The 2015 Digital Marketer

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Identify your customers regardless of channel or device.

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Engage your customer with the right message. Every time.

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Understand customer behaviors and preferences to optimize interactions

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No consumer wakes up and says, “I am going to shop in this channel today.” Despite understanding the agnostic consumer environment and having an overwhelming array of data and technology at our disposal, marketers continue to take a very wide-angle approach when targeting consumers.

I was recently at a major online conference and sat through several presentations focused on targeting Millennials. Presenter after presenter took the stage to make suggestions for how best to target a generation that includes more than 75 million individuals in the U.S. alone — individuals with a wide variety of attitudes, beliefs and behaviors. This broad level of segmentation used to be enough for a brand to stand out, but as consumers increasingly express their individuality, they expect brands to interact with them on a more personal, one-to-one level. Falling back on the “one size fits all” approach tends to result in “one size fits none.”

What’s a marketer to do? The answer is three-fold. First, arm yourself with a data management and linkage strategy that will yield quality and actionable insights. Second, use those insights to inform your messaging, crafting conversations that are as unique as your customer. Third, invest in the technology that will enable you to deliver the most relevant message to the target customer at each stage of that customer’s journey.

Finally, use The 2015 Digital Marketer Report as your roadmap. The pages that follow are filled with invaluable benchmarks and trends from our global survey of more than 1,000 marketers, plus examples of data and marketing best practices that will guide you on your journey toward true customer obsession and intelligent interactions. Every time.

Enjoy!

Ashley Johnston

Senior Vice President, Global Marketing
Experian Marketing Services
An Experian Marketing Services survey of more than 1,000 marketers worldwide found that the inabilities to link data for a single customer view, have the right technology and break down organizational silos were the biggest barriers to cross-channel marketing.

Top barriers to cross-channel marketing

- **Linkage – no single customer view**: 32%
- **Company’s current technology**: 31%
- **Organizational structure**: 31%

Source: Experian Marketing Services, 2015 Digital Marketer Survey

This trinity also represents the biggest opportunities for brands to evolve their entire way of doing business toward a customer-centric approach, opening doors to greater marketing possibilities.

Imagine being able to truly understand a customer and translate that knowledge into relevant interactions. Then, imagine having the technology to automate and orchestrate those interactions and measure their effectiveness to optimize every touch point successfully.

Achieving these data, technology and organizational goals is no small feat. Yet, overcoming these obstacles is essential to winning the hearts and minds of consumers in the years to come.
The cross-channel reality check
Cross-channel marketing is an in-depth process. It takes entire companies working together and synchronizing data efforts to understand their best customers and then plan an engagement strategy that will resonate uniquely with each customer at every point of interaction. There are a lot of moving parts and many opportunities for road blocks to turn up in the process.

Marketers in our survey named the lack of a single customer view, their company’s current technology and organizational structure as the top three barriers to cross-channel marketing.

If these aspects are not locked down, properly engaging consumers is not possible. Therefore, to win a customer’s heart, marketers must work smarter.

Top cross-channel barriers and challenges for marketers

Source: Experian Marketing Services, 2015 Digital Marketer Survey
These top barriers have not changed much compared to last year, which isn’t surprising as they are difficult issues to overcome and marketers are likely still working through them. The big shifts we saw are that linkage moved from the fourth position to the top of the list and budget moved from third to seventh.

We see bigger differences regionally. While in most countries accurate contact data was not a top challenge, one-third of marketers in France reported it in their top three, beaten only by organizational structure (34 percent) and their company’s current technology (38 percent). Technology also was the leading barrier in Spain (42 percent) and Australia/New Zealand (35 percent). Interestingly, while it was top worldwide, only 17 percent of Spanish marketers chose linkage as a top challenge. The opposite was true in Japan, where 44 percent named linkage as a top challenge and only 9 percent had technology issues. There, a lack of a clear roadmap plagues 36 percent of marketers.

Organizational structure was the top challenge in North America (38 percent), followed by technology (35 percent) and linkage (31 percent). In Brazil, the biggest barrier to cross-channel marketing was budget (40 percent), which also was high for Australia/New Zealand (33 percent).

With these challenges, it’s not surprising that in another recent study we’ve seen as few as 4 percent of brands performing integrated cross-channel marketing and 67 percent reporting having siloed marketing activities across channels.

**How is your marketing integrated across channels?**

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<th>17%</th>
<th>50%</th>
<th>29%</th>
<th>4%</th>
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<tbody>
<tr>
<td>Siloed, unaligned</td>
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<tr>
<td>Siloed, aligned</td>
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<tr>
<td>Coordinated</td>
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<tr>
<td>Customer journeys through channels</td>
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*Source: Experian Marketing Services, The state of cross-channel marketing report*

Quite a few problems arise if messages are not aligned across channels. A customer might lose patience and decide against a purchase if an email, direct mail or social offer cannot easily be redeemed on a brand’s Website. On the other hand, when silos are broken down and all marketing efforts are fully integrated, marketers can interact with customers quickly and effectively, delivering experiences that make a positive lasting impact.
Organizational silos exacerbate marketing challenges

A fully integrated marketing team is centered on the customer rather than a channel, taking a progressive approach to meeting the demands of the omnichannel consumer.

For example, the team might be aligned by persona and be responsible for marketing to that customer segment regardless of channel. A marketing team broken out by channel, on the other hand, consists of separate teams — email, mobile, social, Web, etc. — each executing and measuring performance individually. This typically doesn’t lead to a customer-centric outcome.

The good news is the number of marketers working on fully integrated teams has grown from 28 percent in last year’s report to 35 percent, based on our most recent survey. The bad news is that the number working on siloed teams has also increased — from 27 percent to 33 percent. Marketing-team structure is more polarized this year, whereas last year the majority were somewhat integrated. The increase in fully integrated teams is led by regions such as Spain (70 percent fully integrated) and Brazil (56 percent fully integrated); in contrast, regions such as Japan (40 percent broken out by channel) boosted the other end of the scale.

Marketing team structure

Source: Experian Marketing Services, 2015 Digital Marketer Survey
Despite 65 percent of all marketers surveyed working in teams that are at least somewhat, if not totally, siloed, only 23 percent of leaders named organizational structure as a top challenge and 26 percent said it will be a top priority to overcome in 2015. While integrating marketing teams is not the only structural challenge marketers need to conquer, it is certainly indicative of greater organizational structure issues at play. If the marketing department itself is not aligned around the customer, it would be a stretch to imagine that the organization as a whole is so aligned.

In 2015, smart organizations will develop structures and processes that disable power wars and recognition battles within their own walls. Those that do this will accrue a critical added benefit: the ability to collect and synthesize data to extract the most purposeful customer insights, driving campaign success and ultimately encouraging longer-term brand advocacy.

— Ashley Johnston, Senior Vice President, Global Marketing, Experian Marketing Services
Top challenges fuel top priorities for senior marketers

We asked senior marketing leaders about the biggest challenges they face, and branding — telling their story and standing out against competitors — is a top challenge. It moves into the top spot with 49 percent of leaders citing branding, up from the fifth spot last year when it was cited by 39 percent of marketing leaders. In the era of the omnichannel consumer, standing out and creating unique brand experiences is imperative. This top challenge is also a top priority.

Customer acquisition, a newly added answer option, was the second-biggest challenge reported by 45 percent of the senior leaders in our study. Fewer, however, name this as a top three priority (36 percent). Understanding the customers they already have — and translating that understanding into relevant interactions, a challenge for 39 percent — is a higher priority cited by 43 percent of the senior leaders as a 2015 focus.

Interestingly, marketing automation and having the right technology to orchestrate customer interactions is fifth on the list of challenges but third on the list of priorities.

31% of senior marketing leaders named marketing automation as a top challenge. Thirty-six percent have made it a top priority for 2015.

Automation is key in delivering true cross-channel campaigns. It enables the marketer to set up complex communications once, test as appropriate, track results for measurement and optimize accordingly. The more advanced we get, the more automated technology will help power decisions to help lessen the burden on the marketers and allow data and analytics to drive real-time decisioning and personalization.

It seems senior leaders realize the requirement to improve the execution of real-time, trigger-based cross-channel campaigns and understand that technology facilitates every part of the process from data collection and management to those orchestrated and automated interactions.
Challenges and priorities of senior marketing leaders

Top challenges of senior marketing leaders

- Branding – telling our story and standing out against competitors: 49%
- Customer acquisition – finding and acquiring new customers: 45%
- Profiling – understanding our customers and translating into relevant interactions: 39%
- Data – collecting, linking and managing structured and unstructured data: 36%
- Marketing automation – utilizing the most appropriate technology to orchestrate and manage timely customer interactions: 31%
- Attribution – accurately tracking and allocating revenue to appropriate marketing channels: 30%
- Advocacy – creating and maintaining customer satisfaction and brand loyalty: 29%
- Organization – overcoming organizational silos to meet the demands of the modern consumer: 23%
- Other: 1%

Top priorities of senior marketing leaders

- Telling our story so we stand out against competitors: 46%
- Translating a deep knowledge of our customers into relevant interactions: 43%
- Integrating technology to automate, orchestrate and manage customer interactions: 36%
- Building a customer acquisition strategy: 36%
- Creating and maintaining customer satisfaction and loyalty: 36%
- Collecting, linking and managing data: 29%
- Strategically aligning the company’s departments to meet the demands of the modern consumer: 26%
- Investing in tools so we can accurately track and allocate revenue to the appropriate marketing channels: 25%
- Consolidating marketing vendors and technology: 8%
- Other: 1%

Base: 291 marketers, director level and above • Source: Experian Marketing Services, 2015 Digital Marketer Survey
A single customer view is required to achieve top priorities

Last year's top challenge for senior leaders — collecting, linking, and managing structured and unstructured data — moved to the fourth position this year, dropping from 61 percent last year to 36 percent this year. Data, like organizational structure, might not be as glamorous as the other top global challenges cited, but all the top challenges and priorities are predicated on having accurate, enriched data linked together in a central location for a complete customer view that can be executed on to meet the company's goals. Without accurate, enriched data, brands won't be able to stand out against competitors, create relevant interactions based on a deep understanding of their customers or build successful customer-acquisition strategies as their priorities suggest. They first need to focus on data and creating a customer-centric organization to support good data-management practices.

All the top challenges and priorities are predicated on having accurate, enriched data linked together in a central location for a complete customer view that can be executed on to meet the company's goals.

While fewer leaders indicate data collection, linkage and management as a top challenge that doesn't mean more brands have it under control — data shows that is simply not the case. In the same survey, 89 percent of respondents report having challenges creating a complete customer view. The top challenge is poor data quality (cited by 43 percent of marketers), followed by siloed departments (39 percent) and the inability to link different technologies (37 percent).

Source: Experian Marketing Services, 2015 Digital Marketer Survey
Top challenges to creating a complete customer view

Regionally, these top challenges shift slightly. Marketers from Japan, the United Kingdom, France and Spain have more issues with technology than poor data quality or siloed departments. Half of the marketers in our survey from Japan and the United Kingdom said the inability to link different technologies is a top challenge, whereas the majority of Spanish marketers (42 percent) lack the relevant technology to create a complete customer view. While it can be challenging and time-consuming to change an existing technology infrastructure, marketers can have a great deal of impact on the quality of data across the business and also look for new technology to help them link data across channels.

Fifty-one percent of marketers in Brazil cite poor data quality as a top challenge, while siloed departments impede North American marketers trying to create a complete customer view — at 43 percent, it’s their top challenge, followed by the inability to link different technologies (42 percent). Marketers in France and Japan have more challenges with too much data (both 19 percent) than their global peers.

Data remains the mainstay of creating a complete customer view. Without a winning strategy and the right technology for collecting, linking and managing all the structured and unstructured data coming into an organization today, brands will not be able to create customer experiences that will hold the attention of today’s omnichannel consumers.

In fact, throughout our survey, many of the top barriers to key marketing activities — such as personalization, attribution and cross-channel marketing in general — are data-related. A commissioned study conducted by Forrester Consulting on behalf of Experian Marketing Services also supports these findings.
The journey to cross-channel sophistication

Today, marketers need to deliver intelligent and authentic interactions with their customers wherever and whenever they interact with the brand. To be successful, however, savvy marketers know that they, like their customers, are on a journey themselves.

In conducting an online survey of 428 digital marketers around the world, Forrester Research found that marketers are quickly adopting various digital channels and are keenly aware of the myriad benefits of a cross-channel approach to marketing that delivers relevant messages to the right customer at the right time. However, maturity in this new era of marketing is decidedly low, with crucially important factors such as integration of data sources, adoption of data management technologies, proper skill sets and organizational structures conducive to cross-channel success all having vast room for improvement.¹

Most marketing organizations lack the most critical skills for cross-channel success

<table>
<thead>
<tr>
<th>Skill</th>
<th>Expertise</th>
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<tbody>
<tr>
<td>Content/message creation</td>
<td>49%</td>
</tr>
<tr>
<td>Data integration</td>
<td>43%</td>
</tr>
<tr>
<td>Data collection/aggregation</td>
<td>43%</td>
</tr>
<tr>
<td>Campaign/scenario planning</td>
<td>42%</td>
</tr>
<tr>
<td>Data mining/extraction</td>
<td>39%</td>
</tr>
<tr>
<td>Measurement</td>
<td>39%</td>
</tr>
<tr>
<td>Exploratory data analysis</td>
<td>38%</td>
</tr>
<tr>
<td>Modeling</td>
<td>35%</td>
</tr>
<tr>
<td>Data segmentation</td>
<td>35%</td>
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<tr>
<td>Interpreting/synthesizing reports from various sources</td>
<td>35%</td>
</tr>
<tr>
<td>Testing</td>
<td>34%</td>
</tr>
<tr>
<td>Data quality management</td>
<td>33%</td>
</tr>
</tbody>
</table>

Base: 428 digital marketers
Source: A commissioned study conducted by Forrester Consulting on behalf of Experian Marketing Services, July 2014

¹Forrester Consulting, The Road To Cross-Channel Maturity, August 2014.
Sophisticated marketers show greater cross-channel maturity across various measures but remain the minority

**67% more often**
Merge contextual customer data for a unified cross-channel view

**Average of 37% higher**
organizational expertise self-assessments across 12 cross-channel marketing tasks

**36% more often**
Rate 14 technologies as “extremely effective” for cross-channel marketing

**41% of all surveyed marketers**
Prevalence by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>APAC</td>
<td>53%</td>
</tr>
<tr>
<td>North America</td>
<td>28%</td>
</tr>
<tr>
<td>EMEA</td>
<td>16%</td>
</tr>
<tr>
<td>Latin America</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Prevalence by seniority**

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>CEO/VP</td>
<td>63%</td>
</tr>
<tr>
<td>Director/manager</td>
<td>31%</td>
</tr>
<tr>
<td>Individual contributor</td>
<td>22%</td>
</tr>
</tbody>
</table>

Base: 428 digital marketers
Source: Forrester Consulting, *The Road To Cross-Channel Maturity*, August 2014
In order to develop customer-optimized marketing programs that create competitive advantages and increase return on investment (ROI), it is essential to adopt successful marketing strategies and tactics. Although this can be daunting, the Experian Marketing Sophistication Curve is a framework and tool that makes it easier for organizations to develop customer-optimized programs that deliver results.

As both a tool and framework, the curve enables organizations to assess the state of their marketing operations accurately and identify the steps necessary for creating individualized marketing experiences around the customer. While it’s important to begin with the end in mind, the first step is recognizing the need for change with the organization. The curve offers marketers help with the first critical step in that process: an understanding of where they are today and what they need to do tomorrow and beyond.

Experian’s Marketing Sophistication Curve outlines four primary phases of marketing sophistication:

1. Single-channel optimization
2. Multichannel marketing
3. Cross-channel marketing
4. Cross-channel optimization

View the Marketing Sophistication Curve on the next page
Single-channel optimization

Seeks new sources of consumer data and analytical approaches to doing more with existing programs and tools

Struggles with obtaining higher performance out of insight-driven campaigns

Cross-channel optimization

Seeks a system (inclusive of tool, process and service) that enables execution against vision

Struggles with adopting an operational approach to devising message strategies at the customer versus campaign level

Cross-channel marketing

Seeks ways to easily and consistently target campaign content at the individual level

Struggles with organizing data around a customer in useful time frames

Multichannel marketing

Seeks brand and promotion consistency across channels through offer replication

Struggles with incorporating new channels, like mobile, into messaging strategy

Single-channel optimization

Seeks new sources of consumer data and analytical approaches to doing more with existing programs and tools

Struggles with obtaining higher performance out of insight-driven campaigns
Where marketers stand and what it means for the future

90% of marketers who have taken the Marketing Sophistication Curve online assessment are struggling to move beyond single-channel marketing programs and optimize their marketing across channels or around the customer.

Achieving cross-channel marketing sophistication is not something that happens overnight. Yet, some marketers may feel overwhelmed at the proposition.

25% of Digital Marketer survey respondents stated that one of their top barriers to cross-channel marketing is “no clear roadmap — unsure of what to do next.”

Learn more about the phases of Experian’s Marketing Sophistication Curve, and discover your organization’s level of sophistication.
As stated earlier, the Experian Marketing Sophistication Curve provides marketers with a roadmap, and these five common, and necessary, steps also can be used as levers to increase overall marketing sophistication:

**Step 1: Data management**
Data is the cornerstone of all advanced marketing programs. Here, marketers can measure the degree to which their organization is capable of capturing, collecting, linking, organizing, analyzing, modeling and optimizing data to create an increasingly robust and current view of a customer across channels and time.

**Step 2: Insights and targeting**
Of course, data alone is not enough. A marketing organization also must have the means to extract actionable business intelligence from that data. In this stage, marketers should assess how well they can transform all of their data into actionable customer insights, build audiences and drive enhanced results.

