

MYcustomer reports

Digital Marketing Insights Report 2014.

A survey examining trends in
data-centric marketing.

In association with:

TERADATA

celebrus
technologies



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1. Executive summary.

With the global economy in a delicate state of recovery, competition for business is fiercer than ever in many marketplaces. Simultaneously, consumer behaviour is rapidly changing, characterised by the emergence of the ‘omnichannel’ customer.

With the emphasis therefore on brands knowing their marketplace and customers better than their competitors, data-driven marketing has become a more critical discipline than in the past.

However, in some respects data is presently as much a challenge as it is an opportunity for the modern business, with the volume of data available to marketers expanding at an exponential rate. The Big Data age is upon us, driven by the extraordinary amount of user generated content being produced by the likes of social media as well as behavioural data from the growing number of digital channels and touchpoints.

So are the digital marketers turning the tide of data and analytics to their advantage? And if so, how?

This report examines how modern digital marketers are using data and analytics to meet their department’s targets and their wider

organisation's goals.

The objective of the research was to determine where data management (including storage, analysis and application) sits in the list of priorities for digital marketing departments, and then identify the roadblocks and opportunities that respondents are experiencing in their efforts to become more data-centric.

In particular, we have drilled down into the following areas:

- Digital marketing priorities
- Data collection and storage
- Analytics
- Personalisation

This report is based on a survey of organisations in the UK, France and Germany carried out by MyCustomer in partnership with Teradata and Celebris Technologies.

We would like to extend our thanks to all the respondents that participated in the research.

In summary, the findings of the research are:

- The storage and integration of customer data into a single database is the biggest data challenge facing marketers.
- While respondents report significant benefits of a single customer view, only a fifth have achieved this at present.
- Half of respondents predict they will have hired dedicated analytics expertise into their marketing department within the next two years, reflecting the wide range of benefits that organisations

are reporting from their analytics efforts.

- Over a third of respondents reported that personalised marketing would be a critical component of their digital marketing within the next two years.
- Data quality is a concern for a significant proportion of those surveyed, who felt it could have major implications for their analytics and personalisation efforts.
- Capitalising on Big Data is currently a digital marketing priority for only around a quarter of respondents.

Overall, the results reflect an industry that acknowledges the importance of a data-centric approach to marketing—and in particular the value that a holistic view of that customer data would offer.

There is a strong recognition of the need for a single customer view, the importance of analytics in the digital marketing toolkit, and also the value of data-powered personalisation to their business, with respondents reporting strong returns from their efforts.

However, the findings also demonstrate that the modern marketing department is one that is struggling to contend with the volume of trends and platforms that demand their attention. As a result, the likes of social media and mobile are being given precedence over tackling Big Data by the vast majority of those questioned. A large proportion of respondents acknowledge that their stretched resources are the main obstacle to better data management, analytics and personalisation.

But the marketing department is in a constant state of flux, and should the global economic environment continue to improve,

marketers will likely have greater resources at their disposal to better tackle the unprecedented number of challenges and opportunities they find themselves confronted with. Indeed, most of those surveyed are optimistic that there will be greater investment in the likes of data management and analytics in the near future.

Given the strong benefits reported by respondents from their analytics and personalisation programmes, those that prioritise diverting greater resources into supporting their data-centric marketing are those that are likely to find themselves best positioned to capitalise on the improving economy.

2. Foreword.

Consumer expectations are rising—fast! The “always on—always connected” consumer demands engaging, relevant and seamless communication from an organisation—and they expect to be communicated with as individuals, irrespective of the channel and device they are using. Moreover, increasingly short attention spans often mean that consumers want those interactions to be immediate.

The digital marketing landscape is rapidly evolving, in tandem with marketers facing an increasingly tough job, usually with limited resources, of harnessing the power of omnichannel data-driven marketing to meet those growing demands. The results of this survey show they are reaping the rewards of their efforts through deepened customer insight, enhanced targeting and improved conversion rates.

The next step, however, is to deliver an individual experience at a true one-to-one level for each customer. That is a huge challenge to today’s digital marketers as it requires not just the ability to continuously ‘listen’ and piece together a 360° understanding of how a single customer interacts across all touchpoints, but also to interpret those signals, create new insights, and take appropriate actions. All increasingly in real-time.

Capturing those innumerable interactions generates vast quantities of data e.g. clickstream, email, social, ad impressions etc, that

is highly variable, dynamic and multi-structured in nature. To add to these challenges, data sources such as web analytics are aggregated, making it even harder to meet the one-to-one omnichannel goal.

Encouragingly, the results of this survey show that overcoming these obstacles is a high priority for digital marketers. When asked to look forward two years, nearly 60% said they will have a complete 360° single customer view in place by then and a staggering 80% believe that personalisation will be key to their digital marketing success. To achieve those goals, investment is planned in both the analytical expertise and technologies required to turn that insight into actions that will ultimately improve loyalty, conversion and Marketing ROI.

Teradata and Celebris Technologies know that understanding, identifying and adapting to opportunities in this rapidly shifting world requires data and analytics on an unprecedented scale. We believe that every business can unlock the potential in their data and transform their digital marketing with unique and powerful analytics and marketing applications.

We are very thankful for all who participated in this research. We hope that the insights will help us all understand the challenges and opportunities that lie ahead for digital marketing. It's going to be an exciting ride!

Ruth Gordon,
Director Digital Marketing, International
Teradata Corporation

Katharine Hulls,
VP Marketing,
Celebris Technologies

2.1 About Teradata Corporation



Teradata (NYSE: TDC) is the world's leading analytic data solutions company. Teradata offers the world's leading analytic data platforms, marketing and analytic applications and services. We invented data warehousing specifically for analytic decision support and today we are extending that expertise into big data analytics and business applications. No company has helped more people unlock the economic value of data than Teradata. We deliver industry-focused business solutions based on the most advanced, powerful, scalable, and reliable analytics and marketing platforms in the world. Teradata has a diverse portfolio of integrated data warehousing, unified data architecture, big data analytics and discovery, marketing and business applications, and services. Learn more at www.teradata.com. Locations: Dayton, Ohio; San Diego, Atlanta, and Indianapolis; with offices across the Americas, Europe, Middle East, Africa, Asia and Japan.

2.2 About Celebrus Technologies



Celebrus Technologies enables organisations to understand individual customer interactions with their digital channels in order to power one-to-one data-driven marketing, real-time personalisation and advanced customer analytics. Celebrus' tagging-free digital big data software collects data about an individual's behaviours across a brand's websites, mobile apps, social and streaming media and automatically applies business context. It then streams this contextualised data into a wide variety of big data technologies in parallel, in real-time or near real-time. Global blue-chip clients use Celebrus' award winning technology to drive analytics and actions that maximize revenue, marketing effectiveness and brand loyalty.

Celebrus Technologies and Teradata have worked together since 2009, jointly developing tightly integrated solutions that capture and transform individual-level digital channel data and feed it directly into:

- Teradata's Integrated Channel Intelligence (ICI) Solution for data warehousing and centralisation
- The Teradata Aster SQL-MapReduce® Platform for data discovery and big data analytics
- Teradata Real-Time Interaction Manager (RTIM) for real-time website personalisation and offer management

For more information about Celebrus Technologies visit www.celebrus.com or follow @CelebrusTech on Twitter.

3. About MyCustomer.

MyCustomer.com is an online community of customer-focused professionals, sharing news and advice on fields including customer service, customer experience, marketing, sales, CRM and social CRM.



4. Research methodology.

This report is based on a European survey of 115 marketing professionals working in a variety of sectors. The survey was live during November 2013.

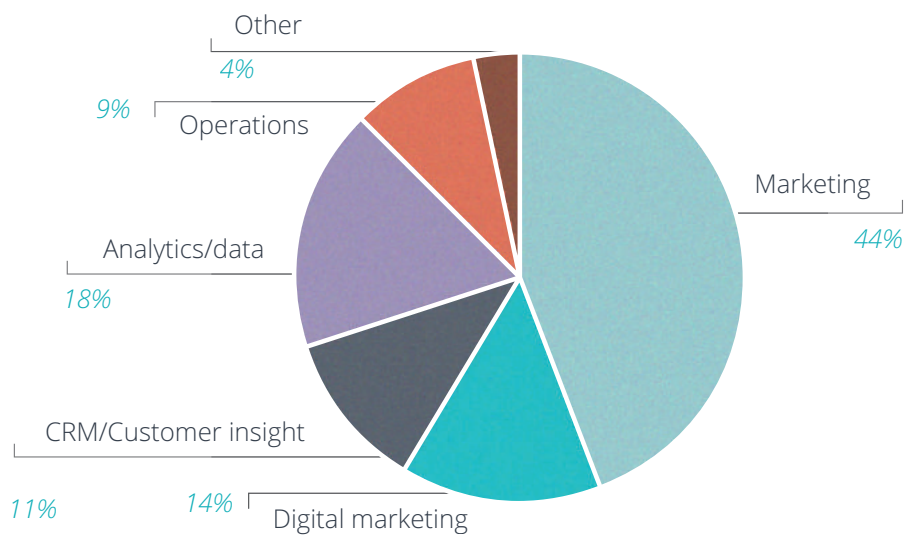
MyCustomer promoted the survey to in-target segments of its readership via email marketing and social media promotion. Due to the nature of our sample, a bias towards those with an interest in marketing techniques and data usage is to be expected and fully intentional.

All responses to the questions are anonymised for the purposes of this report and the incentive for participation was a free iPad mini and a complimentary copy of the report once complete.

