INSEAD

The Business School for the World®

Data Analytics for Business

Session 1

Theos Evgeniou, theodoros.evgeniou@insead.edu
Professor Decision Sciences and Technology Management

Five Key Takeaways

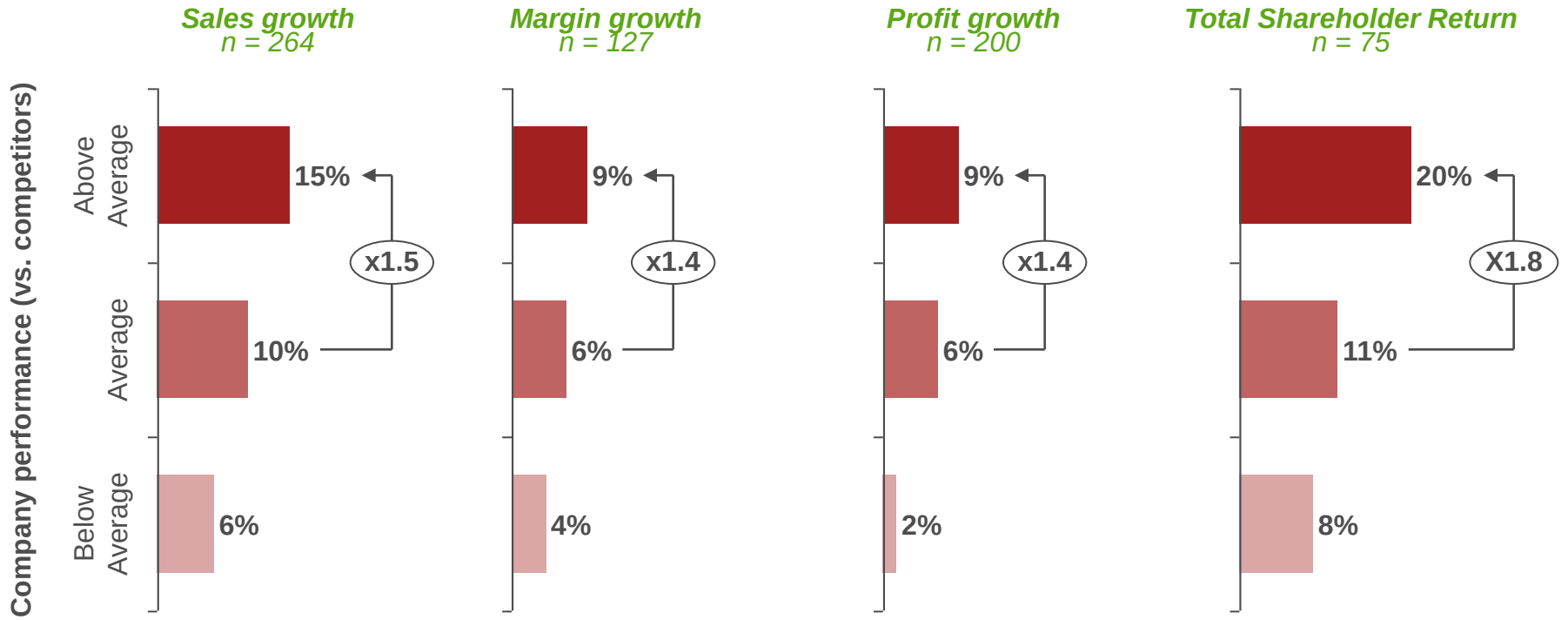
INSEAD
The Business School for the World®

1. It is now possible to make **evidence based**, data driven decisions in increasingly more areas
2. Analytics **does create value**, in multiple dimensions
3. There is more value in combining **diverse data**
4. Key Business Performance (KPI) **Measurement** facilitates coordination and change
5. **Technology = Change**

Above average DA performers typically outperform their average peers by ~1.5x on sales, margin, profit & TSR