**Step 3: Strategy and planning**
Technology and tools largely are worthless in the absence of a strategy for properly deploying them. In this step, marketers can measure the extent to which their organization can develop and plan out customer engagement dialogues across channels programmatically.

**Step 4: Execution**
With data, analytics-driven insights and a strategic plan in place, marketers can evaluate the degree to which they can identify customers across channels and, by extension, deliver an optimized content experience, regardless of channel.

**Step 5: Measurement**
In carpentry, it’s known as “measure twice, cut once.” In modern marketing, the adage boils down to “measure always.” Marketers can calculate the overall effectiveness of an organization’s capacity to measure results constantly and use that information to improve systems and processes.

As a caveat, the degree of sophistication within each of the five steps can vary dramatically from phase to phase of the curve. Additionally, there must be organizational commitment and brands must recognize and fully commit not only to the end goal, but also to the process and journey within the curve’s framework.

With that in mind, the next three sections of this report cover the stages of a true cross-channel marketing program centered on the customer and the customer life cycle. We'll cover the whys and hows plus show success stories from brands doing it right.
The importance of data hygiene, and the intricacies of data collection

Capturing customer information is one of the first and most critical steps of an interaction. Adding a customer’s identity to the marketing system allows marketers to understand their customer base better, communicate with individuals in the future and start to build a meaningful two-way relationship where both the customer and the brand benefit from the interactions.

However, information capture is frequently an overlooked step in the world of marketing. The quality, accuracy and completeness of information is often taken for granted, and we assume our data is fine as is. To be successful in today’s data-driven marketing environment and have intelligent interactions, marketers first need to start with accurate first-party data.

While data hygiene can sound a bit daunting, it is extremely important to today’s marketer. According to a recent Experian Marketing Services study, global organizations say they maintain a data-quality strategy in order to increase efficiency, enhance customer satisfaction and to enable more informed decisions. Data has become so important that nearly every company feels some sort of data is essential to marketing their success. Marketers view first-party contact data as the most important data to collect. This is information the company directly collects from the consumer and then uses for a host of marketing activities.

The customer data collection imperative for marketers derives from the needs to apply data-driven strategies to their programs. In fact, 95 percent of U.S. companies report the need to turn data into insight. The top drivers for U.S. companies are to understand customer needs, find new customers, increase the value of each customer and to secure future budgets. All of these are key initiatives for marketers as they look to better connect with consumers and drive revenue.

Drivers for turning data into insight

Source: Experian Data Quality, The data quality benchmark report
Many of the key initiatives marketers are working on today are dependent on the completeness and accuracy of the data that they are working with.

Marketers typically operate with a large database, whether it is housed in their marketing automation platform or contained within their customer relationship management (CRM) system. This information source contains details about the customer, from his or her email address and birthday to name and purchase history.

This data, however, can be challenging for marketers to manage for one key reason: they do not collect it directly from the customer.

Marketers receive customer information from a variety of departments around the business.

On average, companies collect information through an average of 3.1 channels. However, U.S. companies surveyed used more channels on average, 3.6, whereas those in Spain used the fewest at 2.6 channels.

The most popular channel is the company’s Website, followed by face-to-face interaction via the sales team and the call center. The call center is actually the most popular in the U.S. and least popular in Germany and Spain.

There has been much talk about the rise in mobile marketing over the last few years and roughly one in three companies now collects contact data via a mobile Website or mobile application. Overall, 45 percent of surveyed companies collect data via mobile.

Source: Experian Data Quality, The data quality benchmark report
The accuracy of information often is a problem, with 97 percent of companies suffering from common data errors. The most common data errors are incomplete or missing data, outdated information and inaccurate data. Duplicate data is also a significant problem for one-third of companies.

Most common data errors

Source: Experian Data Quality, The data quality benchmark report

With so many new sources of data, it’s not surprising that data accuracy is a constant challenge. The percentage of inaccurate data has actually been rising steadily over the past several years. On average, respondents globally think 26 percent of their total data might be inaccurate. This has risen from 17 percent in 2013 and 22 percent in 2014. The U.S. reports the highest percentage of inaccurate data; with respondents citing 32 percent of their data is inaccurate on average. This is up from 25 percent just a year ago. The lowest percentages are in European countries, including Spain and Germany at 17 percent.
The issue is so pervasive that 92 percent of respondents who deem their contact data to be essential to marketing success admit to having data inaccuracies. On average, they identify 23 percent of their data is bad. The research clearly shows that among those with contact data accuracy issues, the most common cause is believed to be human error. Sixty-one percent of companies cite this problem, which explains why organizations of all types are affected by inaccurate data. All companies ultimately have data entered by a human or individual across all channels. Without a data management strategy to prevent that type of error, companies will continue to see a wide range of inaccuracies.

The issue is that marketers frequently do not control all of the customer-interaction channels. The call center might be controlled by a call-center manager, stores may be managed by another department and so on. Each one of these areas has different techniques for collecting data, collects different types of data and enforces different standards for how it maintains its data.

All of this disparate information is fed into a central database for marketing, and users are left to compile the data into a workable file for marketing intelligence and communication. It can be extremely difficult to manage this variety of information.

With data-management strategies frequently failing to alleviate the risk of human error and not being centralized, marketers face a number of challenges.
The cost of bad data

The high degree of inaccurate information has its consequences for marketers. At its basic level, bad contact information leads to an inability to communicate with customers and poor marketing intelligence.

The obvious impact of inaccurate contact data is issues with communication delivery. Email remains the most popular channel for marketers to communicate with consumers in 2015. However, poor data quality has a direct impact on that channel.

Seventy-eight percent of companies have experienced email deliverability problems in the past 12 months. Many times, these problems are the result of poor email-list hygiene and bad email database management practices. These deliverability problems have resulted in unnecessary costs or lost revenue. Interestingly, the U.S. has encountered more of these consequences compared to all other countries.

However, there is a hard dollar cost as well. The research shows that poor data quality is a board-level issue, with 83 percent of respondents in commercial companies believing revenue is affected by inaccurate and incomplete prospect data in terms of wasted resources, lost productivity and communications spend.

On average globally, companies believe that 23 percent of their budget is wasted annually due to poor data quality.

To reduce this financial burden and ensure marketing success around new initiatives, marketers need to take strong steps to improve data-management practices.

18% of respondents in commercial companies believe revenue is affected by inaccurate and incomplete prospect data.
Successful tactics for accurate marketing data

Managing marketing data is very different than what it was even just five years ago. Information is used so quickly with today’s always-on consumer that marketers need to have accurate and consolidated information right away. They need to improve data at the point of collection and monitor it over time to be successful.

**There are five key tactics marketers need to employ to be truly data-driven.**

1. **Get involved in the data collection process**

Marketers need to understand how their customer data is collected. A high degree of inaccurate information can have a dramatic impact across the entire organization, especially for marketers as they look to drive customer engagement and revenue.

Marketers should align with the data owners across their organization better to understand the data-collection process and how it can be improved to prevent human error. Encourage the implementation of validation software at key capture points and try to enforce consistent data-governance standards around the business, making it easier to consolidate and maintain data over time.

2. **Encourage a central data-management strategy**

Today, only 35 percent of companies manage their data centrally through a single director. That means 63 percent lack a coherent, centralized approach to their data quality strategy. The bulk of organizations have data-management strategies that vary by department.

Marketing should be an agent of change within an organization. A central data-management strategy is the only way to make sure organizations have a single and complete view of each customer within their first-party data. Maintaining that complete view internally and then pairing it with external, third-party data can create an incredibly powerful and actionable view of each customer to enable many marketing initiatives. Larger organizations may consider adding a chief data officer or a chief marketing technology officer to oversee a centralized data strategy.
3 | Find the right technology

The volume of data is so high that organizations can’t simply manage it with manual processes. They need technology to ensure the accuracy of information.

Luckily, there are many vendors in the market today that can help with data-quality technology. However, marketers need to take care in finding the right fit for their organization. There are several factors to consider when evaluating vendors, including strategic fit for the organization, usability/accessibility of the suite of tools, the completeness of the data-quality tool and the ability to easily test these tools to ensure they work in the environment.²

4 | Invest in analytical talent

The tools for successful marketing have changed. Much depends on an analytical skill set to mine and analyze data. Be sure to invest in analytical talent to help understand key customers, marketing campaigns and response attribution better.

5 | Monitor information over time

Data becomes outdated quickly. It is important to monitor information over time to ensure its ongoing accuracy. Marketers can either use monitoring technology as part of their broader data-management strategy or keep track of campaign response rates, such as email bounce or returned mail, to get an idea of contact-data accuracy.

²Experian Data Quality, Data Quality Buyer’s Guide
University of North Texas at Denton improves data quality for more accurate student communications

Challenge/Objective: The University of North Texas System (UNT System) was looking for a new vendor to assist with address hygiene and data quality. UNT System’s flagship campus in Denton, Texas, experienced problems with address hygiene across the student life cycle and saw a number of duplicate records within undergraduate admissions.

“For our outreach to prospective students during undergraduate recruitment efforts, we receive a high volume of prospective student list uploads,” says Kok Chuan Koh, Programmer Analyst at UNT System. “It is critical that we send timely and appropriate communications to prospective students throughout the process to keep them engaged. Duplicates can result in inappropriate communication and cause the prospective student to drop UNT System from his or her consideration.”

While UNT System already had duplicate identification software in place, the tool required between eight and 16 hours to run and was at end-of-life with limited technical support.

Resolution: UNT System administrators reviewed several products, covering all spectrums of price within the market. The school needed to find a technology vendor that could provide both duplicate-identification and address-hygiene services. The product also needed to stay within budget, provide easy implementation and show strong overall performance.

For the duplicate-identification product, the school had other specific requirements. “We needed a tool that could run in a reasonable time frame and give us high-quality matches for duplicates, allowing administrators or users to start processing them within the same day,” said Koh.

UNT System administrators worked with Experian Data Quality to conduct pilot testing and allowed remote access to their environment to see a live NameSearch® demo using actual UNT System data. This was possible due to the tool’s easily configurable interface.

“When we reviewed NameSearch, the demo showcased the product’s superior performance for accuracy and processing speed over our current search-match product. In addition, the price point for the solution was within what we had
allocated for the project,” says Koh. “NameSearch provides a graphical user interface that allows us to tweak the search-match algorithm and adjust the search criteria values, which is critical for our business processes.”

UNT System administrators also selected Experian Data Quality’s address-hygiene tool because of its easy-to-understand interface that allows users to validate addresses across all departments without additional training. The address-matching algorithm is highly accurate, finding even very obscure addresses.

UNT System purchased both tools, with NameSearch implemented in the undergraduate admissions office and the address-validation tool rolled out across the entirety of UNT System.

**Results:** UNT System has seen strong results from both products. More duplicates are caught by the NameSearch tool in just minutes than its previous program could after eight hours. Providing accurate search/match results in a timely manner allows users to resolve duplicate records faster. This means UNT System is engaging with the right prospective students in a more efficient manner.

UNT System also is seeing lower rates of returned mail since it implemented Experian Data Quality’s address hygiene tool in February 2014. A comparison of the return-mail volume to the undergraduate admissions office between the 2013–2014 March-to-October periods shows a reduction of 39 percent by total volume. This is a significant cost savings.

“The critical part of the address-hygiene process is having the ability to detect and correct bad addresses. The software is able to suggest corrections, making it easier for the employee to correct a bad address,” says Koh.
Best practices for data collection
Now that marketers know how to ensure the data collected is accurate, here are just a few ways to ask consumers to share their data.

The in-store opportunity
For brands with brick-and-mortar locations, a visit to a physical store is undoubtedly one of the strongest indicators that a consumer is interested in doing business with them. Thus, capitalizing on a consumer’s in-store interactions is a great way to acquire information. Surprisingly, in a survey of marketers from more than 100 of the world’s leading brands, 31 percent indicated that their organization does not collect email addresses at the point of sale (POS). It’s important to note, however, that many marketing teams often are far removed from the operations of physical stores and may not be aware of in-store data-collection methods. As stated earlier, marketers must align with all points of data entry in order to ensure accurate data and be truly data-driven. This disconnect does not excuse or change the fact that a large portion of brands are missing an opportunity.

Email acquisition tactics in store

- POS system – entered by sales associate: 58%
- None: 31%
- POS system – entered by customer: 28%
- iPad®: 27%
- On paper: 25%
- Mobile SMS (via signage): 22%
- On printed receipt: 15%
- Via a kiosk: 13%

Source: Experian Marketing Services, The state of cross-channel marketing
Data collection opportunities pop up on the Web

According to the same survey, 96 percent of brands use Websites (pages and checkout forms) for email and mobile-data acquisition, making it the most popular non-POS method. Data shows it is working. Experian Marketing Services' clients have achieved up to an 84 percent increase in collecting valid email addresses using Website pop-up windows for email acquisition.

Making the most of mobile

Email address isn't the only piece of data being collected. More brands understand the power of mobile SMS and are using a variety of channels to collect mobile numbers. Again, Web forms are the most popular method of collecting email and mobile data, but the use of in-store signage has increased by 51 percent in the last year. This trend will only continue to grow as more brands realize the importance of offering customers a variety of options to receive special offers and information and begin to build programs that accommodate the mobile experience.

How do you acquire mobile numbers?

Source: Experian Marketing Services, The state of cross-channel marketing
Preference centers encourage relevant and meaningful interactions

Preference centers can capture basic data such as demographics as well as unique interests and communication preferences. Allowing customers to select the types of messages they want to receive and how they want to receive them proves a brand’s commitment to delivering tailored content and customer experiences. Moreover, capturing this detailed information is a great way for brands to build and enhance customer profiles. Preference centers are a win-win for both the consumer and the brand.

1. Select your interest and click “Save & Continue”

2. Enter your information and click “Save & Continue”

3. Customize and click “Submit My Preferences”
The single customer view imperative

Data-driven marketers are suffering from an identity crisis — not their own identity but the identity of the omnichannel consumer who moves seamlessly between devices, channels, media and applications. From those who strive to create integrated, contextually relevant customer experiences to those who simply want to ensure that their ads are reaching the right individuals, marketers have to adopt methods for linking consumer identity with behavioral data and profile data to drive better marketing performance and outcomes.

Based on recent research by Experian Data Quality, 99 percent of companies believe achieving a single customer view is important to their business. Most marketers are striving to achieve a single customer view because they understand the value to their bottom line, including making marketing spend more effective, gaining better insight into customers to inform strategic growth and creating a seamless customer experience that delivers more brand value and builds greater loyalty. Despite the high level of priority, only 24 percent of companies say they have a single customer view today.3

Marketers have done a great job of empowering consumers with digital experiences across channels and devices to help them discover and purchase products. However, the majority of marketers are unable to take advantage of the data that is being generated by these interactions because their customers’ identity is so fragmented between their various advertising and marketing technology and systems. To gain a truly useful and actionable single customer view, marketers have to operate successfully across a dynamic consumer recognition continuum that ranges from anonymous to authenticated, honoring consumer privacy and

3Experian Data Quality, The data quality benchmark report
choice every step of the way. From the Website visitor who is only identified by an
IP address to a customer checking the balance of his or her bank account on his or
her smartphone, marketers have a multitude of consumer identifiers that have to be
managed and integrated. It’s not surprising that 89 percent of companies are facing
challenges when developing a single customer view.

The consumer recognition continuum

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<thead>
<tr>
<th>Anonymous</th>
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<td>• Customer care service history</td>
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<td>• Purchase history</td>
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<td>• Loyalty program</td>
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The variety, volume and velocity of fragmented marketing data simply is
overwhelming to most organizations, creating blind spots and missed opportunities
to deliver a seamless customer experience.

As discussed, the primary barriers to building a single customer view lay in:

1. Sustaining the quality and accuracy of the data over time
2. Integrating large amounts of fragmented and disparate data across siloed
departments within the organization
3. The complexity of linking and resolving identity information across all consumer
touch-points when it’s coming in through different, unlinked technologies

At the end of the day, marketers understand the risk of lacking a single customer
view. This risk includes creating inefficient and ineffective marketing programs as
well as a disjointed and fragmented experience for the customer, which could send
them to a competitor in a step, tap, swipe or click.
Take ownership of cross-channel identity linkage

The future of data-driven marketing requires an identity-linkage strategy that links consumer identity, devices, behavior, applications and location to provide a cohesive and actionable view of consumers.

This strategy has to enable marketers to manage the building blocks of incremental personalization across the dynamic consumer-recognition continuum. It also must allow consumers to manage privacy and consent while empowering the marketer to manage his or her customer’s journey.

As part of a single-customer-view effort, organizations are linking customer information across many different channels. Ninety-four percent of companies are linking customer information across channels and just more than half are linking all customer information. The most popular piece of data used to link customer information is the email address, followed by customer name and phone number.

No single identifier, however, will accomplish all of the requirements mentioned above, as different identifiers serve different purposes. Marketers should rely on a framework that allows them to manage their customer identity information while being able to link that identity information to others’ identity information in a secure and privacy-compliant manner. There are four basic components that make this identity-linkage framework successful:

**Accurate and consolidated first-party data** — Organizations take in a vast amount of customer data that is housed within their own environment. This valuable data set can provide a great deal of consumer insight on its own, but when paired with third-party data, the options are limitless. However, that information needs to be accurate and consolidated to provide any real insight. Marketers need to be sure customer information is accurate upon entry and frequently checked for duplicate records; each customer should have only one golden record within the company or database.