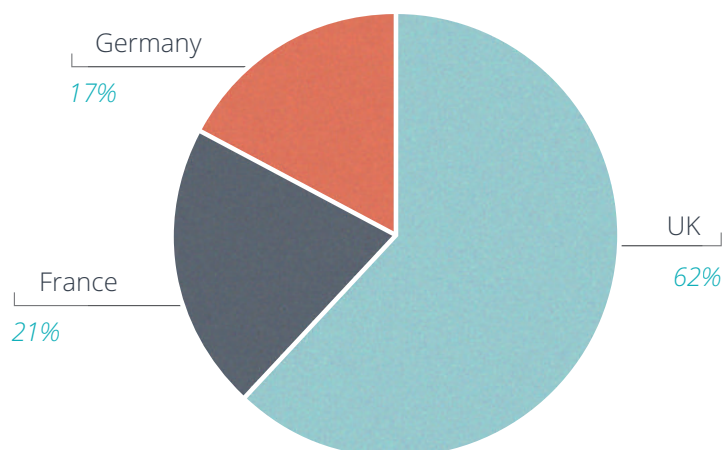
The research was intended to survey a broad cross section of sectors and company sizes with a bias towards marketing and data job functions. We were targeting the UK, French and German markets so promotion was limited to these countries.

The following charts outline the job functions and country profiles for all respondents:

Job functions



Country profiles



5. Research findings.

5.1 Digital marketing priorities

5.1.1 WHAT ARE YOUR DIGITAL MARKETING PRIORITIES?

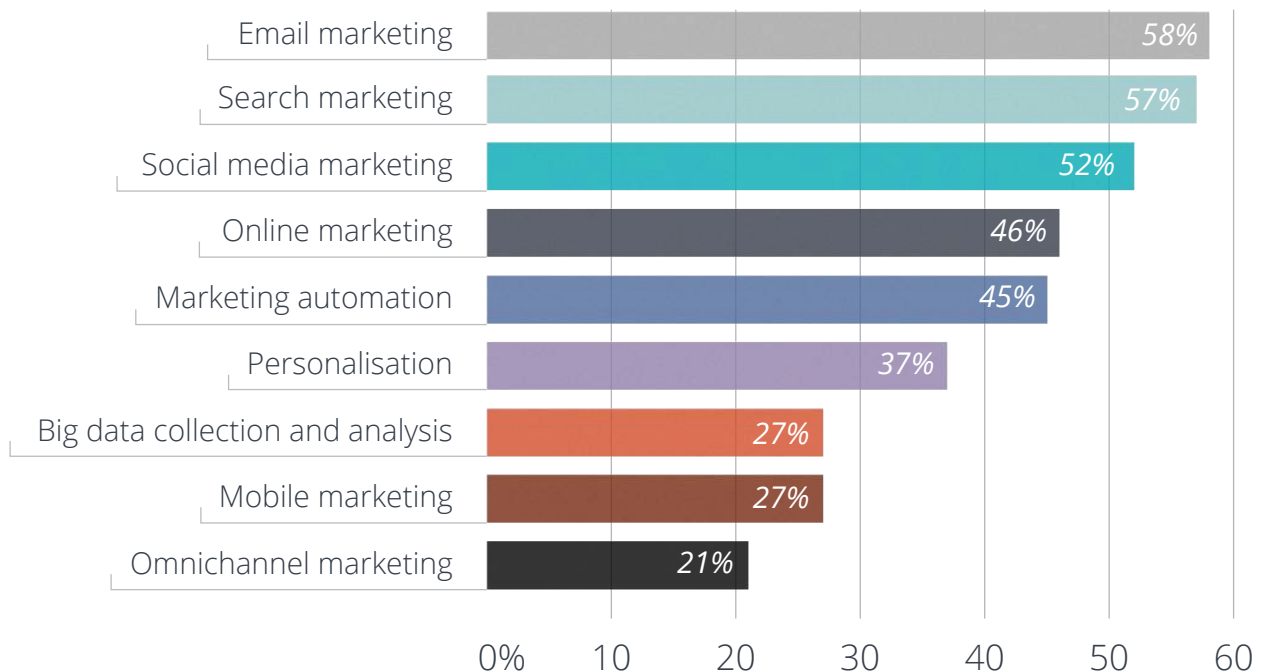
Long regarded as the backbone of digital marketing, and still seeing robust investment despite the proliferation of other digital channels, email marketing emerged as the most popular priority amongst the companies surveyed, with 58% of respondents reporting that it represents a key element of their digital marketing efforts. This was closely followed by search marketing (57%), another digital marketing stalwart.

However, perhaps surprisingly given its relative immaturity and questions concerning measurability, social media marketing was the third most nominated priority, with over half of respondents citing it (52%).

But less of a priority for those questioned were Big Data collection and analysis (27%) and mobile marketing (27%), both of which registered as a digital marketing priority for only around a quarter of respondents.

Sitting in between these groups, and nominated a priority by around a third of those surveyed, is personalisation (37%).

What are your biggest priorities for digital marketing?



5.2 Data collection and storage

5.2.1 WHAT ARE THE BIGGEST DATA CHALLENGES FACING YOUR MARKETING TEAM?

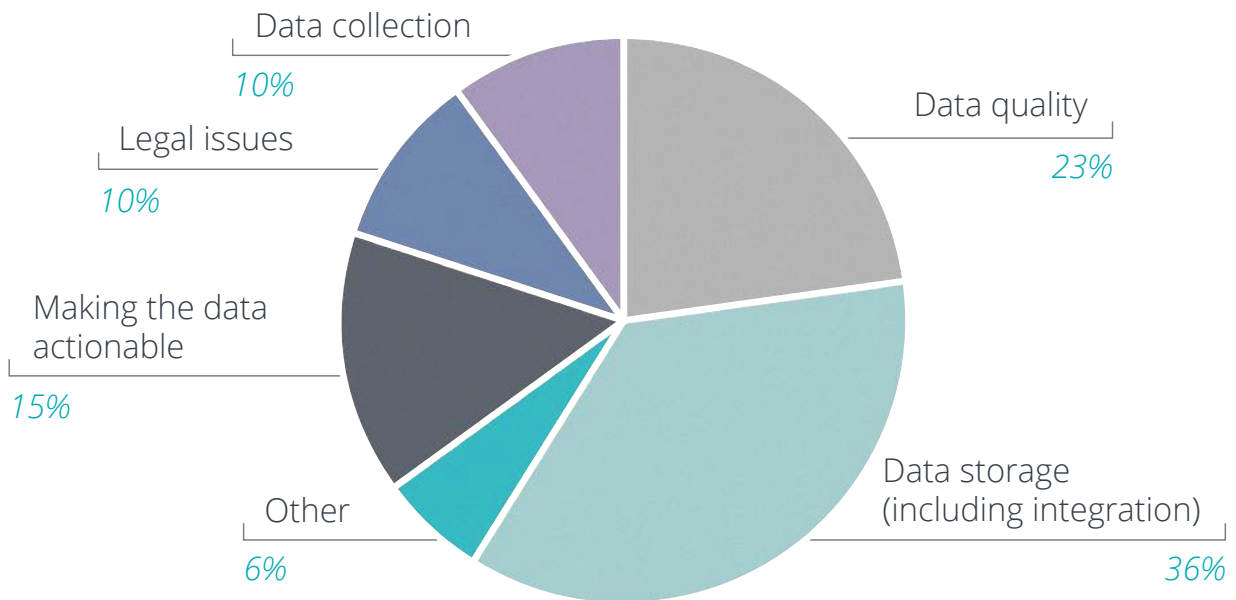
It's estimated that every day across the globe, we generate 2.5 quintillion bytes of data—to put that into context, that means that 90% of the data in the world today has been generated in the last two years alone. Customers today leave behind a digital trail of their actions, via the likes of mobile devices, social media and website interactions. In addition to traditional sources of customer data, all of this can provide marketers with insights into what motivates customers and, when analysed, this enables brands to align their marketing strategies with the needs of customers.

Respondents told us that a number of obstacles are preventing their digital marketing efforts from capitalising on this customer data. The most commonly quoted of these related to the storage and integration of customer data into a single database, reported by over a third (36%). Also reported by almost a quarter of those surveyed are challenges regarding data quality (23%).

Often those surveyed reported a combination of problems. Here is a sample of some of the responses:

- *“Maintaining data quality is an ongoing process challenge. We have an integrated ERP and CRM platform so collection is relatively easy. Drawing the right conclusions from the analysis given current tools is more of a challenge.”*
- *“Digital fatigue and data protection makes customers more reluctant to share their data.”*
- *“Deduplication is the main trouble, issue, problem: the more channels you include the more duplicated data potentially you have, and consequently you need to spend time and money to avoid any (or potentially any) mistakes and/or misunderstandings.”*

What are the biggest data challenges facing your marketing team?

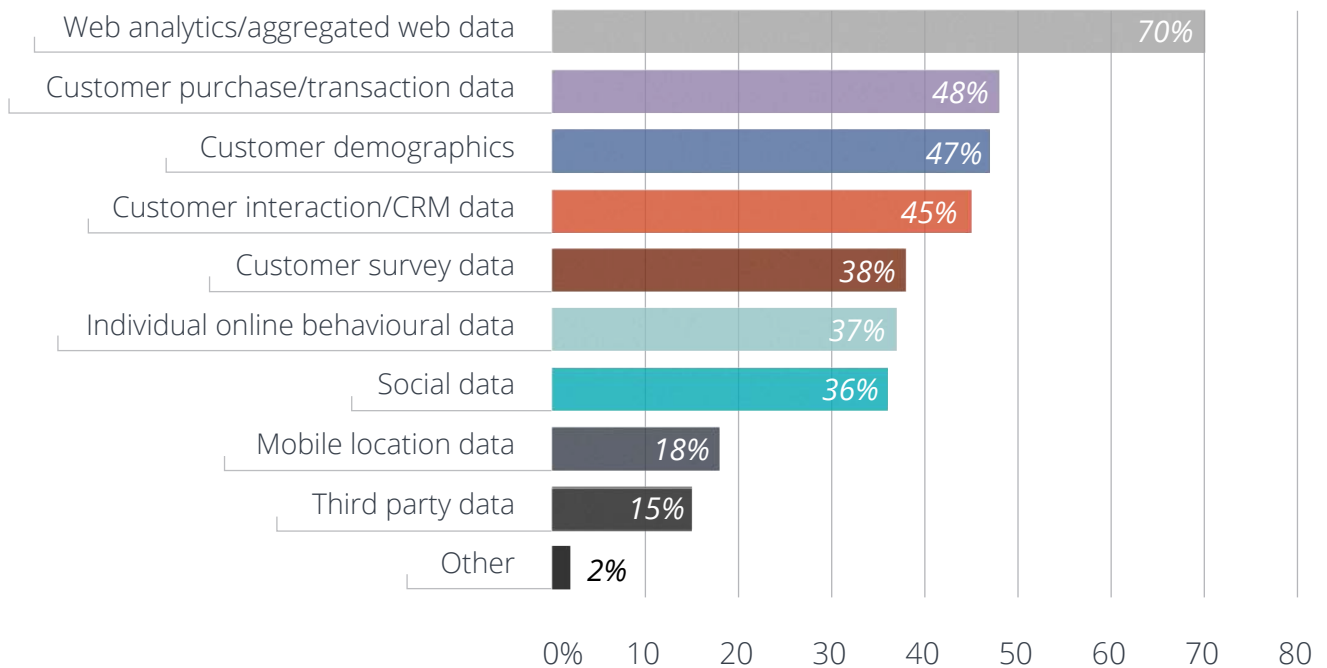


5.2.2. WHAT TYPES OF CUSTOMER DATA DO YOU COLLECT?

So, of the many data sources available to marketers today, what do our respondents collect?

