GfK Verein

Marketing Challenges 2017 – Data-Driven Decision-Making

A GfK Verein Study

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Marketing Challenges 2017 – A GfK Verein Study

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TABLE OF CONTENTS

—

Summary

Summary

- Today, it is impossible to think of our economy without buzzwords such as big data, data overflow and data-driven decision-making. The potential provided by data as well as related challenges are discussed at conferences, seminars and in the trade media, and illustrated using case studies of trailblazing companies. Published as part of our Marketing Challenges series of research publications, the aim of the present study is to provide a comprehensive (representative) picture. Accordingly, this study is an appraisal of the role of data as a decision-making basis for those responsible for marketing in German companies (with 50 or more employees).

- People like to talk, discuss and share advice with other people. This also applies to decisions. When it comes to corporate decision-making, data – regardless of the source – is considered to be less important than information provided by people. Marketing managers particularly value the opinion of clients (84%), superiors (87%) and colleagues (88%). However, they primarily believe that their own professional experience is important or very important (90%) in this context. Intuition (78%) also plays a considerable part, although data from the company where they work, such as sales statistics and CRM data (77%), is equally important. Such data was mentioned in the survey as the most important data source, followed by targeted Internet research (72%). Traditional media are also used as decision-making tools. A total of 57% of respondents attributed great importance to material and insights gathered, for example, at conferences and seminars. Information from trade magazines, sector-specific newsletters and similar publications was mentioned by 54% of respondents. Market research data is considered to be another important basis. In total, 43% of respondents stated that their own surveys, carried out by themselves or commissioned, were important or very important. The share of mentions of 'very important' was significantly higher than that for traditional media.

- With regard to the relevance of different sources of information, the kind of decision to be taken also plays an important part. For major, strategic decisions, in addition to personal professional experience, in-house company data and market research studies are considered more important than for secondary, tactical decisions. In-house company data (86%) and own market research studies (50%) also have above-average importance for large companies (250 or more employees). Considering that a company's own studies result in considerable out-of-pocket expenses compared with other sources of information, it is not surprising that small companies are less likely to invest in such surveys.

Summary

- Although information provided by people, and data from within the company are considered to be more important, 9 in 10 marketing managers in German companies use external data at least occasionally when preparing a decision. However, only 18% do so for all decisions – and almost 27% stated that they use external data for less than one in every 10 decisions. The type of decision and size of the company naturally play a role in this regard.

- When collecting and/or processing external data, companies primarily work with big data providers as well as media and advertising agencies. More than 60% of companies stated that they select these as business partners. In third and fourth places followed consulting firms and traditional market research institutes, with almost 40% and 30% respectively. A considerable one in four companies commission a social media agency. A total of 23% and 19% respecively, stated that they manage content themselves and collect company data using self-service providers and/or field & tab market research companies.

- Companies which do obtain content support from business partners stated that autonomy was very important. Regardless of the size of the company, the goal of achieving as much independence and delivering as much of the work as possible themselves is the top priority (74%). Marketing managers try to find solutions themselves or within the company to the greatest possible extent. In connection with this, 42% also stated that they wanted to use self-service portals more in the future and, for example, analyze and visualize data themselves with the help of a dashboard solution.

- How is the seemingly endless wealth of data on the Internet used? As mentioned above, Internet research is the second most important information basis for decision-making. Yet not everyone finds it satisfactory. The quality of data available free of charge on the Internet was 'frequently sufficient' for only around half of the marketing decision-makers questioned when preparing to make a decision. Only 7% stated that the quality was always good enough. The share of those who were frequently or always happy with such data was significantly higher among small companies (50-99 employees) than among big companies (62% vs 48%).

Summary

- We also asked about the image of market research institutes. This was an open-ended question. Mentions can therefore be interpreted as a top-of-mind ranking. Positive aspects mentioned included, in particular, a high level of expertise and experience (25%), access to useful information (23%) and impartiality (21%). Specific data collection skills (primarily access to data which would not otherwise be available) and the time saved by the purchaser were indicated by 18% and 17% of respondents respectively. With regard to negative image-related aspects, responses varied far less. The point criticized most frequently by far was cost (33%). Findings that are not relevant came in second place, with a considerable 20% of respondents mentioning this.

- It is to be assumed that the volume of data will continue to expand at an ever increasing rate in the future. Does this mean that the importance of data as a decision-making basis will also become greater? What do marketing managers at German companies think about this? Which data sources do they believe will become more important in future?

- From the point of view of respondents, data that is generated from within companies (e.g. CRM and sales data (77%) and user statistics data from the company website or app (72%)) will mainly gain in importance. Data from big data providers such as Google and Facebook as well as independently researched Internet data from a wide range of sources came next in the statement ranking, and these were mentioned by 56% and 53% respectively.

- The speed with which data must be available will also continue to increase, according to marketing managers. This is mainly due to 8 in 10 marketing decision-makers finding themselves in the situation of having to take decisions (even) faster in the future. That has certain implications regarding the data required.

- When marketing decision-makers were asked about their requirements with regard to the data they use to prepare for a decision, four clear messages emerged. A total of 27% responded with (replies with this meaning) 'high-quality data (objective, valid, reliable, up to date etc.)', 24% with 'relevant data (customized, sector-specific, not too generic etc.)', 22% with 'easy and fast supply of data' and 15% with 'excellent presentation and processing of data (structured, visualized, easy to understand etc.)'.

Summary

- If, in 2010, a marketing manager had been asked what a data scientist is, she or he would probably have shrugged their shoulders. Today, the term is widely used and splashed across the media. The era of big data has created a new job. Survey findings reflect the already high relevance of this new job description. Around a fifth of German companies intend to employ more data scientists, according to the information provided by respondents – the share is as high as almost 30% at big companies (250 or more employees).