**Identifier management** — Supporting audience definition, ad targeting and campaign measurement, identifier management is governed by a bring-your-own-data model where a third party provides a secure ID-matching service between the marketers’ internal customer identifiers and media IDs. This not only is practical — too many ID systems exist to think that a universal ID can be adopted — but also supports maximum control for companies to manage their own data while getting the benefit of securing shared data from third-party providers.
**Identifier reconciliation** — By matching IDs across channels, devices and applications, identifier reconciliation creates a single identity using both deterministic and statistical models. Marketers need to reconcile identifiers between their customer-facing systems that contain varying levels of identity information including marketing systems such as email, loyalty systems, mobile applications and, most importantly, purchase-transaction systems. In the context of media, this means linking a deterministic ID, such as a site login ID or a subscriber email address, to a statistical ID, such as an Experian AdTruth ID, to understand that a single smartphone and a laptop do in fact belong to the same user or household.

**Identity authentication** — Linking anonymous identifiers to persistent authenticated identifiers, identity authentication builds a clearer picture of the consumer as he or she makes himself or herself known throughout the customer journey. This is critical to addressing the recognition continuum, allowing marketers to build confidence in the identity of the consumer with whom they are interacting and to deliver the appropriate level of personalization to their relationship with that consumer.

Using this identity-resolution framework enables marketers to maximize the use of their data to deliver a truly integrated cross-channel marketing strategy that centers on the customer journey and honors the consumer’s desire to control their relationship. Not only that, it helps media companies, agencies and marketers to work together to improve the efficiency and effectiveness of the marketers’ ad spend.
Case study:

**Meredith Corporation gains a single understanding of its customers across channels**

**Challenge/Objective:** Meredith Corporation, a leading media and marketing company, required an identity-linkage service to integrate and link its disparate data in order to deliver an integrated, accurate and persistent view of its customers and prospects. Because Meredith Corporation maintains an in-house CRM system, it needed a process to:

- Recognize who the customer is in real time and integrate his or her activity into a single view
- Use the single view of the customer to improve up-sell and cross-sell opportunities through improved targeting
- Monetize data by increasing ad sales both online and in printed publications

**Resolution:** Meredith Corporation implemented the Experian Marketing Suite Identity Manager that leverages core identity-linkage capabilities and data assets to meet Meredith Corporation’s specific marketing needs.

**Identity linkage** — Assigning a persistent ID to link disparate data and customer profiles across its entire customer database, Meredith Corporation was able to see all the activities associated with an individual across all channels. Through this single customer view, Meredith Corporation was able to deliver relevant content to their customers better and provide more accurate digital audiences to their advertisers. The identity-linkage service offered cost savings, streamlined functionality and, most importantly, improved accuracy within Meredith Corporation’s data assets and overall campaign strategy.

**Identity management** — Experian® provided Meredith Corporation with data-management tools that maximize address deliverability, including an ongoing database-maintenance process to ensure its CRM is continually updated with the most recent and correct address information. Using additional data-enrichment functionality, Meredith Corporation was able to strengthen its prospect environment by capturing promotional history and easily eliminating duplicates. These services improved Meredith Corporation’s ability to understand its relationship with its customers and prospects.
**Actionable consumer intelligence** — Meredith Corporation used Experian's rich consumer data in developing predictive insights to understand and anticipate evolving consumer and audience behaviors and channel preferences better. It instituted a daily feed of data to ensure it would be using the most relevant data possible, including individual activity data.

Meredith Corporation uses this data to enrich what it knows about its customers and prospects in order to deliver highly relevant messages. This includes appending life-event triggers, such as becoming a new parent or homeowner, to help Meredith Corporation target an ever-renewing group of customers that benefit from Meredith Corporation’s content. Using this life-stage data helped Meredith Corporation increase upsell by 7 percent to 10 percent and deliver improved product recommendations. Meredith Corporation now is able to target its existing customers more accurately as they move through these life stages, strengthening campaign response rates and overall revenue.

**Results:** Working with Experian has enabled Meredith Corporation to reduce costs, streamline processes and improve data quality in both the customer and prospect environments. The following results were achieved:

- Increased ad sales through improved audience profiling
- Increased circulation using data enrichment for up-sell and cross-sell
- Increased sales by making real-time recommendations based on previous purchases, enrichment and modeling
- Decreased mailing costs by increasing address deliverability and eliminating 4 percent to 6 percent of additional duplicate records

"Experian Marketing Services helped us with all aspects of our data-driven marketing, improving our ability to deliver return on investment. Having a single understanding of our customer across all channels, beyond our own interactions, allowed us to improve our targeting, up-sell and cross-sell programs."

– Janet Donnelly, Vice President of Consumer Marketing for Meredith Corporation
Synchronizing data for improved performance

Marketers have to deal with many separate streams of data: their own customer data and other third-party data points that could include lifestyle characteristics and demographic, behavioral and transactional information. In the best case, customer data shows a person’s name, age, email address, channel preferences, past online and offline purchase behavior, and loyalty-card membership. Third-party information explores consumers’ motivations, beliefs, interests and preferences. While all of these data points can be valuable separately, in order to deliver the intelligent interactions demanded by the omnichannel consumer, marketers must ensure that they enrich their customer data to make their own CRM data work harder.

On one hand, marketers have a limited view of their customers that reveals only what they do within the physical and virtual walls of their business. On the other hand, they have descriptive data that they struggle to make actionable. Several key processes can resolve these differences using this data to connect consumers more effectively into actionable segments, enabling tailored marketing communications to specific types of customers, across channels.

- **Start with first-party data.** Marketers have incredibly rich data on their customers that tells them everything from what they've purchased to their purchase frequency and channel preference. They also commonly know which emails are opened and clicked on by time of day and device and which coupons their customers have redeemed. This data can be used to segment customers based on their behaviors, which is primarily leveraged for tactical marketing purposes.

  Purchase frequency, for instance, drives direct-marketing tactics. Website visit behavior triggers retargeting tactics. Email inactivity triggers a reactivation tactic. While this data helps marketers react to consumer behavior, marketers shouldn’t stop here, as there are opportunities to unlock greater customer value and loyalty ahead. Consolidate and add key performance indicators (KPIs) such as revenue per customer, email responsiveness, product mix and purchase channel, remove duplications and create a single customer view.

- **Enhance and enrich the customer file using third-party data.** Key data points at the individual or household level provide the ability to enrich identities, making them actionable and addressable. Second- and third-party data assets connect the insights into who the consumer is and what motivates them to take action. The combined dataset provides marketers with a complete understanding of the consumer that can be used to identify segments unique to the marketer’s customer base and make that data actionable across channels.
These data points can include things such as lifestyle characteristics, purchase influences, media habits and more. Customer mindset and motivational data and other third-party insights — such as household composition, life events and discretionary spend — can be used for other trigger-based marketing campaigns. This step also ensures data is sufficient, thorough and strong enough to support enhanced segmentation that can drive personalization and tell relevant brand stories.

• **Segment customer groups to target the best customers or the customers that represent the greatest opportunity.** When marketers are able to receive the types of insights from enriched data sets by successfully marrying their customer files to detailed customer data, they can confidently design, plan and deliver superior brand experiences that deliver authentic interactions with the omnichannel consumer.

To really connect with customers, to give them not only what they want but what they've come to expect, marketers need to append customer data with in-depth behavioral, motivational and lifestyle insights to activate the data and build an audience that comes to life. When done, the marketing strategy becomes more engaging, targeted and effective.

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**Case study**

**Improve customer value with more effective merchandising through lifestyle-interest insights**

**Challenge/Objective:** A retailer is experiencing a decline in its customer-retention rate.

**Resolution:** A dive into external data attributes indicated the retailer's customers have a high likelihood to participate in sports and fitness activities. When that data was matched back to customer transaction history, it revealed which customers had never made a purchase within that category, identifying missed opportunities for the retailer. The enriched data provided a new audience for a more targeted cross-sell promotion that prominently features sports and fitness products.

**Bonus opportunity:** Additional external data indicated children ages five to 15 are often present in their customer's home. The promotion for this customer could then be enhanced to feature related children's merchandise as well.
Data is the foundation for intelligent customer segmentation

In today’s day and age, people don’t make decisions blindly. The days of buying a billboard and hoping that people see them are over. Everything demands return on ad spend, return on investment and before our clients are willing to make a decision, they need to understand how their particular customer is going to respond. So Experian Marketing Services provides me with the valuable insights necessary to build out a case for investments in their business, and our clients appreciate the additional homework before they make that investment.

— Dan Wallace-Brewster, Head of e-Commerce Strategy, Onestop Internet

There are a number of sources of data available to help discover new insights about existing customers, find prospects similar to the best customers or find new selling opportunities. Enriching customer information is a common practice among marketers today. According to our survey, the majority of marketers around the world (70 percent) say they are enriching their own data with some type of third-party data. Customers move fast, which can prevent marketers from collecting all of the information they would like to gather during an initial interaction. However, third parties can provide intelligence that allows marketers to target consumers better and provide a richer, more tailored interaction, without having to stop a customer in his or her tracks.

Third-party data used to enrich first-party data files

Source: Experian Marketing Services, 2015 Digital Marketer Survey
While marketing leaders in our survey said translating a deep knowledge of customers into relevant actions is a top priority in 2015, 29 percent of respondents who enrich their data with third-party data only add one type of data. One-quarter of survey respondents are not using any third-party data to gather a complete view of their customer. It seems that companies need to do a better job of using other data assets to help personalize and tailor communication to their target customers. There are several categories of data types. Different combinations of these data types allow companies to feed into a segment and profile their customers to create applicable audiences.

29% of respondents who enrich their data with third-party data only add one type of data.

### Your customer

<table>
<thead>
<tr>
<th>First-party data</th>
<th>Second-party data</th>
<th>Third-party data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data a company collects directly from its customers including contact information, transaction history, survey responses, etc.</td>
<td>Similar to first-party data, except the original company is sharing its data directly with a second party.</td>
<td>Data that is compiled by a company that isn't directly involved with the customer. Data is typically sourced from public records, registration-based data and other proprietary sources. Some compiled data is more expansive, including addressable identities for large populations providing a greater amount of information about consumers at an individual and household level.</td>
</tr>
</tbody>
</table>

#### First-party data

- **Publishers and advertisers**
  - Collected by the publisher or advertiser/brand itself about its customers

#### Second-party data

- **Ad networks and search engines**
  - Ad serving data (clicks and views)
  - Keyword search data through analytic platform

#### Third-party data

- **Offline data providers**
  - Collected offline then brought online through proprietary online data partnerships
- **Online data providers**
  - Collected offline via relationships with publishers and portals
- **Data exchanges**
  - Online auction marketplace where advertisers acquire third-party data that helps them reach their target audiences better with display
Evaluating the type of data needed when enriching customer data will vary based on campaign goals. Organizations look to enrich data for many reasons, but some of key areas include:

• Improved customer understanding
• Real-time targeted messaging
• Superior lead routing

Each of these areas requires information to be enriched at different points in the customer journey. To improve customer understanding, organizations may add details in bulk to profile information and understand the large segments of their customer base better.

When looking at real-time targeting and lead routing, this enrichment should occur at the point of interaction. The reason is simple: the faster marketers can better understand the customer, the faster they can provide them with an enhanced experience and interaction.

In the case of targeted messaging, marketers may add certain data elements in real time to understand which profile a given consumer on the Website fits. That information then feeds into a modeling system that serves up more compelling content based on that consumer’s information. This can be as simple as geographic-related elements to a given individual’s location, such as winter coats in New England versus bathing suits in Florida or be as sophisticated as offerings for a single individual versus a family or certain displays based on gender or auto information.

Enrichment, when paired with accurate first-party data and a sophisticated modeling system, can make for an incredibly powerful combination that truly enables marketers to create actionable insights.
Case study

Strategic analysis exercise to truly understand the customers and improve email marketing campaigns

Challenge/Objective: A leading clothing retailer was struggling with a high number of inactive email subscribers. Although there were strong in-store email sign-ups for the newsletter, this brand had limited information on the person behind the email address. Its goal was to improve campaign responsiveness through segmentation.

Resolution: The first step was to use Experian Marketing Services’ insights to identify who was behind the emails. With this key information, the retailer was able to see who on that list was making in-store purchases. Additionally, overlaying key demographic information allowed it to understand its buyer personas better and identify its best customers.

Results: When analyzing the results, there were a large number of purchasers on the retailer’s inactive email list that didn’t fit its buying personas at all. In addition, it noticed that this group had a higher rate of email opt-out than other segments. Using additional first- and third-party data, it determined that this group was composed mostly of gift givers. With this insight, it changed its email frequency (reducing opt-outs), adjusted its messaging and drove specialized offers around holidays. This resulted in significant improvements and discovery of more gift-giver prospects.

Changed email frequency reducing opt-outs

Drove specialized offers around holidays
Enrich with triggered (in-market) base information

**Challenge/Objective:** A major regional automotive dealer with locations spread across six states and dozens of markets sought to drive incremental sales across its network of local dealerships. The organization planned to run an online display campaign focused on acquiring a key segment of in-market individuals. However, within the segment, the automotive needs and preferences, as well as the corresponding local dealership, were anything but uniform. The company needed a way to deliver the right content to the right individual and drive them to their local dealership.

**Resolution:** Working with Experian Marketing Services, the dealer was able to obtain additional lifestyle, attitude and demographic data for its target customers. Those variables provided insights into the car makes and models that would be of greatest interest to each individual as well as the most relevant and engaging messaging approach. In addition, the digital-advertising company delivered a set of predefined geographies that would be matched to each dealership so that visitors from within each area would be taken to the corresponding local dealership's Website.

Leveraging dynamic creative, display ads were personalized for each target consumer by combining an image of the vehicle most likely to pique the segment's interest with one of four predetermined messages (the messages included safety, financing, lease and features) and the name and logo of the nearest dealership. The entire ad was linked to that same dealership's Website. In addition, inventory levels at each dealership were updated constantly throughout the campaign to ensure that vehicles featured in the display ads were on the lot.

**Results:** By personalizing its creative, the dealer not only benefited through higher response and conversion rates, but it also ensured that it moved the inventory in stock at that moment instead of vehicles that would take weeks to be delivered.
For predictability and performance, data accuracy is a necessity

The key to successfully enriching customer data hinges on quality third-party data to deliver invaluable intelligence that drives precision, predictability, performance and ultimately more relevant customer engagement. As we've seen, 43 percent of marketers cited poor data quality as a top challenge in creating a complete view of their customers. Data coverage and accuracy are KPIs to help brand advertisers understand third-party data performance across key predictive data attributes used in modeling.

**Depth and coverage**

Depth of coverage represents the number of records and contact quantities that are available from a third-party data provider and is a critical measuring stick for evaluating the penetration and effectiveness of a direct-marketing campaign. The greater the coverage, the more likely a campaign will be successful in reaching an optimal number of prospective customers.

**Accuracy at scale**

Accurate offline personally identifiable information (PII), compiled in compliance with consumer notice and choice, connects the marketer with actual customers across channels and enables more reliable measurement. PII data can be used to identify a larger audience of actual consumers who have a propensity to buy and use predictive data attributes, such as income, to confirm ability to purchase. Marketers also can build greater reliability into closed-loop measurement regardless of the channel(s) by matching customer sales information to the targeted PII-based audience.

Sustaining data accuracy means keeping pace with the omnichannel consumer and requires even greater rigor and diligence around data compilation and linkage. That means systematically testing the quality and stability of data across all applications including model performance, onboarding for digital execution and response attribution. Securing data that is accurate on a large scale is an important performance indicator and can build predictability, precision and higher returns on investment for targeting and campaign execution.
**US Interactive Media evaluates new lead sources faster and increases conversion rates**

**Challenge/Objective:** US Interactive Media, a part of US International Media, is a digital advertising agency focused on developing innovative customer solutions in a constantly shifting, multichannel landscape. Its comprehensive research tools, industry analysis, market trends, customer segmentation and reporting have allowed it to become a leading interactive agency. It identified a need to improve lead quality by scoring and prequalifying prospects in real time and needed a product that could filter incoming leads by probability of conversion.

“Lead quality issues have always existed, but we wanted to find a better way to improve the quality of leads,” says Ryan McArthur, Executive Vice President with US Interactive Media. “It takes 60 to 90 days of performance history before we can evaluate the success of a purchased lead. We needed to find a solution that would allow us to differentiate between a lead likely to convert and a lead likely to never convert, in real time.”

**Resolution:** US Interactive Media worked with Experian to implement a testing environment to model the data and create the score prior to purchasing and implementing a full license of Experian Prospect IQ℠. This allowed the company to get a better idea of the quality of data before purchase and ensure the product would work.

**Results:** With Experian Prospect IQ and a lead-scoring model in place, US Interactive Media now recognizes a host of benefits. First, it identifies and rejects in real time leads likely to never convert, which saves on acquisition costs and allows it to evaluate new lead-supplier sources quicker. The company has been able to reject, on average, the lowest 5 percent to 10 percent of leads.

Next, US Interactive Media was able to optimize marketing campaigns to purchase the best leads for its customers. This allowed it to increase conversion rates and decrease the cost per acquisition.

Finally, the company implemented lead prioritization models. This improved customer service at the contact centers by reducing the resources spent on leads that would not convert.

“We were able to understand which leads and audience segments were likely to apply, enroll and stay enrolled,” says McArthur. “This allows us to be a better agency for our clients and increase our value.”
The path to smarter profiling

Intelligent interaction to me, as a marketer, means that it’s important to have as much information as you can about the target or the consumer that you’re looking to reach because you want to understand them, what drives them, what motivates them, what makes them tick, why it is that they might be more likely to be engaged in a certain category versus someone else, why they might respond more to one kind of ad or one kind of message than something else.

– Priscilla Moll, Advertising Effectiveness Research Manager, Time Inc. (People en Español)

Once data is accurate and enriched to include a complete and clear understanding of each consumer, what’s next? Many marketers struggle to understand how to make this multitude of data actionable, enabling real decisions about their marketing strategy.

