

Module 5: Data Analytics

Lesson 1 - Data Analytics

OVERVIEW

In this lesson, students will explore how data is collected, analyzed, and reported in a way that helps businesses and brands to develop marketing strategies.

OBJECTIVES

1. Explain the importance of data analytics in marketing.
2. Describe why marketers collect consumer data.
3. Identify the three types of data that are collected by business or brand.
4. Explain the purpose of a website cookie.
5. Differentiate between PII and Non-PII consumer data.
6. Understand why a database is important to a business or brand.
7. Identify the seven primary sources for collecting consumer data.
8. Recognize the privacy concerns that come with businesses and brands collecting consumer data.

KEY TERMS

Cookies

Data analytics

Database marketing

Non-PII

PII

This Lesson Bundle Includes:

- Data Analytics - Lesson Outline
- Data Analytics - Presentation Slides
- Industry Application - Related Links

Lesson 1 - Data Analytics



DISCUSSION

Have you ever seen an advertisement for something you recently searched online? Have you received a notification on a mobile device when you've been in close proximity to one of their stores? Do you use a fitness tracker device?

Each of these represent examples of how businesses and brands capture and use your personal information as a marketing tool. As a class, try to create a comprehensive list of times you have shared information, whether you were aware at the time or not, that may have been tracked by a business or brand.

DATA ANALYTICS

Data analytics is the process of collecting and analyzing information in a way that helps a business or brand to improve marketing performance. The process of collecting and analyzing data is complex. Sophisticated algorithms, artificial intelligence, machine learning, math, and science have become essential to how businesses and brands market their products and services. This process allows marketing professionals to learn about their customers and determine the effectiveness of their marketing efforts. Businesses and brands are constantly collecting information about consumers, whether identifying which streaming platform they prefer for podcasts or their favorite type of pizza.

This information is called **consumer data**, and it is extremely valuable to companies of all types, shapes, and sizes. Data is also valuable from a revenue perspective for businesses or brands who choose to sell the data they have collected to a third party. The more data that is collected, the more value to the business or brand.

Three types of consumer data:

1. **First-party data:** data collected directly by a business or brand.
2. **Second-party data:** data that is shared by the business or brand (first-party) who initially collected the data.
3. **Third-party data:** data that has been collected, then sold, by a third party.

Why do companies collect consumer data?

Besides the opportunity to generate revenue by selling consumer data, collecting consumer data provides numerous benefits to marketing professionals.

Primary benefits of collecting consumer data:

- Understanding of the market and consumers
- Database expansion
- Improved marketing performance
- Personalization of customer experience



Why do companies collect consumer data?



Understanding of the market and consumers



Database expansion



Improved marketing performance



Personalization of customer experience

Understanding the Market and Its Consumers

Gathering data helps a business or brand to understand what consumers want by identifying their wants and needs, and by determining the products and services they are looking for to fulfill those consumer desires. Data allows companies to determine brand preferences, recognize customer experience expectations, shopping habits, and much more.

Database Expansion

Database marketing is a form of direct marketing where businesses and brands collect and store information about consumers that can later be used as a tool for communication. A company's database will often contain information about customers like name, physical address, IP address, email address, phone numbers, purchase history, and customer support history.

The larger the database, and the more information captured about each individual customer, the larger the pool of potential customers. Database marketing can help to boost sales because the business or brand can create marketing strategies that cater to a more qualified prospective customer.

Improved Marketing Performance

By collecting data, a business or brand can effectively evaluate the effectiveness of marketing campaigns and fine tune strategies to improve overall performance. Understanding what strategies work and do not work provides marketing professionals with the information necessary to concentrate efforts in those areas that have proven to be successful while pulling back in areas that have been less effective.

For example, H&M might find that teens are more likely to interact with the brand using an H&M-branded Snapchat lens than to view its paid ads on Instagram. Using that data, a marketing professional may choose to shift more marketing dollars toward Snapchat and away from Instagram.

Personalizing the Customer Experience

Gathering consumer data allows a business or brand to tailor its marketing to individuals, and personalize the customer experience.

Why is personalization important? Studies have shown that an [estimated 63%](#) of consumers expect personalization from businesses and brands with their marketing. This type of customization allows for a more targeted approach to advertising and can lead to repeat customers, referral business, and an increase in brand loyalty.

