The 2014 Digital Marketer

Create intelligent interactions with your customers. Every time.

Experian®

Marketing Services

Foreword

As digital marketers, we find ourselves in the center of a swirling, increasingly complicated digital vortex. If you browse the program of any social media or digital advertising conference, you can sense the challenges facing today's marketing professional. In such a conference, sessions emphasise ways of leveraging Big Data, multichannel discussions give way to omni-channel strategy, and the number of sessions on new technology and social media channels continue to grow. With each year that passes, it seems that a whole new dimension of consumer data leads to an exponential increase in marketing complexity.
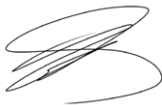
In this year's Digital Marketer Report, we continue to present the same rich data on how consumers are using email, mobile, social media and search, and how the channels intersect. In addition to all of that insightful data, the pages that follow provide added insight into how all of those channels interact and how you might best think about your marketing strategy to maximise customer acquisition and retention.

At the center of the vortex, one thing hasn't changed: your customer. Yes, social media has provided consumers with the voice to express their preferences, and it's easy to shift your focus to the latest mobile technology or social media channel du jour to build your marketing strategy. At Experian Marketing Services though, we believe that putting the customer at the heart of all you do is what will lead to marketing success.

With that focus in mind, this year's report provides an added emphasis on the actionable insight that follows when you obsessively pursue an understanding of your customer.

Let's face it: there is no shortage of massive data sets accessible to today's marketer. Successful practitioners, however, have discovered the value in performing data triage, or limiting their emphasis to data that can be employed to acquire, retain and maximise customer relationships. Through extensive analysis and case studies, *The 2014 Digital Marketer: Benchmark and Trend Report* goes beyond fascinating data points to provide you with examples of how you can employ data, targeting and cross-channel marketing to achieve measurable results.

Bill Tancer

General Manager, Global Research
Experian Marketing Services

Intelligent **interactions.** Every time.

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Changing the status quo in 2014

2014 is the year that marketers will lead massive change within their organisations. They'll convince leadership that building and maintaining 1:1 connections with top customers is not only table stakes but imperative to success. And they'll help define the strategies, processes and technologies that will shake up the status quo and make such connections happen.

It's a tall order for marketers but absolutely necessary if their companies hope to capture the attention and affection of today's hyperconnected and wholly empowered consumers to ultimately build a brand story that resonates and matters well into the future.

Of course, in the past there were only a handful of ways in which companies engaged with their target audiences. Today, the possible paths to purchase have multiplied exponentially and will continue to do so. Advancements in mobile technology and the proliferation of social channels have given consumers the ability to connect and access information at any time, and their attention is more fragmented than ever. And as they move from device to device, or seamlessly in and out of channels, they leave behind an ever-increasing amount of big data and information that can help marketers better understand their needs, desires and preferences. It's our ability to not only organise and manage big data but to make better use of first party data to ensure better customer engagement and messaging strategies that lead to loyalty and advocacy. This year it will be more important than ever to link data assets together in one centralised location to better understand the behaviours and attitudes of those coveted customers, and then action that data to create meaningful engagement that drives sales.

This year's Digital Marketer Report is our sixth annual take on the ever-changing consumer, technology and marketing landscape. As always, we offer practical advice on how to find, understand and engage your very best customers, while exploring benchmarks and trends across channels like email, mobile, social and display advertising. We also provide our own research findings that highlight the challenges today's marketers face, including the top barriers to cross-channel marketing success (technology limitations and organisational structure to name a few). I hope the trends and insights contained within are helpful as you work to create intelligent interactions with your best customers. Every time.

Ashley Johnston

SVP, Global Marketing
Experian Marketing Services

Becoming a
cross-channel marketing
mastermind

Intelligent interactions. Every time.

Becoming a cross-channel marketing mastermind

The marketing game has changed. Countless devices and channels — connected through a hyperexpanding network that never sleeps — have combined to reshape virtually every facet of the customer experience. What's evolved is a new consumer class that expects meaningful connections with its products, services and brands.

Today's consumer gobbles up more and more control of the so-called "buyer's journey," while marketers work hard to deal with a stunning reversal in the brand-consumer power dynamic.

The resulting pressure on corporate marketing organisations to become experts in this new customer-centric terrain, take up position in every possible channel, and not only recognise, but intelligently engage their customers is bringing about changes in ideology, organisation and technology.

This report provides perspective on the changing landscape while offering insights marketers can use to become cross-channel marketing masterminds poised to win in this new arena.

The cross-channel imperative

Modern consumers do not traverse marketing "channels," they do not represent some archetypical "buyer persona," nor do they envision themselves engaged in the "buyer's journey." No, in their minds, they are simply shopping or searching for products, services and information about something of interest to them.

The issue, of course, is that the way consumers shop and get information is undergoing dramatic and irrevocable changes driven by technologies that are giving consumers insights and access into brands at a pace that surpasses marketers' own efforts to generate insights into those same consumers.

Not so long ago a customer might have been pleasantly surprised by, and statistically more likely to respond to, a personalised email using dynamic, variable-based content. Today, that same customer expects to seamlessly navigate across a growing array of channels and be met at every step of the way with messaging and offers tailored to his or her unique relationship with that brand. Simply put, the customer expects convenience.

It is important to remember that a brand's inability to meet such standards is not the problem of the customer. As more technologies continue to make it easier for consumers to find precisely what they want and when they want it, it is imperative that brands facilitate this convenient new reality or lose customers to the next competitor who gets it right.

Cross-channel challenges

Cross-channel marketing is not multichannel marketing. Cross-channel campaigns are those that are integrated across multiple channels versus those that are run simultaneously in various channels. Integrating campaigns is significantly more difficult than running them individually, but brands understand the imperative and are taking the necessary steps to advance. In a recent Experian Marketing Services global study, 80 percent of marketers reported that they plan to run cross-channel marketing campaigns in 2014. The majority will integrate three to four channels.

Number of channels marketers plan
to integrate for 2014 cross-channel campaigns

- 12% Two
- 38% Three
- 29% Four
- 7% Five
- 14% More than five
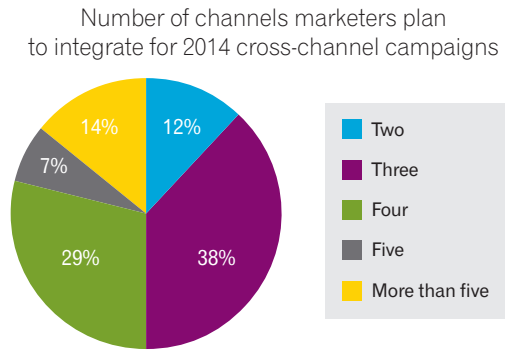
Source: Experian Marketing Services

From a global perspective, marketers in Spain are the most cross-channel; 88 percent plan to run cross-channel campaigns in 2014 and just under half (49 percent) plan to do so across three channels. Australian marketers run the fewest cross-channel campaigns overall (74 percent), but they are the most integrated — 26 percent market across five or more channels.

The move to cross-channel marketing is not without its share of challenges. Marketers in the study identified their company's current technology as the top barrier to cross-channel marketing. Almost half of marketers in Australia (48 percent) and Spain (47 percent) put this in their top three. Without the integrated capacities of a true cross-channel platform, the customer's experience with the brand won't be the seamless, pain-free handoff between channels that today's consumers are expecting.

Top barriers to cross-channel marketing

Barrier	Percentage
Company's current technology	39%
Organisational structure	38%
Budget	38%
Linkage — no single customer view	33%
Understanding customer behaviour	30%
Campaign coordination/execution	26%
No clear roadmap — unsure what to do next	25%
Revenue attribution	25%
Accurate contact data	22%
Too many vendors/agencies	16%
Other, please specify	5%
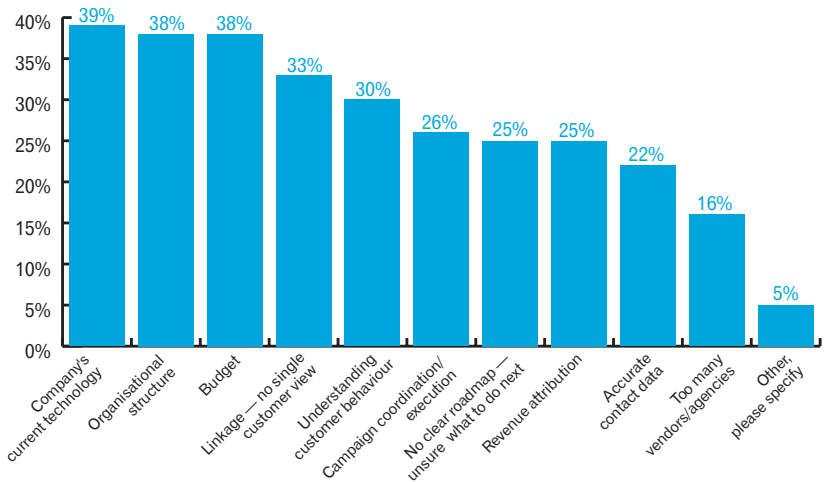
Source: Experian Marketing Services

Organisational structure and budget also prove challenging for marketers as they implement their cross-channel strategies. In France, organisational structure is ranked far above the others, as almost half (49 percent) name it in the top three barriers. In the U.S. budget is the top barrier, and organisational structure and linkage tie for second with 36 percent of marketers. Of those globally who list the structure of their organisation as a top barrier, only 15 percent have fully integrated marketing teams. The majority, 45 percent, work in teams that are broken out by channel.

The breakdown differs from the total survey population; overall, 74 percent of teams are at least somewhat integrated.

Marketing team structure

Segment	Percentage
Broken out by channel	27%
Somewhat integrated	45%
Fully integrated	28%
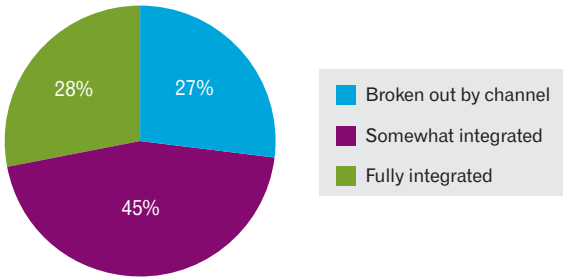
Source: Experian Marketing Services

The 28 percent of respondents with fully integrated teams report a slightly different set of challenges than those reported by the overall survey population. Budget (52 percent) jumps to the top of the list and understanding customer behaviour (35 percent) moves into the second position just slightly ahead of the company's current technology (34 percent).

While organisational structure is near the bottom (the eighth spot) it is still cited as a top challenge by one in five marketers with fully integrated marketing departments. This is a pretty high number considering the group appears to have the issue solved. The organisational barrier these marketers refer to goes beyond departmental siloes to the cultural challenge of truly putting the customer at the center of their business.

> **Customer centricity requires a real commitment — a level of obsession. Successful brands understand this and will begin to adapt their communication strategies, services, loyalty programs and even internal structures and processes to align, giving their customers what they want each and every time.**
>
> Ashley Johnston, Senior Vice President, Global Marketing
> Experian Marketing Services

The findings in this global study show that marketers are moving in the right direction, but their stage of progression depends on their unique business and target customer.

