

David Cowan, founder and director of Forensics, talks to Laura Mazur and Louella Miles, former editor and managing editor of Marketing

Your consultancy is somewhat intriguingly called Forensics. How do you apply forensic thinking to marketing?

At its simplest marketing is about changing customer behaviour. If sales are going to increase then customer behaviour in some way has to change. Forensics is about using data and evidence to understand the cause and effect of customer behaviour. Why is customer behaviour as it is? Why has the brand got to the position it is currently? Why are things not going up or why are they not going up fast enough? Why are they going down? How can the situation be turned around?

And is there a particular reason why it should be more relevant now than at any other point?

The world is becoming more and more competitive and investors are demanding more and more growth. More and more data is becoming available. Many companies are not really keeping up with that. But using data to understand cause and effect and how to change things is a route to competitive advantage and growth.

It is particularly relevant at the moment because marketing detective work is about finding ways to grow the existing business – growth that doesn't involve heavy investment. It also uses data that already exists so doesn't require expensive new data collection.

How should companies be reacting to this data overload?

At very senior levels in companies a much greater degree of intensive and integrative analysis is needed of all the data that they have that can bear upon their decisions. In the paper in this collection - *Good information-generals can't do without it. Why do CEOs think they can?* - I point out

that the critical role that intelligence plays in the military from the top right down the line when planning campaigns is not replicated in large business organisations - and it should be.

Is this lack of integrated analysis a problem that just affects market research?

It's not just market research. It's also the sales data and customer records. It's the media data, it's data held by finance departments, it's relevant data in the public domain. Integrating all that at a senior level is rarely happening.

Sparing your blushes, but could we call you a sort of Sherlock Holmes of marketing?

Well, first of all I'd never lay claim to the great sleuth's talents. But I do think that some of the methods that Forensics uses are similar to those used by the great detective. The paper *Holmes Place* tries to explore some of these similarities.

Holmes's strength lay in his observation of the facts. He was a great observer. In business and marketing, too, I think we need to be great observers. This means using data to make systematic observations to understand what has been going on and what has caused it. Companies need to be much more rigorous and painstaking in trying to understand the causal chain.

For example, if a company's sales are in decline there are a number of ways how and why they might be falling, but it's only by looking at each one separately and eliminating them in turn that you can show the true cause or causes. This sort of systemic approach is what Sherlock Holmes did, too. He would work out all the different ways that something could happen and then eliminate them. He called this process *reasoning backwards*.

How else could companies learn from the way the Great Detective worked?

Another thing that Holmes was very keen on was not jumping to conclusions on inadequate data

Yet today many businesses – and marketing departments – theorise from superficial observations of data and do not undertake a thorough enough analysis of the situation. This gives rise to conventional wisdom and commonly accepted myths which, on examination, often turn out not to be true.

I did some work for a mobile phone retailer a few years back. They were concerned about growth in the UK. At that time they had around 420 shops and the conventional wisdom within the company was that shop penetration was saturated.

We were able to show, though, that nearly half the population didn't have this store brand where they live, worked or shopped. This revealed that there was potential for a huge number of more shops – almost double. So the company opened another hundred, and then another hundred. Sales and profit increased by almost 50%.

In *The Valley of Fear* Holmes says: *"The temptation to form premature theories upon insufficient data is the bane of our profession"*. I think this is the bane of business and marketing too.

So how can firms harness the best of his techniques?

You have to ask questions and search for clues that will give the answer. The answer to one question gives rise to another. The process is one of backwards and forward chaining, heading off in the most promising direction: you see this and you think, "oh, what about that?" And then, "oh, yes". "Or no, it's not that. But what about this?" This is what detective work is all about. The piecing together of a causal jigsaw puzzle.

Very often the answer is obvious once you really see what's going on. It's a matter of focusing on customer behaviour and really understanding precisely what it is, what its causes are, and what levers will change it. It may sound obvious, but people don't actually do it very often.

What are the big questions companies should currently be asking?

The biggest questions are things like: how are we going to increase our market share profitably? How are we going to grow by, say, 20%? Where are we going to get new users? How are we going to sell more to existing customers? Why are we not growing as fast as we need to? Why are sales and share in decline? How can the situation be turned around? I find that large organisations might ask these questions. But they don't look at evidence-based data to under-

stand why they and their competitors are in the situation they are in and what they could learn from what got them there that will help them grow. They tend to miss this stage out and jump straight to solutions – "we must innovate", "introduce brand extensions", "change the advertising".