PART 1
People or data – what is the basis of marketing decisions?
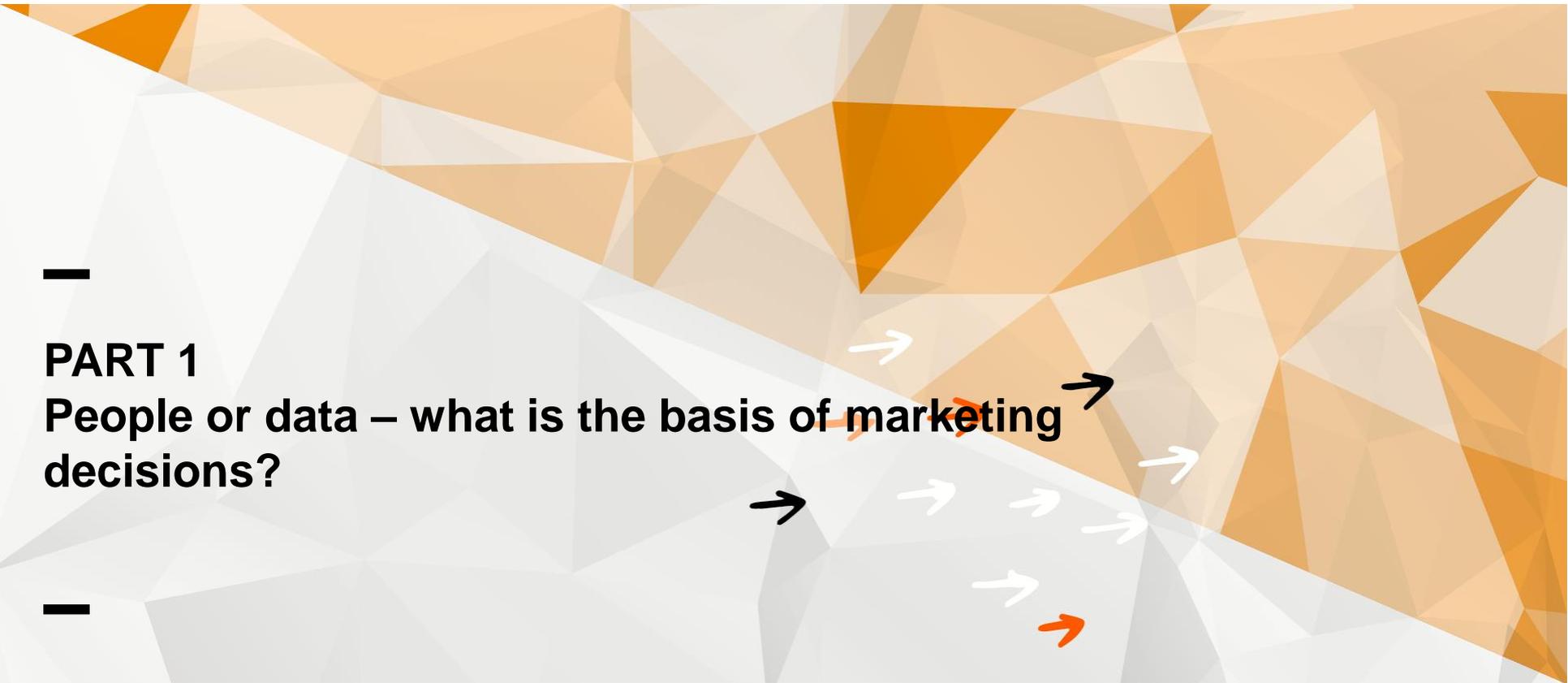
Marketing decision-makers tend to assess personal sources of information as more important for their decisions than data

Importance of different sources of information as a basis for decision-making – top 2 boxes

Very important   Important

Personal sources of information

Source	Very important	Important	Total
Own professional experience	45	45	90
Discussion with colleagues and employees	42	46	88
Discussion with superiors	54	33	87
Discussion with clients	54	30	84
Intuition or gut feeling	25	53	78
Data generated within the manager's own company (e.g. CRM, sales statistics)	43	34	77
Targeted Internet research	26	46	72
Information collected externally (e.g. at conferences and seminars)	12	45	57
Information from media such as trade magazines and industry newsletters	13	41	54
Own market research surveys (carried out by the company or commissioned)	17	26	43
Panel data and studies available from market research institutes	8	23	31
Data from other institutes	3	19	22

Big companies (with 250+ employees) consider their own market research surveys as far more important (**50%**; of which 23% very important); significant difference at 5% level.

The type of decision and size of the company influence the importance of information sources for marketing decisions

Importance of different information sources as a decision-making basis – details

Type of decision (strategic vs tactical)

Compared with secondary, tactical decisions, certain information sources are significantly (5% level) **more important for major, strategic decisions**:

- Individual's professional experience (91% vs 86%)
- Data generated within the company (80% vs 70%)
- Own market research surveys (46% vs 34%)

Particular features of big companies

For **big companies (250+ employees)**, some information sources are significantly (5% level) more important than for small companies:

- **Discussion with superiors** is significantly more important (92%) in big companies than in small companies with 50 to 99 employees (83%). NB: in small companies, marketing decision-makers often have no superior.
- **Data generated within the company** is assessed as significantly more important in big companies (86%) than in small companies with 50 to 99 employees (74%) and medium-sized companies with 100 to 249 employees (75%).
- **Own studies (conducted by the company or commissioned)** are significantly more important in big companies (50%) than in small companies with 50 to 99 employees (36%).