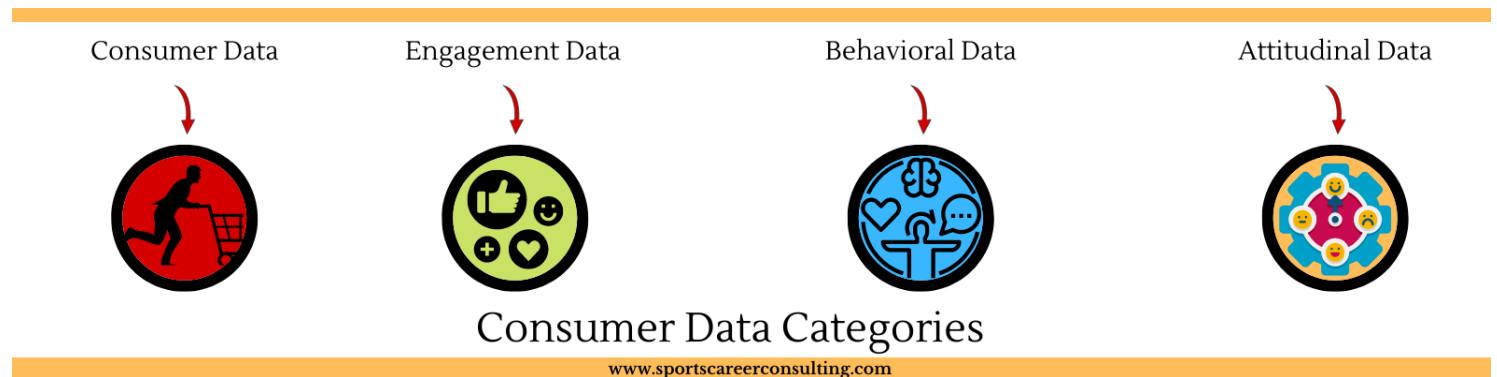


What type of data is collected?

Companies collect as much consumer data as they possibly can, to help bolster their marketing efforts. Companies like banks and retailers even engage in “[behavioral biometrics](#)”, which is a strategy that tracks how consumers type, swipe, and tap on their mobile devices.

Four primary consumer data categories:

1. Consumer data
2. Engagement data
3. Behavioral data
4. Attitudinal data



1. Consumer Data

The **consumer data** that businesses and brands want to identify and collect is broken down into two separate categories:

1. **PII (Personal Identifying Information)**
2. **Non-PII (Non-Personal Identifying Information)**

The first category is (PII) *Personal Identifying Information* which includes information such as age, address, and name. PII data includes any information that can be used to recognize an individual customer's identity.

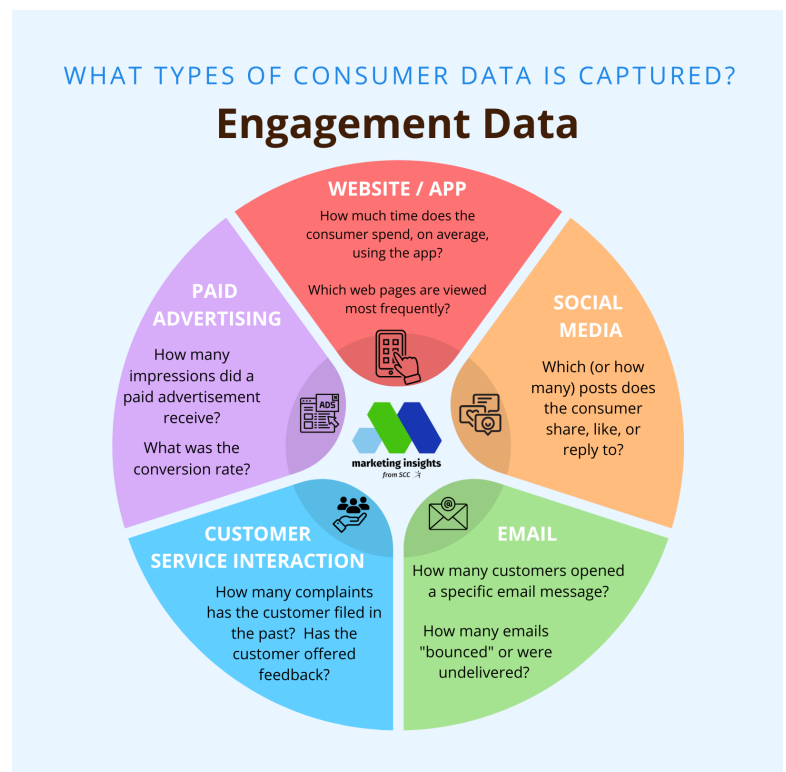
Examples of PII data:

- Name
- Address
- Email address
- Social security number
- Birthday
- Phone number
- Location
- Age
- Profession

The second category is (Non-PII) *Non-Personal Identifying Information* which focuses on information like search history.