As I argue in several of the papers – notably *Why can't big companies grow?* and *Marketing Detective Work* – in my experience the bigger the question, the less the answer is evidence-based.

Does that mean organisations undervalue data?

Organisations realise data is important. But senior people in particular often don't have very high expectations of it. They certainly aren't demanding enough. And they are not ensuring it is directed in the right way. They do use data, their people commission all the standard reports and there is a loose integration of data. But it's not analysed and used to anywhere near the level it could be, nor is it rigorously combined and integrated.

Companies have ton of sales data, customer records, market research. If you look in the archives of a large organisation you will find hundreds and in some cases thousands of reports addressing specific issues. But it's the big overall questions that aren't being taken head on and addressed using this data.

How often is the organisation's structure at fault when it comes to resolving problems?

When it comes to asking and answering these big growth questions the organisation often is at fault and issues of structure are discussed in several of the papers. The data companies have follows the division of labour, so the data lies in silos. There isn't a controlling mind accessing all the data that is needed and synthesising it.

The silos vary, of course. In many companies sales data is held in the finance department, customer records in sales, market research manages tracking and commissions qualitative research. The media data is held by media agencies, but content analysis of competitors' advertising is rarely if ever quantitative profiled and tracked over time. Not only does this data often come from widely different sources, but it usually comes in the wrong form and requires extensive cross checking and processing before it can be analysed.

Even in the large fmcg businesses where there used to be more integration, responsibility these days is often divided between the countries and regional management and the data is in corresponding silos. The point at which responsibility comes together is so high up that senior managers are concerned with other things and don't get into the detail. So the integration never happens.

Do the people in companies have the skills?

I suspect not because a combination of marketing and data analysis skills are needed. People tend to have one or the other but not both. In addition, many companies don't realise the sheer magnitude of the task and the rigour required to explore all the avenues and test alternative hypotheses.

What you are saying, then, is that companies have to have a much more strategic approach to data?

The strategic use of data is central to everything we have been talking about. Very senior people need somebody who can look strategically at the data to address the big growth issues by using all the different sources of data and integrating them together to answer these questions. Senior people don't have the time to do the 'joined up questioning and answering'. With marketing detective work the devil is in the detail and this is time consuming.

As you say in several of your papers, 'crunching the numbers' is too often left to junior people?

Yes, it's regarded as the sort of thing junior people do. Even the language is wrong: crunching or running the numbers makes it seem like a menial process. Whereas, in fact, it is thinking with numbers, integrating the qualitative data with the numbers, identifying cause and effect with numbers, it is strategising with numbers. It is a very senior activity.

We've been talking about the right questions to ask. But do you find that at times clients find the answers that you give them unpalatable?

That can happen if the project hasn't been framed correctly. The work has to be commissioned at the right level in the organisation so that they can get buy in – agreement that there is a problem that it is everyone's interest to solve. It also helps if a new team is involved.

This is such an important issue. In your experience, why doesn't it happen?

I heard a phrase recently, 'truth talking to power', which rang bells. In this case, it referred to the Iraq war and the fact that the US establishment had basically decided to go to war while the CIA probably was bullied into not doing or saying anything to the contrary. It was an instance when Truth should have been talking to Power. There are similarities in business. When it comes to market researchers even the most senior are not that senior. Internally Truth doesn't talk to Power. Power controls the budgets and decides the questions it wants answering. The danger is that Power just decides what it wants to do and Truth is only allowed a bit of fine tuning.



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Finally, what impact does the advent of the digital world have on your thinking?

In the modern age the issues are still the same. They are about how do you get new users and hold on to them. And sell more to the ones you already have. Cause-and-effect is still fundamental – it doesn't go out of style. You could say that digital is just another medium. It obviously has massive potential and there is new knowledge and skills that are needed to use it well, but the strategic things you need to understand are going to be the same.

And also I suppose it increases the flow of data exponentially.

It does.

Which is a good thing?

I've never subscribed to the idea that I wish we had less. What you need are ways to deal with the complexity of all the data that you've got. Because if one accepts that the detective process means that the answer to one question leads you to ask another, then to have a richness of data to ask and answer that question and then to answer the next one is wonderful.