Beyond uncertainty:

The roadmap to enduring marketing agility

How analytics can help you ditch the annual plan for good.
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Acknowledgements
With thanks to Leslie Butterfield CBE, Giles Humphries and James Wheatcroft for their time and contributions to this paper.
Introduction

2020 was undoubtedly a year of considerable uncertainty for businesses of many shapes and sizes.

But as brands once again look to the future, how can the recent experience of being ultra-responsive help create a better future? The answer lies in multi-faceted, multi-scenario planning to determine where to focus. On the face of it, this seems to be an overwhelming, significant challenge in an increasingly uncertain world. Political, environmental, technological and sociological change marches on unabated and living with increased uncertainty will be the norm. Capturing and fully utilizing this approach will be a critical competitive advantage that is worth chasing.

In this whitepaper we look at the short- and long-term challenges facing brands and aim to demonstrate how using analytics to describe and expose complex, multi-dimensional scenarios can result in better decision making.

By narrowing on the most likely scenarios, with democratized access to the leaders and teams who need to deploy it, analytics can free marketers from the paralysis of uncertainty. The result is the ability to move forward with defined routes in an agile and responsive plan that delivers board room and investor confidence. And perhaps makes the annual plan a relic of the past.
Agility is the key to beating uncertainty

One thing we’ve learned from 2020 is that it’s absolutely possible to throw out the old and bring in the new, almost over-night.

Marketers were faced with making rapid changes to many aspects of their plan, such as pulling out of home (OOH) campaigns and switching budget to TV to take advantage of increased viewership, or rapid transformation of their digital propositions, with a leading automotive brand achieving more in six months than they did in the previous six years.

For some, this has been extremely painful, and for others it has brought unexpected opportunity and growth. For the most part, it has meant finding new ways to do business and new ways to reach customers, while hunkering down elsewhere to weather the storm.

Over the last decade or more, the complexities of channel proliferation and fragmentation have highlighted the need for a better understanding of how sales drivers affect operating models. The good news is that marketers have new-found skills to meet the challenges head on. Skills we need to capitalize on and embed as a way of life.

For almost every marketer, the cycle of annual planning is a critical part of their role. The plan provides the roadmap for teams internally and agencies externally, ensuring activity runs like clockwork. But in times of change or new information, the plan can become a burden that hampers your ability to adapt.

So how do you create an environment that is set up to spot early signals and respond to changing behaviours fast enough to ensure a brand remains viable and relevant?

We propose an agile approach to planning; one that uses a multitude of scenarios across multiple business dimensions, informed and predicted by a range of leading indicators of change. This not only helps marketers to determine whether and how they should adapt, but fundamentally changes the mindset and planning process such that they can.

“In times of change or new information, the plan can become a burden that hampers your ability to adapt”
Key Takeaways

Planning for uncertainty creates resilience

If 2020 has taught us anything, it’s that anything can happen. And that we’re resourceful and capable when pushed. The pace of change technically, socially, politically and environmentally means we need to embrace uncertainty and work out how to be responsive to the changes of an uncertain world.

Multiple-scenario planning means you’ve done the thinking to be ready for anything, mirroring the kind of business continuity and disaster planning that takes place elsewhere in a business.

Data helps you to take bold decisions

Humans can’t objectively process the number of factors interacting in an uncertain world. There are too many data points, too many possible combinations and too many opportunities to make inaccurate assumptions.

Data and analytics help you to identify the potential paths forward, but they need to be driven by business and fully understood by business owners. Upskilling teams, finding the profiles that can translate data to business, and establishing new communication lines through business processes is key.

Act now and constantly build capability

Waiting for a perfect data and analytics implementation is not only overly optimistic, it misses the very point about uncertainty. Better to implement minimal viable product that is good enough now, using experience-led assumptions where data are not available (with an appropriate dose of caution for proxies), than to wait for something that may no longer be relevant when you get there.

Driving incremental value in bite-sized pieces not only helps to fund the project, it is the path to agility.

Buy-in and leadership is key

An agile approach to planning may mean significant change in a number of areas, from how people are incentivized to the output of budgeting and planning rounds. Leading this change is as much about inspiring people to work in new ways as it is about technical infrastructures.

C-suite buy-in and leadership will help to drive resilience to uncertainty. By mapping the path, showing the value that can be captured now and the outcome that you are aiming for can help secure that buy-in.
What does an agile approach to planning and execution look like?

Business leaders would balk at a lack of disaster planning in their operations, where business continuity of IT systems, premises, stock preservation or supply chain management is planned for and tested. Yet few apply this thinking to broader strategic or marketing matters.

In 2020, brands were mostly reactive, with new plans formulated in an instant, often with little more to go on than instinct and courage in a high-stakes environment. But the multiplicity of potential future scenarios demands a new approach.

The wide variety of the influences on marketing and business performance mean that to deliver agility in thinking, planning and responsiveness, an operating model and culture that is underpinned by data is essential. One that is set up to respond to observed changes in both macro-economic and business specific leading indicators, such that the business is already looking for and ready to respond.

Marketing planning processes led by multi-scenario simulations to predict the output of a whole field of potential outcomes, supported by leading indicators to help narrow down the range of scenarios that are most likely, help a business make the tough choices in an uncertain environment with more confidence of the outcome.
Planning for change

Change is not often as sudden, shocking or all-encompassing as in 2020, and so can be harder to spot. But failing to react in time to a changing market, changing consumer or changing channel mix can have far-reaching consequences.

