Kenshoo™

GUIDE SERIES

THE KENSHOO GUIDE TO

agile marketing

How to **get ahead and stay ahead** in an ever-evolving digital landscape

WHAT YOU WILL FIND IN THIS GUIDE:

▶ Why you need to take an agile approach to marketing

▶ The core values and rules of agile marketing

▶ How to leverage big data & predictive marketing to your advantage

▶ Solving modern marketing challenges through smarter technology

▶ Perspective from a leading marketer

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Digital Evolution:
## The New Era of Agile Marketing

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Digital marketing is an ever-evolving landscape. With each passing day, there are more data and signals derived from more systems, sources, and consumer interactions that marketers must interpret and activate. As such, organizations must adapt to change and account for fluctuating market trends, technologies, and opportunities.

What is agile marketing and why does it matter?

The modern marketer must be agile.

For agile marketing organizations, historical and current channel performance and the state of present campaigns are only small pieces of the puzzle. These organizations focus on the bigger picture and obsess about what's possible in the future.
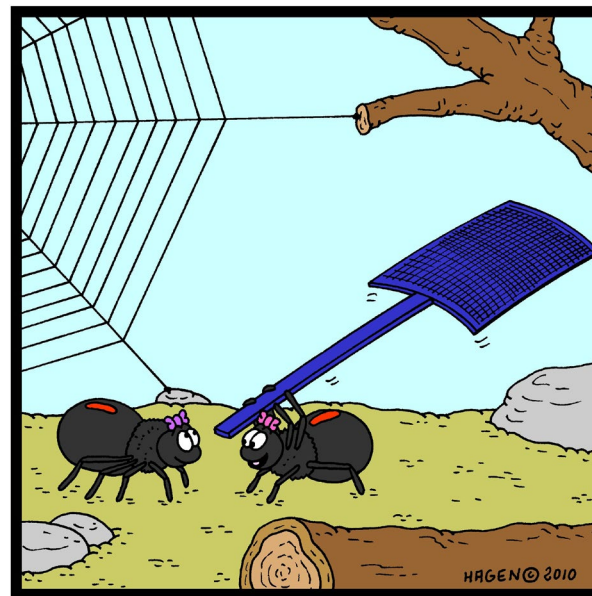
Forget about building a web and waiting:
Let's be proactive!

Accordingly, teams are integrated and incentives are aligned to over-arching business objectives, making key performance indicators (KPIs) – such as revenue, profit, and customer lifetime value – the barometer of success. To achieve these goals, agile marketers leverage advanced algorithms that constantly evaluate (and re-evaluate) their campaigns, making automatic adjustments and optimizations that will benefit the portfolio.

For agile marketers, integrated data and audience insights are not enough – what matters most is the ability to intelligently act on this data across channels to improve their business. Through machine-learning technology, these organizations can run forecasts and scenario plans, apply the insights gleaned to make informed predictions about their investments and their audiences, and take immediate action.

Advanced technology helps agile organizations automate routine tasks and apply algorithmic decisioning to bring added intelligence so marketers can focus on what matters most to the business and make digital marketing the most strategic capability in their organization.

Digital marketing is dynamic. It requires constant calibration and a proactive mindset. In this guide, we'll share some tools and best practices so you can set a course to help your organization realize its full potential and transform your approach to marketing to become more agile.

6 Core Values of Agile Marketing

Excerpt from Why Marketing Should Go Agile by Jim Ewel as featured in the Summer 2014 edition of Pragmatic Marketer

What Is Agile Marketing?

Agile marketing is an iterative and experimental approach to marketing that values adaptability and responsiveness to change over long-term planning. It also values individuals and two-way marketing interactions, as well as collaboration among the various marketing disciplines. There are six core values of agile marketing.

Responding to change over following a plan.

It's not that agile marketers don't do any planning; they do. However, they put a premium on adapting and responding to the marketplace through constant adjustments to their plans and priorities on a weekly or biweekly basis—rather than an annual or semi-annual planning cycle.

Rapid iterations over big-bang campaigns.

Few marketing campaigns can get it exactly right the first time, and there is also value in speed to market. Agile marketing recognizes this and values an iterative approach. It encourages marketers to try something out quickly and fine-tune it as they go, rather than putting all of their energies and dollars behind a big-bang campaign.

Testing and data over opinions.

If you're iterating, how do you know something is working or not working? Data makes the difference.

Individuals and interactions over one-size-fits-all.

