Marketing Analytics

Benchmarking the Analysis of Data To Gain Business Insight

Benchmark Research

Research Report

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Aligning Business and IT To Improve Performance

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Ventana Research performed this research for a fee to determine attitudes toward and utilization of marketing analytics and metrics. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate the analytics and metrics practices and needs of individuals and organizations involved in marketing and the potential benefits from improving their existing processes, information and systems. This research is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve planning. Moreover, gaining the most benefit from improving the use of marketing analytics and metrics requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of analytics and sales, and that the analysis and conclusions are entirely our own.

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Executive Summary

Marketing departments today are looking to analytics to help improve the effectiveness of an array of processes related to marketing, sales and customers. They're doing so largely in response to ongoing pressure to avoid and reduce costs in their activities. Management requires them to justify spending and to demonstrate the value of brand, category and demand-generation processes and how they contribute to customer and revenue goals and objectives. And they feel pressure to show that marketing campaigns are effective and deliver satisfactory return on investment. If they cannot prove the worth of both their marketing strategy and programs to implement it, many marketers fear they will face a diminished role in the organization and tighter constraints on resources.

To judge the effectiveness of their programs, though, marketing executives need both access to all relevant data and the ability to analyze it. We advise exploring new approaches and tools that can simplify marketing processes, both internal and external, to deliver results in both areas in timely fashion. In particular, a range of analytics are available that help produce metrics to manage and optimize processes and track progress toward objectives – that is, to measure the value of marketing investments.

Marketing analytics can span a range of brand, category and demand-generation processes that consume large portions of a marketing organization's resources. Tools for marketing automation and predictive as well as historical analytics can replace manual tasks and guesswork and facilitate decisions that help further the mission of increasing market share, profitability and customer value. Another key analytic capability is to measure the contribution of marketing-generated leads to business closed by sales. Using analytics in this regard, Marketing can build key performance indicators that provide visibility into processes and contribute to reaching strategic objectives and specific goals for markets, customers, sales and finances. For example, Marketing should know how much its spend influences customer satisfaction scores, promotes a positive customer experience or shortens the time it takes to reach profit margin objectives.

Marketing analytics can replace manual tasks and guesswork and facilitate decisions that help further the mission of increasing market share, profitability and customer value.

These analytics also can be applied to new channels for marketing across social media, which require even faster cycles and knowledge of the marketing return on investment to guide new investments.

Ventana Research undertook this benchmark research to acquire real-world information about levels of maturity, trends and best practices in how organizations use marketing analytics. It explores how they do this now, how their personnel feel about the current processes and tools, plans they have to change or improve them, and benefits they hope to gain by doing so.

The research found that marketing organizations apply analytics most regularly in the areas of lead generation (77%) and demand creation (53%). Lead conversion (56%) and conversion rate (51%) are the most important metrics for executives and managers. The most important financial metrics overall are revenue growth, cost per lead and lead quality, all cited by at least 60 percent of organizations. Cost of acquiring new customers is the most important financial metric for 75 percent of executives. By far the most important process metric is the quality of qualified marketing leads, chosen by 84 percent in total and most often by all job titles.

Marketing analytics have the attention of key people in most organizations, the research reveals: 74 percent said all the right people are involved in establishing the key performance indicators on which their business segment depends. In particular, heads of marketing (86%) and senior management (80%) are involved or very involved in determining requirements for analytics.

Sales performance by various measures is the category of analytics most readily available in marketing organizations (70%), followed by analytics about leads and prospects (63%). In contrast, analytics applied to more innovative measures, such as the customer experience, economic data and leading indicators, are available in only one-third of organizations, and others such as competitor performance and brand recognition for even fewer. Ventana Research believes that for an organization to benefit fully from applying analytics to marketing, it must make appropriate types available to everyone who needs them.

More than half (52%) of organizations said they are not satisfied with their current process for creating analytics, and 71 percent in management are not.

Likewise, it must get the end products of those analytics – metrics and KPIs – promptly into the hands of all relevant people. Here most organizations fall short, the research found. Only 23 percent can deliver them within one day after they are generated; increasingly larger numbers require up to a week (32%) or longer than that (38%). We conclude that the delay is a process issue, since current technology can compute metrics from analytics in seconds.

Marketing organizations face a variety of process issues involving analytics. More than half (52%) said they are not satisfied with their current process for creating analytics, and 71 percent of those in management are not. More than 40 percent of those who are dissatisfied gave as reasons that analytics are hard to build and maintain, that information is not readily actionable and that siloed, isolated data presentations impede the process.

They also have issues with information beyond its not being ready at hand. More than one-third of organizations (39%) expressed a lack of confidence in the quality of information generated by their analytics. As well, 27 percent said data in the process is not accurate. More than half said collecting the data needed for metrics and performance indicators is a challenge and a lot of it is missing. And a sizable minority (44%) spend most of their time in the analytics process preparing data for analysis or reviewing it for quality and consistency.