This is acutely demonstrated by the collapse of UK package holiday firm Thomas Cook in 2019. While a bad merger and increased debts were relevant, so too were factors such as the change in the way consumers booked holidays. With considerably fewer customers booking holidays via their high street travel agent, and those who do being predominantly the over 65s with lower holiday prices, the cost dynamics of a 560-strong store network offering package holidays were incompatible with demand.

Compare this complete lack of planning for a changing landscape with that of General Motors (GM). In November last year, the company announced it was accelerating its “all out pursuit of global electric vehicle (EV) leadership”. GM is increasing its EV investment to 2023 by 35% against previous plans, and hiking production and range targets to offer 30 models by 2025, as it stood firm against investors pressing for a separation between its (profitable) legacy business and its EV operations, arguing that 70% of the components in traditional vehicles can be reused in electric vehicles.

Taking cues from other industries, following the global financial crisis in 2008, lenders are now obliged by regulators to demonstrate robustly that they are able to remain solvent in a multitude of different scenarios. Stress testing and independently validating their models and forecasts across a range of exogenous, maturity and vintage outcomes is designed to ensure they have adequate reserves to withstand significant change, such as economic shock. Much can be learned from this kind of preparation for alternative scenarios elsewhere.
Planning for change means:

Identifying different scenarios and planning what you would do allows you to have done a lot of the thinking up front. Consequently, you can pre-identify shifts and trends that should not be ignored and be primed to act quickly.

**Deep understanding of market drivers**

It is only possible to scenario-plan when you can link market drivers directly through to efficiencies in your own operations. Many modelling approaches focus on a business’ input into a market and the direct impact on their revenues, without strongly establishing the link the other way.

**Looking forward with leading indicators**

If you currently lack the data to make decisions or only commit to backward-looking measurement projects once or twice a year, you can bet your bottom dollar that you’re behind the curve of at least some of your competitors. Establishing the leading indicators that predict market demand, then flowing through to the impact on a business’ bottom line is critical to this agility.

**Budgeting for short and long-term outcomes**

Matching your budget for each plan to the types of decisions you are likely to take will also ensure you have resources available to be flexible. Think of your budget as a split between “foundations” and “finishes”, where you commit to laying long-term foundations but have the opportunity to finesse your tactics to drive home sales.

For example, a business that has had success in attracting new customers in a booming market will need to be able to spot a maturing, plateauing and possibly waning market and turn its attention to more defensive measures, such as ramping up CRM and retention in a timely fashion.

**Plug and Play planning**

Flexibility in planning means ideas and plans are more fluid, not that you should never have a plan of any kind. Campaign inception to delivery is a fairly standard process with an associated time plan, so can be defined in a modular, “plug and play” approach to planning, with efficiencies built in from the outset. This will allow brands to shift and pivot in line with key new learnings.
Critically, agile doesn’t mean short-term. Not least as short-termism results in a constant quest to fill the funnel without delivering sustainable growth.

At the end of 2020, WARC\textsuperscript{2} published its Marketer’s Toolkit for 2021, taking in the views of over 1000 global business leaders and their expectations for the year ahead. 70% of respondents are expecting to cut brand advertising budgets, reflected in the 26% decrease in TV budgets and 70% increase in online video\textsuperscript{2}.

This has all the hallmarks of a switch driven by short-termism and cost management, with a drive for “performance”. While short-term campaign and sales metrics are easier to come by, used alone, they may lead inadvertently to denuding brand and shareholder value.

For example, investing in generic search advertising captures potential customers when they are directly in the path to purchase and so provides a more immediate return on investment. However, without ongoing advertising to drive brand awareness, the efficiency of that generic search spend will decrease over time as recognition drops and it is harder to secure the click. Which is why it’s important to understand the long-term drivers of revenue and margin, not just campaign ROI.

IPA research clearly points to brand building having the greatest impact on marketing effectiveness and profit in the long-term\textsuperscript{3}, by driving the efficiency of ‘short-term’ performance media over time. The two together, brand building and performance, have the greatest impact on marketing effectiveness overall.

Research by ISBA\textsuperscript{4} has shown that almost two thirds of marketers (61%) measure success either solely in the campaign period or in the first three months after, with just 13% continuing to measure more than a year post campaign. This undoubtedly misses the long-term impact of marketing actions.

The consequence of short-termism alone is a constant peaking and troughing of performance, rather than a steady build of brand performance accompanied by sustainable sales and shareholder value growth.

\textsuperscript{1} Binet & Field IPA: Effectiveness in the digital era, 2016  
\textsuperscript{2} WARC Marketer’s Toolkit for 2021, 2020  
\textsuperscript{3} Binet & Field IPA: Effectiveness in the digital era, 2016  
\textsuperscript{4} ISBA, Demystifying the Role of Attribution member survey, October 2018
So how to translate this into agility of decision making?

Agility is not about only taking decisions that impact the here-and-now. By integrating multi-scenario simulations into decision making, you can expose the short- and long-term profiles of the response, allowing you to react according to the needs of the business.

It is not possible to decide between a plan that sees lower growth in the next six months for a much stronger three-year view vs. one that drives strong returns now, but sees much lower efficiencies over time, if these scenarios are not surfaced through the decision-making process.