Agile marketers realize that there isn't just a market for a product, but many individuals who make individual buying decisions. Buyers make their decisions as the result of conversations, not traditional one-way advertising.

Agile marketers seek to foster those conversations, and provide an individualized buying experience. Think of how Amazon customizes its recommendations to your unique purchase history; this is an example of individuals and interactions.

Collaboration over silos and hierarchy.

In this era of specialization, it is tempting to organize marketing departments around skill sets: PR, advertising, social media, etc. But to the buyer, the product or the company is the product or the company, regardless of the medium used for communication. Collaboration is necessary to ensure not only consistency of message, but also a user experience that is consistent and pleasing. Teams that collaborate also get more done.

Agile marketing is a mindset.

Marketers who practice agile marketing put the customer experience at the center of everything they do. They focus on solving buyer problems and the buyer's journey, not on selling and the sales cycle.

Lastly, agile marketing is about aligning marketing with the business and sales goals of the organization, getting stuff done quickly and documenting the results with transparency and accountability.

The Rise of Big Data & Predictive Intelligence

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The growth in the amount of data we collect as marketers has, for the most part, outpaced abilities to analyze the data – we're talking truly big data. As outlined in the Kenshoo Guide to Big Data, traditional analytics aren't very well-suited for uncovering the full value in today's large data sets, so technology is needed to perform some of the most valuable analytics for digital marketers. And, it's not just about analyzing historical data and current performance, but also how those insights can be activated and applied to make future predictions.

A survey of analytics professionals conducted by Accenture in 2009, found that only 12% of organizations primarily applied analytics through a predictive approach. By 2012, a similar survey discovered the primary use of predictive analytics had nearly tripled to 33% as technology to enable this type of in-depth analysis has emerged with continual innovation.

The Surge in Predictive Analytics

- 2009
- 2012

Predictive	12% 33%
Retrospective	31% 29%
Both Equally	50% 28%
Don't Know	1% 10%
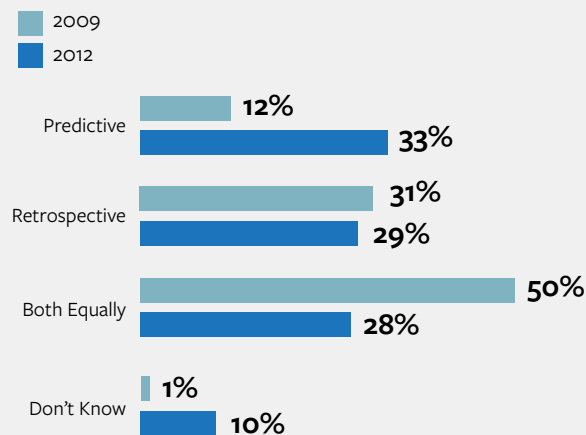
Base: Total Respondents

Source: Analytics in Action: Breakthroughs and Barriers on the Journey to ROI, Accenture Analytics, 2013

Unlocking the Potential of Machine Learning

Machine learning represents technology that allows marketers to access the vast amounts of data that we have been accumulating (and which are only continuing to grow exponentially) to help uncover and understand the patterns that emerge and act on those predictions.

