Building the Data & Analytics Organization of the Future

Michael Harrison, Managing Partner at Winterberry Group

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About Winterberry Group

- A specialized management consultancy with deep intersecting experience in **advertising, marketing, data, technology** and **commerce**

- Helps brands, publishers, marketing service providers, technology developers, information companies and financial investors **understand emerging opportunities, create actionable strategies** and **grow their value and global impact**
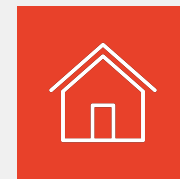
Building the Data & Analytics Organization of the Future

The State of Data & Analytics
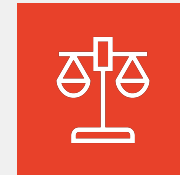
Considerations for Operating Models

Approach to Developing In-House Capability

The State of Data & Analytics

Customers Are Seeking Personalized Experiences From Brands and Are Willing to Pay a Premium for Them

86%

Of consumers surveyed report that they are **willing to pay more for a better customer experience**
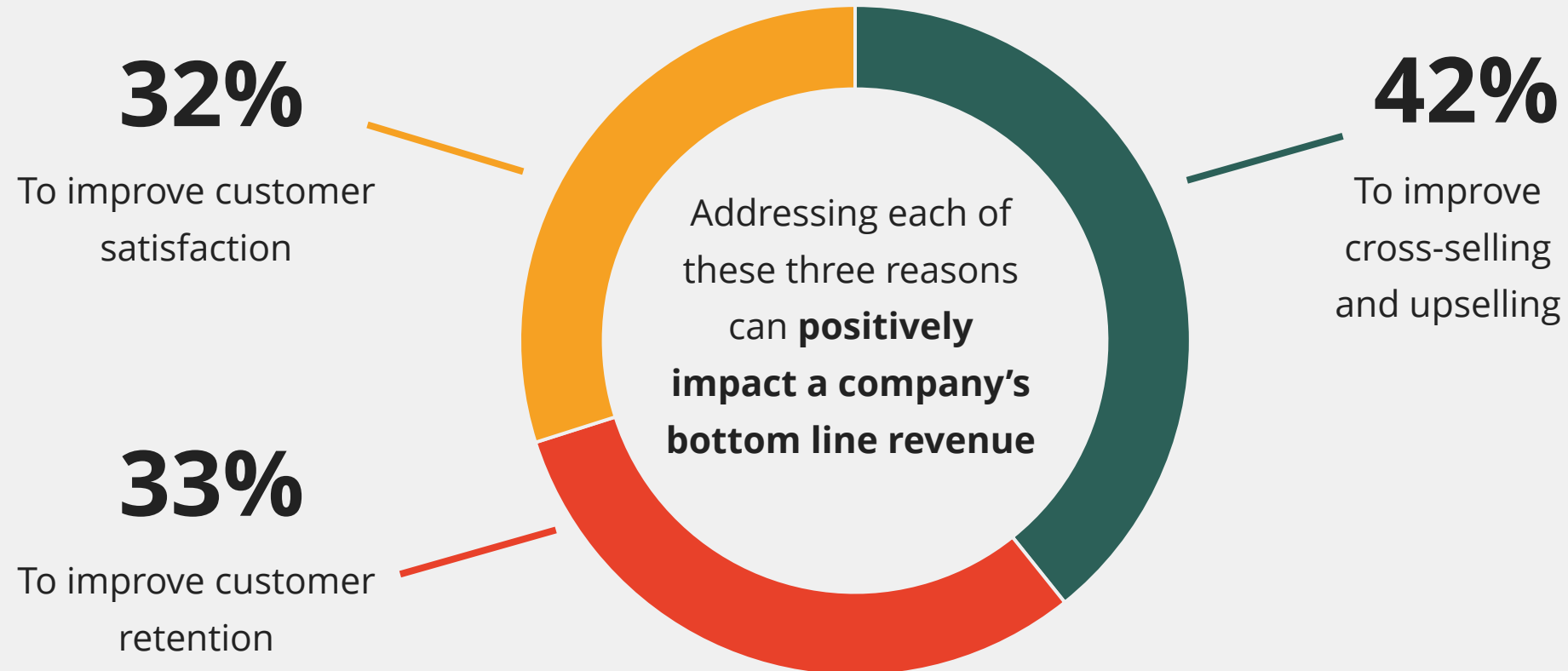
25.3%

Customers reported being willing to pay an average **25.3% higher price in exchange for greater personalization**

62%

Of consumers cited **"a consistent experience across devices"** as the factor that would make them **most likely to shop with a brand**

Responding to Consumer Demand, Brands Are Investing in Customer Experience to Increase Revenue

Why Do Companies Invest in Customer Experience?