Basis: total n=601; questioned about strategic decisions: n=421 (70%); questioned about tactical decisions: n=180 (30%), big companies: n=145 | A02

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Almost 9 in 10 German companies use external data when taking marketing decisions – yet less than one in five do this for every decision

Frequency of external data use for preparing decisions

Significantly higher than at small companies

Use of external data

Yes 87
No 13

No response: 1%

18% for secondary, tactical decisions
10% for major, strategic decisions
 9% for big companies (250+ employees)
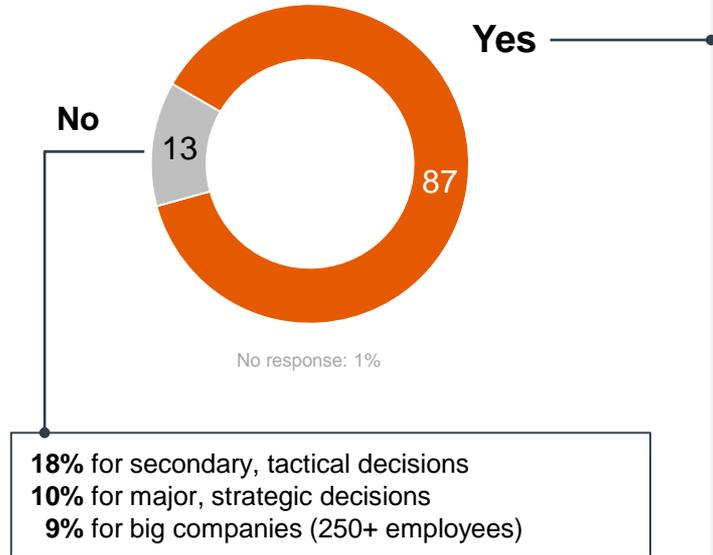
Frequency of use by users of external data

	Total	For major, strategic decisions	For secondary, tactical decisions	Big companies (250+ employees)
Every time or continuously	18	18	16	27
Approx. every other time	22	24	18	22
Less than every other time	33	31	37	33
Less than one in ten times	27	26	29	18

Marketing decision-makers primarily work with big data providers and media and advertising agencies when collecting and/or processing data

Ranking of business partners of choice when collecting and/or processing external data

Big data providers (e.g. Google Analytics, Facebook)	63
Media and advertising agencies	62
Business consultants	37
Traditional market research companies	30
Providers of social media analysis	26
Self-service providers (facilitating the implementation of own surveys)	23
Field and tab institutes (market research without consulting services)	19
Data mining agencies	15
Trade associations	1

Legend:
- Total
- Big companies (250+ employees)

Significant difference at 5% level between big and small companies

Other external business partners: 5%; 9% of respondents do not work with external partners – the remaining respondents use three external partners on average
Basis: user of external data: n=525 (87% of the sample); figures are percentages | A04

PART 2
Free data available on the Internet vs traditional market research – the contrasting forces of make or buy

Irrespective of cooperation with external business partners, the aim of most companies is to be as autonomous and independent as possible

Make or buy? – relationships between companies and their external business partners

We do everything in-house.

We do as much as possible in-house.

We subcontract as much as possible or everything to external business partners.

No response

15

1

11

59

15

We do approximately the same amount in-house and together with external business partners.

Distribution is almost entirely independent of company size
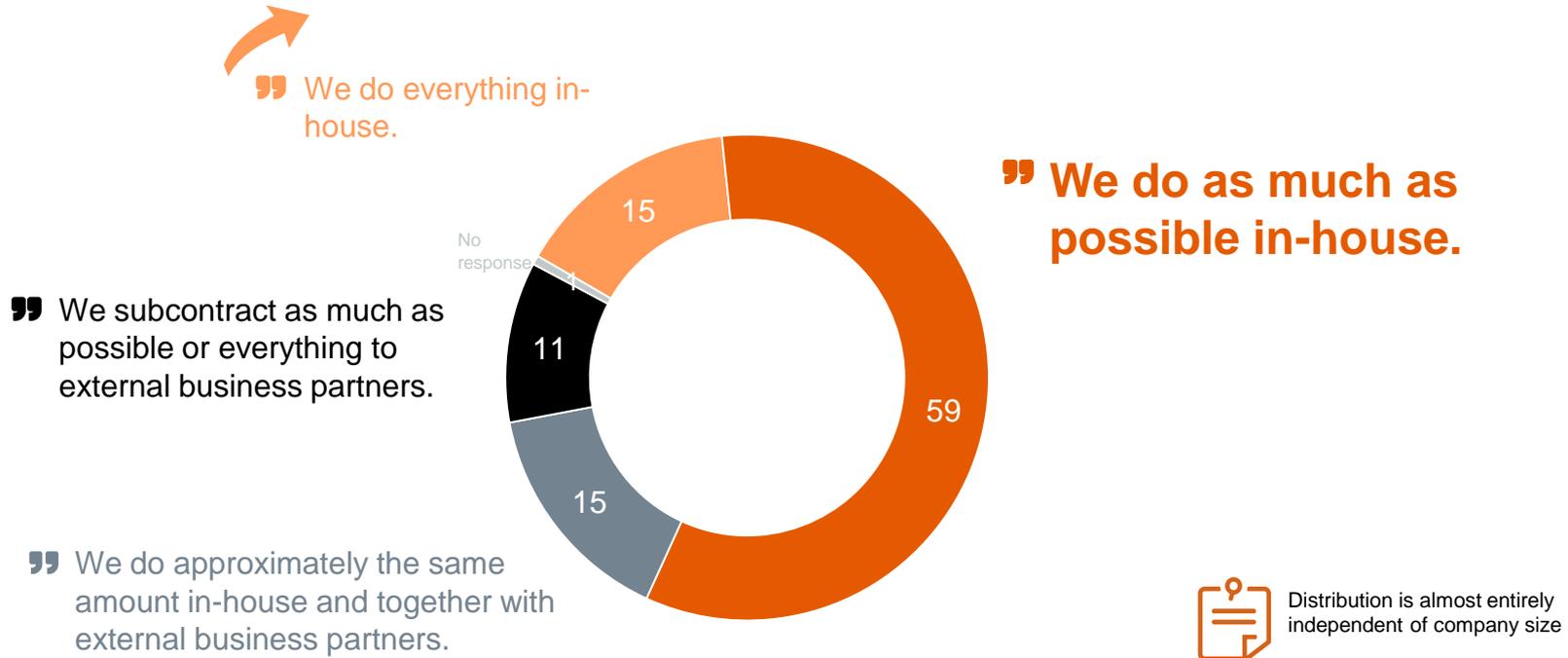
The majority of marketing decision-makers request customized data – a considerable 40% also intend to analyze and visualize more themselves in future

Data availability: indicators for the contrasting forces of make or buy

Requirement for customized data

64%

,, Data is only useful to me if it is collected and evaluated **specifically for our company**.