For these and other reasons, our Maturity Index analysis places only 21 percent of organizations at the highest Innovative level of maturity. Among the four categories we use in this index, they are most mature in Technology (28% are Innovative), but even here problems arise. More than half (55%) are not satisfied or only somewhat satisfied with their current technology for marketing analytics. We conclude that a substantial contributor to this discontent is the use of spreadsheets as the most common technology used for marketing analytics, also by 55 percent of organizations. In addition, the vast majority (82%) use spreadsheets regularly or universally for business intelligence (BI) and analytics. Although spreadsheets are well-established as a tool for analysis, our research repeatedly shows that they are a poor choice for repetitive analyses shared by more than a few people. In this case, they lack some functionality that can improve marketing analytics, including searching for answers, exploring data underlying analytics and working with charts, maps and tables, which these organizations named as the three most important analytics capabilities.

Related to issues in information and technology is another necessary task for analytics of all sorts: data integration. Most organizations have to gather data from multiple heterogeneous systems before they can apply analytics. For marketing, customer relationship management (CRM) systems, e-mail marketing systems, Web traffic and marketing automation software are the main information sources, each used by almost half to three-fourths of organizations. Data warehouses, transactional systems, reports from BI systems and Web-based data that resides outside of the enterprise also are substantial sources. Data integration challenges surely contribute to the dissatisfaction. Integration also has a direct impact on the availability (or lack) of analytics and the timeliness of preparing and distributing metrics and KPIs.

Having the right metrics to track and improve performance can build confidence not just in Marketing but also in Sales and Finance.

The research shows that participants are aware of hindrances to making analytics a fully useful tool for improving marketing processes and the department’s value to the enterprise. As well as the specifics outlined above, 68 percent said it is very important to make it simpler to provide marketing analytics and metrics, and 47 percent said they can improve significantly their use of analytics and performance indicators. Yet in many of them these realizations will not translate soon into initiatives to remedy the situation: Only one in three plan to change the way they generate and apply marketing analytics in the next 12 to 18 months. The barriers to enacting change are basic: From the process perspective, the largest are a lack of resources (cited by 44%) and a sense that the business case is not strong enough (41%); in terms of technology considerations, the main barriers are lack of resources and no budget (55% each).

We caution marketing departments not to wait. Having the right metrics to track and improve performance can build confidence not just in Marketing but also in Sales and Finance, which depend on the success of marketing efforts. Using dedicated analytic tools to deliver information and automate manual tasks can help marketing organizations improve their processes and the outcomes of their programs. They should not hesitate to take steps to be more effective and demonstrate their value to the enterprise.

About This Benchmark Research

Methodology

Ventana Research conducted this benchmark research over the Web from May through December 2010. We solicited survey participation via e-mail blasts, our Web site and social media invitations. E-mail invitations were also sent by our media partners and by vendor sponsors.

We presented this explanation of the topic prior to entry into the survey:

> There isn't an aspect of business today in which people don't claim they use analytics to generate information, typically in the form of metrics and key indicators. But there is much confusion about their usefulness and value to the business and about how best to select and implement historical, root-cause, real-time and predictive analytics. The uncertainty this causes poses a challenge for organizations.
>
> Management and managers need advice on how to select the measures most useful for them and guidance about best practices and common mistakes in choosing business and operational measures, metrics and key indicators. They also need more reliable information than is currently available about integrating historical and predictive analytics into systems and processes so they can make better use of existing investments and plan new ones that provide deeper insight from multiple systems using more sophisticated analytical methods. This benchmark research is designed to generate that advice and guidance by examining the use of metrics across the entire business. It also will determine the maturity distribution of organizations in their use of analytics.

We included the following definitions:

> Analytics – Programs or algorithms that derive meaning from data
> Metric – A measure of business performance
> Performance indicator – A specific metric chosen to measure the performance of an organization or some component of it.

The following promotion incented participants to complete the survey:

> All qualified participants will receive a report on our research findings that you can apply to your organization's efforts and a quarterly membership to the Ventana Research Community valued at US$125 or €92. In addition, all qualified participants will be entered into a drawing to win a benchmark research report of your choice valued at US$995 or €732. Thank you for your participation!

Qualification

We designed the research to assess the use of and plans for deployment of marketing analytics across organizations and industries. We described qualification to participate as follows:

> The survey for this benchmark research is designed for business and IT managers who develop, deploy or use analytics or are involved with the purchasing of analytics technology. Others such as consultants and

systems integrators may participate in the survey but are not eligible for incentives and will be used in the analysis only if they meet the qualifications. Incentives are provided to qualified participants in the research and also are conditional on provision of accurate contact information including company name and company e-mail address that can be used for fulfillment of incentives.

Further qualification evaluation of participants was conducted as part of the research methodology and quality assurance processes. It entailed screening out responses from companies that are too small, questionnaires that were not materially complete, or those where the submission is from an inappropriate submitter or appears to be spurious.