32%
To improve customer satisfaction

42%
To improve cross-selling and upselling

33%
To improve customer retention

Addressing each of these three reasons can **positively impact a company's bottom line revenue**

Customer Experience Is Currently Positioned at the Forefront of Many Brands' Marketing Initiatives

Brands are increasingly **prioritizing customer experience at the center of marketing objectives** as consumer demand for meaningful, personalized experiences continues to grow

Nearly half (44%) of marketing organizations report that they plan to **increase their budgets for CX initiatives** in the next 12 months

Marketers: What Is the Top Priority for Your Business Over the Next 5 Years?

| Priority	Percentage
Customer experience	**45.9%**
Product	**33.6%**
Pricing	**20.5%**

Marketers Are Shifting to "Always-On" Omnichannel Marketing, Positioning the Customer at the Center

Marketers are evolving **from a channel-focused execution strategy to "always-on" omnichannel marketing**, seeking to enable true integration across the customer journey

In one survey, companies that implemented robust omnichannel customer engagement strategies reported **10% YoY growth, a 10% increase in average order value and a 25% increase in close rates**

Omnichannel Investment: 2010 vs. 2020
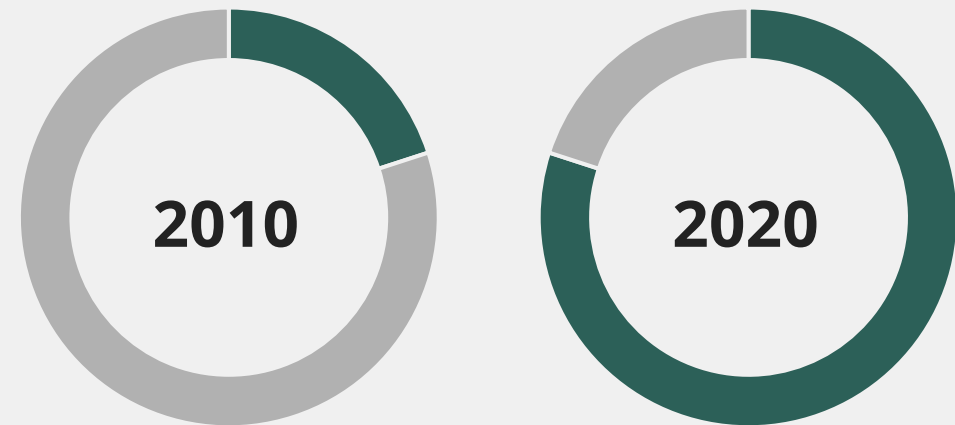
2010

2020

Between 2010 and 2020, **the number of organizations investing in omnichannel CX jumped from 20% to over 80%**

Data and Analytics Are Driving the Personalization of Customer Journeys

As demand for personalized experiences has increased, **brands are being tasked with leveraging copious amounts of consumer data** to drive insights that inform and optimize the customer journey

Marketers emphasize that **the key to delivering best-in-class customer experiences is—first and foremost—data and analytics**

When it comes to **data collection, management and analytics** that drive real consumer insights:

