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New Zealand Post 

MATH & MAGIC

Is the nascent realm of Big Data the holy grail of marketing, or just another example of the cult of measurement? Lynda Brendish crunches the numbers—and finds out how savvy marketers and businesses are harnessing them.

IN THE HIGHEST STAKES marketing game around, the US Presidential election, two rising stars emerged from the 2012 campaign, neither of them candidates. The first was Nate Silver, the man who made statistics relatable. His spot-on modelling accurately called the election's state-by-state results, right down to Florida's blue-by-a-hair's-breadth outcome. The other was Big Data, the power behind Obama's continued hold on the

throne. Both achievements—Silver's accuracy and Obama's re-election—were watershed moments for the mainstreaming of Big Data, demonstrating unequivocally the potential it has not only to predict behaviour, but to influence it.

The idea that organisations should be delving into the information they collect about customers and turning those insights into actionable marketing and business intelligence isn't new. What is

CONVENIENT OR CREEPY?

→ In his story 'How companies learn your secrets', *New York Times* writer Charles Duhigg relates how US retailer Target angered a father by inadvertently revealing his teen daughter's pregnancy through the highly personalised, maternity advertising she began receiving. The story serves as a valuable reminder that the onus is on marketers to tread carefully when using consumer data, or risk alienating customers. "Consumers are blissfully ignorant about how much marketers know and how much they're tracking, but if it is done well, it looks really tailored," says Nathalie Morris, managing director at Ubiquity. "It's important to use the data well, to consider how you put the message together." Even limited to publicly available information marketers can design highly specific campaigns for only a handful of people. And, taking a leaf out of PR's book, if done well, digital efforts can spread organically. OMD's social media strategist Anthony Gardiner wrote about such "nano-targeting" in StopPress recently, calling it "the creepiest and grossest type of marketing I know". And according to 2009 research from the Annenberg School of Communication in the US, many consumers would agree. The study found 66 percent of respondents didn't want tailored advertising; the numbers were even higher when informed of the marketing practices used to do so. But these days advertising is increasingly about relevancy and recommendations. And for some it's beneficial, with the likes of Amazon, Google's Adsense, Facebook's targeted ads or, locally, the new Localist mobile app evidence of that.

new is the sheer volume of data businesses have to deal with—and what they can do with it. In 2010, Eric Schmidt, Google's executive director, made the oft-quoted observation that we collectively create as much information every two days—about five exabytes—as was created between the dawn of civilisation and 2003. And if those implications sound mind-boggling, you're not alone: 71 percent of Kiwi respondents to IBM's 2011 CMO survey said they felt under-prepared to deal with the data explosion.

Big Data is more than just, well, more data, however. In broad terms it includes all that can be tracked, gleaned and achieved with the data. Industry players like IBM, Experian and SAS define Big Data in terms of the three V's: volume, variety, and velocity. So there's more data, from more sources and of more kinds, and not only is it moving fast—often in real time—but its relevance is sometimes only fleeting.

"Location-based offerings are only relevant as long as someone's at the location, not an hour later after they've moved away," says Nick Cater, business analytics manager at IBM. And being able to deliver on the promise of the first three V's requires organisations weave in the unofficial fourth V: value. Having the best, most sophisticated data isn't worth much unless you can derive meaning from it. "You have to make sure you're asking the right questions of the data," says Ian Mills, managing director of market research firm Ipsos. "If it hasn't been collected to answer the right questions, all you've got is a big pile of numbers."

Money well spent

In its ideal implementation, Big Data can monitor and increase ROI by reporting on profitable iterations in real-time, allow marketers to refine messaging—or sales offers—on the fly, and target valuable audiences with the right message at the right time. In the case of new Big Data-driven digital ad exchanges, which put ads in front of audiences segmented by behavioural triggers—say, those who have partially completed a mortgage application—rather than a scattergun approach based purely on broad demographics, the measurability allows

granular refinements to approach.

"Do you want to spend your dollars on something you can't accurately gauge, or on something you can track to the till? Increasingly there's no argument," says Dan Robertson, commercial director for Mi9, the joint Microsoft, Nine Entertainment digital media company. And in general, Big Data employs more accurate risk modelling and real-time feedback, meaning ROI can be measured in more ways, and in more detail, than ever before.

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Even SMEs without a lot of cash to plough into Big Data can benefit from its lessons, and there's no better place to start with the data an organisation already has. Analytics is important at any size, and by testing and measuring, the relative benefits will become self-evident. "Smaller companies need to work with what they've got, but they need to be smart," says Ben Goodale, managing director at one-to-one agency justONE. "You can probably go a long way along the path [to Big Data] with a bit of number eight wire."

Ubiquity's Nathalie Morris recommends a "small bites of the elephant" approach. "Even something really simple like email content based on a customer's region with linked cross-sell and up-sell messages. Start moving away from one-size fits all."