Almost three quarters of respondents (70%) report that they are collecting aggregated web data as part of their digital marketing process, making it the primary source of data. Around half of those surveyed also report collecting transactional data (48%), demographic data (47%) and customer interaction data (45%).

What types of customer data do you collect?



5.2.3. WHERE IS YOUR CUSTOMER DATA STORED?

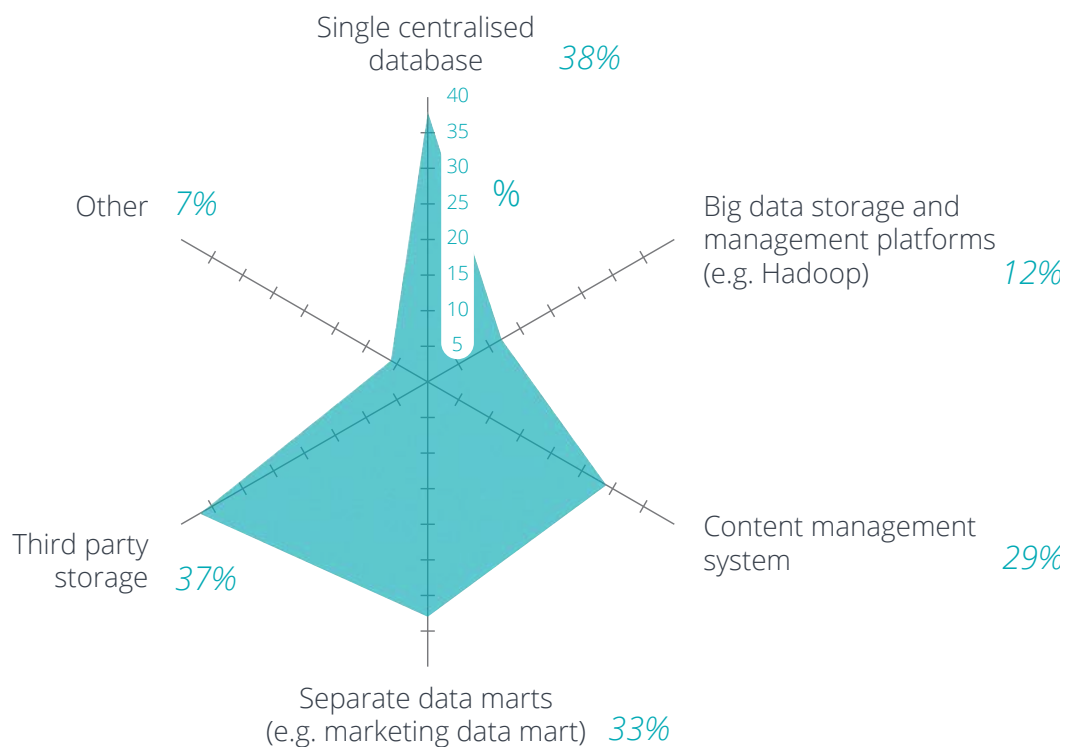
As the number of customer channels and data sources proliferate, so there are increasing numbers of data systems, and more ways to collect the data. However, as few systems are created with data sharing in mind, this raises the probability that customer data will be siloed, and so the opportunity to enhance marketing efforts with additional data from other systems will go begging unless a centralised database is created.

At present, only just over a third of respondents state that they have a single centralised database for their customer data (38%). The others surveyed report that they use a combination of third

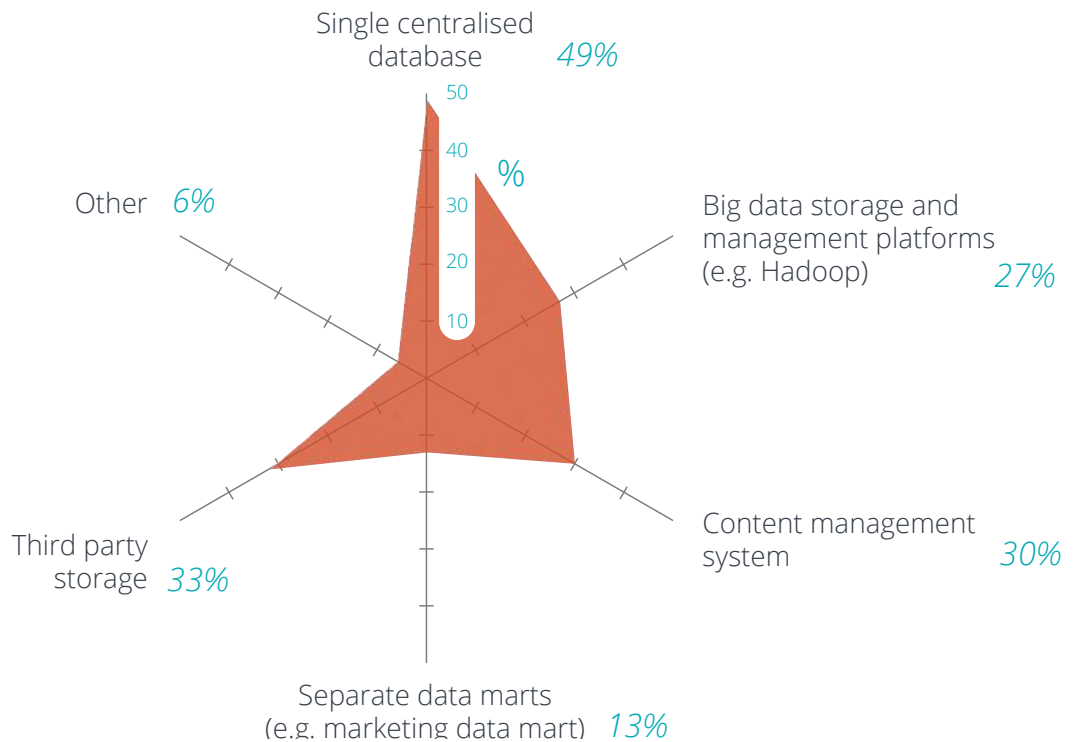
party systems (37%), siloed data systems (33%) and content management systems (29%).

There is, however, expected to be a shift towards single centralised databases in the near future, with almost half (49%) of respondents stating that their data will be held in a single system in the next two years. Reflecting this shift, the number of those with separate data marts is predicted to decline to 12%.

Where is your customer data currently stored?



Where will you store your customer data in the future (2+ years)?



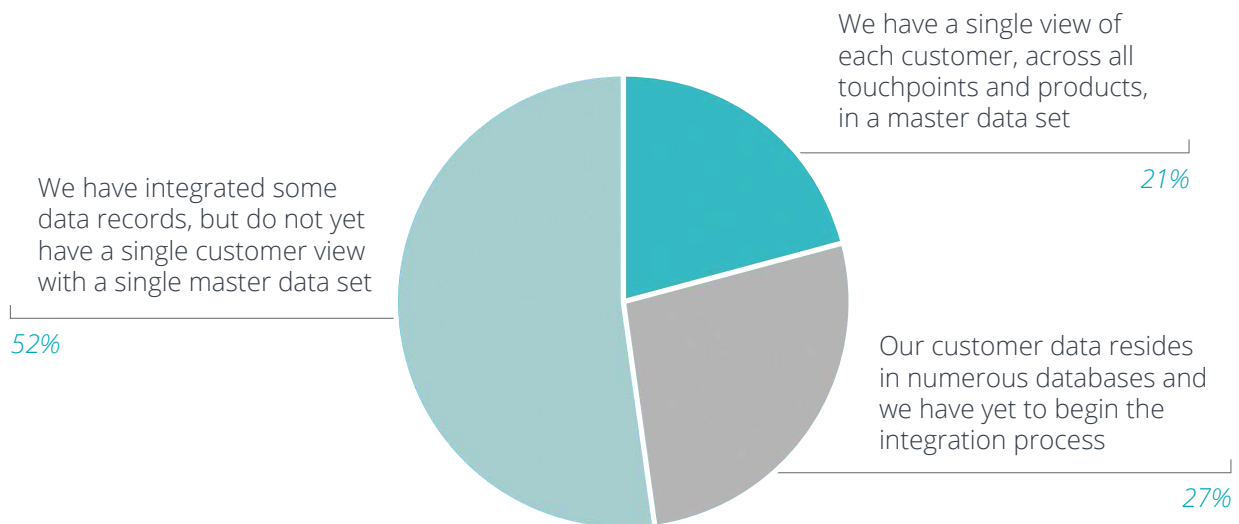
5.2.4. HOW WOULD YOU DESCRIBE YOUR CUSTOMER DATA AT PRESENT/IN TWO YEARS' TIME?

A single customer view (SCV) is a database containing a single, holistic view of your customers and prospects across different channels and areas of your business, which can power direct marketing, customer insight, campaign management, data and journey analytics and more valuable programmes.