27	■ Strongly agree
37	■ Agree
25	■ Disagree
	■ Strongly disagree
10	■ No response
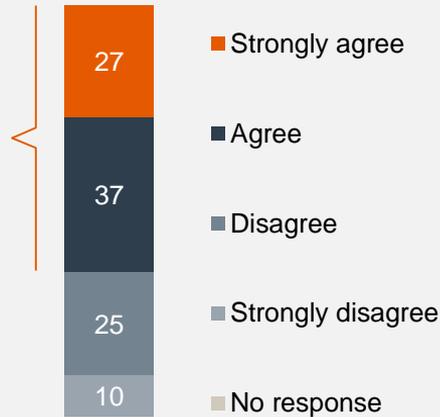
Leading indicator of intention to achieve greater autonomy

42%

,, I will be analyzing and visualizing more and more data **via a self-service portal** when required **in future**, e.g. using a dashboard solution.

11	■ Strongly agree
31	■ Agree
33	■ Disagree
23	■ Strongly disagree
	■ No response
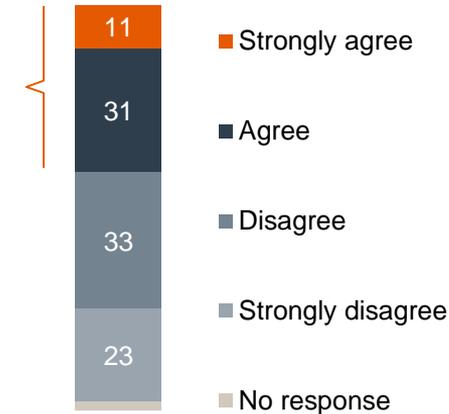
The quantity and scope as well as quality of data available free of charge on the Internet is frequently or always sufficient to prepare for decisions in the case of more than half of all companies

Use of free data available on the Internet

Quantity and scope

Quality

63%

99 Data that is available on the Internet free of charge is frequently or always sufficient in terms of **quantity and scope** for me to prepare a decision.

11	■ Always sufficient
52	■ Frequently sufficient
26	■ Rarely sufficient
9	■ Never sufficient
3	■ No response

54%

99 The **quality of data** that is available on the Internet free of charge is frequently or always sufficient for me to prepare a decision.

7
47
33
9
3

The share of companies which are **completely satisfied** with the **quantity and quality** of data available free of charge on the Internet is significantly **higher** in **small companies** (50-99 employees) than in big companies.

Basis: total n=601; figures are percentages | A07a, A07b

Marketing decision-makers above all associate market research companies with expertise and experience as well as having access to useful information and being impartial

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Image of traditional market research – positive, open-ended mentions

High level of expertise and experience in general market research	25
Access to useful information (specialist knowledge, analysis of specific sectors and customers etc.)	23
Impartiality (very objective, an 'independent view' etc.)	21
Particular data collection skills (especially access to data that would not otherwise be available)	18
Time saving for purchaser (employees can focus on core business)	17
High-quality data (representative surveys, highly accurate etc.)	8
Development of customized market research that is tailored to the purchaser's requirements	4
Important basis for strategic decisions	4
Speed	4
Excellent processing of data (detailed and well structured presentation)	1

Legend:
- Users of market research
- Non-users of market research

Significant difference at 5% level

Other features: 3%, no benefit: 0%, no requirement: 1%, no response: 6%
Basis: users of external data: n=525 (87% of the sample); of which users of market research: n=158 (30%) or non-users of market research: n=367 (70%); figures are percentages | A06

Quotes on the image of traditional market research

Positive, open-ended mentions

The advantage is that someone with the relevant expertise is on hand with advice. These companies score highly when it comes to empirical research and are very knowledgeable about evaluating it.

They are more experienced and save us time.

That I receive a very comprehensive analysis, which I need – without any useless stuff.

You get high-quality data.

We get data quickly, which we would not have been able to obtain as quickly ourselves.

I gain information that I would not otherwise be able to access.

You save time and get the relevant data.

A wide range of data is provided.

… professional, targeted collection of data that is relevant to my company.

Based on the data, it is possible to develop a strategy.

Impartiality.

I obtain more accurate key figures, which enable me to take well-founded decisions.

I see the independence of market research companies as an advantage.

You see a different perspective and market research companies have more experience with implementing surveys.

Cost too high: most frequently mentioned criticism of market research – lack of relevance of findings in second place

Image of traditional market research – negative, open-ended mentions

Cost too high: **33**

Lacking relevance of data for the purpose required by the purchaser (too superficial, not specific enough, too much data etc.): **20**

Lacking trust in the integrity of market research companies (concerns about loss of sensitive data, data protection breaches etc.): **7**

Doubts regarding the quality of data (inconsistent data, inaccurate statistics etc.): **6**

Lacking sector expertise of market research companies (lack of experience in the customer's business): **4**

Takes too long: **4**

Lacking impartiality or objectivity of market research companies (deliberate manipulation of data etc.): **4**

Lack of transparency (method unclear, origin of the data unclear etc.): **3**

Legend:
- Users of market research
- Non-users of market research

None of the differences significant at the 5% level

Other: 5%, no disadvantages: 15%, no requirement: 1%, no response: 11%
Basis: users of external data: n=525 (87% of the sample); of which users of market research: n=158 (30%) and non-users of market research: n=367 (70%); figures are percentages | A06

Quotes on the image of traditional market research

Negative, open-ended mentions

They can't supply the data we need.

