

Magic and maths



Yo! Sushi: analyses 3.5 million store transactions across 80 product lines every year

Big Data provides a huge volume of information but to glean genuine value from it, behaviourists and analysts need to work together

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Under normal conditions, innovation tends to travel along one path. Because of this single direction of travel, we get trends. But what happens when innovation is travelling along two paths? That's the question at the heart of media businesses right now.

On the one hand, we are witnessing the rise of the machines: Big Data, automated buying platforms, insight by algorithm. On the other hand, we are seeing a rise in our understanding of behavioural insight, content and the power of ideas. Inevitably, some media research and practice will emphasise one path over the other, and we will see growth in both data-driven businesses and boutique thought-leadership businesses.

We'll also see something new, hopefully: a hybrid business that does both Magic and Maths, and importantly, finds ways to connect the two together.

THE RISE OF THE MATHEMATICIANS

The rise of e-commerce and digital media is creating a massive vapour trail of data, fuelling the development of programmatic decision-making and buying. Every click, ad served, measurable user behaviour and conversion are captured and analysed. Within Europe, for example, real-time buying accounted for 12% of all traded digital inventory in 2012 according to IDC. Globally, IDC also forecasts that businesses will invest \$65 billion into industry-specific analytics tools in 2013.

Suddenly marketers and researchers are being presented with another version of the truth. Not one based on perceptual data from classic brand-tracking and survey-based research, but one based on behavioural data - what people actually do. Agencies and marketers have naturally embraced data-driven planning and media buying, collecting first and third-party data to understand the most valuable products, services and customers, which, in turn, fuel laser-targeted, automated advertising that can be optimised for results in real-time. In an era of effectiveness and procurement, the certainties of this model have proven to be a tempting brew to many marketing departments and their agencies.

Here's what a marketing department and its agency has got on tap:

- Behavioural digital data - site analytics, social media monitoring and sentiment analysis, search data, DMP-held audience and segmentation data.
- Perceptual data - brand-tracking studies, social media thematic analysis, WOM trackers, snap surveys and polls.
- Sales data - sales analysis, econometric modelling, attribution modelling, market mix modelling/forecasting, customer loyalty/ analytics.

Big Data is an increasingly sophisticated business practice. What began as a way to understand first-party site and customer data, and optimise customer conversion, has morphed into an analytics paradigm. Marketing intelligence is now fuelled by software that attempts to fuse multiple data sources, such as transaction data, customer demography, competitive intelligence, social

media, site analytics, loyalty data and many more, to process analytic and predictive outcomes. New roles, such as data scientists, are being developed to co-ordinate and analyse this glut of data, and are trained in economics, mathematics and computer science. They have a computational, statistical focus - and carry increasingly influential weight across businesses.

At the 'softer' end of the media world, social media monitoring analyses people's comments and makes sentiment into data threads which can be analysed and explored. Think, feel and do are all now measurable (in some sense) and are finding a new life in dashboards. There is one other aspect to Big Data that gives the machines the edge. It is 'live'. Research used to be a rear-view mirror on the world, often capturing the facts months after the event, leaving no chance for reaction. Now, most of the data is collected and analysed in real time. Media trading, for example, is an increasingly real-time business: with dynamic copy, placement, positioning, product and price all rotating to the rhythm of the data feedback loop.

In the agency world, there is a much heralded future where data and automation collide. Demand Side Platforms and Ad Exchanges are clear signs of what automated machines can do that humans cannot. Based on a set of rules and a feed of sales and customer data, they are making decisions in seconds that would take people hours. Because this real-time data analysis is grounded in actions, not perceptions, it inevitably makes the research survey and tracking study look pretty tired and outdated. Dynamic re-targeting, for example, which uses ad exchanges to re-target users who have demonstrated an interest in specific retailer products or services, can have a significant impact in driving conversions over alternatives. Confronted with the evidence, why would we do anything else?

However, it's not a case of automating everything. The future model will be a mix of methods and sources, each with its own strengths. The future direction is a matter of mode, rather than what is actually being measured. Media research will, in time, learn from the world of dashboards and platforms.

because where the media businesses go, surely the media research providers must follow. And in the glut of data flowing through dashboards, they will need to learn to spot the actionable insights that unlock meaningful decisions and creative ideas.

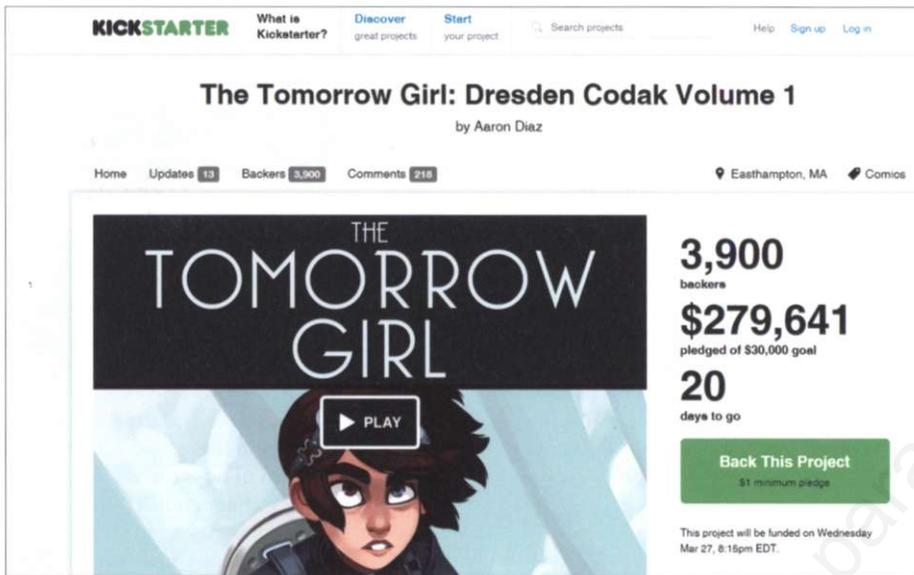
ENTER THE MAGICIANS

The Magicians are the behaviourists and creative opportunists. If we are to benefit from behavioural data, they are critical. Human insight and experience remains fundamental to marketing practice.