49% Of marketers say they deliver well on this today
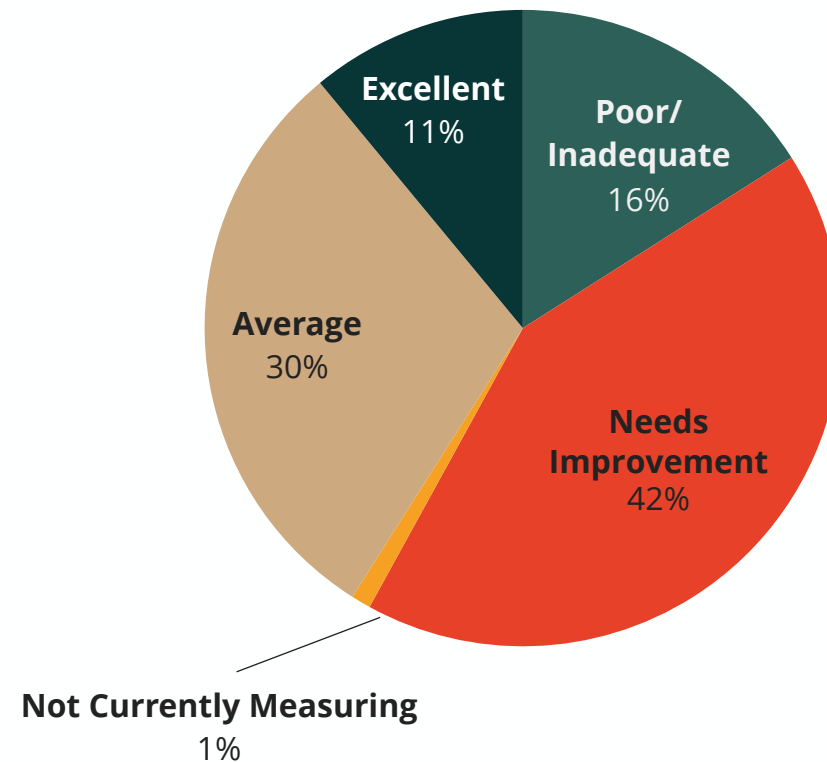
84% Believe this will be important to their company's future success

Marketers Turn to Attribution to Optimize Performance and Secure C-Suite Buy-In, But Many Lack Confidence

Attribution solutions have grown in complexity and sophistication as marketers seek to monitor, modify and optimize both channel-level KPIs and business objectives beyond traditional metrics

While most marketers do track marketing performance, **many express a need to improve their efforts to demonstrate ROI to the C-suite**
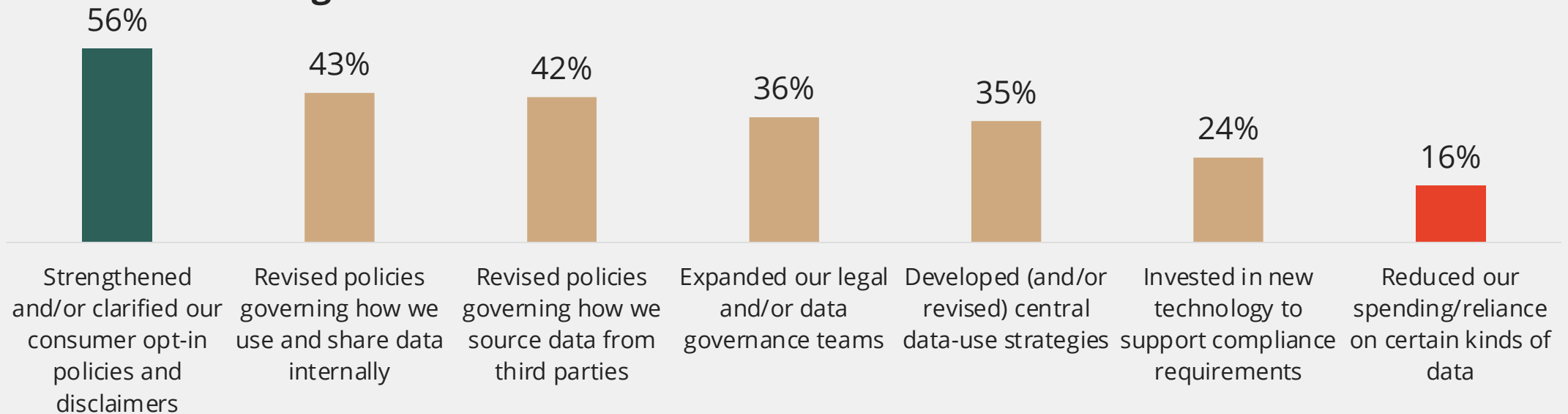
Marketers: **How Would You Rate Your Company's Current Ability to Measure and Analyze Marketing Performance and Impact?**
(% of respondents)

- Excellent 11%
- Poor/ Inadequate 16%
- Needs Improvement 42%
- Average 30%
- Not Currently Measuring 1%

Source; Demand Gen Report (2019)

New and Pending Privacy Regulations Are Driving Greater Focus and Investment In Data Governance

Marketers: **Which of the following actions has your company taken to address new/potential data privacy regulation?**

In response to consumer privacy changes, **marketers are investing in greater discipline around how they use, manage and store data**