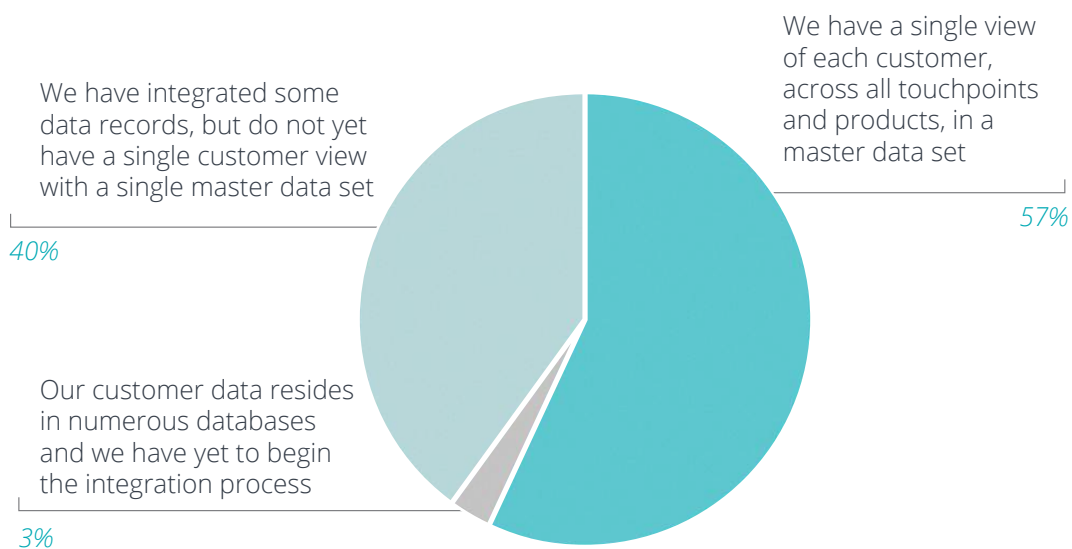
With only a third of respondents reporting they have a single unified database, it is unsurprising that less than a quarter (21%) told us they have a single customer view of their customers.

However, this number is set to leap significantly in the next two years, with 57% predicting they'll have achieved a single customer view in two years' time. More than double the present number.

How would you describe your customer data at present?



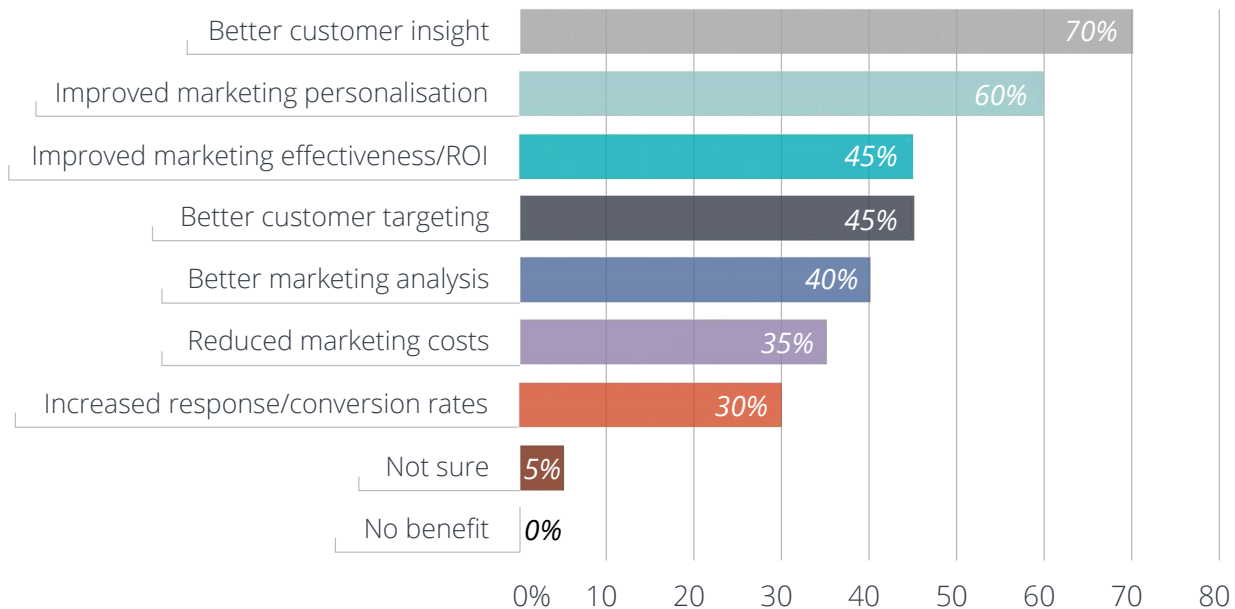
How would you describe your customer data in the future (2+ years)?



5.2.5. HOW DOES A SINGLE CUSTOMER VIEW BENEFIT YOUR ORGANISATION?

Emphasising the importance of achieving a single customer view, those that do have an SCV report a range of benefits, most commonly: better customer insight (70%), improved marketing personalisation (60%), better customer targeting (45%) and improved overall marketing effectiveness/ROI (45%).

How does it most benefit your organisation?



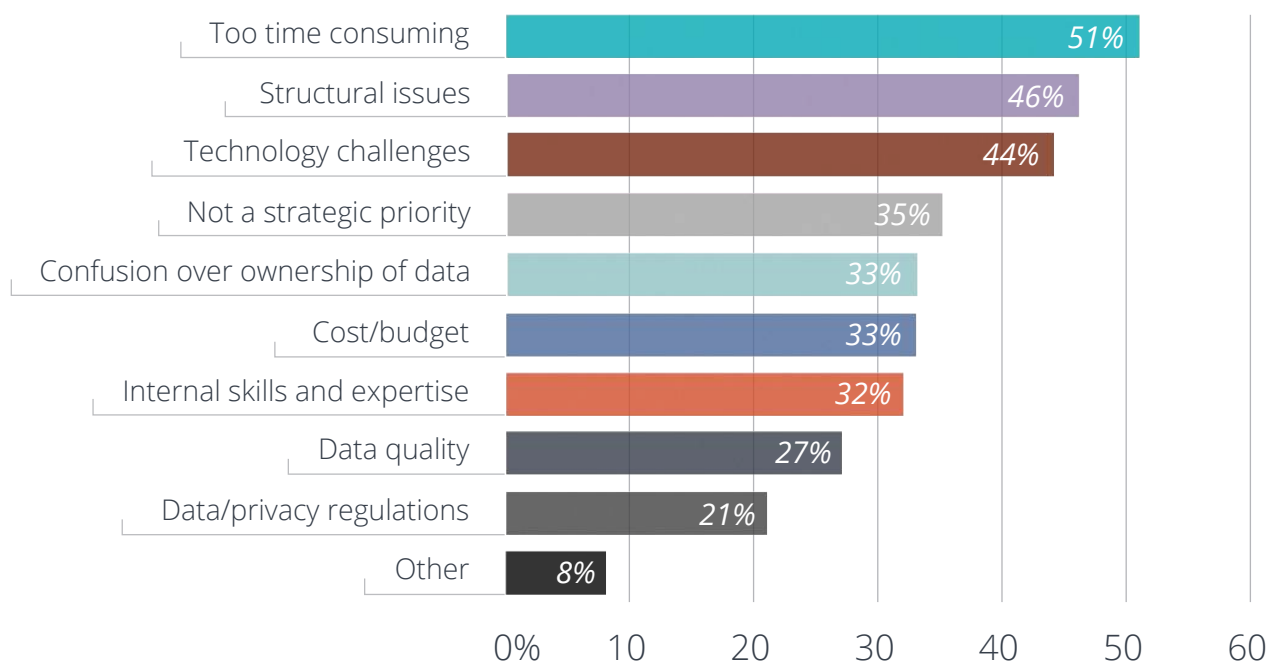
5.2.6. WHAT ARE THE BARRIERS IN YOUR ORGANISATION TO A SINGLE CUSTOMER VIEW?

Those respondents that told us they have yet to achieve a single customer view report a range of obstacles that are impeding them. Half of those without an SCV claim that the work required to achieve it is too time consuming (50%), but almost as common are

structural issues such as departmental silos (46%) and technological challenges (44%).

There are a host of other issues that are commonly reported as well including strategic problems (34%), confusion over ownership of data within the organisation (33%) and a lack of skills/expertise (31%).

What are the barriers to a single customer view?



5.3 Analytics

5.3.1. WHAT ANALYTICS DO YOU USE AS PART OF YOUR DIGITAL MARKETING ACTIVITIES?

Analytics is becoming an increasingly sophisticated discipline within marketing and one which, if done well, can significantly enhance marketing effectiveness and profitability of any organisation. A growing number now acknowledge the significant advantage that an analytical view across multiple sources of data and multiple channels could deliver to businesses and marketing departments in particular.

Unsurprisingly, web analytics is the tool most commonly used by those questioned as part of the survey—almost three quarters (72%) report that they actively use it to support their digital marketing efforts.