In the world of media and marketing, there have been some huge advancements in our appreciation of how the brain and human psychology affect choice. Under the headings of neuromarketing and behavioural economics, we now have a deeper understanding than ever before of behaviour and decision-making - in ways that are not always predictable, rational or quantifiable. The voice of human nature hasn't been this loud since the days of Bill Bernbach. Big Data, while essential, can be made richer with the judicious application of human judgement based on human insight.

New forms of data analysis are driven by what is increasingly available in digital platforms - websites, search engines and social networks. In many cases, the 'content' of what we are analysing are users' own 'creative' expressions - memes, conversations, comments, choices about what content to consume and decisions. These are, fundamentally, spaces of play and self-expression, and should be of enormous value to creative thinkers.

As ever, the focus should be on actionable insight. This means prioritising either the number of data sources, developing a clear framework for what we need to see from data analysis to make it actionable, or augmenting it with observed insight or behavioural theory. Ultimately, for data to translate into opportunity and ideas, it must be interpretable, it must be relevant and it must be new or insightful. In the language of Big Data, there is no correlation between the amount of data analysed and the meaningful information it produces. So bigger is not necessarily better when it comes to data



- though we might analyse large data sets, the starting point is to determine what data points are most valuable.

There are clear ways that the right application of data can build behavioural insights that fuel strategy and creativity. For instance, Yo! Sushi analyses 3.5 million store transactions across 80 product lines every year to understand patterns, trends, oddities, contradictions and anomalies in the sales behaviour across groups of stores and individual stores - which, in turn, inform pricing (based on demand), promotions (based on the popularity of product lines) and the timing and nature of communication at store level (based on fluctuating footfall).

Focused analysis of data can also help re-frame a brief. At Arena, we analysed conversion data for an online travel client, and found a clear anomaly: that audiences exposed to brand-led advertising (as opposed to pure acquisition channels) tended to book shorter trips at shorter notice. In other words, they drove impulse purchases, whereas acquisition channels tended to be involved as part of the planning process for longer, more considered holidays. This has changed the way we've approached the brief for a portion of our communications. We've invested more in brand-driving communications and our findings generated a new brief for tactical,

topical communications across the year to unlock impulse-driven short breaks.

Data can be used at the heart of creative ideas too. First Direct, an online bank which prioritises customer service and the human touch, used social media sentiment analysis to confirm what it already knew - that its existing customers genuinely liked their bank, an anomaly in an industry suffering a decline in trust. It spotted the opportunity to visualise this data and put it at the heart of First Direct Live, a campaign that was about demonstrating, not saying, how satisfied its customers are. This ultimately delivered a 100% increase in brand consideration, and a 55% uplift in the share of new current accounts. This one-off campaign had a lasting impact. First Direct has since put a number of initiatives in place to transparently collect, show and act on customer feedback, culminating in the First Direct Lab, a forum for customers to test and feedback on new initiatives from the bank before they're released.

Finally, quickly available live (though not necessarily big) data can help to shape the communication messages and services that we develop. Launch-to-learn, a mantra propagated by Ideo, a start-up and innovation consultancy, encourages us to develop a product, marketing or messaging hypothesis and test it 'in the wild' as quickly

as possible to shape its development. For example, authors have set-up test Google Adwords campaigns to inform how they name their books based on what people are most likely to search for. Kickstarter is now well renowned. And it's essentially a live environment for testing the appetite and appeal of new products - users vote with their wallets and base their feedback on what they're willing to fund. It's a live, behavioural product-testing environment. Programmatic buying platforms allow us to do the same for media based on real-time results - but, as ever, we need to understand why results are what they are, and develop the right creative solutions for them.

Managed correctly, insights derived from data analysis should be a goldmine for communication strategists and creatives, precisely because it's based on behavioural data, not perceptual data. And until we, as users, started to leave digital footprints that are open to analysis, getting to true behavioural data has historically been difficult - because the presence of a researcher or survey itself can distort the outcome of that data. Crucially, to make effective use of data, we often need to augment it with primary research or behavioural theory, which explains why patterns or anomalies emerge. And we need to develop a briefing, strategy and creative process that embraces data exploration and real-time feedback - ideally a collaborative process between client-side data teams and agency data teams and planners. It's a process that could, and perhaps should, start before a brief is written.

Maths and Magic should be bedfellows. Agency and client relationships should be structured to identify actionable insights from analysing the most valuable data sets. The challenge for agencies is to build and connect teams of data analysts and behaviourists/creative thinkers. Big Data is potentially daunting, but if we overlook the jargon and focus on actionable, behavioural data, there is value in bringing these two seemingly disconnected paths together