56%	43%	42%	36%	35%	24%	16%
Strengthened and/or clarified our consumer opt-in policies and disclaimers	Revised policies governing how we use and share data internally	Revised policies governing how we source data from third parties	Expanded our legal and/or data governance teams	Developed (and/or revised) central data-use strategies	Invested in new technology to support compliance requirements	Reduced our spending/reliance on certain kinds of data

Notes: N = 86; multiple responses allowed and not all answer options are shown

Source: Winterberry Group (2020)

Brands and Agencies Are Building Out Centralized Data and Analytics Capabilities

Marketers struggle to recognize the full potential and value of their data—less than half report that they are delivering well on data collection, management and analytics

In response, both brands and agencies are **centralizing and enhancing their capabilities around data and analytics**

Marketers are leveraging a combination of in-housed and outsourced analytics capabilities to close the gap on their ability to derive value from data

Marketers: **Which of the following service models does your organization employ for its data and analytics capabilities?***

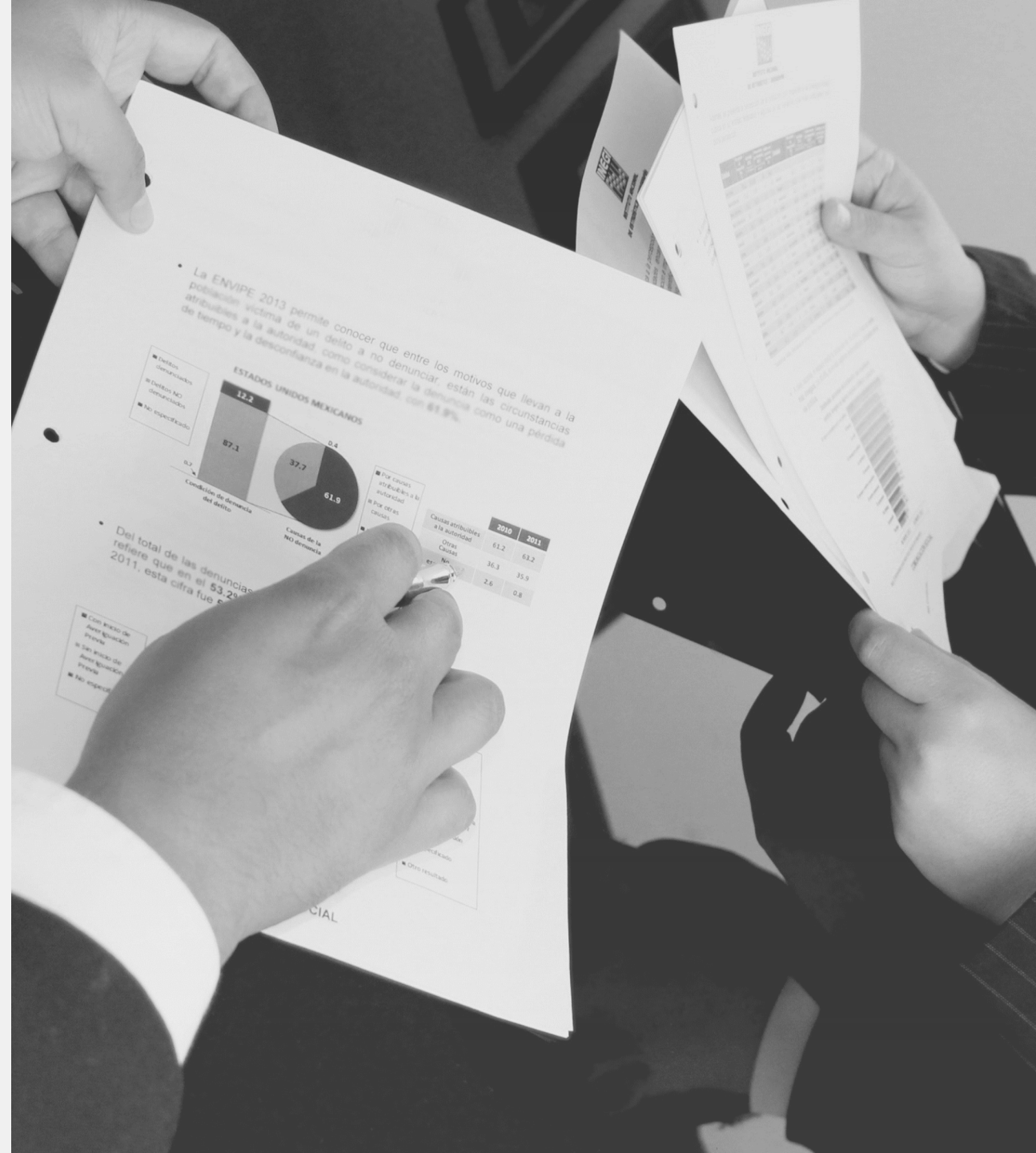| 45%	13%	43%
In-housed	Outsourced	Hybrid model