INSEAD
The Business School for the World®

Average company performance levels in past three years

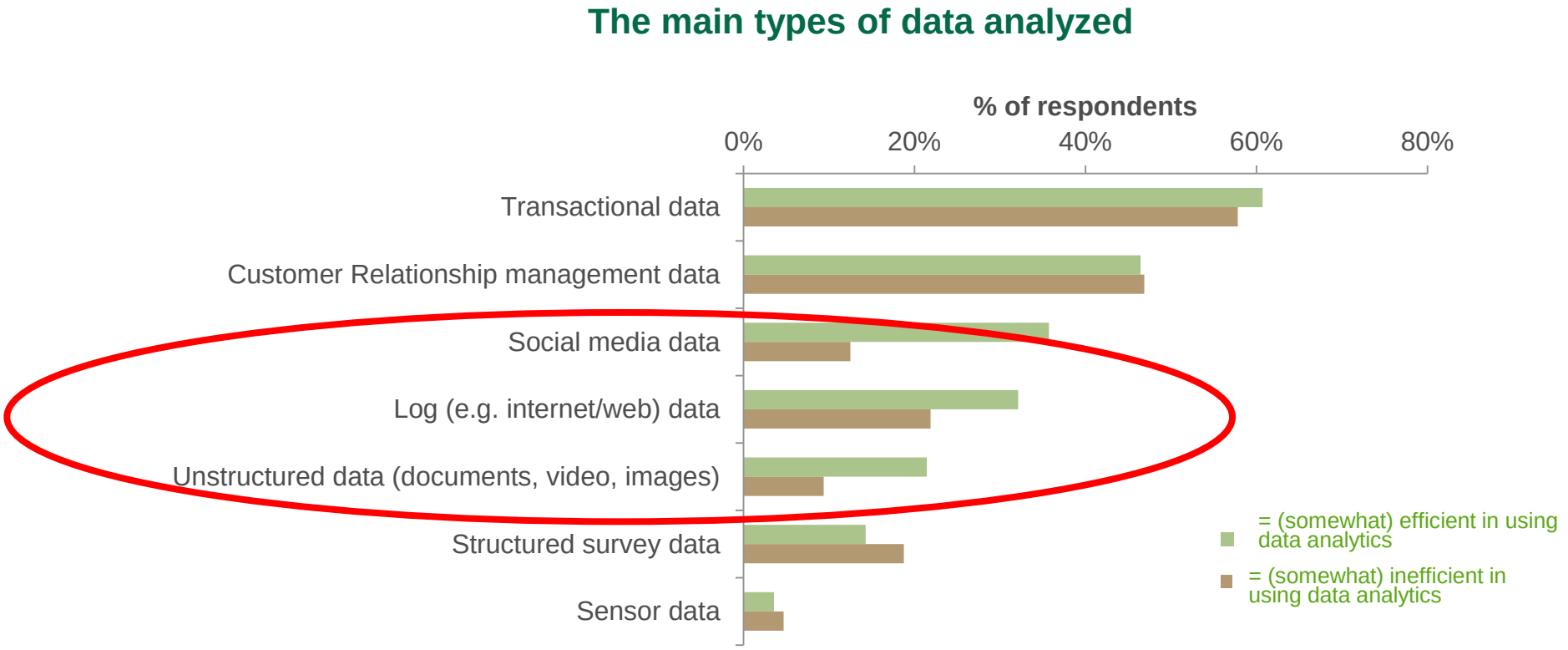


Note: *Company performance is self-reported by respondent*

Source: *Strategy&/INSEAD Demand Analytics survey (August 2014)*

There is a big potential in combining diverse data…

INSEAD
The Business School for the World®



BUT

- 30% analysed data from just ONE source
- Over 50% analysed data from TWO source's
- Less than 20% analysed data from MORE THAN TWO source's

Within **each** of these five categories, on average **two to three different types** of analysis are performed by leading companies