Having the right leading indicators in place allows a brand to track performance in multiple dimensions and provides the opportunity to understand and respond to both short- and long-term forecast impacts. This could mean an immediate change to plan, such as which media or creative you are using, or a longer-term strategy change, such as to brand strategy or the role of real estate.

“The consequence of short-termism alone is a constant peaking and troughing of performance”
It’s been proven time and again that short-term measures of marketing ROI don’t necessarily translate into true brand equity that drives long term profit. Yet the nature of digital marketing and the pressure for immediate returns has meant that many brands have forgotten the need for that longer-term view.

Both short- and long-term measures of economic, brand, consumer and campaign drivers need to be taken into account, and understanding how they interact will be key to sustainable recovery.

Leslie Butterfield CBE, Butterfield Harris
The principles of building an agile approach

Understanding business dynamics and leading indicators is critical and must be part of a shared vision and overall strategic imperative to ensure any change to approach is fundamentally useful.

The road to ensuring a change in approach is usable is best travelled in short- to medium-term increments. This allows for a program that can take advantage of wins along the way and avoids the need to deliver a sudden point of change, which may never come. This is especially likely to happen if an expensive long-term program is not seen to be generating revenue or efficiency opportunities. In other words, an agile development approach is as important as an agile approach to planning and decisions.

Industrialization is a key objective, but minimum viable product with the right (if not automated) processes, with the right (if less frequent or granular than ideal) data, and the right kind of (if not yet adequately trained) algorithms, will provide opportunities to test, learn and optimize the data sources, technology stack, models and resultant actions.

“An agile development approach is as important as an agile approach to planning and decisions.”
What’s important here is setting out on the right track, with the skills to build the technical environment, structure the data according to what the analysis might demand of it, and build and interpret the models appropriately. Proxies are a great way to develop models but it’s critical to ensure the weight of a particular factor is neither over- nor under-emphasized. This provides a platform on which to make data-led decisions that are free from the inherent bias of gut feel or the gusto of bravery.

Developing a successful agile approach primarily begins with a commitment from the C-suite, where agility is embraced as a permanently different way of working and clearly articulated and implemented, such that it permeates throughout the entire organization. Leading a transformation that is viewed as necessary, worthwhile and integral to the business cannot be underestimated. It cuts across planning, operations, processes, data management, technology, people and organization – with the final point of adoption, where the insights are actually used to support decisions, being as critical as the strategy to transform.

Adoption is as critical as the strategy to transform
All our designs and developments are governed by three objectives:

Make our solutions useful, useable and used. And therefore transformative.

<table>
<thead>
<tr>
<th>Useful</th>
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<tr>
<td><strong>A business-first obsession</strong></td>
<td><strong>Industrialize by design</strong></td>
<td><strong>Powered by data Driven by people</strong></td>
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<tr>
<td>✔ A sound, cross-functional problem statement</td>
<td>✔ Adopt relevant Data Science technologies</td>
<td>✔ Ensure upskilling and talent management</td>
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<tr>
<td>✔ Developments in close interaction with the business</td>
<td>✔ Rely on a robust, scalable data platform architecture</td>
<td>✔ Keep the solution alive through continuous improvement</td>
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<td>✔ Monitor performance and ROI</td>
<td>✔ Govern data and enforce high security standards</td>
<td>✔ Include interpretability deep dives</td>
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<tr>
<td>✔ Ensure activation in operational tools</td>
<td>✔ Design, test &amp; optimize within short iterations</td>
<td>✔ Deliver autonomous solution via handover</td>
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What you need to predict ultimately comes down to the questions you need to ask.

Measurement cannot simply be concerned with the task of looking backwards to see what has worked, but of using this to look forward and forecast the future in a range of different possible scenarios.

In the past, many businesses have pored over outcome models, running studies annually (or even less frequently!) on economic output or footfall in order to determine business strategies, without understanding the drivers of those outcomes, such that they can model a range of scenarios and interconnected outcomes.

Take cosmetics sales as an example, where national lockdowns have seen people work from home and a decline in the category. Outcomes based on what is currently observable are unlikely to be robust to changes in working behaviour as we see office work pick up again. Simulating a number of scenarios, from office work fully recovering through to people staying at home, and linking those behavioural outcomes with leading indicators, such as confidence measures from YouGov, allows a business to narrow the range of possible outcomes, shape their strategy, and act accordingly at a relevant trigger point.

The definition of leading indicators depends upon their potential impact on any given business, and so must be set at market, category and customer levels accordingly. Your long-term goal is to create an eco-system of thousands of data points that allow you to interrogate it to simulate different scenarios and their interactivity to predict different outcomes.
What are leading indicators?

Leading indicators are signals that you can measure of what is to come. The ones of interest to you are those that directly impact marketing or business performance for your organization.

The principle behind almost every leading indicator is to monitor and measure the change and rate of change of the position, rather than a static snapshot, to detect relevant trends. For example, knowing your current share of ecommerce relative to your competitors only tells you about today.

It is far more useful to know whether this is increasing, decreasing or the same. Better still to know how quickly the change is accelerating or decelerating. Further, one or two leading indicators alone are unlikely to give you an adequate picture on which to base important business decisions, so it is necessary to define a number that are directly linked to the models to inform your thinking.

Types of leading indicator:

**Market**
Unemployment rates, availability of credit, interest rates, inflation rates, consumer confidence, etc. Political changes may result in economic stimulus, trade relationships, barriers or opportunities.

