



**Data-driven marketing: a strategic guide for Oy Vallila Collection  
Ab to advance in data maturity**

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## Abstract

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<p>Data-driven marketing means the strategy of using big data, acquired from customers and prospects, to improve marketing performance, personalisation and customer reach. In an era of increasing digital competition, many organisations find it a necessity to become data driven and reap the significant organisational benefits data and insights can provide. However, there are considerable obstacles that need to be addressed to advance in marketing data maturity. This thesis addresses and researches these obstacles and key drivers in one organisation, Oy Vallila Collection Ab.</p> <p>This thesis focuses on how an organisation can become data driven. The main objective is to develop a roadmap towards data maturity for Vallila's marketing department. Performance measurement content, process and context within the organisation are examined in detail to understand critical development points and facilitate the adoption of a coordinated data-driven mindset. The research contributes to choosing suitable metrics for marketing performance measurement, setting up of an internal measurement process as well as proposing ideas and objectives for future development.</p> <p>The research is conducted through action research, using qualitative methods. Semi-structured interviews were carried out with the marketing and eCommerce teams in two separate occasions, with approximately a year in between to assess developments. Following the data collected from the interviews, a workshop was arranged, with the objective of creating a shared vision internally about data-driven marketing, as well as agreeing on the next steps on the data-driven journey.</p> <p>The research results show that to succeed in becoming data-driven, a clear roadmap with key steps is necessary, especially in today's fluctuating business environments. There are five recognised stages an organisation goes through on its journey to become data driven. The foundation for advancing is an effective performance measurement system. For an organisation to fully take advantage of the data available, three dimensions of performance measurement need to be in place. The internal context of the organisation, especially leadership, is a strategic component facilitating the change process towards data-driven marketing. Performance measurement metrics and systems, with appropriate key performance indicators and supporting metrics, assist in turning data into insights. Lastly, a systematic measurement process that harnesses the true value of data aids in the processes of advancing in data maturity.</p>
<b>Keywords</b> Data-driven marketing, performance measurement, digital marketing, marketing metrics

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## 1 Introduction

Today's marketing environment is defined by data abundance, technological advancements and increasing digitalisation, shaping the marketing discipline for good. Amid these factors, data-driven marketing has become a reshaping function, that at its best can drive fully customer-centric, segment-of-one marketing, increase sales and customer satisfaction and dynamically predict customer journeys. Data-driven marketing utilises customer information to optimise marketing through predicting purchase patterns and behaviours, creating opportunities for extremely customised marketing. In an era of increased digital competition, customers have come to expect more and more of these types of personalised experiences that delight and engage, whilst also becoming wary of releasing personal information due to growing concerns about privacy. For marketing professionals, these advancements pose challenges in keeping up with changes, and pressures to deliver return on marketing investments. If left behind in this rapidly evolving environment, significant business losses can be a real issue. This complex, constantly evolving setting constructs the framework for this thesis: how does an organisation become data-driven in this fluctuating situation? What are the key drivers and what concrete steps can be made to advance in data maturity and keep up with more mature organisations?

In many cases data-driven marketing can account for multiple positive business outcomes. Leveraging the information available on customers and prospects to provide more personalised experiences is essential in keeping customers engaged: marketing decisions based on research and data and continuous analysis and redefinition of performance are key success factors in today's digital marketing environment. Moreover, marketing efforts based on data can have significant quantifiable benefits of up to 18% more revenue, 29% more cost savings and eight times the return on marketing spend. (Ariker, Diaz, Heller & Perrey 2015; Boston Consulting Group 2021.) Becoming data-driven allows companies to better understand costs, revenue streams and emerging opportunities. Strategy based on specific, analysed metrics is an essential part of building successful campaigns and ensuring strong brand reputation in the years to come.

Even though the benefits of being data-driven are well quantified, a survey by Villaret et al. (2021, 3) found that only 11% of marketers qualify as data-driven, a number confirmed by a similar study from Rogers, Pérez-Moiño, Leon & Poncela (2021, 6), which states that only 9% of brands classify as multimoment, or high maturity, in digital advertising. Multiple factors contribute to difficulties in advancing in data maturity. Data can be extremely fragmented, stored in multiple locations and of bad quality. Without a solid base of key driving factors and a clear understanding of what data really is of use, implementing a data-driven marketing strategy is extremely difficult. Also, leveraging the transformation to a more data-driven mindset within marketing departments and disrupting

inefficient ways of working needs a clear strategy, with objectives, tools and dashboards that aid in the transition. Overall, on a managerial level, the overarching strategic challenge is to decide how to integrate analytics in the decision-making process (Johnson, Muzellec, Sihi & Zahay 2019, 163).

Digital maturity, in marketing and in other business areas, is a vital part in today's business environment, manifested by the multiple tools that can be used to assess it. These tools can also provide valuable strategic insight. For example, the Aarhus School of Business and Social Sciences has developed a tool called The Digital Maturity Assessment Tool (DMAT) which assesses digital maturity across six dimensions, providing knowledge on key digital development areas. Others (see e.g., DigiMaturity by VTT, [digitalmaturity.org](http://digitalmaturity.org) or The InnoCAPE DMA tool) provide different angles at approaching digital maturity. For marketing, a useful tool for benchmarking and assessing marketing is the digital maturity tool by Boston Consulting Group and Google. The tool analyses the level of marketing maturity, after which recommendations are presented on both tactical and strategic levels. The assessment acted as a starting point for this thesis: the low results validated the already recognised need for a more data-driven strategy at the case company of this thesis, Oy Vallila Collection Ab (Vallila). When joining the company in 2019, the researcher noticed a lack of data capabilities in the organisation, leading to the initiation of this thesis process.

This thesis investigates Vallila's marketing maturity, marketing metrics and processes, and marketing performance. The main objective is to develop a roadmap towards data maturity for Vallila's marketing department, with content and processes designed together with the team, facilitating the adoption of a coordinated data-driven mindset and organisational culture. The research contributes to choosing suitable metrics for marketing performance measurement, setting up of an internal measurement process as well as proposing ideas and objectives for future development.

The thesis starts with an introduction to the case company, key terms and definitions and research objectives and questions. The literature review covers theories about data-driven marketing, including the journey towards becoming data-driven and more specifically performance measurement as it forms a fundamental base for advancing in digital maturity. Leadership is a strategic component of the journey, as with all change projects, which is why it is examined alongside performance measurement, to highlight the entwined connection between leadership communication and the overall success of the process.

Following this, the research methodology is presented, after which the action research process is described in detail. The findings of the research are discussed in connection to the research questions and finally, the conclusions of the research are summarised alongside recommendations for future research and limitations of this study.

## 2 Case company and research objectives

This part introduces the case company of this thesis, Oy Vallila Collection Ab. In addition, a current state analysis of the organisation's marketing department's digital maturity is introduced, to present the starting point for the development project. This chapter also describes the key terms used in the thesis. The research objectives and research questions based on the objectives are also presented.

### 2.1 Oy Vallila Interior Ab

Oy Vallila Interior Ab is a Finnish home textile design and wholesale company, established in 1935. The company has been owned and run by the same family throughout its history and since 1939, operating from the same premises in Helsinki's Vallila district as it is today. The company is known for its bold and colourful designs, with in-house textile designers creating two collections annually. The main product categories are curtains, rugs, fabrics, kitchen products and bathroom products. The company employs approximately 150 people, with a turnover of 31,8M€ in 2018 (Vallila Interior Oy, 2019).

The company is divided into three subsidiaries: Oy Vallila Collection Ab, Oy Vallila Contract Ab and Vallila Marine Oy. Vallila Collection consists of wholesale and retail trade, design and import. Vallila Contract focuses on designing and installing various interior design projects (hotels, offices etc.) whereas Vallila Marine creates interior design solutions for the marine industry. (Vallila Interior Oy, 2019.) The author of this thesis works at Oy Vallila Collection Ab, and thus the development project focuses on this subsidiary of the organisation. To provide more context for this study, Oy Vallila Collection Ab's operations are described in more detail below.

Oy Vallila Collection Ab (further on Vallila) is divided into B2B wholesale and B2C retail. Vallila's business-to-consumer retail side consists of ten own retail stores (the situation in 2020), located all over Finland. In addition, the digital business comprises of two own ecommerce stores, a Finnish version and a global/EU store. Moreover, e-tailers such as Amazon and Wayfair are handled through the eCommerce business. Vallila Collection's business-to-business sector handles wholesale to retailers around Finland. Vallila has long traditions in B2B commerce, with own B2C retail established in 2015. This thesis focuses only on the B2C retail and its marketing operations.

During this thesis project, in June 2021, Vallila merged with Finlayson Oy, Makia Clothing Oy and Sasta Oy to create a new brand house, Manna & Co. Each company continues to operate under their own brand names, but the establishment of the parent company aims at creating synergies in for example design, distribution channels and international expansion. The group's turnover is circa

90 million euros, and the group employs altogether around 350 people (ePressi 2021). This merger does not affect the scope of this study as the timeline expands only to the operations as they were before the merger. However, it does have implications for the future recommendations which will be discussed later.

## 2.2 Current state analysis

At the start of this thesis project, in late 2019, marketing at Vallila was handled between a few different actors. Brand and sales objectives were divided between the Marketing Manager and the Head of Digital Commerce, with digital marketing handled by the eCommerce department.

Digital marketing activities consisted of SEO, SEM, email advertising, display and social media paid advertising. The Marketing Planner oversaw organic content for Vallila's social media channels and paid advertising on Facebook and Instagram on behalf of the physical stores.

The biggest recognised challenge at the time of the start of the thesis was with a lack of coordinated performance metrics and processes. There were no set key performance indicators that measure overall sales, brand and customer metrics and reporting was done on an ad hoc basis.

During writing of this thesis, the whole department encountered a copious number of changes. Roles and responsibilities were divided and rearranged following the COVID-19 pandemic. At the time of data collection interviews, round one, the marketing department was organised under the Head of Digital Commerce, with three subordinate roles handling all aspects of marketing and eCommerce. Figure 1. Marketing roles autumn 2020 exemplifies these roles in more detail.

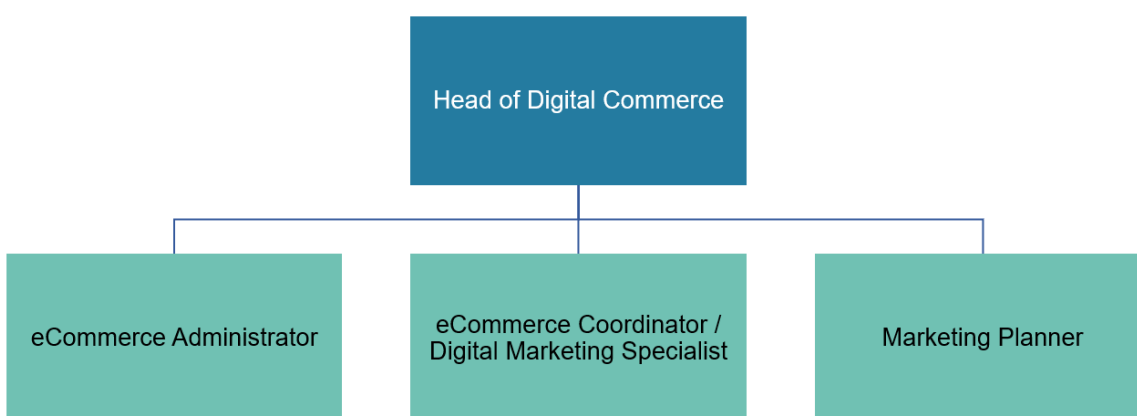


Figure 1. Marketing roles autumn 2020

During the second round of data collection interviews and the workshop, in the autumn of 2021, the marketing and eCommerce department consisted of eCommerce and Digital Marketing Manager,



Marketing Manager, in charge of overall marketing, two eCommerce Specialists and a Visual Designer. In addition, various agencies were used to provide SEM, affiliate, and social media marketing.

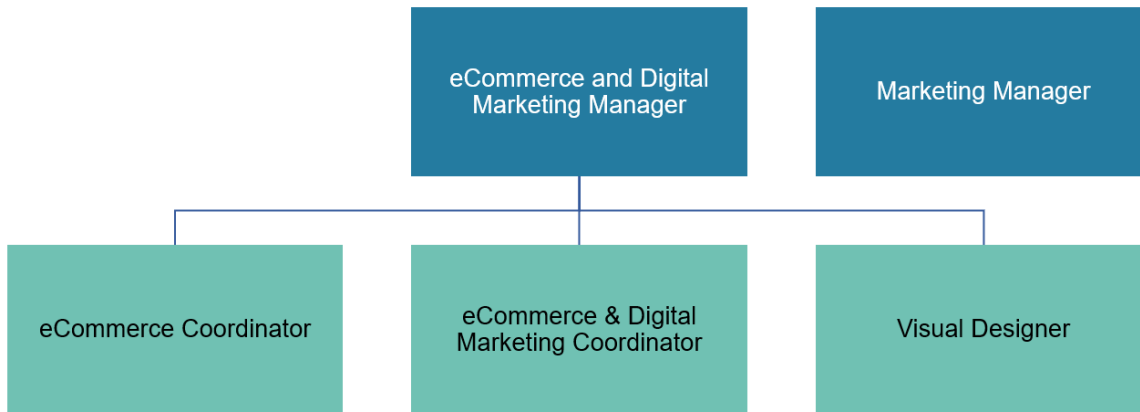


Figure 2. Marketing roles autumn 2021

The challenge of setting both long, and short-term metrics, and a lack of coordinated performance metrics pertained at the start of the second data collection interviews. Moreover, organisational context was also noted as an obstacle hindering progress.

These changes within the team, and the overall changing landscape of marketing, exemplify the need for a roadmap, metrics, and processes, that are required to advance in data-driven marketing. Without a solid plan, progress will be slow and uncoordinated. In addition, with multiple factors and people contributing to the success of marketing efforts, the need for a unified vision surges to top priority. With these continuing challenges in mind, this thesis project seeks to understand, facilitate, and develop data-driven marketing at Vallila.

### 2.3 State of digital maturity at the start of the thesis process

To start off the thesis process and provide in-depth understanding of the most urgent development points, a digital maturity benchmark evaluation was chosen and completed in December 2019, by the researcher and the Head of Digital Commerce. The chosen evaluation is a tool, developed by Google and Boston Consulting Group, that assesses where an organisation currently is on their journey to full data-driven marketing and attribution, benchmarking against others in the same industry. After completion, recommendations on both tactical and strategical level are provided to further develop the organisation's data strategy. This tool is just one of many available for assessing digital maturity (for others see e.g. [digitalmaturity.org](http://digitalmaturity.org) or Aarhus School of Business and Social Sciences Digital Maturity Assessment Tool) but was chosen for its focus on digital marketing.

There are six different entities of digital marketing that are assessed, presented in figure 3, dimensions of marketing maturity.

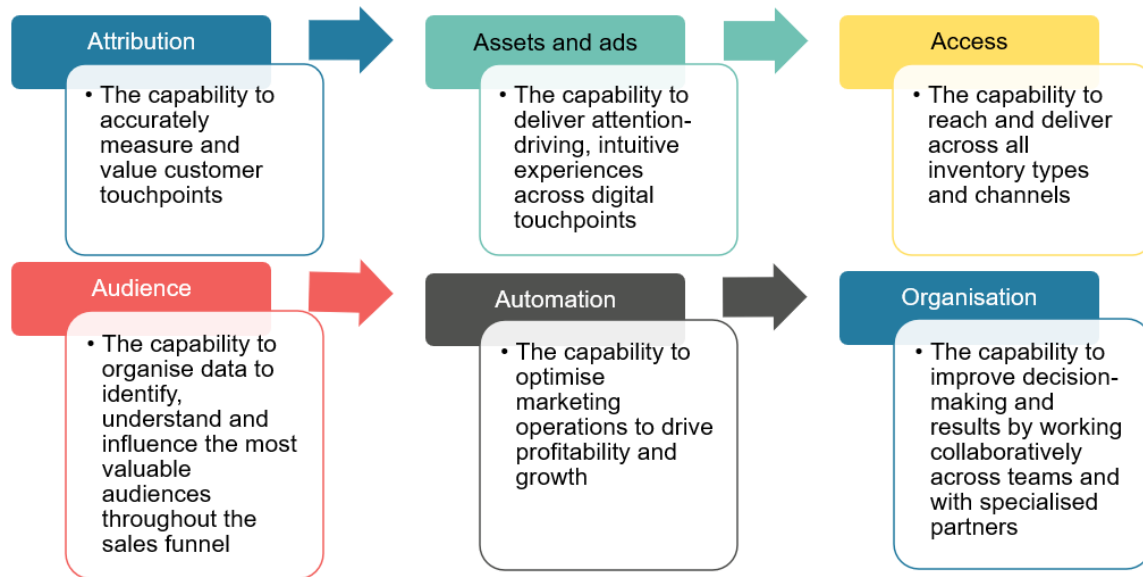


Figure 3. Dimensions of marketing maturity (adapted from Think with Google 2019)

Firstly, attribution is evaluated, estimating the accuracy of measurement of customer touchpoints. Assets and ads form the next dimension, measuring user experience and evaluation of creative copies along campaigns. Following this is access, the level that the organisation can reach audiences in various channels and with adequate control of the process. Audience is the next dimension the tool evaluates, scoring based on how data sources are organised to identify, understand, and influence the most valuable audiences through the sales funnel. Next is automation, optimising marketing operations and achieving relevance at scale. Lastly, organisation entails both internal and external stakeholders involved in digital marketing, assessing the efficiency and collaborative capabilities of the team. (Think With Google 2019.)

Based on these six dimensions of digital marketing efficiency and proficiency, Vallila scored an overall digital maturity level of 0.9 on a scale of 0 to 4. This meant that the tool categorised Vallila as nascent, based on the answers given by the researcher and the Head of Digital Commerce. This means that the digital maturity level is on a very basic level, not leveraging the full potential available. Figure 4. Vallila key dimensions of digital maturity 2019 portrays the scores given to each dimension in more detail. The tool gives an important insight into to most pressing development points and the way forward, whilst also benchmarking against similar companies. Moreover, the low score from this assessment further exemplifies the need for a clear roadmap towards advancing in data maturity in the company.

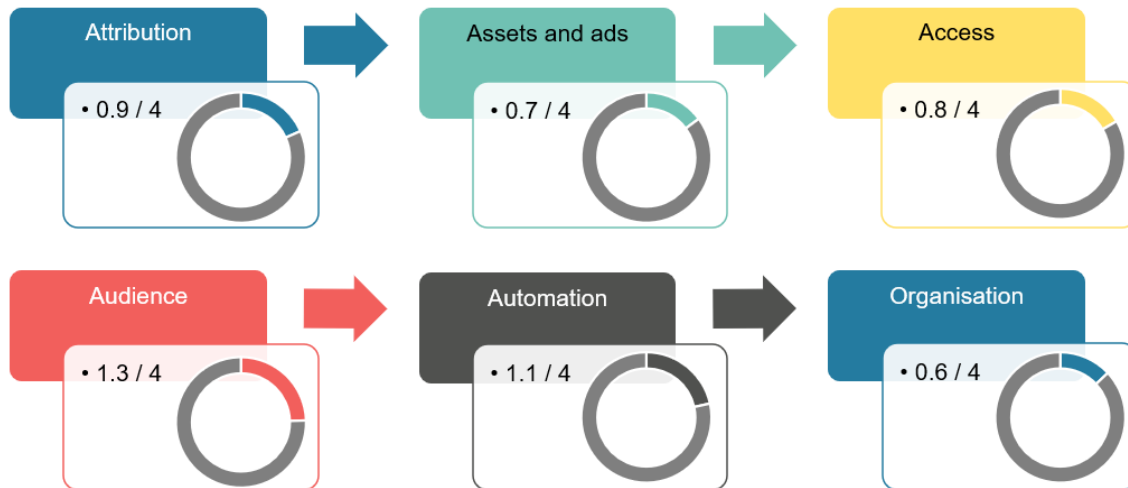


Figure 4. Vallila key dimensions of digital maturity 2019 (adapted from Think with Google 2019)

## 2.4 Definitions of terms

**A/B Testing:** A/B testing refers to a method of assessing the effectiveness of two versions of a same element, such as different websites or website elements, such as call-to-action buttons or headers. Through a qualitative analysis the actions taken on each version, it can be determined which one is more successful in achieving the objectives set, such as conversions. (Saura, Palos-Sánchez & Cerdá Suárez 2017, 8.)