Using a data-driven segmentation and profiling strategy is an integral step in any marketer’s strategy, whether he or she is looking to build a brand, acquire new customers or retain his or her brand’s most loyal fans. By using consumer data to find insights into the way target customers think, feel and behave, marketers will be able to make (and justify) smarter decisions about messaging and campaign execution. High-definition customer profiles, developed through rich consumer insights layered on top of transactional and behavioral data, are crucial not only to segment customers properly, but to understand the differences between customers who may even be in the same segment.

Of course, segmentation and profiling becomes more complicated as more variables and pieces of information are added to the model. In fact, 39 percent of marketing leaders around the globe cite profiling as a top challenge.4

4Experian Marketing Services, 2015 Digital Marketer Survey
Despite how challenging it may be, marketers hoping to make smarter campaign decisions need to take a step back and really understand the types of customers they have and segment them accordingly.

Improving customer-profiling techniques does not need to happen overnight. In fact, there are three distinct profiling strategies — behavioral, lifestyle and high-definition — and as the strategy increases in sophistication, the marketer will be able to personalize and engage customers with more relevance. However, with more sophistication also comes more complexity as dynamic content requirements increase and more analytical capabilities are needed.

The three most common profiling strategies are:

**Behavioral profiles**

Many marketers already have access to behavioral information in the form of transactional data. Creating profiles based on purchase behavior and basic customer information can help explain customer segments by geography, product category, purchase frequency and spend amount.

**Benefits**

With behavioral profiling, marketers can use some level of personalization to match creative and offers to a customer’s past purchases. For example, if a customer just purchased a coffee maker, the marketer could follow up with a personalized offer for a new mug.

**Limitations**

Behavioral profiling fails to take into account purchase motivation, life stage, lifestyle or attitudes, all of which can vary significantly even between customers who made the same purchase. With this limited understanding of customers, each customer in the behavioral segment will receive the same message, even though they may have very different needs.
Lifestyle profiles

In using syndicated lifestyle profiles, a marketer can combine his or her purchase-behavior insight with standardized consumer profiles that combine some level of life stage, demographics, attitude and behavioral data.

Benefits

Marketers using lifestyle profiles have a better understanding of how their customers may respond to different types of messaging. With this knowledge, the marketer can subsegment customers who may be in the same behavioral segment to receive different treatments based on the standard consumer lifestyle profile, increasing personalization and relevance for each customer.

Limitations

Though they do provide informative insight, lifestyle segmentation profiles are aggregated representations of consumers and have limited ability to describe a brand’s specific customer segment’s attitudes, motivations and behaviors.

High-definition profiles

High-definition profiling combines purchase-behavior insight with a large breadth of syndicated research and behavioral data to create customized profiles, which include life stage, demographics, attitudes, preferences, and behaviors and the ability to monitor profile changes over time.

Benefits

With this level of detail, marketers can hone in on what truly differentiates customers in specific segments by motivations and attitudes, allowing them to create content with the most sophisticated level of personalization and relevance.

Limitations

Like lifestyle profiles, the high-definition profiling strategy relies on syndicated data. A very sophisticated marketer may want to augment these profiles with additional data sets including custom research, third-party data or other data sets to get the most complete picture possible.
This full understanding of the customer is more important than ever as today’s consumer is becoming more and more empowered. Eighty-four percent of all U.S. adults (195 million individuals) are digital today, meaning they have a smartphone, digital tablet or computer. In addition, the vast majority of digital consumers are conducting digital transactions. In fact, 93 percent of PC owners, 76 percent of smartphone owners and 96 percent of tablet owners have used those respective devices to make a purchase.

195 million U.S. adults are now digital: 84%

- 33% own a tablet
- 58% own a smartphone
- 73% own a laptop
- 96% have used it to make a purchase
- 76% have used it to make a purchase
- 93% have used it to make a purchase

Source: Experian Marketing Services

This easy access to information and brand interactions in any channel means that the omnichannel consumer is evaluating the brand against key demands and deciding if he or she wants to continue the relationship constantly. If the brand doesn’t deliver personalized, seamless interactions, he or she won’t think twice about moving on. To deliver on these demands, marketers really need to craft messages that specifically resonate with their target segments.
Segment consumers to match offers to purchase intent

Subsegmenting customers based on attitudes, behavior and motivations can often reveal surprising insight that calls for a vast change in marketing strategy. As an example, many retailers provide discounts and deals to all of their customers, with the assumption that all customers are motivated by lower prices. According to research from Experian Marketing Services, however, deal-seeking behavior exists on a continuum, and one size does not fit all. In fact, there are six distinct types of consumers, ranging from Deal-Seeker Influentials to Deal Rejectors. Digging into the purchase behaviors, motivations and needs of each deal-seeking segment can help inform the offers and discount strategies to be employed with each.

The deal-seeking continuum

<table>
<thead>
<tr>
<th>Deal seeking</th>
<th>Deal rejecting</th>
</tr>
</thead>
<tbody>
<tr>
<td>18%</td>
<td>8%</td>
</tr>
<tr>
<td>13%</td>
<td>34%</td>
</tr>
<tr>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

**Deal-Seeker Influentials**
Always seeking the best deal online, offline and mobile

**Deal Thrillers**
Always seeking the best deal, but prefer offers from their favorite stores

**Deal Indifferents**
Lacking in shopping enthusiasm in general, unlikely to change their behavior because of a deal

**Offline Deal Seekers**
Avid deal seekers through more traditional media

**Deal Takers**
While not actively seeking a deal, they will take one when offered and even shop a new store to get one

**Deal Rejectors**
The most deal-averse group, they want convenience overall

Source: Experian Marketing Services

**Deal-Seeker Influentials**
Deal-Seeker Influentials tend to be younger consumers (41 percent are between the ages of 18 and 34) who love shopping and are very interested in getting a good deal. In fact, 100 percent of this segment agreed with the statement “I am consumed with getting the best deal for a product or service.” One of the reasons this segment may be so deal oriented is that many in this group grew up during the rise of popular deal platforms like Groupon.com, thus they not only enjoy coupons and sales but have come to expect them.
Perhaps not surprising due to their age, this segment is very active with several different media platforms, especially television and the Internet. They overindex for television shows such as *Community*, *New Girl* and pretty much any show on the FUSE network. They also tend to visit Websites like PriceGrabber.com®, LivingSocial and Yelp at much higher rates than average adults. Most importantly, they are highly active on social media, especially when it comes to posting about their favorite brands and products. They are almost 2.5 times more likely to purchase a product they've seen advertised on social media and are more than twice as likely to say their friends come to them for advice about brands and products, both in person and online.

For marketers looking to reach Deal-Seeker Influentials, couponing and sales are highly effective. Consider using social media as a platform to release special offers to top fans and encourage them with larger discounts if they share with friends and family.

**Deal Rejectors**

At the other end of the spectrum lies Deal Rejectors. These consumers not only are indifferent to deals, but actively avoid them as they value convenience, service and brand far more. They dislike shopping and are 26 percent more likely to agree that when they do go shopping, they just get what they want and leave. They also lag well behind average in social-media usage, especially when it comes to interacting with brands. They are 59 percent less likely to trust information they receive through social-media channels.

It may be no surprise that this segment skews male (58 percent) and tends to be older, with 47 percent over the age of 55. What makes this segment worth pursuing is its higher-than-average discretionary income and higher average discretionary spend ($16,256 per year rather than $15,249). With its relative insensitivity to price, this segment is willing to spend its money on products and brands that offer quick and convenient shopping experiences.

Marketers hoping to reach these Deal Rejectors should not waste their resources to offer deals or coupons — in fact, doing so can deter these customers altogether. Instead, consider how to improve convenience and the overall shopping experience, perhaps offering special “fast passes” to skip the lines or home delivery options.

Clearly, a marketer using mass-message tactics to reach both of these segments would find it difficult to appeal to both at the same time. In fact, offering deals to consumers who are either indifferent or rejecters lowers the price, and therefore revenue, when no price cut was even necessary. It is critical that marketers know who among their customers really wants a deal, who needs a deal and who outright
rejects them. Knowing the difference will help in tailoring specific deals and discounts to meet consumers’ needs as well as increase profits by not giving deals to customers who don’t want them.

This concept isn’t limited to deal seeking. No two customers are alike, and there’s no use treating them the same. With smart profiling, it is possible to group customers more strategically and make better decisions about who should receive which message or offer.

How high-definition profiling shapes decisions

As discussed, two customers may look identical from a behavioral perspective; perhaps they both made the same phone purchase. Yet when a high-definition profile of each customer is revealed, two very distinct profiles emerge. For example:

The first customer always has to have the latest gadgets. She routinely reads up on new and forthcoming tech products online and compares the features of the leading models so that she knows which one is the best. Once she decides to make a purchase, she seeks out the best price and often is among the first to buy after something is released.

The other customer is all about style and status and is often motivated on impulse to buy products based on what her favorite celebrities use. For especially “hot” items, she needs it now and at any price. Click-and-pick provides her with a fast track to getting an item in hand because even next-day shipping is too long to wait. Using a brand’s mobile app, she checks out inventory levels at nearby stores, has the item set aside and picks it up on her way home from work with his or her trendsetter status intact.
These two customers are clearly different, and though they purchased the same product, the brand will want to tailor future communications very differently if it hopes to retain both as loyal customers.

Through high-definition customer profiles, marketers can determine the differences between their best customers so that they can develop messaging and marketing strategies that truly speak to each customer’s needs and motivations.

Depending on the depth and breadth of the third-party data available, profiling can provide endless insight that will help create strategically compelling campaigns. It is possible to examine everything from consumers’ levels of education to their lifestyle choices to the television shows they watch, and when combined, these myriad insights can paint a very detailed picture of each customer that will help meaningfully group, develop content for and eventually execute on a distinctive strategy for each consumer segment.

<table>
<thead>
<tr>
<th>Customer value</th>
<th>Demos</th>
<th>Attitudes</th>
<th>Behaviors</th>
<th>Receptivity</th>
<th>Timing</th>
<th>Messaging</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Moderate value • Loyalty program = N • 1 stay in past 12 months • Discounted weekend rates</td>
<td>• 29 years old • Female • Married • 2 kids • Earns $75K per year</td>
<td>• Enjoys spending time with family • Likes to go on vacations where activities are organized</td>
<td>• Has traveled to Disney theme park in past year • Visited Disney.com 4 times last week</td>
<td>• Display advertising is influential • Email offers influence purchases</td>
<td>• Daytime and weekends</td>
<td>• Value conscious • Family-friendly • Special deals • Nearby attractions</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• High value • Loyalty program = Y • 5 stays in past 12 months • Corporate rate</td>
<td>• 32 years old • Female • Single • No kids • Earns $120K per year</td>
<td>• Money is the best measure of success • When on vacation, only wants to relax</td>
<td>• Has traveled outside the U.S. 3 times in the last year • Visits Trip Advisor often</td>
<td>• Mobile main information source • Remembers ads reading magazines • Friends influence purchases</td>
<td>• Daytime</td>
<td>• Image conscious • Luxury • Amenities • Work and play</td>
</tr>
</tbody>
</table>
Case study

High-definition customer profiles help Veterinary Pet Insurance reach new customers at the right place, right time*

Challenge/Objective: Veterinary Pet Insurance (VPI) used to have a disjointed understanding of its customers. It was an “intuition-based” organization, with its top managers making decisions based on their gut rather than data. As a company focused on providing a very specific offering for direct customers — namely, health insurance for pets — it was important that VPI verify who its target customer was and understand how to create resonant messages better.

Resolution: By adding third-party consumer data from Experian Marketing Services to its own transactional data, VPI found that its gut understanding wasn’t necessarily correct. It had always assumed its best customer was a bit like the quintessential “cat lady” — someone who skewed more traditional, older, Caucasian and female. By reaching out beyond this assumed segment, however, they found other important segments that existed and were untapped in VPI’s communications.

Results: Modeling the results of the research to the rich data provided by Experian Marketing Services, VPI learned that one of its primary customer segments was actually highly reachable through sports content. This segment reads Sports Illustrated, watches sports on television and follows up with game results online. Not only does this segment follow sports in media, but it also participates in sport games in person. As for health attitudes, it seeks “the best” in medical needs — it believes expensive medicines are best and takes meds at the first sign of pain — but it doesn’t actively research information or treatment options. With this information, VPI was able to craft a more resonant message and determine the most strategic media outlets in which to reach this segment.

Once the segmentation was activated, VPI saw double-digit and sometimes triple-digit increases in Web visits, page views per visit, quotes and applications for policies.

*Experian Marketing Services, From intuition to insight: A journey to customer-centricity, 2014
Design for the customer journey

In the era of the omnichannel consumer, the purchase funnel is gone, replaced by surround-sound purchase opportunities where the consumer gets to choose how, when and where he or she wants to discover, learn about and purchase products and services.

In fact, the majority of today’s consumers use more than four different devices on a daily basis.

That makes the job of maintaining relevant and effective communications with consumers exponentially difficult, yet many marketers still run campaigns channel by channel, as if nothing has changed. As a result, marketers increasingly find themselves either speaking when no one is listening or speaking in a disjointed manner.

Number of media devices used in a typical day

Based on our recent research, marketers report that their top priorities for 2015 include telling their brand story more effectively, building more relevant interactions and orchestrating interactions across channels. In order to have an authentic conversation with the omnichannel consumer, marketers understand they need an integrated cross-channel communication strategy designed to let the conversation flow and follow the consumer wherever he or she is. Regardless of whether the strategy is to acquire more customers, transition the media mix to more digital spend or move into new markets, better planning starts with the customer journey.
The discussion of customer journey mapping is daunting for any marketer, so it’s important to remember to prioritize key customer segments upon which to focus and that there will be a lot of learning along the way. Armed with high-definition customer profiles, marketers can begin to understand the behavior, attitudes and preferences of their target customers’ purchase journey. The simple example below clearly shows that not all customers follow the same journey. However, marketers can understand the journey of their key segments and ensure they are designing interactions and content to improve the customer experience and meet the customer where and when he or she engages the brand.

Whose opinion does their key segment of consumers trust, what media do they prefer, are they motivated by deals, do they like to purchase online or in a store, how much research do they typically do, when will the purchase cycle begin and end — all of these attitudes and behaviors are key to understanding the purchase journey. The customer journey has to take into consideration the size of the purchase, how the consumer discovers new products, how he or she educates himself or herself and how he or she purchases. Marketers need to match the engagement strategy and communications program to align with this journey.

For example, integrating mobile into the cross-channel customer journey is critical to the omnichannel consumer, so learning how consumers will truly use this most personal device is key for every marketer. Consider the diagram on the following page as a prime example of how to build an engaging mobile experience that drives incremental conversions through the intelligent use of mobile messaging, links, forms, emails and coupons.
Naturally, customers’ lifestyle and preferences change all the time and for various reasons, as does the technology and media they use. To stay current, marketers need to update customer data with every new interaction and routinely assess customer segments to ensure that the customer journey is optimized. Messaging strategies also must be updated so the voice of the brand is fresh while remaining familiar.
Make it personal

In order for marketing to capture the eye and mind of a target customer, it must be relevant and speak directly to his or her personal needs and desires. Informed by a high-definition customer profile, marketers can create the necessary personal communication strategy to resonate with their target customer. By doing this, they create a meaningful and personalized connection with the customer leading to higher conversion rates and, ultimately, greater ROI.

These two examples, building from the two profiles outlined in the previous section, illustrate the importance of identifying and delivering targeting content, personalized messaging and relevant offers to every shopper. In fact, doing so is a critical step in creating meaningful interactions with the omnichannel consumer.

### CONTENT

- 64MB memory or 32MB
- Color options to match your personality

### MESSAGING

- “Named ‘Best phone of 2014’”
- “The celebrity phone of choice”
- “50% better battery life”
- “Get it first: pre-order today”

### OFFERS

- “$50 gift card with purchase”
- “Make your phone ‘ring’ with these HOT accessories”
Of course that doesn’t mean that marketers actually need to design truly unique communications for each consumer, but it should feel like they do. To maximize engagement, marketers develop multiple versions of content, messaging and offers that are mixed and matched as appropriate accordingly to the target customer’s lifestyle, interests, motivators, etc. The resulting interactions feel personalized and ultimately lead to great sales. They also lay the foundation for an enduring brand experience.

To be most effective, marketers must deploy personalized content, messaging and offers at each point of interaction, whether it’s a display ad, an email, a direct-mail piece or even a television commercial. Doing so ensures that the business remains a familiar face and speaks to the customer in a recognizable and consistent voice. This also allows marketers to repeatedly demonstrate to the omnichannel consumer that they understand who he or she is and what he or she wants, and that they value his or her business.

82% of respondents from around the world report that they are personalizing communications.6

The degree to which marketers personalize communications varies. Half personalize using basic data, such as first name. Behavioral data, such as past purchases or abandoned carts, is the second-most popular data to inform personalized messaging, used by 39 percent of marketers. These are important steps in personalization that can generate real results. According to our email benchmark report, abandoned-cart emails that dynamically showed the actual customer cart had 25 percent higher transaction rates than abandoned-cart emails that just linked back to the brand’s Website. Coupling behavioral data with basic data also can achieve results. When subject lines of the second or third mailing in an abandoned-cart series are personalized with the customer’s name, series emails had 12 percent higher unique open rates than series mailings without subject-line personalization (36.1 percent unique open rate with personalization compared to 32.3 percent without).7

6Experian Marketing Services, 2015 Digital Marketer Survey
7Experian Marketing Services, 2014 Q1 Email Benchmark Report
Attitudinal data, such as insights a marketer would realize from high-definition customer profiles, is used by 17 percent of the marketers in our survey. We expect this to rise as marketing leaders make omnichannel consumers a priority and seek to engage them in relevant and unique interactions with their brand. This is not without its share of challenges. In fact, 89 percent of marketers report facing personalization challenges. In an almost three-way tie, the lack of internal resources, the lack of technology to enable personalization and inaccurate data all plague marketers looking to make truly unique communications for each consumer a reality.
The growing number of addressable media channels

The number of people who have integrated a digital device into their lives represents an unprecedented opportunity for marketers to understand how, where and when their customers can be reached. It also represents one of the biggest challenges for marketers as they face a huge array of media and channels that they need to coordinate to acquire and maintain customers. There are more ways for marketers potentially to waste dollars by targeting less valuable prospects, overexposing others and failing to effectively coordinate multitouch campaigns across channels for maximum impact. For this reason, it’s important that marketers leverage the growing number of addressable opportunities that exist across both traditional and emerging media channels.