**Category**
Changes in scientific research, health or diet trends, border controls and travel conditions, regulatory changes and changes to ways in which a product is consumed, for example live TV vs. streaming. Essentially these are factors that specifically affect an industry.

**Customer**
Demographics and behaviour changes, perhaps driven by technological changes, such as social platforms or opportunities presented by superfast broadband.
In this example for the Japanese beauty market, you can see there are three key leading indicator categories that relate directly to the industry: consumer behaviour, tourism and economic factors.

Each has its own set of leading indicators, showing historical performance and forecast performance in a number of given scenarios.

Consumer anxiety relates to the path of the pandemic in Japan, allowing for the after-effects of lingering anxiety, even once past the peak of infections. Unsurprisingly, being unable to socialize and working from home also had an effect on interest in cosmetics, and the modelling needs to take account of the extent to which this will recover, in line with virus suppression measures and vaccination roll out.

The effect of tourism on the exchange rate and economy, combined with other macro-economic signals such as employment rate complete the picture of the key drivers of change in the Japanese beauty industry.
Critical data feeds to build into your scenario planning capability

The changing sales channel mix

The fragmentation of channels has long been documented, from the proliferation of TV channels and the advent of smart advertising to an ever-increasing trend towards specialist marketplaces and ecommerce platforms such as Etsy, Wayfair and Shopify.

To optimize budget, it’s essential to understand what is driving sales throughout the funnel. A combination of multi-touch attribution (MTA), which focuses on the short-term and limitations in a cookie-less world, and Marketing Mix Modelling (MMM) methodology, which uses econometrics over the longer-term period, provides a more robust and rounded view, identifying how channels contribute, and more so, how they interact, to provide genuine incremental value.

This is increasingly non-linear and when you layer on price, promotion and brand drivers, the network of factors that affect the likelihood of a sale rapidly become complex. Your data-ecosystem, with the right models and right frequency of measurement for the question at hand will help guide both tactical and strategic decisions in response to the trends you observe.

The changing consumer

While customer behaviour has undoubtedly been considerably impacted by the pandemic and its restrictions, we are yet to see which behaviours will stick at an increased level, how much they will return to pre-pandemic levels and which will change irrevocably into the future. But this is just an accelerated and crisis driven version of many other behaviour changes, often brought about by underlying social and technological changes.

For example, the shift to working from home is likely to last at some level, with some businesses re-examining their real estate portfolios and distribution channels as a consequence. Elsewhere, leisure habits, climate change awareness and demands for sustainability may be relevant.

It’s important to understand where consumer behaviour change is taking place, what’s driving it and how relevant it is to your business. All of these trends and potential outcomes could drive brands to re-consider their received wisdom and therefore their core offer. Responding to major shifts in consumer behaviour, while remaining responsive to individual behaviours and attitudes, will be critical to brand success.

The changing market

There are many standard and easy to come by metrics you can put in place for your own market. For example, price indices (retail, consumer, producer, oil), employment numbers, consumer confidence, spending and so on.

Other measures such as consumer access to credit may be of importance, especially at a category level where credit is the main driver of sales. For example, in the automotive or housing sector, as well as sectors where point of sale credit is important, such as furniture. Here, monitoring things such as the availability of 0% credit, new numbers of loans or cards and the types of offer available can give an indication of the effect on future sales, as more expensive and less available credit will inevitably affect consumer resources.

The critical requirement is to identify the ones that are relevant to you and simulate multiple scenarios to understand how each interacts and the potential impact on your market.
In order to be agile, a general increase in data collection and measurement activity is likely to be necessary for most. Certainly, a cycle of monitoring every one or two years, especially where it is reflective rather than predictive, won’t be adequate to respond quickly enough to changing dynamics.

The opportunities that machine learning, cloud architecture, and increasing availability of big data have surfaced means that rapid, semi-automated modelling with a range of scenario and simulation profiles is no longer theory but can be deployed in practice. However, many businesses still operate siloed data operations and systems, which limit the potential to have a truly integrated, low latency view of performance to feed into real-time decision making.

The first step is to take stock of all the data flows into your modelling ecosystem, mapping out where the highest lag comes in. Digital media data is generally quick to acquire, and you can hook directly into the systems used for buying media to have a live view of expenditure and impacts.

Obtaining offline media, however, can often be a longer process and clear ways of working with the media agency to reduce latency is critical.

Elsewhere, for things like each leading indicator, it is essential to determine how often data should be refreshed and measured, based on the dynamism of that indicator and the source of data. Some external data is updated very frequently, such as using Google Search trends as a proxy, whereas others are slower and have impacts over a longer period of time, such as employment-related immigration.

Rather than needing all data to be refreshed with the same frequency, updating each data source individually, based on its model and simulation treatment, allows a robust scenario-planning ecosystem without feeling like you need data that just isn’t available.

The key to making this a reality is the environment to bring those disparate data sources together. Where you might have focused on BI, analytics, or econometrics profiles in the past, data engineering, data architecture, and MLOps are critical in this new approach to ensure you have scale and speed in the solution deployed.

Ultimately, ensuring what and how you are tracking is dynamic and actionable is critical. Your leading indicators need to outline actionable approaches you can take, or external outcomes you can respond to, rather than things that are outside of your control.
Implementing agile

The roadmap to implementation

No one organization can follow the exact blueprint of another, not least as your leading indicators are likely to be unique to you. But understanding your starting point and where you’re aiming for will help you to take the right incremental steps to data-driven maturity.

