

Data Driven Marketing and its Advantages

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Abstract

Data driven marketing has become imperative for the organisations to take the right decisions in driving the sales up of existing products or marketing the new products. For predicting the market for new product or launching the product in new segments it has become essential for the organisations to adapt a proper data driven predictive model. The data collected and analysed with a good analytics model will give substantial growth momentum to the organisations.

Keywords: *Data, Predictive model, Analytics*

Introduction

Data driven Marketing is a process used by Marketers to gain insights and identify trends about consumers and how they behave, what they buy, the effectiveness of advertisements. Marketers are interested in three types of big data: -customer, financial and operational. Each type of data is typically obtained from different sources and stored in different locations. Customer data helps Marketers understand their target audience. Common types of Marketing data include customer data, competitive intelligence.

Scope

The present paper aims to study the Data driven Marketing and its advantages across businesses. The data required for the study is drawn from secondary sources. The study is exploratory in nature.

Objective

The objective of this paper is to study the Data driven Marketing and its advantages in organisations using the models driven by data

Sources of Data Collection

Digitisation

Digitisation in many sectors helping companies to collect data at various points. Digital payments made across different sectors helps in collecting enormous data which can be utilized for finding spending patterns.

Fast food chains collect digital data to setup new stores or introduce new menus in the market.

Increased Initiatives and Investments by the Government

The Indian Government is now creating open access to ministry and scheme level data. This guides businesses to take better decisions towards marketing their products. The National Data and Analytics Platform (or NDAP) is NITI Aayog's flagship initiative to improve access and use of government data. NDAP

is a user-friendly web platform that aggregates and hosts datasets from across India’s vast statistical infrastructure.

Growing usage of smart phones

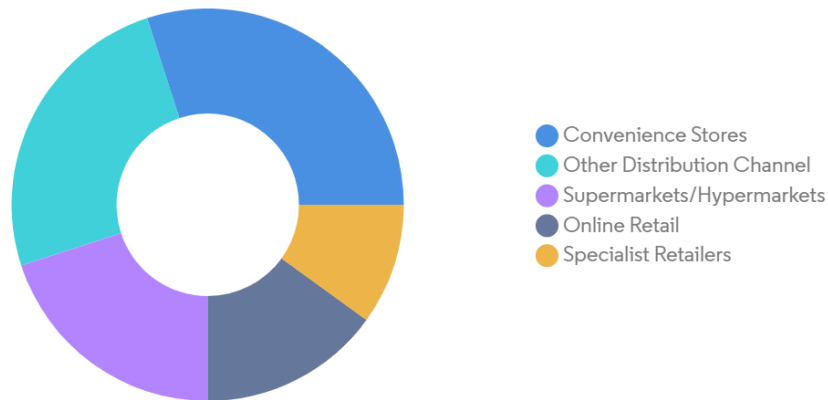
The rising infrastructure and better telecom reach in rural India serves as the next potential hub for on line marketing of FMCG products. There is increased awareness due to the increase in availability of smart phones in the rural population. Usage of social networks along with online platforms are providing huge data at various sources which are available for further analysis

Uses of Data Driven Marketing

FMCG

A popular Energy drink maker using data model has got the market share distribution data to drive the efficient network.