When marketers think about addressable media, the original channel that comes to mind is direct mail. In 2013, the United States Postal Service® delivered more than 80 billion advertising-related mail pieces. Although this is down from years past, it is clear that the addressability of this channel is still providing results that have brands holding on to this piece of their marketing plan. Furthermore, it’s estimated that in 2013 marketers sent nearly 300 billion emails — the digital equivalent of direct mail. SMS and mobile push messages are proving to be highly reliable addressable mobile channels. As more address channels come online and even extend to traditional channels, such as television, marketers are able to develop truly coordinated and targeted omnichannel strategies.

Media companies offering addressable advertising campaigns to advertisers today typically have a large universe of users and the ability to target these individuals or households at a one-to-one level. Online companies such as AOL, Facebook, Microsoft, Twitter and Yahoo, for instance, offer custom audience-targeting capabilities, while companies such as 4INFO and Millennial Media enable direct-matching mobile campaigns. Not to be left behind, television operators such as Cablevision, Charter, DirecTV and Dish Network also deliver on household-level addressable advertising, meaning a consumer may see a different commercial than his or her neighbor, even though he or she is watching the same program.

In order to best leverage addressable-media channels, it’s important for advertisers to work with companies that protect the privacy of consumers and are well versed in privacy laws and regulations. They also must understand how to help develop effective consumer segmentations that can be deployed across channels for a coordinated experience.

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8United States Postal Service, Postal Facts 2014
9Forrester Research Email Marketing Forecast, 2014 to 2019 (US)
The art and science of targeting that marketers have developed in the addressable direct-mail space for the past four decades now is becoming evermore possible thanks to new addressable advertising options. Marketers with both large and limited budgets are able to leverage various data sets, including the marketer’s own CRM file, for precision one-to-one–level targeting. With technological advancements safeguarded by privacy-compliant methodologies, marketers and media companies now can work with privacy-focused, neutral third parties, such as Experian Marketing Services, to get more mileage out of campaigns through addressable media.

This growth of addressable media, combined with programmatic media buying, means there has never been a better time for marketers to align their media plans with their customers’ channel preference. Marketers can also synchronize their media plan with their customer journey so that they can deliver the right content, messages and offers at the right time, in the right channel.

Through addressable advertising, marketers can better use first-, second- and third-party data in a privacy-compliant manner to increase the precision of cross-channel marketing and achieve a higher return on ad spend while also providing a better customer experience.

### Build an acquisition strategy starting with first-party data

Marketers often work with media companies to define an ideal audience. A media buyer, for example, may work with multiple publishers to execute a campaign targeting males over the age of 45 who also have an estimated household income of more than $75,000. In this scenario, a marketer must ask himself or herself, “Is each media company I’m working with using the same user universe and data set to define this audience?” Surprisingly, the answer will always be a resounding “no.” To consider a strategy like this to be truly “coordinated” is not accurate.

Let’s look at an example. John Consumer is a 47-year-old man who has a household income of $85,000. According to the marketer’s target audience outlined above, John is a perfect fit for the type of consumer with which the brand would like to engage. During the campaign setup process, one publisher that is part of the marketer’s media plan has accurately categorized John to be a 47-year-old male, but it believes his income is below $75,000 because of the online behavior he exhibits. Another publisher in the media plan believes John is a male who makes more than $75,000 but estimates his age at 37 because of faulty survey data. In this scenario, a great prospect is not targeted because of inaccurate and disparate information.

This example illustrates the importance of defining an audience up front using a consistent data set and addressable media in order to execute a coordinated cross-channel campaign. By doing so, a marketer ensures that the individuals he or she
engages through one channel are the exact same ones that he or she is targeting through another channel.

The best place for a marketer to start defining a target for an addressable campaign is with his or her own data. First-party data is one of a brand's biggest competitive advantages because it often consists of PII from the brand's CRM file. By bringing this proprietary information to the targeting table and working with a trusted third party, marketers are able to unlock additional data elements of their customers that were previously unknown and leverage addressable media to “light up” those customers as well as identified prospects across a growing number of channels, enabling an integrated cross-channel strategy.

To do this, marketers share their PII with a trusted third party — often they can begin with the same file that they already use for email or direct-mail campaigns — which anonymously matches those individuals to the audience IDs of the cross-channel media company. Instead of just communicating with customers through email and direct mail, marketers then can leverage additional addressable media to communicate with their customers through display ads online, mobile devices, preroll or postroll online video ads and even television commercials. This communication also increases both reach and impressions to those individual targeted customers using a coordinated and consistent message strategy.

First-party data is an important foundation, but it is often not enough, in and of itself, to maximize success. Marketers must understand when and how to combine and enrich their first-party data with second- and third-party data. Working with agencies and data companies, marketers can gain access to important information about their customers' behaviors, attitudes and purchases that take place outside the brand's domain. This information makes their campaigns directed at existing customers more engaging thanks to a deeper understanding of their preferences and motivations, but it also can be used for enhanced segmentation and targeting. For instance, if an insurance company is targeting its automotive-policy holders for a cross-sell campaign for either homeowners or renters insurance, it needs to know whether each of those customers are owners or renters. By purchasing this information from a third party and layering it onto his or her own CRM file, the marketer will be able to offer each customer the add-on policy that is best suited for him or her and generate greater ROI.

Marketers also can use their first-party data to develop custom look-alike models to find more consumers who resemble their best customers for prospecting purposes. Sophisticated data companies will be able to run a look-alike model against their consumer database to identify specific individuals to target in their acquisition campaigns. While antispam regulations prevent them from reaching these
individuals through email, marketers still can engage consumers directly through ads targeting them through other digital addressable media as well as traditional direct mail.

Case study

**Challenge/Objective:** A leader in the online soft-goods space refused to accept the high cost per action (CPA) and below-target ROI it was getting through its traditional acquisition campaigns. Having invested heavily in developing a 360-degree view of its customers, the company’s marketer felt that a lot of that in-depth insight was going to waste when converting targets to geodemographic and behavioral surrogates for media buys. The marketer wanted the precision of direct marketing in the digital world and beyond at scale.

**Resolution:** Trusting that a true one-to-one targeting approach in its cross-channel acquisition campaigns would help the company meet its aggressive goals, the marketer sought a way to deploy targeted ads to known individuals rather than “best match” proxies. Selecting Experian Marketing Services, which has established relationships with a vast array of media companies as its digital advertising partner, made that possible.

The marketer began by identifying individual acquisition targets through sophisticated look-alike models that were based on the high-definition profiles of the company’s best existing customers. The marketer was then able to leverage Experian’s advertising partner’s cross-channel media relationships and expertise in privacy regulations to perform a series of direct database matches between the marketer’s acquisition targets and various publishers’ audiences. This made it possible for the publishers to deliver their advertisements directly to those identified individuals — and only those individuals.

When it came to digital display, the marketer ensured that the ads were highly personalized and relevant to each target customer. Informed by the marketer’s high-definition profiles, Experian passed instructions to the publisher as to the specific mix of products, messaging and offers to feature in its dynamic creative ads. Furthermore, the marketer developed a pixel strategy to ensure that as individual targets converted into customers, they were dropped from the campaign.

**Results:** The marketer not only met aggressive CPA goals, but also saw a significant boost in performance KPIs. In fact, by switching to an addressable tactic, the marketer registered a lift of more than 25 percent over the company’s previous acquisition campaign benchmark.
Important targeting factors to consider

Before a target audience can be pushed out and media planning can begin, marketers must consider several factors relating to the size of the audience and the best method of audience creation.

Size of audience

Determining the right size of the target audience is important. Having a precisely defined target may increase conversions, but if the audience is too small, the marketer won’t be able to reach his or her goal. Marketers must ask themselves if they will be able to achieve their targeted store visits, purchases, test drives, etc. with the audience they have selected. Marketers also may have a difficult time meeting the minimum spend requirements of media vendors if their audience is too small, restricting their ability to try more advanced targeting, optimization, measurement and creative techniques.

On the flip side, if an audience is too large, it may be impossible to meet the expected conversion rate. A larger audience results in greater reach, but marketers should prepare for a higher cost per acquisition. Working with a trusted data provider and adjusting the deciles within the target segment or model can help get past a “Goldilocks” sizing issue of too small or too large.

Actual versus modeled

Including only consumers that match actual qualifications in a target segment is ideal but oftentimes will not scale efficiently. For example, if the strategy involves sending a follow-up message regarding a specific email special, targeting only users from the original email distribution list makes sense. However, if the strategy is to gain new customers, modeling a new segment off of an existing email list would allow the marketer to gain new users and scale a campaign while being more efficient with his or her media. Most brands will use both methods to achieve different strategies — actual is more often employed for retention and cross-sell campaigns, while modeled is used more for prospecting and acquisition.

Household or individual level

The primary determining factor whether a target should be limited to an individual or a household is the product or service being sold. Is it something commonly selected or used by all members of the household, such as food, paper towels, insurance, etc.? There are products that apply to more than one member of a household, even if only one person made the purchase. If the purchase could be selected by one member of the household but purchased by another (e.g., the kids choose which granola bars they want, but a parent makes the purchase), a household targeted media buy is usually smart.
On the other hand, most products are selected and purchased by the same individual. For example, women’s shoes would likely only resonate with the females within the household. Likewise, celebrity-gossip magazines may be of interest only to younger members of a household, even if it is possible to share among all residents. Pharmaceuticals can be very tricky. While things like asthma control are used only by certain members of the household, it's not uncommon for spouses as well as children and parents, especially in multigenerational households, to influence or even make medical decisions for other household members.

The media selected also could determine whether it’s possible to target an individual level or the household. Addressable television, for example, can get to the household level at most, while mobile devices are consistently restricted to individual-level targeting.

**Targeting based on cookies**

In the digital space, the term “onboarding” typically refers to the idea of onboarding offline data into the online space via cookies in an aggregated, anonymized manner. Today, cookies still are the common currency for audience targeting, outside of the direct-matching capabilities previously outlined in this section. Because cookies remain the common language spoken between various parties within the ad-tech ecosystem — including advertisers, publishers, data providers, data-management platforms (DMPs), demand-side platforms (DSPs), supply-side platforms (SSPs) and the onboarders themselves — cookies provide advertisers with enhanced targeting capabilities and flexibility when working with ad-tech vendors to achieve their marketing goals.

If an advertiser is looking to work with a specific digital ad-tech company who does not offer direct-match-audience capabilities, cookies provide a great alternative to lighting up offline data for effective targeting. However, cookies do have their limitations. Let’s take a look at both the pros and cons of a cookie-based audience targeting and analytics strategy.
<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to activate offline data for online targeting</td>
<td>Limited match rates on initial audience (15 percent to 35 percent)</td>
</tr>
<tr>
<td>Powers site and email retargeting campaigns</td>
<td>Cookie drop-off when transferring a segment from onboader to a targeting platform</td>
</tr>
<tr>
<td>Personalized user experiences with better ads and on-site content</td>
<td>Duplicate cookies set on a single individual across devices and browsers</td>
</tr>
<tr>
<td>Flexibility working with various companies</td>
<td>Limited mobile capabilities</td>
</tr>
<tr>
<td>Users can easily control cookie settings and history</td>
<td>User cookie churn and deletion</td>
</tr>
<tr>
<td>Ability for marketers to measure impact of online display on in-store purchases</td>
<td>Closed-loop analytics rely on targeting platform to provide complete and accurate exposure data</td>
</tr>
<tr>
<td>Onboader strips PII to maintain privacy compliance</td>
<td>Additional onboarding costs for marketers</td>
</tr>
<tr>
<td>Enable marketers to monetize their own data and sell it across channels</td>
<td>Some networks block various types of cookies</td>
</tr>
<tr>
<td>Can be powerful when overlaid with additional third-party data-targeting parameters</td>
<td>Process may take weeks, so data may become stale during the onboarding setup</td>
</tr>
</tbody>
</table>

Each marketer needs to look closely at the pros and cons of the cookie ecosystem to determine if that approach will help them achieve their campaign goals. In campaigns with a larger starting audience size, a cookie onboarding approach should work adequately. However, for a brand that is looking to target a much smaller, niche audience, the limited match rates and vulnerability of the cookie space may drive them toward using an audience match process with a media company that does not require the use of third-party cookies.

Addressable media, leveraging privacy-compliant processes to match PII-based consumer targeting data to the audience universes of addressable-media companies, empowers today’s top marketers to target and reach their most valuable customers and prospects more effectively. Furthermore, this approach not only enables marketers to deliver one-to-one messaging, but also measures campaign impact through closed-loop reporting. That means advertisers can tie campaign exposure data directly back to both online and offline sales in order to truly understand the ROI of their marketing dollars. The end result is an efficient, engaging cross-channel strategy.
Case study

Massage Envy Spa and the Lavidge Group drive an increase in wallet share among customers and successful acquisition of new customers

Challenge/Objective: A pioneer and national leader in spa and massage services, Massage Envy Spa, and its agency, The Lavidge Company, worked closely with Experian Marketing Services to target, engage and up-sell their most valuable customers and prospects better through digital display-advertising campaigns.

In order to maximize its online marketing dollars, Massage Envy Spa knew it needed to leverage its own valuable, first-party customer data for addressable, one-to-one advertising. Targeting these exact individuals with compelling online display ads would eliminate wasted spend and drive better online and offline performance. In order to scale the size of its audience, Massage Envy Spa needed a way to develop a qualified and profitable prospect universe that looked like its most loyal customers. This strategy would allow the company to maintain spend efficiency while tapping the potential of a new audience.

Resolution: Experian Marketing Services' digital advertising services helped Massage Envy Spa achieve its objectives with the following services:

• Audience targeting: Through Experian’s onboarding, matching and linkage capabilities, Massage Envy Spa was able to activate its best offline audience for online campaign targeting. Experian Marketing Services managed the ongoing campaign targeting, media buying and optimization.

• Look-alike modeling: Massage Envy Spa also developed a customer look-alike model through Experian Marketing Services' audience-targeting capabilities. Layered with geographic data, Experian identified top prospects located near Massage Envy Spa locations in order to deliver relevant, localized messages.

Results: By partnering with Experian Marketing Services, Massage Envy Spa was able to reach its most valuable customers and look-alike prospects on a one-to-one level through digital display campaigns while also measuring both the online and offline sales impact through closed-loop post-campaign analytics. With this approach, Massage Envy Spa and The Lavidge Group were able to recognize a significant return on their campaign spend by driving an increase in wallet share among current customers and successful acquisition of new ones.
More specifically, the campaign achieved the following results:

- The digital campaign achieved a 60-times return on ad spend in incremental revenue
- The campaign also increased the purchase likelihood of incremental massage and spa services by 5 times
- With a 20 percent lift in the amount of “add-on” spa services, one in five users exposed to the campaign made an additional purchase
- Massage Envy Spa target audiences exposed to the campaign spent 23 percent more on average per transaction compared to the control group
- Results also included more than one million dollars in incremental revenue

Including mobile-display and digital-video in an addressable media plan

Targeting, or selecting the intended audience for an ad campaign, used to consist of converting a marketer’s well-planned and highly developed consumer profiles into what more or less boils down to a basic demographic, which still largely is the official buying currency for most traditional media. As easy and quick as that is, it’s also an incredible waste of all the time, energy and money that marketers put into meticulously defining those consumer segments they most want to reach.
Fortunately, as discussed, the number of media channels that offer addressable targeting is growing and giving marketers the opportunity to identify targeted individuals and reach them with the specified content, offers and messaging that were designed expressly for them through the channels they prefer. Furthermore, instead of running an array of messages across all channels and hoping for the best, marketers can deploy addressable ads to targeted consumers throughout the purchase journey, from branding to transactional and all points between, through the addressable medium deemed best to deliver the specific message.

It is critical to remember that consumer behavior is changing rapidly as consumers get more comfortable with their digital reality and marketers and media companies adapt to meet it. While nearly all consumers still watch television, smartphone usage for Millennials is nearly on-par with television, and Generation X isn’t far behind. While Millennials are digital natives, having grown up with smartphones, each previous generation shows definite behaviors when it comes to using traditional and digital media.

Percent of adults who use each device/medium during a typical week

Source: Experian Marketing Services

While direct channels such as email, text messaging, social and search continue to be critically important channels to marketers’ media mix, the current trends in mobile-display and digital-video advertising are important to understand as they impact the largest amount of advertising spend.
Digital video and the rise of the cord cutter

Television, that ubiquitous media that nearly every American uses every week, is undergoing dramatic changes that may remake the industry. With the advent of high-speed Internet (both wired and wireless), consumers now are opting for new modes of consuming video content that used to be available only via broadcast or cable networks. While Netflix, Hulu and YouTube were pioneers in online video content delivery, many traditional networks, including recent announcements by HBO, ESPN and CBS, are responding to consumer demand by offering their service via the Internet. While subscription services from Apple, Google and Amazon as well as streaming devices such as Roku, Google Chrome and Apple TV portend consumer migration from traditional television services, none is more indicative of the change in video consumption than the smartphone. Our research indicates that television is no longer anchored to a box in the living room but is more and more being carried around in one’s pocket.