Experian's Marketing Sophistication Curve^{SM}

Marketing organisations must work toward building a consistent, coordinated and optimised cross-channel experience for their customers in order to achieve a profitable return. They must be prepared to both generate demand through planned outbound messages and capture in-market demand via real-time offer management and trigger-based campaigns — all with a consistent and engaging message across any channel.

Experian's Marketing Sophistication Curve is a guide for marketers who recognise that amid the challenges of engaging today's always-on, hyperconnected, empowered and vocal consumer lies the opportunity to increase efficiencies; improve performance; and intelligently interact with customers in extremely meaningful, timely and relevant ways. But recognising the need to change and knowing how to make it happen are two entirely different things. Marketers need more than just the will, they need the way — specifically, a framework and road map through which they can accurately assess the state of their existing marketing operations while also looking ahead to the steps necessary for creating a fully optimised, cross-channel marketing experience that is aligned around the customer.

Understanding a company's starting point on the curve is the first critical step in the process, as the road map to customer optimisation is determined by a company's current state. Strategies and tactics for increasing marketing sophistication also should be aligned with the starting point.

Understanding the curve

There are four stages of Experian's Marketing Sophistication Curve, each representing a distinct collection of strategies, tactics, technologies and goals that must be firmly in place before a brand can be said to have reached that particular stage.

This section offers a brief snapshot of each phase of the curve and then a short explanation of the five core areas marketers can use to move up from one stage to the next.

The Marketing Sophistication Curve^{SM}

Customer optimisation

Cross-channel optimisation

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 organising 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 optimisation

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

Struggles with obtaining higher performance out of insight-driven campaigns

Industry benchmark

Channel execution

Phase I: Single-channel optimisation

Marketing organisations at this stage are the metaphorical equivalent of single-channel black belts in a multichannel world. These brands are optimising for specific channel performance rather than for overall customer experience and engagement. They constantly seek more customer and prospect data to squeeze performance out of each of those preferred channels individually.

Phase II: Multichannel marketing

Marketing organisations at this stage recognise the need to engage customers across multiple channels with consistent messaging. However, while these companies have worked hard to venture into new areas such as social or mobile, they are struggling to extend their core campaign capabilities and to integrate customer data across those channels.

Phase III: Cross-channel marketing

Companies at this stage have made a quantum leap forward in their marketing sophistication, most notably because the customer now takes center stage. While these organisations "get it," they still struggle with organising data around customers in useful time frames and seek ways to easily and consistently target campaign content at the individual level.

Phase IV: Cross-channel optimisation

This is the apex of modern marketing, where customer context, location and timing merge with every imaginable form of customer data to create a single, shared and immediate view of the customer across all channels. While brands at this stage can initiate or respond with personalised messaging and offers in real time, they still may struggle with adopting an operational approach to message strategies at the customer level instead of the campaign level.

Organisations that haven't yet taken the assessment can do so online here: www.experian.co.uk/assessment

Putting the customer in the spotlight

In this report, "Lucy" is used to represent a brand's best customer. She has more options than ever, and in order to impress her and earn her loyalty, marketers need to add value at every point of interaction she has with the brand.

Lucy is hyperconnected, opinionated and expects her favorite brands to know her and treat her right in every channel. This kind of customer engagement is table stakes for today's successful brands and it requires deep insight into a consumer's behavior, motivation and preference. If a brand is going to win Lucy's advocacy, it will have to work for it.

With all the different ways consumers can and do interact with brands, it is increasingly difficult for marketers to really know the attitudes and behaviours of their best customers — their Lucys. It is important to understand these intricacies in order to provide the best experience. This report discusses strategies for identifying the best customers, finding them and attracting more like them. **The Personals and Affluents segments**, described below, serve as examples of why it is crucial to have a true 360-degree customer view in order to extract the insights necessary to reach consumers at the right time, through the right device, with the right message.

The Personals segment

This mobile-savvy segment loves its phones — many members of this segment came of age during the mobile revolution. But unlike other leading-edge mobile segments, Personals are either increasingly cutting out social media or less likely to embrace it to keep in touch and communicate with friends. For example, nearly half of Personals say they don't use social media and, those who do, access it less frequently than one might reasonably expect from a segment of consumers in which nearly half are under the age of 35. Instead, this segment prefers to connect with friends and family directly, which is an important finding for marketers whose Lucy happens to be a part of the Personals segment.

This segment of digital natives is so mobile-centric that they use most other media and devices at below-average rates, including computers and digital tablets. They do, however, index slightly above average for using MP3 players and well above average for using game consoles. When at home, the device they use most often to connect to the Internet is their smartphone. Personals are also more inclined than other leading-edge segments to say they need to be constantly connected to the Internet. Specifically, 18 percent of Personals say they need to be connected from the moment they wake up until the moment they go to bed — 15 percent of all smartphone owners share this opinion.

In terms of shopping, 28 percent of Personals like to hear about new products/services via email and the same amount often uses the Internet to plan shopping trips. Thirty-two percent "showroom" shop for a better deal online after seeing an item in store, and 33 percent like Websites to provide suggestions based on past purchases.

Members of the Personals segment are 2.3 times more likely than the average smartphone owner to say they would be interested in receiving ads on their phone. Likewise, they're 60 percent more likely to say that they would actually purchase products advertised on their phone. As expected, they're not as easily swayed by social media ads or reviews. In fact, they are 38 percent less likely than average to follow companies and brands on social media and just 5 percent say they are more likely to purchase products they see advertised on social media sites.

The Affluents segment

Marketers regularly target the wealthy and affluent and for good reason: that's where the money is. Affluent households, defined as those earning $100,000 or more a year, make up 23 percent of all households in the United States, but they control a disproportionately large and growing share of spending. In 2013, Affluents accounted for 45 cents out of every dollar that Americans spent on nonessential products and services, up from 41 cents for every dollar of discretionary spending in 2011.

Affluent consumers not only have money to spend, but also offer marketers many opportunities and challenges for reaching and engaging them through digital channels. For instance, Affluents are 33 percent more likely than average to own a smartphone and 50 percent more likely to have a digital tablet. Knowing this, it's no surprise that during a typical week, 70 percent of Affluents read email, 61 percent access social media and 42 percent watch video from a mobile device (including smartphones and tablets).

With all of their connected options, marketers need to work especially hard to create a convenient and valuable cross-channel experience if their Lucy is an affluent consumer. Affluent shoppers are 30 percent more likely to have purchased an item from their mobile phone and 57 percent more likely to have purchased something from a tablet. As such, marketers would be wise to adopt a "mobile first" approach when targeting Affluents.
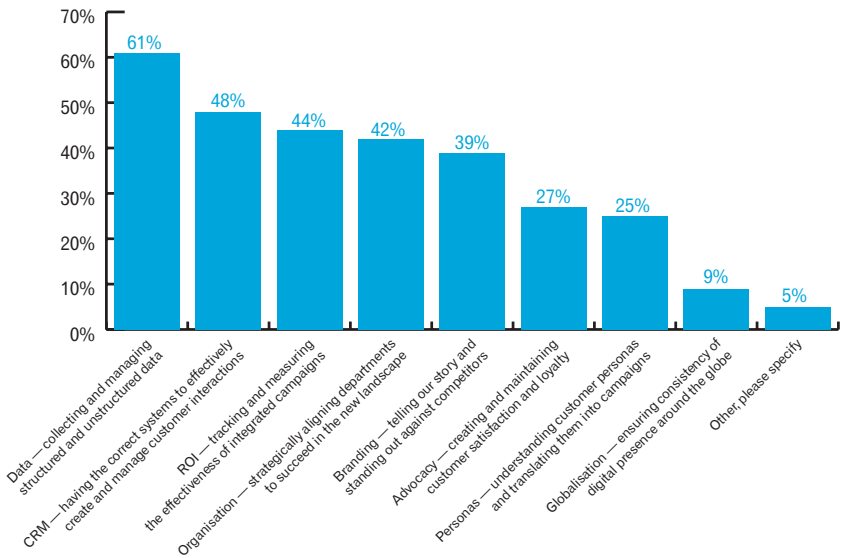
Interspersed throughout this report are insights and helpful tips for successfully reaching and engaging Personals and Affluents. Understanding the levels of granularity possible in understanding these — and many other — consumer segments is critical to finding, messaging to and engaging the best customers, every time.

Making Big Data small

As demonstrated in the phases of Experian's Marketing Sophistication Curve and the insights about Personals and Affluents, in the cross-channel marketing world, consumer data is the engine that drives better consumer interactions. This shift to a data-driven focus is revolutionising the marketing field as data enables more sophisticated and targeted messages to the consumer. Conversely though, a heavy dependence on data has also made marketing successfully more complicated in many ways.

In a recent Experian Marketing Services global study, senior-level marketers reported that the biggest challenges they face as marketing leaders are collecting and managing structured and unstructured data, and having the correct customer relationship management (CRM) system to create and manage customer interactions effectively.

Top business challenges of marketing leaders

Bar chart showing percentages:
- Data — collecting and managing structured and unstructured data: 61%
- CRM — having the correct systems to effectively create and manage customer interactions: 48%
- ROI — tracking and measuring the effectiveness of integrated campaigns: 44%
- Organisation — strategically aligning departments to succeed in the new landscape: 42%
- Branding — telling our story and standing out against competitors: 39%
- Advocacy — creating and maintaining customer satisfaction and loyalty: 27%
- Personas — understanding customer personas and translating them into campaigns: 25%
- Globalisation — ensuring consistency of digital presence around the globe: 9%
- Other, please specify: 5%

Source: Experian Marketing Services

These challenges have a real effect on the bottom line. The absence of this cross-channel customer intelligence can be seen in the very real losses suffered by today's businesses. One study states that U.S. retailers lose nearly $100 billion each year from poorly executed cross-channel marketing efforts.[1] And this is a global problem. The same study shows that German businesses are losing more than $1.5 billion annually "due to a narrow focus on single channels."
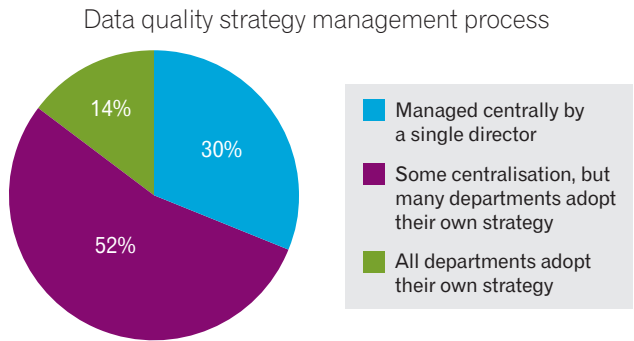
Marketers need to identify consumers using customer data collected across every available resource, including marketing channels, CRM systems, point-of-sale (POS), third-party resources, social media, call center systems, etc. A brand that is able to capture, aggregate and mine Big Data easily and quickly for deep insights into its customers will leapfrog its competition.

Another recent Experian Marketing Services study found that organisations globally are collecting customer information through an average of four different channels, with the most popular being the organisation's Website.

[1]*Datamonitor/Ovum research study, 2011*

Ninety-three percent of organisations think data is essential to their marketing success. Unfortunately, however, the majority of organisations suspect that their contact data is inaccurate in some way. On average around the globe, organisations believe 22 percent of their data is wrong, which is up 5 percent from just a year ago. In the U.S., organisations believe that a quarter of their data is inaccurate.

