



Mining Big Data

The Value of Data Economics



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The concept of big data might seem overwhelming if you're a mid-sized commercial brand. Who has the time or energy to study in-house data, let alone the myriad of data vendors promising immediate results? However, if you stick with the status quo, you're likely to be spinning your wheels and letting your competitors pass you by.

What are the driving forces behind your data decisions?

According to the McKinsey Global Institute, a retailer using big data to the fullest has the potential to increase its operating margin by 60 percent. To start moving your company towards its potential, take a hard look at your data economics:

DATA ECONOMICS KEY QUESTIONS

1.	Do you have timely access to extract and report on your data?
2.	What would you list as your Top 3 challenges for getting "more" out of your current customer data?
3.	What is the level of targeting and personalization you can apply to your data? What is your segmentation strategy?
4.	How are you integrating online and offline data? Do you know your customer's digital footprint (e.g., social, mobile, direct, online)?
5.	Are you using additional data to further understand your customers?
6.	Do you have an inventory of all available external data sources?
7.	What is your cost to acquire a new customer? Are you measuring customer lifetime value?
8.	How do you measure your data effectiveness?

If you're not sure about the answers to those questions, then you need to find a data expert, someone who can turn the information you have into intelligence you can use. The best data experts are also ambassadors, serving as a liaison between your company and outside data suppliers.



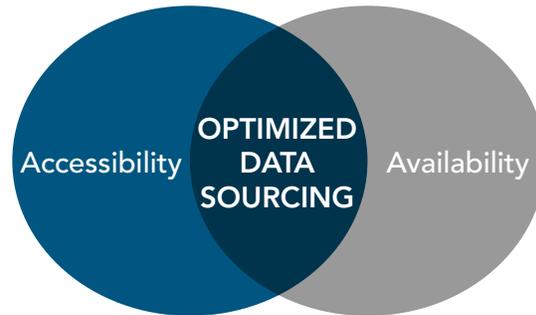
WHAT WAS YOUR “Ah Ha” MOMENT?

“We are a leader in the regional retail product category and have prided ourselves in increasing marketing results dramatically over the last 18 months. But as we formed a ‘big data’ team with our partners to evaluate how to stay competitive in the future, we realized how far behind we were relative to best-in-class organizations in other industries. Our customer lifetime value was reduced by over 17% due to not completely understanding the data landscape. Our number one goal in the next 24 months is to recapture this lost margin through data optimization.”

– CMO, Mid-sized firm
Regional Consumer
Product Company

Have you considered access and availability?

Data specialists are able to access information that is not currently available to you. They will also likely have tools and sources that can maximize your assets.



“[A lot of organizations] can look at products, they can look at customers, and they can look at sales, but they can’t tie those things together. Being able to look at those things in an integrated fashion is really the foundation you need” explains Rebecca Shockey, Global Research Leader for Business Analytics at the IBM Institute for Business Value.

Develop a passion for the data landscape

Whether you insource or outsource, you need to have a process in place. IBM recommends targeting a single problem that you would like to address. For example, let’s say that you feel that your marketing ROI is lower than you would like. It could be that you are focused on list quantity over quality. A data expert will start by extracting insight from your current data. What do you already know about your customers? Geographic, demographic, and psychographic profile can often be done in minutes. An expert can also tell you which mix of data sources and attributes have been successful for similar clients.

Marketing is a science and an art. Armed with data intelligence, your firm’s creative minds can then coordinate multi-channel marketing initiatives, with the ultimate goal of maximizing your data’s value and driving increased revenue.

Sources: McKinsey Global Institute’s “Big data: The next frontier for innovation, competition, and productivity” report and IBM’s “Big data: Why it matters to the midmarket” report.



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For over 40 years, DirectMail.com has been working with clients on the most sophisticated multi-channel marketing challenges. We are a company that is passionate about continuous learning and we are excited to share our expertise and best practices with a broader audience and the industry as a whole. Through Intelligent Marketer, we hope to provide practical solutions and tools that marketers can leverage to make their jobs easier in the short term and to generate incremental results in the long term.



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