Data-driven maturity curve

Building success on the ground
- Basic analytics and data exploration applications
- Assets are not designed to be scalable and compliant with IT
- Proof-Of-Value local initiatives with low appropriation overall

Capturing value
- Data Science as a function not yet covering the entire business footprint
- Pioneer department or business unit to build first data platforms to facilitate analytics
- CEO is supportive and business pulls for more Data Science

Scaling analytics
- Data Science is strategized with a pipeline of business use cases and a clear roadmap to serve most business units
- Centralized data platform and IT investments to provide data products to every business user
- Centre of excellence with proper talent strategy, dedicated resources and organizational commitment

Becoming data-driven
- Data-driven decision making is a norm adopted by the executive committee and all functions in the company
- Data is served in appropriate formats to each and every needs in the company, from exploration to operations
- Global governance with dissolved silos and common performance monitoring
1. Steer your data opportunity

First you need to understand the role data can play for your business and assess your data maturity, compared with your competition. This will help you to understand the scale of the challenge ahead of you and plan your program accordingly.

Data for data’s sake is a luxury you probably can’t afford, so identifying your use cases will help you to design your data eco-system.

Storage and processing power limitations are decreasing, however, the more processes you define to find, scrape and acquire data, the longer it will take to build your repository.

You need to be clear about what is critical to hold in your data management platform now and build the rest later as enhancements – minimum viable product, with the foundations of data governance set from the outset, is your route to enhanced decision making. Plus, if you design an all-encompassing program, the chances are you’ll never reach the end before the world has changed and there are new things to measure or better ways to approach the task. That said, history and data memory is important when it comes to tracking long-term trends, so you may need to scrape and store data in your own data lake, rather than simply accessing publisher or POS systems where data may only be kept for two or three years.

Most importantly, whether and how you organize your business to be data-driven will be the difference between success and failure. Remember useful, useable, used.

There are many barriers to becoming a data-driven business and you should expect resistance along the way, from scepticism to “that’s how we’ve always done it”, even fear. You are changing the way you measure and forecast success, which is likely to mean changing the way you work and probably how you incentivize people to deliver success. For example, there is little point in incentivizing the number of cold calls someone makes if there is never a lead at the end of them. But that may mean calling out underperformance, and people may feel exposed.

Fundamentally, you cannot use data if you’re not set up to do so and the best leadership comes from the board room. Ideally a united C-suite will be leading this charge, but you may also need to take them on this journey.
2. Build your operational capabilities

Develop your program and put agile development protocols and management in place.

Build your data management platform and data acquisition processes – aim to industrialize them where you can. This is likely to be better done in sprints, starting by getting the data you want by whatever means you can, including proxies and assumptions where you can’t, then refining automation and frequency of acquisition.

Design, build and operationalize your models, algorithms, leading indicators and scenarios.

The right talent is a key aspect of your operational capabilities. Data scientists that can ask the right questions and get to the heart of business, rather than academic challenges, are an important part of your mix.
3. Deploy your solutions

Your new data eco-system can drive performance and improvements across many aspects of your business, from marketing performance to customer centricity, operational excellence to new product development.

By modelling multiple-scenarios and forecasting the most likely outcomes, you are now able to lead operational and strategic discussions and decisions at both customer and portfolio level, driven by data science.

Which means it’s critical that data scientists are able to speak the language of the business, if they’re to ask the right questions and deploy solutions that the business can actively use, supported by the right leadership that places this conversation at the heart of the organization.

This is a rare skill and one that must be cultivated to ensure your new tools get into the hands of business users, guiding them in how to use them and being on hand to improve them - a data-driven approach means constant monitoring and refinement to drive model performance, so this is not a one-off, ‘fire and forget’ exercise.

This symbiotic relationship between data science and business decision-making is a change to the way of working for many businesses – as the science changes, revealing different likely scenarios, so must decisions.

If you lack the skills and expertise to do this in-house, consider expert help at all stages with a view to skills transfer. Remember you cannot design models without ensuring they are actionable and interpreted appropriately.
What next for brands in 2021?

Whatever your circumstances, the opportunity to change the way you plan and execute lies in your ability to spot the right signals early enough. Not only is this good practice in creating sustainable business, it’s also important in developing a competitive edge, giving you the march before trends become obvious in the market.

There follows a discussion of four different scenarios that brands may find themselves facing:

1. Global vs. Local
2. Sustaining Growth
3. Reopening from Shutdown
4. Recovering from Reduced Operations
Global brands have long been familiar with the vagaries of different territories, from product to distribution, communications and advertising. But the budget process is usually long and ultimately restrictive in embracing new local opportunities that rapidly emerge.

Traditionally, global budgets are divided between countries, which then operate within those restrictions for the entire fiscal year. A more agile approach sees the multi-scenario outcomes feeding into rapid reallocation of budgets to take advantage of short-term opportunities where they appear, while leaving the foundations of strong long-term performance in the markets where the opportunity is high over the coming years.

This takes strong coordination between Global, Regional and Country leadership and full alignment in the data, tools, and process used to drive these budget decisions. Successful adoption of this model increases levels of communication and alignment between all teams on opportunities and ultimately spills over into benefits for product development, creative and a greater overall understanding of the markets.

Once this process is established, the local variations need to be considered. Regional differences demand a more nuanced approach to where budgets are applied to take advantage of pockets of opportunity, but without blowing the budget, especially if leading indicators are showing positive trends towards broader opportunities.