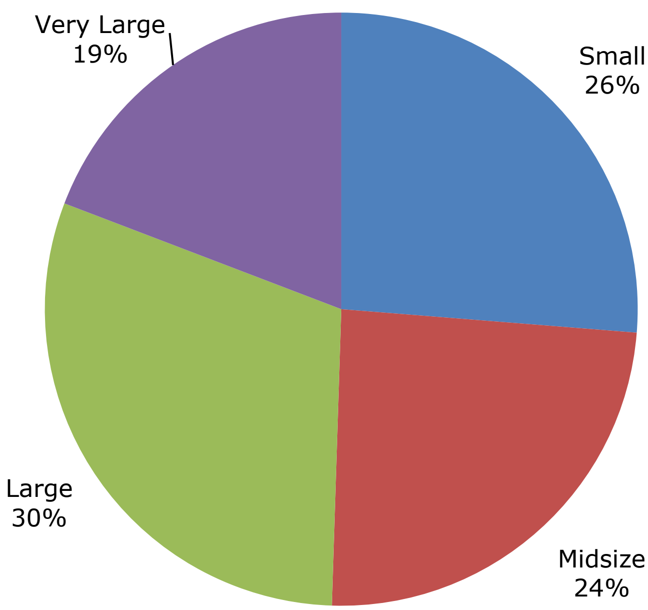
Demographics

We designed the survey used for this research to be answered by executives and managers across a broad range of roles and titles working in organizations. We evaluated the qualifications of those who clicked through to the survey and included the answers of all qualified respondents. In this report, the term “participants” refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications.

Company Size by Number of Employees

We require participants to indicate the size of their entire company. Our research repeatedly shows that size of organization is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure. In this research, when measured by number of employees participants divide almost equally into a larger and a smaller group. That is, nearly half are very large companies (having 10,000 or more employees) or large companies (with 1,000 to 9,999 employees), and the other half are midsize companies (with 100 to 999 employees) or small companies (with fewer than 100 employees). This equal distribution is consistent with our research objectives and provides a suitably large sample from each size category.

Figure 1
Participants by Company Size (Number of Employees)

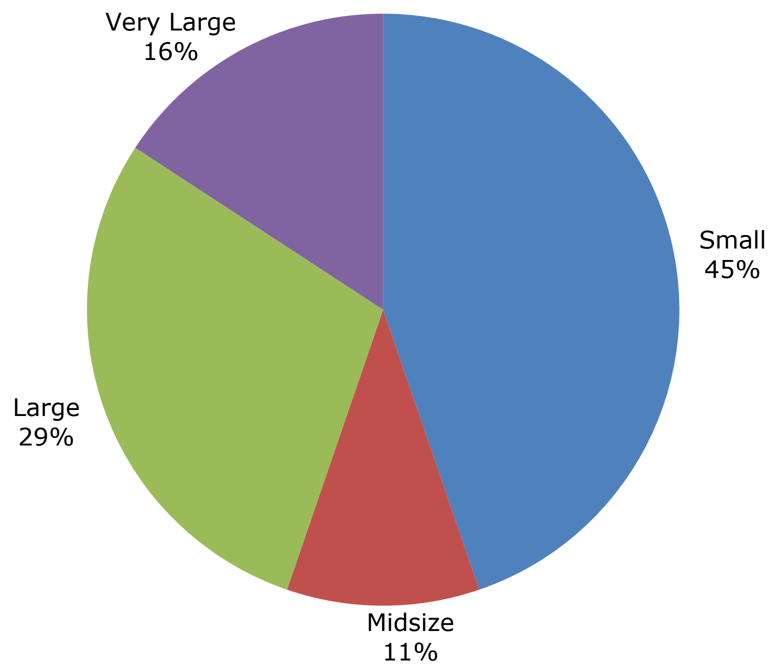


Source: Ventana Research

Company Size by Annual Revenue

When we measured size by annual revenue, the distribution of categories shifted downward, as all sizes except the small lost numbers. The number of midsize companies shrank most, by more than half. By this measure, 3 percent fewer are very large companies (having revenue of more than US$10 billion), 1 percent fewer are large companies (having revenue from US$500 million to US$10 billion), 13 percent fewer are midsize companies (having revenue from US$100 to US$500 million), and 19 percent more are small companies (with revenue of less than US$100 million).

Figure 2
Participants by Company Size (Annual Revenue)