**Attribution:** Marketing attribution is the analysis of customer touchpoints to determine which of these lead to sales or conversions. The main aim is to uncover which channels and messages lead to conversions, which in turn helps to optimise marketing activities. The challenge lies in the many touchpoints a consumer has with a brand, and how to properly determine which ones weigh the most. In digital marketing, various attribution models can be used to analyse marketing campaigns at the user-level: these are often split into two main categories of single-touch, or multi-touch attribution. Single-touch attribution models assign conversions or sales to a single touchpoint, usually to the last ad the customer clicked on before conversion. In contrast, multi-touch attribution examines the whole customer journey and credits attribution to various touchpoints, based on how they are weighted. This type of advanced attribution modelling can be challenging to achieve; however, the benefits can be significant: these include optimised marketing spend, increased ROI, better personalisation and creative elements. (Digital Marketing Institute 2020.)

**Big Data Analytics (BDA):** Big data consists of digital information in various forms: it can be structured, simple data that is easy to classify, or unstructured, such as behavioural data, which is harder to analyse or set into clear database formats. Big data is a continuous stream of information, often described by terms velocity, volume, and variety. Velocity refers to the constant, fast

stream of data, whereas volume describes the vast quantities of data that currently exists and that is being generated constantly. Variety is a dimension that highlights big data's richness compared to traditional data from the past: it exists in various formats that can be used to derive insights. Big data analytics is the process of analysing these various types of data sets to gather insights that benefit organisational decision making. (Erevelles, Fukawa & Swayne 2015, 898.)

**Customer Acquisition Cost (CAC):** Customer Acquisition Cost measures the amount of money required to acquire a customer. This metric is valuable in understanding the costs of customer base expansion and whether the company is making profit from them. In addition, it can be used to assess which channels provide the lowest cost for customer acquisition. CAC is measured by calculating sales and marketing expenses, including advertising and marketing spend, commissions, salaries and other costs related to sales and marketing, and dividing the number by the number of new customers acquired over the measurement period. The lower the number, the more efficient marketing campaigns are. (Bernazzani 2020.)

Analysing the company's CAC in relation to customer lifetime value (CLV) will provide important insights into a customer's relative value to the company and how much it costs to acquire them. Bernazzani (2020) advises using CLV to CAC ratio (CLV:CAC) to assess where to focus spending. The ideal amount of time is one year for a company to recover the cost of customer acquisition, and the CLV:CAC should be 3:1, meaning that customer value should be three times the amount of the cost to acquire them. If the ratio is closer to 1:1, it means that customers are spending as much money as is spent acquiring them, meaning that the company is losing money, whereas a ratio higher than 3:1 means that not enough is spent on marketing and sales, and there exists untapped potential.

Both Hughes (2020) and Bernazzani (2020) recommend using conversion rate optimisation, and overall improvement of website performance, to improve CLV to CAC ratio. In addition, both mention adding customer value, through product fixes, complementary offerings or anything else customers have expressed an interest in, as a factor enhancing CAC. Hughes (2020) adds in investing in customer relationship management through for example loyalty programs to increase customer loyalty.

However, as with any other metric, some consideration should be paid to which metrics are being used (sales and marketing costs) and if calculating CAC by channel, attribution can be a significant factor affecting the calculations.

**Customer Data Platform (CDP):** A customer data platform (CDP) is a system of a software that collects and organises all customer data across touchpoints to provide a 360-degree view of

customers. The software's main use is to act as a single database for various marketing activities, such as creating customer profiles, planning campaigns, testing strategies, and predicting customer behaviour. In comparison with a marketing automation system, a CDP is usually designed to integrate with other systems and retain details that automation tools cannot. With a CDP platform, customer insights can be derived in various forms, making it possible to understand customers from every point of view, providing actionable insights that add customer value. (Earley 2018, 69–76.)

**Customer Lifetime Value (CLV):** Customer lifetime value is the representation of the total amount of money a specific customer brings to the organisation during their life cycle. Calculating this value assists in allocating resources to most profitable customers and designing marketing activities that support each segment, according to their estimated value. (Safari, Safari & Montazer 2016, 447.)

**Return on Marketing Investment (ROMI) or Return on Investment (ROI):** Return on marketing investment is a measurement, that assesses the return on investment on money spent in marketing. The terms ROMI and ROI can be used interchangeably, however ROI is often used as a broader term. ROMI can be used to measure individual marketing campaigns or the organisation's overall marketing mix. ROMI can be calculated by taking the incremental value that attributes to a certain marketing activity and then subtracting the marketing costs for the activity. Dividing the total by the same marketing costs is the return on marketing investment. The number should be positive and as high as possible. However, there are some areas that need to be considered before making straightforward assumptions based on the number: the inclusion of other expenditures apart from marketing investment, the challenges in estimating incremental financial value, the lag time associated with marketing spend and attribution are some of the aspects that pose challenges to this metric. Also, if measuring individual marketing campaigns, brand values and metrics might lose their significance. (Gallo 2017.)

## 2.5 Research objectives and research question

The need for a more data-driven mindset in Vallila's marketing department was noted by the researcher when joining the company in the autumn of 2019. There was no clear framework for measuring marketing performance, other than through sales figures. A lack of team level KPIs and an ad hoc approach to results and campaign reporting were the most pressing factors identified by the researcher. These issues were discussed with the Head of Digital Commerce, and it was agreed that the topic would make for a suitable research issue. The overarching worry was that the real value of marketing activities could not be presented in a coherent way or analysed thoroughly

to gain real insights. Also, as the eCommerce business grows, it will get harder to analyse and continuously improve performance without a clear roadmap of how to advance in digital maturity.

The researcher was personally involved with marketing at Vallila, and this provided a solid personal interest for improving processes. The topic of data-driven marketing is an interesting area, directly linked to the researcher's role in the organisation, thereby allowing the researcher to improve her skills and expertise through the action research cycle. Moreover, the topic provides clear improvement points for Vallila's marketing, making it a profitable and extremely useful area to study.

This study offers Vallila a chance to better understand its marketing maturity, metrics, and processes and to improve its performance. The main objective of this research is to create a roadmap towards data maturity at Vallila's marketing department. The aim is to create measurement content and processes, together with the team, that support the adoption of a data-driven mindset in the organisation. This thesis acts as a starting point for an overall strategic objective of increasing data-driven decision making, through the creation of a roadmap towards data maturity in one department. This study helps in creating suitable metrics to assess performance and foster an internal understanding of processes, guiding the digital marketing department in the future, whilst offering ideas for further development.

Based upon previous studies and work experience, the researcher had the assumption that by setting clear marketing objectives and metrics, and a strategy moving forward, marketing performance and maturity would increase. In addition, through involving the whole team in the process, the hypothesis was that cooperation and openness would be strengthened within the team. This thesis study seeks to either conform or oppose this assumption.

The main research question is how to advance data-driven marketing at Vallila's marketing department?

The sub questions aiding in answering the main research questions are:

RQ1: how to create a shared vision internally to assist in the implementation of data-driven marketing at Vallila?

RQ2: what performance metrics are required now and, in the future, to strategically assess marketing performance?

RQ3: what processes are required internally to facilitate data-driven marketing?

### **3 Literature review**

This section describes the concepts of the research and what has previously been studied in the field. Themes include data-driven marketing definitions, obstacles, and journey to becoming data-driven. In addition, performance measurement in digital marketing will be examined in more detail. Leadership communication plays a significant role in the process which is why it is discussed, in addition to future challenges and possibilities of data-driven marketing.

Academic literature has been used in this thesis as much as possible. The systematic processes, in-depth assessment of the problem researched, and peer-review procedures ensure that the literature is objective and backed up with sufficient and valid data. However, due to the rapidly changing landscape of digital marketing, sometimes other sources such as blogs, company websites and expert articles and studies are used to gather more up-to-date insights. These sources have been used with a very critical assessment of their sources, data, and justifications to ensure good quality literature. The researcher's view is that with a balanced combination of both, the literature review provides the most useful, up-to-date and varied base for the research.

#### **3.1 Definition of data-driven marketing**

Data-driven marketing originates from the fifties, when a more scientific and quantitative approach was applied to marketing, with the aim of establishing marketing as a more predictive science instead of purely descriptive. The emergence of computerisation, and mass adoption of the internet in the 1990's, led to an expansive growth in marketing analytics, establishing the use of data, which was further enhanced by the arrival of digital marketing. (Sheth & Kellstadt, 2021, 780.) With the possibility to gather data about customer interactions and other online activity, the marketing landscape shifted from unmeasurable and singular to extremely measurable and highly personalised. Moreover, new technologies are constantly being developed, seeking to enhance the way organisations communicate with their customers throughout their lifecycle. This rise in both technology and data has created both a fruitful ground for more efficient marketing practices, but also a need to measure and justify marketing spending.

Measuring and analysing marketing performance is considered a necessity in most organisations. It is a significant contributor to marketing department's influence, reputation, top management support and the size of marketing budget. (Järvinen 2017, 65.) This type of measurement and constant evaluation of marketing activities is also called data-driven marketing. Data-driven marketing can be defined as the collection, analysis and application of structured and unstructured, or hard and

soft data, acquired of customers and prospects to improve marketing performance, personalisation and customer engagement (Arthur 2013, 11; Johnson et al. 2019, 163).

According to Järvinen (2017, 65), the main purpose of analytics and measurement in marketing is improving efficiency: without assessment of results, improvements in performance are impossible to make. On an internal level, the purpose of data analytics and measurement can be summarised as proving the importance and effect of marketing activities and the use of insights and results to continuously improve performance. (Järvinen 2017, 65.)

Johnson et al. (2019, 168–169) describe the purpose of data and analytics in marketing in a similar manner as Järvinen: organisations' mainly use analytics to reduce costs, predict customer purchase patterns and maximise return on investment. Chaffey and Patron (2012, 35) share this opinion and add analysis of past performance and budgeting, designing, and optimising future marketing campaigns on to the list of purposes, specifically in connection with web analytics.

The benefits of being data-driven are many: internally, understanding of costs and business opportunities as well as justifying marketing costs are one of the key benefits. The quantifiable advantages of being fully data-driven are significant: according to studies, leading businesses can reach up to 30% in cost efficiency savings, 20% increase in revenue and up to eight times the return on investment on marketing spend. (Ariker et al. 2015; Boston Consulting Group 2017.) Moreover, personalisation and segmentation become easier as customer data facilitates the understanding of customer journeys and requirements (Karnik 2018.) Decisions based on concrete data provide a solid ground for making improvements and attracting new customers.

A study from 2021 by Samuels and Moino shows that digitally mature marketers are twice as likely to increase their market share in just a year, whilst overtaking others in both cost efficiency and profits. The importance of data and analytics has been noted even in Finland: a 2016 study of 300 business directors found that 93% of them found data-driven marketing to be a critical factor in ensuring the success of the organisation (Annalect 2016). The COVID-19 pandemic has impacted and accelerated the benefits of data in marketing: rapid adaptation to changes has meant that 80% of marketers agree that data has become even more important than before to survive in uncertain conditions (Salesforce 2021, 5).

The quantifiable benefits of being fully data-driven are well researched and justified, going even a decade back (see e.g., Schwartz 2011). However, according to Boston Consulting Group (2017), globally only 2% of companies are at the highest level of data maturity, with 7% still at the lowest stage of being data driven. Additionally, a study by Villaret et al. (2021, 12) states that less than half of business-to-consumer marketers worldwide are effectively using data in marketing



strategies and actions. Other studies (see e.g., Evans 2017; Diaz et al. 2018) confirm similar challenges in achieving higher levels of data-maturity. The most common obstacles in advancing in data maturity are described below, with figure 5 grouping these together.



Figure 5. Obstacles in advancing in data maturity

#### 1. Technical factors

Technical factors include tools and systems that are inadequate to fully support data-driven marketing, leading to manual processes that require too much time and effort (Arthur 2013, 18–19; Schwartz 2011, 7; Jeffery 2010, 49–50.) Even though technology has advanced by leaps and bounds, these issues still pertain: a study by Salesforce from 2020 confirmed that factors such as manual reporting and connecting various data sources are still hindering advancements in being data-driven (Salesforce 2021, 11). Seamless operations between IT and marketing are required to build an infrastructure that aids in the transition of taking advantage of data and analytics efficiently. Technical factors also include the rapidly changing offering of tools and technologies available: as noted by Johnson et al. (2019, 163) marketing managers are challenged by the evolving set of tools of which to choose from, further complicating integration of data. Technology also

needs to answer to the problem of integrating data from various channels and customer touch-points for marketing to use it efficiently (Arthur 2013, 19–20).

## 2. Problems with data

Good quality, accessible data in adequate amounts is the cornerstone of building a functioning data-driven marketing culture. One big hurdle in becoming fully data-driven is siloed data that is hard to collect and consolidate, thereby making it impossible to gather insights from (Arthur 2013, 21). This can be because of historical factors: data has been collected in various systems without any long-term plan on what to do with it or simply as businesses grow, data has been added upon data, making it messy, siloed and of bad quality. Moreover, as marketing channels and platforms continue to multiply, integrating and managing data from multiple sources becomes increasingly difficult (Salesforce 2021, 11.) As stated by Marie Dador (2019), “The ideal data-driven marketing organization has broad access to data, defined parameters for the use of marketing data tools and a single source of truth for each team.”

Lisa Arthur (2013, 20–21) underlines the importance of customer experience in connection with data siloes. Only with data that is merged from multiple touchpoints, harmonised and available to everyone that needs it, can customer experience be improved by answering customer requirements of individual service through big data and insights gathered from it. Arthur takes this as an example of tackling the trend of showrooming or visiting physical stores to try on products only to check online for the cheapest prices: retailers that use big data insights to encourage employees to provide unique shopping experiences can efficiently increase customer engagement. (Arthur 2013, 20–21.)

The complexities with technology and siloed data lead to what Arthur calls the data hairball, of information and interactions spread across various departments and systems. Without a strategy to consolidate these various data, the hairball keeps growing and expanding as more and more data is added, further complicating the transformation to a data-driven mindset. (Arthur 2013, 22–23.)

## 3. Skills and training

Internally, the skills and competencies of the marketing department play a crucial role in the success of becoming data driven. However, many sources (Annalect 2016; Arthur 2013, 22; Gourévitch, Fæste, Baltassis & Marx 2017; Järvinen & Karjaluoto 2015, 123; Zoominfo 2016, 7) confirm that a lack of analytical and data management skills in the marketing department contribute to difficulties in adapting a data-driven marketing mindset. Leveraging the insights gathered from data

often requires not only the help of data analysts, but also retraining of current employees and recruiting of new talent with extensive digital skills. Moreover, even organisational ways of working might need to be scrutinised: agile ways of working and a data-first culture might require new ways of thinking and assessing of hierarchical positions. (Gourévitch et al. 2017.)

#### 4. Budget

The transformation to a data-driven marketing organisation requires money and resources. Especially when starting from low levels of data maturity, the planning and setting up of data tools requires resources that, and depending on the size of the company, the investments can be significant. As suggested by Mark Jeffery (2010, 50), the key is to “think big, start small and scale up fast.” There doesn’t need to be a complete overhaul of all systems and processes, but marketing can work in the forefront of identifying the low-hanging fruit of rapid efforts that improve performance or return on investment, thereby justifying marketing spending, and scaling up from there. (Jeffery 2010, 49.)

#### 5. Tactical marketing

One hurdle on the journey to becoming data-driven is marketing’s position as tactical instead of strategic. Strategic marketing contributes to the organisation’s overall strategic plan, by planning clear objectives on how to reach them. To fulfil this strategy, tactical marketing thereafter focuses on the concrete actions and tools taken to succeed in the strategy. A purely tactical role is focused on channels, content, and other concrete steps. (Stanford 2018.)

Arthur (2013, 18) describes the more strategic role as marketing taking a leading position in driving product and service development, identifying customer journeys, and linking data-driven insights into decision-making. Mone, Pop & Racolta-Paina (2013, 135) summarise the strategic role as creating sustainable competitive advantage and influencing financial results. The transition from a simply tactical role to a more strategic focus allows marketing to become fully customer centric, identifying opportunities and guiding the business towards competitive advantages in innovation and disruptive processes. Data analytics facilitates this process as actions and revenue can be directly linked to marketing activities, thereby proving the value of marketing strategy. (Arthur 2013, 18.)

#### 6. Internal context

Internal context, meaning the organisational culture and framework in which data is used, has a significant impact on the success or failure of using of data in marketing. Chaffey and Patron (2012, 32) note that company culture ranks highly when assessing the successful use of web analytics and Davenport (2013, 123) elaborates on this by highlighting the importance of senior management's interest and understanding of data analytics, fostering a culture of "inquiry, not advocacy." An overall culture that encourages the use of data in all decision making, supported through active leadership, is a substantial factor in advancing in data maturity (Järvinen & Karjaluoto 2015, 119). The importance of company culture and C-level support pertain in recent studies: a study by Rogers et al. from 2021 underscores that through all levels of maturity, top management support is a must, a view supported by a study by Salesforce, that states that support by executive leadership is crucial in driving data-driven culture (Rogers et al. 2021, 11; Salesforce 2021, 21).

### **3.2 Data definitions**

Big data is a term relevant to all aspects of business. Overall, the term means the massive amount of information from both traditional and digital sources, comprising of different types of data, such as hard and soft or structured or unstructured. The term big data is often described by the terms volume, velocity, and variety, meaning the amount, speed, and multiplicity of data available. (Arthur 2013, 47.) Volume complexifies storage and management of data, with velocity describes the speed with which data is produced and must be used to inform decision making. In marketing context, variety means the stream of data from different sources (transactions, social media, advertising) that must be combined and linked to actions to provide valuable insights. (Johnson et al. 2019, 164.) Uses of big data vary between company functions: for marketing, the data that delivers actionable insights can be classified between hard and soft data.

For marketing purposes, data can be split into hard and soft data. Hard data is information that is likely to remain the same, including email addresses, names, and telephone numbers: this can also be classified as structured data, simple data inputs that are easy to classify. Soft data includes information that is susceptible to interpretation and opinion, constantly changing and harder to interpret: this type of data includes behavioural data, activities, interests, and interactions. (Rouhainen 2019.)

There are different types of behavioural data that can be leveraged for marketing decision-making, collected from both external and internal sources. These include known 1<sup>st</sup> party data, data collected directly from identified customers. In addition, there is anonymous 1<sup>st</sup> party data, visitors to the webpage only identifiable by an IP address. These two are usually categorised as the most valuable data as these are directly collected and owned by the company, the data being reliable and of good quality. In addition, behavioural data can be purchased through 2<sup>nd</sup> and 3<sup>rd</sup> party data. 2<sup>nd</sup>

party data is classified as someone else's first party data, used for expanding of audiences by acquiring data from companies that share customers with similar interests. Lastly, 3<sup>rd</sup> party data is data purchased from outside vendors, with a large pool of unidentified data. (Dempster & Lee 2015, 15–17.)

### **3.3 Journey to becoming data-driven**

Many marketing organisations aspire to become data-driven but to succeed in it, strategies, and tactics to fulfil this goal require careful consideration. Understanding the situation and crafting a roadmap to where the organisation wants to be is the foundation for advancing in data maturity and a basis for building a robust data-driven organisation. As stated above, even though the benefits of advancing in data maturity are manifold, only a small percentage of organisations have succeeded in taking full advantage of data and insights.

Johnson et al. identify five stages of marketing big data analytics implementation in their 2019 study of big data analytics in marketing. These stages are taken as the basis for this research, creating a model for crafting the journey towards data-driven marketing. This model was chosen as it is based on recent research (2019), it is peer reviewed and based on robust literature review and a grounded theory approach. It is also very relevant to the organisation studied in this research, as the steps offer a benchmark of development areas. However, to provide additional depth for the roadmap, the framework is enriched by other sources, from both business literature and carefully chosen recent, non-academic research. Recent non-academic research was found to be important since the subject of data-driven marketing evolves extremely rapidly, with new technological innovations changing the landscape of digital marketing continuously. The aim of using other sources other than academic literature was to also understand what the key steps in each stage would be, instead of only the characteristics and pitfalls presented by Johnson et al.'s model. The objective is to provide a roadmap comprehensive enough to be used as a basis for the thesis project, whilst also keeping in mind that the journey towards data maturity is not fully linear, but advances through different steps. The stages are presented in figure 6, The five stages of data driven marketing journey. The full journey is presented in appendix 1, with the key steps and pitfalls.