This level of inaccuracy directly relates to the way businesses manage their data. While the majority of organisations have some strategy around data quality, only 30 percent manage their data quality strategy centrally, through a single director. That means nearly two-thirds of companies lack a coherent, centralised approach. Most companies manage data quality by individual department.

Data quality strategy management process

- **Managed centrally by a single director** — 30%
- **Some centralisation, but many departments adopt their own strategy** — 52%
- **All departments adopt their own strategy** — 14%

Source: Experian Marketing Services

Data quality is the foundation for any data-driven activity, and poor data quality inhibits a marketer's ability to manage cross-channel marketing effectively. Without accurate information at the core, organisations cannot expect to have a single customer view and deliver intelligent interactions.

What top marketers need to know about an
accurate, single customer view

Intelligent interactions. Every time.

What top marketers need to know about an accurate, single customer view

Data growth's profound impact on marketing success

From mass media planning to one-to-one marketing (and everywhere in between), data has long been used to help marketers make more intelligent decisions. What is changing so dramatically today, and thus creating massive disruption, is the rapidly growing quantity of data, particularly across digital channels. While the scale and unstructured nature, e.g., Tweets, posts, reviews, of new data sources can be daunting, "Big Data" is opening up new avenues for marketers to tackle some of their toughest challenges.

Data is the cornerstone of any cross-channel marketing practice. It is the informational wellspring from which the marketing organisation derives its understanding of its customers' thoughts, behaviours and intent. Simply put: the greater the volume and variety of data available to marketers, the more detailed their understanding of the customer. Engaging a best customer, like Lucy, takes a lot of work.

To start, a marketer should take inventory of the quantity, quality and variety of data currently collected as well as the kinds of data that can be used to form a more complete picture of his or her customers — not just existing customers, but the ideal marketing persona. Along those same lines, third-party data can also be used to augment existing channel-generated data.

The integrity and cleanliness of customer data is of critical importance to the success of any cross-channel marketing program. Unfortunately, incomplete or incorrect customer data or multiple (and competing) versions of the same customer are all too common for brands that support multiple-channel applications.

Further muddying these waters is the growing complexity of customer data combined with the need to integrate third-party POS, CRM and other data sources into the same pool. Marketers need the ability to consolidate and clean their customer data to create a single, comprehensive customer view. Without this, organisations lack the depth of insight and accessibility to information that is required to gain a true understanding of the customer.

So it's a given that data quality is essential to achieving a single customer view. Thirty-four percent of companies maintain accurate data for this purpose, according to a recent Experian Marketing Services global

study. However, organisations fall short when it comes to dataaccuracy; respondents cited that on average a quarter of their data is wrong. That level of inaccuracy causes wasted revenue, problems with loyalty and customer engagement programs, as well as issues in generating business intelligence.

The biggest cause of inaccurate data is human error. With data coming in from so many different sources and moving through so many different hands, it is not surprising that human error is the leading cause of inaccuracies. And while errors occur across all channels, those entered through the organisation's Website and within the call center are most prevalent.

Causes of poor data quality

Source: Experian Marketing Services

In order to create a single customer view, organisations need to not only prevent data quality errors, but also improve duplicate identification and account consolidation.

When looking at data management practices, many organisations rely on manual review methods that are prone to human error themselves. In fact, 53 percent of companies use manual methods for data cleansing.

In addition, most data quality strategies lack a central approach. Decentralisation creates inconsistencies across the database and segments customer information. If organisations do not have a trusted, centralised source for customer data, marketers will be unable to gain the insights required for data-driven efforts.

Companies can use the five tactics below to improve data accuracy and achieve a single customer view:
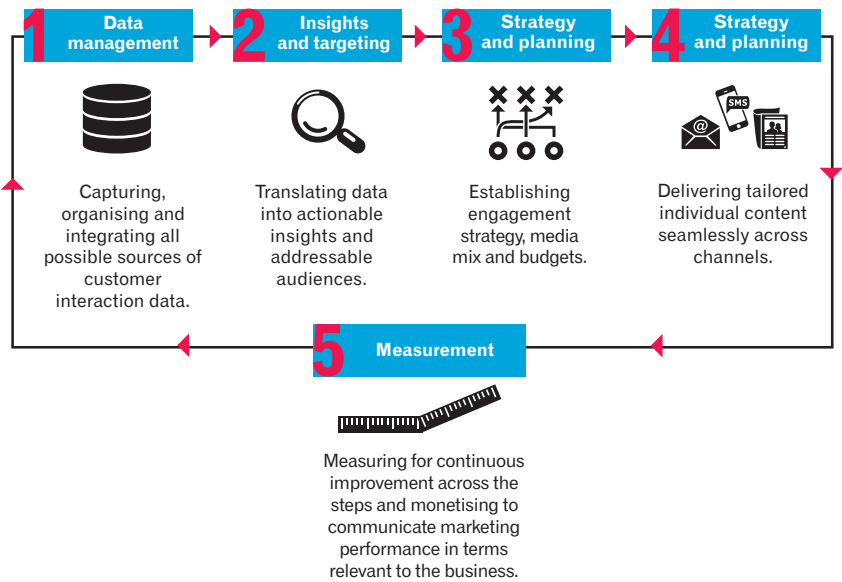
- **Clean up existing information** — The first step to consolidating information into a single customer view is to make sure data is as accurate as possible. When combining different sources of information, it is important that stakeholders have a unique identifier to distinguish between given records. Clean data isn't just the first step in better understanding individuals, but also in better identifying what records should be combined and what should remain separate.

- **Consolidate data sources** — One major problem for data-driven companies is accessibility to information. Marketers often struggle to access the information that they need in real time, which is a requirement in today's fast-paced business. Disparate data sources should be consolidated into one central source, providing better access to information and a consolidated place to gain insight.

- **Create a centralised process for data management** — With many individuals and departments adding and using data, quality must be a strategic, centralised initiative that spans across the organisation. The speed at which information is used in data-driven organisations demands that it is accurate upon entry. Marketers need to work with colleagues across departments to achieve a meaningful data quality strategy.

- **Automate processes** — Reliance on manual data cleansing methods leads to human error. Automate processes and use software to better validate and standardise information upon entry and consolidate it into a single record. This will eliminate human error and free up staff resources to focus on more analysis rather than data hygiene.

- **Use better searching technology** — When consolidating information across multiple channels, it can be difficult to find existing client records because of poor search functionality. Use more sophisticated search methods to link new information with existing records as soon as details are entered. This helps prevent records from becoming disjointed after the initial consolidation.

By better managing the quality of data within a central source, marketers can gain accurate consumer insights in real time to better enable customised messaging and cross-channel marketing.

Creating a customer-centric marketing process

Customers like Lucy, discussed earlier in this report, are already demanding that brands treat them as individuals. Forward-leaning marketers will corral and harness all possible customer data to optimise their mix of channels, content and campaigns. Data-driven marketers will no longer be limited to traditional direct silos, but will be dependent on a blend of data across the entire marketing process to develop a more realistic view of customer relationships and purchase cycles.

Here are five common, and necessary, steps that should be used as areas of focus to increase overall marketing sophistication.

1 Data management

Capturing, organising and integrating all possible sources of customer interaction data.

2 Insights and targeting

Translating data into actionable insights and addressable audiences.

3 Strategy and planning

Establishing engagement strategy, media mix and budgets.

4 Strategy and planning

Delivering tailored individual content seamlessly across channels.

5 Measurement

Measuring for continuous improvement across the steps and monetising to communicate marketing performance in terms relevant to the business.

Each step can be individually measured.

Step 1: Data management

Data is the cornerstone of all advanced marketing programs. Here, brands can measure the degree to which their marketing organisation is capable of capturing, collecting, linking, organising, analysing, modeling and optimising data to create an increasingly robust and current view of a customer across channel and time.

Step 2: Insights and targeting

Of course, data alone is not enough. A brand also must have the means to extract actionable business intelligence from that data. Here a brand can assess its ability to transform all of its data into actionable customer insights, build audience and drive enhanced results.

Step 3: Strategy and planning

Technology and tools are largely worthless in the absence of a strategy for properly deploying them. In this step, brands can measure the extent to which their marketing organisation can programmatically develop and plan out customer engagement dialogues across channels.

Step 4: Execution

With data, analytics-driven insights and a strategic plan in place, brands next can evaluate the degree to which they can identify customers across channels and, by extension, deliver an optimised content experience, regardless of channel.

Step 5: Measurement

In carpentry, it's known as "cut once, measure twice." In modern marketing, the adage boils down to this: measure, always. Brands can calculate the overall effectiveness of a marketing organisation's willingness and capacity to constantly measure results and use that information to improve systems and processes.

How marketers are segmenting their customer base

According to an Experian Marketing Services study, the majority of today's marketers (83 percent) segment email customers by past activity data, such as open and click activity.

What type of email segmentation do you use?
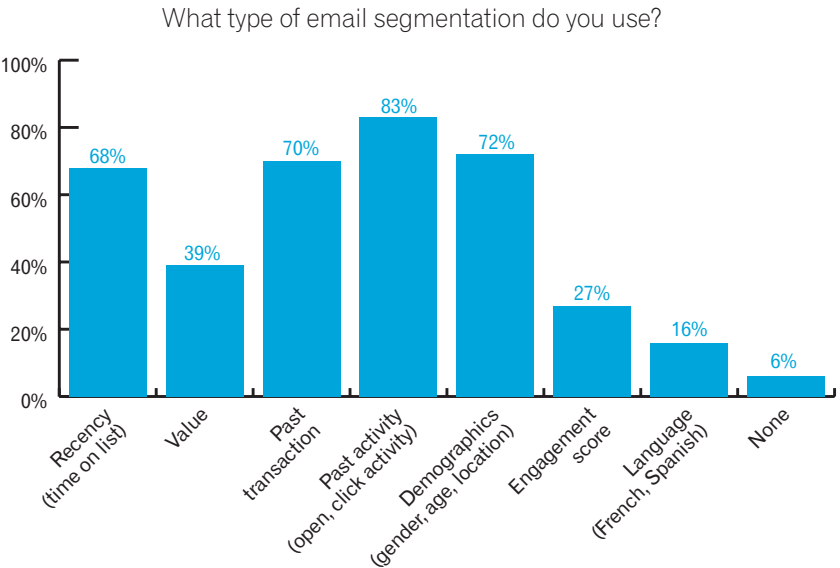
Source: Experian Marketing Services

## Evaluating the robustness of integrated profiles

In most direct-to-customer environments, interactions occur across a multitude of touch-points. Consumers who interact with a brand via multiple channels spend three to four times more money than a single channel customer[2]. Reaching these multichannel consumers with consistent and relevant messages across their preferred devices is a major challenge. Many organisations are inundated with complex amounts of data about their customers. Oftentimes, this information resides in multiple databases in various formats, making it tough for marketers to connect these data silos and understand the purchasing behaviour of their customer base.

In a recent Experian Marketing Services global study, 61 percent of marketing leaders cited collecting and managing structured and unstructured data as a top business challenge. In the same study 33 percent of respondents cited linkage — no single customer view — as a leading barrier to cross-channel marketing.