The machine learning approach allows for processing of billions of data points where each data point taken by itself may contribute little or no information but, when taken as a whole, begin to paint a valuable picture. Machines are able to use all the ingested data points to test the accuracy of predictions and train the system to improve forecasts. As the system becomes skilled at recognizing valuable patterns, these models can be easily distributed and disseminated across a predictive marketing platform at scale.
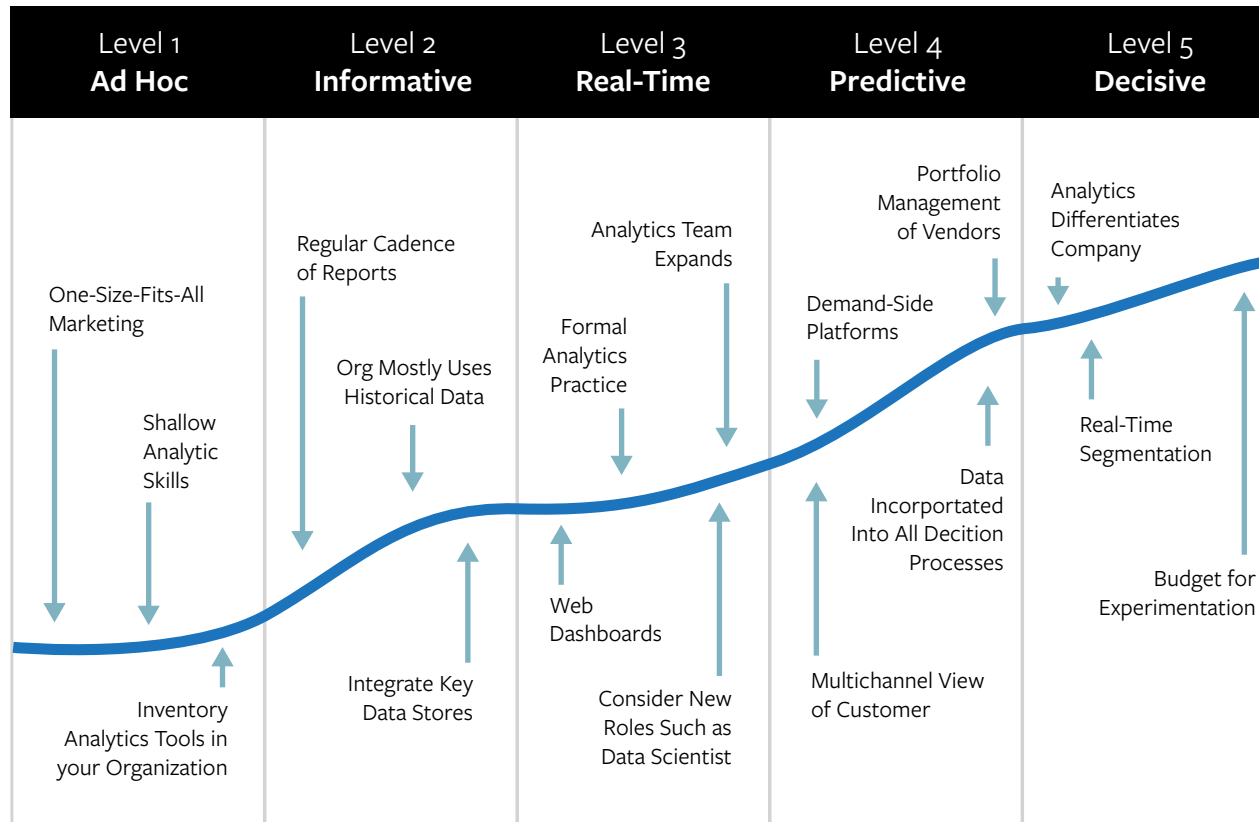
Through the right combination of analytical people and tools, successful organizations are able to leverage data to identify opportunities and then put those insights into action.

Gartner's Maturity Model for Data-Driven Marketing outlines five levels that describe the characteristics of data-driven organizations.

Figure 2. Maturity for Data-Driven Marketing

Level 1 Ad Hoc	Level 2 Informative	Level 3 Real-Time	Level 4 Predictive	Level 5 Decisive
One-Size-Fits-All Marketing	Regular Cadence of Reports	Analytics Team Expands	Portfolio Management of Vendors	Analytics Differentiates Company
Shallow Analytic Skills	Org Mostly Uses Historical Data	Formal Analytics Practice	Demand-Side Platforms	Real-Time Segmentation
Inventory Analytics Tools in your Organization	Integrate Key Data Stores	Web Dashboards	Data Incorporated Into All Decition Processes	Budget for Experimentation
		Consider New Roles Such as Data Scientist	Multichannel View of Customer	

Source: Garter (September 2014)

This maturity model can help serve as a guide to move from merely collecting data to making data-driven marketing a strategic intelligence function. According to Gartner, the "predictive" level of marketing still leaves room to "incorporate data and analytics into all major decision processes" within marketing programs. The key to taking even predictive marketing to the next level is by constantly iterating and optimizing in real-time to improve outcomes.

Data-driven, predictive marketing is on the rise. With a Transparency Market Research report anticipating the market for predictive analytics software to reach $6.5 billion by 2019 — as well as moves like Amazon's anticipatory shipping program making waves — one prediction is clear: there's a big future in using data to predict what's coming next.

Challenges to Adopting Predictive Marketing

Per eMarketer, 61% of global marketing leaders cited data acquisition as a main internal marketing priority going into 2014 but, even once the data is acquired, many continue to struggle to make that data actionable and leverage it in a predictive way.

Here are some of the key topics and questions that need to be answered when embracing predictive intelligence:

1. Variables in Flux

How can we account for all the different inputs?