The statistics often don't provide enough information.

Then I also have to reveal my own data.

Sometimes [the data isn't] specific enough.

You have no control over the data.

I am concerned about [our] expertise being leaked out.

Lacking sector expertise

Too little expertise regarding our company specifics.

A lot of time is required.

Manipulation

It is expensive.

Don't trust any statistic you haven't rigged yourself.

Market research companies might have their own agenda.

I suspect that the quality isn't very good.

I don't know the origin of the data.
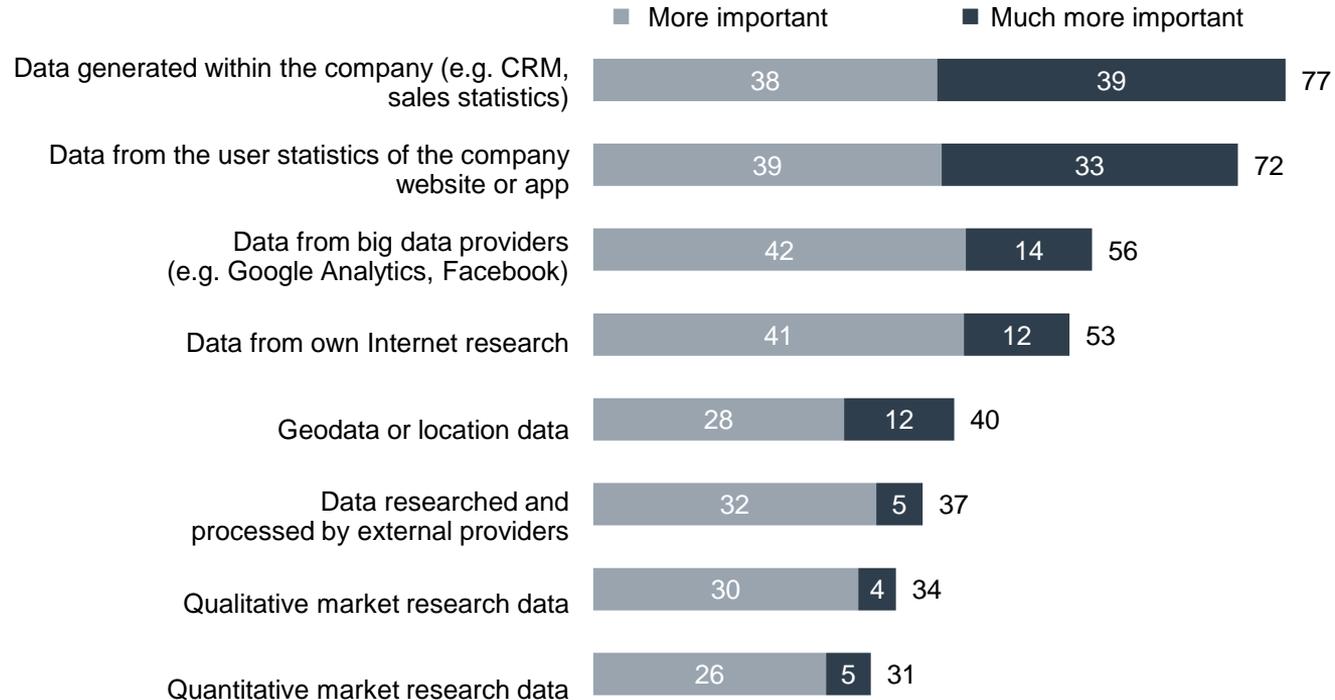
The costs incurred are high.

PART 3
Working with data – a glance into the future

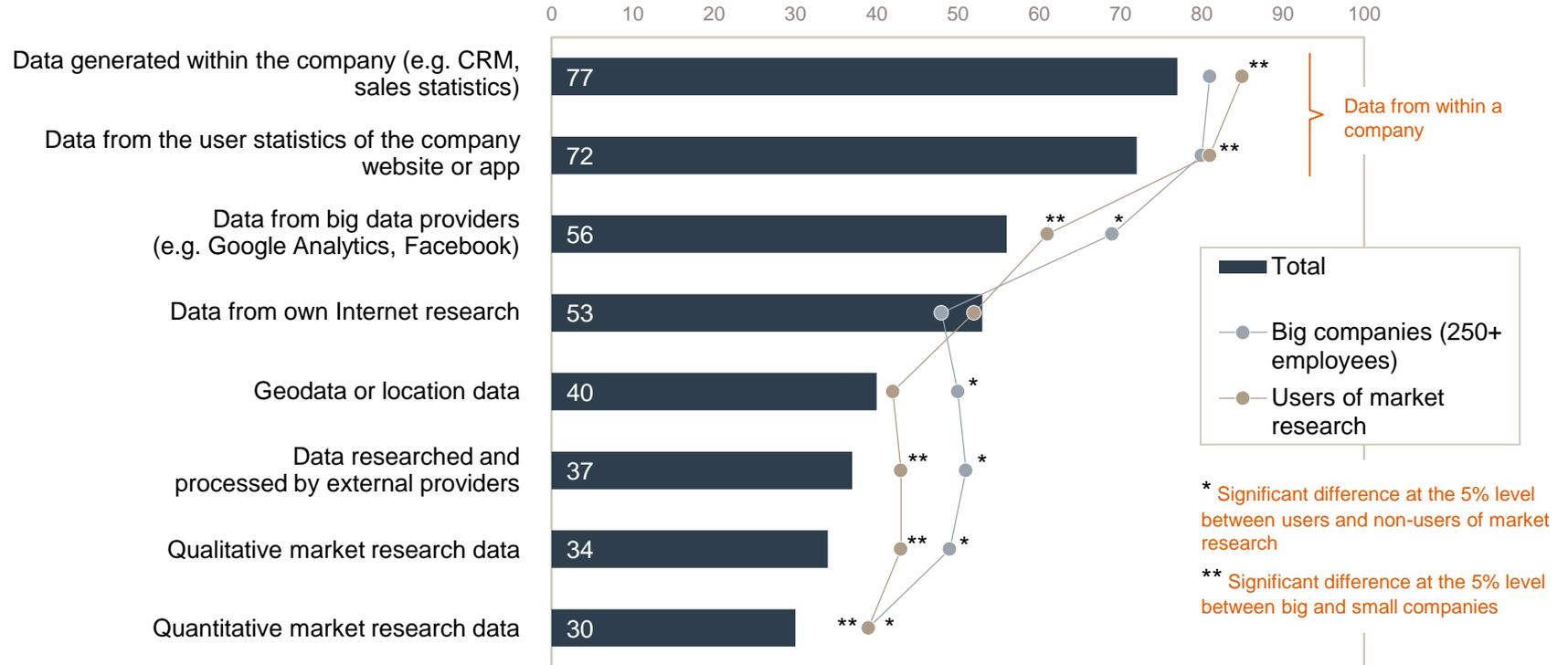# Data from within companies will become far more important in the future