The study shows that only 21 percent of respondents have the ability to link offline data and online identities very well. On the other end of the spectrum, 20 percent of respondents cannot sufficiently link even offline data, such as phone, street address, etc., and 14 percent of respondents do not link customer data at all. The majority are somewhere in between — they are able to successfully link offline data, but cannot link it to online identities except, in some cases, email addresses.

Linkage capabilities to create a single customer view
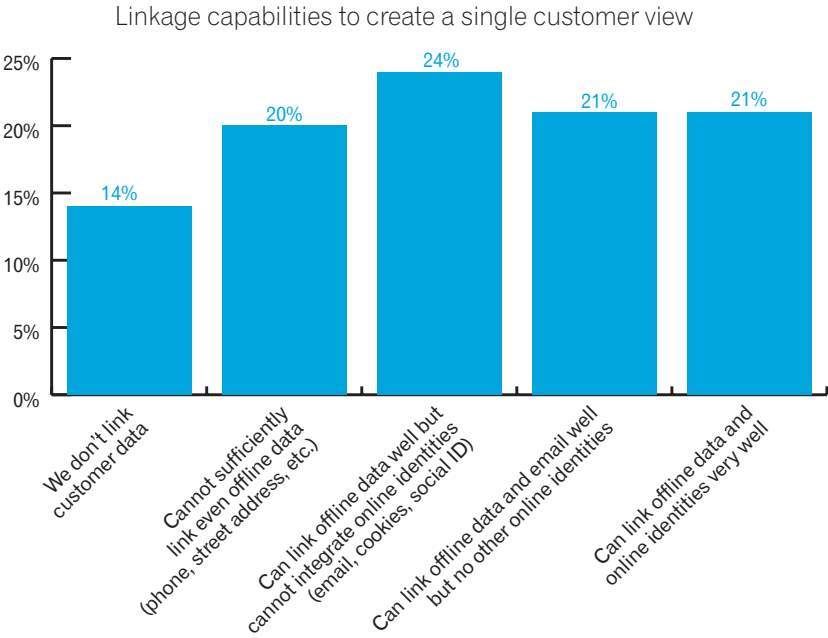
Source: Experian Marketing Services

It's common, for example, for organisations to have an email marketing list used for daily, weekly or monthly promotions that consists solely of email addresses. If the consumers on this list are purchasing from them in-store — perhaps prompted by an email offer — that connection is often not made in the company's database. Many customers also have several email addresses that they use for different purposes, making it difficult to identify multiple email addresses as the same person, let alone correctly identifying a person across channels. Additionally, consumers who purchase online have another set of data points, and those who purchase in the store may have still another set of disparate data. Some contact information can even straddle these lines. Consider the rise in mobile advertising as both an opportunity to engage customers with static promotional offers and use location-based information to offer specific promotions when a customer is near a brand's brick-and-mortar location.
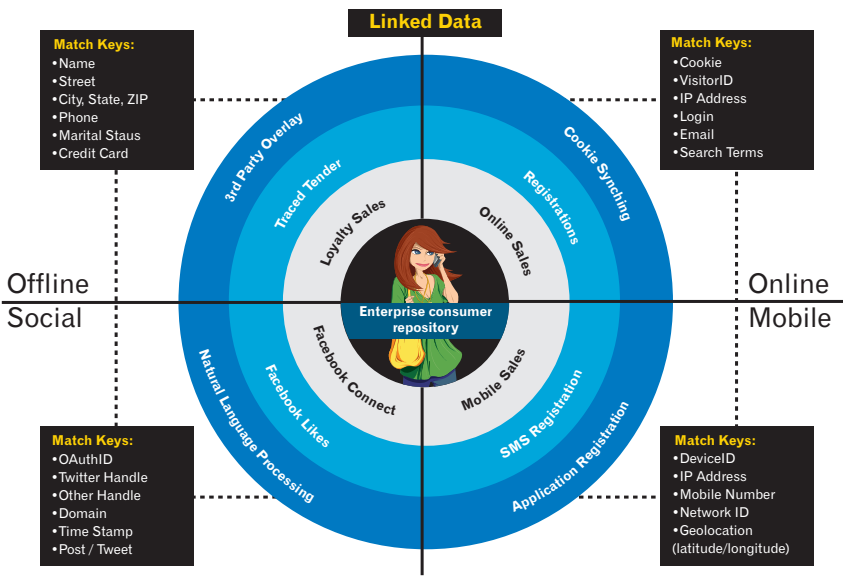
To understand what is happening from a customer perspective, these discrete interactions need to be linked and connected to a common profile. With the right partner and strategy, identifying sources of data and evaluating the completeness of keys, i.e., points of linkage, needed to paint the end-to-end customer experience and become a standard process that becomes the foundation for monetising customer data.

Of course, creating a persistent, cross-channel identification (ID) is only the first step, but a critical one, to enable precision targeting. The persistent ID itself must accurately link identities as inaccurate linking will only cripple marketing performance. In addition, it is important to track new identities over time so that as consumers add and change email addresses, mobile numbers, social media IDs, street addresses and other contact information, the persistent ID is a living attribute that incorporates these new links.

An effective cross-channel ID provides marketers with a 360-degree view and the ability to link consumer profiles to pull in first-party transaction data from all channels, including social, customer service, loyalty program and behavioural information. These insights alone can help to identify high-value customers and personalisation preferences. However, when enhanced with third-party information, marketers can more accurately target customers based on a complete picture that is not limited to their specific relationship with the customer. For instance, these additional insights can uncover customers that have not fully engaged with the company but who have potential for a high lifetime value based on their overall behaviour. Knowing this broader picture and device preferences over time enables precision targeting.

Since high-value customers are often purchasing across multiple channels, a brand can identify those customers and provide a true value-add message with useful product recommendations. A single customer view changes the conversation from, "Hi, nice to meet you" to "Welcome back, here are some products that might interest you," regardless of where the next customer interaction occurs. Brands that have the most success in cross-channel sales are addressing their customers with relevant messages through the channels they prefer.

Matching and linking across channels

Linked Data

Match Keys:
- Name
- Street
- City, State, ZIP
- Phone
- Marital Staus
- Credit Card

Match Keys:
- Cookie
- VisitorID
- IP Address
- Login
- Email
- Search Terms

Match Keys:
- OAuthID
- Twitter Handle
- Other Handle
- Domain
- Time Stamp
- Post / Tweet

Match Keys:
- DeviceID
- IP Address
- Mobile Number
- Network ID
- Geolocation (latitude/longitude)

Offline / Social

Online / Mobile

3rd Party Overlay · Traced Tender · Cookie Synching · Loyalty Sales · Registrations · Online Sales · Enterprise consumer repository · Natural Language Processing · Facebook Likes · Facebook Connect · Mobile Sales · SMS Registration · Application Registration

How leading marketers pinpoint their best customers
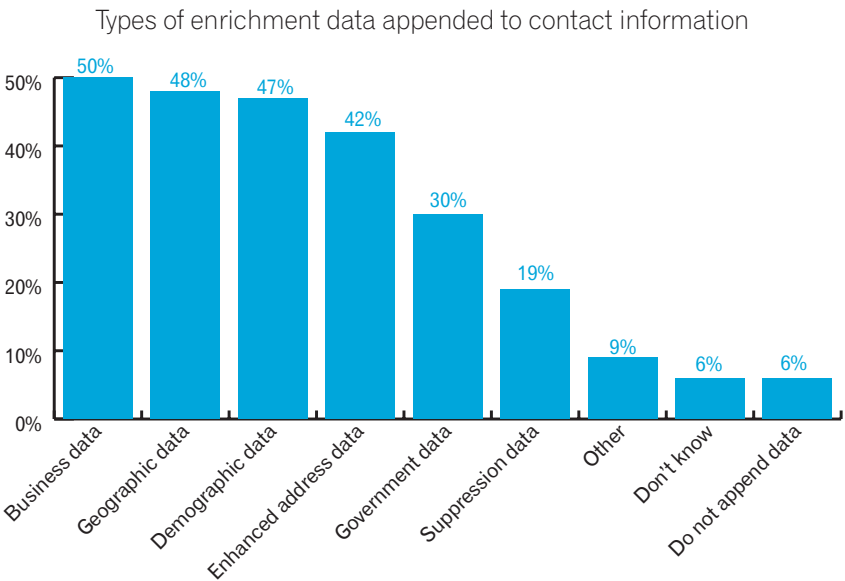
Intelligent interactions. Every time.

How leading marketers pinpoint their best customers

As discussed earlier in this report, every organisation has a Lucy, aka their "best customer." Some have many Lucys, a fact which makes finding, targeting and engaging her all the more challenging. Marketers need to pinpoint their consumers, which means understanding their motivations and behaviours, then building cross-channel marketing programs that ensure brand loyalty. Data and deep consumer insights are integral to this process.

Enrich customer data

Gaining the actionable, real-time insight on a consumer needed to generate customised, consistent messaging across channels is a lofty goal for any marketer. And while using first party or internal data to gain true insight is valuable, many marketers look to third parties to provide additional data sets to create a complete picture of the customer.

Ninety-four percent of organisations append enrichment data to their contact information. Globally, most companies look to append business, geolocation, demographic and enhanced address data. In the U.S., preference data is especially popular as a route to marketing campaign success. All of these data sets enable organisations to better understand household details and behavioural information, ultimately leading to more targeted messages.

Types of enrichment data appended to contact information

Type	Percentage
Business data	50%
Geographic data	48%
Demographic data	47%
Enhanced address data	42%
Government data	30%
Suppression data	19%
Other	9%
Don't know	6%
Do not append data	6%

Source: Experian Marketing Services

This consumer information is available through batch data updates to existing customer records or at the point of capture for real-time decision making. Adding details in a bulk fashion is a more traditional way of enhancing records that can still be extremely valuable today and many marketers use this method to better understand their customer base or segment data for future campaigns. When planning a long-term strategy, appending helps marketers profile customers and identify the ideal customer profile.

Case study

Triumph, a U.K.-based producer of distinctive motorcycles, needed access to up-to-the-minute customer and location planning insights to assist with dealer performance reviews and ensure the right balance of dealer opportunity and customer accessibility.

Challenge/Objective

Triumph customers are actively encouraged to have their motorcycles serviced and maintained within the franchised dealer network. Triumph's endeavor has been to ensure coverage of the UK so that customers have easy access to a dealership facility, for both new motorcycle sales and after-sales facilities. Ensuring customers have access to a dealer within a reasonable travel time is very important, as is ensuring that each identified dealer territory has a profitable business opportunity.

Resolution

Experian Marketing Services provided a consultancy service and applied a robust, transparent and scalable process. Using the segmentation tool, Mosaic UK, Experian Marketing Services designed key demographic profiles of a "Triumph customer" and identified and geographic clusters where existing and potential customers reside throughout the U.K. By implementing Triumph's own business rules within the project, Experian Marketing Services delivered a bespoke network plan to meet Triumph's unique requirements.

Results

As a result of Experian's assistance to define and implement a more concise networking planning methodology, Triumph's share of the market rose from 9.8 percent to 17.5 percent over the last 30 months. Triumph dealers are increasingly happy as well, ranking the value of holding the franchise as number one in their satisfaction assessments. Triumph has also identified areas for improvement for underperforming dealers and has plans in place to ensure the potential of an area is maximised.