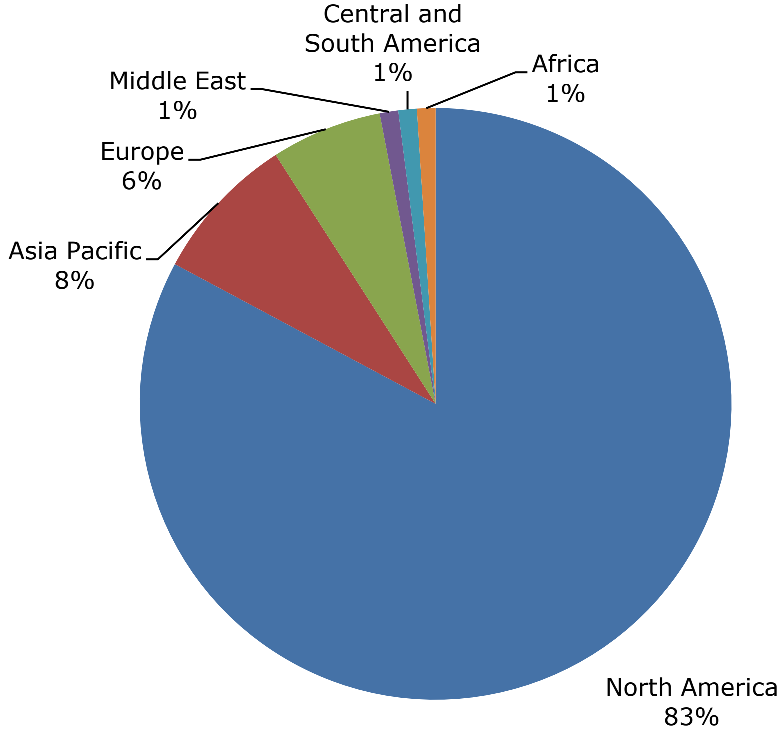


Source: Ventana Research

Geographic Distribution

All but 17 percent of participating companies are located or headquartered in North America. Those based in Asia Pacific accounted for the second-largest area at 8 percent, in Europe for 6 percent and in the Middle East, Central and South America and Africa for 1 percent each. This result was in keeping with our expectations at the start of this investigation, since organizations participating in our research most often are headquartered in North America. However, many of these are global organizations operating worldwide.

Figure 3
Participants by Region

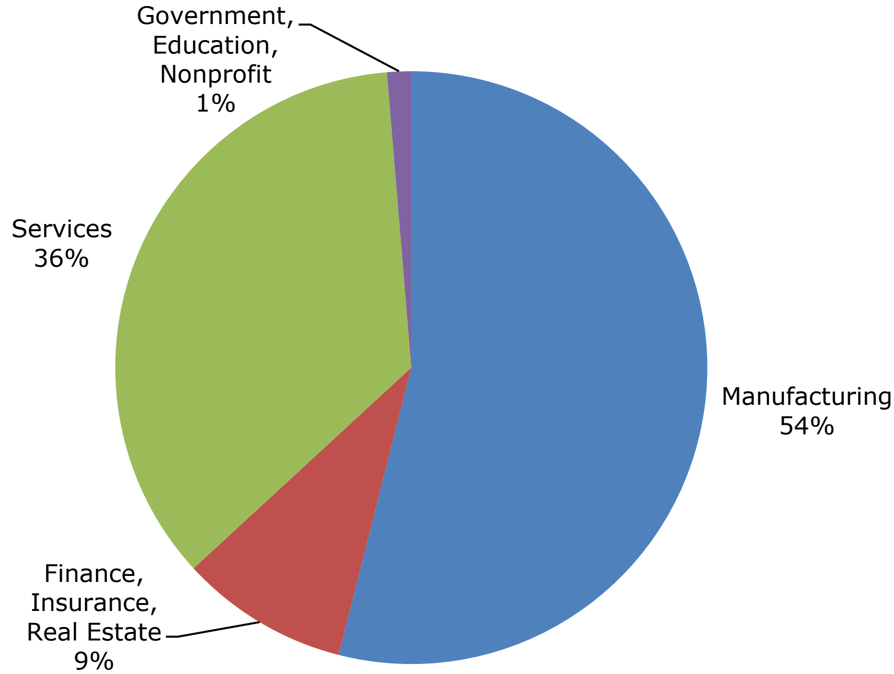


Source: Ventana Research

Industry

We grouped the companies in this benchmark research into four general categories, as shown below. A bit more than half are manufacturers, and more than one-third are service providers. Slightly less than one-tenth of companies are in finance, insurance and real estate (FIRE). Government, education and nonprofit accounted for the remainder.

Figure 4
Participants by Type of Industry

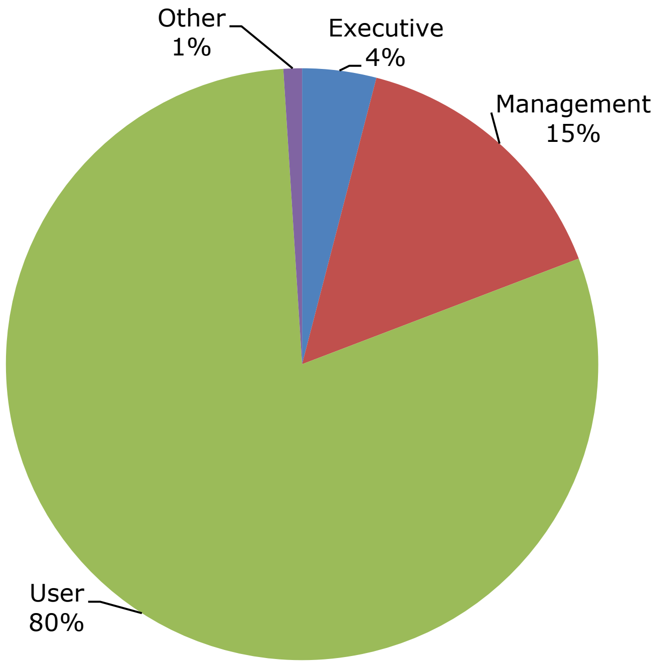


Source: Ventana Research

Job Title

We asked participants to choose from among 11 titles the one that best describes theirs. We sorted these responses into four categories: executives, management, users and other. Four out of five identified themselves as having titles that we categorize as users, a grouping that includes senior manager or manager (33%), director (27%), analyst (11%) and staff (7%). Those with vice president titles constitute the management category, which amounts to 15 percent of the total, and 4 percent are executives.