Future importance of different types of data (in two years) – top 2 boxes

■ More important   ■ Much more important

Type of data	More important	Much more important	Total
Data generated within the company (e.g. CRM, sales statistics)	38	39	77
Data from the user statistics of the company website or app	39	33	72
Data from big data providers (e.g. Google Analytics, Facebook)	42	14	56
Data from own Internet research	41	12	53
Geodata or location data	28	12	40
Data researched and processed by external providers	32	5	37
Qualitative market research data	30	4	34
Quantitative market research data	26	5	31

Data from within a company

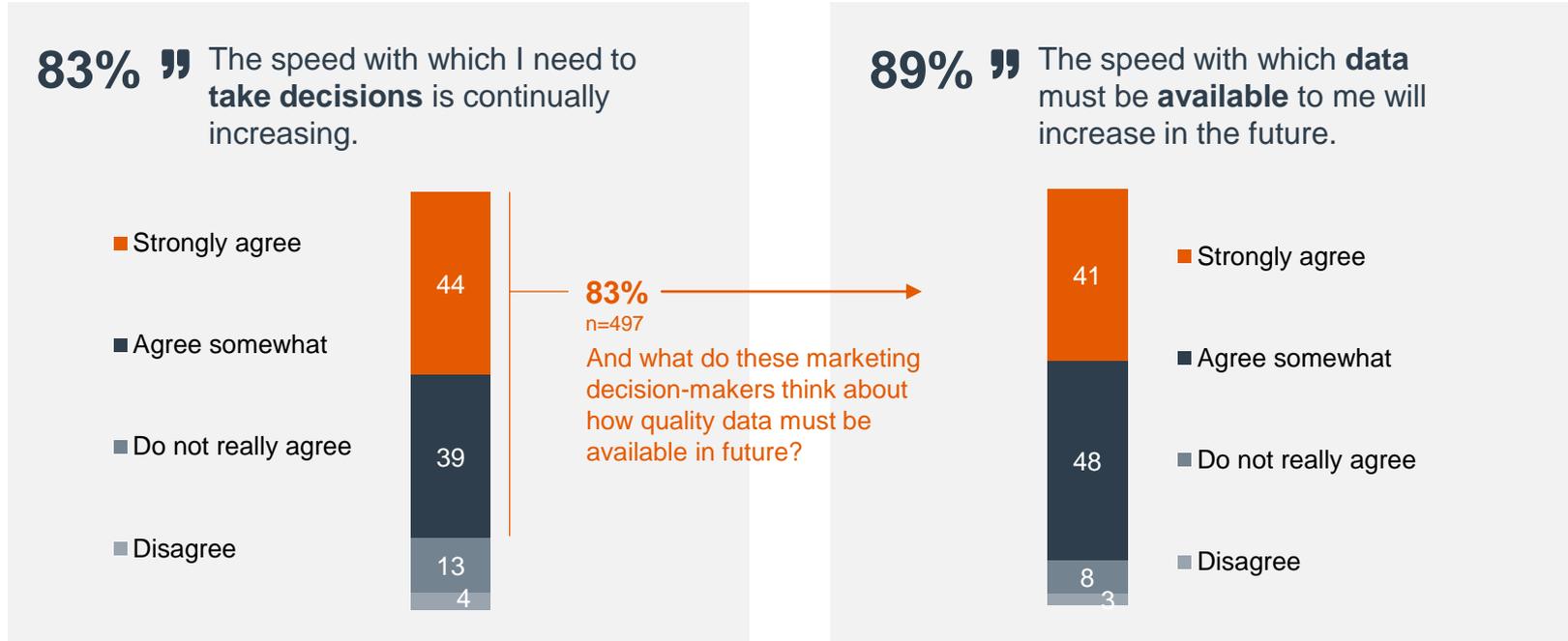Basis: total n=601; figures are percentages | A09

Data from within companies and big data in general will become far more important for users of market research and large companies

Future importance of different types of data (in two years) – top 2 boxes

Type of data	Value
Data generated within the company (e.g. CRM, sales statistics)	77
Data from the user statistics of the company website or app	72
Data from big data providers (e.g. Google Analytics, Facebook)	56
Data from own Internet research	53
Geodata or location data	40
Data researched and processed by external providers	37
Qualitative market research data	34
Quantitative market research data	30

Data from within a company

Legend:
- Total
- Big companies (250+ employees)
- Users of market research

* Significant difference at the 5% level between users and non-users of market research

** Significant difference at the 5% level between big and small companies

Eight in ten marketing decision-makers expect to have to take decisions (even) faster in the future – the implication is that data also needs to be collected and processed (even) faster

Perceived time pressure when making decisions

83% 〞 The speed with which I need to **take decisions** is continually increasing.

- Strongly agree
- Agree somewhat
- Do not really agree
- Disagree

44

39

13

4

83%
n=497
And what do these marketing decision-makers think about how quality data must be available in future?