In the US, market forecasting and effectiveness modelling can take account of local variations through designated market areas (DMAs). In the UK, however, media regions are broad and likely to encompass a range of category and customer effects, risking overspend on above the line activity, however digital channels and smart media can go some way to providing a de-risked hyper-local presence.

Smart brands had already begun to understand the interconnectivity of their brand across the world pre-pandemic and may well find they’re now also more capable of handling the additional complexities post-Covid. So, what can we learn from what they have done already?

For brands operating in different territories, countries or even localities, an understanding of measures such as the rate of vaccine take up and case numbers alongside economic factors, such as the difference in the hit to the economy in the UK and US vs the likes of Australia, New Zealand and Japan, can drive key decisions about where to focus resources in the short- and long-term.
Lessons from 2020
Cosmetics & Beauty

With lockdowns, working from home and restrictions on socializing in 2020, the cosmetics and beauty industry saw a significant shift away from make-up and fragrance to skincare, and has been one of the most innovative in retail in 2020.

Many repurposed their advisors to provide online support for customers, with brands such as L’Oréal and its AI- and data-driven Skin Genius app already well-placed to take advantage of the shift to online.

In the short-term, focusing marketing attention on skincare is likely to be a good strategic move.

The longer-term adoption of working from home plus the current consumer emphasis on healthy routines above appearances may result in a reset in attitudes to cosmetics, building on the wellness movement of recent years. Conversely, a roaring 20s may mirror the seismic shift in attitudes to socializing and fashion that was seen in the 20th century.

Either way, this is likely to combine with a step-change towards online and a need to work out how to get samples and testers into consumer hands outside of the store environment, alongside digital ways to ‘try-on’ cosmetics. Brands will need to be responsive to online adoption, in-store re-opening and potentially changing attitudes in different markets at different times.

Example leading indicators for Cosmetics & Beauty:

**Market:**
- unemployment rates,
- consumer confidence

**Category:**
- product type interest,
- Covid-19 prevalence,
- rush-hour transit travel index

**Customer:**
- ecommerce adoption maturity
Sustaining Growth

For businesses that have had a sudden growth explosion in 2020, this level of growth and revenue is unlikely to be sustainable if primarily driven by market changes. The ability to navigate the rate of return to normal, and where it will settle, will demand a very close watch on macro-economic trends and consumer behaviours.

In FMCG and grocery, where 2-3% growth has been typical, they’ve experienced growth many times more than that overall, with online grocery sales doubling almost overnight in 2020. Recipe box businesses saw similar increase in demand.

In the UK, Mindful Chef grew market share in 2020 by responding quickly to increased demand – going from signing up 150 customers per day to over 2,000 in short order. Already a data-driven brand, it was able to capitalize by recognizing the opportunity early, winning hearts and minds with discounts for NHS staff and scaling up supply where others couldn’t. It also recognized when to switch off marketing to allow it to deal with its new customers and serve them well to deliver lifetime value. The result was a sale to Nestlé towards the end of 2020, and a best ever sales week in the week after Christmas.

Contrast this against Blue Apron in the US. While the struggling business got a lockdown boost early in the pandemic, in July 2020 they even said themselves that it was unlikely to last, as it continues to suffer from years of brand damage and customer losses following its stock market flotation.

Key questions for this sector include understanding the future role of ecommerce and understanding what will happen when hospitality re-opens.

In DIY and furniture, the opportunity of lockdown to spruce up our homes has resulted in a good year, so how do they stand out in a tougher market in 2021? Will changes in the housing market result in another round of home improvement? Or will a decrease in access to credit stunt furniture sales growth.

The role of brand is likely to come strongly to the fore, with consumers once again able to be driven by wider reasons for their choices over the immediate requirements of availability and convenience. Those brands that have been able to meet customer needs are well-placed, but cannot assume their increased share will continue.

5 Benedict Evans, August 2020
6 The Drum, April 2020
2020 saw significant growth for Mindful Chef as we responded to a huge increase in demand. Our values as a brand and business are at the heart of our success, plus we have always put a lot of effort into analytics and modelling to guide our decisions, ensuring we’re responsive to our market and customers.

As we move into 2021, we will continue to develop our techniques to ensure we remain alert to critical changes and capitalize on our growth.

Giles Humphries,
Founder & CMO, Mindful Chef
Lessons from 2020
Food Delivery Networks

DoorDash, Deliveroo, Just Eat and Uber Eats have benefitted enormously from the need to get more food to people at home, especially with the addition of new services to take advantage of the ordering platforms and delivery network.

Early in the pandemic, full lockdowns combined with overcoming the challenges of contactless delivery and minimizing food handling were undoubtedly matters of considerable concern. However, resolving such challenges opened up new opportunities as takeaway brands that previously relied on footfall turned to new distribution partners, such as Pret a Manger in the UK. Plus, operations expanded as those stuck at home increased their use of takeout. In the US, Jimmy Johns partnered with DoorDash through a new service that allows them to use the platform to drive customer numbers but retain their delivery standards.

Not only that, but new brands have begun to take advantage of a previously untapped distribution network, with formerly in-store only supermarkets including Aldi partnering with Deliveroo to trial delivering groceries in under 30 minutes in the UK and CVS using DoorDash in the US.

The questions for 2021 and beyond will centre on how much of this will stick. Increases in working from home may drive ongoing delivery take-up for food outlets that previously relied upon footfall and lunch time trade, but the surge in delivery may fall away again as people begin to eat out more.