Energy Drink Market: Market Share (%), Distribution Channel (%), India, 2021

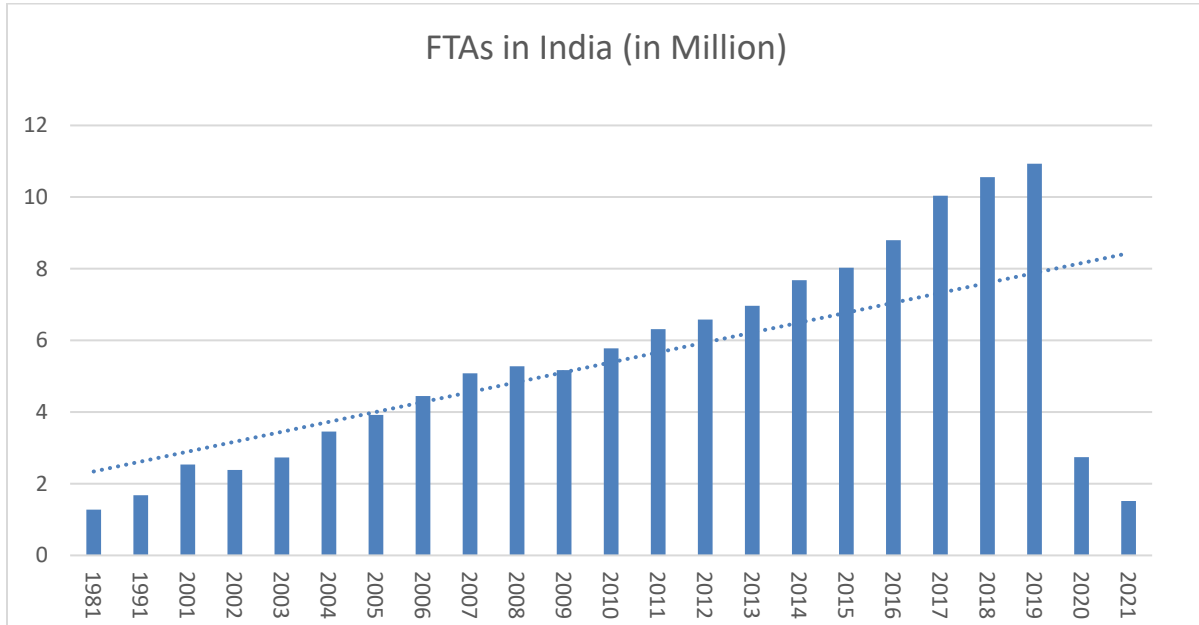


Source: Mordor Intelligence



This data driven model has used data collected at various points such as sale counters & web hits and various other online networks. The outcome of this model is being used for deciding the efficient distribution network. Having known that convenience stores is the most preferable distribution network, companies have to come out with various pricing strategies and discounts for maximising their sales

Tourism



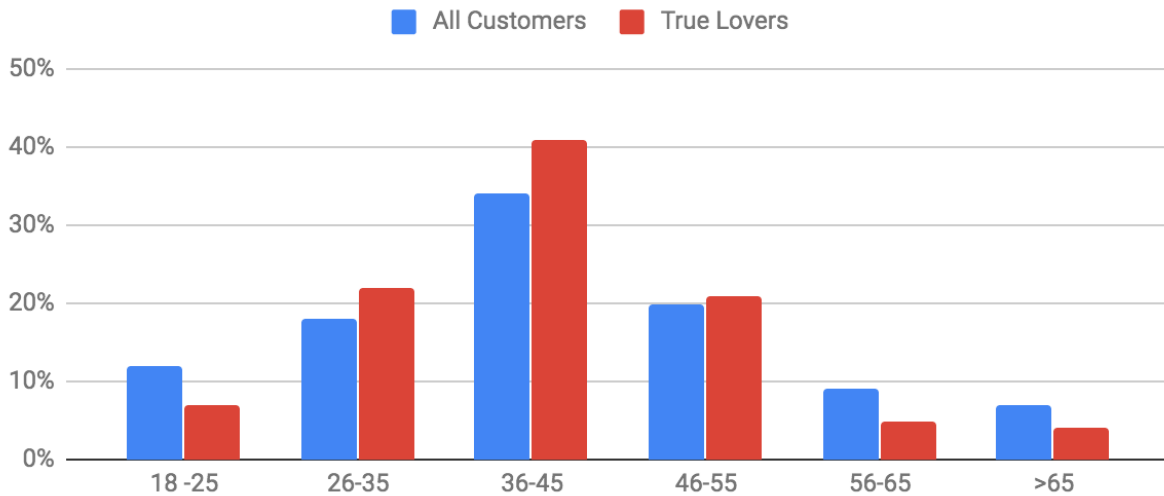
The data on foreign tourist arrival in India provided by GOI can be used for tourism sectors for further improvement. The data analysed by data marketing models will further throw light on regions they are visiting and their spending patterns.

Companies can use this data in the region to drive further markets. Data on commuting patterns of people in a particular region can be used to drive many other sectors. Viz., transport, hotel and other connected services. Data collected about youth travelling to a particular region along with their spending pattern can be used to drive adventure sports market.