Figure 5
Participants by Job Category



Source: Ventana Research

This is how we aggregated the 11 title response options:

Executive
CEO, President
Other CxO

Management
EVP or SVP
VP

User
Senior Manager
Manager
Director
Analyst (Business, Financial, etc.)
Lead Generation or Marketing Manager
Staff

Other
Consultant

We concluded after analysis that this response set provided a meaningfully broad distribution of job titles.

Key Insights

Organizations are maturing in their use of marketing analytics.

This benchmark research found that organizations are advancing in their ability to apply analytics to marketing processes and performance. However, there remains plenty of room for improvement, as our Maturity Index analysis places only 21 percent of organizations at the highest Innovative level of maturity. For those Innovative organizations the most important financial metrics are the cost of acquiring new customers and the quality of leads; for their executives and managers the most important metric is customer value as judged by customers' satisfaction and experience. These companies also use customer experience analytics. In contrast, the most organizations (33%) are at the second-lowest level of maturity, Advanced; they focus on simpler metrics such as cost per lead and conversion rates and use analytics for lead generation and demand creation. These organizations find it challenging to collect data that is the basis for metrics and key performance indicators (KPIs) and spend much of their time in the analytics process preparing data for analysis.

Our Maturity Index research found that manufacturing and services organizations are slightly more mature than other industries, and more of them than the average deem it very important to make providing analytics and metrics simpler. We advise organizations to address the full range of issues and make available on a timely basis marketing analytics that are easy to use but with sophisticated capabilities; doing so will help increase revenue, improve the customer experience and make marketing a more effective function.

Metrics for revenue growth and lead quality are important for marketing organizations.

Organizations participating in this research identified a variety of metrics as important for them. From a financial perspective, revenue growth, cost per lead and quality of leads are the most important metrics, each cited by more than 60 percent of organizations. More than three-quarters (84%) said that quality of qualified marketing leads is the most important process metric; second on the list was quantity of qualified marketing leads (56%). For three-fourths of executives and managers, impact of marketing initiatives on revenues is the most important metric, followed by customer value as determined by satisfaction and experience (58%), lead conversion (56%) and conversion rate (51%). All these aspects of marketing can benefit from analytics that can measure performance.

Marketing organizations value analytics that assess leads and demand creation.

The most important metrics for marketing organizations fall into fundamental business categories. Sales (cited by 79%) dominates, understandably, followed by customer (49%), cost (47%), performance (44%), financial (41%) and profitability or margin (40%). Analytics are applied most regularly in the areas of lead generation (77%) and demand creation (53%). Increasing revenue, the most important financial metric, is also the top reason for investing in analytics (70%). Developing better marketing and sales processes and improving marketing performance (61%

each) ranked second and third; together they address both goals and operations of the marketing organization.

Substantial numbers of organizations are not satisfied with their current marketing analytics.

Key indicators derived from analytics are important to measure the performance of marketing, but here the research found indications of dissatisfaction: More than half (52%) of organizations are not satisfied with their current process for creating analytics, a view that is even more prevalent among management (71%) and in the services industry (65%). Among the dissatisfied, nearly half said the main issue is that analytics are hard to build and maintain and information is not readily actionable; the other reasons cited most often are the presence of siloed, isolated data presentations (43%) and inadequate technology (35%).

Regarding the last, more than half (55%) are not satisfied or only somewhat satisfied with their current technology for marketing analytics. Cross-reference analysis shows that satisfaction increases slightly in the largest organizations and that Manufacturing is the industry most dissatisfied with current technology. The top technology used for marketing analytics is spreadsheets, by 55 percent of organizations. In general, a majority of organizations (40%) said they can improve significantly their use of analytics and performance indicators; only 13 percent said they could improve not much or not at all.

Marketing analytics aren't always available, nor are metrics often timely.

For marketing analytics to benefit an organization, they must be available to people in a variety of roles and responsibilities. The research found that most marketing analytics actually are not widely available; exceptions are sales performance (70%) and leads or prospects (63%), which pertain more to sales. Others more useful for marketing, such as customer experience, competitor performance, collateral utilization and brand recognition, are available to one-third or fewer organizations. In addition it takes many organizations significant amounts of time after the end of the month or quarter to deliver metrics or KPIs derived from analytics to those who need them; more than one-third (38%) of organizations need more than one week, and the largest group (32%) requires two to five days. This delay is surprising when we consider that today's technology can compute metrics from analytics in seconds.

Analytics tools must be usable by everyone.

For marketing analytics to become widely available, not only must the organization provide them but the needed tools must be usable by those at every role and all levels of technical competence. Among technology and vendor considerations, the largest number (65%) rated usability very important; functional capabilities were close behind (63%). Marketing professionals need to be able to create a range of business and marketing-related metrics; 93 percent said it is important or very important to be able to assess the relevant impact of marketing spend to goals and objectives, 91 percent said the same about the ability to determine marketing contributions to the sales pipeline, and three-fourths said that about conducting trend analysis of lead-nurturing activities.