Understand customers' transactions, attitudes and behaviours

Customer segmentation and profiling are tried and true marketing methods, but what makes the process so challenging — and exciting — is today's wealth of online and offline data that can be used to inform very rich schemes that are highly descriptive and highly actionable.

For sophisticated marketers who want to engage their best customers effectively, developing an actionable customer segmentation with rich profiles that can inform customer strategy takes three major customer data dimensions: transactions, attitudes and behaviour.

Customer transactions

The best place to start is with customer transactional information. This can be as deep as sales information, as light as Website visitor information, or even involve finding a proxy for customer data. Knowing who currently has a relationship with the brand is incredibly informative in developing actionable segmentation — separating out customers based on the products they do and do not purchase, as well as where, when and how frequently they purchase. Analysing customer data provides marketers with the insight needed to understand customer lifetime value, cross-selling opportunities and customer profitability. But this can be limiting as well, since it provides a very narrow view of the customer, lacking the perspective of what customers do beyond their interactions with the brand.

Consumer attitudes

Gaining insight into what motivates behaviour is critical to engaging today's always-on consumer. Using market research to understand which brands they buy, how they shop, how they view themselves, what they think is important or what they expect to purchase in the next year, can greatly influence customer segmentation. Knowing which customers value a discount over having the latest product leads to more profitable decisions about how to engage them. Understanding customer receptivity to advertising is also important so that different communications and media plans can be applied to each segment. This data can be married with demographic information to understand differences in household by composition or location.

Consumer behaviour

While consumer attitudes change less frequently, consumer behaviour changes all of the time. The type of media consumers prefer has evolved quite rapidly with the advent of the Internet and mobile devices. Television is still a dominant media; however, various digital platforms vie for significant attention of nearly every consumer. Having insight into how

consumers behave, especially how they use different channels to discover, purchase and get service, plays a big role in how marketers target customer experiences, as well as how they develop marketing plans. Today's modern consumer interacts with multiple media every day so targeting that media by marketing goal, acquisition, awareness or cross-selling is important to make the most of limited marketing budgets.

Discover how your best customers use digital media

The ever-increasing proliferation of digital devices means that marketers must focus on consumer behaviour in all digitally enabled channels.

In fact, mastering digital media interactions is foundational for every marketer today. With consumers moving across Websites, social media, mobile apps and games at the click of a mouse or touch of an icon, it's critically important to understand how customers use these various digital media to discover, learn, research and ultimately purchase products and services. Gaining insight into the path they take to a particular brand's Website or a competing Website is vitally important, as it feeds directly into the marketing strategy.

Starting with a basic understanding of their usage of smartphones, the tables below illustrate the apps in which marketers can find high concentrations of two very different — and sought after — consumer segments discussed earlier in the report: Affluents and Personals.

Affluents are much more likely to be found using news and sports apps, such as Sportacular (now Yahoo! Sports) and the NY Times. Personals use photo apps, such as Picsart Photo Studio and Photogrid, music apps and video calling apps at rates well above average.

Top indexing smartphone apps among Affluents and Personals

Affluents smartphone owners	
App	Index
Sportacular	184
Hulu Plus	181
Around Me	172
NY Times	165
Mint	161
Magic Piano	156
LinkedIn	154
MSNBC.com	153
Temple Run	152
TMZ	151

Personals smartphone owners	
App	Index
YellowPages	217
Picsart Photo Studio	193
Photogrid	189
Samsung Social Hub	184
Music Download Paradise	175
Skype	167
Tango Video Calls	167
Spotify	162
Bejeweled Blitz	154
MapQuest	152

Source: Experian Marketing Services

While a large degree of smartphone activities are app-based, browsing apps are still tops overall. As such, it's important to know where customers go online when using their phone. The top smartphone Website categories are search and social with 65 percent and 56 percent of smartphone owners visiting a site in each of these categories, respectively, at least once a month.

Top smartphone Website categories
visited during a typical month

Site category	All
Search engines	65%
Social	56%
Education	30%
Software	30%
Television	29%
Multimedia	26%
Department stores	25%
Print media	24%
Banks/financial	21%
Food & beverage	21%

Source: Experian Marketing Services

Just as observed app use differed from one segment to another, there are big differences in the mobile Websites used by Affluents and Personals. Affluents, for instance, visit many sites from their phone at above average rates, including financial sites such as PayPal and USAA. They also read the New York Times through their browser in addition to the app. Marketers targeting Affluents must ensure that they don't put all their resources into developing apps at the expense of creating mobile-optimised sites. Personals on the other hand are more app-based than browser-based, so marketers may be better off focusing on apps to reach this group. Among the mobile sites that have high concentrations of Personals are news sites like Yahoo! News, ABC News and CBS News. Movie sites Redbox and IMDb also pop for this segment.

Top indexing smartphone Websites among Affluents and Personals

Affluents smartphone owners		Personals smartphone owners	
Site	Index	Site	Index
outlook.com	190	news.yahoo.com	150
nytimes.com	155	redbox.com	142
usaa.com	139	chacha.com	140
paypal.com	136	abcnews.com	138
sports.espn.go.com/mlb	136	indeed.com	130
lowes.com	133	sprint.com	128
foursquare.com	132	craiglist.org	128
starbucks.com	132	cbsnews.com	125
fedex.com	128	walmart.com	116
forbes.com	127	imdb.com	114

Source: Experian Marketing Services

These are just a few examples of how knowing the ways in which Affluents and Personals (or other target segments) use their smartphones can help the marketers trying to reach those groups. And there is much more data available on additional media types, as well as multiple consumer segmentations. The key is determining the best customer for the brand, diving into all the ways they, in particular, use digital media, and what that means in terms of enhancing interactions with the brand.
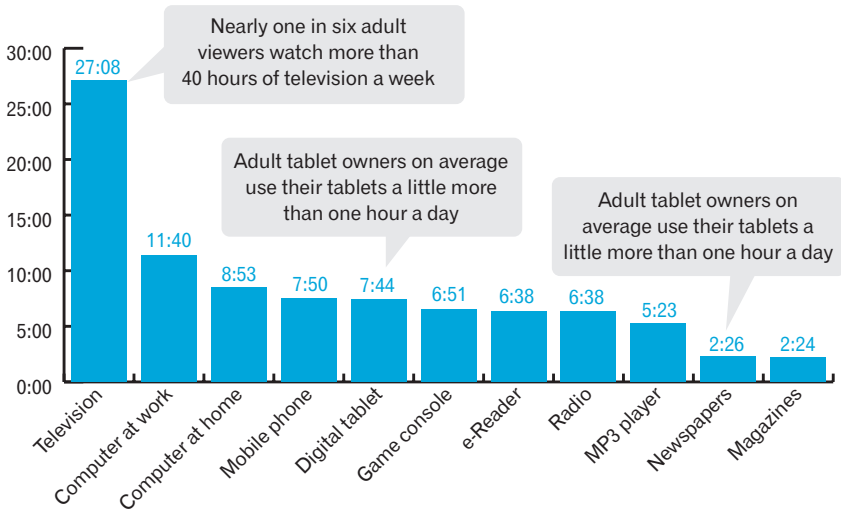
Digital use in the U.S.

In a relatively short time frame, mobile phones have not only become commonplace, but also increasingly capable of rivaling other media in the ability to serve up targeted advertising. Today, 69 percent of U.S. adults use a mobile phone during a typical day and 89 percent use one during a typical week — that doesn't even include the millions of adults who use other mobile devices such as digital tablets and e-readers. By comparison, 84 percent of adults watch television in a typical day and 97 percent in a typical week. Among affluent adults, the reach gap between television and mobile phone is even narrower. During a typical day, 80 percent of adults with household incomes of $100,000 or more use a mobile phone and 87 percent watch television. In an average week, 96 percent of affluent adults use a mobile phone and 98 percent watch television. It's only a matter of time before mobile usage reaches parity with television, and by then marketers will have even more ways to precisely target and engage consumers through their phones.

Device reach

Device	One day	One week
e-Reader	10%	18%
Digital tablet	15%	25%
MP3 player	15%	31%
Game console	17%	40%
Computer at work	26%	44%
Print newspaper	37%	69%
Print magazine	29%	68%
Computer at home	51%	74%
Radio (not Internet)	53%	86%
Mobile phone	68%	89%
Television	84%	97%
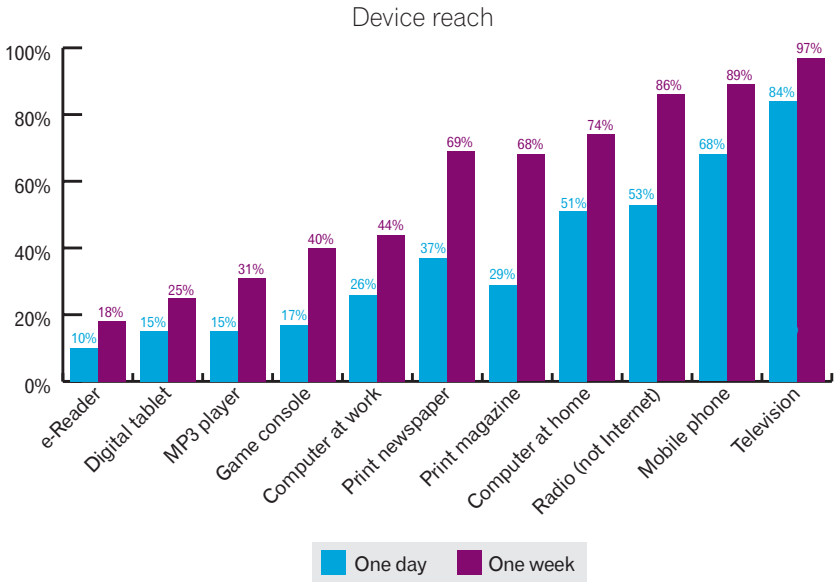
Source: Experian Marketing Services

Mobile still has a long way to go before it can compete with television for time spent, however. Consumers today spend just over an hour a day using their mobile phones, or seven hours and 50 minutes a week, but they spend more than three times that watching television. In fact, nearly one-in-six adults watch more than 40 hours of television in a typical week.

Time consumers spend with various devices and media

> Nearly one in six adult viewers watch more than 40 hours of television a week

> Adult tablet owners on average use their tablets a little more than one hour a day

> Adult tablet owners on average use their tablets a little more than one hour a day

Television: 27:08
Computer at work: 11:40
Computer at home: 8:53
Mobile phone: 7:50
Digital tablet: 7:44
Game console: 6:51
e-Reader: 6:38
Radio: 6:38
MP3 player: 5:23
Newspapers: 2:26
Magazines: 2:24

Source: Experian Marketing Services

Consumers may be spending the most time watching television, but the household's largest screen is increasingly competing with smaller screens for attention. Thirty-one percent of adults say that they often use their mobile phone or computer while watching television to engage in common activities like visiting Websites, watching video, emailing, texting or IMing. Smartphone owners are the most common multitaskers, with 44 percent saying they often use their smartphone while watching television versus just 17 percent of feature phone owners. Smartphone owners are also more likely to be distracted by a computer when watching television.