89% 〞 The speed with which **data** must be **available** to me will increase in the future.

41

48

8

3

- Strongly agree
- Agree somewhat
- Do not really agree
- Disagree

Distribution almost independent of company size

When marketing decision-makers were asked about data requirements, the response was: "high-quality data that is available quickly and easily"
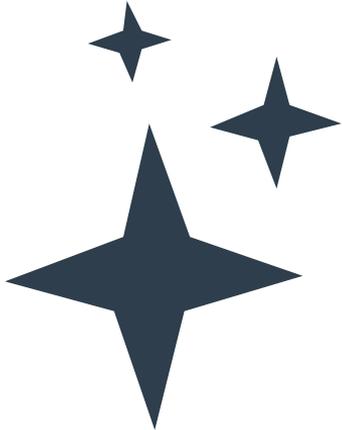
Top 4 data requirements for preparing decisions – open-ended question

27% High-quality data
(objective, valid, reliable, up to date etc.)

24% Data that is relevant
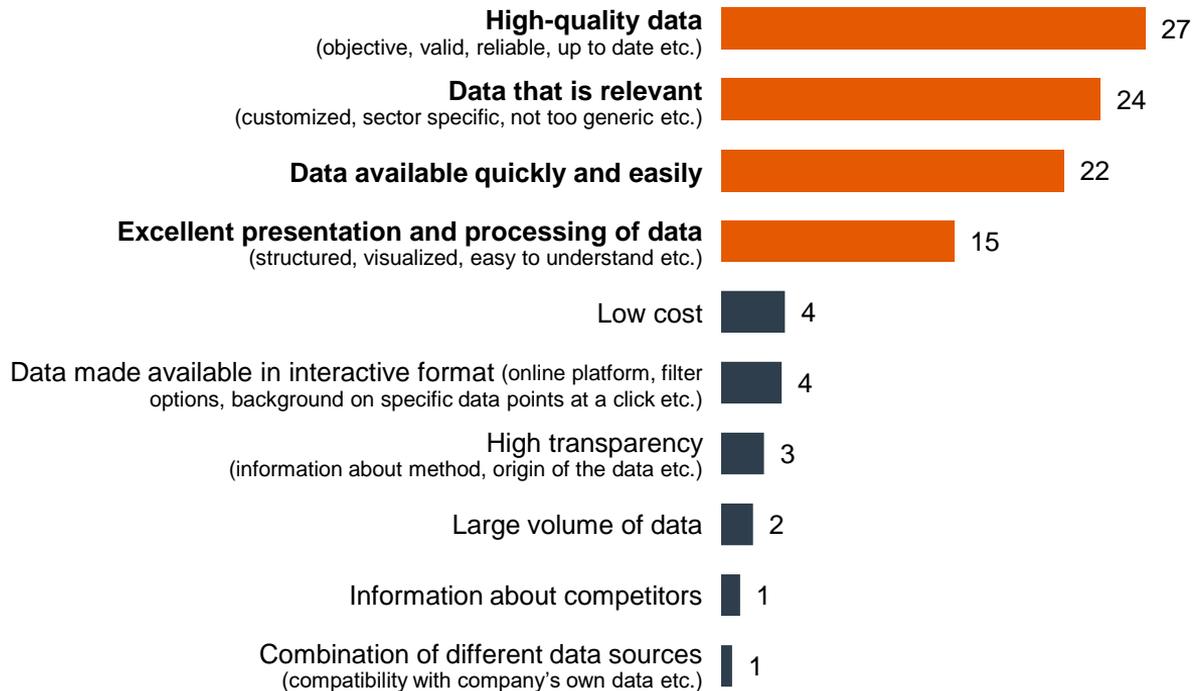(customized, sector specific, not too generic etc.)

22% Quick and easy availability of data

15% Excellent presentation and processing of data
(structured, visualized, easy to understand etc.)

The requirement of having interactive data available was only rarely mentioned

Top 10 data requirements for preparing decisions – open-ended question

High-quality data
(objective, valid, reliable, up to date etc.) — 27

Data that is relevant
(customized, sector specific, not too generic etc.) — 24

Data available quickly and easily — 22

Excellent presentation and processing of data
(structured, visualized, easy to understand etc.) — 15

Low cost — 4

Data made available in interactive format (online platform, filter options, background on specific data points at a click etc.) — 4

High transparency
(information about method, origin of the data etc.) — 3

Large volume of data — 2

Information about competitors — 1

Combination of different data sources
(compatibility with company's own data etc.) — 1

Market research users specify high quality of data more frequently (36%) than non-users of market research (24%; significant difference at 5% level).

Good value for money: 1%, other: 4%, completely happy: 9%, no response: 21%
Basis: total n=601; figures are percentages | A08

Quotes on the data requirements for preparing decisions

Open-ended mentions

❝❝ The data should be of a high quality and easily available.

❝❝ Data that is specifically tailored to our industry.

❝❝ Well structured data which is quickly accessible.

❝❝ I want to find the data which is suitable for me straight away, without having to search for it.

❝❝ Info that is very specifically tailored to my decision – so really just what I need rather than vast quantities of data.

❝❝ I need as much data as you would get from a census.

❝❝ Data that is analyzed quickly and always available.

❝❝ I want condensed data, which gives me background information when I click on it.

❝❝ Data on the pricing of competitors and their customer structure.

❝❝ Free, good quality data.

❝❝ The most important is to find data that is compatible with our own data.

❝❝ I want data to be available at the time when a decision is taken.

❝❝ The speed must be right, [data] directly on demand. Quantity is not decisive, quality is more important.

❝❝ I want accurate information about when and how the data was collected.

Data scientist – a trending job: around a fifth of German companies intend to employ more data scientists in the future – the share is almost 30% in big companies

Interest in employing data scientists

20% ❞ My company will employ more data scientists in future.