As well as marketers, analytics must serve analysts, who demand more sophisticated capabilities. Half of the participating analysts said it is very important to generate presentations and other analytics outputs for review, and the same number said it is very important to conduct analysis by applying analytics.

Spreadsheets complicate marketing analytics.

The use of spreadsheets as a tool for analysis is a well-established business practice. However, it is an ineffective one for repetitive analyses shared by more than a few people. Yet the research finds that in more than half (55%) of organizations, spreadsheets are the technology most commonly used to generate marketing analytics; this number swells to 75 percent in midsize organizations and to 83 percent of companies in finance, insurance and real estate. In addition, more than half (55%) use spreadsheets regularly for business intelligence (BI) and analytics while more than one-fourth (27%) use them universally for that purpose. By job title, executives (50%) most often use spreadsheets universally; this also is the case for very large organizations (42%) and those in finance, insurance and real estate industries even more (57%). We conclude that the prevalence of spreadsheets is a major reason for dissatisfaction in various areas, such as with current technology for analytics (55% of all organizations), systems being hard to build and maintain and information not readily actionable (49% each). As well, more than one-third of organizations (39%) expressed a lack of confidence in the quality of information generated by their analytics.

Considering that the research also shows that preparing data for analysis is the most time-consuming task in almost one-third (30%) of organizations, we conclude that the use of spreadsheets also impacts data integration, a necessary preliminary to using analytics. While spreadsheets can be used for many data-oriented tasks, they do not provide some of the dedicated functionality that can improve marketing analytics, including searching for answers, exploring data underlying analytics and working with charts, maps and tables, which are the three most important analytics capabilities for organizations. Replacing spreadsheets is a process and a technology challenge; lack of budget, resources and a convincing business case are the most common barriers to making changes.

Integrating data is essential to develop marketing analytics.

Organizations seeking to use marketing analytics typically discover that they must draw the necessary data from multiple applications and systems. The research found that CRM systems, the e-mail marketing system, Web traffic and marketing automation are the main information sources in almost half of organizations. The types of data used are those stored in data warehouses (56%), transactional systems (56%), reports from BI systems (42%) and Web-based data that resides outside of the enterprise. Services organizations (79%) rely most heavily on transactional systems. Marketing data is not the only type of data that must be integrated; sales (78%), customer (78%) and financial (63%) often must be included.

A positive finding is that data is available in real time or close to real time in 43 percent of organizations, but it often still needs to be integrated efficiently; as noted, the most common reasons for dissatisfaction with the current analytics process are systems being hard to build and maintain, information not being readily available (49%) and having to deal with siloed, isolated data presentations (43%). Another challenge in the process is preparing data for analysis (which 30% spend most of their time doing) and then reviewing it for quality and consistency issues (14%), which we consider part of the data integration process. Integration has a direct correlation to the availability (or lack) of marketing analytics. These contribute to the finding that organizations rank as the third-most very important technology and vendor consideration adaptability, cited by 53 percent. Automation of the integration also could contribute to improving accuracy; only one-fourth (25%) said their data is accurate.

Marketing analytics are most in demand in the cloud.

This research found that, uniquely among our investigations in a range of organizational areas, 40 percent of participants prefer to access marketing analytics on-demand through software as a service (SaaS). The typical top preference, purchase and installation on-premises, was cited by only 28 percent here. As well, more than one-fourth (29%) expressed no preference for how they access marketing analytics. SaaS and software hosted by the supplier (chosen by 9%) can be viable options for organizations looking to avoid the effort and expense of having in-house technology resources manage their marketing analytics locally. Furthermore, automating the process of integrating data and applying analytics in this fashion could make marketing analytics available in a short timeframe appropriate to the organization's needs – a desirable improvement as 38 percent of organizations currently take more than a week to deliver key performance indicators.

Improvement of marketing analytics is needed, but not all will act on it.

A majority of marketing organizations (68%) want to simplify marketing analytics and metrics, and nearly half (47%) said they can improve significantly their use of analytics and performance indicators; only 11 percent said they could improve not much or not at all. Despite this, only one-third of organizations plan to change the way they generate and apply analytics in the next 12 to 18 months; nearly as many (28%) said that changes are needed but are not a priority now. Large organizations (38%) are most eager to make changes. For those that will change, the most important motivators are improving business processes (63%), decision-making (59%) and operational efficiency (56%). The research also found that when the majority of organizations (59%) fund improvement for marketing analytics, they will do so from the business budget. To take the steps to improve of course will require resources and budget; the research shows these are the top two barriers to improvement.

Management is most interested in improving marketing analytics.