Test cases

By its nature, Big Data claims to move marketing

away from guesswork and maybe and into the realm of testable hypotheses. It's also a useful tool for overriding outmoded HiPPOs, or Highest Paid Person's Opinion. Is a HiPPO pushing an out-of-touch content approach? AB testing, used by sites like Mashable to test headlines and promoted as an effective tool by Google, allows you to test. If your gut is right you'll end up with the results to make a case for a wider rollout regardless of how HiP the person is.

It comes back to what Google's New Zealand country manager Tony Keusgen likes to call "white coat marketing". And he's desperate to see a more scientific approach in New Zealand.

"We're trying to take away that mystery. I remember having a chat with a marketer in Sydney and they said people typed in 'cloud computing', so that was what people are looking for and that was their business. But there was so much more search for 'software as a service' so you can solve the argument about where your brand needs to be. The same goes for a PC manufacturer I met. They wanted to bring out a new range that was 'fast and lightweight'. But in terms of what consumers were looking for, search showed it was 'sexy and cool'."

Search data is also important tactically, he says. For example, Google found there were over one million searches for digital cameras in the seven days preceding Easter in Sydney.

"So you can really let data drive decisions, like how many staff do I need to have in store or do I

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MICHAEL FRIEDBERG, IBM

need to have a really good offer to capture that? One of the largest search topics last Christmas was waterproof cameras but the manufacturers and retailers weren't scaled up for that demand so they were putting out offers that consumers might not have been interested in."

He admits that as data and creativity increasingly fuse, there's confusion about whether it comes under the remit of marketing or IT, so they're having to provide some guidance to the larger businesses about where these things need to sit in the organisation. But its importance is starting to sink in.

"The reason Big Data is so important and valuable," says Angela Hunger, Experian's New Zealand country manager, "is that it enables organisations to become customer obsessed, to move from thinking not about customers but about audiences." Michael Friedberg, IBM's software group marketing leader, agrees. "It allows us, as marketers, to deepen and strengthen relationships with customers, to understand what they want and how they want it delivered." Obama's analysts grasped this; through modelling they predicted which voters were most likely to donate, how much they were likely to donate, and which channels they were likely to donate through and tailored the approach accordingly. And that's key to Big Data-led customer engagement, not only the ability to target specific customers with tailored content, but to let the customer dictate how that happens.

Bingo!

But, as with any bullshit bingo buzzword, there's a lot of hype to cut through. "We have a tendency—with cloud, analytics, Big Data—to really hype it up," says Friedberg. "I don't know if Big Data is the next big thing, but it's definitely a big thing." There's no doubt a Big Data approach

gives organisations a competitive edge, however. White papers across the board cite effective Big Data usage as a characteristic of high-performing organisations. *The Economist* Intelligence Unit's Big Data lessons report notes: "Top-performing companies... place a higher premium on data than do their peers, collect more of the data available outside of their organisation and use them more broadly across the business."

Still, there are criticisms. *The New York Times'* Steve Lohr points to the risk of "false



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discoveries" in large data sets, data expert Stephen Few warns "mounds of data continue to bury us, [while] we make little progress in the only thing that

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matters: doing something useful with the data", and some point to a cult of measurement that creates a focus on the urgent rather than on the important.

Concerns converge on three main themes: more data doesn't always equal better data; data is pointless if you can't make sense of it; and data is only as good as the people interpreting it. Interestingly, the last point

is perhaps best illustrated by the Romney campaign: "The GOP's strategic assumptions, based on screeds of poll data, were simply wrong," says Ipsos' Duncan Green. "They allowed human judgement—the view that the Dems would not turn out in great force for the elections—to override the evidence being delivered in poll after poll."

Other critics fear the rise of Big Data will cause the decline of old-fashioned intuition in the industry. In true marketing fashion, the conflict has been saddled with a snappy catchphrase: math men versus mad men. It's a dichotomy that suggests mutually exclusive positions but, as with most things, the truth of the matter lies somewhere between the two.

Data can—and should—be used to confirm or refine instinct, not substitute it. "Good data won't guarantee good decisions," as one recent *Harvard Business Review* headline claimed.

"I don't think we'll ever get away from the need for both the math and the magic," says Mills. "People use data best when they clearly say to themselves, 'it's backed up what I'm thinking, but now I've got enough to rely on my own skills to get the message across or answer the challenge I've got'". ■

INTUITION ELIMINATION?

→ "If I had asked people what they wanted, they would have said faster horses." Henry Ford's famous, if apocryphal, quote succinctly encapsulates why old-school marketers fear Big Data. Where, in the Big Data machine, is there room for innovation? One argument suggests data-driven marketing will stifle innovation, leading us to a dead-end with small steps of constant refinement rather than to marketing utopia with Steve Jobs-like leaps and bounds of vision, with intuition favoured over market research or data. The other side says data is there to support intuition, not suppress it. But the future doesn't lie solely with one camp or the other, the math men or the mad men, but with a synthesis of the two. *Wired* writer Brian Christian sums it up best: "It's a false dichotomy, of course, to pose vision against data, lofty genius against head-down experimentation, as if companies are forced to choose between the two."



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