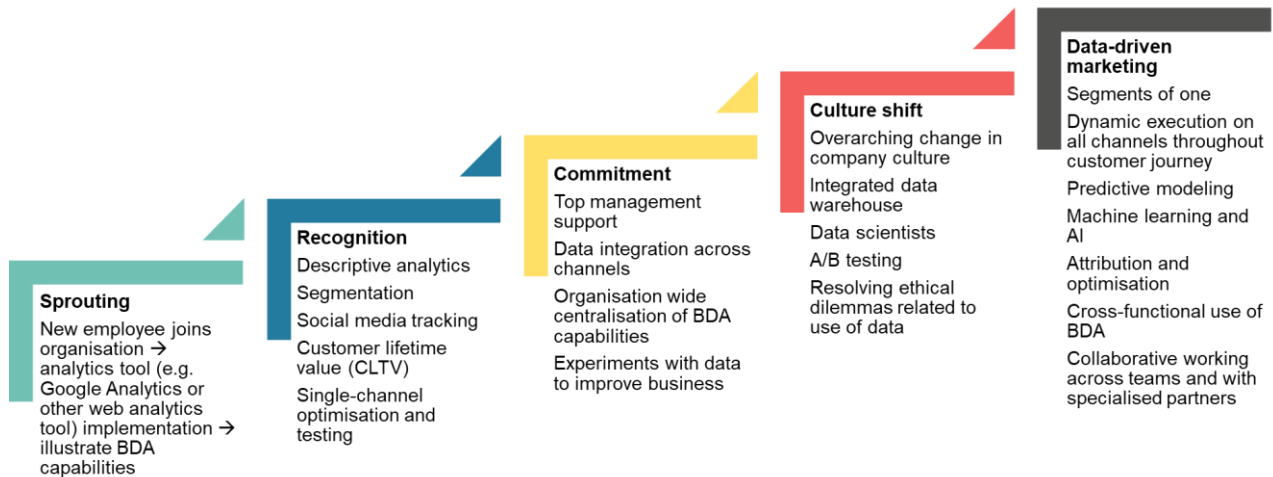


Figure 6. The five stages of data driven marketing journey (adapted from Arthur 2013; Gourévitch et al., 2017; Johnson et al. 2019, 171; Rogers et al. 2021; Vionas-Singer 2015)

### 3.3.1 Stage 1: Sprouting

The first stage, sprouting, usually starts by the application of a software that is ready to be used without requiring any modifications, such as Google Analytics. This is often initiated by an employee joining the organisation and detecting a lack in analytics competence. Simple efforts to prove marketing spend or A/B testing might be the first concrete steps on the first stage. These initial efforts are important in illustrating the capabilities of big data and providing a foundation for inclusion of analytics in strategic decision making. However, as the advocates of data analytics at this stage are usually not fully aware of the overall business strategy, their efforts may lack concrete results. A pitfall at this point of the journey is the outsourcing of analytics to an external agency, losing control of internal development and the continuous innovation process required for full data-maturity. (Johnson et al. 2019, 172.)

### 3.3.2 Stage 2: Recognition

The second stage is called recognition, characterised by the larger appreciation of the first stage analytics efforts. As the name suggests, the organisations at large begin to understand the benefits and possibilities of data analytics, often intensified by discussion with external consultants that further validate the need for analytics. For marketing, this step is characterised by the adoption of descriptive analytic methods such as tracking social media and basic segmentation, increasing appreciation of metrics that improve the performance and agility of the marketing department. (Johnson et al. 2019, 172.) This second stage can still be compromised by overreliance on external partners for providing data and analytics. Even though collaboration often is vital, organisations at this

stage should still focus on building internal human capital and ensuring technologies are developed to cope with future challenges. (Johnson et al. 2019, 172.)

A facilitating factor at this stage of the journey is the adoption of short and mid-term roadmaps that outline the quick wins available. Even though a more comprehensive roadmap of the end goal is required, reached milestones and achievements provide motivation and excitement to keep the momentum going and keeping everyone in marketing involved. (Arthur 2013, 82.)

An important thing to consider at this stage is that everyone in the team understands the different terminology: organisation should be aligned behind terms such as data-driven marketing so that joint efforts are directed at the same goal, with the team organised behind shared language. This will facilitate change and create a solid ground for developing a truly data-driven organisation. (Arthur 2013, 45–46.) Moreover, when adopting descriptive analytics, marketing departments should pay attention to the setting of objectives so that they are concrete and easy to measure. Järvinen (2017, 72) recommends starting with a couple of objectives, measured by a key performance indicator and a few additional performance metrics.

### **3.3.3 Stage 3: Commitment**

Third stage, commitment, is characterised by overall top management support as the value of data is understood to support all levels of business. This stage usually involves investments in data warehouses and hiring of new talent to deal with analytics. Furthermore, data is no longer seen as central to only marketing, but to all business functions, with the integration and scaling of data skills a fundamental first step in changing the organisational culture. This also entails experiments with big data to develop business functions. (Johnson et al. 2019, 173.)

The possible hazards at this stage of the data journey are the obsession with short-term return on investment at the cost of looking forward. It is easy to get lost in tactical data management, whilst forgetting about integrating and leveraging the insights gained from it. Measuring impact on outcomes throughout the customer journey will assist in identifying disparities between business objectives and data and keeping focus on the broader perspective. In addition, companies that are not afraid of experimenting and finding new innovations with data will more likely be successful in the long-term. (Arthur 2013, 116–117; Johnson et al. 2019, 173.)

Internally, the key step of this stage is the collaboration between teams and within the marketing department as well as getting everyone to see the big picture. Moreover, company vision and objectives need to be aligned with the data strategy at this stage to ensure success. A requirement for succeeding in this step is the consolidation of data within and between teams and departments, making sure that data silos are removed to provide real insights. In addition, systems and

processes should be analysed to ensure efficient use of data and encouragement of innovation. (Arthur 2013, 89–91.)

#### **3.3.4 Stage 4: Culture Shift**

The fourth step, culture shift, denotes an overarching change in the company culture. To become a fully data-driven marketing organisation, the way the organisation thinks about itself needs a total overhaul towards a holistic data-driven mindset. The failure to fully commit to a data-driven culture can be a significant obstacle in success. This stage is characterised, often through the involvement of data scientists, by a move from descriptive to predictive analytics. Additionally, A/B testing and treating each customer according to their profit potential becomes the new standard, making sure that ROI on new campaign exceeds the old ones. Furthermore, the integration of customer data across touchpoints is a defining moment in gathering overall insights. (Johnson et al. 2019, 173.)

However, the fourth stage being such a pivotal change in the overall organisational culture, it is also jeopardised by significant pitfalls. Ethical dilemmas of integrating 3<sup>rd</sup> party customer data need to be carefully assessed to determine the position of marketing in the use of possibly sensitive or discriminatory data. Transactional data can for example be used to predict a customer's stage in pregnancy, making targeted advertising possibly hugely disruptive. In addition, blindly following data without ethical considerations might lead to bias or certain groups being treated unfairly: a clear consensus within the marketing team needs to be established to ensure cohesiveness of ethical aspects. (Johnson et al. 2019, 173–174.)

A second likely pitfall at this stage of the data maturity journey is the abandonment of brand values in the interest of short-term objectives. As A/B testing and measuring of various KPIs becomes the norm, overall brand strategy might be lost in the inability to measure the long-term benefits of brand building. Marketing tactics should therefore also be considered against brand positioning and values, making sure that data does not override brand building. Another hazard is the balancing between creativity and analytics: creativity will remain an important marketing feature, but it needs to be balanced with analytics and ROI to ensure the progress of the marketing function. Lastly, at this stage, marketing departments need to be mindful of the decision-making bias on only focusing on strategies and tactics where data is easily available while avoiding areas of limited data; this is also called “the street-light effect”. (Johnson et al. 2019, 174–175.)

Key steps at the culture shift stage are internal creation of a data-driven culture through engaging the whole team in data. This includes getting employees accustomed to numbers and the metrics being measured. Moreover, measuring and tracking performance should be included in the job descriptions, making them a requirement up front. Incorporating data on all marketing initiatives is



vital in keeping a focus whilst making concrete decisions on data instead of relying on gut feeling makes it a standard process. In addition, implementing a dashboard with relevant data and metrics can add significant benefits on creating understanding on insights. (Vionas-Singer 2015.)

### **3.3.5 Stage 5: Data-Driven Marketing**

The fifth and final stage is the marketing organisation reaching the goal of data-driven marketing. This final stage is characterised by full use of data through micro-segmenting customers using 3<sup>rd</sup> party data, website click data, and integrated transactions, making its principal customer equity faithfulness. Predictive AI algorithms determine customer selection and product offering, whilst constantly collecting data on customer interactions. Marketing is executed dynamically across all channels, reaching all levels of the customer journey to achieve business outcomes. Moreover, precise customer lifetime value estimates are being used to optimise marketing spend and to drive growth and profitability. At a fully advanced stage, data analytics are applied throughout the organisation, enabling operational decisions on all functions. An important characteristic at this stage is the organisational capability to facilitate decision-making through collaboration across teams and with external partners. (Boston Consulting Group 2017; Johnson et al. 2019, 175.)

## **3.4 Marketing performance metrics**

The journey to becoming data-driven starts with the implementation of a web analytics tool, leading to measuring marketing performance on simple actions and acting upon the insights gathered. Marketing performance metrics are therefore a key component of the data-driven marketing journey, creating the foundation for advancing on its stages and proving the value of marketing activities. However, the possible benefits gained from analytics are much dependent on how the metrics are exploited under specific organisational settings. To provide a solid context and foundation, this chapter focuses on the overall implementation of marketing performance measurement, with emphasis on digital marketing as it can be measured through web analytics. Firstly, it describes the use of web analytics in marketing. After that, this chapter specifies the content, process, and context of marketing performance measurement, providing a clear base for what dimensions are required for advancing in data maturity in marketing and specifically through digital analytics.

Digital or web analytics means the collection, analysis, and measurement of internet data to understand and improve web usage, through a tool that collects, collates and presents this data in an understandable format. This data is thereafter used to make sense of online customer behaviour and to measure and optimise digital marketing so, that it benefits the organisation. (Nakatani & Chuang 2011, 172.) Even though the use of web analytics is limited to the online environment, the application of a web analytics tool is a key step towards measurable marketing. However, the success of

using web analytics to increase marketing performance depends on how the organisation exploits and uses web analytics metrics under specific, contextual circumstances (Saura et al. 2017, 2).

In a 2015 study of the use of web analytics for digital marketing performance, Järvinen and Karjaluoto identified elements affecting an organisation's competence in designing and applying a marketing metrics system using web analytics data. The study applies performance measurement literature to the use of web analytics in digital marketing, through a holistic framework of elements that have an impact on an organisation's ability to plan and implement a marketing metrics system. The framework has three dimensions that contribute to the understanding of strategic change in marketing measurement: performance measurement content, performance measurement process and performance measurement context. The first one refers to the systems designed, including the metrics themselves and how they are structured. Process is the method through which performance data is improved and handled, whereas context refers to the internal and external context where the metrics are used. (Järvinen & Karjaluoto 2015, 118.) Each dimension of performance measurement is defined below as the interrelations of each three are vital in the successful exploitation of web analytics, and the understanding of strategic change processes in digital marketing.

### **3.5 Performance measurement content**

Performance measurement content is the actual metrics system developed, relying on the organisation in question: this includes what is being measured, which metrics are chosen and how they are built as a complete system. Järvinen (2017, 68) states that metrics should be developed to reflect digital marketing objectives, based on organisational strategy. Saura et al. (2017, 2) support this view by underlining the importance of choosing accurate and timely metrics so, that the organisation can evaluate whether they are achieving their objectives or not. Clearly defined metrics are pivotal in demonstrating marketing contribution to overall business, and metrics should have a balanced view on both financial and non-financial, and short-term and long-term metrics to get an overlapping view on performance. Key performance indicators need to be identified with added insights from more granular metrics. (Järvinen 2017, 68; Järvinen & Karjaluoto 2015, 119.)

A significant action in performance measurement content is prioritising the metrics used, instead of focusing on the amount of them. This includes choosing a key performance indicator linked to each objective, that assesses the success or failure of the objective. Other performance metrics can be chosen to provide additional information on the effectiveness of marketing campaigns and their contribution to KPIs. (Chaffey & Patron 2012, 38.) Saura et al. (2017, 9) also warn against choosing too many KPIs and encourage instead to focus on the objectives, making sure that the KPIs provide information that will be of use. Therefore, goals should always be set according to SMART objectives and measurements. The acronym SMART stands for specific, measurable, attainable,

relevant and time bound. Only through these types of objectives can the true value of marketing be measured and assessed. (Gregory 2017, 31.)

Metrics for marketing should also be multidimensional in the sense that measurement should focus on both long-term and short-term objectives, as well as taking into consideration the different dimensions of digital marketing. Järvinen (2017, 67) classifies the objectives in three categories:

- a) Sales objectives, including revenue and sales leads
- b) Brand objectives, including awareness, recognition, brand equity, engagement, and brand loyalty
- c) Customer objectives, including customer satisfaction, loyalty, engagement, and recommendations

The first objectives measure the short-term performance of digital marketing, whereas brand objectives highlight the long-term potential of acquiring new customers. Customer objectives focus on retainment of current customers and thereby long-term success. Focusing on a single aspect of these objectives can be damaging the organisation: instead, focusing and measuring each three provides a solid system for ensuring both long- and short-term success. (Järvinen 2017, 67.)

There exists many frameworks, models and funnels for marketing measurement and planning (see e.g., REAN, SOSTAC, STP, STEPPS, 7Ps marketing mix and brand positioning), but for the purpose of this study, a model that is especially designed for digital marketing is chosen for closer inspection. A such framework is the RACE model that provides a nuanced view on digital marketing measurement. The framework consists of four steps of digital marketing activities that cover the whole customer lifecycle value. Each step encourages engagement with the brand throughout the customer lifecycle so, that also long-term brand objectives are covered. RACE is an acronym for reach, act, convert and engage, each step is explained in more detail below. (Chaffey & Patron 2012, 42.)

1. Reach – building brand awareness, both online and offline with the goal of increasing traffic to the organisation's websites or social media sites. An important factor to consider when measuring media contribution is the attribution model used; instead of the last-click model, where the conversion is attributed to the last click, a model that assesses all customer touchpoints before sale should be used for a more thorough analysis.
2. Act – Once customers arrive on a webpage, they should be encouraged to complete an action, i.e., search for a product, read an article or about the company. Ease of navigation and relevant content designed with target audiences in mind are factors contributing to the success of this point.
3. Convert – a sales event online or offline.

4. Engage – the last step focuses on building long-term customer relationships through for example email and social media marketing.

The advantage of this type of measurement is its coverage of all three categories of sales, brand, and customer objectives. However, the suggested metrics are more suited for a business-to-business context but still provide a system that has the advantage of acting as a full lifecycle tool. Table 1 RACE analysis presents the various metrics that can be tracked, with customer lifecycle in columns and different levels of reporting in rows.

Table 1. RACE analysis (adapted from Chaffey & Patron 2012,43)

<b>Metric</b> <b>Overall visits or</b> <b>broken down by</b> <b>channel</b>	<b>Reach Au-</b> <b>dience</b>	<b>Encourage</b> <b>Action</b>	<b>Convert to</b> <b>sale</b>	<b>Engage customers to</b> <b>retain and grow</b>
<b>Tracking metrics</b>	<ul style="list-style-type: none"> <li>• Unique visitors</li> <li>• New visitors</li> <li>• Visits</li> <li>• Conversation volume</li> </ul>	<ul style="list-style-type: none"> <li>• Online opportunity (lead) volume</li> <li>• Off -line opportunity (lead) volume</li> </ul>	<ul style="list-style-type: none"> <li>• Online sales volume</li> <li>• Off -line sales volume</li> </ul>	<ul style="list-style-type: none"> <li>• E-mail list quality</li> <li>• E-mail response quality</li> <li>• Transactions</li> </ul>
<b>Performance drivers (diagnostics)</b>	<ul style="list-style-type: none"> <li>• Share of audience compared with competitors</li> <li>• Share of search</li> <li>• Brand / direct visits</li> </ul>	<ul style="list-style-type: none"> <li>• Bounce rate and duration measures</li> <li>• Macro conversion rate to opportunity and micro conversion efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Conversion rate to Sale</li> <li>• E-mail conversion rate</li> </ul>	<ul style="list-style-type: none"> <li>• Active customers percentage (Site and E-mail active)</li> <li>• Active social followers</li> <li>• Repeat conversion rate</li> </ul>

Metric Overall visits or broken down by channel	Reach Au- dience	Encourage Action	Convert to sale	Engage customers to retain and grow
<b>Customer-centric KPIs</b>	<ul style="list-style-type: none"> <li>• Cost per Click and per Sale</li> <li>• Conversation polarity (sentiment)</li> <li>• Brand awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Cost per Opportunity</li> <li>• Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Cost per Sale</li> <li>• Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Lifetime value</li> <li>• Customer advocacy index (e.g., Net Promoter Score)</li> <li>• Customer loyalty index</li> <li>• Products per customer</li> </ul>
<b>Business value KPIs</b>	<ul style="list-style-type: none"> <li>• Audience share (Owned media)</li> <li>• Share of voice (conversations)</li> </ul>	<ul style="list-style-type: none"> <li>• Goal value per visit</li> <li>• Online product requests (n, €, percentage of total)</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue per visit</li> <li>• Online originated sales revenue and profit (n, €, percentage of total)</li> </ul>	<ul style="list-style-type: none"> <li>• Retained sales growth and volume</li> <li>• Revenue per active customer</li> </ul>

When setting out measures for digital marketing performance, each metric should be carefully evaluated by testing its relevance; this reduces chances of measuring just for measurements sake and providing metrics that can be actioned upon. Key performance indicators should follow the SMART goal setting, with objectives that can be measured in the digital marketing environment.

When initiating the measurement of digital marketing performance, the RACE performance framework can be split into smaller portions. As stated by Järvinen (2017,72) it is smarter to start with a

few, sales related objectives, as they are the easiest to measure and most often the most interesting metric for top management. Having gained understanding and insights from these first objectives, it is then easier to build on the other steps and produce a framework that covers the whole customer lifecycle. To start off, actionable metrics require a clear framework of the objectives and their interrelationship with other performance metrics. The framework should focus on KPIs that highlight top marketing objectives and include performance metrics that support the achievement of these KPIs. Example of a framework is presented in table 2, example of sales objectives metrics.

Table 2. Example of sales objectives metrics (adapted from Chaffey & Patron 2012, 43; Järvinen 2017, 69; Järvinen & Karjaluo 2015, 123)

Dimension	Objective 1	Objective 2	Objective 3
Convert to sale	Number of all website visits – growth in %	Conversion rate – growth in %	Sales revenue – growth in %
KPI	Number of all website visits	Conversion rate	Profits and sales revenue €
Performance metrics	<ul style="list-style-type: none"> <li>- Number of website visits per traffic source (organic, paid, display, email, social)</li> <li>- Website visits per visitor (returning customer rate)</li> </ul>	<ul style="list-style-type: none"> <li>- Bounce rate</li> <li>- Conversions per source</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue per visit</li> <li>- Number of transactions per traffic source</li> <li>- Sales revenue per traffic source</li> <li>- Costs per traffic source</li> </ul>

This framework exemplifies the connection between the various objectives: the number of website visits supports the growth in conversion rates, whereas higher conversion rates signify sales revenue growth. Therefore, if sales targets (objective 3) are missed, the other two objectives should be assessed to examine performance. Moreover, the framework presents the performance metrics in connection with the key performance metrics: for example, in the case of objective one the key performance indicator is the number of website visits. The performance metrics below contribute to understanding the success or failure of the KPI by providing additional information on for example

visits per traffic source. If one of these is performing worse than before, corrective action can be taken to reach the objective. (Järvinen 2017, 68–69.)