- 4 — ■ Strongly agree
- 16 — ■ Agree
- 28 — ■ Disagree
- 51 — ■ Strongly disagree
- ■ No response

13% of small companies (50-99 employees)

21% of medium-sized companies (100-249 employees)

28% of big companies (250+ employees)

Google searches for "data scientist"
2004-2017, relative number in %
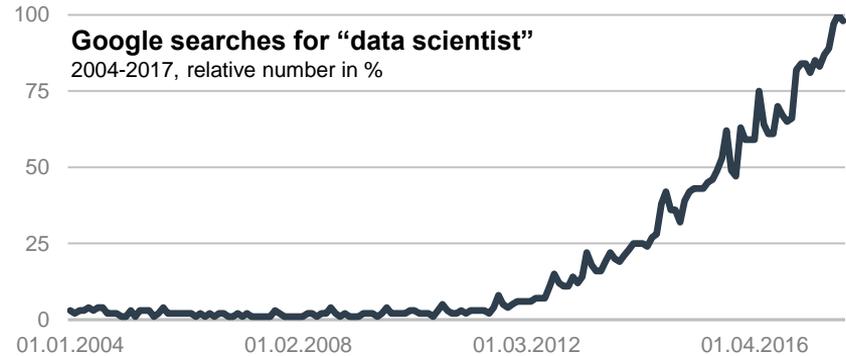
Source: Google Trends, 29.11.2017

APPENDIX
Design of the study

As part of this survey, 601 marketing and sales decision-makers were interviewed in companies with 50 or more employees

Survey profile

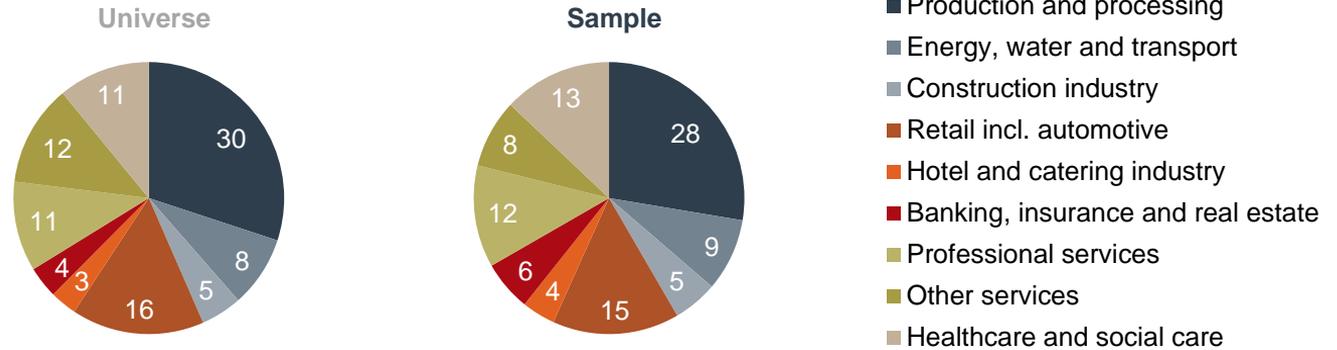|		
⚙	**Survey method**	Personal interviews via CATI (computer-assisted telephone interview)
👥	**Sample**	N = 601 interviews in Germany with those responsible for marketing and sales in the company
		Of these, 180 (30%) were asked about secondary, tactical decisions and 421 (70%) about major, strategic decisions.
◎	**Target group**	The universe was defined as follows:
		• Companies with 50 or more employees
		• Sectors: production and processing • energy, water and transport • construction industry • retail incl. automotive • hotel and catering industry • banks, insurance and real estate • professional services • other services as well as healthcare and social care
		• Quota sampling was based on sector and employee size category (representative of the above-mentioned universe)
📄	**Length of interview**	Approx. 15 minutes
⌄	**Survey period**	September to November 2017

The structure of the companies questioned is congruent with the structure of the universe in Germany in terms of sector and size

Structural data on the universe and sample

Sector

Universe | Sample

- Production and processing
- Energy, water and transport
- Construction industry
- Retail incl. automotive
- Hotel and catering industry
- Banking, insurance and real estate
- Professional services
- Other services
- Healthcare and social care

Company size

Universe | Sample

- 50 to 99 employees
- 100 to 249 employees
- 250+ employees

Contact
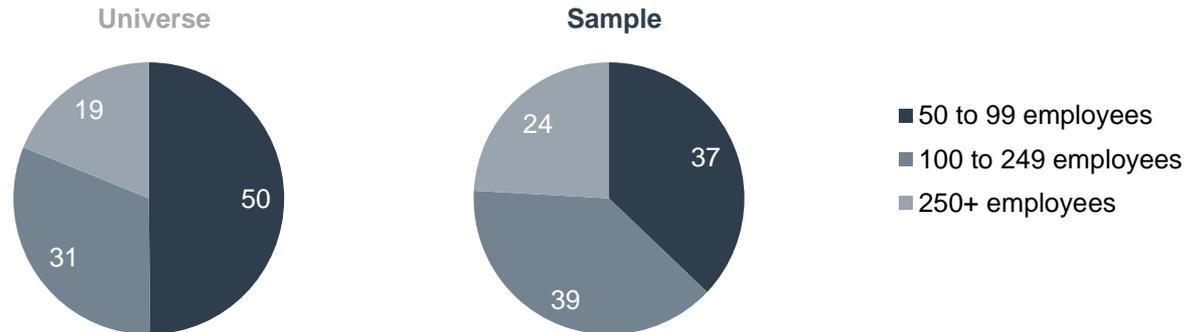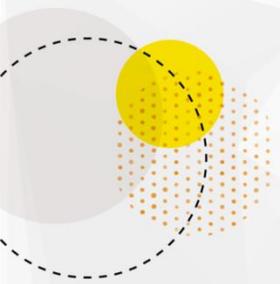
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