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These days, many agencies can genuinely lay claim to advanced expertise in helping their clients use the intelligence gained from analysis to drive innovative contact strategies that will ultimately benefit the clients, and the agency's, bottom line, finds James Lawson.

Turning insight into profit



"We want to let the data speak first."

Jon Hinkley, managing director, Greenstone Data Solutions.

Ten years ago, agency claims of data expertise tended to be more of a sales message than a genuine ability to use the intelligence gained from analysis to come up with innovative creative treatments and contact strategies. Today, as bulk printers rue the victory of intelligent targeted marketing over dumb carpet-bombing campaigns, the story is very different. With analytics now riding high in marketing's priority list, it's clear how data expertise can benefit clients – and an agency's bottom line.

The old model of campaign planning usually involved calling a broker a couple of days before the completed campaign was due to go out, and demanding a target list that fitted the hoped-for profile of the intended recipients. And, with prospecting the main goal in the past, data concerns were often more focused on scraping up sufficient volumes to cover the intended size of the campaign than influencing the creative or other elements of the operations. Both of these examples of worst practice are much rarer than they used to be, though far from extinct.

"At the heart of any communication strategy worth its salt is the information held about customers and prospects," says Dave Gurney, operations director at Alchemetrics. "There are agencies and brands that recognise the important role data plays but equally there are those that persistently ignore, or are ignorant of, the need for robust data management. Unfortunately, it's taken the downturn to really focus businesses on retention and cross-selling, and a desire to make customer information work harder."

More than likely, a direct channel campaign today will have some kind of data-derived intelligence used to inform it from the start, be it a snapshot of the tastes and buying preferences of target segments, indicators of the potential size of a target market or estimates of possible income and so the budget for the campaign. Questions might range from "Do you have historical evidence of response rates on similar campaigns?" to "Do you have contact permissions available for all channels?" or "Are you using the appropriate level of suppressions for the campaign?"

To inform creative development and answer any of these questions accurately, access to a clean, up-to-date customer database and the tools to analyse it is essential. As Jon Hinkley, managing director at Greenstone Data Solutions, says, "We want to let the data speak first".

There have always been data experts in direct marketing and customer management to help clients follow this route. There are just a lot more of them now. There's no single startling event to attribute this change to, though the rise of retention and cross-selling over acquisition is a big one. More, it's been a gradual shift as well-publicised best practice plus a number of high-profile examples – the primacy of analytics in Tesco's success, good acquisition targeting allowing higher income despite lower outbound volumes – have proved data's utility in getting bigger results for a smaller investment.

The rise of the web and email, with all their immediacy and associated technical challenges, has also



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shown many more marketers how effective insight on customer behaviour can be if applied properly, and so made them far more comfortable in making use of data in their planning in other channels. As client desires eventually drive supplier services, this has had a knock-on effect on how agencies work.

Data's now-permanent presence means that the tension between the desire to have all the best-of-breed skills available from specialists and the need to minimise the management time this can entail is higher than ever. When email, web, direct mail and above the line are all involved in an initiative then that's at least four providers that might be required, and that's just the agencies. One common solution has always been to engage larger multidisciplinary suppliers – full service agencies – that can pull together a mix of skills internally to avoid the need to build new relationships between unknown providers.

Groups like Rapp and WPP have long had data experts on their roster with the skills required to back up their creative talents. Rapp's data division (previously Identex) is probably the most experienced player in this game.

"Data has always been at the heart of our business," says Rapp's planning director Gavin Hilton. "Our researchers talk to our analysts, and vice versa. We can give our creative group information that is a lot richer and deeper."

He notes campaign planning for Somerfield as a classic example of a data-led strategy. "We told them, you don't need any more customers, you just need to get them to shop one more time per quarter."

By looking at the profile of customers that participated in promotions – older, downmarket – Rapp realised that the then-cheap TV ads would be the perfect "frequency-driving medium". This was the direct opposite of the standard method of marketing super-market promotions: using expensive TV initially and reinforcing it with lots of off-the-page advertising in local and national press.

"It was very successful," says Hilton. "Then we were able to capture data and understand how and why the promotion worked, and which products were the best ones to offer in future."