An important aspect to consider when relying on web analytics for performance measurement is that data cannot provide a single source of truth on marketing-sales performance. This is because the data cannot tell how a single tactic contributed to a specific sale throughout the customer journey or what the intentions of the person buying were. There are advanced analytical methods available for examining for example attribution, but as highlighted by Järvinen (2017, 70) these will only ever be estimations and indicators of true performance. This should specifically be taken into consideration when focusing on brand and customer objectives as they are at their core forward-looking, whilst data acquired from digital analytics is often retrospect. Multiple methods and variables for measuring marketing performance are required to assess qualitative objectives, such as brand image. (Ambler & Roberts 2008, 745; Järvinen & Karjaluoto 2015, 125.) This supports the findings by Johnson et al. (2017, 174): concentrating solely on short-term ROI through web analytics, which are easy to measure, creates a significant pitfall in losing focus on brand values and thereby long-term benefits.

### **3.6 Brand and customer objectives**

With the limitations of using only web analytics in mind, measuring brand objectives, and connecting them to strategic business objectives is a condition for advancing in data maturity and avoiding the pitfall of simply measuring short-term return on investment. In addition, a strong, well-performing brand is an organisation's most valuable intangible asset and as such should be measured and assessed continuously (Martensen & Grønholdt 2010, 300). To provide a forward-facing objective Chaffey and Patron (2012, 40) suggest measuring four types of brand metrics: awareness, familiarity, favourability, and purchase intent. These are important to keep in mind but due to the scope of this thesis, a larger analysis of brand objectives and metrics will be left out.

Customer objectives also require a multilevel approach to measurement as these cannot be assessed through simple, quantifiable, or web analytics acquired data. Moreover, it is crucial to understand the motivations behind actions on for example a web site, and this requires a more thorough analysis. However, there are a couple metrics that are straightforward to implement for initiating the measurement of customer objectives. Järvinen (2017, 68) counts as customer objectives customer loyalty, satisfaction, engagement, and recommendations. Chaffey and Patron (2012, 43) include similar measures such as customer advocacy, satisfaction, and customer loyalty index in their RACE framework.

In addition, Saarijärvi (2017, 104–106) takes up six different customer-centric values that should be evaluated, not only to increase the performance of the organisation, but also to understand the connections between customer centricity in organisations and their societal role. Saarijärvi extends the scope suggested by Järvinen and Chaffey and Patron by adding customer value proposition, customer value and customer experience on to the list of factors to be measured. Customer value proposition is often used as a brand slogan, describing the value the products or services bring to the customer. Saarijärvi recommends measuring this through a qualitative content analysis, evaluating the benefits, either financial, functional, emotional, or symbolic, that form the customer value proposition. (Saarijärvi 2017, 104–16.)

Customer value is another metric assessed through qualitative methods: it measures the value perceived by the customer when using the products or services. The benefits measured are the same as with customer value proposition, but customer value measures these from the customer's perspective, providing a balanced assessment of the situation. (Saarijärvi 2017, 106.) However, as with all objectives, customer objectives should be measured with the organisation context, strategy, and goals in mind.

### **3.7 Performance measurement process**

Performance measurement process is a significant phase in determining the actual profits gained from analytics. The process consists of five distinguished stages that exhibit how data is processed at an operational level. Managing analytics data requires a set process that harnesses the true potential of the insights gathered. Moreover, a clear process ensures that everyone in the team knows who is responsible for which data and KPI, and where the results should be reported. (Järvinen & Karjaluoto 2015, 119; 125.) The process described by Järvinen & Karjaluoto (2015,120) consists of the following steps:

1. Data gathering
2. Data analysis and interpretation
3. Results reporting
4. Taking action
5. Updating the metrics system

The process of data gathering needs to be considered when setting the KPIs as otherwise it might lead to indicators where no data can be collected. A significant consideration needs to be directed to what tools and methods will be used to gather the data. Saura et al. (2017, 6) highlight the importance of the data gathering step through the human aspect of it: people working with web data should be aware of how systems function and where the data is gathered from, all the while ensuring the veracity of information.



Moreover, to get a multidimensional view of the results, more traditional qualitative data forms might need to be used to get comprehensive answers to the KPIs. With careful justification and selection of the objectives, results reporting should be a straightforward process of assessing how the goals were reached. Also, digital marketing outcomes should be reported to top management to improve marketing transparency and gain support for digital marketing initiatives. (Järvinen 2017, 71; Järvinen & Karjaluoto 2015, 119.)

Data analysis and interpretation is the most crucial step in the process, but also the most difficult. The challenges come from obstacles mentioned before, mainly from a lack of analytical skills. However, analysis is a prerequisite for insights, without which measuring is trivial. Järvinen (2017, 71) recommends focusing on the objectives that were not achieved through data segmentation. Segmentation of the data can be done through various digital analytics tools, using criteria such as traffic source, location etc. A simple analysis process through segmentation can be demonstrated by the following example. If the conversion rate of an online store is not up to set up objectives, analysis could start by looking at different reasons for this, for example through the following process described by Järvinen (2017, 72):

1. Online store conversion objectives have not been met
  - a. segment to find reasons for low conversion, check for conversion rates for mobile vs. desktop users, or conversion rate variables between locations
  - b. lower conversion on mobile → site not optimised for mobile?
  - c. plan corrective actions
  - d. formulate hypothesis (e.g., checkout page being more mobile friendly will lead to more conversions)
  - e. test hypothesis with an A/B test
  - f. implement version that yielded better results

Constantly measuring and analysing performance through this type of process facilitates learning and improving of performance, creating a solid understanding of how digital marketing is functioning. (Järvinen 2017, 72.) This is also a necessity for data-driven marketing.

On a managerial level, the success of the performance measurement process depends on the systematic management of the whole process. There needs to be clear responsibilities within the team of the usage of data as well as regular reporting to top management. An example of a process in a large B2B organisation is presented in figure 7. Example of digital marketing performance measurement process and tools in use. (Järvinen & Karjaluoto 2015, 124.)

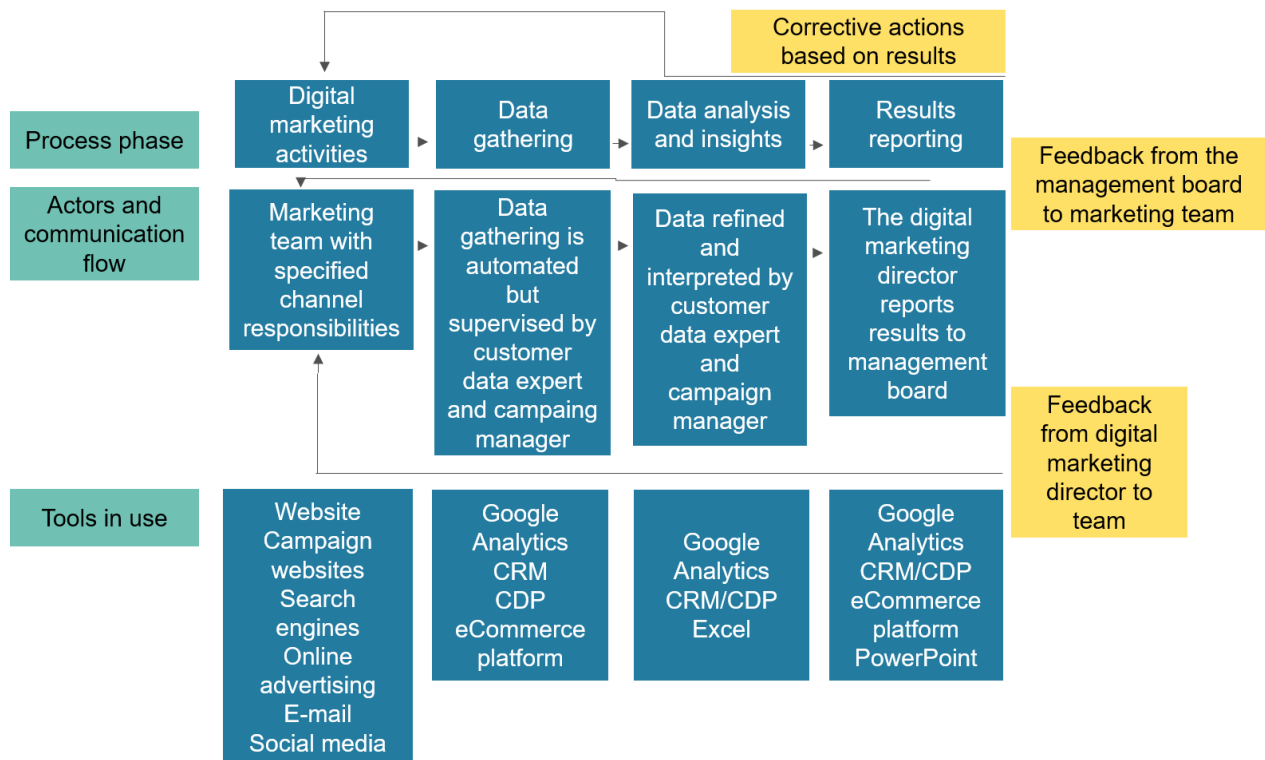


Figure 7. Example of digital marketing performance measurement process and tools in use (adapted from Järvinen & Karjaluo 2015, 124)

### 3.8 Performance measurement context

Performance measurement context denotes the conditions of the organisation: these include organisational culture, top management attitudes, IT infrastructure and analytics skills and resources (Järvinen & Karjaluo 2015, 119). As the internal context factors are more relevant for this study, only they will be defined here.

There are five identified internal components that influence the use of performance measurement systems. Firstly, internal skills in analytics need to be in place for a performance measurement system to be designed and implemented. For marketing, skills in using various measurement techniques are necessary for the use of these tools. Moreover, to facilitate the development of analytical skills, marketing employees need to have a clear understanding of the organisation's digital marketing strategy so that data can effectively be used to measure performance in relation to the strategic objectives. In addition, daily activities should be organised so, that there is enough time to focus on measurement and improvement. (Järvinen & Karjaluo 2015, 121.)

Secondly, Järvinen and Karjaluo (2015, 121) note that the information technology infrastructure is a factor determining the usage of performance metrics. This includes systems and tools

connected to measuring, providing data that is easy to act upon. This point is confirmed by Bourne, Neely, Platts and Mills ((2002, 1308) who list the ease of use of IT systems and data accessibility as one of the factors that influence implementation of performance measurement systems.

Thirdly, senior management commitment has been recognised as an important feature in the use of metrics, with management commitment encouraging the implementation and effective use of metrics and data. Moreover, top management support in terms of budget and human resources is crucial for the utilisation of marketing performance data. (Järvinen & Karjaluoto 2015, 121; 123.) Bourne et al. (2002, 1308) found support for this view in their study, noting that top management support is a major factor affecting the success or failure of the implementation of a performance measurement system. They highlight the fluctuating nature of management commitment throughout a change project, influenced by “the change in balance between the expected benefits of the intervention and the expected effort required to implement the performance measures” (Bourne et al. 2002, 1308).

Leadership in the use of analytics within the team is another factor contributing to the success of its use. A leader, that can actively communicate, reassure, and motivate the team towards the use of a measurement system, is a strategic component in the successful implementation of analytics. As described by Järvinen and Karjaluoto (2015, 135):

To foster active WA (web analytics) use, the WA users should have a suitable leader. The leader should be able to manage a variety of tasks in the WA use process, including sharing responsibilities with team members, coordinating and participating in the execution of tasks, and creating a culture that fosters cooperation, information sharing, and data-based decision making.

Lastly, organisational culture at large is the fifth factor influencing performance measurement success. The creation of a culture that supports the use of performance data in strategic decision-making is valuable, transferring this mindset to all levels of business. This aspect also encompasses cooperation through teams and departments, fostering coordination and driving of true value of performance measurement. (Järvinen & Karjaluoto 2015,124.) This factor is confirmed by Johnson et al. (2019, 173): the culture shift stage in the data-driven journey is a significant step in creating an overall organisation culture that supports and takes full advantage of data and insights.

### **3.9 Leadership communication in performance measurement**

As stated by Järvinen and Karjaluoto (2015, 135), to successfully implement the use of analytics within a marketing team, a communicative, active leadership is a major strategic factor. This is also a component that can be analysed and improved on a personal level, providing a key driver for the data maturity journey.

Johansson, Miller and Hamrin (2014, 153) describe a communicative leader as a person that actively shares information, is open and approachable and can motivate employees to reach corporate objectives. A leader's communicative behaviours and acts, such as replying to employee needs and actions of other leaders, their timeliness and quality, dictate whether a leader is seen as effective or ineffective. The central communicative behaviours of leaders can be grouped into four different behaviours, presented in figure 8 to clarify their features, all of which contribute into creating an atmosphere of cooperation. The first communicative behaviour identified by Johansson et al. is called structuring. This denotes the planning of tasks, goal setting and sense-making, both on individual, and team levels. Morgeson, DeRue and Karam (2010, 14) agree with these points and elaborate on goal setting by highlighting the importance of establishing a team level mission that is clear, convincing, and inspiring.

Second communicative behaviour is facilitation of work: leaders need to coach and train their subordinates so that they can best perform their tasks, whilst actively giving feedback on performance. Moreover, effective managers can be seen as encouraging employee independence through collaborative problem solving. (Johansson et al. 2014, 151.) This type of self-management can lead to a more adaptable and resilient team as relying on own resources instead of looking for outside help can inspire trust in the team's own abilities (Morgeson et al. 2010, 25).

The third central communication behaviour is the handling of relational dynamics. This behaviour relates to the leader being perceived as open; an open communicator that is approachable, trustworthy, respectful, and considerate evokes feelings of good, effective leadership on both team and individual level. (Johansson et al. 2014, 151–152.) This type of communicative behaviour builds follower respect, facilitating and creating change (Derue, Nahrgang, Wellman & Humphrey 2011, 16).

The fourth central communicative behaviour is representing employees and the team. This can be divided into leaders representing individuals, through the exertion of upward influence, with employees trusting the leader to influence others in the organisation to gain resources for team members (Johansson et al. 2014, 151). Morgeson et al. (2010, 25) elaborate on this through highlighting the connection between a leader's active resource acquisition and the team's positive interpersonal processes and action, underscoring the significance of employees trusting the leader to meet their expectations. On a team level, effective leaders protect the team's mission and lead cooperation with other teams, whilst networking with other team leaders and top management. Moreover, a communicative leader is expected to actively monitor the external environment, enhancing team level confidence in the leader's abilities. (Johansson et al. 2014, 151–152.)

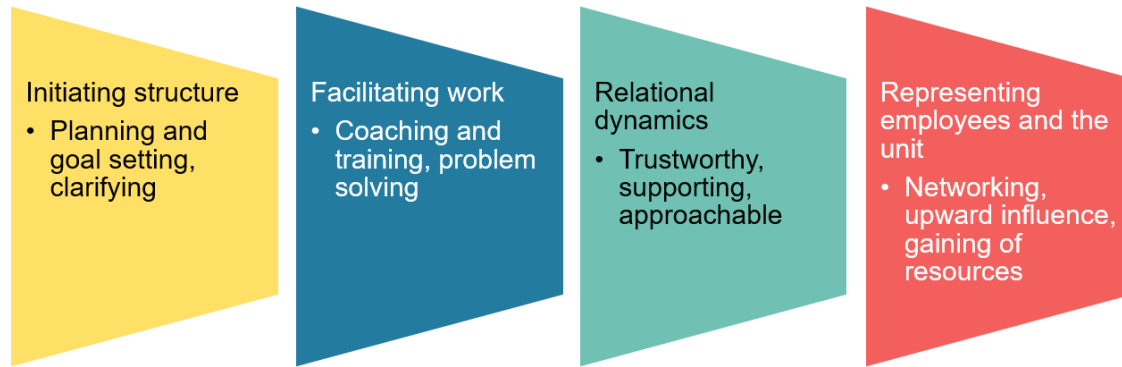


Figure 8. Central communicative behaviours of leaders grouped into themes

To add to these four behaviours, Johansson et al. defined eight key principles of communicative leadership, which are summarised in figure 9. These principles describe the attitudes and standards by which communicative leaders operate, helping to assess, refine and improve a leader's communicative capabilities. The first principle, enablement of self-management and coaching, increases involvement in goal setting, thereby contributing to increased collaboration and commitment to common objectives. Secondly, communicative leaders provide structures and guidelines that facilitate work. This principle entails also that a leader is responsive to feedback and open for change, creating an atmosphere of dialogue. (Johansson et al. 2014, 153–154.)

Thirdly, communicative leaders set clear objectives. Priorities are well explained with short-term and long-term goals defined so that they are easy to understand. Moreover, this principle includes collaboration with employees when setting the objectives, ensuring understanding of how objectives will be assessed. Fourth, a communicative leader acts in an approachable, respectful manner, expressing concern for employees. This leads to a positive climate in the team, through respect and mutual understanding. (Johansson et al. 2014, 154.)

The fifth principle of a communicative leader includes active engagement in problem solving, following up on feedback and advocating for their unit elsewhere in the organisation. The fifth principle therefore highlights the networking capabilities of communicative leaders: through active networking, leaders can gain valuable knowledge throughout the organisation. The sixth principle stems from leaders' capabilities of transforming overall strategy to unit level: a communicative leader conveys direction and supports others in achieving their goals through explaining how the unit contributes to organisational objectives. (Johansson et al 2014, 155.)

Seventh principle describes the leader's attributes as a sense-maker for the team, through framing of organisational messages, processes, and objectives, contributing to how these are accepted in the team. Lastly, the eight principle highlights communication as an interactive process: a

communicative leader enables and supports sense-making, through dialogue, stories and informal discussions that support the process. (Johansson et al 2014, 155.)

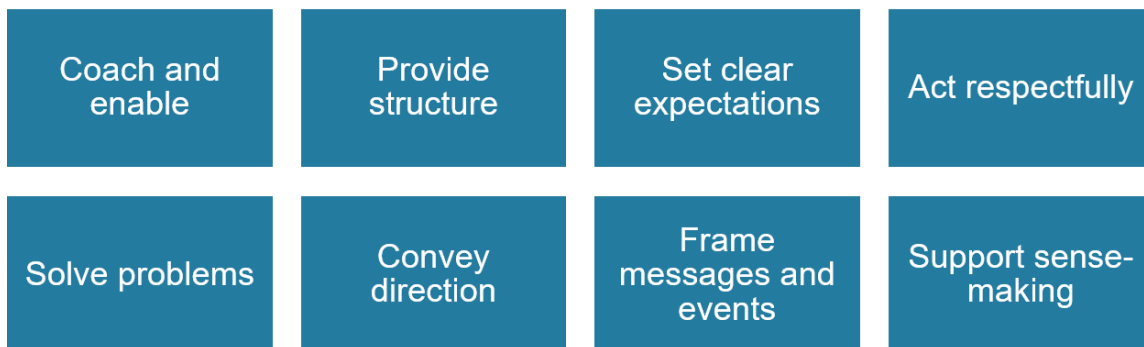


Figure 9. Key principles of communicative leadership

The combination of these eight key principles and the four central communicative behaviours produces a communicative leader, that is open, interested, collaborative, active in creating dialogue and giving and seeking feedback. These behaviours, attributes and principles are important throughout the data-driven journey, facilitating the change process, and contributing to the success of it. As described by Järvinen and Karjaluoto (2015) and confirmed by Johansson et al. (2014), communicative leadership is a strategic component that assists in achieving of goals and creating a context for successful operations. These principles and behaviours also provide a starting point for managerial self-examination: assessment of own behaviours and communicative competencies is of importance in ensuring the fulfilment of objectives. Moreover, it can have significant impact on organisational level, facilitating change on all contexts.

### 3.10 Future challenges and possibilities of data-driven marketing

As noted, developments in marketing today are swift, and the direction of them can be hard to predict. However, when it comes to data-driven marketing and its improvement, it is critical for any marketing professional to stay on top of upcoming changes and to scan the changing landscape of marketing to ensure future success. On a managerial level, this corresponds to a communicative leader's ability to actively monitor the external environment, providing information to the team and building confidence and team level resilience.

A study by Rogers et al. (2021, 18–19) recognises three major trends impacting especially digital marketing in the coming years: firstly, the increased eCommerce and digital sales, that were already bypassing brick-and-mortar sales, experienced unpredictable levels of demand following the COVID-19 pandemic and this trend will continue to strengthen. Salesforce's global Marketing Intelligence Report (2021, 4) confirms this observance of digital first, where consumers expect

organisations to offer their products and services increasingly online. This also leads to optimising and reallocating marketing spend, making data even more important than before (Salesforce 2021, 5).