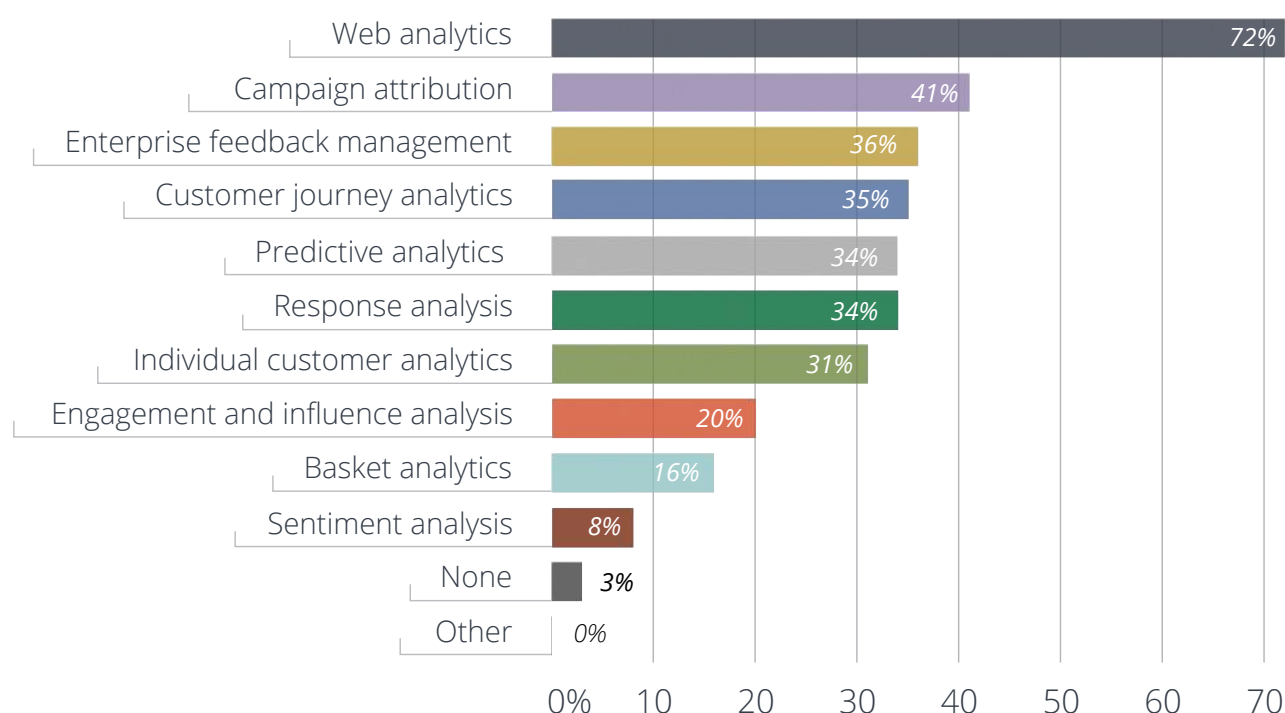
Other analytics endeavours have far less penetration according to the findings, with around a third of our sample using the likes of Voice of the Customer (36%), customer journey analysis (35%) and segmentation (34%).

Once again, efforts that have a ‘social media’ bent are poorly represented in the results. Analytics to measure engagement and influence (20%) and sentiment (8%) both having limited adoption.

Also of note from our findings is that while attribution is increasingly an issue for marketers—with a growing combination of media assisting sales across multiple touchpoints on the path to purchase meaning that first or last touch is not good enough—less than half

(41%) of respondents told us that they use campaign attribution.

Which of the following analytics do you use?

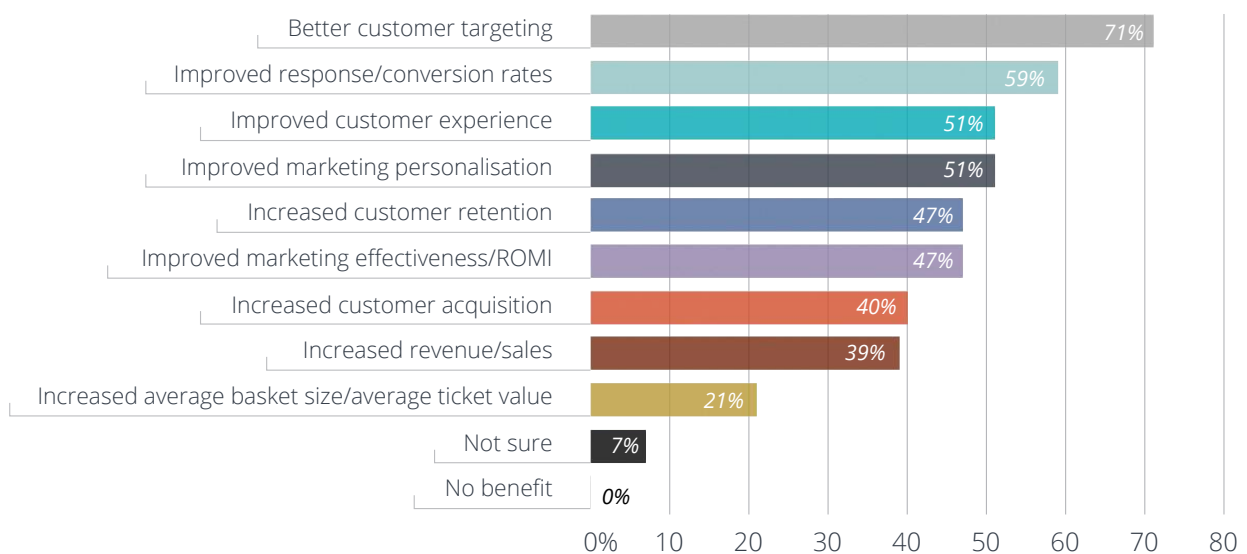


5.3.2. WHAT ARE THE BENEFITS OF YOUR CUSTOMER ANALYTICS WORK AT YOUR ORGANISATION?

Organisations are reporting that their analytics efforts are extremely rewarding, with respondents citing several common benefits. The most common benefits included better customer targeting, which was reported by nearly three quarters of those surveyed (71%) while over half of respondents also reported improved response/conversion rates (58%), improved marketing personalisation (51%), and improved customer experience (51%).

Elsewhere, almost half of respondents also report increased customer retention (47%).

What are the benefits of your customer analytics work at your organisation?



5.3.3. WHO ANALYSES YOUR CUSTOMER DATA NOW/IN 2+ YEARS?

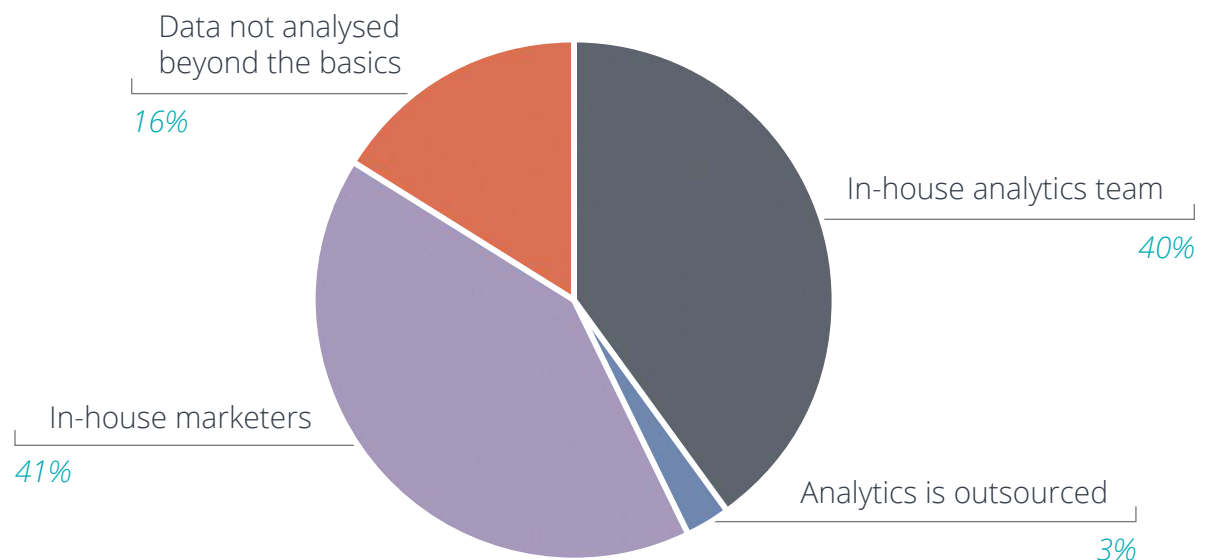
Given the proliferation of customer data that can be mined for valuable insights, marketing departments are conducting ever greater levels of analytic investigation. As this requires man hours, organisations must decide whether to either outsource analytics duties, hire in dedicated analytics expertise or rely on their present workforce to conduct the analysis.

The findings indicate that handling and analysis of customer data

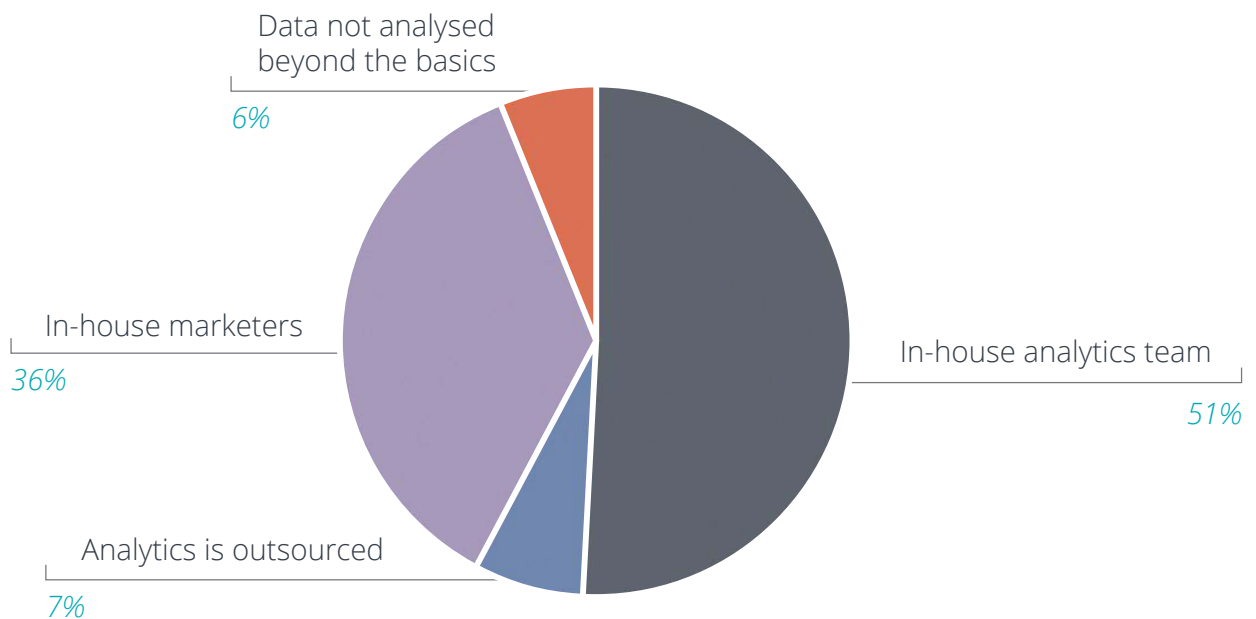
in businesses today is evenly split between existing marketing team members (reported by 41% of organisations) and dedicated in-house analytics experts (40%). Few respondents report they are outsourcing (2%). 15% of those surveyed admit that they conduct very limited analytics within their organisation so there are no duties so to speak of to assign.