G2 Data Dynamics is WPP's own "in-group" data expert, often supporting other arms of the business as well as taking care of its own clients. According to Alan Thorpe, commercial director at G2, "Data definitely feeds into pitch activity and we're brought into the pitch process right at the start of planning rather than being an afterthought. We look at catchments and mapping and tell them where relevant areas might be for activity like direct mail and radio."

Continues Thorpe, "Earlier this year I worked on a pitch with Grey London and the whole customer journey was built around maximising opportunities



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According to Rapp's Hilton, another result of this multi-team working has been beneficial cross-fertilisation between agencies in how they gather pre-campaign information. Above-the-line would typically rely on traditional qualitative market research, either bespoke or derived from proprietary panel-based sources like the TGI (Target Group Index). Direct agencies tend to have access to much more exact quantitative data on previous responders.

"Direct marketing has been far quicker to adopt traditional above-the-line tools like TGI or qualitative research, while the reverse hasn't happened nearly as quickly," Hilton says. "However, it has always been much harder to build econometric models to evaluate above-the-line work. The feedback from direct work is much faster and takes less work, and now we get fantastic information from the web too."

As well as long-time data consultancies like Blueberry Wave and Marketing Databasics or data specialist agencies like Entire and TMW, a model increasingly seen now is the data processing and management specialist that has moved into analytic consultancy. Greenstone Data Solutions is a perfect example of this, further blurring the lines between the agency and the bureau.

"This is partly born out of the changing market-

place and the need for bureaux and other suppliers to diversify," says Hinkley. "We have formal relationships with a couple of agencies and, more and more, we find ourselves sitting at pitches with other agencies: digital, above-the-line, whatever."

As much as anything else, this development has been driven by the requirement for these operators to add a more lucrative consulting operation to their commoditised, low-margin data processing businesses. Happily, this coincides exactly with client needs and also fits well with bureaux traditional skills; knowing about the nitty gritty of database building, what's possible as a quick win when starting out in data-driven work and what will take much time and investment, can help avoid the kind of mistakes that more ambitious and less experienced consultants tend to make.

"Where in the past agencies were used, with technological advancement we're seeing more and more traditional data bureau now being in a position to offer full marketing services for SMEs," says Gurney. "Consolidating services for data management, creative consultancy and campaign execution to name a few, will ultimately deliver a much more cost-effective solution."

This blurring of the lines can only continue and it begs the question of who will be leading the pitch team at future meetings. The much-heralded "contin-

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uous conversation" with customers is now happening for many companies, and all businesses simply have to be alert to shifts between high and low value segments or a rising default or attrition rate. Rather than getting a campaign out of the door, breathing a sigh of relief and then gearing up for the next one months down the road, direct channel marketing, especially that includes new media, tends to be more of an ongoing challenge.

Providing such critical information often means that the data-literate suppliers actually have a far closer and longer-term client relationship than the creatives; it's a lot easier to shift your creative development elsewhere than your database and the often complex operation surrounding it.

"We have a continuous insight and data management brief from clients," says Hinkley. "It's a watching brief rather than project by project. A healthcare client of ours has really used the insights and data analysis work to change their creative, their messaging and now even their whole channel strategy."

There's also the possible income from lucrative IT projects for both suppliers and clients to consider. Investments in systems and hardware are required to handle the customer data and the need for help here will strengthen the data-based element of the relationship, especially if the client is lacking in-house technical skills. So could what starts as a pitch for a

campaign end up as a multi-million hosting or software deal?

"Today agencies are forced to think about how they will deal with the data that comes out of the back of a campaign," says Thorpe, whose company is an Alterian partner. "If a client needs an enterprise marketing system then they would come to us for advice. It's much more of a consultancy business these days."

Grasp the opportunity

Commentators pinpoint fundraisers as particularly aware of their ability to drive donations via database work. But elsewhere, understanding the power of data to inspire more effective marketing seems to be more about individual organisations and marketing directors than any one sector.

"We do still get briefs that are very specifically about the brand or above-the-line," comments Thorpe. "There are still clients who keep digital, direct mail and so on very separate too."

The need to put data at the top of the list of agency priorities reflects the new era of marketing: accountable, effective and concerned with the bottom line rather than pretty pictures and the ad shoot location. As agencies, bureaux and analysis specialists continue to diversify and expand their insight-driven offerings, there will be little excuse to ignore data's effectiveness in informing successful marketing. ■



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