Secondly, personalisation is growing in importance: 78% of consumers are more likely to shop at online stores that offer personalised experiences. However, connected to this is the third trend of data privacy. Even though more personalised experiences are expected, consumers are cautious about sharing their data, which has led to regulatory changes and new ways of handling data. (Rogers et al. 2021, 8–9.) Shamsuzzoha and Raappana (2021, 14–15) elaborate on the need for building trust and transparency when it comes to personal data and add that transparent data handling can act as a competitive advantage for an organisation, through ensuring that control over data remains with the customer. Shamsuzzoha and Raappana agree with Rogers et al. that consumers expect ever increasing amounts of personalised marketing and shopping experiences and in addition, they note the personalisation-privacy paradox, where organisations thread a thin line between concerns for privacy and effective personalisation (Shamsuzzoha & Raappana 2021, 7). Ethics, trust, and data privacy will thereby remain integral in planning and implementing data-driven marketing in the future.

The trend of data privacy and consumer concerns has led to big companies such as Google and Facebook taking action. A big shift will be the loss of third-party cookies, leading to profound changes in digital marketing campaigns through the loss of ad targeting and overall online behaviour tracking. (Rogers et al. 2021, 8–9.) Rogers et al. (2021, 11) recommend combatting this loss of data by creating a virtuous cycle around first party data: by outlining a clear strategy, creating a value proposition for the exchange, and testing campaigns, marketers will be able to gather and use own data in ethical and trustworthy ways, ensuring future success. Pamela Bump (2021) adds to these points the innovation of new strategies for reaching audiences without cookies, finding alternatives that do not rely on technology and that find competitive advantages from own, first-party data.

### **3.11 Summarising the literature and theoretical framework**

The theoretical framework provides a basis for the empirical part of the thesis. It helps in explaining the key concepts arising from the empirical research but also assists in finding the key stages for Vallila's data-driven journey and crafting a roadmap towards data-driven marketing. Starting point for the literature review in this thesis was to understand and define data-driven marketing, its benefits, and obstacles. Following this, a marketing organisation's journey towards data-driven marketing was examined to understand the key steps and pitfalls in the journey, and to build understanding on how to proceed with the process.

Following the research of the different stages, measurement of marketing performance was found to be one of the most crucial steps in advancing in data maturity. Therefore, the literature then moves onto the content, process, and context of measuring marketing performance, providing a detailed starting point for any organisation wishing to take more advantage of the data available. To connect the literature to a personal, actionable level, leadership communication with regards to performance measurement is examined, providing a definition of communicative leadership that facilitates the change process described in this thesis. Figure 10 presents the literature covered in this thesis and its contribution and content to the research process.

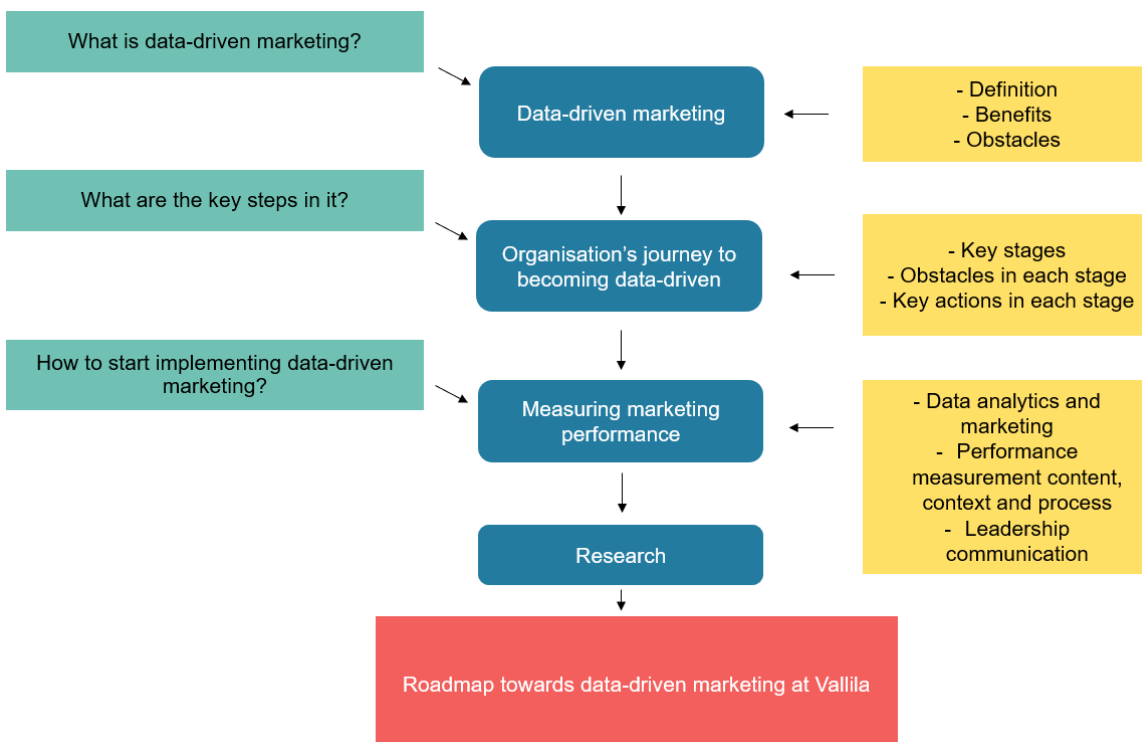


Figure 10. Literature review and its contribution to research process

Data-driven marketing can be defined as the collection and analysis of customer data to gain insights into behaviours, purchase intent, emerging opportunities, and competitive advantages (Johnson et al. 2019, 163). The literature studied shows that the benefits gained from using data effectively are numerous: studies show increases in efficiency, revenue and marketing spend due to the ability to prove marketing's contribution to overall performance through data. However, even though the benefits can be significant, previous research also points out that the number of companies achieving high levels in data maturity is low. There are multiple obstacles in leveraging the true potential of data in marketing, which shows the importance of crafting a clear roadmap towards where the organisation wants to be and ensuring a solid basis for embarking on the journey through measurable objectives.



The literature review identified obstacles in data-driven marketing, which could be grouped into six main categories: technical factors, problems with data, lack of skills and knowledge, lack of budget, tactical instead of strategic marketing and internal context. All these aspects contribute to difficulties in harnessing the data available: being aware of each point is important when planning the steps forward.

With these obstacles in mind, examining the journey towards data-driven marketing provides a background on how to advance and what pitfalls to avoid. Therefore, the five stages of marketing big data analytics implementation framework by Johnson et al. (2019) was chosen as a reference on how marketing organisations advance in data maturity. However, the framework was enriched with information from other research to provide a more nuanced view on the journey. The literature review revealed five different stages in the journey to becoming data-driven: sprouting, recognition, commitment, culture shift and finally data-driven marketing. This part of the theoretical framework contributes to the understanding on where the organisation researched currently lies within the journey and what the next crucial steps would be.

The literature revealed the significance of measuring marketing performance and many sources state this as the starting point on the data-driven marketing journey. Through accurate and timely measurement and reporting of results, can the true value of marketing be shown, leading to increased top management support, budget, and efficiency. This part of the literature review rounds up the overall framework to a very concrete, granular step to implement. This part was also found to be the most significant in the case company of this study: a lack of performance measurement content and process is a substantial obstacle in overall improvement of marketing performance.

Moreover, as this thesis is focused on a change process, communicative leadership in performance measurement was examined to provide a personal, actionable framework of leaders' communicative competencies. The qualities of a communicative leader are important to keep in mind throughout the process to ensure team-level commitment, active dialogue, common goal setting and positive team dynamics. Based on the literature review and performance measurement models, the emphasis of the empirical part is on creating mutual understanding of the metrics and process required, as well as determining the KPIs appropriate for the organisation. The available theories provide a context for setting up measurement models and the pitfalls to avoid when implementing change processes: this is a starting point for the process of crafting the roadmap and ensuring a robust first stage in advancing in data-driven marketing.

## 4 Methodology

Choosing a research approach for a thesis project is an important part of the planning process: methods give the guidelines for data collection and analysis, as well as defining the philosophical approach taken by the researcher. It provides a plan for how the research will be conducted, based on the objectives of the study. This chapter first defines the research philosophy, moving onto research approach, strategy, and data collection.

### 4.1 Methodological approaches

The assumptions we make as researchers define the way in which we analyse literature, data and results. It is therefore important to assess this stance and philosophy in the beginning of the research. (Saunders, Lewis & Thornhill 2016. 2016, 140.) This study takes interpretivism as an approach as the research aims to develop new understandings from different perspectives within the organisation. As the objective of the thesis is team-wide, it is of importance to consider the complexity of the participants and understand what is meaningful to them. This makes interpretivist perspective appropriate for this study: business situations in general are complex and unique, with the research requiring the collaboration of individuals at a specific time.

Interpretivism sees the nature of reality, or ontology, as complex, with multiple meanings and realities that are constructed through culture and language. In comparison with for example positivism, that sees nature of reality as objective and tangible, interpretivism assigns more importance to social constructions. Epistemological approach of interpretivism is such that people cannot be separated from their knowledge or viewed independently from their experiences. (Dudosvkiy 2019.) These aspects make interpretivism a suitable approach for this study as the author is strongly involved in the process, thereby her interpretations being a significant contributing factor. This subjectivity also poses challenges, and the researcher needs to be conscious of any bias that might affect research results.

The research takes an abductive approach to theory development, where data will be collected to explore an event, to categorise themes and explain patterns, after which new theories or modifications of existing ones will be created. A deductive approach, where the research strategy tests the theories built from academic literature, or inductive approach, that aims at generating theory, are less suited for this research, as the focus is on a single organisation and its context, applying and modifying theory where applicable. (See e.g., Saunders et al 2016. 145.) Abduction is especially suitable for this study as there is a good amount of theory and literature existing about data-driven marketing, however, there is little evidence of the specific context and situation this study is researching, making it necessary to modify and adjust existing frameworks to the needs of Vallila.

Methodological choice for this thesis project is qualitative research. Qualitative research is associated with an interpretive philosophy as the object of study needs to be assessed through the subjective views of the participants. In addition, abduction is often used with qualitative research, moving between theory and practice. (Saunders et al. 2016, 168.) This makes qualitative research a suitable choice for this study: compared with quantitative research, where the focus is on examining and measuring relationships between variables, qualitative research collects data in a non-standardised way, being an interactive process between the participants and the researcher.

## **4.2 Research strategy - action research**

Action research is a methodology that aims to improve the organisation being studied through active collaboration and interaction with the researcher and the organisation. As the name suggests, this means that the research is conducted by and for those taking the action, being an interactive process benefiting both parties. The main purpose is to foster organisational learning to construct tangible outcomes through the so-called action research cycle (see figure 11). (Saunders et al. 2016, 189–190; Kananen 2015, 43.)

Action research can be split into three different categories: positivist, interpretive and critical. Positivist approach to action research is grounded in theory that enables the testing of hypotheses in real world experiments. Interpretive approach takes a stance in stating that the business reality is a social construct, shaped by humans and their assigned assumptions of realities. This means that when conducting interpretive action research, local and organisation factors are at the focus of it. Lastly, a critical approach takes a critical stance towards the organisation and its business processes, aiming to improve these through the action research cycle. (Research Methodology, 2019.)

As with any other research methodology, the application of action research needs to be carefully assessed for its suitability for the situation. It is best suited to improve specific processes at a given organisation, facilitated by collaboration and cooperation of individuals working together towards the same goal. Action research is focused on particular and limited situations, making the outcomes specific to the organisation being studied. However, this is also one of the advantages of action research: it is very relevant to the researcher and business in general. In addition, in-depth knowledge about the problem can be assembled through both quantitative and qualitative data. There are some disadvantages too: due to its very specific context, the research is often unrepeatable and sometimes the separation and application of both the research and the implementation can be difficult. (Research Methodology, 2019.)

Action research moves in cycles. The process is gradual and emergent, evolving throughout the research. The process starts from planning, identifying, and documenting the problem that needs to be solved. Second phase is planning action, designing the actions that need to be taken based on the planning phase. Based on these two steps, action is then taken as the third step, followed by evaluation of the action. The iterative nature of action research is manifested by the following cycles that then duplicate the phases outlined in the first cycle. (Saunders et al. 2016, 191; Kananen 2015, 43.) The full cycle is presented in figure 11 the three cycles of the Action Research spiral.

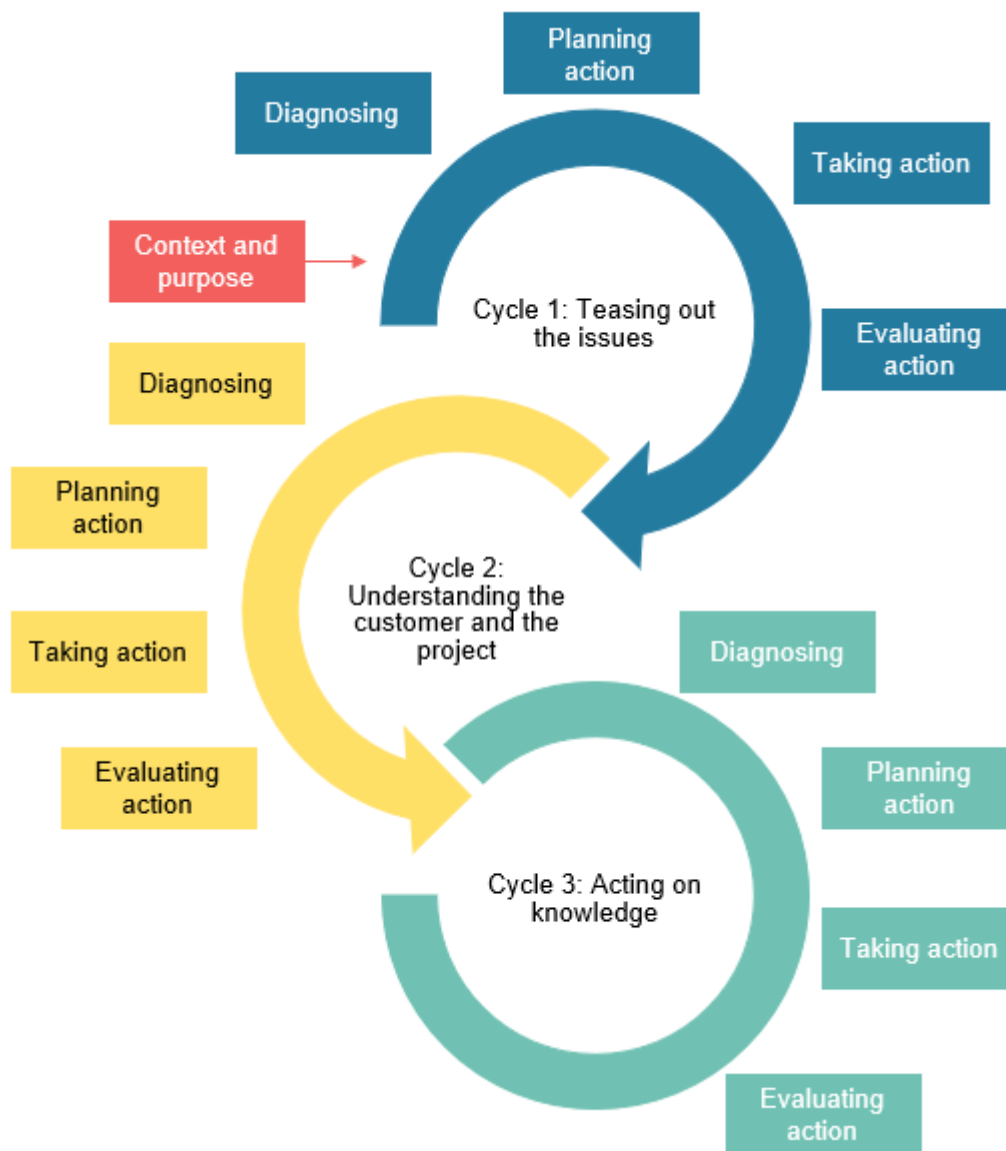


Figure 11. The three cycles of the Action Research spiral. (adapted from Saunders et al. 2016,191)

### 4.3 Data collection

Data for this research was collected through qualitative methods. Qualitative research refers to a data collection strategy that collects and produces non-numerical data, in comparison with quantitative research that aims at organising purely numerical data (Saunders et al. 2016, 165). Qualitative research is also associated with interpretivism as researchers need to make sense of the social contexts of the object being studied (Saunders et al. 2016, 168). To get a clear idea of the current situation on team level, and to understand the most critical development points, semi-structured interviews were conducted with each team member individually. The interview rounds took place in the autumn of 2020 and a year later, in the autumn of 2021.

Semi-structured interviews were better suited for this purpose than structured interviews: structured interviews act more like questionnaires, with little room for answer deviation, with all participants answering the same questions. Semi-structured interview allows for more room for manoeuvre: the aim is to get answers related to a specific topic but the order and questions themselves can be altered according to how the interviewees reply. (Stawarski & Pulliam Phillips 2008, 23–24.) An unstructured interview, where the setting is informal and the interviewees perceptions guide the conversation, would have been too unstructured to find out the topics needed for this project. Interview questions remained largely the same throughout the interviews, however some small changes were made based on previous interviews and the advancement of the research. The interview questions can be found in appendix 3, Semi-structured interview themes & questions.

The research data consists of eight interviews, resulting in three hours and 58 minutes of material. All interviews were conducted and recorded online and transcribed later.

Additional data was gathered during the workshop. Sections of the workshop consisted of facilitated tasks where the participants were guided through solving topics together as a team. The researcher acted as the facilitator, guiding and managing the discussions. The results of the discussions were gathered and grouped by the researcher, providing additional data to the research outcomes. The workshop was not recorded as all of it would not have been of relevance for the objectives of this thesis. Only the data related to building the roadmap was collected.

### 4.4 Interpreting and analysing data

Data analysis and interpretation commenced during the data collection phase. The method used for analysis was thematic analysis, as its essential purpose is to look for recurring themes in data sets, which can be integrated from different data sources. Moreover, thematic analysis is well suited for the methodology and research philosophy of this study: interpretivist approach allows for thematic analysis to be used to examine the different interpretations of the object being studied.

With the abductive approach, analysis may begin with theory-based frameworks that are then adapted and added upon as the data is being analysed. (Saunders et al. 2019,652.)

After each individual interview, the discussions were transcribed to produce the data in a practical form. Transcribing the interviews allows for the data to be presented in an analytical way, though also choosing what is relevant for the research: as such, transcription acts as a focused representation of data, leaving out irrelevancies (Gibson & Brown 2009, 109–110). Following this, the data was coded to different categories that corresponded to the research questions. Analysis continued with categorising the coded data into themes, to reveal patterns and find relevant topics for the research objectives. The interview data and the transcriptions were revised and reanalysed from first round of interviews to the second, enriching the interview questions for the second round.

Following the grouping of data, an overview of the whole data set guided the planning of the workshop and its content. After the workshop, the data gathered from it was reflected against the interview data and research questions and objectives.

#### **4.5 Research process**

The thesis process started in the autumn of 2019 when the researcher joined the organisation. After getting acquainted with the company and the marketing department's operations, in December 2019 a project plan with the research questions was formulated, creating the basis for the research. The research topic was devised in close cooperation with the Head of Digital Commerce and discussed with the whole team to ensure buy-in and collaboration. Considering the whole process through the action research cycle helped in systematically organising the project, with each cycle contributing to the next step, making it manageable and iterative. Clear intervals of diagnosis, action and evaluation assisted in forming a process that felt useful, thorough, and interesting.

The first cycle started in late 2019 when the literature review commenced. Through familiarisation of data-driven marketing, its definitions and challenges, the researcher gained valuable insights into the topic and ideas for first small changes. The first cycle is presented in figure 12.