Percent of adults who split their attention with mobile phones and computers while watching television

Smartphone owners — 44% / 42%

Feature phone owners — 17% / 19%
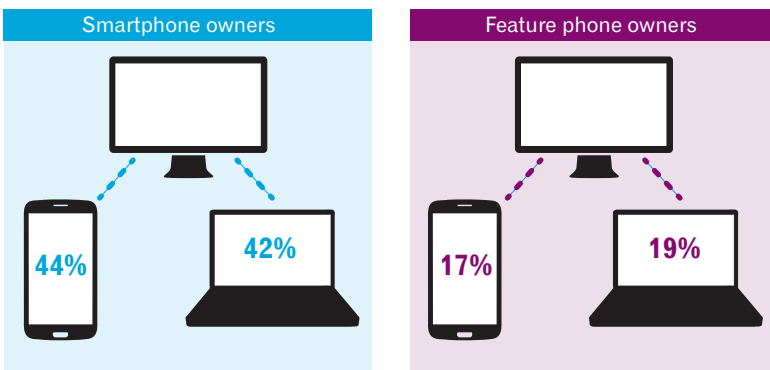
Source: Experian Marketing Services

Global comparisons of time spent on the Internet

On average, Internet users spend 6.9 hours on the Internet each day, 2.1 of which are via a mobile device.[3] Consumers in Mexico and Argentina spend the most time on the Internet, approximately 8.6 hours per day each. Argentineans spend the most time accessing the Internet via mobile device — 3.4 hours per day, or 40 of their total Internet time. On the other end of the spectrum, Japanese consumers spend 4.5 hours of their day on the Internet. South Korea also is on the low end. Interestingly, however, 30 percent of the time South Korean consumers access the Internet, they do so via mobile device, which is a proportionately higher rate.
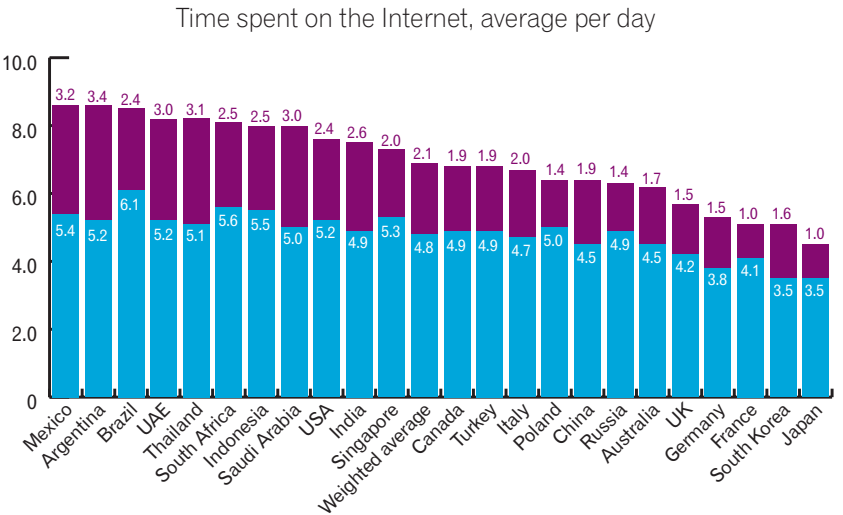
Time spent on the Internet, average per day

Country	Mobile	Base
Mexico	3.2	5.4
Argentina	3.4	5.2
Brazil	2.4	6.1
UAE	3.0	5.2
Thailand	3.1	5.1
South Africa	2.5	5.6
Indonesia	2.5	5.5
Saudi Arabia	3.0	5.0
USA	2.4	5.2
India	2.6	4.9
Singapore	2.0	5.3
Weighted average	2.1	4.8
Canada	1.9	4.9
Turkey	1.9	4.9
Italy	2.0	4.7
Poland	1.4	5.0
China	1.9	4.5
Russia	1.4	4.9
Australia	1.7	4.5
UK	1.5	4.2
Germany	1.5	3.8
France	1.0	4.1
South Korea	1.6	3.5
Japan	1.0	3.5

Source: We Are Social, Social, Digital & Mobile Worldwide, January 2014

For time spent on social media each day, Argentina is at the top of the list again. Half the time that Argentineans spend on the Internet is spent engaging in social media. While Brazilian consumers spent the third most time on the Internet, they drop down to the fifth position for social media, replaced by consumers in Thailand who spend an average of 3.7 hours per day on social media, or 45 percent of their total online time. Japanese consumers are again at the bottom of the list, spending an average of 45 minutes on social media each day. This is also the lowest percentage of social media time (18 percent) compared to their overall Internet use.

Time spent on social media, average per day
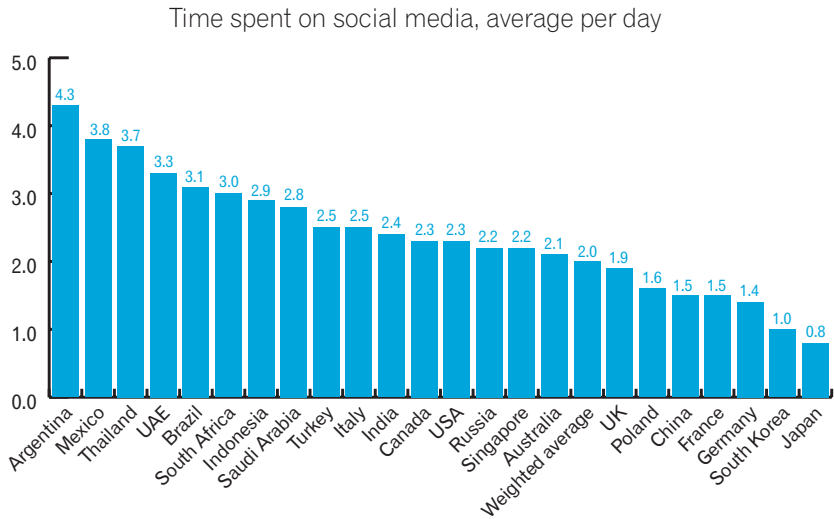
Source: We Are Social, Social, Digital & Mobile Worldwide, January 2014

Grab the attention of your best customer

What's the best way for a company to get the attention of their best customer? It could be a recommendation from a friend, a positive review on a shopping Website, a beautiful ad in her favorite magazine or the tactile experience of shopping in a store. Actually, getting the best customers to engage with a brand likely requires an integrated approach that taps into all of these consumer touch-points. Here are some areas that marketers should be thinking about as they tailor their strategies in 2014.

Brand experience

What makes consumers buy from one brand when they can instantly use their mobile phone to find the lowest price and an infinite assortment of products to choose from with free shipping? It's the brand experience — things like service, convenience, expertise, exclusivity, attitude and culture.

A marketer knows what their brand stands for, but the reason people become, and stay, customers can vary widely. A good segmentation scheme can help marketers determine how to deliver an even better customer experience — and build profitable loyal customers — by understanding what motivates customers, what's important to them, how they view themselves and what a brand brings to their lives.

At a recent industry event, Walgreen's Chief Executive Officer (CEO), Gregory Wasson, highlighted the fact that convenience has always been a key brand experience of the retail pharmacy, which is why there is a Walgreen's within a mile of nearly every person in the U.S. It's also the reason that Walgreens is a pioneer in integrating online and mobile technology into the brand experience by being the first with mobile prescription renewal, an integrated rewards program, coupons, pick-up at the store and home delivery. So what marketers can learn from companies like Walgreen's — or Starbucks or Apple — is that building a brand experience that aligns customers' needs and desires, and delivers what they value, is a key function of a well-defined customer segmentation.

Content

Consumers no longer shop in a linear progression of awareness, consideration, purchase and service, defined and controlled by the marketer. Today's consumer is in a constant state of discovery, driven by digital connections and characterised by immediacy, convenience and context. How easy is it, for example, to look-up a disputed fact during a dinner conversation with friends? This constant state of discovery has traditionally been the purview of search marketing, affiliate marketing, social media marketing and more recently native advertising. Because media is fragmented across platforms and every person is a point of distribution, having the right content in the right place when a target customer needs it is a key outcome of a strong customer segmentation scheme.

Consumer data insight for an Experian Marketing Services client recently identified two highly valued customer segments that have very different content needs. One segment values expert opinions and wants to see endorsements from established and trusted individuals. The other segment wants all the facts in order to make the best-informed purchase decision. Based on this insight, the client's strategy for engaging the first segment highlights endorsements by known experts, "meet the expert" blogs and in-person events, while the second segment receives rich product descriptions with technical specifications, ratings and reviews and a how-to video.

Using customer segmentation to drive content strategy helped the client focus on what matters most to their different customer segments and engage them more effectively.

Targeting

The complexity of the customer experience, media fragmentation and the consumers' constant state of discovery has made effective ad targeting — the traditional use of customer segmentation — more challenging. While most marketers recognise that a lot of technology has been applied to this challenge, be it retargeting, behavioural targeting, paid search or social advertising, the fact remains that a lot of online advertising spend is not delivering. A good segmentation must be actionable, connecting the customer profile with predictable media behaviour. Marrying online behaviour with traditional media behaviour helps marketers determine what media to use to deliver their messages and content.

Once marketers understand customer segments, stakeholders can create look-alike models to find similar consumers and extend a campaign's reach. These profiles allow marketers to better target individuals with individualised messages, which is where a real-time enhancement strategy comes into play.

Real-time data enhancement is used when marketers want to communicate in a personalised fashion quickly — a practice that continues to expand in the cross-channel environment. Some examples of communications include personalised thank you emails or welcome emails via a loyalty campaign. Another example is customised Website page call center scripts to better sell to the most engaged customers.

This form of enhancement enables marketers to personalise messages quickly and model information based on existing profiles and insight gained from their database as well as bulk-appended data. Marketers can map known profiles of customers to unknown individuals where they may have some indication of what segment the individual best fits, allowing them to better tailor marketing messages that have resonated with similar customers in the past.

Applying traditional direct-marketing practices to the online world

Successful marketers are discovering that direct marketing fundamentals are extremely relevant and powerful when building a targeting strategy for cross-channel campaigns. Consistent and cost-effective targeting, with precision and at scale, is achievable when marketers recognise and value the interdependencies between data sourcing, accurate matching and linkage, modeling and analytic capabilities and targeting optimisation. Predictability is not something that can be mastered and validated within a single campaign execution. Effective cross-channel targeting is a long-term strategy and all of these key elements should be weighed in order to mitigate costly failures and drive high-value results.

Example

A leading motorised vehicle company wanted to find the best prospects for one of its leading brands of motorcycle. Its goal was to drive high-quality traffic to its Website and redirect visitors to online promotions that would move traffic through the funnel.

Its first party data — CRM, dealership location, road show and demo site data — was combined with Experian Marketing Services Mosaic®, household and geo models to build and test highly targeted digital audiences.

Through four months of advertising and optimisation, the client and its agency got a significant understanding of who their best online targets were and how to find them in other marketing channels. By leveraging Experian's consumer data and building prospect and audience extension files to help them find "look-alike" audiences, they achieved consistent response rates with a lower cost per acquisition. Based on the results, they were able to compare and measure online responses with in-store traffic and locator addresses from their 800 number to continue to refine future prospect targeting.