Examples of Non-PII data:

- Cookies
- Search history
- Purchases
- IP address
- Device ID



2. Engagement Data

Engagement data is information relating to interactions between consumers and a business or brand's various marketing platforms. Engagement data provides insight into a customer's behavior on a business or brand's website, whether consumers open an email, or consumer's social media interactions with the brand.

Examples of engagement data:

- Website or mobile app
 - How much time does the consumer spend, on average, using the app?
 - Which web pages are viewed most frequently?
 - How did the consumer find the business or brand's website?
- Social media
 - Which (or how many) posts does the consumer share, like, or reply to?
- Email
 - How many customers opened a specific email message?
 - How many emails "bounced", or were undelivered?
 - Which emails did the customer forward or click on links for additional content?
- Customer service
 - How many complaints has the customer filed in the past?
 - Has the customer offered feedback?
- Paid advertising
 - How many impressions did a paid advertisement receive?
 - What was the conversion rate?

3. Behavioral Data

Businesses and brands collect **behavioral data** to learn more about the decisions consumers make throughout the customer experience journey. Behavioral data includes details about purchases, loyalty program details, product usage, and browsing habits.

4. Attitudinal Data

Attitudinal data includes data about a consumer's feelings, perceptions, and emotions. Attitudinal data includes measurements of customer satisfaction, product demand, brand preferences, and purchase criteria. Anything that helps a company understand consumer attitudes toward a specific product or service, or perception of a brand, is considered attitudinal data.

How is data collected?

There are seven primary sources for collecting consumer data:

1. Internet analytics
2. Monitoring social media
3. Digital tracking
4. Online forms
5. Market research
6. CRM (Customer Relationship Management)
7. Transaction analytics



Collecting Consumer Data



Internet Analytics



Monitoring Social Media



Digital Tracking



Online Forms



Market Research



CRM



Transaction Analytics

1. Internet Analytics

Businesses track consumer behavior with **cookies**—a small text file that a website places on an individual user's computer that allows the website to monitor the user's activity. Cookies can track a wide range of consumer behavior, such as website activity, browsing history, geographic location, and purchase trends. [eMarketer](#) estimates that globally, 77% of all websites have at least one tracking cookie and, according to [Statista](#), nearly 32 percent of U.S. consumers agree to accept all cookies when asked.

2. Monitoring Social Media

Businesses and brands monitor social media to track consumer engagement, including shares, replies, and likes.

3. Digital Tracking

Marketing professionals insert pieces of code into websites and emails that can track each time a consumer visits a specific web page or opens an email.

4. Online Forms

Online forms capture specific information, often contact information, about consumers.

5. Market Research

Using traditional market research like surveys, interviews, and focus groups, businesses and brands collect information about consumers.

6. CRM

Consumer data is gathered through CRM, or customer relationship management. Using software programs like Salesforce or Mailchimp, businesses and brands are able to track every single interaction with the customer.

7. Transaction Analytics

Each and every customer transaction is tracked, including purchase history and cart abandonment (when a customer adds something to their shopping cart but doesn't complete the purchase).

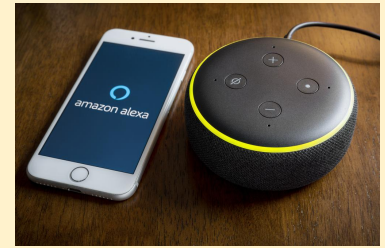
How is data used?

Once collected, data is analyzed and measured to help businesses and brands determine how to improve the efficiency and performance of their marketing activities. That data can also be sold, often unbeknownst to the consumer. As [Wired](#) explains, consider what happens when someone sends a vial of saliva to 23andme, or any other company that performs DNA tests. The customer knows they're sharing their DNA with a genomics company, but they may not realize that data might also be [resold](#) to pharmaceutical companies.



DISCUSSION

Do you have an Alexa-enabled Amazon device? Think about how you interact with these “smart” speakers. What types of tasks do you ask it to perform? According to a recent [report](#), Amazon and their third-party partners (like advertisers or tracking service companies) collect data from those interactions and share it with as many as 41 advertising partners. How might your interactions be used by businesses and brands to market their products and services to you?