For our research purposes we define management as people at the various levels of vice president. In this study management participants rated revenue growth (71%) as the most important financial metric, compared to 62 percent overall. They said it is most important to apply marketing analytics for lead generation (82%). Management also rated more highly than the average the importance of analytics used to determine the customer's value by analyzing satisfaction and the customer experience. Management is more dissatisfied than the average (71% vs. 51%) with existing analytics processes, mostly because systems are hard to build and maintain, chosen view held by more than two-thirds of them. This group said most often (83%) that the right stakeholders are involved. Management (40%) and executives (the top level, 50%) said most often that they plan to change how they generate marketing analytics. This engagement at the management level we regard as a good sign for marketing organizations that seek improvement in their use of analytics, metrics and KPIs.

Manufacturing organizations take seriously issues involving marketing analytics.

Organizations in the manufacturing industry comprised more than half (54%) of participants in this research. They placed the most importance on simplifying marketing analytics (77%) but ranked only third (31%) among industries planning to make changes in the near future. Manufacturers selected cost per lead (74%) as the most important financial metric most often among industries, which overall leaned toward revenue growth (62%). This industry makes applying marketing analytics for lead generation the highest priority (83%). Manufacturing also considers the quantity of qualified marketing leads more important than do other industries (71% vs. 56%). More than two-thirds of manufacturing organizations (73%) said analytics systems are hard to build and maintain; we believe one factor in this complaint stems from the reliance on spreadsheets (by 51%). As well, manufacturing spends more time than any other industry preparing data for analysis.

What To Do Next

This benchmark research found that a variety of metrics are important to sales organizations. From a financial perspective, 60 percent each cited revenue growth, cost per lead and quality of leads. More than three-quarters (84%) said that quality of qualified marketing leads is the most important process metric; second on the list was quantity of qualified marketing leads (56%). For three-fourths of executives and managers, impact of marketing initiatives on revenues is the most important metric, followed by customer value as determined by satisfaction and experience (58%), lead conversion (56%) and conversion rate (51%). All these aspects of sales can benefit from analytics that measure performance.

Organizations regularly apply analytics most regularly in the areas of lead generation (77%) and demand creation (53%), which reflect the metrics they deem most important. Increasing revenue, the most important financial metric, is also the top reason for investing in analytics (70%). Developing better marketing and sales processes and improving marketing performance (61% each) ranked second and third; together they address both goals and operations of the marketing organization. For companies wishing to improve the performance of their sales organizations through analytics, we offer the following recommendations.

Assess the maturity of your sales analytics.

This benchmark research found that organizations are advancing in their ability to apply analytics to marketing processes and performance. But our Maturity Index analysis places only 21 percent of organizations at the highest Innovative level of maturity. For those Innovative organizations the most important financial metrics are the cost of acquiring new customers and the quality of leads; for their executives and managers the most important metric is customer value as judged by customers' satisfaction and experience. These companies also use customer experience analytics. In contrast, the most organizations (33%) are at the second-lowest level of maturity, Advanced; they focus on simpler metrics such as cost per lead and conversion rates and use analytics for lead generation and demand creation. These organizations find it challenging to collect data that is the basis for metrics and key performance indicators (KPIs) and spend much of their time in the analytics process preparing data for analysis. We recommend that organizations compare their practices and priorities to these and take steps to address the full range of marketing analytics, selecting tools that are easy to use but have sophisticated capabilities; doing so will help increase revenue, improve the customer experience and make marketing a more effective function.

Find out how satisfied your organization is with your current marketing analytics.

The research found that more than half (52%) of organizations are not satisfied with their current process for creating analytics, a view that is even more prevalent among management (71%). Among the dissatisfied, nearly half said the main issue is that analytics are hard to build and maintain and information is not readily actionable; the other reasons cited most often are the presence of siloed, isolated data presentations (43%) and inadequate technology (35%).

Regarding the last, more than half (55%) are not satisfied or only somewhat satisfied with their current technology for marketing analytics. The top technology used for marketing analytics is spreadsheets, also by 55 percent of organizations. In general, a majority of organizations (40%) said they can improve significantly their use of analytics and performance indicators. Seek honest opinions from your people involved with marketing analytics and look for solutions to at least the major problems that curtail effectiveness in using them.

Make marketing analytics more available and metrics more timely.

For marketing analytics to benefit an organization, they must be available to people in a variety of roles and responsibilities. The research found that most marketing analytics actually are not widely available; for example, customer experience, competitor performance, collateral utilization and brand recognition are widely available in one-third or fewer organizations. Metrics and KPIs likewise must be available, but it takes many organizations significant amounts of time after the end of the month or quarter to deliver them to people who need them; more than one-third (38%) of organizations need more than one week, and nearly as many (32%) require two to five days. This delay is surprising when we consider that today's technology can compute metrics from analytics in seconds. For the analytics, take stock of those you have or intend to acquire and determine the value of expanding their availability to others in the organization. Also measure the time it takes to deliver metrics and KPIs, and if it is too long uncover the blockages and take steps to remove them.

Choose analytic tools that people in all roles can use.