2. Understanding the Outputs

How do I know if I'm interpreting the recommendations properly?

3. Actionability

What do I do once I have the insights and predictions?

4. Trust

How can a machine know my business better than I can?

"If you trust your search engine more than you trust me, maybe you should switch doctors."

To address these questions, it helps to start from the bottom up. First and foremost, you have to put your faith in the system. Recognize that, indeed, a machine can't know your business as well as you and that's why you get to pick which machine you use and program it with your goals and objectives. It's part art, part science; part people, part platform.

From there, pick a machine that can not only deliver insights, but can help you act on them in an automated manner. For example, seek a platform that can provide a forecast and recommended budget pacing and also implement it through a push of a button that sets advertising bids on search engines and social networks. It's also important to ensure your platform has easy-to-digest dashboards that clearly show the opportunities. And, finally, leverage a technology that can ingest custom inputs from your internal systems and third-party partners such as inventory feeds, promotional calendar, or CRM databases.

In the end, predictive marketing is really agile marketing. Instead of looking backward or only at what's currently happening, agile marketers are thinking about what's to come and making informed projections and calculations about the future of the market, trends, their consumers, and their investments.

Why the Time for Predictive Marketing is Now

Excerpt from Why Modern B2B Marketers Need Predictive Marketing by Raab Associates Inc and Mintigo

Skeptics might rightly question whether predictive marketing is really the wave of the future or just the latest industry buzzword. Certainly the long history of limited adoption for predictive technology suggests that caution is justified. But conditions do seem to be ripe for fast acceleration:

1. More Data

"Big data" may be this year's cliché of the century, but it's still true that marketers have much more information available than ever. Sources include not just online behaviors such as Web visits, social media posts, and email clicks, but also offline transactions, commercially-assembled customer profiles, and automated products that connect with their manufacturers. Related systems for customer data management make it easier to assemble this data into usable information that's easily accessible.

2. Better Predictive Technology

The need for skilled statisticians has been a major barrier to use of predictive modeling. Today, advances in machine learning increasingly allow nearly or completely automated systems to prepare data, build models, deploy scores, and learn from results in minutes or hours rather than weeks or months. New technologies can also deal with unstructured data such as natural language and video, make it easier to understand results, and make predictions other than whether someone will respond to an offer.

3. New Applications

New products and channels present new opportunities that only predictive marketing can exploit. Mobile devices, social media, location-based messaging, and Internet-connected products all offer new ways to reach customers before, during, and after they make a purchase. But all create on massive data streams that must be monitored continuously to identify fleeting opportunities and react effectively.
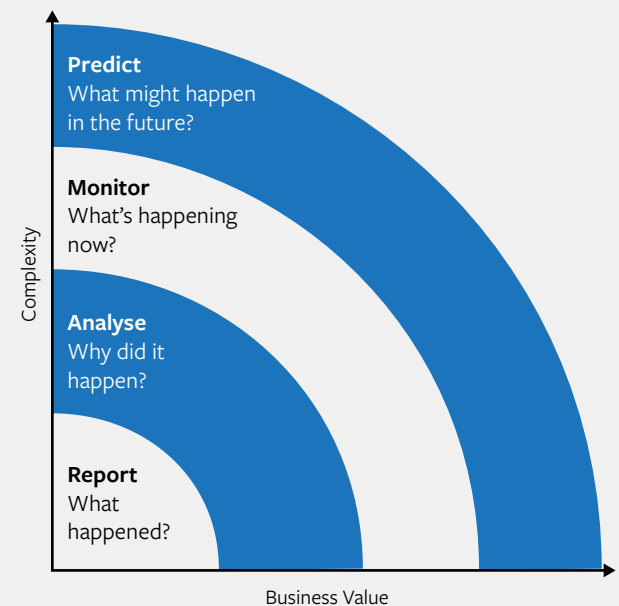
4. Customer Expectations

Companies like Amazon, Apple, and Virgin Air have trained their customers to expect excellent treatment that meets needs they didn't know they had. Business buyers carry those same expectations into their professional lives. Predictive modeling is the key to many applications that ensure every customer gets the treatment they feel they deserve.

5. Platforms

Predictive modeling applications have traditionally been isolated systems built by extracting data, manipulating it, and producing lists that were fed back to corporate applications. This meant that each new application was largely built from scratch. Today's predictive applications increasingly draw on a single, integrated customer data platform that can support multiple applications with

minimal incremental investment. This is a key to the "tipping point" effect that accelerates conversion to a predictive marketing environment.