Considerations for Operating Models

Organizations Face Multiple Considerations While Determining Their Optimal Operating Model

What Is the Organization's Current-State Operating Model?

- What does its **partner ecosystem** look like today? How does the organization work and blend its internal resources with its partners? What is the company's role in the ecosystem?
- What is the **underlying technology architecture** that supports the company and its partner activities?
- Where does the organization get the **most value** from the model and where could it **in-source**?

Where Can the Organization Extract Value From Its Current Model?

- If the organization makes changes to how it leverages data, process and technology assets, could the organization **improve the customer experience**?
- Could it **expand reach and addressability**?

Organizations Must Focus on Optimization Due to the Increasing Complexity in Marketing and Advertising

Open Questions as Organizations Move Toward Improved Coordination Today and Best-In-Class Marketing Orchestration Tomorrow:

- How does the organization create the **best experience for customers and consumers**?

- How does the organization **increase effectiveness and efficiency**?

Considerations:

- What services should (or can) organizations **consider in-housing**?

- What technology should organizations **license, develop or manage itself**?

- How should organizations **determine which partners to use** and what is the best way to manage their partner ecosystem?

- How do organizations **transform their processes to achieve optimization**?

Organizations Need to Address the Feasibility of In-Housing Capabilities

Unique Capabilities Provided by Partners		Attractiveness of In-Housing	Feasibility of In-Housing
Identity	• Privacy and regulatory requirements		
	• Ability to manage second-party identity		
	• Scaled external identity management with third-party publishers		
	• Enhanced view of both necessary and insight-driven suppressions		
Data	• Ability to stitch together external data sources		
	• Optimized data sourcing from partners		
	• Testing and validation of third-party data sources independent of our company		
Analytics Activation	• Time-to-insight and time-from-insight to operationalizing insight reduced via a third-party		
Compliance	• Integrated third-party perspective on privacy		
	• Leverage data sourcing and integration best practices including privacy and compliance for first-, second- and third-party data		
Services and Marketing Talent	• Variable staffing model that allows our company to scale capacity up or down based on our objectives		
	• Ability to integrate specialists across marketing disciplines into our company's practices		
	• External perspectives of partners to enable learning from other clients		
	• Outsourced talent recruitment, retention, redundancy and career pathing		
Process Reengineering	• Operating process efficiency—enhanced ability to implement and refine new marketing tools and techniques		
	• Ability to manage resources across business partners		
	• Ability for rapid test and learning—test outside of our company's environment reducing wait time		
Technology Platforms	• Design, build and run platforms with pre-built Integrations		

Organizations Must Determine Priorities in order to Transform Their Operating Models

Strategic Priorities

Examples:

- ✓ Transparency
- ✓ Financial flexibility
- ✓ Optimize customer acquisition and retention costs

Question to Consider: What does the ideal hybrid model look like for the organization moving forward?

Tactical Priorities

Examples:

- ✓ Develop proprietary insights, analytics IP and strategies
  - Ability to identify new product opportunities
  - Increase the quantity and variety of data/information sources
  - Develop an enhanced view of consumer identity
- ✓ Enhance working media efficiency and performance optimization
- ✓ Enable iterative decisioning and 'always-on' marketing and servicing

There are Several Steps to Design and Transform the Operating Model

Perform a detailed gap analysis (both looking internally and at the organization's partner ecosystem), including a review of:

- **Process gaps** (i.e., system mapping of processes across marketing functions)
- **Platform integration gaps** including adtech/martech applications (BTL), and marketing operations tech including MRM
- **Talent gaps** and opportunities through an internal staffing analysis for roles, responsibilities, and process utilized
- **Partner Ecosystem analysis** (including people, process and technology)

Develop a redefined marketing ecosystem model, including:

- **In-house and outsource recommendations** for the optimal blended marketing model
- **A clear rationale for changes** across the value chain including media buying and related services
- **Use case prioritization** to define outcomes to be measured and priorities to be addressed

Identify quick wins that may be activated in the near-term

Approach to Developing In-House Capability

Winterberry Group Leverages a Three-Phase Approach to Develop an In-house Data and Analytics Practice

Phase I	Phase II	Phase III
• Define use cases • Develop practice description and define components	• Determine requirements mapping • Map use cases to technology, processes and data	• Cultivate organizational design and staffing model • Outline cost build-up

Phase I: Current and Future State Use Cases Must be Defined

To Define Use Cases, Organizations Should Take the Following Steps:

- Identify **market pain points** and map them to **organizational initiatives**

- Within each initiative, pinpoint the most relevant **use cases** that support the accomplishment of **omnichannel marketing performance** and **business objectives**

Example:

Market Pain Points	Organizational Initiatives	Use Cases
Marketers struggle to **improve the customer experience** for specific customers/audiences at each touch point in the customer journey	**Improve Personalization**	• Enhance personalization (e.g., content and product offers) throughout the offline customer journey • Enhance personalization (e.g., content and product offers) throughout the earned (email) customer journey • Increase the accuracy of targeting on- and offsite through deterministic audience understanding for enhanced personalized targeting • ...

Phase I: Develop the Practice Description and Define the Components of the Data and Analytics Capabilities

A data and analytics practice is comprised of five core competencies

	Audience Management	Intelligence/ Insights	Targeting/ Activation	Measurement	Attribution
Competency Description	Solutions that support **the collection of audience data and usage of it to build profiles of audience members** and/or segments to fuel a range of marketing/ advertising activities	Solutions that support the **identification of customers and likely prospects** through data integration and manage cross-channel marketing execution with the goal of engaging those audiences strategically	Solutions that provide the data needed to **serve advertisements based on data to specific individuals/users** in accordance with marketing objectives (use cases) and consumers' preferred advertising media	Solutions that enable the accurate **understanding of the performance of a single channel, format, audience or device**	Solutions that assist in the **measurement and assignment of value to each marketing touchpoint across a customer's journey** to optimize marketing investments

Phase II: Once Use Cases are Defined, They are Prioritized Against Business Considerations

Prioritize actionable use cases as the foundation for guiding the development of an analytics practice. **Use cases should be scored (*for example, on a scale of 0 – 1 – 2*) to determine how they align with business considerations.** Use cases should be scored on the following criteria:

- **Feasibility/Risk:** The extent to which the company is likely to succeed in executing the capability(-ies) across its target time horizon, given current "core" capabilities, addressable market dynamics and execution costs/risks

- **Impact on Business:** Extent to which the capability(-ies) – relative to others – would positively impact the company's ability to deliver data-driven customer experience and address client needs as they relate to data, analytics and intelligence

- **Implementation Time:** Relative time it would take to fully and successfully activate the capability(-ies), including potential investments in talent, technologies and processes, given current capability mix

	Business Considerations			
	Feasibility/Risk	**Impact On Business**	**Implementation Timeline**	**Final**
Use Case 1	0	1	2	3
Use Case 2	2	2	1	5

EXAMPLE

Phase II: Use Cases are Then Mapped to the Appropriate Technology, Processes and Data

Each use case has requirements that are necessary to activate it, including **Platforms, Talent/Processes and Data:**

Descriptions of Requirement Categories:

Platforms and Systems: The technology components upon which the use case relies

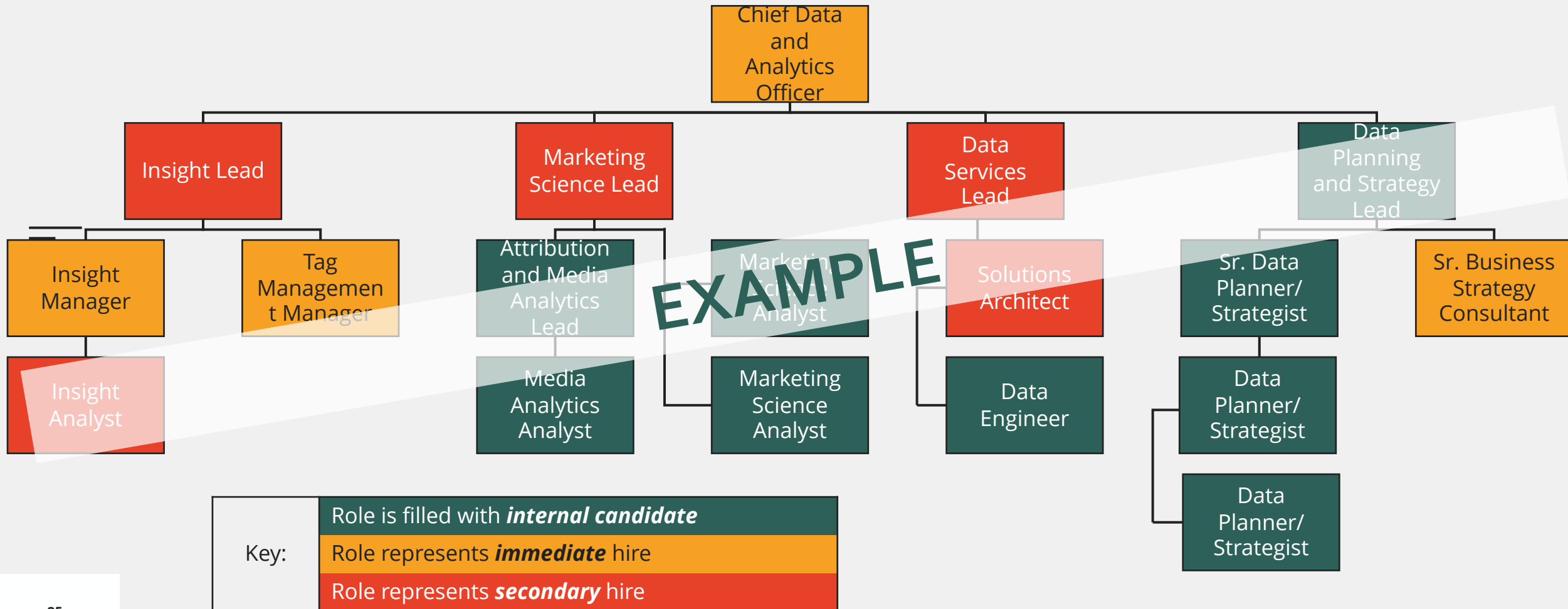**Talent and Processes:** The competencies required to deliver the use case

Data: The data sources that serve as inputs to the use case

Scoring Methodology:

Score requirements against prioritized analytics use cases

Phase III: Cultivating Organizational Design and Staffing Model is Critical to Success

As a company scales its data and analytics practice, it will need to create a roadmap of prioritized hires across **Insights, Data, Analytics and Analytics Strategy**

Org chart:

- Chief Data and Analytics Officer
  - Insight Lead
    - Insight Manager
      - Insight Analyst
    - Tag Management Manager
  - Marketing Science Lead
    - Attribution and Media Analytics Lead
      - Media Analytics Analyst
    - Marketing Science Analyst
      - Marketing Science Analyst
  - Data Services Lead
    - Solutions Architect
      - Data Engineer
  - Data Planning and Strategy Lead
    - Sr. Data Planner/Strategist
      - Data Planner/Strategist
        - Data Planner/Strategist
    - Sr. Business Strategy Consultant

EXAMPLE

Key:
- Role is filled with *internal candidate*
- Role represents *immediate* hire
- Role represents *secondary* hire

Phase III: A Cost Build-Up and Profit and Loss Model is Needed to Align the Organization and Set Expectations

Organizations should build out an **estimate of revenue and costs associated with capabilities required** to support a fully scaled, centralized data and analytics practice

Summary of Revenue and Costs in Year One (Fully Loaded)							
Solution	**Hours**	**Cost Rate**	**Total Fully Loaded Cost for One FTE**	**Existing Headcount**	**Incremental Headcount (Months 0-12)**	**Total Incremental Cost (Cost to Stand Up in Year 1)**	*Continue through Year 2...*
Attribution	…	…	…	…	…	…	
Predictive and Prescriptive Analytics	…	…	…	…	…	…	
Optimization	…	…	…	…	…	…	
…	…	…	…	…	…	…	

Thank you.

Michael Harrison, Managing Partner

mharrison@winterberrygroup.com

(212) 842-7139

winterberrygroup.com

115 Broadway, 5th Floor

New York, NY 10006 USA

@WinterberryGrp