Percent of adults who watch video streamed/downloaded to each device during a typical week

One-fifth of all adults, and 34 percent of smartphone owners, watch video on their phones during a typical week, making it the number one device for consuming streaming or downloaded video content. Despite the availability of numerous Internet-connected devices such as Roku and Apple TV, which are designed to make online video content consumable through a television, just one out of every 10 adults today reports watching streaming or downloaded video on a television during a given week.

Source: Experian Marketing Services
While online streaming via a television is still low, we estimate that 7.3 percent of U.S. households (8.6 million homes) today are considered “cord-cutters,” meaning they have high-speed Internet but no cable or satellite television service. That’s up from 4.2 percent of households (4.9 million homes) in 2010, a relative increase of 71 percent. While the term “cord cutter” implies that a household had a cable or satellite television subscription that was cancelled, young adults starting out on their own for the first time may never pay for television service. In fact, 13.5 percent of households inhabited by an adult under the age of 35 (almost twice the national average) are cord-cutters. Throw either a Netflix or Hulu account into the mix and the share of young adult households that don’t pay for television jumps to 24.1 percent.

Smartphone and digital-tablet ownership, especially iPhones and iPads, noticeably increases the odds that a household is a cord-cutter. Specifically, households where at least one resident owns a smartphone are 24 percent more likely to be cord-cutters and households where someone owns a tablet are 15 percent more likely. Compare those baselines to the fact that iPhone-owning households are 28 percent more likely to be cord-cutters and households with an iPad are 21 percent more likely.

### Percent of U.S. households that are cord-cutters

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>All households</td>
<td>4.2%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Anyone age 18-34 in household</td>
<td>7.4%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Household watches Netflix or Hulu</td>
<td>9.4%</td>
<td>17.4%</td>
</tr>
</tbody>
</table>

Source: Experian Marketing Services

### Increased likelihood of household being a cord-cutter by device ownership versus U.S. average

<table>
<thead>
<tr>
<th>Device</th>
<th>2010</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any smartphone</td>
<td>24%</td>
<td>28%</td>
</tr>
<tr>
<td>iPhone</td>
<td>15%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: Experian Marketing Services
The future is mobile

The trends in video consumption are not surprising when we consider what smartphones mean to Millennials. Seventy-seven percent of Millennials own a smartphone and spend about 14.5 hours a week, just more than two hours per day, using their phones. With 43 percent of Millennials stating that a mobile device is their preferred method for using the Internet, more than twice as many as people age 35 and older, it’s not surprising that marketers need to rethink their media plans.

![Percent of adults who are mobile dominant when going online](image)

Source: Experian Marketing Services

Every aspect of marketing and customer interactions is being remade because Millennials have grown up with smartphones and other mobile devices. In fact, the smartphone truly is a ubiquitous companion for Millennials, with 70 percent using their devices constantly from the moment they wake up to when they go to bed.

![Share of Millennial smartphone owners actively using the device throughout a typical day](image)

Source: Experian Marketing Services

While Millennials’ smartphone usage peaks between 4 p.m. and 6 p.m., like most adults, their increased use of smartphones around the clock gives marketers the ability to reach this generation virtually anytime and anywhere.
The smartphone is the center of the world for Millennials as it’s seen as a primary expression of who they are and it is the primary means of connecting them to others socially. Given that Millennials are very receptive to receiving advertising via their phone, marketers increasingly are going to need to adopt a mobile-first strategy for developing their media plans and overall customer experiences.
Mobile and desktop share of visits are balancing out
In the U.S. almost 30 percent of Web page visits across all industries are made via a mobile device. Some industries are more likely to see mobile traffic, the most likely being the health and medical, lifestyle and appliances and electronics industry Websites. On the other hand, business and finance, travel and entertainment industry Websites receive a below average share of traffic from mobile devices. Around the globe, the numbers differ. The UK has higher rates of mobile traffic, with 35 percent of all industry Web traffic coming from a mobile device, while at 12 percent, Brazil has considerably lower mobile traffic across all industries.

As devices proliferate, the mobile share of traffic is only going to increase. Understanding who the customer is and his or her individual device preferences is going to determine how each brand, regardless of industry, integrates mobile into its cross-channel marketing strategy.

Mobile and desktop share of visits and time spent in the U.S.

Source: Experian Marketing Services
Mobile and desktop share figures: 12 weeks ending January 24, 2015
Time spent figures: average visit time for the month of January 2015
The time for addressable advertising is now

Marketers are well aware that the explosion in media channels continues, and consumers are moving fluidly across them. On any given day, the average American uses four different devices and one-quarter of adults uses six or more each day. The smartphone is becoming an increasingly important part of that mix, having surpassed the home computer in terms of daily reach, and is quickly closing in on television. In fact, Experian Marketing Services found that mobile devices now account for 30 percent of all Internet browser traffic and 50 percent of Millennial smartphone owners already are mobile dominant, meaning they access the Internet more through their phone than a computer. Smartphones also are the leading device that Americans use for watching online video. During a typical week 24 percent of all adults and 42 percent of smartphone owners watch video from their phone.

Consumers aren't only moving seamlessly across devices, they're also increasingly multitasking. Sixty-nine percent of online adults say that they use their phone or computer at least somewhat often while watching television, and 67 percent of those have done so in the last 24 hours. To further complicate matters, today's omnichannel consumer demands that marketers know him or her at each and every point of engagement, regardless of channel, and engage him or her with personalized messaging, content and offers.

Source: Experian Marketing Services

Smartphone owners

41% are mobile dominant

Millennial smartphone owners

50% are mobile dominant
With the constant bombardment of advertising across channels and devices, marketers need to respond to those demands not only to engage consumers, but to give them a reason to pay attention in the first place. One of the best ways to do this is through addressable advertising. With messages, content and offers tailored to the lifestyles, mindsets and preferences of individual customers and best prospects delivered through the addressable media channels those consumers use and to whose advertising they are most receptive, consumers will naturally lean in. In addition, even if an audience doesn't take note of an ad right away, addressable media’s ability to activate a true cross-channel strategy to engage a marketer’s targeted individuals across the media landscape with a consistent campaign is more likely to capture the attention and interest of even the most ad-weary consumers.

Source: Experian Marketing Services, Smarter strategies for successful acquisition programs

69% of online adults use their phone or computer while watching TV
Thomson Sport acquires new customers and engages the right audience segments with Experian’s Alchemy Social® Facebook ads manager platform

Challenge/Objective: Thomson Sport, a member of the TUI Travel PLC Group of Companies, was the exclusive provider of World Cup packages for the FIFA World Cup in Brazil. With soccer becoming increasingly “social” and nearly 3 million fans of the England team’s Facebook page, Thomson Sport needed to maximize the potential of social media. Key requirements were to:

• Identify the correct target market for its World Cup packages
• Find and reach these potential customers on Facebook
• Maintain a low CPA while driving potential customers to the Thomson Sport Website
• Validate the resulting customers for further targeting

Resolution: Thomson Sport decided to incentivize individuals who matched their ideal customer profile to provide their email address in return for the chance to win a free trip to watch the FC Barcelona soccer club train. This activity also provided the opportunity to register interest in 2014 World Cup packages. The success of the campaign relied on being able to target only those individuals that matched the perfect customer profile.

Thomson Sport worked with Experian Marketing Services to profile its data against two types of segmentation models, Mosaic UK and Financial Strategy Segments. This information enabled Thomson Sport to have a deep understanding of their perfect customer, their demographics, lifestyle, preferences and buying behaviors.

Using Experian’s Alchemy Social® Facebook ads manager platform, the Experian team leveraged this deep customer insight across three stages:

• CRM: Using Facebook custom audiences, the segments were uploaded into Facebook to find existing customers likely to purchase a 2014 package. The creative message was tailored based on the Experian segment the individual fell into.
• Acquisition: Once these segments were in Facebook, look-a-like audiences were created by matching key characteristics against Facebook data. This stage delivered new customers for Thomson Sport that matched the profile of its perfect customer.
Overlaying Facebook targeting: By filtering the look-a-like audiences with Facebook targeting options such as “English football fans,” the target audiences were further refined, increasing the likelihood that they would be both interested in the packages and able to afford them.

**Results:** The Experian Marketing Services team was able to create multiple messaging options for multivariate testing at scale, quickly optimizing data sets and creative mix to ensure they were hitting the best performing audience segments.

Using the new email addresses captured in response to the campaign, Experian further profiled the data to validate it against the intended audience segments. This information can now be used for cross-channel marketing campaigns or further targeting via Facebook custom audiences.

- Fourteen percent of the targeted audience registered an interest in the Brazil World Cup, higher than the other channels used as part of the campaign.
- The match rate between Experian’s data and Thomson Sport data was 99.75 percent, providing Thomson Sport with an extraordinarily detailed view of its customer base.
- Analysis following the campaign showed that those individuals who registered interest in the 2014 World Cup packages were nearly 2.5 times more likely to fit the Mosaic profile that Experian defined, validating the accuracy of the targeting strategy.

99.75% match rate between Experian’s and Thomson Sports’ data

14% registered an interest in Brazil World Cup

2.5X more likely to fit the Mosaic profile that Experian defined
Programmatic is the future of digital advertising

Marketers may have heard the term “programmatic advertising,” but is it clear exactly what it entails? Programmatic on its own normally means “automated” or “run by machines.” Programmatic advertising, on the other hand, has more of a specific definition: “automated bidding across many types of ad space on many Websites simultaneously.”

Essentially, there are brands that want to advertise, and media publishers that have traffic and want brands to buy ads on their Websites. With that premise, it comes down to the two sides optimizing all the ways ads are bought and sold.

It’s in both parties’ interest to get these ads working as well as possible. The brands want more leads and the publishers want brands to have successful campaigns so that they keep spending money. However, brands want to spend less while publishers want them to spend more, but to spend more, they have to be successful. What has evolved in the gap is a whole range of ad agencies, networks and brand representatives that specialize in optimizing ad campaigns for both publishers and brands.

Programmatic advertising throws this on its head. It uses machines and algorithms to buy ads in real time. In the past, when a specific type of customer appeared on a site, the ads shown to that person were predetermined, depending on who had bid what. But with programmatic advertising, an algorithm calculates the worth of an individual user in real time. It then calculates how much that user is worth to the brand and bids accordingly. It will bid again if it is outbid and continue to do so until the amount being spent on the bid is more than the estimated worth of that user.

In addition, messages can be tailored in real time to take advantage of specific events (sports tournaments, seasonal holidays, birthdays, etc.), behaviors and times. This means different ads can be shown to different people depending on what is known about each user, thereby tailoring the message to the individual in real time.

For marketers, programmatic advertising means identifying their highest-value customer segments, personalizing the message and learning what works and what doesn’t extremely quickly.

Programmatic technology will play a huge role in the way marketing is performed. In all likelihood, we will see a marked shift from a narrow focus on separate channels or audience segments toward a customer-centric view across all of them. The emphasis will be on knowing the customer, not knowing the channel.
The marketer’s role also will continue to shift, leading to the need for skills that are more data-driven. This brings us to the crux: programmatic advertising lies at the intersection of data and technology. The technology is there, but without the data, it is powerless.

Brands with the correct level of high-quality customer data and that are able to manipulate and analyze that data sufficiently will be better equipped to adapt to a programmatic future. Brands without clear insights into their audience will be unable to make the most of programmatic advertising, as they will not be able to segment their best customers sufficiently. However, there is still plenty of time — as we have discussed, programmatic advertising is the future — and it’s still possible for brands to make sure they are ready.

Creative digital display formats
Digital creative formats have opened a whole new world for designers to create ads customized to users and ads that encourage consumer interaction. The following are some of the most common digital formats as well as a few questions that marketers should ask themselves to determine if each format is right for their campaign.

Dynamic ads
Dynamic ads have been around for nearly 10 years and get more advanced all the time. Fortunately, dynamic ads are available in rich media and video formats, so marketers don’t have to choose one or the other if both are a fit for their strategy.

How many products are being showcased? If a marketer’s product list stretches into the hundreds or even thousands, they should probably consider dynamic display ads. Dynamic ads allow the right product to be selected for the particular consumer at the time of the ad call. Instead of designing a generic ad that may appeal to large groups, dynamic ads can be customized to showcase the exact product most likely to catch that user’s eye. While this technique most commonly is used for site retargeting, showing the user the last product he or she viewed on the Website, it also can be used very effectively in prospecting. If the ad is being displayed to a 27-year-old man in Massachusetts, for instance, an optimization algorithm can comb through a list of products and select the item that has shown the best performance for similar consumers.

Is localization important? Dynamic ads also are a good idea for running geographically large or even national campaigns with the goal of customizing the ads to the consumer’s community. For example, a national insurance provider can run an efficient national media buy but expose consumers to an image and contact information of their local agent. Retailers also can customize the store location and offers based on the consumer’s location.
Is creative testing being performed? Since dynamic ads essentially are made of puzzle pieces that can be changed out easily mid campaign, they are ideal for creative-testing programs. This is perfect for seasonal campaigns that require rapid changes (e.g., football messaging quickly transitions to Christmas, then to New Years and back again to football).

Is there limited flexibility for changing creative? Some brands try dynamic creative optimization simply to try new technology. If a marketer puts a very limited number of variables into the process, they are not likely to see any improvement in performance. A large number of potential unique ads need to be possible in order for dynamic ad engines to make optimizations or truly personalize an ad for a consumer.

Be sure to include conversion data when making dynamic creative optimizations. There is nothing worse than showing someone an ad for a lamp he or she purchased two weeks ago. Displaying a complementary product will prove much more effective, reducing wasted ads and a negative customer experience.

Mobile ads
Mobile advertising has grown more than any other format in recent years and accepts many of the same ad formats as desktop digital platforms, including dynamic ads, rich media and even video. Before trying to reach users on the go, however, make sure it is a good strategic fit.

Is the Website optimized for mobile? A good brand experience quickly can turn negative if its Website is not optimized for mobile. If a user is exposed to a mobile ad and attempts to engage with the related Website on his or her mobile device, the last thing the marketers want is for the user to come away frustrated from a lack of mobile functionality.

Is the right mobile-media provider in place? Can the mobile-media provider meet the targeting- and post-campaign analysis needs to coordinate with other techniques being used? Much of the digital industry is reliant on cookies for tracking and targeting, but since cookies frequently don’t function on mobile devices, many mobile campaigns are not well-targeted and are measured based on click-through rate (CTR), which is a relatively poor metric given that more than 40 percent of mobile clicks are accidental or fraudulent. Given that fact, a post-campaign analysis measuring sales (cross-device or in-store) is preferred for evaluating a mobile campaign’s performance.
Don’t be distracted by bad metrics. Many brands believe it can’t hurt to optimize their campaigns to two metrics: Conversion rate and CTR. Optimization engines are similar to a GPS — they can only be moving toward a single location, or goal, at a time. If a marketer is optimizing a campaign toward CTR, he or she is not optimizing to conversions. If a metric is needed for “learning” before there are enough conversions, consider engagement or site visitation.

**Video ads**

Video is more important than ever with a record number of consumers cutting the cord and getting most, if not all, of their video content from online sources. Video still has the ability to tell a story better than most other formats, so it may perform well.

**Is the goal direct response?** Online video advertising can be expensive relative to display ads. If the campaign strategy is lower funnel with a tight conversion goal, video may not be the best fit. For campaigns aiming to increase awareness, well done video units can have a similar impact to television with a lower price tag, better optimization and post-campaign analysis capabilities.

**Is there enough video content?** Many online video viewers tend to “binge watch” online content, taking in multiple episodes at a time. This could result in a consumer seeing video content multiple times during his or her viewing session. This can be good if multiple creative variations are available, creating a richer brand experience. It also can quickly result in creative fatigue if the consumer is exposed to the same content over and over again, resulting in lost focus or a negative brand experience. If only one piece of video content is available, consider enabling a frequency cap to expose the viewer only once or twice to the video, but follow up with display or rich media ads elsewhere online.

For prospecting or acquisition campaigns, make sure to keep the search budget balanced appropriately in the media mix. Imagine a user sees a video, rich media or display ad for a product he or she is interested in. He or she doesn’t have time to click immediately but later conducts a search and is presented with plenty of options — from the competition. Reducing the search budget to increase the prospecting budget is a delicate balancing act. If underbalanced, it could be driving leads a competitor’s Website.
Executing a cross-channel strategy

When executing a cross-channel strategy, marketers must select media channels not only based on their target customers’ habits and preferences, but also that are best at delivering the message tied to each stage of the customer’s journey.

According to a Forrester Consulting study, current rates of channel integration fall short of what is needed for true cross-channel marketing. “Even a mature, effective channel such as email had limited integration — only 54 percent of respondents said email was integrated with search retargeting, and that was the most of any channel. On average, any two channels are integrated by only 45 percent of respondents.” The study suggests that marketers prioritize channel integration and start with email. “Identify where email is most relevant and influential in the customer’s path to purchase and then incorporate additional channels along that path that tie all the communications together.”

54% of respondents said email was integrated with search retargeting, and that was the most of any channel.

With that in mind we’ve put together a few examples for engaging customers throughout their life cycle. These include best practices for automated welcome emails, transactional emails and cross-channel reactivation campaigns.

Welcome emails

Welcome emails are a great opportunity for marketers to set the tone of the brand-to-customer relationship and gain more information about their customers to personalize future interactions via email and other channels. Our experts highly recommend sending a series of welcome emails before inserting a customer into a brand’s promotional stream. This helps set expectations for the type of content and cadence of communications the customer will receive in the future. Recent Experian Marketing Services’ data shows that although promotional emails perform well, informational or “thanks for joining” messages drive significantly higher transaction rates and revenue per email.

Forrester Consulting, The Road To Cross-Channel Maturity, August 2014.
Welcome messages drive transactions and revenue


What’s more, welcome emails triggered in real time versus a batched method receive 10 times the transaction rates and revenue per email.