Predictive Analytics on the Business Intelligence Spectrum

Predict
What might happen in the future?

Monitor
What's happening now?

Analyse
Why did it happen?

Report
What happened?

Complexity / Business Value

Source: Deliotte

By leveraging the intelligence and innovative technology available in-market today, marketers are able to address challenges head-on and transform into agile organizations.

Predictive marketing solutions can provide opportunities for marketers to improve plans and programs across the following five areas: budgeting and planning; audience creation and management; channel management and optimization; measurement and reporting; and attribution and analytics.

Becoming an Agile Marketing Organization

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Forecasting & Planning

Budgeting may seem like a daunting task but marketers should embrace the planning stage as an opportunity to positively impact all results throughout the year. With the right tools in place, you can ensure that you're making the best decisions when crafting both the annual plan as well as making allocation decisions throughout the year.

59% of Kenshoo clients see the ability to make better media investment decisions as a pressing reason to elevate their marketing strategies.

Source: TechValidate

According to research from McKinsey, in 2013, 46% of organizations deployed big data/analytics tools to improve budgeting, forecasting, or planning processes – up from 34% in 2012. While the growth in adoption of advanced planning tools is encouraging, it still remains that more than half of organizations rely on more manual strategies to make budgeting and forecasting decisions. Most likely, these marketers base planning on past performance and historical campaign data and don't frequently evaluate (and re-evaluate) allocations.

This approach can be problematic as the dynamic market requires a certain extent of fluidity. Trends changes, competitors shift strategies, and consumer demand ebbs and flows. Without the foresight to account for these changes within the plan, you might be halfway through the year and realize your plans are inadequate and it'll be too late to reach your goals.

Furthermore, without an integrated team that shares goals, performance, and insights, you risk reliance on a siloed view of individual channels that doesn't consider how to best maximize the portfolio of your investment across channels.

An agile approach to budgeting & planning benefits from the following 3 practices:

1. Integrated teams with aligned objectives

Agile marketing organizations don't have separate teams for each channel with specific goals and plans. Silos are broken and incentives are aligned to over-arching business goals. This way, teams are working toward common objectives and budget can move more freely to ensure they are reached.

2. Real-time budget planning

While last year's plan can be a good starting point to guide next year's blueprint, don't do a mere copy/paste and forget about it. You shouldn't feel tethered to your annual plans. Agile marketers are constantly adjusting plans based on current performance and market opportunities. As conditions changes, plans are recalibrated to meet expectations.

3. Real-time updates to plans

Agile marketers use predictive forecasts to consider future potential for their campaigns. Go beyond historical data trends and even current performance to model out future opportunity and evaluate different scenario plans to meet your goals. Through machine learning technology, scenario plans serve as a guide to the impact of budgeting decisions.

64% of Kenshoo clients consider budget planning and forecasting as one of the most important capabilities for their digital marketing strategies.
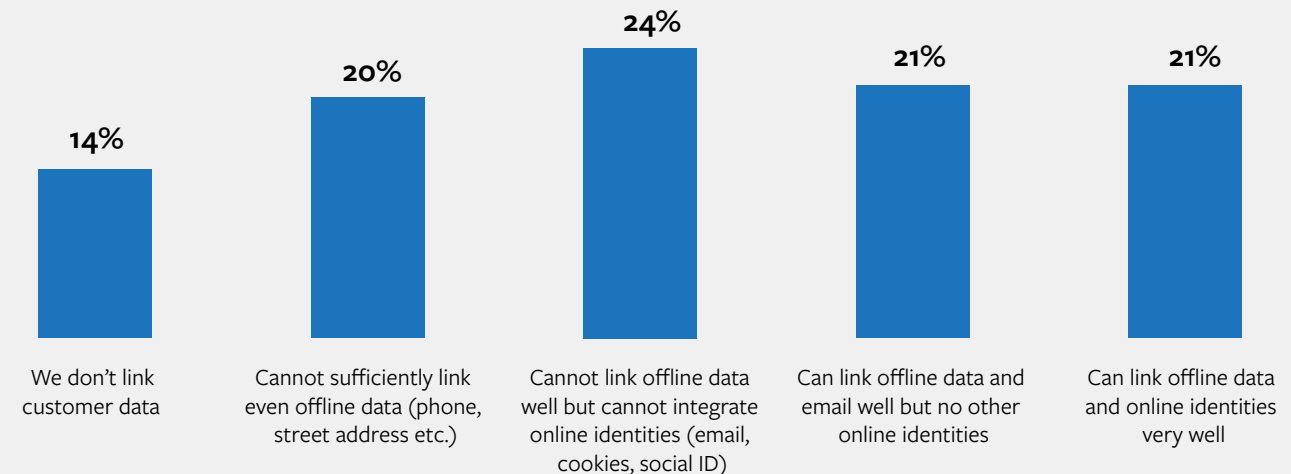
Source: TechValidate