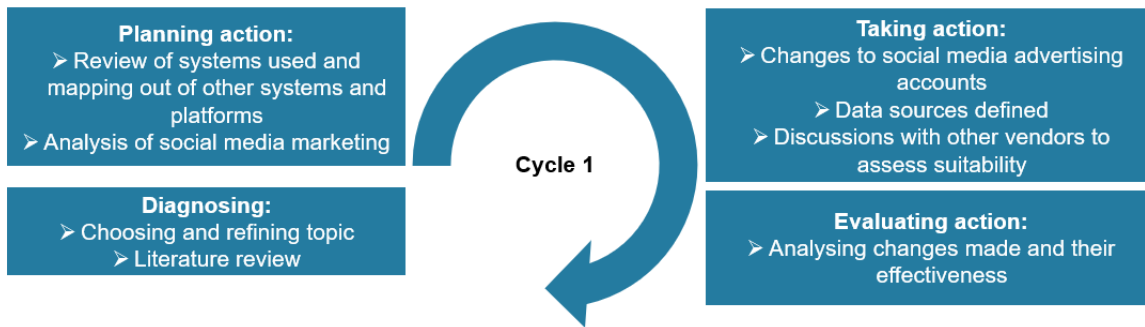


Figure 12. The action research cycle 1

Improvements during the first research cycle, following literature review, consisted of a thorough analysis of current systems (customer data platform, eCommerce platform and email platform). As IT systems and data silos can be significant obstacles in achieving data-driven marketing, the researcher found it to be important in the first stage of the research to assess and compare the systems in use. In addition, other vendors were contacted, and discussions and presentations were agreed with three other customer data platform system providers to assess suitability and create understanding of other available options.

In addition, in the first cycle, social media advertising was reworked with data analysis in mind. Account setup was consolidated and unified so, that performance metrics were easy to set up, to follow and of consistent nature. Data sources were defined in alignment with the research by Saura et al. (2017, 6): the human aspect of measurement needs to be considered so, that everyone knows where various data is gathered from. The actions in cycle one are presented in more detail in table 3.

Table 3. Actions in cycle 1

Assessment and comparison of systems in use	<ul style="list-style-type: none"> <li>- Current systems evaluated, with pros and cons</li> <li>- Decision made not to change vendor during 2020, possibility in budget for 2021</li> </ul>
Digital marketing – Facebook advertising	<ul style="list-style-type: none"> <li>- Accounts consolidated into one to increase effectiveness and reduce overlap</li> </ul>
Data sources	<ul style="list-style-type: none"> <li>- Data sources for different KPIs agreed and defined</li> </ul>

The first cycle provided themes for data collection for cycle 2, with the researcher having gained thorough understanding of the current situation. The second cycle was planned to commence with data collection interviews in late March 2020 but unfortunately the COVID-19 pandemic slowed down the process. In addition, as is typical for the action research cycle, the research process changed course during this time and instead of data collection interviews, the researcher decided that a more appropriate action would be to define own performance measurement content and process first. The very intense spring months of working from home in an increasingly competitive and fast-moving eCommerce industry, were both exhausting but also significant in underlining the importance of this thesis' topic. Agility, quick reactions and acting according to data in a very fast-paced environment proved to be vital in this global pandemic that posed challenges to all aspects of business and society. Moreover, as seen by many organisations, digitalisation is the way forward, further underlining the importance of data-driven insights. Even though the thesis process timewise suffered somewhat during this time, the researcher's interest and outlook on the topic were intensified.

Second cycle of research nudged forward in June 2020. The cycle commenced with the researcher setting up and defining analytics content and process for own area of responsibility, which consisted of eCommerce and digital marketing metrics. Appropriate KPIs with supporting performance metrics were assessed by the researcher as the specialist in the area and approved by the Head of Digital Commerce. Moreover, following the literature review, the researcher's own analytical processes were found to be lacking and a digital marketing performance measurement process was defined by the researcher in collaboration with the Head of Digital Commerce to improve the use of analytics. The process can be found in Appendix 2. Reporting process and content, eCommerce and digital marketing (confidential). The second cycle is presented in figure 13, the action research cycle 2.

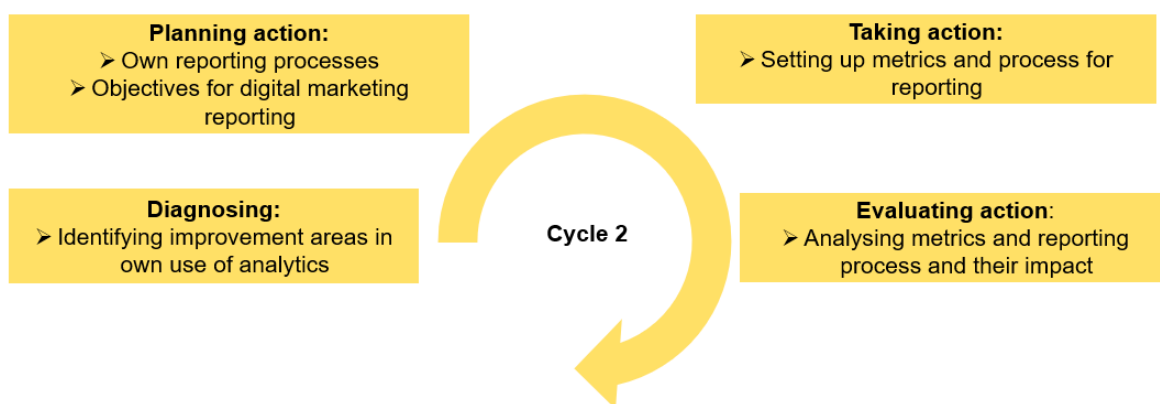


Figure 13. The action research cycle 2



The cycle consisted of the first draft of a digital marketing and sales metrics framework and a process for reporting and follow-up. After having the content and process in place for 3 months, the metrics and the process were evaluated to assess its impact and usefulness. Table 4 presents the actions taken in cycle 2 in more detail.

Table 4. Actions in cycle 2

Own processes	<ul style="list-style-type: none"> <li>- Scheduling weekly time for analytics insights</li> <li>- Setting up own reporting schedule for area of responsibility</li> <li>- Establishing KPIs and performance metrics for own area of responsibility</li> <li>- See appendix 2 for reporting process and content (confidential)</li> </ul>
CAC & ROAS calculations	<ul style="list-style-type: none"> <li>- Defining data sources, reporting schedule and framework for CAC and ROAS calculations to provide a more nuanced view of marketing metrics</li> </ul>

The second research cycle provided an interesting basis to proceed into cycle three and team interviews. Following the setup of own performance measurement metrics and processes, the researcher found it more straightforward to advance with the team's insights as some guidelines were already in place.

The third cycle, presented in figure 14, consisted of team interviews to understand the current situation in marketing data maturity. The interviews were conducted in two parts, with roughly a year in between to assess developments in marketing maturity. The marketing and eCommerce teams had completely changed during this time which provided an interesting source for examining changes. The first round of interviews took place in the autumn of 2020 and the second round was conducted in the autumn of 2021. This cycle commenced with the setting of interview questions and revising them after each interview and during the second round. The first interviews provided a basis for examining developments through the second interview round, but also confirming some pertaining pitfalls and hinders. The interviews were transcribed and coded and analysed to find common themes.

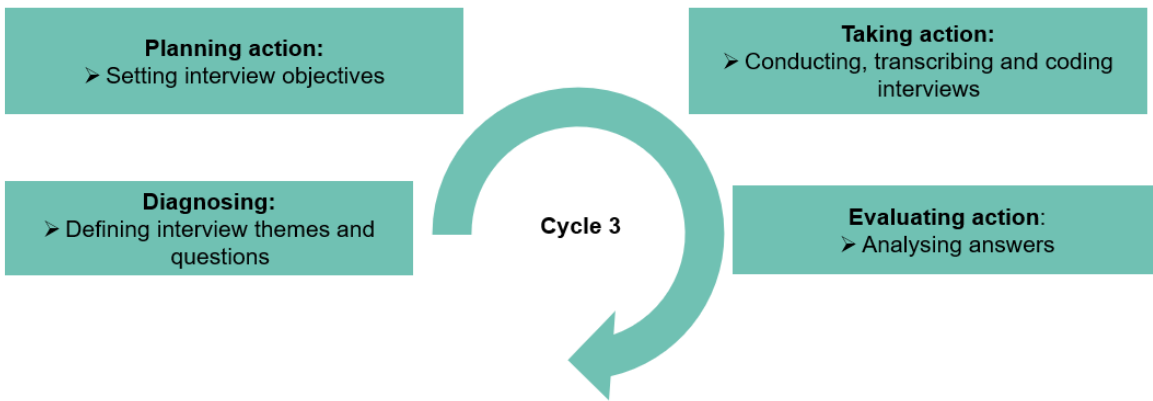


Figure 14. The action research cycle 3

Table 5. Actions in cycle 3

<p>Interview themes</p>	<ul style="list-style-type: none"> <li>- Defining interview questions based on literature and theory</li> <li>- Assessing and redefining questions after each interview</li> <li>- Re-examining overall situation in 2021</li> </ul>
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Cycle four consisted of a workshop based on the interview data, the cycle is presented in figure 15. Again, learnings from the previous cycles impacted the planning of the workshop. The data collected from the first round of interviews was taken as a reference point, with the second data collection round as the basis for workshop themes. Workshop themes and topics were planned to respond to research questions and to create a common understanding of data-driven marketing and clear steps for the future. Moreover, performance measurement dimensions were included in detail. The workshop was held in October 2021 at Vallila’s premises. Following the workshop, the researcher gathered the data from both interviews and the workshop and presented the findings, with recommendations for future, for the team. Table 6 presents the actions of the cycle in more detail.

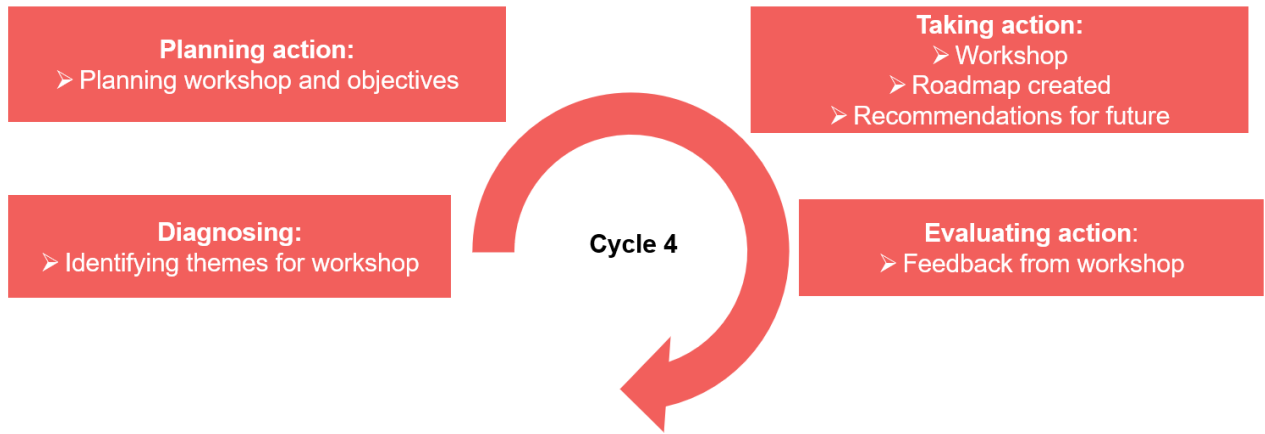


Figure 15. The action research cycle 4

Table 6. Actions in cycle 4

<p>Workshop</p>	<ul style="list-style-type: none"> <li>- Roadmap for Vallila created with the team</li> <li>- Actions to advance in data-driven marketing: performance measurement content, process and context discussed in detail with development points</li> <li>- Technological and organisation factors assessed and recommendations for future made</li> </ul>
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Figure 16 presents the whole action research cycle, with the developments and research conducted in each cycle. The full research cycle portrays well the emergent and evolving nature of action research: The research themes developed gradually after each cycle, with the steps contributing to the next phases.

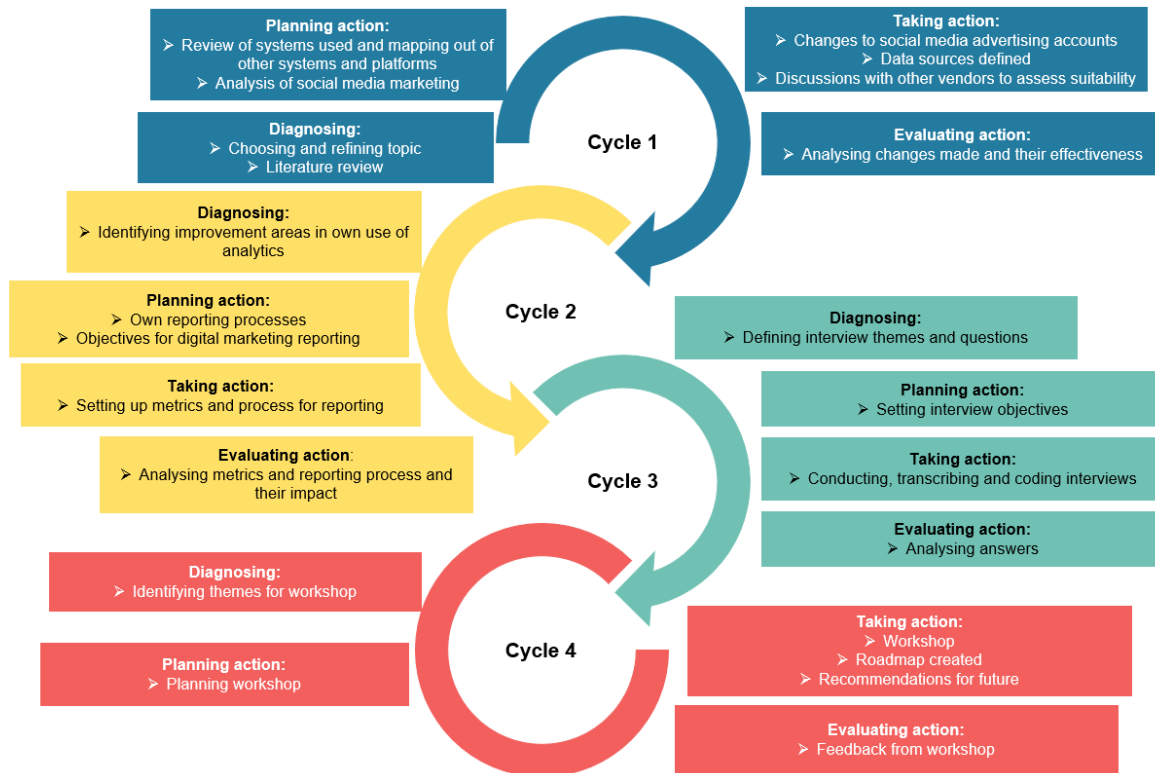


Figure 16. The full action research cycle

#### 4.6 Reliability and validity of study

Reliability and validity are most often used in quantitative research, where results can be duplicated exactly and as such are not directly applicable to qualitative research. However, it is imperative to ensure research credibility which is why even in qualitative research reliability and validity need to be considered, if however, in a slightly more flexible format. Especially as qualitative research is embedded in the social construction where it is conducted, a detailed description of the research design, methods and actions are important in creating research that can be duplicated. (Saunders et al. 2016, 216–217.)

Reliability is the possibility to replicate the research and arrive at the same conclusion, whereas validity refers to the researcher's competencies of choosing the correct measures, conducting appropriate analysis and the generalisable nature of the results. Reliability is possible to divide into two areas, namely internal and external reliability. The former means the consistency of the research whereas the latter refers to the possibility to replicate the research on another occasion. Ensuring reliability requires careful consideration as it can be affected by multiply factors, including biases and errors. (Saunders et al. 2016, 213–214.)

Reliability in this thesis has been achieved through consistency in data coding, as the way in which coding was conducted was noted down after the first round of interviews, resulting in the possibility

to accurately copy the process. Reliability has also been achieved through the careful description of the methods used through the whole research process. During the research, threats to reliability have been constantly assessed, especially minding participant or researcher bias.

Validity can be assessed through internal validity, or that it was the action of the researcher that arrived at a specific outcome, rather than some other variable, or external validity, meaning the ability to generalise the findings for other contexts (Saunders et al. 2016, 215–216). The internal validity of this study is confirmed by the in-depth data collection methods, and analysis of the data sets. These connect with the theoretical framework and provide a continuous whole that act as evidence of the outcome. External validity much depends on the context of future studies, but this research can be replicated in other organisations. This thesis combines previous theories and adds to them, providing new insights that can be used in other contexts.

Overall quality of this thesis has been attained through careful assessment and validation of both research data and theoretical sources. All materials used have been saved in safe storage for possible later inspection.

## 5 Findings

In this chapter, the findings from the study are defined and discussed. The results are categorised based on the research questions, to help analyse and find answers to the research themes. This chapter is divided into three main parts. The first discusses the team interviews round one, completed in autumn 2020. Second part continues onto interviews round two, completed in autumn 2021. Some direct quotes from the interviewees are included in the analysis to provide added insights onto the discussed themes. The third part describes the workshop. Finally, the research questions are answered through summarising the findings of this study.

### 5.1 Team interviews 2020

This chapter describes the data found from the team interviews in the autumn of 2020. The aim was to find out answers to how to create a shared vision about data-driven marketing internally, and what content and processes are required to strategically assess marketing performance from the team's internal point of view. Moreover, the data highlights the importance of understanding the internal context and pitfalls when it comes to advancing in data maturity. This part of the findings provides a reference point onto developments analysed in the second round of interviews a year later.

#### 5.1.1 Ideal situation and main obstacles 2020

Within the team there were two main dimensions identified that would assist in creating an ideal situation for data-driven marketing: analytics content and process. More specifically, one interviewee mentioned that there should be 3 to 5 key performance indicators, followed by around 10 performance metrics. At the time of the interviews, as these were not set or prioritised with both long-term and short-term objectives, content varied within the reporting period. Moreover, it was mentioned that ideally reporting should be shared within the team, with different people measuring short and long-term objectives. A culture change towards an environment with agile testing and reacting and a fail fast, try again mindset, was also mentioned. The main challenges were well supported by the theory: the obstacles of skills and training, IT systems and resources were all mentioned in the interviews and backed up by the theory of this thesis.

#### 5.1.2 Performance metrics 2020

Regarding performance measurement content, the interviewees identified a few top metrics that were measured. Sales metrics were the top priority, however with a lack of SMART objectives.

The top metric currently is sales, purely the euros that come in overall from the whole digital commerce.

This was followed by conversion rate, sales margins, number of orders and average order value. These metrics were measured daily, weekly, and monthly to gather a long-term view on how sales develop in different channels. However, as these were not connected to any clear and measurable objectives, the metrics were found to lack depth and a connection to overall business strategy.

From brand and customer objectives, only engagement in social media channels was mentioned as a metric assessed. This too was mentioned without a solid objective but as a separate metric for own use.

For me, the top metric is how engaging our materials are and what type of customers we reach with it as this is what interests me most and what I analyse myself mostly.

However, one interviewee also mentioned that as they do not have any set key performance indicators for their own work, they measure a little bit of everything just to be prepared should someone ask something.

The interviewees saw that there were clear deficiencies in the current performance measurement content. Objectives and metrics connected to lifecycle measurement were named as priorities to create a clear understanding of the whole customer journey.

We should measure more the performance per traffic source for each individual digital marketing channel and how we are succeeding with them. Organic and paid traffic, social media and newsletters need to be analysed more granularly, so that we could see how they drive customers to purchase, and which channel produces most money.

The need to identify which channels reach most customers was clearly a top priority, followed by customer engagement through email, but also overall customer satisfaction. Especially on a managerial level, customer satisfaction was a metric that should be measured regularly: it was strongly seen to be connected to the functionalities of the webstore and how customers experience the purchase journey. Without analysis of customer satisfaction, development of the store and IT projects would be difficult to validate. The metric should be automated and analysed regularly to gather insights. Moreover, customer interviews were mentioned, but as a thought, as in practice the process would require significant time efforts. In addition, for customer metrics, it was suggested that it could be tested per media to see whether the right audiences are reached in the right channels.

Regarding brand objectives and their ideal measurement, the interviewees recognised points for measuring. Brand awareness was a top priority, however, there was no elaboration on measurement objectives or process. Brand image was also mentioned, with a connection to how much different campaigns create awareness and how brand image develops through long-term campaigns.

To balance out the metrics content, objectives connected to reaching and engaging with audiences were identified as lacking. Metrics per traffic source for reach, brand awareness, customer lifetime value, active customers both on social media and email and customer satisfaction were considered priorities in creating a multidimensional performance measurement system.