Example

A leading national loan provider needed a higher volume of customers at a lower cost per acquisition than previously experienced in the digital display channel.

A targeting audience of four distinct "life stage" segments was created using the loan provider's customer base and its first party data coupled with Experian Marketing Services' consumer data. To enhance performance, targeting tactics were developed around a direct match of the provider's customer file to the Audience IQ^{SM} online profile universe. "Look-alike" audiences for the four segments were created leveraging Experian's consumer marketing data in order to achieve campaign scale, reach and efficiency.

A media plan was created to target the audiences with compelling ad messaging across a wide array of low-cost, auction-based display media inventory. Over the course of its 60-day campaign, the loan provider significantly lowered cost per acquisition for loan submission and enrollment leveraging Audience IQ's data, audience development expertise and advanced media capabilities.

Unlike offline, there is not a 100 percent match to the "truth set" of the U.S. consumer population for online channels. The cross-channel world skews toward scale versus accuracy. When campaign results are lackluster, some marketers conclude that the data was bad or the selections were wrong. In reality, the linkage could have been inferior, the data not modeled or not carefully reweighted and rebalanced to model the U.S. population and validated for long-term stability and predictability. To overcome these challenges, marketers have to be grounded in the quality of their data, understand how the data is managed and received for cross-channel execution, and diligently optimise their data for long-term performance.

Identifying who to target

Marketers are increasingly challenged to grow their revenue per customer and return on marketing investment (ROMI). One way to meet these demands is through customer retention. Studies have found retaining current customers to be much less costly than acquiring new customers.

In order to do this, marketers must be able to identify their most profitable customers, or those with the highest customer lifetime value, to maximise ROMI. Estimates vary by industry, but the rule of thumb is that 80 percent of future profit will be generated by only 20 percent of a company's existing customers. Yet, many marketers cannot identify who might be in this important 20 percent; they can only view potential based on the customer's relationship with their firm. There may be considerable hidden opportunity within a customer base that is only visible when a marketer has an estimate of a customer's full potential.

For instance, banks profile their customers against metrics such as account balance to focus opportunity for organic revenue growth. A customer that maintains a high account balance or who has a direct-deposit relationship with a bank may be loyal customer, but the bank does not know if the customer has considerable assets deposited at other banks that could be transferred to increase the customer's lifetime value. If marketers did have an estimate of a customer's overall deposits or wealth, they could better understand who to target for campaigns.

Opportunity analysis

A financial company marketer might enhance his or her first-party deposit balance data with a tool like Experian's net worth estimate. At an individual customer level, this combination would provide a picture of a customer's relative growth potential.

Customer	Account balance	Estimated net worth
Bank customer 1	£1,000	£50,000
Bank customer 2	£7,500	£119,000
Bank customer 3	£4,000	£245,000

At a broader customer base level, this combination can enable the marketer to segment the customer base to prioritise for campaigns. Using an opportunity analysis, the marketer can accurately identify where to invest his or her limited marketing resources in order to reach customers who have the highest potential to increase their relationship with the firm.

With an opportunity analysis, the marketer indexes each customer against two benchmarks:

• Average account balance

• Average net worth estimate

This creates the following view that plots a bank's customers on two axes:

Opportunity analysis

Maintain

• Number of customers: 1,650,000
• Average balance: £5,500
• Average estimated net worth: £95,870

Protect

• Number of customers: 210,000
• Average balance: £11,800
• Average estimated net worth: £383,180

Monitor

• Number of customers: 1,050,000
• Average balance: £1,900
• Average estimated net worth: £61,500

Growth

• Number of customers: 590,000
• Average balance: £2,900
• Average estimated net worth: £177,555

Balance with bank
(Average = $3,800)

Estimated net worth
(Average = £123,000)

- Customers on the top-half of the chart have a higher account balance than the average customer
- Customers on the bottom-half of the chart have a lower account balance than the average customer
- Customers who fall on the right-side of the chart have a higher net worth estimate than the average customer
- Customers who fall on the left-side of the chart have a lower net worth estimate than the average customer

The chart's four quadrants segment the customer into different levels of opportunity:

Maintain

These customers do not have considerable assets and, in fact, likely already have most of their money deposited with the bank.

Monitor

These customers do not have considerable assets and are likely not profitable to further pursue. The bank should monitor them for future customer value, though, as this segment may include younger customers who may grow
nto wealth.

Protect

These customers have significant assets but they already have these assets deposited with the bank. The marketer should provide promotional specials to ensure they do not lose these very important customers.

Growth

These customers have the greatest potential for revenue growth. They have considerable assets, but for some reason they do not have them deposited at the bank. The marketer should focus efforts on encouraging these customers to transfer their assets to the bank.

With this information, a company can efficiently focus campaigns to existing customers. For instance, if a marketer solely relied on a customer's balance with the bank to evaluate which customers should receive promotional deposit rates, those in the Protect segment would be included. Yet, these customers do not have significant additional assets to deposit with the bank. The promotional deposit rate would only reduce these customers' profitability.

Instead, the marketer can focus a promotional rate campaign to the smaller segment of customers who do have additional assets to deposit — those customers in the Growth segment. This has a double-positive effect of reducing the cost of the campaign since it will focus on a smaller segment (only including the Growth segment, not the Protect segment) and include only those customers who have the potential to take the desired action — deposit additional considerable assets with the bank (because they have a high net worth).

By combining what the marketer knows about his or her customers with estimates of the customers' overall potential, the marketer can target campaigns to desired segments, thereby reducing waste and increasing the possibility for successful conversion.

Identifying how to engage the target

Once a marketer identifies the segments to engage in a campaign, segmentation systems can be used to engage those customers with value propositions that will resonate with that specific audience.

For instance, a marketer may find that customers in the Growth segment appear to be concentrated in specific consumer segments. The marketer can use segmentation tools like Mosaic to identify lifestyles, interests, attitudes and behaviours likely among consumers in the segment and craft engaging offers within the preferred channels to grab their attention.

Growth segment customers — Mosaic segment concentrations

Mosaic segment	% Growth customers
Platinum Prosperity	9.00%
Cosmopolitan Achievers	5.01%
Boomers and Boomerangs	1.05%
Cul de Sac Diversity	0.90%

Understanding Platinum Prosperity consumers, the segment that makes up the highest concentration of Growth customers, would help the marketer grab the attention of these high-potential consumers. For instance, the Internet is increasingly attracting the older, educated members of Platinum Prosperity, but typically for utilitarian purposes. They're more than twice as likely as average Americans to plan trips, trade stocks and seek out weather information online, but they hardly ever visit entertainment sites to play games or watch videos. While their favorite sites include Netflix, Expedia and Google, don't expect them to respond to ads on those sites. Whether the ads appear in email, banners, buttons, video messages or search results, online ads rarely spur Platinum Prosperity to make purchases.

In addition to refining customer retention efforts, a marketer can use segmentations of his or her best customers to identify his or her most attractive prospects. For instance, a marketer can look for prospects in the Mosaic clusters that appear in the Protect segment, in concentrations that are higher than what is found generally in the U.S. population. This insight would indicate that consumers in the segment are attracted to the bank's products more than is the case with the general population. The marketer can further target prospects by adding a net worth criterion. With this information, campaigns can focus on prospects that are likely to find the bank's offering compelling and who have financial resources to be a profitable customer.

Protect segment customers — Mosaic segment concentrations

Mosaic segment	% Protect customers	% U.S. consumers
Unspoiled Splendor	5.17%	2.52%
Cul de Sac Diversity	1.04%	1.03%
Metro Fusion	0.93%	1.01%
Birkenstocks and Beemers	0.91%	1.18%

In this case, the bank would benefit from prospecting consumers who appear in the Unspoiled Splendor Mosaic segment because they are approximately twice as likely to be a Protect customer than one would expect when looking at the full distribution. Then, the marketer could narrow down the list to consumers among those households who have an estimated net worth above £123,000 (the bank's current average net worth estimate per customer).

Achieving
marketing nirvana:
Cross-channel interaction

Intelligent interactions. Every time.

Achieving marketing nirvana: Cross-channel interaction

Elevating the "customer as an asset" to the C-suite

Marketers have long argued that the most valuable asset any organisation has is its customer base. However, most C-suite executives are unable to define the value of their customers or understand the true return on investment (ROI) of their cross-channel marketing initiatives. The growth of data sources addresses this shortcoming by providing the linkage needed to tell a complete story, from the customer relationship to the connection between planned spend and revenue creation. In short, Big Data enables organisations to plan and invest around the customer.

Unfortunately, as shown in an Experian Marketing Services' global study, 74 percent of marketers report that their departments are still at least somewhat organised by channel. In this scenario, it is likely that designated channel owners may not be concerned about the broader customer journey — especially when they are not being rewarded for ensuring its seamlessness. This channel myopia hinders the marketer's ability to recognise customers across channels, often resulting in poor messaging and ad content that can damage the customer experience.

For example, an email marketer may recognise that declining click rates and growing opt-outs are signals of channel list fatigue, but will continue to increase frequency in an effort to achieve personal channel goals, even at the detriment of the greater overall customer experience. Moreover, siloed marketers may struggle to identify customers accurately and communicate appropriately with them based on their relationship with the brand. For example, a mobile marketer may inappropriately treat a new mobile SMS subscriber as an entirely new customer, without recognising any previous relationship the customer may have had with the brand in other channels.

Cross-channel usage and channel execution

Experian Marketing Services surveyed marketers across nine different verticals about their marketing initiatives. Of the marketers surveyed, the large majority market in multiple channels, with almost 100 percent active in email, social and Web.

In which channels does your company currently market?

Channel	Percentage
Email	99%
Mobile	71%
Social	98%
Print	83%
Store	80%
Web	96%
Broadcast	46%
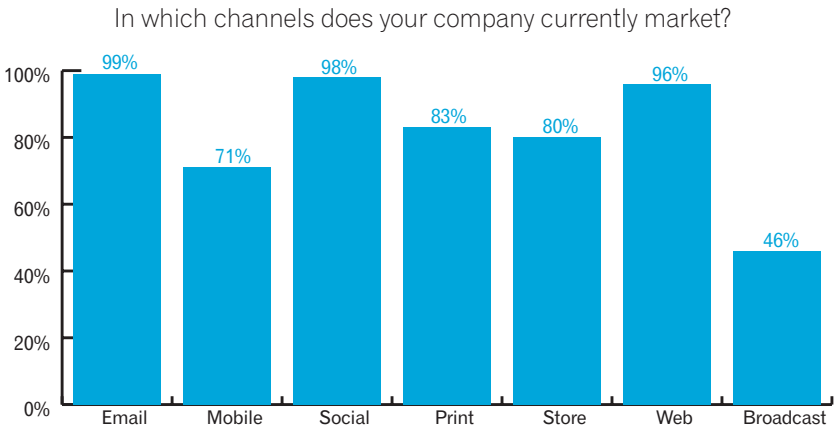
Source: Experian Marketing Services

The popularity of email and Web in this North American survey is consistent with the channels marketers in the global survey identified as the most important to their marketing campaigns. While many may be using it, just less than one-quarter of marketers around the world identify social media as one of the top three most important channels for their business. There is great opportunity for marketers to coordinate this channel with email and Web initiatives and optimise performance. It appears that marketers understand this and plan to make the necessary investments in 2014.