However, this is expected to shift over the next two years as organisations increasingly hire in expertise rather than rely on their marketers. 51% predict they will have in-house dedicated analytics teams, while the number that expect their marketers to undertake analytics decreases to 35%. The number saying they will outsource also had a slight uptick to 7%. Those that still expect to only conduct limited analytics in two years' time plummets to 5%.

Who currently analyses your customer data?



Who will analyse your customer data in the future (2+ years)?



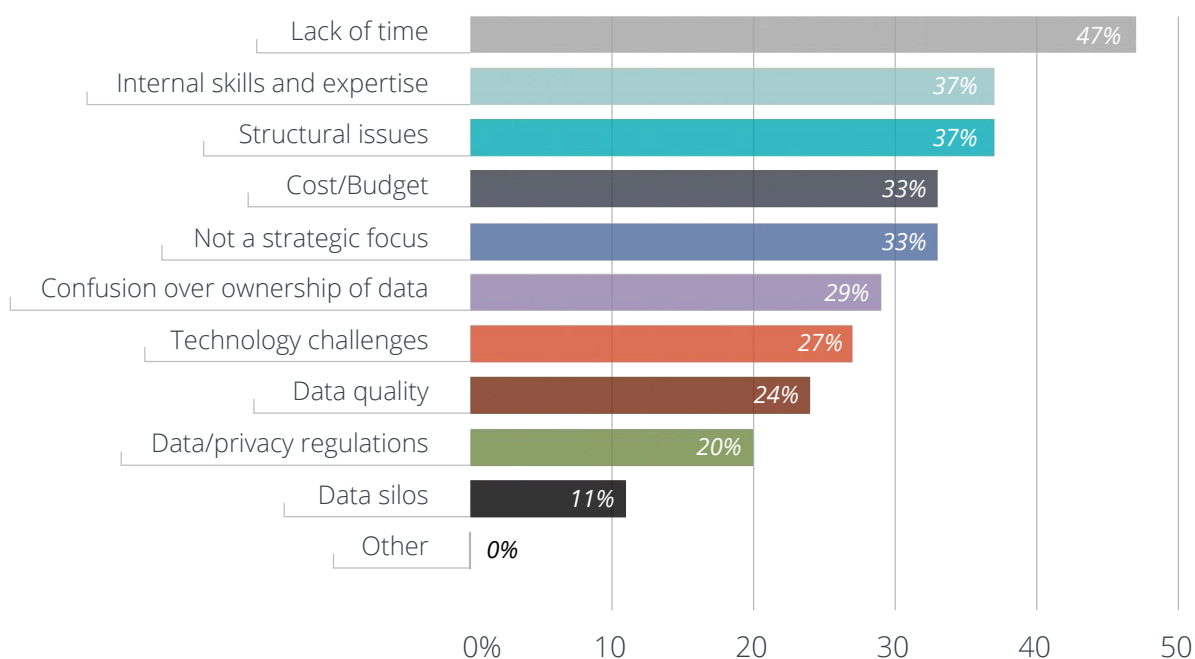
5.3.4. WHAT ARE THE BARRIERS TO ACHIEVING BETTER CUSTOMER ANALYTICS AT YOUR ORGANISATION?

While customer analytics is becoming increasingly significant to the world of digital marketing, there are a number of obstacles to a more proficient use of analytics reported by respondents. The most common issue reported is time, with nearly half (47%) citing a lack of time as the main obstacle to achieving better analytics in their organisation. However, a range of other challenges are commonly quoted including structural issues, such as departmental silos (37%), internal skills and expertise (37%), costs (32%) and a lack of strategic focus (32%).

Often those surveyed report a combination of problems. A sample of some of the responses includes:

- *“We have a relatively small team that also need to be focused on other duties.”*
- *“When no-one knows who ‘owns’ the data no-one wants to take responsibility for it—it will always be someone else’s job!”*
- *“There is plenty of interest in getting deeper into the analytics side—but we’re hampered by a lack of resource (human and financial).”*
- *“Data accuracy and richness is still not understood by the last mile team. Garbage in, garbage out currently.”*
- *“It is too costly for this business to improve upon. The value is not seen by board level staff.”*

What are the barriers to achieving better customer analytics at your organisation?



5.4. Personalisation

5.4.1. WHICH PERSONALISATION TECHNIQUES DO YOU USE?

Saying the right thing to the right customer at the right time—every time—continues to be the marketing dream. At the same time, it also resonates with customers who increasingly demand a bespoke and relevant experience.

With the sophisticated technology available today, not to mention the growing volumes of customer data at their disposal, marketers arguably have a greater opportunity to deliver personalisation than ever before, whether this be on a basic level—such as a name on an email—to far more sophisticated personalisation, such as one-to-one real-time website personalisation.

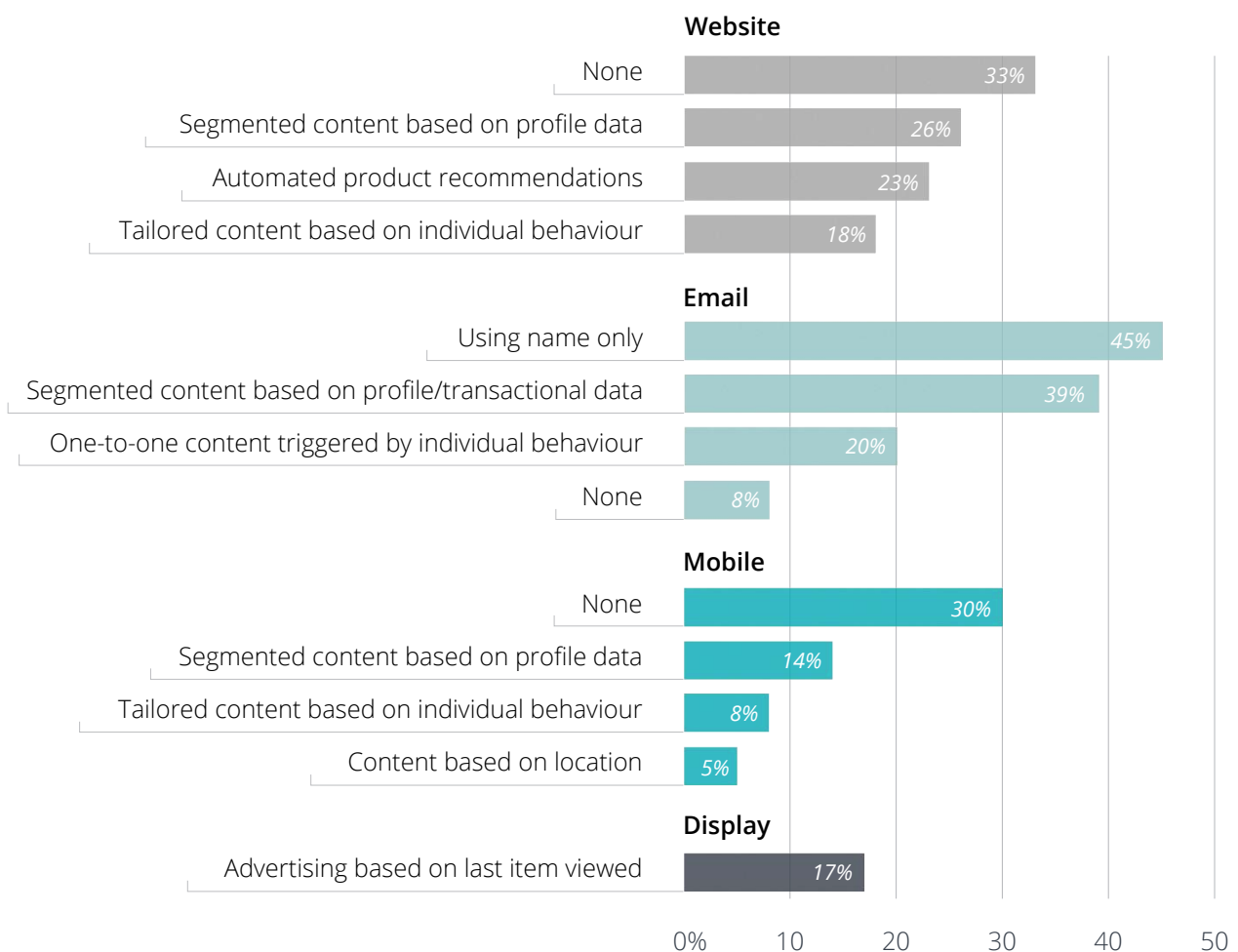
Most respondents have a degree of personalised activity, although this varies according to platform.

Email is by some margin the most popular platform for personalised marketing, with only 8% of those surveyed reporting that they did no personalisation over email. The most common approach is personalised marketing by name (45%), but over a third are also personalising email marketing based on historical data and profile (39%).

Website personalisation has less take-up, with a third (33%) reporting that they undertake no website personalisation efforts. Automated product recommendations (23%) and content based on profile/historical data (26%) are most commonly used.

Perhaps surprisingly, with mobile only viewed as a digital marketing priority by around a quarter of those questioned, personalisation efforts over mobile are just as prevalent as with website, with only 30% saying they have no personalisation over mobile. With only 8% reporting that they provide personalised marketing via location data, however, it is unclear from this study where the specific personalisation efforts are focused. It could be that respondents are incorporating mobile website personalisation into this category.

Which personalisation techniques do you use?