Audience Creation & Management

Every marketer knows that marketing nirvana resides in the old adage of reaching the right consumer, at the right time, with the right the message. In theory, this objective is accepted and agreed upon but, in practice, it becomes more difficult, particularly given the number of possible touch points across the customer journey.

With the targeting capabilities available today, customer-centricity is becoming less of a theoretical concept and more of an actionable practice. Agile marketers recognize the importance of reaching key audiences in real-time. To this end, they leverage behavioral and other audience data when targeting to serve more relevant ads and reach their desired audience.

However, many marketers struggle with incomplete data and lack of a complete customer view. A study from Experian Marketing Services revealed that only 21% of marketers feel like they link offline and online identities "very well." That translates to 79% of marketers experiencing some type a gap or lack of confidence with their customer data.

Linkage Capabilities to Create a Single Customer View

Category	Value
We don't link customer data	14%
Cannot sufficiently link even offline data (phone, street address etc.)	20%
Cannot link offline data well but cannot integrate online identities (email, cookies, social ID)	24%
Can link offline data and email well but no other online identities	21%
Can link offline data and online identities very well	21%

Source: Experian Marketing Services

There are many challenges with customer data collection and cohesion, but there are two key things that agile marketers do which give them the edge above the competition.

1. Cross-channel targeting with intent and interaction data

Agile marketers layer search and social signals on top of other behavioral and cookie-level targeting to better reach audiences most likely to convert. Expand your programs beyond basic demographic or geographic targeting or broad reach and frequency goals to improve performance and maximize your potential outcomes.

2. Retargeting based on site/purchase/search/offline history

Agile marketers strive to create customized and dynamic experiences for audiences throughout the path-to-purchase. By leveraging all available customer information including purchase history, search activity, and offline interactions, you can more efficiently drive re-engagement and cross-sell and up-sell opportunities.

Channel Management & Optimization

Optimization refers to the many ways in which marketers can enhance or improve campaigns. This can be achieved by looking at all variables that can be seen and acted upon – e.g. for a search marketer, that might be clicks, position, or CPC. These metrics become indicators of success and are the drivers for optimizing campaigns, with low performing placements the first to get cut.

To a certain extent, it's feasible for humans to look at performance data, analyze it, and make optimization decisions. However, predictive marketing brings into play so many more variables that are simply not readily visible to the human eye and offers the opportunity to apply that knowledge in an integrated, cross-channel manner.

In the era of data-driven analytics, algorithmic decisioning processes have the ability to scale the millions of calculations needed to determine the proper bids while considering cross-channel factors in a seamless manner. No human can possibly perform the depth and frequency of computations required to meet these bid optimization goals.

79% of Kenshoo clients consider portfolio optimization and bid management as one of the most important capabilities for their digital marketing strategies.
Source: TechValidate

Advanced algorithms become even more critical when you think about scaling and coordinating optimization across channels. A study conducted by Econsultancy found that 79% of marketers agree or strongly agree that they are focusing on breaking down internal silos to better coordinate and integrate their marketing efforts. While marketers are beginning to unify efforts, many are still missing opportunities to leverage performance data to optimize future cross-channel campaigns.

Taking an integrated approach to optimization with real-time activation is the hallmark of an agile organization

1. Technology platform integration

Connected systems and channels provide a full view into the customer journey and enable scalable actions and programs. Agile marketers execute campaigns through an integrated software platform that can take data and insights from one channel and automatically apply them to another. Manually managing campaigns or using disparate technologies to activate your marketing may translate to missing out on key apertures to reach your customers and trump your competitors.