The chances are that the habituation of using the app will mean growth and opportunity since pre-pandemic, and so they are faced with challenges of right-sizing and ongoing innovation in how their networks can be utilized.

Example leading indicators for Food Delivery Networks:

- **Market:**
  - unemployment rate, real-wage increase

- **Category:**
  - delivery % coverage, restaurant variety per area

- **Customer:**
  - food preferences, plant-based diets
Reopening from Shutdown

While for most brands, reopening doesn’t mean the whole business is starting from scratch, for many, significant changes have occurred that mean the business they once were is gone, possibly for good. So how do they reignite for recovery?

Hospitality suffered enormously and many pivoted to takeout or delivery services. For example, high-end restaurants created special occasion cook at home recipe kits. In the US, Wolfgang Puck developed a virtual masterclass experience, aimed as much at businesses for team building as families at home celebrating birthdays and wedding anniversaries. Demand for these services may or may not continue and decisions will need to be taken about their continuation.

For those venues that have been able to open, table service and app ordering has become the new norm, possibly signalling the beginning of broader demand for this. These businesses will need to try to make sense of what this means for things like staffing and pricing going forward as well as monitoring for changes in customer behaviour.

The closure of gyms spawned a huge demand for home gym equipment and online classes, with Peloton seeing a trebling of people paying for digital fitness classes between March and September 2020. There was also evidence that interest in fitness generally had increased. The questions then for gym chains will need to be in understanding how to reach newly interested potential customers, and how to re-convert those who have adapted to new routines. They will be competing with the lure of the outdoors as well as the cost and savings dynamics for those who have invested in home kit.

While some travel overseas was permissible in 2020, for the most part, the industry was badly affected, with some big names, such as STA in the UK, and numerous small and medium-sized firms in the US closing their doors for good. For many brands, they’re already forward-booking holidays, offering Covid cover and flexible tickets with long validity. While these product innovations may drive revenue, they store up potential problems when it comes to forecasting and accounting for redemption.

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7 The Financial Times, 2020
8 Sport England, May 2020
For us in the hospitality sector and especially as an international operator, it is critical to look at scenarios for different recovery trajectories in different countries, to understand where and how marketing spend could be effective.

To achieve that, having clear ROI scenarios linked to market demand in each country means we can rapidly deploy activities in the right places, with the right objectives and using the right channels to deliver the optimal outcome.

James Wheatcroft,
Vice-President Marketing
Northern Europe, Accor
Lessons from 2020

Cinema and the film industry as a whole saw a huge shut down of operations in 2020, with global blockbuster releases delayed for months on end as travel restrictions hampered promotion and mixing restrictions closed cinema doors, or significantly reduced numbers.

Emerging from this is a new trend of releasing straight to streaming services, or co-releasing streaming alongside cinemas.

Understanding the impact of this on box office revenues is one thing, but cinema revenue comes from more than the box office. As TV screens get bigger and surround sound more prevalent, the offer from cinemas was already suffering from our changing viewing habits, and with no need to wait to view from the comfort of your armchair, the cinema experience needs to be on point to tempt people back into cinemas.

Pre-pandemic, there was already a rise in art house cinemas, so what leading indicators do cinema chains need to understand how to re-shape both their communications and advertising, and their experience offer?

Example leading indicators for Cinema:

- **Market:** Production budgets per year, film festival reviews
- **Category:** Number of screens, number of releases
- **Customer:** International appetite, OTT adoption
Recovering from Reduced Operations

While some businesses have had bumper years and others the bumpiest ever, many are somewhere in between, down but not out with a need to rebuild.

In retail, brands with heavy brick-and-mortar presences suffered from significant drops in footfall while still having to meet expensive long-term property costs. While some have coped with the significant switch to ecommerce well, others struggled from under-investment pre-pandemic. 2020 saw the fall of some big high street names, including Arcadia Group and Debenhams in the UK and J Crew in the US.

If, as we expect, we see higher-levels of ecommerce going forward, new thinking will be needed around matters such as stock being tied up in store and the role of both the in-store and online experience. For example, the way we browse in store is hugely different from online; brands that can create an experience beyond the ubiquitous and time-sucking grid-based browsing experience may win big.

Trying on clothing and shoes are an important part of the decision to purchase or return, so brands will need to consider whether AI and smart tools can help to drive sales, and the use of stores to deliver a better brand experience may justify their cost.

For those rebuilding, it will be important to take stock and truly examine what has resulted from the pandemic and what it simply compounded. Diagnosing what has gone before will help develop the right leading indicators to monitor going forward.

Many brands pulled back from media spend and focused on acquiring in-market consumers through acquisition spend.

They will need to understand how the strength of their brand in the ‘upper funnel’ has changed over this period and build scenarios around protecting or reinforcing brand strength and balancing short term revenue needs.

The short-term cash position of the business needs to take priority in the early recovery, but closely tracking competitors and responding to the first signals of brands accelerating in the upper funnel will be critical to ensure these businesses are not left behind.
Lessons from 2020
Automotive

Supply chain disruption and assembly plant closures caused manufacturing disruption while dealership closures and stay at home orders suppressed demand, with BCG\textsuperscript{10} predicting new vehicle sales won't recover in Europe and the US until 2023.

The last few years have seen significant innovations in automotive with increased development and production of hybrid and all-electric cars, as the industry responds both to climate change awareness and hard edicts, such as a ban in the UK on the sale of petrol and diesel cars from 2030.