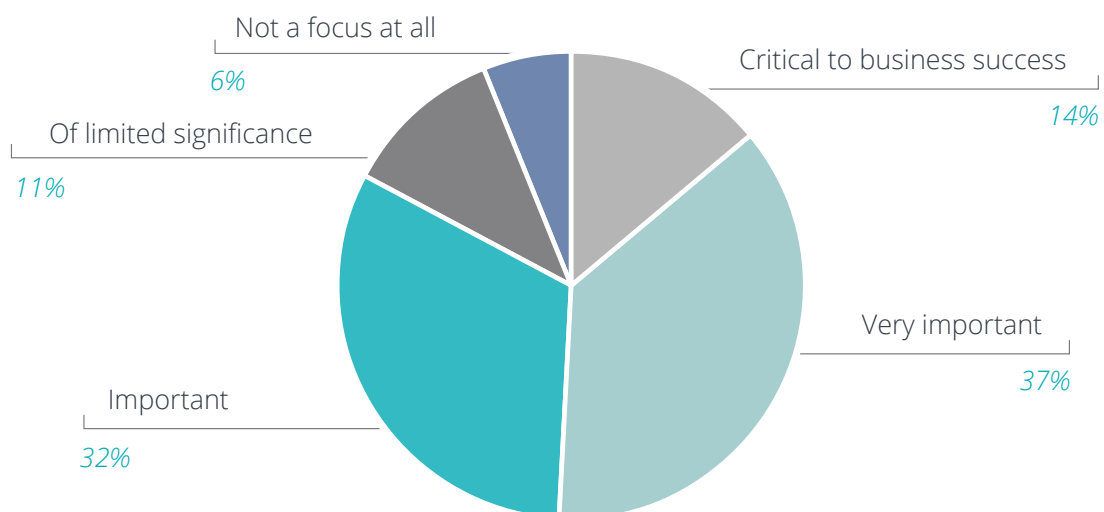
5.4.2. HOW IMPORTANT IS PERSONALISATION TO YOUR DIGITAL MARKETING EFFORTS?

Respondents forecast that personalisation will become increasingly important to their digital marketing efforts.

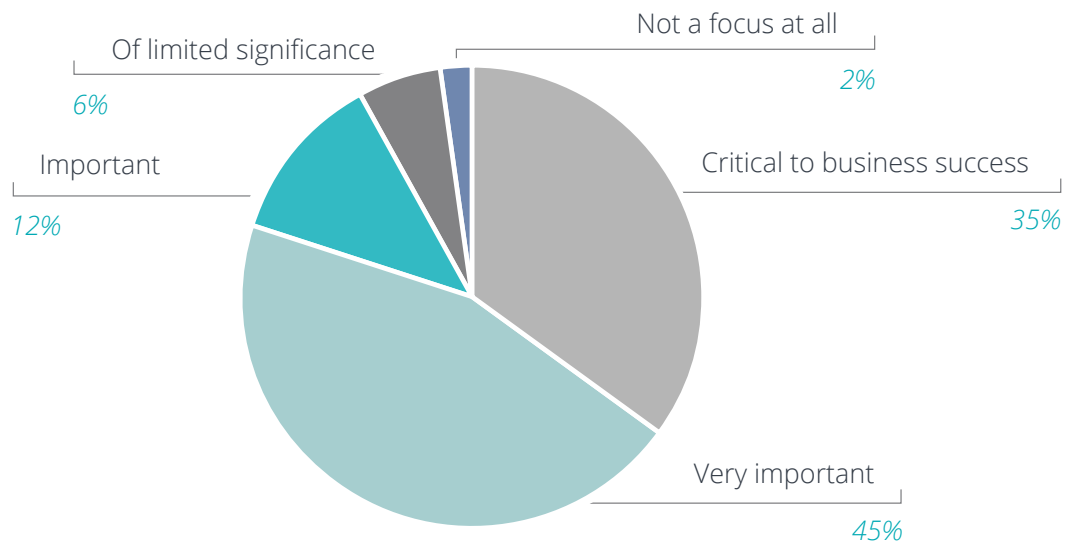
At present, 51% suggest that personalisation is very important or critical to their existing digital marketing efforts—16% report that it is either not important or of limited significance.

This picture looks to increase in the near future, with 35% reporting that personalisation will increase in priority to become critical to their digital marketing in the next two years, while those predicting it will be very important also rises to 44%.

How important is personalisation in your digital marketing efforts at present?



How important will personalisation be in your digital marketing efforts be in the future (2+ years)?

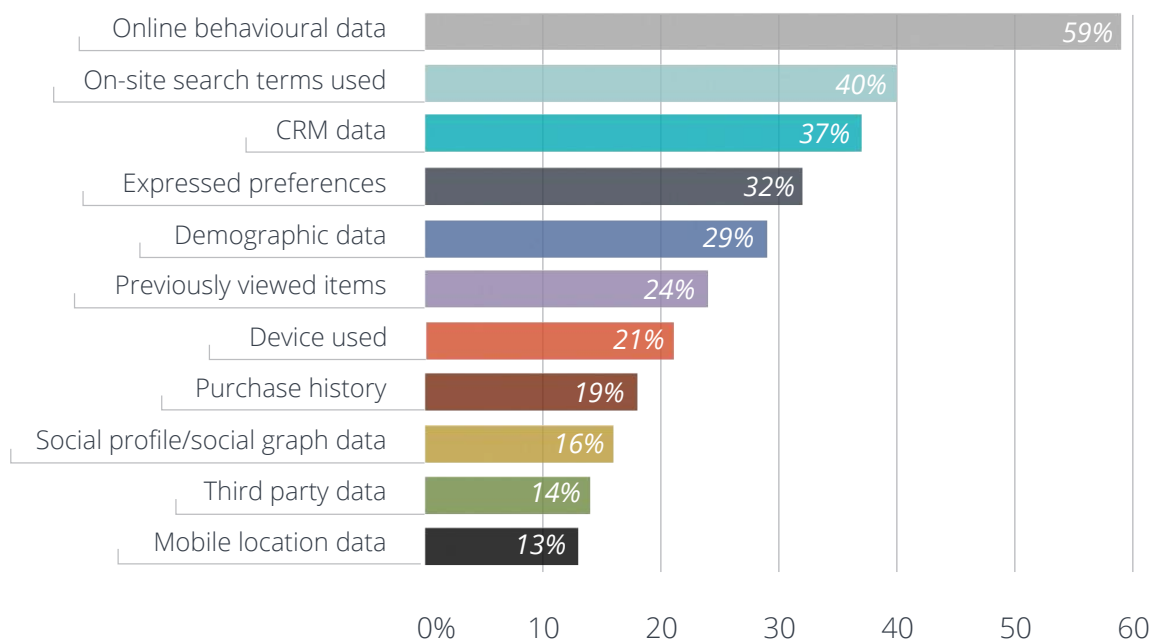


5.4.3. WHICH TYPES OF DATA DO YOU USE TO INFORM YOUR PERSONALISATION?

A range of data can be used to support personalisation efforts, but indications from the survey suggest that a limited number of data sources are being applied at present. Online behavioural data (59%) is by far the most commonly used data source, while on-site search (40%) is also quite commonly used to steer personalisation.

Perhaps surprisingly, given the proliferation of personalisation in email marketing, CRM data is only reported as being used by 37%. Making up the short fall could conceivably be the likes of expressed preferences (32%), demographics (29%), previously viewed items (24%) and purchase history (19%).

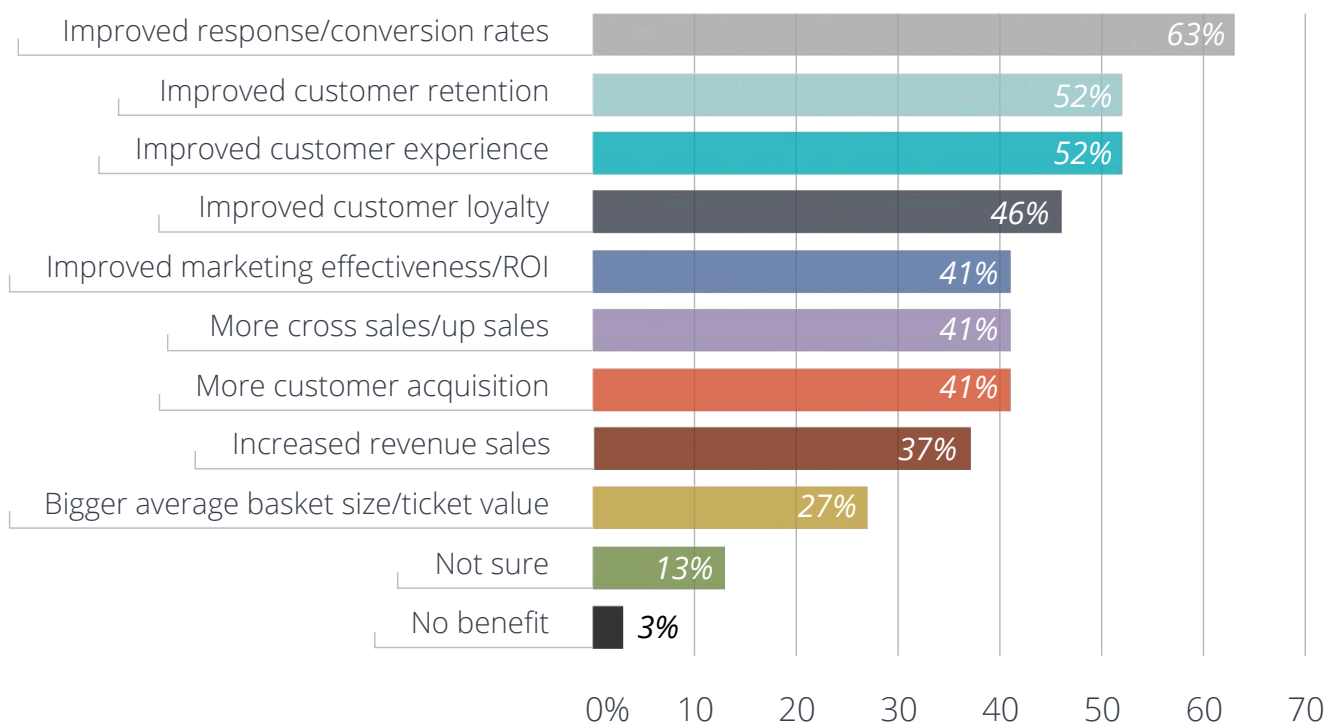
Which type of data do you include in your personalisation?