43% of Kenshoo clients see the ability to leverage success in one channel to optimize another as a pressing reason to elevate their marketing strategies.
Source: TechValidate

2. Real-time optimization based on business goals and marketing opportunity

Agile marketers optimize their creative and bids in real-time based on what they know about the audience and the available market opportunity. Don't build your practice around weekly optimizations based on previous performance. Instead, leverage algorithms that can take your actual business goals and identify future opportunities to reach them. Advanced algorithms can constantly evaluate campaigns, making automatic adjustments and optimizations.

Measurement & Reporting

In a survey of Kenshoo clients, 80% indicated that reporting and measurement was a key capability of their strategy and the majority agreed that reporting was the most pressing task that would benefit from automation. The ability to holistically track and analyze performance in a more automated and actionable fashion is the crux of improving marketing performance. Comprehensive data, delivered with recommendations and transparency, fuels more actionable analysis.

66% of global marketers see actionable data as a key objective in their marketing analytics

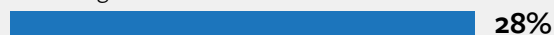**Important Objectives for Marketing Analytics**

% of respondents

Acting on data to improve marketing performance
66%

Combining data from multiple sources to draw correlations and make predictions
39%

Measuring attribution and interactions across channels
28%

Linking data together at the individual customer level
28%

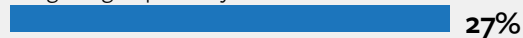Improving data hygiene and quality issues
27%

Hiring data-savvy marketing talent and/or training current staff
27%

Funding new analytics tools and solutions
27%

Integrating disparate systems and siloed data
27%

Source: MarketingSherpa, "2013 Analytics Benchmark Report," Jan 29, 2013

This task has become more challenging given the complexities of tracking across multiple channels and devices. In response, technology advancements are generating innovative ways to measure interactions across screens and drive consumers all the way to the point-of-purchase in brick and mortar locations. These capabilities unlock an extra layer of data for marketers to analyze and apply across campaigns.

For agile marketers, two priorities for measurement and reporting include:

1. Cross-device and cross-channel measurement

In an agile approach, mobile marketing is more than just opting in and checking the box. For these marketers, it's about creating a seamless experience and tracking more than just an app download. Stay on top of the innovation in cross-device measurement to better capture audiences and drive continued engagement.

52% of Kenshoo clients consider mobile and cross-device ad delivery as one of the most important capabilities for their digital marketing strategies.

Source: TechValidate

2. Automated reporting with business application

Agile marketers don't simply compile data from multiple sources on a recurring basis to analyze campaigns. By using a platform that automatically pulls from various systems, they're able to customize real-time dashboards that provide visibility into de-duplicated data and actionable alerts and recommendations.

Attribution & Analytics

The notion that online marketing is a singular, transactional experience is outdated. As such, the corresponding last-click attribution methodology is elementary and lacks the rigor that today's ecosystem demands. With the amount of activity that can be tracked and analyzed, an entire customer life cycle must be evaluated, rather than merely the scope of a single interaction.
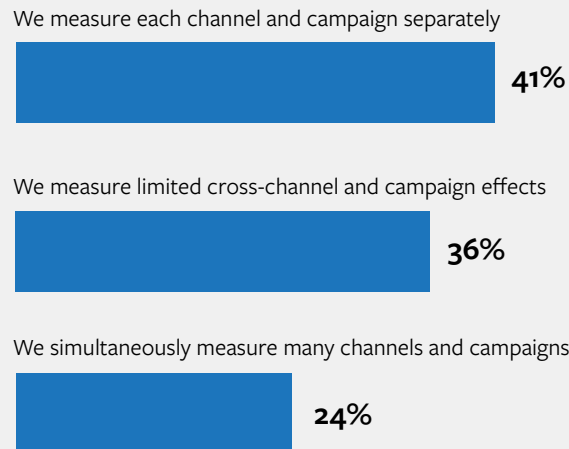
56% of Kenshoo clients consider attribution modeling as one of the most important capabilities for their digital marketing strategies.
Source: TechValidate

Nonetheless, per Forrester Consulting, 41% of marketers limit the scope of one channel or campaign in their attribution and analytics. Accurate measurement should serve not only as a barometer of success during the span of a campaign but also act as the unifying force to activate insights across your digital programs.

How are you measuring channel and campaign efficiency and effectiveness?

We measure each channel and campaign separately
41%

We measure limited cross-channel and campaign effects
36%

We simultaneously measure many channels and campaigns
24%

Base: 106 marketers, advertisers and customer insight professionals
Source: A commission study conducted by Forrester Consulting on behalf of Kenshoo, April 2014

Many marketers are shifting to a multi-touch approach where all, not just the final, touch points are valued as influencers to action. Even still, attribution that is not connected to bidding misses the mark.