Triggered welcomes versus batch and blast welcomes


The examples on the pages that follow illustrate how a brand can send a welcome series in four touches. The first email in this series is triggered immediately after signup, and subsequent emails are sent at a two-, four- and six-day cadence, which closely resembles the brand’s promotion stream.
Welcome email 1

Welcome message and a “free shipping on all orders” offer.

Let’s make a difference together

START EXPLORING TOMS.COM

It’s nice to meet you. We’ve got many stories to tell—let us know which ones you’d like to learn more about by setting your preferences.

☐ GIVING STORIES AND UPDATES
☐ NEW PRODUCTS & EXCLUSIVES
☐ TOMS EVENTS
☐ Or all of the above

EMAIL SETTINGS

With every product you purchase, TOMS will help a person in need. One for One.
Welcome email 2

Educates subscribers on the brand “behind the brand — one for one” message plus free shipping on orders of more than $25.

TOMS founder Blake Mycoskie started a company that gives a new pair of shoes to a child in need with every purchase of our sunglasses.

A simple idea became a powerful movement — one for one. TOMS is using business to address global needs. That’s where we’re going and find a way to help others address it. And it’s thought possible.

Welcome to our movement. Let’s find out how we’re doing.

We’re in business to improve lives.

We’ve given more than 10 million pairs of shoes to children in need.

New shoes can improve health, school attendance and self-esteem.

We give shoes specific to climate and terrain.

We’re creating jobs by locally manufacturing shoes in regions where we give.

YOUR EYEWEAR HELPS ANOTHER PERSON SEE

One pair of TOMS Eyewear = Sight for one person

285 million people are sight-impaired.

80% of these cases are curable or preventable.

With every product you purchase, TOMS will help a person in need. One for One.®

CONNECT WITH US:

facebook  twitter  LinkedIn  Pinterest  Instagram  BLOG
Welcome email 3

Encourages subscribers to join the brand’s social community, and offers free shipping on orders of more than $25.
Welcome email 4

Intro to a brand’s different product lines plus free shipping on orders more than $25.
Transactional emails
The engagement process does not end when a customer makes a purchase, opens an account, etc. There are plenty of opportunities to drive more business after a transaction. Thank-you emails have delivered as high as 8 times revenue per email compared to regular promotional emails,11 and e-receipts (receipts sent via email) have double the unique open rates of regular promotional mailings.

Enhancing e-receipts with features such as a simplified navigation bar, dynamic products or location information significantly improves performance rates. What’s more, they offer the opportunity to expand engagement to additional channels such as mobile or social.

Experian Marketing Services’ clients sending enhanced e-receipts have achieved:

- Up to 600% increase in clicks
- Up to 125% increase in transaction rate
- Up to 360% increase in revenue per email

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Cross-channel reactivation

Reactivation is the process of defining and identifying inactive customers, followed by marketing efforts to re-engage them. These kinds of campaigns represent one of the highest ROI opportunities with low associated cost. Recent data from the Direct Marketing Association (DMA) supports the belief that it’s more cost-effective to cultivate existing customers than it is to find new ones due to the high cost of acquisition.\(^\text{12}\) Past buyers open, click and transact at much higher rates than nonbuyers. In fact, transaction rates for buyers are almost double compared to nonbuyers. In addition, having a large number of inactive email subscribers can pose great deliverability and ROI concerns, such as:

- Poor engagement rates
- Low inbox placement rate (IPR)
- Risk of old data converting to spam traps
- Internet service providers (ISPs) reclaiming accounts over time

Marketers can use a variety of reactivation tactics to stand out against competitors.

**Make them an offer:** Sending inactive customers an enticing offer is a proven tactic. In a recent Experian Marketing Services’ study of 44 clients sending reactivation email campaigns, those including an offer in the subject line boosted engagement rates for almost all campaigns.\(^\text{13}\) Brands that don’t have a discounted offer available should consider offering free services, a download or an upgrade.

**Create a series:** It’s important to remember that inactive customers most likely will not click on the very first email sent, so it is wise for marketers to consider sending reactivation emails in a series, such as in the example below. The language used can become increasingly more direct and urgent as the series continues. Our research shows campaigns sent once per quarter had the highest open, click and transaction rates.\(^\text{14}\)

**Be mobile:** According to recent Experian Marketing Services’ data, more than 50 percent of consumers check and read their email on mobile devices, and this number continues to increase.\(^\text{15}\) It’s, therefore, extremely important for marketers to make it easy for customers to click through reactivation emails or take advantage of a brand’s offer through a mobile interface.

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\(^{13}\)Experian Marketing Services, *Email reactivation best practices guide*, 2014.


Go cross-channel: If a customer is unresponsive by email, there is a chance that he or she may have deactivated his or her account or is using a different email address that isn’t on file. Sending a direct-mail piece in addition to an email is one way brands can leverage another channel to increase the chances of reaching and re-engaging unresponsive customers.

Welcome them back: If and when customers do re-engage, thank them for coming back! Remember, welcome emails garner 86 percent higher open rates than regular promotional mailings. Marketers can pique returning customers’ interest by telling them what's new and reintroducing them to their brand.

An email consortium: By performing a PII-based match to a third-party database, marketers can determine the activity level of an email address across a large number of other brands. If an email address is actively being used for a subscriber who just isn’t responding to a brand’s email, they at least know that the address hasn't been abandoned. In addition, leveraging insight from across the industry, the marketer can understand the frequency and type of email program to which that consumer is responding and plan their engagement strategy accordingly.

Case study

Howards Storage World reengages membership base by drawing on behavioral insights and customer data

Challenge/Objective: Howards Storage World had a large database made up of a range of customers with diverse purchasing behaviors, many of whom had not fully activated their memberships. The first challenge was to re-engage customers with varied customer profiles, including members that had not shopped for 12 months or more. Furthermore, nearly one-third of members had not fully activated their membership. The challenge was to incentivize customers to activate.

Resolution: Howards Storage World engaged Experian Marketing Services to first implement a database cleanse to ensure members were not overwhelmed by irrelevant marketing campaigns and adhere to data protection regulations. Simon Wickson, CRM Manager of Howards Storage World, said that it wanted to draw on the data in its member database and use this to improve marketing efficiency, identify which campaigns were the most effective and drive in-store sales.

Simon Wickson explains, “We strive to only send content to people who are engaged with the brand. We are very mindful of bombarding our members with irrelevant marketing communications. From a business perspective, we believe it is wasteful
to send emails and SMS messages to certain members or groups who have not responded for 18 months or more."

Next, to focus marketing efforts, Howards Storage World segmented its members into five categories, based on behavioral insights and levels of engagement. These categories ranged from “super members,” who regularly shopped in store to “non-active” members, which included those who had not activated their membership.

Howards Storage World leveraged Experian Marketing Services’ expertise in creating targeted and personalized communications for each segment, based on customer behavior and data. These automated marketing communications were tailored across existing channels that are already used by Howards Storage World and were sent via Experian Marketing Services.

**Results:** The campaign resulted in more than $250,000 in revenue and up to a 48 percent redemption rate in vouchers. Additionally, the ongoing database cleanse yielded more than 450 sales and enabled Howards Storage World to ensure a healthier database with active and engaged members. This in turn has aided email deliverability in the longer term. It also resulted in short term cost saving of approximately $8,000, which would have been used for SMS/email marketing communications over the next six months.

>We are delighted with the results of the trial campaign driven through our partnership with Experian Marketing Services. We have generated incremental revenue, created positive in store interactions and now have an ultra-healthy database which will lead to further cost savings for the business. We now plan to roll out the campaign nationally in all of our franchisee and company-owned stores.

– Simon Wickson, CRM Manager
Howards Storage World
Mobile integration in cross-channel campaigns

Based on our 2014 state of cross-channel marketing survey of marketers from more than 100 of the world’s leading brands, the number of brands leveraging mobile marketing is increasing the fastest year over year compared to other channels. However, the tactics being employed vary, and few brands are capitalizing on the full range of mobile tactics available, meaning there is even more room for growth.

Thirty-one percent of brands surveyed are sending SMS or MMS messages to customers. The most popular campaign types are promotions and discounts. Eighty-six percent of brands surveyed have a mobile app, and 42 percent of those send push notifications. Sixty percent do so once a month, and 35 percent send at least once per week. The number of brands with mobile sites has reached 71 percent, an increase of 10 percent year over year. It is expected that this number will soon near 100 percent as brands become more adept with mobile optimization. In addition, brands are 31 percent more likely to have a mobile site than a mobile app, indicating that mobile-site development is a higher priority for brands. In fact, this survey saw investment in mobile sites as a dominant theme.

The number of brands with mobile sites has reached 71 percent, an increase of 10 percent year over year. In addition, brands are 31 percent more likely to have a mobile site than a mobile app, indicating that mobile-site development is a higher priority for brands.

Mobile as a channel may be exploding in terms of reach and time spent, but the medium has not enjoyed a comparable boost in ad spending. In fact, marketers still are devoting a much smaller share of their marketing budget to mobile than the audience reach and time spent would suggest. That is due mainly to the breakneck speed at which consumers have flocked to mobile, leaving marketers racing to catch up. While television still commands the lion’s share of ad spend, mobile budgets are growing rapidly as spend shifts to match engagement. (Note: See chart on the following page for mobile growth.)
### Media reach and time spent versus ad spend

<table>
<thead>
<tr>
<th></th>
<th>Seven-day reach</th>
<th>Seven-day time spent*</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>97.1%</td>
<td>28 hours 2 minutes</td>
<td>38.1%</td>
</tr>
<tr>
<td>Desktop</td>
<td>78.3%</td>
<td>27 hours 36 minutes</td>
<td>18.4%</td>
</tr>
<tr>
<td>Mobile</td>
<td>69.4%</td>
<td>20 hours 36 minutes</td>
<td>9.8%</td>
</tr>
<tr>
<td>Newspaper</td>
<td>66.9%</td>
<td>2 hours 22 minutes</td>
<td>9.3%</td>
</tr>
<tr>
<td>Magazines</td>
<td>64.7%</td>
<td>2 hours 54 minutes</td>
<td>8.4%</td>
</tr>
<tr>
<td>Radio</td>
<td>85.0%</td>
<td>6 hours 43 minutes</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

*Time spent among device users  •  Note: Budget does not show 7.5 percent of budget allocated to other media Source: Experian Marketing Services (reach and time spent); eMarketer, June 2014 (budget)

### Analysis for driving the customer strategy

Customer-centric marketing puts the customer at the center of everything they do to create passionate brand loyalty resulting in better business performance. This requires a balance between traditional campaign analysis and optimization and metrics that represent the true value of customers. To enhance the customer experience while achieving desired marketing ROI, marketers must understand their customer, know the metrics that matter to acquire and service the customer effectively and profitably, and evolve the customer strategy accordingly. Achieving customer centricity is no small task given that many organizations still operate in silos and do not have a consolidated view of their customers.

While marketers want to lay out a strategy for measuring customer value, they also want to ensure that they’re focusing on improving program effectiveness by considering the metrics that truly drive value for the business today.

Customer-centric marketers need to understand fundamentally the value of their customers in order to lay out a strategy for how they plan to focus their investments in the products they offer, their pricing model and how they will service customers. It’s hard to imagine a premium automotive brand selling exclusively online without a high-touch showroom experience, or a discount retailer offering free shipping to every online customer. Establishing KPIs for measuring and analyzing performance against customer strategies is critical to ensuring that the strategy has been effectively implemented and that the business is headed in the right direction.
While revenue and profit is the ultimate arbiter of success for any business, customer-centric marketers should use the following metrics to guide their customer strategy:

- **Recency, frequency, monetary value (RFM)** — Recency of purchase, frequency of purchase and total value of purchases is a traditional direct-marketing measure for understanding customer value to guide near-term investment.

- **Customer lifetime value (LTV)** — This is a key metric to understand the investment needed to acquire and serve customers. It measures, in present value, the total potential revenue of a customer over his or her lifetime minus the total cost to serve that customer.

- **Customer loyalty** — While many marketers have adopted the Net Promoter Score as a means of determining customer loyalty based on a customer’s likelihood to recommend their brand, it is just one metric for understanding the value of a customer. Customer-centric marketers also might consider share of wallet as another key metric to understand customer value by gaining insight into how much of a customer’s business they are commanding compared to their total spend in a category.

Implementing a process for establishing and measuring these KPIs will help drive better investment decisions across the business and better align the organization to stay focused on the customer.

Performance-driven marketers who truly desire program optimization based on customer-centric strategies rely on deep and accurate insight into how their programs are performing. They are the ones who consistently evaluate their program against monthly, quarterly and annual goals based on not only industry benchmarks, but, more importantly, their own organization’s specific KPIs. It is important to remember that each channel will, and should, have its own metrics for measuring performance against key customer segments. For example, metrics for email include deliverability, bounce and unsubscribe rates, open rates, and engagement. Each channel needs to maintain specific metrics or risk becoming invaluable or irrelevant to the customer journey. Every marketing tactic ultimately is striving to make that magic moment — a conversion, purchase, etc. — happen.

We know that depending on the product or service, the customer journey looks very different, and each journey has a different level of complexity. Buying toothpaste may seem quite transactional for the average consumer, but we know marketers
spend millions of dollars in advertising and promotion to establish differentiation and to secure that purchase. On the other hand, making a big purchase, such as for a house, is very complex and involved from a consumer perspective but is highly localized with a minimal amount of marketing spend by the actual seller.

While we can argue about the relative value of a click or tap in various channels, the performance expectations of branding versus direct response or the value of engagement in social media, it’s important to remember that customers don’t care. They only care about getting what they want, when they want it.

With more consumers using digital channels to facilitate their customer journey, marketers have fantastic opportunities to understand the impact of each channel. They are also able to monitor the health of each channel through its performance data and benchmarks to ensure it continues to deliver value to customers and their journey with the brand.

What follows are some key benchmarks and trends to consider for optimizing key digital channels used by today’s omnichannel consumer.
Optimizing customer interactions every time

**Mobile: key benchmarks and trends**

Smartphones are so ubiquitous and unlike traditional mass communication, such as television, mobile is always on, instant and highly engaging on a personal level. It’s not so much a channel as it is a consumer’s universal device by which all media are delivered.

![Mobile vs. desktop Website traffic](chart)

**Source: Experian Marketing Services**

While the overall “shopping and classifieds” category shows a higher percentage of mobile traffic than the overall average, when looking at the top 100 retailers, the percentage of mobile traffic is flipped, with more than 64 percent of traffic coming from mobile devices. Given the trend of major retailers implementing a mobile-first approach with mobile-friendly Websites using responsive design, strong email programs, social media and search, mobile will continue to be the major channel for shopping.

![Mobile vs. desktop Internet traffic to retail top 100](chart)

**Source: Experian Marketing Services**
Email: key benchmarks and trends
Fifty-three percent of total email opens occurred on a mobile device in Q3 2014, a 48 percent increase from the previous quarter in 2014. While 60 percent of opens occurred on a mobile device for multichannel retailers, consumers continue to show their omnichannel behavior with an equal number of clicks occurring between desktop and mobile devices.

Email opens and clicks by platform – Q3 2014

Source: Experian Marketing Services, Q3 2014 Email Benchmark Report, 2014
Email volume increased 17.1 percent year over year in the third quarter of 2014. Media and entertainment showed the largest volume increase, while only 50 percent of brands increased mailing during that time period. While multichannel retailers showed a significant increase of 20.4 percent compared to 2013, the increase was fairly broad, with 66 percent of brands increasing mailings year over year.

Volume variance year-over-year by industry – Q3 2013 to Q3 2014

Email key-performance metrics showed limited improvement in open rates, while click rates declined with significant declines in click-to-open (-13.2 percent) and unique click rates (-8.8 percent). While transaction rates declined, average order size increased 7.2 percent year over year.

Q3 all industry year-over-year performance analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Q3 2013</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total open rate</td>
<td>22.4%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Unique open rate</td>
<td>16.2%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Click-to-open</td>
<td>13.5%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Total click rate</td>
<td>3.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Unique click rate</td>
<td>2.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Transaction-to-click rate</td>
<td>3.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Transaction rate</td>
<td>0.06%</td>
<td>0.06%</td>
</tr>
<tr>
<td>Revenue per email</td>
<td>$0.08</td>
<td>$0.08</td>
</tr>
<tr>
<td>Average order</td>
<td>$175.40</td>
<td>$187.97</td>
</tr>
<tr>
<td>Bounce rate</td>
<td>1.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Unsubscribe rate</td>
<td>0.12%</td>
<td>0.11%</td>
</tr>
</tbody>
</table>

YOY variance

- Positive change
- Minimal change
- Negative change

Source: Experian Marketing Services, Q3 2014 Email Benchmark Report, 2014
**Search: key benchmarks and trends**

According to a recent IAB Internet Advertising Revenue Report conducted by PricewaterhouseCoopers, search advertising continues to dominate both overall digital advertising formats as well as mobile advertising formats, capturing 39 percent and 51 percent of ad spend, respectively.³⁶ It’s not surprising that search continues as a most critical format because of its unique position in nearly every stage of the consumer purchase journey. In fact, for the top 1,000 retailers, search engines deliver 41 percent of their Website traffic — significantly higher than any other source.

![Bar chart showing top sources of Website traffic to the Internet Retailer Top 1000](chart)

Source: Experian Marketing Services

As in the past, however, paid traffic still represents only 13 percent of overall Website traffic. Not surprisingly, retail and travel derive the most traffic from paid search as they seek to capture consumers in active purchase cycles.

![Bar chart showing paid versus organic search traffic](chart)

Source: Experian Marketing Services

While paid search is important in highly competitive industries, with 87 percent of traffic derived organically, managing to optimize one’s site for search as well as developing a content strategy to make the site discoverable is critical to the success of every marketer. To do that, marketers need to focus on their target audience and ensure the balance of their content and keyword portfolios align to their audience’s interests and search behavior.