Models in Data Driven Marketing

Customer lifetime value (CLV) model: This model assesses the value of their customers over a period of time. This model takes in to account number of purchases they made, their age and calculates the value of their future potential. As an example, below data driven model output gives actual customers who would like to buy the product among different age groups.

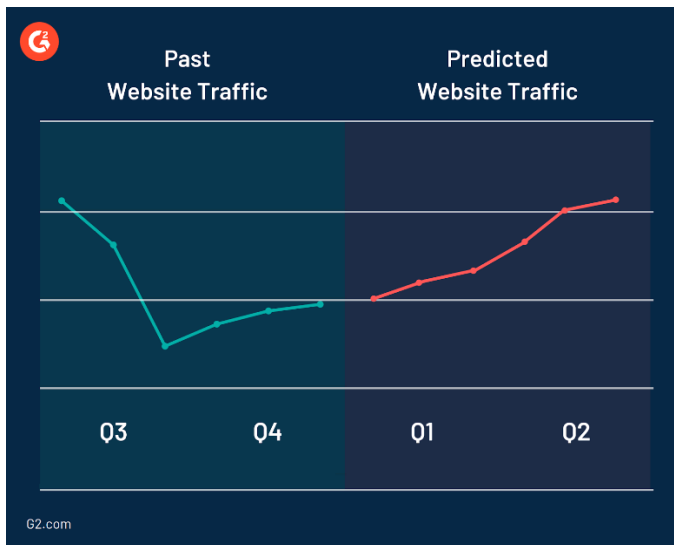
Age Segmentation



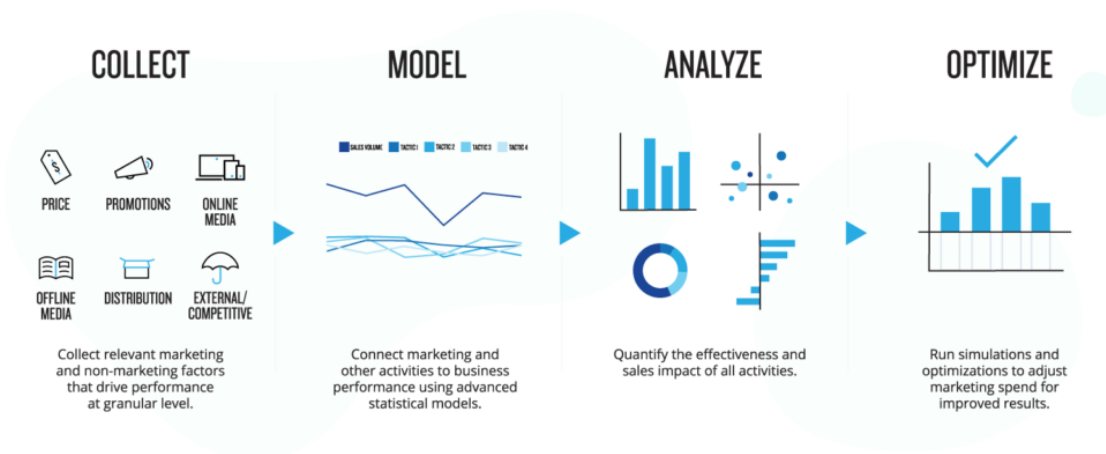
This model compares the value of a customer over a period time and also compares the cost of serving

Predictive Analytics Model

This model uses data on past customer behaviour to make predictions about future. The patterns are transformed in to intelligence that determines future buying trends, customer behaviour and forecasting sales of the future. A website, company using predictive analytics for predicting the traffic for the next two quarters.



Marketing mix modelling: This model helps companies understand the effectiveness of their marketing efforts by analysing data on marketing spend, sales, distribution, and promotions. Companies can use this model to optimize their marketing mix to achieve the best results.



The outputs provided by the model allow companies to use the resources effectively and provide better return on investment

Conclusion & Findings

Data driven marketing has come of age and many companies are using various models. Many models driven by data analytics & AI ,are being used by marketing teams of various companies across sectors. Overall, data-driven marketing models can help companies better understand their customers, target their marketing efforts more effectively and make informed business decisions. However, as the outcome depends on the data being generated, the outcome depends on data integrity.

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