An agile approach to attribution requires:

1. Multi-touch attribution tied to bidding

When it comes to evaluating ad effectiveness, agile marketers go beyond last click and even multi-touch attribution to automatically update bids based on the true value of each placement. If you're using separate technologies to do your attribution and bid management, by the time you're making campaign changes based on attribution outcomes, those outcomes are outdated. With insights being funneled back into decision-making in near real time, you can take more immediate, intelligence action.

72% of Kenshoo clients see the ability to go beyond measurement to insights and actions as a pressing reason to elevate their marketing strategies.
Source: TechValidate

2. Success measurement based on achieving actual business goals

Agile marketers don't settle for key performance indicators based on proxy marketing metrics. Start shifting the barometer of success for your campaigns from impressions, clicks, conversion rates, or even ROI to revenue, profit, or customer lifetime value.

Marketer Perspective

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Chris Camacho, Managing Partner, Precision Marketing

Starcom MediaVest™
GROUP

Agile marketing is all about making sure you have the right data to make the right decisions. Utilising all the historical data you and your clients have, while also keeping a close hold on the day to day for any unexpected eventualities, will leave you best equipped for any challenges thrown at you.

Four tips for agile marketers to remember:

Remember the past

When doing any budgeting or forecasting activity, your historical data and performance will be your most useful guide. Tools such as Kenshoo Halogen learn from your historical performance and equip you with the tools to make the right decisions based on seasonality, keyword performance, and micro and macro trends.

...But don't forget the future

By its nature, historical performance can only tell you what's already happened, and doesn't give you any insight into what's around the corner. Machine learning can only tell you so much; it's the human understanding that can give you the edge. In addition to seasonal trends, make sure you're aware of everything happening in other channels. Is there any above-the-line activity about to go live? What's happening in PR? Are your competitors about to launch a new product? All this will impact your results.

Keep up with the present

The best laid plans can always go awry. Unexpected changes to the market place can and will happen, so make sure you and your team keep on top of the day-to-day trends. It is always a good idea to compare these results to your anticipated performance to see what's changed. This will give you the granular insight into performance needed to make decisions quickly and can turn around a poor performing campaign before it's too late.

...But don't let it push you off track

While you want to make to quick decisions, you need to make sure you're making the right quick decisions. Make sure you don't treat every digression as a catastrophe that must be reacted on immediately. Ensure any changes you make to your original forecasting are based on statistically significant data and don't waste your time getting concerned on small numbers.

Closing Thoughts

Aaron Goldman
Chief Marketing Officer, Kenshoo

It's not easy being a marketer in today's digital world...

Each passing year brings tectonic shifts in the ways consumers consume and the ways marketers market. It can be a full-time job just staying on top of the trends, much less acting on them in an agile manner. Hopefully you found this guide to be an effective, well, guide, on your journey.

In conversations with fellow CMOs, I hear recurring themes that make it clear the need for agile marketing has never been bigger. These are some of the things keeping folks up at night:

1. **Where can I find my best customers?**

2. **How do I manage customer relationships end-to-end?**

3. **How can I create an effective marketing organization?**

4. **How can I take success from one channel and apply it to another?**

5. **How do I understand how it's all working together?**

6. **How can I demonstrate success and continually improve?**

7. **Where should I invest to make the biggest impact and meet my business goals?**

Here at Kenshoo, we're laser-focused on turning these challenges into opportunities by developing best-in-class capabilities.

Audience Management – proprietary tools to reach your highest value customers across channels

Campaign Automation – streamlined functionality to simplify workflow and save time executing campaigns

Universal Integration – open architecture to wrap around your existing infrastructure and accommodate additional systems

Bid Optimization – powerful algorithms to ensure you always meet your goals at the right price

Data Visualization – actionable insights on the metrics that matter most to your business

Dynamic Attribution – advanced models to evaluate the entire customer journey and impact of each ad

Predictive Analytics – accurate forecasting and scenario plans to determine where your next unit of spend is best allocated

Based on a survey of global marketers we conducted prior to the K8 Summit, Kenshoo clients are 3x more likely to be proactive marketers.

If you're not a Kenshoo client or you're a client but not currently using all the available Kenshoo functionality, we invite you to (proactively) reach out and discuss how we can help you transform your organization into an agile marketing machine.

Cheers,

a w