As you work to make marketing analytics more available, make sure that the tools to apply them are usable by those at every role and all levels of technical competence. Among technology and vendor considerations, the largest number (65%)of organizations in this research rated usability very important; functional capabilities were close behind (63%). Marketing professionals need to be able to create a range of business and marketing-related metrics; foremost are the impact of marketing spend to goals and objectives, marketing contributions to the sales pipeline and trend analysis of lead-nurturing activities. For their part, analysts will demand more sophisticated capabilities from their tools. Half of the participating analysts said it is very important to generate presentations and other analytics outputs for review, and the same number said it is very important to conduct analysis by applying analytics. In evaluating tools make it a priority that contenders can meet the different needs of both these constituencies.

Minimize the use of spreadsheets as a tool for marketing analytics.

The use of spreadsheets as a tool for analysis is a well-established business practice. However, it is an ineffective one for repetitive analyses shared by more than a few people. Yet the research finds that in more than half (55%) of organizations, spreadsheets are the technology most commonly used to generate marketing analytics; this number swells to 75 percent in midsize organizations. In addition, more than half (55%) use spreadsheets regularly for business intelligence (BI) and analytics while more than one-fourth (27%) use them universally for that purpose. We conclude that the prevalence of spreadsheets is a major reason for dissatisfaction with current technology for analytics (55% of all organizations), systems being hard to build and maintain and information not readily actionable (49% each). While spreadsheets can be used for many data-oriented tasks, they do not provide some functionality that can improve marketing analytics, including searching for answers, exploring data underlying analytics and working with charts, maps and tables, which are the three most important analytics capabilities for organizations. Determine how widely spreadsheets are used for marketing analytics and seriously consider replacing them for this purpose. Be sure to allot sufficient budget and resources and make a convincing business case for this change.

Don't overlook the necessity of data integration to develop marketing analytics.

Organizations seeking to use marketing analytics typically discover that they must draw the necessary data from multiple applications and systems. The research found that CRM systems, the e-mail marketing system, Web traffic and marketing automation are the main information sources in almost half of organizations. As well, marketing data is not the only type of data that must be integrated; sales (78%), customer (78%) and financial (63%) often must be included. Many users encounter challenges in preparing data for analysis (which 30% spend most of their time doing) and then reviewing it for quality and consistency issues (14%), which we consider part of the data integration process. Integration has a direct correlation to the availability (or lack) of marketing analytics. These contribute to the finding that organizations rank as the third-most very important technology and vendor consideration adaptability (53%). Take a systematic inventory of the systems that contain such data in your organization and assess processes and tools that can integrate all of it in a seamless fashion.

Investigate deploying marketing analytics in the cloud.

This research found that, uniquely among our investigations in a range of organizational areas, 40 percent of participants prefer to access marketing analytics on-demand through software as a service (SaaS). The typical top preference, purchase and installation on-premises, was cited by only 28 percent here. As well, more than one-fourth (29%) expressed no preference for how they access marketing analytics. SaaS and software hosted by the supplier (chosen by 9%) can be viable options for organizations looking to avoid the effort and expense of having in-house technology resources manage their marketing analytics locally. Furthermore, automating the process of integrating data and applying analytics in this fashion could make marketing analytics available in a short timeframe appropriate to the organization's needs – a desirable improvement as 38 percent of organizations currently take more than a week to deliver key performance indicators.

Don't put off needed improvement of marketing analytics.

A majority of marketing organizations (68%) want to simplify marketing analytics and metrics, and nearly half (47%) said they can improve significantly their use of analytics and performance indicators; only 11 percent said they could improve not much or not at all. Despite this, only one-third of organizations plan to change the way they generate and apply analytics in the next 12 to 18 months; nearly as many (28%) said that changes are needed but are not a priority now. For those that will change, the most important motivators are improving business processes (63%), decision-making (59%) and operational efficiency (56%). We caution against procrastination and advise you to be diligent in securing resources and budget, which the research shows are the top two barriers to approval of an initiative.

Be sure to involve management in improving marketing analytics.

For our research purposes we define management as people at the various levels of vice president. In this study management participants rated revenue growth (71%) as the most important financial metric, compared to 62 percent overall. They also said it is most important to apply marketing analytics for lead generation (82%) and rated more highly than the average the importance of analytics to determine the customer’s value by analyzing satisfaction and the customer experience. Management is more dissatisfied than the average (71% vs. 51%) with existing analytics processes, mostly because systems are hard to build and maintain, a view held by more than two-thirds of them. Management (40%) and executives (the top level, 50%) said most often that they plan to change how they generate marketing analytics. Be sure to enlist the support of key people at the management level as you seek approval to improve in the use of marketing analytics, metrics and KPIs.

How Ventana Research Can Help

Ventana Research helps organizations develop, execute and sustain business and technology programs that align people, processes, information and technologies essential for success. As an objective and trusted advisor, we are your insurance that your business and IT initiatives deliver both immediate and long-term improvements to your business.

We offer a variety of customizable services to meet your specific needs including workshops, assessments and advisory services. Our education service, led by analysts with more than 20 years of experience, provides a great starting point to learn about important business and technology topics from compliance to business intelligence to building a strategy and driving adoption of best practices. We also offer tailored assessment services to help you connect the business and technology phases of your project by leveraging our research foundation and methodologies. And we can provide Ventana On-Demand access to our analysts on an as-needed basis to help you keep up with market trends, technologies and best practices.

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