INSEAD
The Business School for the World®

Most used

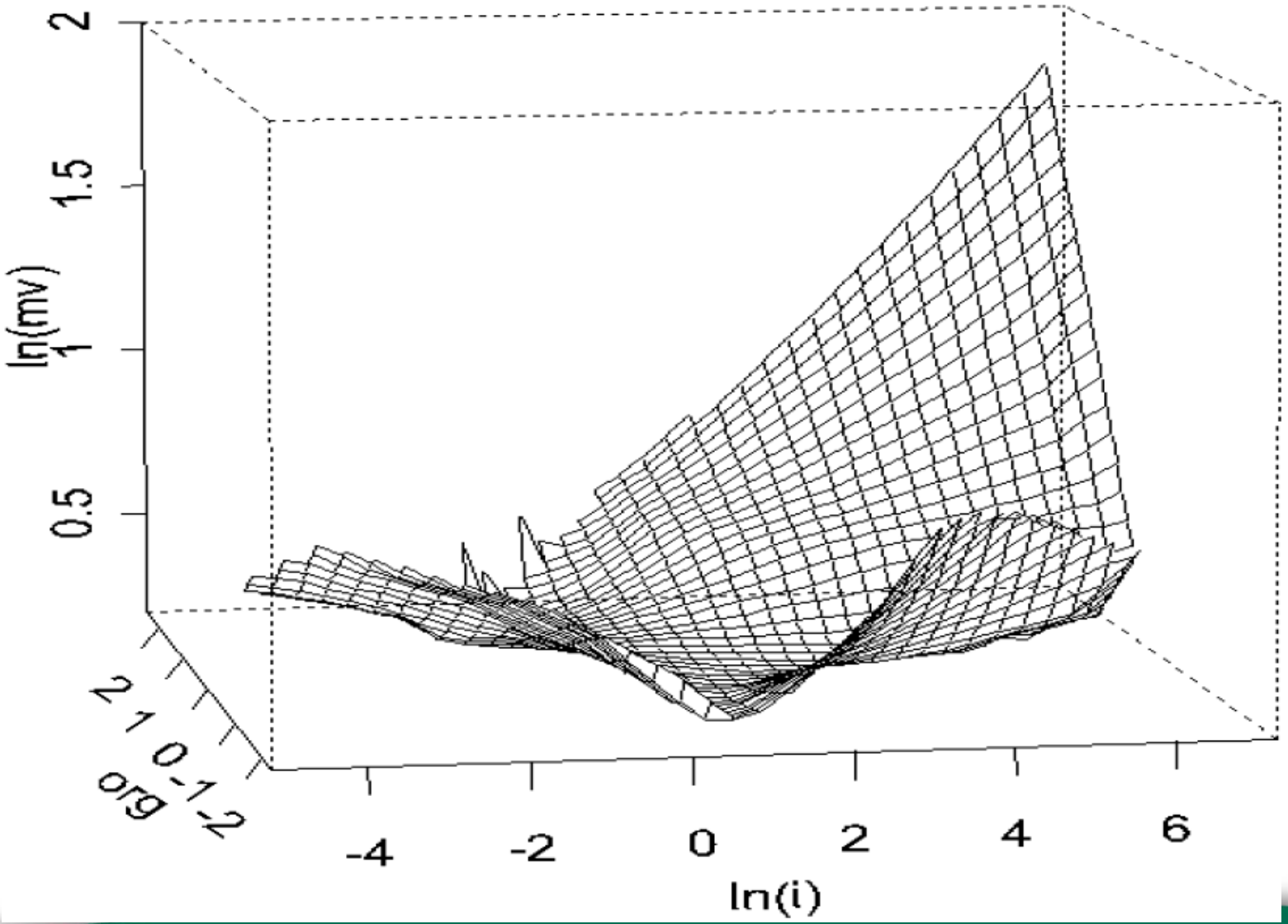
Digital Analytics		Customer Analytics		Marketing Analytics		Sales Analytics		Consumer Analytics	
Average no. of analysis	3	Average no. of analysis	3	Average no. of analysis	2	Average no. of analysis	2	Average no. of analysis	3
Product and service bundling & offer optimization	*48%*	**Customer profitability & lifetime value modeling**	*46%*	**Demand forecasting**	*46%*	**Pricing elasticity modeling & discounting optimization**	*41%*	**Survey & questionnaire design**	*48%*
Digital pathway analysis & website optimization	*46%*	**Cross-sell, upsell & next-best-offer modeling**	*46%*	**Market mix modeling & media budget optimization**	*33%*	**Price laddering & category management**	*39%*	**Customer experience research & modeling**	*43%*
Email campaign optimization	*43%*	**Customer acquisition and activation optimization**	*41%*	**Market structure, brand portfolio & architecture optimization**	*30%*	**Sales agent & commission analytics**	*30%*	**Customer satisfaction & customer advocacy modeling**	*41%*
Social media, mobile & text analytics	*43%*	Customer loyalty analytics & optimization	*41%*	Contact center analytics & cost optimization	*28%*	Assortment planning & analytics	*24%*	Needs-based segment. & development of value propositions	*37%*
Behavioral segmentation & profiling	*39%*	Response & purchase propensity modeling	*33%*	Marketing attribution models	*22%*	Assortment planning & analytics	*20%*	Qualitative research, ethnography & social listening	*35%*
Content testing & user experience optimization	*39%*	Churn modeling & attrition prevention optimization	*28%*	MROI of paid, owned, & earned media channels	*20%*	Sales territory design	*20%*	Price–product architecture models	*28%*
E-commerce optimization	*28%*	Advanced micro segmentation & profiling	*24%*	Contact agent analytics	*17%*	SKU rationalization & product delisting	*20%*	Identification of unmet needs/white space	*24%*
Design of recommendation engines	*26%*	Win-back modeling & offer optimization	*22%*			Retail site selection	*7%*	Conjoint & discrete choice modeling	*20%*
		Affinity analysis & market basket optimization	*17%*						