### 5.1.3 Performance measurement process 2020

Performance measurement process was found to be lacking on all five stages of the process: data gathering, data analysis and interpretation, results reporting, taking action and updating the metrics system. A significant pitfall was that overall, the process was not seen as transparent or clear: one comment was that responsibilities and key performance indicators should be shared clearly within the team, with each assigned their own individual responsibilities.

With regards to data gathering, the results varied: one interviewee concluded that the systems and tools for gathering data are excellent, and easy to use, at least when it comes to digital metrics. They did note however that getting information from the brick-and-mortar stores is a challenge as the data is much harder to gather. One interviewee took up the human context of data gathering:

The positive side that we have about our systems is that we can gather a lot of different data and use it for various purposes. There are many things that we would like to measure, and they can surely be found somewhere, if we'd just know where to find them and use the systems and tools to their full potential.

With regards to analysis and interpretation, main obstacle was found to be time to properly analyse data for insights. All interviewees mentioned that creating the time is a matter of prioritising analytics: a clear schedule and a weekly deadline would ensure that interpretation of the data gathered would receive the time required. Moreover, it was mentioned that it is hard to find motivation for deeper insights when managerial feedback is usually minimal.

Results reporting was found challenging due to lack of feedback from top management. Moreover, the daily reporting schedule was found to be too tight for a nuanced analysis. In addition, a lack of responsibilities within the team was thought to be confusing:

I wish I could have my own area of responsibility when it comes to reporting, I could create the time for it but just need clear metrics what to report... I worry that when reporting is one person's responsibility, whose main job it is not, that it creates a need to focus on simple metrics to show that something is working or not.

The challenges connected to data gathering and analysis were thereby reflected on the rest of the process: overall it was thought to be superficial and short-term.



#### 5.1.4 Performance measurement context 2020

Performance measurement context was reflected on the interviewees' answers throughout the interviews. Analytics skills and resources were mentioned:

There is no time reserved for analytics; it goes by with everything else.

You kind of fall into this way of thinking that it is a waste of time, when it's not, when there's so much daily work to do that, you just leave it for later and then that later never comes.

As the theory indicates, internal skills in analytics were another internal context factor that was noted as an obstacle, in connection with using the various systems and tools, highlighting the importance of IT infrastructure and the ease of use of it.

Senior management commitment also came up: even though it was recognised that senior management has expectations when it comes to measurement, it was unclear what they were and what was expected. The same topic came up in performance measurement process.

Leadership in the use of analytics within the team was expressed by the interviewees. A lack of management set KPIs, feedback and information sharing were the top challenges with leadership. Moreover, one interviewee voiced their fears of reporting falling onto one person only, when their ideal situation was focused more on sharing responsibilities and creating a cooperative model of analytics.

## 5.2 Team interviews 2021

This chapter describes the research data from the interviews, round two, in the autumn of 2021. The objective was to find out if any developments had been made in the data-driven journey and how data-driven marketing was perceived by the interviewees. In addition, the main objective was to answer the research questions of this study and provide a basis for the developments to be made in the workshop.

Data-driven marketing was described similarly by all interviewees. Optimisation of marketing and analysis of campaign performance were the top definitions used:

Data-driven marketing is in its simplicity that we follow the data and the KPIs and analyse findings and make changes to for example materials to find out what works. The metrics set are important.

Measuring marketing and being data-driven was mentioned as being extremely important by all interviewees, demonstrating a team-level cohesion and understanding of its benefits. Everyone, regardless of level and role, was committed to promoting becoming data-driven, however, there were

some obstacles mentioned that were impeding progress. The main hinders stated were the gathering of data from multiple sources and uneven quality of data. In addition, tangled data was commented as slowing down analysis.

The biggest issue currently is the gathering of data from multiple sources. The data is then not similar in quality as different systems count the data differently which makes it hard to compare.

In addition, the lack of a clear connection with data and strategy was mentioned, demonstrating the hurdle discussed by Arthur (2013, 18) of tactical instead of strategic marketing. Also, internally prioritising analytics seemed to be an obstacle with some of the team members, with more pressing tasks pushing data analytics lower on to-do-lists. Budget did not seem to be a restriction toward becoming data-driven, simplifying the transition and speeding scaling up. The obstacles identified at Vallila therefore correspond well to overall hinders recognised in the literature review, demonstrating the universal issues organisations face on the journey towards becoming data driven.

An ideal situation when it comes to analytics and measurement varied depending on seniority in the team. Managerial-level members mentioned overall company strategy and its connection, with SMART objectives, to measurement. A clear, concise strategy is crucial for setting own objectives. On a more concrete level, time should be specifically allocated to analysis of data. A simple platform would gather data from all sources, and it could be used to produce informative visuals that assist in collecting insights.

### **5.2.1 Performance metrics 2021**

Performance measurement content faced similar challenges as the year before: metrics were lacking a clear connection to overall organisational objectives, hindering long-term measurement and insights. However, short-term sales objectives were clearly defined and set on monthly level, and these were mentioned as easy to follow. For key performance indicators, sales related metrics were dominant. Metrics reported and tracked, in no specific order, were sales, returns, number of orders, average order value, number of website visitors, new vs. returning visitors, bounce rate, abandoned cart, units per transaction, ordered quantity. These were then compared to previous week and year. In addition, social media reach and newsletter metrics were mentioned as metrics tracked. No brand or customer related objectives were mentioned in any of the interviews, however some metrics related to these two dimensions were tracked, mainly email subscribers and social media reach. What is noteworthy is that regardless of position, daily and weekly sales were mentioned as top KPI for each team member. Overall convert to sale related metrics were measured widely by each team member, confirming the point made by Järvinen (2017, 72), that sales related metrics are usually the easiest to follow and provide the most interesting data for top management.

A possible pitfall related to performance measurement content is the large number of metrics listed as key performance indicators. As noted in the theory of this thesis, choosing too many KPIs hinders analysis. Focus should instead be on the objectives and making sure that the metrics provide information that will be of use.

The lack of long-term objectives and metrics was mentioned by all the interviewees. When discussing the future of marketing and the metrics that could be used, all the interviewees mentioned more long-term metrics. Customer centric metrics were seen as increasing in importance:

Customer satisfaction would be important to measure – focusing on the customer will be significant in the future, also in connection with brick-and-mortar stores.

Brand awareness and customer lifetime value were other metrics mentioned. The pitfall of simply measuring short-term return on investment was thereby still an overarching worry throughout the team, however no clear advancements were made to improve the situation. As stated by the literature, as short-term ROI is straightforward to measure using web analytics, it can lead to a significant pitfall of losing focus on brand and customer values.

### **5.2.2 Performance measurement process 2021**

Performance measurement process had encountered changes from the year before. The two eCommerce Specialists reported having clear areas of responsibility and KPIs that they report to the eCommerce Manager on a set schedule. Both Specialists agree that the process works well and efficiently and are happy with feedback they receive from their manager. The steps of data gathering, and results reporting are thereby well covered in their area of responsibility, increasing commitment. However, data analysis and interpretation, as the most difficult step in the process, was found to be challenging.

There is a lot of data, and it would be of great use if I just had more time to analyse it – time is the issue as other things come before data analysis.

In addition, regarding analysis, it was mentioned that learning from others would be useful, through understanding what others who are more experienced with data analysis learn from the numbers. As confirmed by the literature, the step of analysing and interpretation is often the most difficult, but also extremely crucial to follow through. As stated by Järvinen (2017, 71), the process could start with focus on the objectives that were not achieved through data segmentation, continuing the analysis from there. However, as the objectives were in some cases not clear, this makes investigation into the data difficult. Therefore, by setting the objectives and clear metrics first, the researcher's assumption is that analysis would follow suit quite naturally. It would also facilitate

taking action and updating the metrics system as KPIs set with performance metrics would indicate discrepancies more efficiently.

On a managerial level, the interview data revealed that challenges with top managerial feedback and commitment pertained. The process did not work in a loop, leading to reporting feeling futile in some cases.

We've flagged this issue and we won't report if it is no use. If we really want to be a data-driven organisation, it requires a big change from the management.

With upcoming organisational changes, of Vallila merging into a larger entity, the systematic management of the performance measurement process was taken up and changes have been planned. Much of the future success relies on the performance measurement context and how the overall culture will be nurtured.

### **5.2.3 Performance measurement context 2021**

For performance measurement context, only internal factors were analysed as they are more relevant for the study. Regarding internal skills in analytics, all interviewees considered themselves to have adequate skills in analytics and various measurement techniques. It was mainly organising time for analysis and interpretation that was the main issue.

I do follow certain KPIs daily, but a lot of the time goes to actual daily work and planning so other things often take precedence over analytics. It feels like there is always so much to do that analysis does not have time to become a routine.

Information technology infrastructure was found to be lacking in some areas. Data in different platforms was not uniform, causing confusion and difficulties in relying on results. However, the interview data confirmed that agreement had been made on where different data was to be checked, facilitating the gathering of data. In addition, future roadmaps for IT infrastructure were in place, with plans to consolidate data into one platform, with ease of use in mind.

Senior management commitment was found to be an issue hindering progress in data-driven mindset. The main concern was mainly with lack of communication and feedback. With minimal comments to reporting and results, it was hard to establish the level of support from top management, thereby leading to discouragement in reporting and analytics. The interviewees also expressed that there were expectations regarding measurement and analytics from top management, but that they were unclear.

We do get asked for reports and results and of course we are happy to do so but how much and often, and from which areas, that is still a bit unclear.

Leadership within the team had encountered changes from the previous year. The interview data revealed that everyone had clear areas of responsibility and the culture fostered information sharing, mutual feedback, and cooperation. The interviewees expressed trust in their team leader in the use of analytics and that support was always available when needed. Regular catchups were seen as supporting teamwork and planning of tasks. Especially sharing of responsibilities within analytics between the team members was seen as fostering becoming data driven.

We have a good team spirit, and you can always ask for help when you need it, there is a low threshold of asking for help – I know exactly what others do and what they measure. The overall feeling has been good even though there has been a lot of changes and a lot of work.

The data shows improvements in this area compared to the previous year. Especially the communicative behaviour of structuring has improved, through planning of analytics tasks on team level. Moreover, based on the interview data, the facilitation of work through coaching and training was seen as good, with team members relying on their leader for feedback on performance. As stated by Järvinen and Karjaluo (2015) and Johansson et. al (2014), these communicative behaviours contribute to the successful use of analytics within the team, leading towards higher levels of data maturity. Therefore, based on the interview data, team level leadership should actively foster the use of analytics in the future too, creating a positive atmosphere for change and continuous improvement. However, as encountered in the interview data about top management support, these communicative behaviours and principles do not transfer to all levels of the organisation. This will hinder progress, especially with regards to the principle of setting of objectives, as they are a vital part in the successful use of the performance measurement system.

The effect of top management support, or lack of it, trickles down through the organisation, influencing the fifth internal context factor contributing to the success of performance measurement, namely organisational culture. Some mentions of overall cultural lack of data-driven mindset were made, with the notion that more significant advancements need to be made on all levels. This highlights the importance of short-term roadmaps acting as trailblazers that facilitate scaling up, as discussed by Jeffery (2010, 49).

### **5.3 Workshop**

Based on the interview data, a workshop about data-driven marketing was organised in October 2021, with the objective of creating a shared vision internally about data-driven marketing, as well as agreeing on the next steps on the data-driven journey. In addition, future possibilities and challenges were discussed to provide an overarching view on which direction developments could be taken. The workshop consisted of discussions about topics that arose from the interviews, the

researcher's presentation about data-driven marketing and tasks for the whole team to discuss and solve together.

To provide a coherent image about where marketing might develop in the future, the journey towards data-driven marketing (figure 6 and appendix 1) was presented and explained by the researcher. Following this, the team discussed together where Vallila might be on the journey. It was noted that the journey is not fully linear and always tied to the organisation in question, and Vallila thereby landed in between the stages Recognition and Commitment. Next, the most pressing pitfalls to take into consideration were discussed. These were agreed to be the lack of concrete objectives, no clear responsibilities regarding development, and data privacy issues. Following the pitfalls, next possible key steps were evaluated to provide a context for future short-term roadmaps. These were identified as setting of clear objectives and KPI measures, creation of cross-functional agile teams and setting up of dashboards with real-time information that facilitate decision-making.

Performance measurement content, process and context were discussed in detail in the workshop. The importance of measurement and the three areas connected to strategically assessing marketing measurement were presented by the researcher, as well as a current situation analysis based on the interview data. Regarding performance measurement content, the issues that arose from the interviews were presented in detail. The setting of objectives was agreed to be a pressing matter that required attention from top management. The team were however hopeful that following the upcoming organisational changes, the objectives would be clearly set on a larger scale; it was noted that long-term metrics and objectives will be hard to set on team level before they are agreed upon on a strategic level. The third development suggestion, prioritising of KPIs and setting of performance metrics, was found to be useful and directly implementable. It was agreed that everyone would think of three suitable objectives, KPIs and supportive performance metrics for their own role for the following week and report these to the team manager.

Regarding performance measurement process, the importance of scheduling analytics as a separate work task was discussed. As this was already done by some of the team members, the possibility of others adding it to their work calendar as a separate task was discussed and greatly recommended. Everyone agreed on the importance of analysis and interpretation, thereby facilitating the prioritisation of the time reserved for it. Joint discussions about the process and the steps on it will encourage each team member to commit to thorough analysis. Process-wise, the issue of feedback loop stopping at top management was discussed. No clear answer on how to improve the situation was found, however, again with the upcoming organisational changes, the team was hopeful that the overall feedback would improve. This issue had been taken up with new

management. To further facilitate an effective performance measurement process, an example of a process was presented by the researcher that could act as a basis in the future. A clear description of the process will clarify and streamline both areas of responsibility and feedback in the future.

Concerning performance measurement context, IT infrastructure was discussed first, as the interview data revealed discrepancies and confusion on where data should be collected. A possible solution for this had already been under construction was presented in the workshop by the eCommerce Manager: a dashboard with metrics for the whole team to follow and gather insights from. It was agreed that everyone would look through the dashboard and comment on it, after which it would be used as the main source for analytics. This was deemed as useful and good progress by the team.

A large part of the performance measurement context is leadership, and this was examined in detail in the workshop. The researcher highlighted the strategic importance of communicative leadership in transforming marketing towards data maturity and the communicative principles of sense-making for the team, structuring of work and facilitation of work through coaching were presented in detail. The objective for underlining these behaviours and principles was to encourage active leadership that fosters the successful use of analytics further on. The issue of forming new teams in the future was taken up in the workshop as team cohesion was seen as good, and communication and responsibilities balanced. The researcher's hope is that by enforcing communicative leadership, the change process and the following team unity will be strengthened. Again, top management support was discussed but it remains unclear how it could be enforced in the future; much depends also on the future organisation.

To round up the workshop, the future of marketing and marketing roles were discussed with the team to consider potential challenges and possibilities. The importance of first-party data, brand building and analytics skills came up as top priorities that should be considered when planning marketing. Moreover, the need to integrate and consolidate skills across team functions came up as a vital part of future success. These issues and topics were added to the roadmap as factors boosting data maturity.

Overall, the workshop was seen as very beneficial and a great starting point for assessing the current data maturity at Vallila's marketing department. Clear improvement points were recognised and implemented straight away. In addition, participants commented that the workshop and interviews were a good reminder about what could and should be done regarding data and analytics. However, the researcher noticed that the content should have been split into at least two different workshops, to make it easier to digest and focus on.

Following the workshop, the researcher summarised the interview and workshop findings, and reflected the discussions on the data-driven roadmap and recommendations. Based on this analysis and the literature review of this thesis, as well as the researcher's own reflections and learnings, the materials were collected with a roadmap for Vallila's marketing data maturity and recommendations regarding performance measurement. The materials were sent to the participants to act as reference points and a roadmap for the future. The researcher can therefore confirm that the objective of the workshop was fulfilled, and a shared vision of how to advance in data-driven marketing at Vallila created. Moreover, an additional development point was the personal KPI frameworks created: individual performance metrics and KPIs facilitate understanding and analysis and make it easier to leverage further.

#### **5.4 Summarising the findings**

This chapter answers the main research question, how to advance data-driven marketing at Vallila's marketing department, by combining findings from both literature and the data collected for this thesis. Main development areas are discussed and Vallila's roadmap towards data-driven marketing presented.

The interview data from both data collection rounds confirmed the effect of leadership communication in performance measurement. To answer RQ1: how to create a shared vision internally to assist in the implementation of data-driven marketing at Vallila, the importance of active, communicative leadership cannot be undermined. During the first interviews, it was especially the communicative behaviour of structuring that was found to be inefficient. To elaborate on this, the data showed that the principle of setting clear objectives, defined in collaboration with the employees and explained with both short and long-term goals, was missing, creating a major hinder for the employees to understand what was expected of them and what was considered a success. Moreover, the principle of a communicative leader acting as a sense-maker for the team, was unsatisfactory as organisational processes and objectives were not clearly framed on team level.

The data showed some changes to leadership communication on the second interview round. On team level, the leadership was seen as effective and fulfilling the communicative behaviours of initiating structure and facilitating work, as described by Johansson et al. (2014, 153), but as these did not transfer to upper levels, the overall effect remained minimal, hindering progress toward upper levels of the data-driven journey. Especially the principles of transforming strategy to unit level and setting of objectives came up as deficient in the interview data. In addition, the principle of sense-making for the team appeared to be missing as organisational objectives and processes were unclearly framed.



These issues were confirmed during the workshop: the setting of objectives with the employees and open communication came up as factors still lacking but important for ensuring future success. The findings from the research data, related to RQ1, thereby support the statements by Järvinen and Karjaluoto (2015, 135) and Johansson et al. (2014, 153) that an active, communicative leader is a strategic component in creating a shared vision for advancing in the levels of data maturity throughout the organisation.

In response to RQ2 what performance metrics are required to strategically assess marketing performance, an overall lifecycle measurement with both long and short-term metrics is key for a balanced view on performance. During both data collection rounds and the workshop, similar content-related challenges were exposed by the data. A set of metrics was in place, but it was mostly connected to sales and conversions. This issue of focusing on short-term metrics is recognised in the literature as well, especially relating to lower levels of data maturity. For example, as noted by Järvinen (2017, 72) it is easier to start off with a few, sales related objectives for their ease of measurement and interest to top management. However, the focus on short-term metrics might damage long-term brand values and customer metrics and leave a gap in providing forward-facing data. Qualitative objectives and metrics need to be included to ensure a more nuanced view on brand development.

The metrics were also not clearly attached to any objectives. As stated by Saura et al. (2017, 2) and Gregory (2017, 31) metrics should be set against objectives that are defined, time-bound, measurable, and attainable. In the interviews and based on the researcher's observations, metrics and finding them was not the issue but connecting objectives to each was. This demonstrates the pitfall of measuring for measuring's sake, without connecting the metrics to marketing objectives that demonstrate business value and assess whether focus is on the right area. The interview data indicated thereby that to strategically assess marketing performance, objectives need to be set first, after which they can be connected to relevant performance metrics.

Moreover, the interview data revealed that the amount of KPIs could act as a hinder for analysis and insights: a more nuanced view, with a few objective related KPIs, supported by appropriate performance metrics, would be more efficient and insightful. Therefore, to reformulate and elaborate on the answer to RQ2, performance metrics need to be firstly connected to objectives. Secondly, a small set (from three to five) of key performance indicators need to be chosen, with supporting performance metrics that facilitate analysis and create focus on concentrating on insights and acting on them. Lastly, metrics related to reach, act and engage need to be introduced to ensure long-term success and forward-facing measures. Additionally, in relation to upcoming

changes in privacy regulations, ensuring first-party data quality will be a defining factor determining successful campaigns in the near future, as is the ability to measure all points of customer contact.

To answer RQ3: what processes are required internally to facilitate data-driven marketing, the importance of a set process with clear responsibilities and communication flows became evident from the research data. During the first interview round, the main issue was with the process being minimal, without involvement of the whole team. In addition, the lack of a systematic managerial processes hindered all five steps described by Järvinen & Karjaluoto (2015, 120). During the second data collection round, team level processes had improved, but top management dedication was found to be insufficient in activating the process and feedback loops efficiently. Moreover, data analysis and interpretation required more resources and prioritisation, to ensure adequate attention for thorough insights. To achieve an effective process, not only individual, but also team level commitment is required. As highlighted by Järvinen & Karjaluoto (2015, 124), a set process description with responsibilities, tools, actors and communication flow, harnesses the true potential of data and analytics. Therefore, to facilitate data-driven marketing, a process diagram would be a useful tool for instating the areas of responsibility and communication flows, ensuring that the process runs efficiently throughout.