5.4.4. WHAT ARE THE BENEFITS OF YOUR PERSONALISED MARKETING?

The increasing importance expected to be placed on personalisation reflects the broad range of benefits that personalisation efforts are delivering to businesses, with over half of respondents reporting improved response/conversion rates (63%), improved customer experience (52%) and improved customer retention (52%) due to personalised marketing. Elsewhere, around half of respondents also report benefits such as improved customer loyalty (46%), more customer acquisition (41%) and more cross sales/up sales (41%). A mere 3% report no perceived benefits of their personalisation efforts.

What are the benefits of your personalisation work at your organisation?



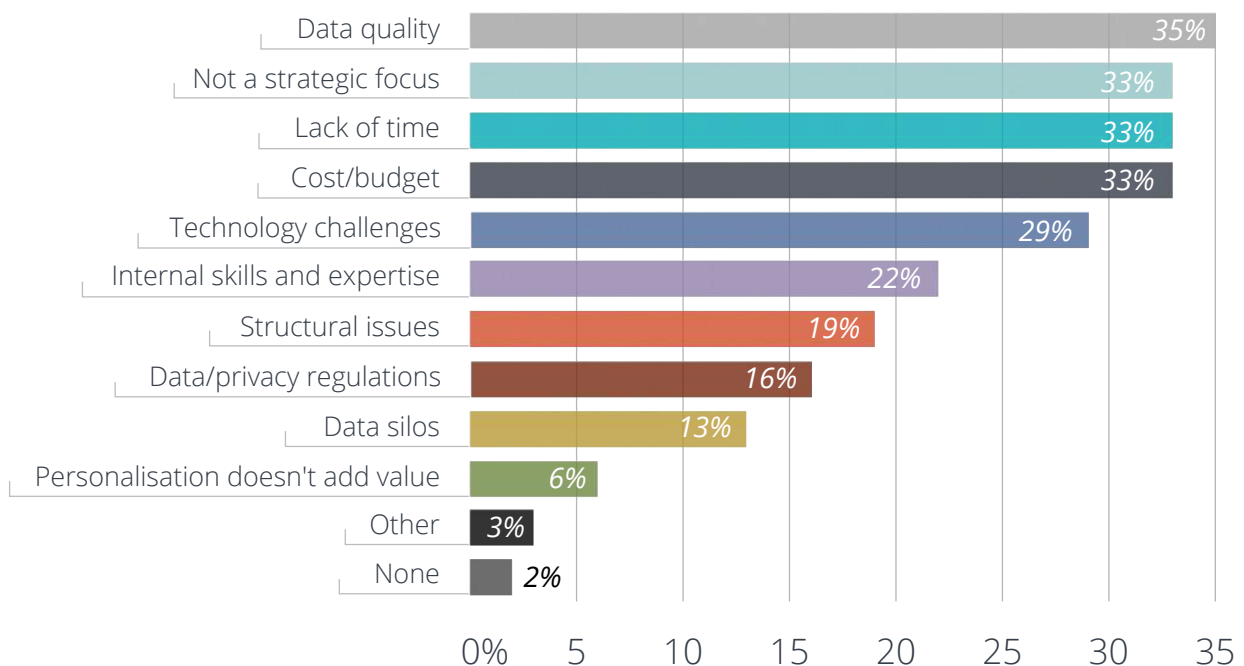
5.4.5. WHAT ARE THE BARRIERS TO DELIVERING PERSONALISATION AT YOUR ORGANISATION?

There are a range of barriers to delivering personalised digital marketing. Although no dominant problem emerges, a third (33%) admits that personalisation is not a strategic priority within their organisation, hampering any efforts. Data quality is the most common obstacle reported by respondents (34%), with a third also identifying associated costs (33%) as being a barrier. Other challenges cited include lack of time (33%) and technology issues (28%).

A sample of some of the comments related to this:

- *“Our data depth is too shallow to really drive personalisation—we need to improve it first and then educate the marketers on the new opportunities.”*
- *“Our legacy systems are quite limited in what they can offer. They were built to do a job at a certain time and are not agile enough to meet cope with the demands of a personalised experience for our customers.”*
- *“We are not taking personalisation seriously.”*

What are the barriers to delivering personalisation at your organisation?

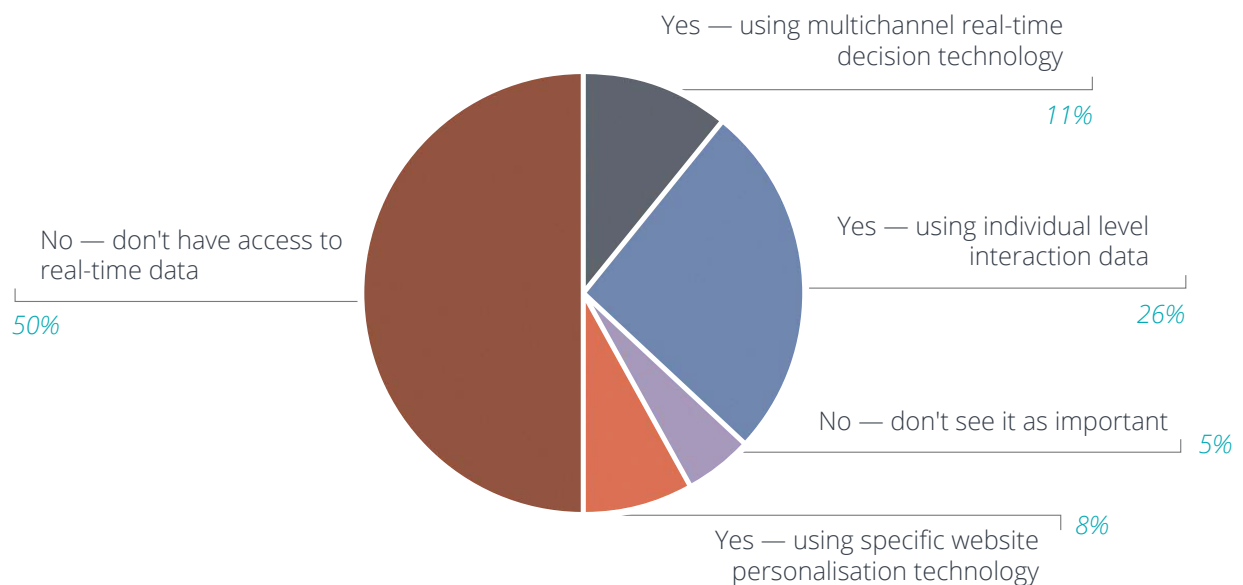


5.4.6. ARE YOU MAKING USE OF DATA IN REAL-TIME IN YOUR CHANNEL PERSONALISATION AT PRESENT?

While personalised marketing is on the increase, the tools and techniques continue to evolve, with the latest development being the emergence of real-time one-to-one personalisation. This technique means that not only can marketers decide in advance the kinds of message that customers will view the next time there is contact, but they are also able to decide what personalised message to present during a live interaction. This is the most advanced form of targeting, enabling the automation and targeting of relevant content to consumers based on data such as their website behaviour, as well as the integration of data sources such as CRM, attitudinal and other non-online data.

Of the respondents who are personalising marketing, almost half (44%) report they are doing some degree of real-time personalisation at present, with 25% using individual level interaction data, 11% using multichannel real-time decisioning technology and 8% using specific website personalisation technology.

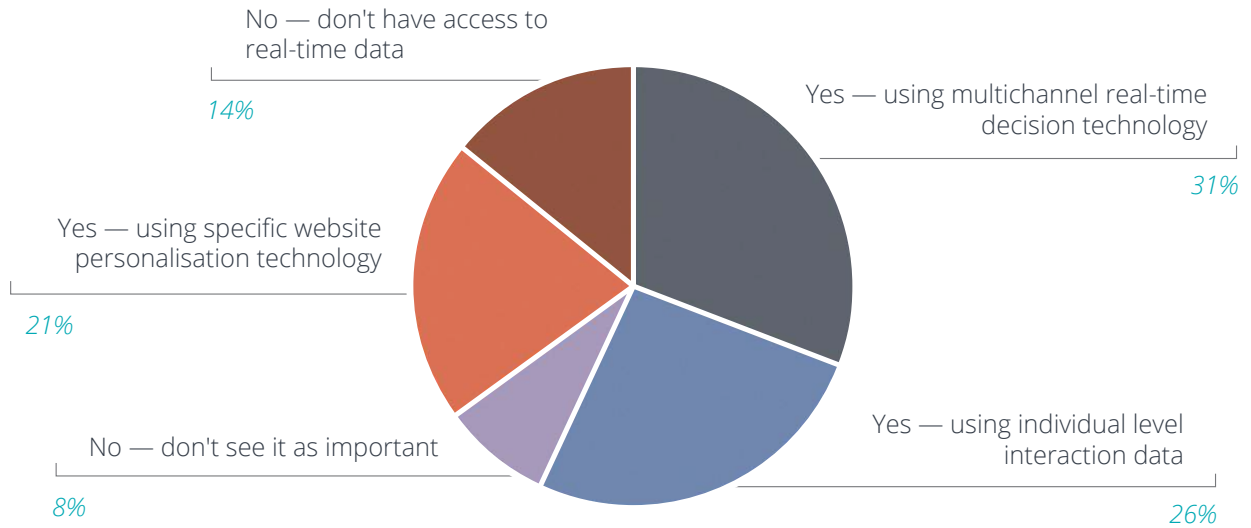
Are you making use of data in real-time in your channel personalisation at present?



5.4.7. DO YOU PLAN TO MAKE USE OF DATA IN REAL-TIME IN YOUR CHANNEL PERSONALISATION IN THE FUTURE (2+ YEARS)?

But the number predicting they will be using real-time one-to-one website personalisation and offer management will rise to three-quarters (75%) in the next two years—with particular increases forecasted for the use of multichannel real-time decisioning technology (up to 30%) and specific website personalisation technology (up to 20%).

Do you plan to use data in real-time in your channel personalisation in the future (2+ years)?



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