Least used

Source: *Strategy&/INSEAD Demand Analytics survey (August 2014)*

A Common Trap: IT + OO = EOO

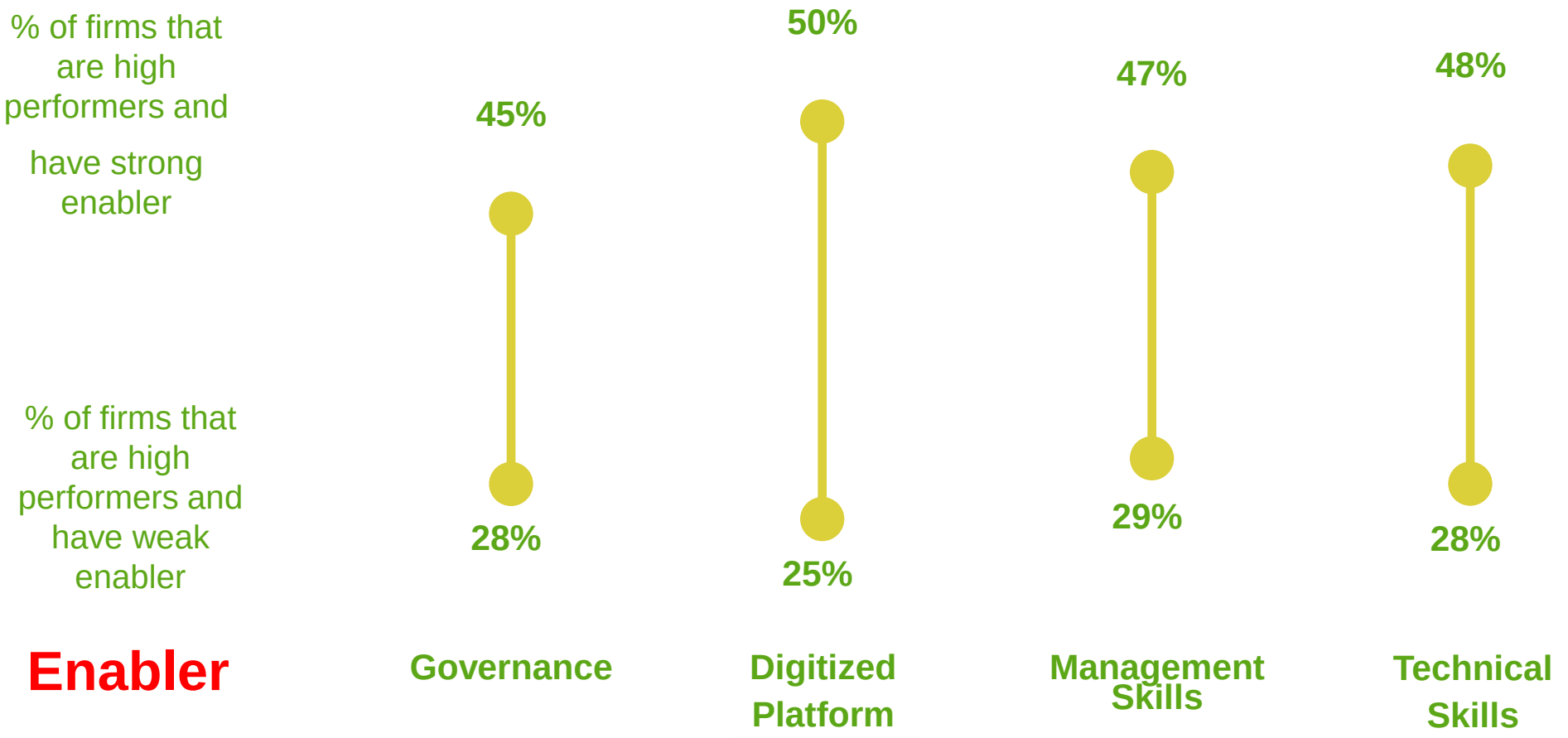
INSEAD
The Business School for the World®



The Solution?

INSEAD
The Business School for the World®

% of firms that are high performers



Technology Adoption: Systemic Change?

INSEAD
The Business School for the World®

- How will our key business processes be?
- How can we share information across silos?
- How will our organizational chart be?
- How will HR/hiring be different? Skills?
- How will decision making change in the organization?
- What will we measure?
- What will be the culture of the organization?

Missing capabilities and skills are the key reason why organizations do not use big data…

INSEAD
The Business School for the World®

Key reasons why organizations are not considering or further exploring the use of big data