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'Space race' in marketing

Four claims for Big Data

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Opinion Piece

The marketing data space race

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Abstract

To understand what works in marketing requires research and pooled knowledge. To support this, the IDM is running a research programme which is outlined in this article.

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Marketing is not exactly rocket science. Yet, it is easy to see that in the past 12 months a kind of space race has been escalating, as companies compete to have the best Big Data capabilities within their markets.

As with so many catchphrases, Big Data is a nebulous term often articulated by people selling consultancy or software. Some pundits highlight the massive data sets living in cyberspace, while others emphasize black box machine-learning as a quick, accurate and cheap alternative to hiring experienced and expensive statisticians and marketing scientists.

Behind this space race are four tempting claims made by the cheerleaders of Big Data:

- that algorithmic black boxes produce uncannily accurate insights;
- that every single data point can be captured, making old-fashioned statistical sampling techniques obsolete;
- that it's behind the times to worry about cause and effect because statistical correlation is all we need to know; and
- that scientific or statistical rigour isn't needed because the numbers speak for themselves.

The temptation to believe these claims is dangerous. In particular, 'small data' problems don't disappear with Big Data, they actually get worse. Uncanny accuracy is easy to prize too highly, especially in data sets where spurious patterns outnumber genuine discoveries. The claim that sample bias does not matter is utterly misguided. As for the idea that with enough data the numbers speak for themselves, it is desperately naïve. Better to embrace the new methods by building on the old statistical lessons, not by ignoring them.

Winning the space race

So, who's leading the space race? And what's the secret of winning it? Important questions, but where to find the answers?

Research into best practice

To help companies answer these questions, the IDM is planning a research programme to extend understanding of the latest best-practice methods used by real decision makers to evaluate and improve marketing performance. It won't focus exclusively on Big Data — small data is fine — and it will focus on providing decision makers with answers that boost their Return on Ideas (<http://www.cimaglobal.com/Thought-leadership/Research-topics/Marketing/Return-on-ideas-better-results-from-finance-and-marketing-working-together/>). A good marketer has great imagination, and an ability to conjure up new ideas of commercial significance. Good marketing ideas can yield substantial value. But bad ones can destroy it.

How real people make real decisions

The IDM's Return on Ideas research programme aims to distil the essence of how the best marketing decision makers differ from the rest. It will discover the best processes for decision making; the best people and their skills; and the best data and analysis tools used to deliver answers. It will be pragmatic, looking for practical approaches used by real people to make real decisions. What matters is how marketing really works, and many of our discoveries will dispute what is taught in textbooks and commonly practiced in industry. We question everything that is 'known' and challenge anything that isn't evidenced with real data.

Deciding the research topics

Research topics are being decided in consultation with IDM members. Candidate topics include return on investment of new media, social CRM, pricing and promotions, optimization of marketing spend, marketing resource management, the changing role of customer insight and marketing performance evaluation, and improving the effectiveness of marketing-finance-procurement teamwork.

Big Data has arrived, but big insights have not. The big race is about Return on Ideas and the winners will get big returns. IDM's research will help discover the winning formula, help weed out bad ideas quickly and deliver actionable insights for real people making real decisions in a tough, competitive world.