For example, one Experian online media client found that Millennials and moms used more detailed long-tail searches, including five or more words, when looking for electronics. In fact, these two key audiences were 10 times more likely to use long-tail searches than the overall population.

The online media company also found that there are differences in the content that each of these audiences is interested in. Moms are much more focused on comparing prices while looking for specific devices and accessories as compared to Millennials, who are just looking for deals on mobile phones and plans. With that insight, the client developed a content plan to address these specific audiences and capture more of their search traffic.
Advertising: key benchmarks and trends

Internet advertising continues to grow with mobile advertising increasing in share among various formats. According to the IAB Internet Advertising Revenue Report, the overall Internet advertising year over year growth in 2014 was 15 percent, or $3 billion. Interestingly, mobile-search and mobile-display formats make up 98 percent of all ad spend in mobile, representing a shift in screen size for the dominant ad formats but not a change in advertising strategy. Overall, the report indicates growth in all ad formats with the majority of the share still going to search and display when mobile formats are included.17

Internet advertising revenue FH2013–FH2014

Source: IAB Internet Advertising Revenue Report, 2014

17Interactive Advertising Bureau, IAB Internet Advertising Revenue Report conducted by PricewaterhouseCoopers, 2014.
While Internet advertising continues to grow, there are certainly performance differences that need to guide marketers' investment. According to Google DoubleClick, click-through rates for both standard and rich media ad formats between September 2014 and November 2014 have been 0.07 percent. Interaction rates with rich media were 1.47 percent with 9.35 seconds of average interaction time spent with the ads, while video completion rates were 64.06 percent and 38.89 seconds of average time spent with the video.\(^8\)

Mobile versus desktop ad performance comparison

<table>
<thead>
<tr>
<th>Format</th>
<th>Click-through Rate</th>
<th>Interaction Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile format: 300 x 50</td>
<td>0.11%</td>
<td>1.56 sec.</td>
</tr>
<tr>
<td>Desktop format: 300 x 250</td>
<td>0.05%</td>
<td>9.65 sec.</td>
</tr>
</tbody>
</table>

Source: Google DoubleClick, www.richmediagallery.com, September 2014–November 2014

However, when comparing mobile performance to desktop performance, we see a marked difference in performance. While mobile ads have twice the click-through rate, the average interaction time spent is about one-tenth of desktop. This isn’t surprising given that the placement of many mobile ads near navigation buttons often create false clicks.

\(^8\)Google DoubleClick, Rich Media Gallery Display Benchmarks, 2014
Social media: key benchmarks and trends

Social media went through a significant transformation in 2014 following the Facebook and Twitter IPOs over the past two years. The monetization of the huge audiences these platforms built through ad sales is in full swing. At the same time, smartphone adoption is beginning to change the industry as photo-sharing-based social apps such as Instagram and Snapchat are wildly popular, especially among younger consumers. Video-based social networks such as YouTube and Vimeo are evolving to video-content delivery platforms for professional, ad-supported content with social-media personalities being courted by Hollywood and television networks.

Facebook and Google (including YouTube and Google+) continue to dominate social-media usage

<table>
<thead>
<tr>
<th>Websites</th>
<th>Total visits</th>
<th>Visits share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>2,473,542,750</td>
<td>56.2%</td>
</tr>
<tr>
<td>YouTube</td>
<td>968,801,055</td>
<td>22.01%</td>
</tr>
<tr>
<td>Google+</td>
<td>147,930,607</td>
<td>3.36%</td>
</tr>
<tr>
<td>Twitter</td>
<td>100,053,748</td>
<td>2.27%</td>
</tr>
<tr>
<td>Yahoo! Answers</td>
<td>53,101,597</td>
<td>1.21%</td>
</tr>
<tr>
<td>Instagram</td>
<td>43,402,314</td>
<td>0.999%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>42,911,891</td>
<td>0.97%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>38,432,875</td>
<td>0.87%</td>
</tr>
<tr>
<td>Tumblr</td>
<td>34,429,746</td>
<td>0.78%</td>
</tr>
<tr>
<td>Reddit</td>
<td>30,702,357</td>
<td>0.70%</td>
</tr>
</tbody>
</table>

The biggest trend in social media is growth in viral-content sites that facilitate social sharing of news and other stories, such as BuzzFeed, Reddit, Upworthy and Dose. These sites leverage the large-scale social-media platforms to facilitate sharing news, entertainment and content for the curious who can’t resist clicking or sharing a headline such as, “28 People Who Learned The Hard Way That Tattoo Errors Are Forever. #4 Is So Freaking Dumb.”
The need for accurate revenue attribution

Gathering accurate data, profiling and understanding customers, and targeting and engaging customers across all channels are all important steps for marketers to take toward creating highly effective communication. However, as consumer behavior constantly changes and expands across channels, marketers too must constantly adjust their strategies. To make the most informed decisions, marketers need to measure their efforts across channels regularly and determine which efforts — campaigns, pieces of content, media outlets — are driving the most revenue and highest ROI.

It used to be that a lift in sales directly could be attributed to a single campaign — say, a television spot — solely based on the run dates and a control group. However, as technology continues to introduce more devices and channels, the task of attributing revenue to marketing efforts has become much more challenging. The likelihood of a single marketing activity being the sole influencer in generating a consumer outcome is fading rapidly. Instead, consumers are interacting with brands almost constantly through email, mobile, display advertising, television — the list goes on and on. The marketer increasingly is tasked with prioritizing budgets and justifying investment decisions by determining the extent to which each campaign, channel or touch-point plays a role in a buyer’s journey, resulting in a need for a cross-channel attribution service that can provide clarity among the mix of tactics.

Since developing proper attribution models can be overwhelming, it’s easy to understand why many marketers are using limited forms of attribution.

22% of the marketers in our global study use closed-loop single-campaign measurement and 17 percent don’t track attribution at all.

Sixteen percent use first-touch or last-touch attribution. The same number of marketers report using multitouch attribution, attributing equal revenue to each touch, which results in overstated sales.
Regionally, North American marketers are the most likely to attribute revenue, with only 15 percent of North American marketers reporting that they do not track attribution. In France, Japan and Brazil, the numbers are nearly double — 32, 31 and 29 percent, respectively.

Marketers in Spain and France are more likely to use closed-loop single-campaign measurement: 46 percent and 35 percent of marketers, respectively. In the United Kingdom, the majority use first-touch or last-touch attribution.

**Getting started with revenue attribution**

Employing a meaningful measurement and attribution strategy is key to transforming an organization to be more customer-centric.

Through well-crafted allocation strategies, marketers can quantifiably justify marketing spend, allocate resources, and inform brand strategies and product development.

More importantly, proper attribution can abolish data silos, favored-channel biases and gut-based decisions, replacing them with a data-driven understanding of the entire buyer journey.
Of course, there can be surprises and growing pains with any new form of measurement. Marketers who may have previously overstated their influence on sales may find more realistic attribution jarring. However, it’s this truthful insight that will enable them to make smarter marketing decisions and reach their customers in more meaningful ways. Marketing attribution can push an organization to improve in many areas, such as:

- Greater transparency into marketing-operations effectiveness
- Movement away from channel centrism to customer centricity
- Diminution of favorite-channel bias
- Fairer compensation for employees, and impact on marketing budget
- Incentive for siloed-channel/campaign owners to work together

The benefits of a sophisticated attribution program are clear. Yet many marketers, despite knowing the importance of proper allocation, still struggle with implementation. There are a variety of factors that can act as barriers to accurate and meaningful attribution.

89% of marketers have revenue-attribution challenges. For the rest, the top barriers to proper attribution were integrating data from multiple systems and databases, followed by resources (time and analytical expertise) and obtaining consistent performance metrics by channel.

Integrating data from multiple systems is the top barrier to using accurate revenue attribution to optimize marketing spend.
Biggest barriers to accurate revenue attribution

- Integrating data from multiple systems and databases: 44%
- Resources (e.g., time and analytical expertise): 37%
- Obtaining consistent performance metrics by channel: 33%
- Understanding what combinations of channels yielded the most efficient paths to response: 32%
- Determining the right attribution model to use: 27%
- Taking action on the insights provided by attribution (e.g., modeling, changing strategy, etc.): 24%
- Budget: 22%
- Understanding how to get started with proper revenue attribution: 21%
- Other: 4%
- We do not have challenges attributing revenue to the correct channels: 4%
- Don't know: 7%

Source: Experian Marketing Services, 2015 Digital Marketer Survey

Time and analytical expertise was particularly challenging in Australia/New Zealand (45 percent) and North America (42 percent), whereas marketers in France (24 percent) and Brazil (30 percent) weren’t as likely to cite this as a top issue. Marketers in Brazil were more likely to cite budget as a top barrier (33 percent).

Interestingly, marketers in Japan are having the hardest time getting started. Thirty-one percent said understanding how to get started with proper revenue attribution was a top challenge, and 39 percent are unsure of the right attribution model to use. The Japanese marketers in our survey also disproportionately struggle with taking action on the insights provided by attribution (33 percent).
More than one in five marketers in our survey said that not knowing how to get started with proper allocation was holding them back from using accurate revenue attribution to optimize their marketing spend.

Key stakeholders within the organization need to be prepared for a complex, ever-improving process and the often surprising truths that come with it. Oftentimes, securing buy-in is half of the battle.

Once the marketer has convinced the organization to move toward smarter attribution, it’s okay to take things slowly. If no method of attribution currently is being used, start by measuring a single campaign. Once comfortable with this form of attribution, data sets can be expanded to include more channels and adopt a simple fractional allocation program. Continue to test and refine until legitimate insights are consistently achieved; this can take upwards of six months, so be patient. The end goal is to apply these refined, rule-based weights to a full algorithm-driven process that constantly updates and optimizes performance.

It’s important to realize that the most refined forms of attribution cannot be implemented overnight. In our survey, 27 percent of marketers stated that a top barrier to using accurate revenue attribution was determining the right attribution model to use. Any form of attribution is better than none at all, as long as the marketer understands the limitations within each strategy. For this reason, we will explore three different types of attribution, ordered from most simple to most sophisticated. Depending on the organization’s current strategy and available resources, each one may increase the understanding of marketing efforts and their impact on the bottom line.

- **Single channel measurement/optimization**
  
  The most logical way for marketers to begin their attribution efforts is to focus on a single channel. Within a single channel, brands can start by completing closed-loop analyses of single campaigns, measuring how customer responses were influenced by a single campaign or touch-point.

  To take the next step, marketers who primarily engage customers through a dominant channel can begin optimizing their attribution methods across campaigns (but still within a single channel). In this level of attribution, the marketer properly attributes responses during a fixed period of time to prior
campaigns from that channel. Responses are linked to campaign histories at the individual level through appropriate matching keys such as name, address, email, phone and cookies. To decide which campaign should receive credit for the response, marketers most commonly use first- and last-touch attribution, in which full credit for the customer response is given to the customer’s first or last interaction with the brand. As marketers become more sophisticated, though, they can begin allocating credit to different campaigns with a fractional model, weighting each campaign to control for its level of influence.

Single-channel attribution is a logical starting point before embarking on a full-fledged cross-channel attribution program, serving as a baseline and special case to more sophisticated attribution offerings. Data and organizational issues uncovered with single-channel attribution can also pave the way toward true cross-channel attribution.

• **Fractional channel attribution**

As organizations become more sophisticated, they can utilize fractional attribution across more than one channel. This method more realistically recognizes the omnichannel consumer environment and the many touch-points that are involved in customer purchase journey. In fractional attribution, each channel is allocated a weighted value and recency boost based on its importance toward affecting a particular consumer activity. For example, many marketers give the last touch before a purchase a higher weighting than the second-to-last touch, as it seems to have a more direct influence on the final behavior. Weighting and recency boost can be determined by variables such as frequency, channel preferences, response lag, etc., and are up to the discretion of the marketer. These levers can be constantly tested and refined for accuracy as time goes on to ensure accurate insights are consistently achieved.

It’s clear that fractional attribution offers a more realistic and helpful analysis of the different touch-points that make up a customer’s brand interaction. However, as marketers become more advanced and include more channels, campaigns, interactions and data into their strategy, it becomes more challenging to manually manage channel weightings. What highly effective and sophisticated marketers need is a more precise, automated and data-driven algorithm to determine weighting scores and adjust them as time goes on.
• Marketing strategy optimization

The most sophisticated form of attribution, marketing strategy optimization, relies on touch-point attribution, which takes the fundamental principle of fractional attribution and automates it. This strategy offers a fully-programmed algorithm that combines all data across all channels and brand touch-points to precisely recognize and assign credit across a brand’s entire marketing ecosystem and close the loop on attributing revenue.

Where fractional attribution uses manual weighting and trial and error, touch-point attribution starts at the customer-event level, incorporates data from every channel and online and offline interactions (even those among non-converting paths), and automatically assigns weights based on the estimated incremental impact of each touch. Even in channels where individual data isn’t collected, such as digital advertising, a customized attribution product can marry the aggregate campaign-level data with individual data gathered through other channels. Depending on the breadth and depth of the data it’s fed, this method of attribution can help marketers find hidden correlations and causations within their individual marketing efforts and calculate the likelihood that specific channel elements prompted the customer response.

Attribution models with increasing levels of sophistication

<table>
<thead>
<tr>
<th>Channel</th>
<th>Touch-points</th>
<th>Single channel measurement</th>
<th>Fractional allocation</th>
<th>Marketing strategy optimization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>February 6</td>
<td>$40</td>
<td>$20</td>
<td>$18.23</td>
</tr>
<tr>
<td></td>
<td>February 8</td>
<td>$60</td>
<td>$30</td>
<td>$31.77</td>
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Major telecommunications provider accurately attributes ROI across channels for effective channel investment planning

Challenge/Objective: A major telecommunications provider sought to improve its media-mix allocation but struggled to rise above campaign-level measurement and gain market visibility across channels on major program efforts. Lack of data integration, organizational resistance and lack of a sound attribution product contributed in varying degrees to this quandary. Consequently, channel-level budget decisions largely had been made based on educated guesses and ad hoc processes.

Resolution: Working with Experian Marketing Services, the company was able to overcome this cross-channel marketing challenge by developing a customized attribution methodology that correlates the response volume of active channels with the cumulative effect of individual campaign touches across each of those channels. The process was designed to accommodate a mix of data granularity across different channels where channels such as direct mail and email have individual-level data while digital campaigns have aggregate channel-level campaign data.

Results: Upon implementation, the company, for the first time, was able to attribute ROI across each of its major marketing channels. Additionally, it has the ability to evaluate the effectiveness of its past channel-investment decisions and conduct what-if analyses for short- and long-term channel budget allocation in the future.
Consumers are already cross-channel regardless of whether the brands that cater to them are structurally or technologically built to support cross-channel engagement. While data linkage, technology and organizational structure present big barriers for marketers looking to execute true cross-channel campaigns, as seen in this report, they also present many opportunities.

The intelligence behind a brand’s interactions with customers will truly differentiate one brand from another in the mind of the dynamic, connected and empowered consumer. Brands that put the customer at the center of everything they do will be the ones to win.

**In this new arena, marketing organizations need to triumph over three key areas:**

1. **Identify:**

Marketers must be able to identify a customer accurately regardless of the channel through which he or she engages with the brand.

As the data in this report shows, information collection today is usually partial. It’s designed to lessen barriers to conversion. This may increase the quantity of information collected but affects a brand’s ability to link profile information across channels. Only 24 percent of companies say they have a single customer view, and the leading cause is poor data quality. Without the ability to cleanse contact data and accurately identify orphan customer data (an orphan email address or phone number, for example), marketers will struggle to create true cross-channel campaigns. As connected devices and channels proliferate, this problem will only compound. Marketers must take ownership of cross-channel identity linkage and look for trusted third-party referential data to help accurately link disparate first-party customer data for both prospects and customers. This is the most effective and powerful way marketers can truly create seamless and coordinated customer experiences across all channels.
2 | Know:

Not only must marketers know who customers are, but they must have the intelligence to understand what customers want and how to reach them with messages that will evoke response.

Marketers need to look forward instead of backward in order to stay ahead of the competition. This manifests in the marriage of business intelligence with campaign management. Beyond better connected first-party data, marketers must seek to enrich or complete records with third-party demographic, psychographic, attitudinal, channel preference and behavioral data. Something that one-quarter of marketers say they are not doing, and 29 percent of those who do only enrich with type of data. Enhancing records with this deep intelligence gives marketers the necessary ability to gain insights to understand their customers and their behaviors in order to create intelligent interactions, in the right channel, with each customer.

Today, 17 percent of marketers say they do not track attribution, and the majority of those who do, 29 percent, report on what has already happened, often in the form of campaign reports on single communications within a single channel. As channel proliferation continues, marketers need the ability to see interactions across channels and understand, fractionally, how communications influenced a final purchase. Marketing attribution is core to understanding customer engagement, allowing marketers to align organizations around final outcome rather than focusing on individual channel success.

3 | Engage:

Finally, marketers must be able to action intelligence in order to deliver coordinated and truly exceptional experiences for their customers at every point of interaction. Every time.

The concept of campaign management will become replaced with contextual interactions management. To deliver true cross-channel campaigns, marketers must look beyond coordinated push campaigns to understand the customer’s attitudes, behaviors and preferences, and anticipate his or her needs while listening to the responses of previous interactions to deliver the proper communication at the appropriate time. More than ever, marketers need to react to and be proactive with both inbound and outbound interactions, in real time, across channels.
The 2015 Digital Marketer Survey was conducted online from Nov. 10—Dec. 7, 2014. A total of 1,012 complete responses were collected from marketers around the globe including Australia, Brazil, Canada, China, France, Germany, India, Japan, Netherlands, Southeast Asia (Malaysia, Hong Kong, Singapore), Spain, the United Kingdom and the United States. Global totals of results within the report have been weighted against the Gross Domestic Product.
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