I'm Shocked, Shocked! Marketing Analysis is Disappointing Management

by Charles B. Wendel

Anyone who has seen the classic film *Casablanca* remembers a scene in which a local government official who has been taking bribes for years from Rick, the café's owner, needs to placate the German military. Gathering his recent gambling winnings, he closes the casino saying, "I'm shocked, shocked to find that gambling is going on in here." An excellent current article published by The Financial Brand brought that ironic and humorous comment to mind.

Read the article here.

The article states:

- A survey found that "54% of CMOs and VPs of [bank] marketing aren't impressed by what their data analytics team provides."
- Only 27% of top marketing managers and 45% of mid-level marketers say that data has had the expected influence on the organization's actions.
- Half of the respondents cannot measure the ROI of data analytics.
- But hope springs eternal. 85% of the sample expects that by 2022 "significantly more" of their organization's marketing decisions will be based on analytics. For many investing in this area the future always looks brighter.

The survey lists ten reasons why data analytics are not used in decision making despite the increasing number of people hired for this effort and the growing dollars spent. Three issues capture most of the ten that respondents mentioned: poor data quality, unclear or unactionable recommendations, and data findings that conflict with management's expected course of action.

While those issues hit on some of the problems, other issues may be more fundamental and, if not addressed, will undercut the potential value that data can provide. First, the three mentioned above.

*Poor data qual*ity. Those who do not like what the data says or feel threatened by its implications have learned to attack data veracity, sometimes with validity but oftentimes based on personal motives.

Marketing groups need to involve line areas and other stakeholders in reviewing and approving the data before presenting recommendations. Key stakeholders should be part of the upfront data creation and vetting process. Bankers know that data can be collected and evaluated in a way that slants it in favor of a particular argument. I have heard bankers ask, "Where did you get this data?, and then dismiss its value. Step one is to try to achieve as much data integrity as possible, review the data being used, and, to the extent possible, get others to approve its use or at least raise concerns to address.

Unclear recommendations. Risk taking is not second nature to most bankers. That's why committees and groups often are involved in decision making rather than relying on individuals. Data analytics should result in specific recommendation or, at minimum, address areas for

further analysis. Watered down recommendation may protect bankers making presentations but may not serve the bank.

Findings that conflict with the current path. One of the key reasons for leveraging data analytics is to push against preconceived views and take banks down paths they may not have previously considered. In some cases, findings mean that banks need to consider reversing their focus on certain products, delivery channels, and/or customer segments. That gets internal power groups upset and pushes them to act defensively. Even if the data is good and recommendations well founded resistance often remains.

Here follow a few other and more personal observations about why marketing data has not become part of the decision-making fabric at some banks.

1. *The marketing people: digital uber alles*. At some banks marketing has lost touch with the customer and the bankers who serve them. They have become enslaved by data and, bluntly, look down condescendingly on those who do not share their quantitative but blind faith. We see this negatively impacting banks with a strong relationship focus. In the last year I have seen marketing groups that work hand-in glove with the line and credit heads and others in which the distain that marketers feel for the old -fashioned line staff is apparent. That is a disaster for the culture and marketing effectiveness.

2. *Management is set in its ways*. Yeah, yeah, they hire quants and let them crunch numbers, but these leaders know best. After all, they have been doing it for 20, 25, 30, or 100 years. These managers take pot shots at the data and resist listening to what the analysis says. Only the eventual retirement of senior staff will allow some banks to act on what good analytics tells it to do.

3. *The customer is ornery, increasingly independent, and hard to figure out*. There is no "customer." There are multiple customers and banks need to select who the priority customers are. I remember a consulting study done 20 years ago for a big bank that presented 20 "psychographic" statements. The analysis was state of the art. Only two problems. First, the consultants failed to say where the bank should focus. Second, the bank had no ability to figure out one psychographic group from another and direct their efforts toward them. Execution is everything. Ask Joe.

The survey also said more banks expect to spend more on analytics. But like the military budget, maybe now is a good time to examine the budget and assess activities that are offering value and drop the rest.

Many banks are blowing millions on IT, marketing, and other support areas (yes, even consultants) that simply do not offer positive returns. Managements that stop, examine, assess, and think whether the dollars they spend are worth it will benefit long term.

It is hard to resist employees spouting the need for digital and deep analytics, but sometimes they are wrong. Management needs to consider what made it successful in the past and not lose the drive, the culture, and the employees that contributed to it.

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