To answer the main research question, how to advance data-driven marketing at Vallila, a clear roadmap with concrete development points is key. The three sub-questions provide actionable recommendations that aid in the transition towards upper stages of the journey, and with the team having a unified view on where they currently are, commitment and involvement increases. Through discussions of the various stages on the journey at the workshop, data implementation challenges and key steps were made explicit, providing a theory-based view on how to advance in data-driven marketing. Moreover, the stages highlight the necessity of the transformation of the whole organisation for marketing to also become fully customer-centric (Johnson et al. 2019, 175). The issue of becoming data-driven is thereby not simply connected to actions taken within marketing, but it requires the commitment of the organisation at large. Thus, on an organisational level, as suggested by Rogers et al. (2021, 15–16), agile teams working across silos, and adequate skills and training, are some of the crucial factors for near-future success. To sum up answers to the research questions, the development points of this thesis are presented in table 7.

Table 7. Roadmap of recommendations towards data-driven marketing

Dimension	Recommendation	Notes
<b><i>RQ1: how to create a shared vision internally to assist in the implementation of data-driven marketing at Vallila?</i></b>	Enforce leadership communication and underline its strategic importance	
	Nurture communicative, active leadership	It will assist in the implementation of analytics through sense-making for the team, structuring of work, facilitation of work through coach and train, open communication, and team level cohesion
	Top management support key in activating data-driven process efficiently	Communication and feedback, transforming strategy to unit level and setting of objectives need enforcement
<b><i>RQ2: what performance metrics are required now and, in the future, to strategically assess marketing performance?</i></b>	Set clear objectives	Depend on organisation objectives, however these can also be set on team level already to facilitate measuring
	Prioritise KPIs and add supportive performance metrics	To be done directly by all team members individually
	Set long-term metrics related to reach, act and	Depend on organisational objectives, however these can be set on team level

Dimension	Recommendation	Notes
	engage stages of buyer journey	already to provide a more nuanced view on measurement
	First-party data strategy	Top priority for future
	End-to-end measurement	Speeds up data-driven journey
<b><i>RQ3: what processes are required internally to facilitate data-driven marketing?</i></b>	Analysis as a scheduled work task	Everyone to include time for analysis on their weekly schedule
	Clarification and description of performance measurement process through process diagram	Will be done once new organisation is in place
	Creation of cross-functional, agile teams	
	New skills and resources	

## 6 Conclusions

Data-driven marketing is increasing in importance as the defining factor for the future's successful marketing departments. Digitalisation, integration of sales and marketing, technology expansion and big data have come to build barriers between those who can accelerate their data maturity, and those who resist these new norms. Moreover, for an organisation that is not digitally native, this explosive number of changes provides copious challenges on how to steer and transform their business to answer to the changing needs. To succeed, a strategic view towards marketing needs to be adopted. To assist in this, an overall view on how to advance, as well as leadership commitment, is vital. This research acted as a starting point for the organisation studied to take these leaps and facilitate the change towards data maturity. As such, it acts as a guidebook, combining theories and turning them into practice, whilst also providing a resource for similar organisations wishing to accelerate and understand their marketing data maturity.

The main objective of this research was to create a roadmap for Vallila towards data-driven marketing: the roadmap answers the main research question of how to advance data-driven marketing at Vallila. The roadmap, with concrete development points and suggestions, as well as pitfalls to avoid, was created and shared with the marketing team at Vallila, acting as a reference point and guide towards the future. The research data provided answers to the sub questions, which were then subsequently discussed and analysed during the workshop, fulfilling the objective of increasing data-driven decision making in the organisation.

The research data exemplified the major hinders organisation's encounter in their journeys to becoming data driven. Tactical marketing, problems with data and technical factors were some of the challenges faced by the organisation studied, confirming the obstacles summarised in the literature and previous research about data-driven marketing. On the five stages of the journey towards data maturity, Vallila lands between the stages recognition and commitment, exemplifying the importance of focusing on the key steps on the next stage. The stages act as a reference point to guide the overall strategy of the organisation, minding the fact that not all organisation's progress fully lineally on the steps: the stages should however be used to create understanding of the possibilities and challenges of the future.

The research data revealed three important dimensions for the successful embarkment on the data-driven journey. The internal environment of an organisation is a major factor impacting how successful it will be with regards to becoming data driven. A shared vision within the team of what it means to be data-driven accelerates achievement of common goals. Within this dimension of the internal context, leadership communication's strategic importance cannot be undermined. The research data confirms that the effective communicative behaviours of leaders can either hinder or

accelerate progress, proving to be a key factor in creating a shared vision. Communicative leadership should be cultivated through especially clear goal setting, facilitating of work and fostering of positive relational dynamics. Top management needs to play an active part throughout the process, to establish an active loop where a data-driven mindset is instituted as a key component of the organisational culture. Importantly, this provides topics for managerial self-examination, not only in the context of this thesis, but for marketers in general.

Performance metrics build a base for advancing in data-driven marketing, constructing the second dimension for successful marketing analytics. The research data revealed the common pitfall of measuring short-term, sales related metrics, at the cost of losing long-term view on customer data. Focus on short-term return-on-investment is a common issue, due to the ease of reporting it to top management to justify marketing spend. However, ignoring forward-looking, full lifecycle measures will significantly hinder progress towards data maturity, not to speak of brand and customer values. It is therefore imperative to remain mindful of a full set of metrics that assesses all dimensions of customer journeys; using only web analytics will not provide adequate information on these measures but additional ways of collecting data need to be included.

The data exemplified this pertaining pitfall of short-term measurement: the need for long-term metrics was mentioned on both interview rounds, however no advancements were made during the year in between the data collection rounds. In part this is also due to changes in personnel during this time, but nevertheless it underscores the significance of marketing professionals becoming aware of the considerable obstacles they face if they wish to advance in data maturity. This research acts therefore as a reminder, not only for Vallila, but also other organisations wishing to increase their performance measurement.

Additionally, the number of metrics used should be focused on: fewer, accurate and objective-led metrics provide more information that can be acted upon, rather than multiple metrics that can easily lead to confusion on where to focus. Moreover, performance metrics need to be balanced with KPIs to make analytics a fluid, easily dissectible portion of the workday. This will assist in the strategic assessment of marketing performance and provide insights into what areas to focus on.

The process of performance measurement is an integral part in advancing in data-driven marketing, creating the third dimension impacting the successful ascension on the stages of the data-driven journey. The data indicated that as analytics were not an integral part of the company culture yet, the time and resources allocated to analysis were also insufficient. As such, analysis and reporting were usually done on an ad-hoc basis when other tasks allowed for the time. Within the team, a process diagram with roles, responsibilities and channels would ease the transition into a data-first mindset. Additionally, to further instil data-driven marketing at Vallila, top management

needs to actively participate in communicating company objectives and strategy, as well as give feedback on performance: this thesis acts as a theory-based confirmation of the importance of methodical process management.

This research provides important insights into how organisations can advance in marketing data maturity through concrete development points and suggestions. It combines theories of marketing measurement, digital marketing and leadership communication to provide a framework that can be used to evaluate how data maturity can be improved. Other research has focused either on very specifically marketing metrics or overall data-driven journeys, but this project combines these and puts them into a practical context, creating clear recommendations for future.

The results of this research can be generalised to assess other companies' efforts as well. Especially organisations operating on a similar basis could find the research as a useful tool for benchmarking and developing data maturity. The transferability of these suggestions and the roadmap were put to test directly after the research ended as Vallila encountered a complete organisational overhaul, where marketing and digital business areas were fully reorganised. The roadmap, key stages and pitfalls were presented to the new team to build their data-driven journey onto.

The workshop, with its objective of creating a shared vision of data-driven marketing, constructed a solid base for the team to advance as a whole, as well as individually. Feedback from the workshop confirmed the strategic importance of explicitly talking and assessing data-driven aspects of marketing: looping back onto creating a solid basis through actionable metrics and iterating the stages at the lower levels of data maturity were deemed helpful in creating a strategy for improvements. Implementation was however an issue, mainly due to upcoming organisational changes and thereby lack of commitment. Nevertheless, this also highlights the importance of strategy and dedication from management to fully commit to driving change: without ownership, any project will stall directly. Moreover, for any marketing organisation, understanding how advanced the department is in being data-driven is a prerequisite for the creation of a strategy moving forward.

The consensus of the usefulness, if not necessity, to become data-driven becomes evident in literature, the research data and current discussions in marketing. Why then so many organisations still lag when it comes to data maturity? This research answers some of these questions but additional factors have been noted during this research. Firstly, especially in small to medium sized companies, the lack of a clear responsibility on data and analytics can be a significant hinder. The difficulty might simply be that these issues do not come up in daily discussions. Therefore, as this study has shown, the overall strategic objective of marketing data maturity needs to be clearly stated and managed. This also aids in transforming the focus from day-to-day activities to a more strategic overview. A facilitator with an overarching view and understanding of the situation could

be critical component in promoting the use of data and overseeing advancing in the steps. Additionally, as with all change projects, the responsibility cannot be imposed on one person only, but the whole team needs to be onboard, with a similar view of the future and an understanding of what it means to become data driven. These points exemplify the necessity of team leaders' becoming aware of their communicative competencies and improving them if necessary. Furthermore, getting top management involved requires providing them with marketing metrics they can understand, and that relate to the overall objectives of the organisation. Through demonstrating the strategic value of marketing, its entanglement with sales and importance for long-term success, can the full overhaul to a data-driven marketing culture be made.

### **6.1 Limitations of this study and recommendations for future research**

The philosophical choices of this research design pose limitations to its scope. As is typical for action research, the very specific context of this study limits its results to the organisation in question. It is therefore harder to exactly repeat the research process as different organisations will have different challenges related to data-driven marketing. As this research was also focused on collaboration and cooperation within the team, it is the individuals that form the research and its results. Additionally, the fact that the whole team had changed during the timeframe of the research provided some limitations to the examination of the changes encountered. Had the team remained the same, there could have been a more straightforward connection to the original results. However, the swiftly changing landscape of today's working environments also highlights the importance of this study: during turbulent times, a development roadmap is even more important for keeping track of where the organisation at large is going.

This research focused on the internal contexts of performance measurement, leaving external factors outside of its scope. This would provide an interesting topic to research further: how do the rapidly changing external influences impact marketing data maturity? These factors could include regulations and laws, political landscapes and global challenges.

This research focused on a broad roadmap for an overall view into the journey towards data-driven marketing. A further research suggestion would be to focus on a single stage and how, on a very concrete level, an organisation would advance from that stage. Moreover, more focus could be put into choosing especially brand and customer metrics in a specific organisational context. The focus on a single organisation limits this study's scope. To provide a more generalisable outcome, multiple organisations could be studied to understand if there are recurring patterns and stages they go through in becoming data driven. This could be done in the context of for example similar sized, Finnish companies. An exciting research topic for the future would also include artificial intelligence



and data-driven marketing, its possibilities and limitations in scaling up marketing. The rapidly evolving landscape of digital marketing provides a very fruitful ground for future studies.

## **6.2 Learning outcomes**

This thesis project has vastly contributed to the researcher's professional development, fulfilling the personal objective of becoming an expert in the area. This thesis project started from a need to understand more about data-driven marketing as it was such a commonly used term in many professional situations. However, the researcher found that there was a lack of clear definition of what it means and how organisations can advance in it. In addition, the researcher's interest was in finding out how leaders can facilitate the process of becoming data driven. This study has significantly contributed to the researcher's own learning by providing answers to these questions and creating a wider perspective into the topic. This project has also contributed to the researcher's skills and competencies required for academic research.

The research contributed to very concrete developments throughout the process. Following the researcher's deepening understanding of performance measurement, significant improvements were made within own area of responsibility, resulting in increase in performance, and own processes especially with regards to data analysis, interpretation and reporting.

On an organisational level, the research has developed the understanding within the organisation of where it is situated in terms of becoming data driven. The significance of understanding where to focus was accentuated during the pandemic and the results of this study provide key drivers for long-term success. However, as noted above, implementation of the recommendations was not completed. As Vallila was in the middle of a merger towards the end of this thesis process, it was not surprising that commitment to execute any changes was low, however the researcher had hoped that after the merger, the suggestions might be used. The results of the research were presented to the executive team, with a possibility of a new workshop later on, to provide a basis to continue developing marketing data maturity; these were left out of the scope of this thesis but fulfil the researcher's personal interest in continuing with the topic of data-driven marketing.

Additionally, the researcher was very happy to hear that the first workshop left concrete development tools and means for the participants to improve their own work. Moreover, it was deemed useful to examine the future skills and competencies needed to success as a marketing professional: the overall understanding of data-driven marketing is vital for future marketing roles.

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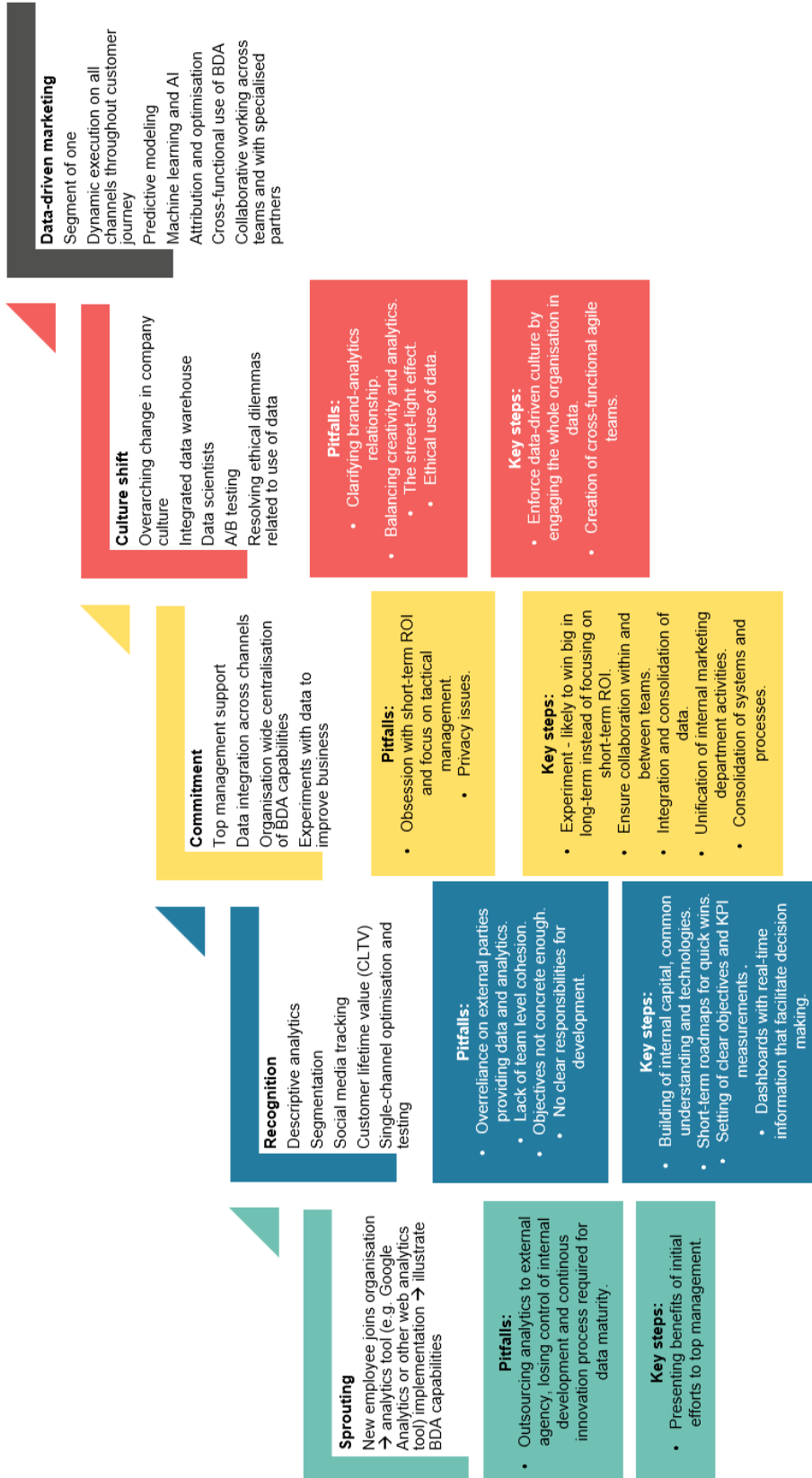
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# Appendices

## Appendix 1. The five stages of data-driven marketing journey



### **Sprouting**

New employee joins organisation  
 → analytics tool (e.g. Google Analytics or other web analytics tool) implementation → illustrate BDA capabilities

#### **Pitfalls:**

- Outsourcing analytics to external agency, losing control of internal development and continuous innovation process required for data maturity.

#### **Key steps:**

- Presenting benefits of initial efforts to top management.

### **Recognition**

Descriptive analytics  
 Segmentation  
 Social media tracking  
 Customer lifetime value (CLTV)  
 Single-channel optimisation and testing

#### **Pitfalls:**

- Overreliance on external parties providing data and analytics.
- Lack of team level cohesion.
- Objectives not concrete enough.
  - No clear responsibilities for development.

#### **Key steps:**

- Building of internal capital, common understanding and technologies.
- Short-term roadmaps for quick wins.
- Setting of clear objectives and KPI measurements .
  - Dashboards with real-time information that facilitate decision making.



**Commitment**

Top management support  
 Data integration across channels  
 Organisation wide centralisation of BDA capabilities  
 Experiments with data to improve business

**Pitfalls:**

- Obsession with short-term ROI and focus on tactical management.
- Privacy issues.

**Key steps:**

- Experiment - likely to win big in long-term instead of focusing on short-term ROI.
- Ensure collaboration within and between teams.
- Integration and consolidation of data.
- Unification of internal marketing department activities.
- Consolidation of systems and processes.

**Culture shift**

Overarching change in company culture  
 Integrated data warehouse  
 Data scientists  
 A/B testing  
 Resolving ethical dilemmas related to use of data

**Pitfalls:**

- Clarifying brand-analytics relationship.
- Balancing creativity and analytics.
  - The street-light effect.
  - Ethical use of data.

**Key steps:**

- Enforce data-driven culture by engaging the whole organisation in data.
- Creation of cross-functional agile teams.

**Data-driven marketing**

Segment of one

Dynamic execution on all channels throughout customer journey

Predictive modeling

Machine learning and AI

Attribution and optimisation

Cross-functional use of BDA

Collaborative working across teams and with specialised partners

**Appendix 2. Reporting process and content, eCommerce and digital marketing (confidential)**

### Appendix 3. Semi-structured interview themes & questions

#### Haastattelukysymykset:

- Mitä dataohjattu/ tai -lähtöinen markkinointi tarkoittaa sinulle?
- Mikä olisi mielestäsi ihannetila markkinoinnin mittaamisessa?

#### Mittaamisen sisältö:

Mitä asioita nyt mittaat:

1. omassa työssäsi
  2. koko tiimin tasolla (jos relevanttia)
  3. a) myynnin, b) asiakaslähtöisyyden ja c) brändin tasolla? (jos relevanttia)
- Mitä mielestäsi pitäisi mitata yllä mainittuihin osa-alueisiin liittyen?
    - o Mikä päämittari ja mitä tukimittareita? Mitä nyt, mitä tulevaisuudessa?
  - Mitä ongelmia mittareihin voi liittyä?
  - Miksi juuri nämä mittarit?

#### Mittaamisen prosessi:

- Miten koet tämänhetkisen mittausprosessin? raportoidaanko liikaa/liian vähän, reagoi-  
daanko tuloksiin?
- Mitä toivoisit johdolta prosessin suhteen?

#### Mittaamisen konteksti:

- Onko sinulla tarpeeksi aikaa ja taitoja keskittyä tulosten mittaamiseen ja niihin reagointiin päivittäisessä työssäsi?
- Miten eri järjestelmät tukevat työtäsi?
- Miten johto suhtautuu mittaamiseen ja tuloksista raportoimiseen?
- Miten saat tukea omalta esimieheltäsi työsi mittaamiseen?
- Yhteistyö tiimissä ja ulkopuolisten kanssa?