comes the moment of purchase. The purchase, however, isn't the end of the decision-making process because there is an ongoing post-purchase experience.

Most often, marketers are preoccupied with KPIs related to the moment of purchase, as these are related to real dollars. These are macro-goals. If we focus on these, how do we know if we are doing well at creating awareness at the consideration stage? Or are we engaging effectively at the active evaluation stage? For this, we need to consider micro-goals that capture success or failure at the non-purchase stages.

Let's consider some of the organizational objectives mentioned in the last section. Here are some KPIs that you would consider for each stage of the consumer decision-making journey that are aligned with organizational objectives:

| | Initial Consideration | Active Evaluation | Moment of Purchase | Post Purchase Experience |
|---|--|--|---|---|
| Grow global market share by X% | <ul style="list-style-type: none"> Volume of new visitors Volume of new visitors from new targeted markets | <ul style="list-style-type: none"> Returning visitor engagement with product videos Downloads of product information packs | <ul style="list-style-type: none"> Number of transactions by first time buyers Ecommerce conversion rate for first time buyers Average order value for first time buyers | <ul style="list-style-type: none"> Social media mentions by first time buyers Repeat purchase rate by first time buyers |
| Increase marketing ROI by X% | <ul style="list-style-type: none"> Cost per new visitor acquisition | <ul style="list-style-type: none"> Cost per active evaluator | <ul style="list-style-type: none"> Cost per transaction Conversion rate by campaign Average order value by campaign | <ul style="list-style-type: none"> Repeat purchase rate by campaign Time to repeat purchase |
| Reduce cost of goods sold by X% | <ul style="list-style-type: none"> Cost per new visitor acquisition | <ul style="list-style-type: none"> Cost per active evaluator | <ul style="list-style-type: none"> Cost per transaction Conversion rate by campaign Average order value by campaign | <ul style="list-style-type: none"> Repeat purchase rate by campaign Time to repeat purchase |
| Increase word of mouth referral rate by X% | <ul style="list-style-type: none"> Volume of new visitors by word of mouth (WOM) channels (e.g. social media) | <ul style="list-style-type: none"> Engagement with product videos Downloads of product information packs | <ul style="list-style-type: none"> Number of transactions by WOM buyers Ecommerce conversion rate for WOM buyers Average order value for WOM buyers | <ul style="list-style-type: none"> Number of referrals made Number of successful referrals converted Volume of social media mentions Net promoter score |
| Reduce call center resources by X% | <ul style="list-style-type: none"> Online visits to call center calls ratio for initial product inquiries | <ul style="list-style-type: none"> Online visits to call center calls ratio for further details | <ul style="list-style-type: none"> Online visits to call center calls ratio for purchases | <ul style="list-style-type: none"> Online visits to call center calls ratio for support inquiries |

3. Implement your data collection systems

Now that you know what needs to be tracked and its importance, it's time to put your data collection systems in place. A robust data collection system will cover all channels (e.g. website, mobile app, brick and mortar stores, pop-up stores, booths) in which your business operates. It's not so important which tools you use, but rather that they are properly set up to measure the KPIs that matter to you.

4. Take action on your data

Collecting data for the sake of collecting data is not worth anyone's time. For data to become black gold, you need to take action on it. Inaction provides no value.

Often marketers keep an eye on their KPIs with the intention of taking action when the KPIs change drastically. In these instances, however, they are often unprepared and start scrambling for the right response.

The pertinent approach is to put plans in place for when key KPIs deviate outside of acceptable norms. Let's look at an example. Assume we want to increase marketing ROI. Here are some contingency plans for which we can prepare.

| KPI | Deviation | Actions to take |
|--|-----------|---|
| Cost per new visitor acquisition | + 10% | <ul style="list-style-type: none"> • Evaluate active marketing channels • Redistribute budgets from underperforming to over-performing campaigns • Cease underperforming campaigns • Evaluate creatives and messaging of USPs |
| Conversion rate per campaign | - 5% | <ul style="list-style-type: none"> • Evaluate messaging in creatives with what is offered on the site (i.e., there a mismatch in messaging?) • Test new creatives • Test new offers • Test bundled offers |
| Repeat purchase rate per campaign | - 10% | <ul style="list-style-type: none"> • Evaluate quality of products sold • Evaluate post-purchase customer experience • Undergo more extensive customer outreach |

Now if KPIs were to deviate significantly, the team would be prepared and know what to do next with certainty instead of scrambling. Investing time in these plans is important.

As the digital world evolves, and as the offline and online worlds converge, the volume of data at our fingertips is only going to get bigger. The key is to cut through the noise and focus on what really matters for your business. Only then will Big Data turn into black gold for your organization. [N](#)