Digital channels became increasingly important with use increasing 13% in Europe during 2020\textsuperscript{11}. However, according to McKinsey, the automotive industry is lagging others in digital maturity with limited remote selling. While it's possible to configure and visualize a new vehicle online, it's rarely possible then to commit to buying it without visiting a dealer; an opportunity that would seem ripe for exploitation.

Trends such as the increase in car clubs and on-street, on-demand, short-term rentals, such as, Zipcar, Turo and HiyaCar, as well as peer-to-peer schemes, mean that vehicle ownership is changing, especially in cities, where it is more costly and less important to own a car. This is driving a decrease in demand that the manufacturers are increasingly responding to.

\textsuperscript{10} BCG, December 2020
\textsuperscript{11} McKinsey, October 2020

Example leading indicators for Automotive:

- **Market**: unemployment rates, access to credit
- **Category**: car club take-up, electric network rollout
- **Customer**: environmental awareness
There is significant opportunity for automotive brands to take a lead with the rapid adoption of new delivery models to serve customers in their own home. Showrooms undoubtedly will continue to have their place in supporting and delivering sales, but, as with most other sectors, today’s consumers expect more fluidity in their buying experiences.

This will inevitably shift long-established dealership-led sales patterns (and, with them, the attribution of commissions), but the brands that get this right will have the opportunity to capitalize on a burgeoning DTC market.

Leslie Butterfield CBE, Butterfield Harris
The final word

Taking a fully agile approach to planning by adopting multi-scenario simulations can seem like a daunting task from the outset. But it is one that can create true, transformational change within a business and lead to a new operating model that sees lasting competitive advantage.

Businesses must be able to focus investment on activity that genuinely delivers incremental value. That means measuring and modelling the right key market, category and customer leading indicators to home in on the most likely scenarios, such that they can be planned for accordingly; a "plug and play" approach provides the opportunity to seize upon potential gains rapidly.

Of course, each business is different and has its own challenges, which is why developing an agile and transferrable strategy is so important to the future of business.

Transformation of this nature demands leadership and tenacity to deliver a shared approach, with broad organizational buy-in. Such a significant shift to being a data-driven, multi-scenario planned and agile organization demands a meeting of data science and business expertise, with the mutual transfer of these skillsets and knowledge to embed a new approach to business.

While it may seem daunting, expert assistance can help at all points of the journey to data-driven maturity, from framing and defining the opportunity, shaping the multitude of scenarios, leading indicators and models, to developing them and arriving at the right set of options to plan for and take forward in technology, teams, process and culture, ensuring not just a post-Covid recovery but a sustainably responsive and agile future. A future of repeatable success that drives a competitive edge.
Five steps to success

1. Gain leadership buy-in from early in the journey
   Transformation of an operating model in this way needs support from senior sponsors in the business. Building the data roadmap, with the capabilities unlocked at each stage, can show the value of this change.

2. Don’t let perfection be the enemy of success
   Collect the data you have now and start. Show the first wins using your assumptions, proxies, and the imperfect data available. And build your perfect data in over time while you’re reaping the benefits of the agile approach.

3. Use multiple-scenario planning and home in on your leading indicators
   Focus on the past predictive power of your leading indicators to give you confidence in steering to the mostly like scenarios.

4. Avoid becoming short-termist and responding to every change
   Plans should maximize the long-term benefits of activity whilst ensuring you achieve your targets now – once the course has narrowed, stick to it.

5. Use expert help if you need it
   External, expert support can lower the time to value and set you up for success from the beginning. Once running, you can plan for upskilling and transition of capability.
About the author

Matt Andrew,  
UK MD & Partner, Ekimetrics

Matt is the UK MD of Global data science specialist Ekimetrics. At Ekimetrics, Matt progressed rapidly from leading key accounts when he joined in 2016, as one of a team of eight as a satellite of the French-owned analytics business, to Head of Operations and eventually MD in 2019. He has since become a Partner in the business.

Before joining Ekimetrics, he cut his teeth in analytics at former Dunhumby founders’ fast-growing, innovative start-up Starcount, where he pioneered techniques, such as using social data to refresh the American Idol format, from moments of engagement to new judges.

Matt began his career with Colgate Palmolive, where he became a Senior Brand Manager, responsible for multi-million-pound budgets, media planning and strategy, product strategy and market research, giving him unique client-side insight.

Matt is hands-on with clients, steering them to new ways of looking at and implementing marketing effectiveness, from using experimental methods to combinations of methodologies to deliver highly predictive models that deliver optimal value.

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Certainty through marketing science

Leveraging data effectively is complex and challenging. We’re here to explain it in human terms and get to the crux of how it can help your business.

If you’re in need of a human and straightforward conversation about optimising your marketing performance to leverage the opportunities for brands, please do get in touch.

To learn more about how to implement a data-driven, agile approach to planning and execution, email matt.andrew@ekimetrics.com.

Ekimetrics.

Founded in 2006, Ekimetrics is a global leader in data science for business. It brings together over 240 data scientists, has a presence in more than 50 countries worldwide, and has implemented in excess of 1,000 data science projects that have generated over EUR 1 billion in profits for its clients since 2006.

Ekimetrics helps its clients to optimize their performance marketing, engagement with the end customer, and operational efficiency. Ekimetrics also uses data to advise companies on how to upgrade their products and services.