Privacy Concerns and Control

There is a lot of concern for consumer privacy because so much personal data is collected and used for commercial purposes. Historically, a large percentage of companies have lacked transparency about what information is being collected and how that data is used. This lack of transparency has led to significant trust issues between consumers and the businesses and brands that collect their personal information.

In the past several years, studies have been conducted to explore consumer sentiment as it relates to personal data, and have highlighted those trust concerns.

For example:

- Among Internet users in the United States, [79 percent](#) of consumers are concerned about the way companies use their personal information, according to a recent Pew report.
- A survey conducted by data privacy management company [TrustE](#) suggests 47 percent were concerned about companies tracking their online behavior to target them with ads and content.
- According to [Cloudwards.net](#), 66 percent of U.S. consumers want more privacy laws to protect their personal information while 83 percent of consumers have said they have seen some type of targeted advertising in the past.
- One study found that [41 percent](#) of U.S. consumers regularly delete cookies, and 30% have installed ad blocker software.



DATA PRIVACY STATISTICAL TRENDS

46%



Nearly half of all websites use some kind of cookie to track consumer behavior

66%



More than half of consumers in the United States want more privacy laws

83%



More than 83% of U.S. consumers have said that they have seen targeted ads

41%



41% of consumers are willing to trust companies with tracking purchase habits

Marketing Insights from SCC | www.sportscareerconsulting.com | statistics source: Cloudwards.net



While data collection is legal, the way businesses and brands collect that information is facing increased scrutiny. As levels of mistrust continue to rise, governments have stepped in to regulate data collection practices and to help educate consumers about how that information is gathered and used. According to the [National Conference of State Legislatures](#), five states—California, Colorado, Connecticut, Utah and Virginia—have enacted comprehensive consumer data privacy laws. The organization’s website explains that these new laws have several provisions in common, such as the right to access and delete personal information and to opt-out of the sale of personal information, among others. Other provisions require commercial websites or online services to post a privacy policy that describes the types of personal information collected, what information is shared with third parties, and how consumers can request changes to certain information. Government involvement helps to put consumers back in control of what information is being shared and better protect their privacy. This is why websites now inform users that they use cookies while asking visitors to accept their cookie policies.

We use cookies to improve your experience

We use cookies to deliver the best possible experience on our website. To learn more, visit our [Privacy Policy](#). By continuing to use this site, or closing this box, you consent to our use of cookies. [Cookie Notice](#).

Accept

Marketing professionals are being pushed to show more transparency about how user data is being collected.

In addition to communicating cookie policies, businesses and brands also provide options for consumers to opt-out of ad-tracking activities. For example, Apple has introduced [options](#) to turn off location-based ad tracking on mobile devices and personalized ads on all Apple products, while Alexa customers can now opt-out of targeted ads from Amazon on its [Advertising Preferences Page](#).

However, all is not lost for marketers. According to [Harvard Business Review](#), consumers still want to see advertisements and product offers that have been personalized and offer a match for their personal wants and needs, they just don’t want their data to be collected in an unsecured manner and sold to third-party companies. Marketing professionals today must now find new ways to collect, analyze and use data to improve marketing performance.



KEY TAKEAWAY

Data analytics refers to the process of collecting and analyzing information in a way that helps a business or brand to improve marketing performance. Today’s marketing is largely driven by data, but concerns over how consumer information is collected and used is forcing businesses and brands to evolve.



INDUSTRY APPLICATION

Connect your classroom with industry examples by reviewing the following news stories relating to concepts covered in this lesson:

Behavioral Biometrics - [What’s Behind The Rise Of Behavioral Biometrics?](#)

Database Marketing - [H&M fires up in-store experience to bolster SMS, email databases](#)

Data Analytics - [The WIRED Guide to Your Personal Data \(and Who Is Using It\)](#)

Data Collection - [How marketers will reach customers without third-party tracking](#)

Privacy Concerns - [Lawsuit claims Amazon using Alexa to target ads at customers](#)

KEY TERMS DEFINED

Cookies: Small text files that a website places on an individual user's computer that allows the website to monitor the user's activity.

Data analytics: The process of collecting and analyzing information in a way that helps a business or brand to improve marketing performance.

Database marketing: A form of direct marketing where businesses and brands collect and store information about consumers that can later be used as a tool for communication.

Non-PII (Non-Personal Identifying Information): A category of personal data that focuses on information like search history.

PII (Personal Identifying Information): A category of personal data that can be used to recognize an individual customer's identity.

