LEARNING FROM YOUR ERRORS

On a business trip with my business partner, I was responsible for providing directions. "It's about 20 miles up the highway. I'll give you finer details when we're closer," I said. Twenty minutes later: "Take this exit and then right…turn here…go straight…left…right…." After weaving through a residential area, then into an office park, then into another residential area, he asked, "Uh, are we on track, getting closer?" "Yes, the map shows it should be the next left," I said. We were looking for a hotel. Usually they are reasonably close to the exit, but we were venturing away from the exit. Then reality hit me. I hadn't entered the hotel into the navigation app, just the city. So, we were off track, headed to the center of the city instead of the hotel.

Great learning happened at that moment. I realized I needed to adjust and actually put the hotel information into the navigation app. This story reminds me of a great conundrum: While we strive to be right, we can't improve until we observe our errors.

The Learning Process

This is how learning works. Develop a forecast of what you expect and plan accordingly. Then observe your errors, learn, adapt and move forward with a revised forecast.

Adaptive learning requires us to make forecasts and receive feedback to know when and how things went wrong.

In marketing many metrics lend themselves to forecasting such as, awareness, consideration, preference, market share and market volume. What's more, many activities — such as distribution, pricing, advertising and messaging — drive those metrics. With a forecast model it's possible to understand how actions taken today affect tomorrow's results, which then informs decisions today to achieve the desired result.

Of course there's uncertainty – loads of it. And, plenty of times we're wrong and have to adapt by adjusting our assumptions, forecast and plan. These adjustments come from better understanding the relationship between investments in marketing activities and sales and brand health — continuously honing in on a moving target.

MIDA is the Answer

Bayesian statistics is the best analytical technology for this type of dynamic forecasting. It is the same technology used in guided-missile navigation and spam filtering. And it's the same modeling technology that drives Keen's marketing optimization platform.

At the outset Keen's platform begins with a prior assessment of the impact of the marketing activity, which is then modified with historical data. As marketers make decisions about the future, it projects the impact of an activity in the form of a forecast. Then, as new data becomes available the model adapts and learns—by learning from errors in the forecast. Keen's platform can discern the movements in the marketing investments relative to the movements in sales in order to determine which aspects of the model need to be adjusted to achieve the forecasted revenue.

Forecasting errors are part of human nature, as is learning; they are flip slides of the same coin. Keen's forecasting capability addresses a major pain point with traditional marketing mix modeling. Many managers use marketing mix models that are year old or older to make decisions up to a year in the future. That's a two-year gap from the last data point to the first period of the forecast, which means a large gap for error...and a large gap in the learning that could take place. Keen closes that gap using forecasting technology that allows marketing managers to learn from their errors to improve the financial impact of their marketing plan.

ABOUT KEEN

Keen's unified marketing measurement and optimization platform helps B2C marketers make the data-driven decisions that build winning brands. Keen offers the only software-as-a-service solution that unifies all marketing channels (digital, traditional media and in-store); calculates the full financial contribution for each channel, rather than a short-term ROI; and builds scenarios that specify the optimal investment level by channel by week.

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