When asked which channels they plan to use for 2014 campaigns, marketers again identify Website and email at the top of the list. And while search marketing is still third, it appears as though more marketers identified it as an important channel in 2013 than plan to use it in 2014, perhaps moving that budget to social media or some form of display advertising.

Channel effectiveness and usage plans

Legend:
- Most effective in 2013 (blue)
- Top planned in 2014 (purple)

Data (Most effective in 2013 / Top planned in 2014):
- Website (ecommerce): 66% / 63%
- Email marketing: 59% / 60%
- Search marketing: 45% / 39%
- Social media (not paid): 24% / 29%
- Direct mail: 21% / 18%
- Online display advertising: 19% / 24%
- Television: 15% / 14%
- Print advertising: 14% / 12%
- Mobile application: 14% / 13%
- Other, please specify: 11% / 7%
- Social display advertising: 5% / 12%
- SMS text messaging: 4% / 6%
- Radio: 3% / 5%
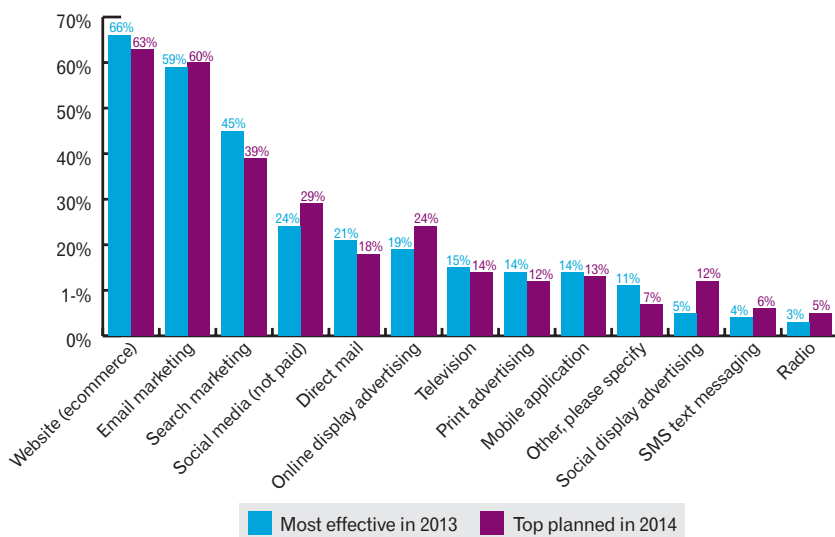
Source: Experian Marketing Services

There are some noticeable differences in channel effectiveness and usage plans around the world. In France, email marketing is most effective; in fact, 75 percent of French marketers put it at the top of the list. Similarly, relative to the total survey population, more plan to use it in their 2014 campaigns. Television, however, is considered much less effective; only 4 percent of French marketers named it to their top three, compared with 15 percent of the global population. None of the French marketers in the survey chose television as one of the top three channels they plan to use in 2014. The opposite is true for marketers in the U.S., as they not only find television more effective, but they plan to use it more in 2014 than marketers overall as well.

In Spain, direct mail is not deemed as effective as it is by other marketers surveyed, with only 9 percent of Spanish marketers choosing it in the top three compared with 21 percent of the overall population. On the other hand, unpaid social media and mobile applications are deemed much more effective in Spain, 16 percentage points higher and 15 percentage points higher respectively, than they are in other countries. Australian marketers don't find the same results with unpaid social media and don't plan to use it as much in 2014 either. While their ratings for the effectiveness of ecommerce Websites are on par, relatively, with the general survey population, more Australian marketers name it as one of the top channels they plan to use in 2014.

Also interesting is how marketers around the globe the role of each channel in their customer's journey. For example, marketers named Website as the most effective, but the definition of effective can vary based on how the channel is used in the overall cross-channel strategy. Using the terms "greeter," influencer" and "closer" to describe three main roles a channel can play, survey respondents were able to identify how each channel fits into their customer's journey.

The Website is the only channel that the majority of respondents view as a closer. While 30 percent view email as a closer, the majority of marketers, just under half, see it as an influencer. Social media and online display advertising are also seen as influencers. Marketers (42 percent) view online display advertising as a greeter, creating awareness for their brand, products or services. Search marketing and print advertising are also regarded as greeters. Social display advertising is seen as a greeter as well, but 23 percent of the marketers in our survey don't currently use it as part of their strategy. SMS text marketing is also not widely used by this group but those who do use it see it as an influencer.

Role of the channel

Channel	Greeter	Influencer	Closer	N/A
Website (ecommerce)	32%	21%	42%	5%
Email marketing	15%	49%	30%	6%
Search marketing	43%	30%	17%	10%
Social media (not paid)	38%	44%	4%	14%
Online display advertising	42%	35%	5%	18%
Social display advertising	40%	33%	4%	23%
Print advertising	37%	33%	6%	24%
Direct mail	19%	32%	20%	29%
Mobile application	17%	32%	20%	31%
Radio	26%	22%	4%	48%
Television	33%	12%	5%	49%
SMS text messaging	13%	18%	12%	57%

Legend:
- Greeter – creates awareness
- Influencer – generates interest
- Closer – gets the sale
- N/A – do not use

Source: Experian Marketing Services

Understanding the channels and how they work together is an integral part of a successful cross-channel marketing plan. The following sections outline benchmarks, trends and best practices for using and coordinating channels to most effectively run campaigns.

Email

Email

Cross-channel marketing can be daunting. How can marketers create a truly cohesive, effective marketing strategy when customers are connecting on different devices and through multiple channels at any given moment? In order to be effective, marketers need to find a hub, a middle touch point that allows easier, stronger access to any of the other channels and holds the strength of the strategy. Email is that hub.

As Forrester Research recently said, "The more channels marketers embrace, the more email programs they'll need to support them."[4] Email continues to reign as one of the most profitable channels for marketers, and one of the leading paths to purchase.

In an Experian Marketing Services global survey, 41 percent of marketers running cross-channel campaigns report that they integrate email with two additional channels and 22 percent integrate email with three additional channels. Only 9 percent do not integrate email with other channels.

Email integration plans for 2014 cross-channel marketing campaigns

- 9% — Our email does not integrate with other channels
- 11% — Email +1 channel
- 41% — Email +2 channels
- 22% — Email +3 channels
- 11% — Email +4 channels
- 6% — Email +5 channels
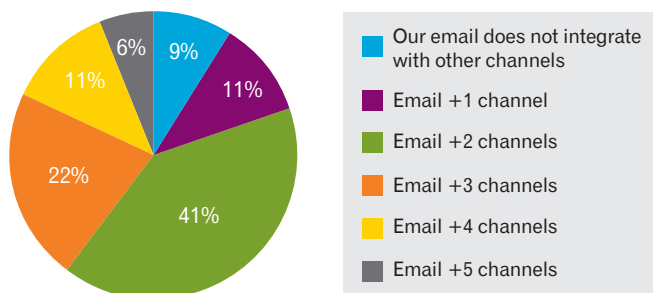
Source: Experian Marketing Services

There are infinite ways to support cross-channel campaigns with email. While it will take time and effort to determine the best ways to reach the ever-moving customer, the majority of marketers understand the need to make email the marketing hub. This section outlines key trends in email marketing and identifies ways email can serve as the connection between all channels.

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[4]*Forrester Research, US Interactive Marketing Forecast, 2011 To 2016, August 2011*

Implementing successful data-driven email marketing programs
Confirmed opt-in (COI) mailings have high response rates

In today's email environment, there are increasing concerns about list health, list hygiene and deliverability. COI mailings are one method that a number of brands use to enhance the quality of their lists.

Which of the following processes do you use for data hygiene?
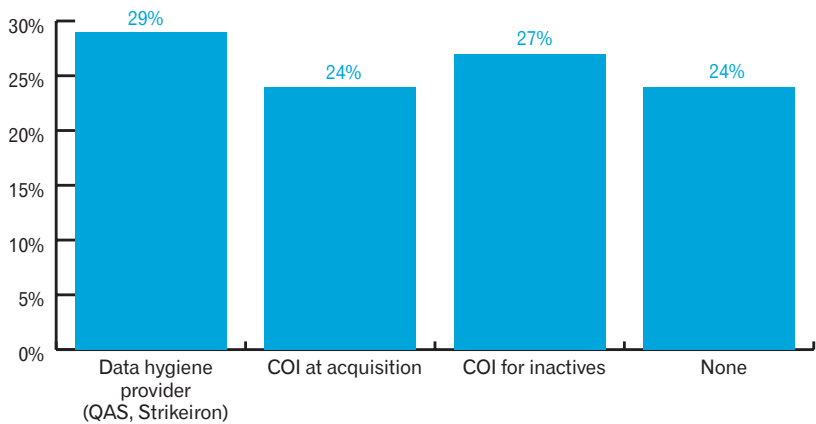
Source: Experian Marketing Services

A study on COI mailings sent by 10 brands between January 2012 and March 2013 compared initial sign-up and reactivation COI mailings to Q1 2013 benchmarks, and found that both types of COI mailings have lower unique open rates, but much higher unique click rates than the benchmarks.

Confirmed opt-in mailings engagement

COI signup emails have 2.7 times higher click rates than welcome emails

COI reactivation mailings have 3.3 times higher click rates than other reactivation emails

Legend:
- COI Sign-up (pre-welcome)
- Q1 2013 Welcome benchmark
- COI Reactivation
- Q1 2013 Other reactivation emails

Unique opens: 27.9%, 32.6%, 8.6%, 10.3%
Unique clicks: 20.1%, 7.4%, 5.0%, 1.5%
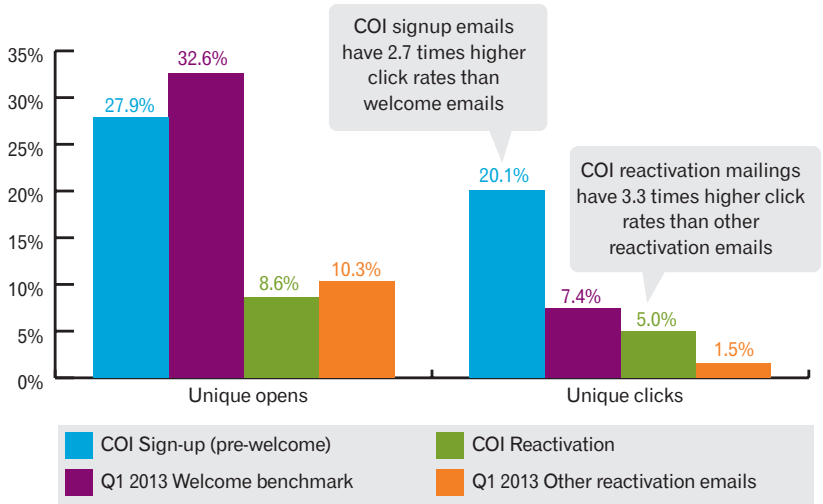
Source: Experian Marketing Services

⭐ Best practice

COI mailings are a best practice at any POS sign-up to ensure address accuracy or to be extra cautious about list health and growth, regardless of source.

Example: American Eagle Outfitters® (AEO) sends emails to inactive subscribers asking them to "click to confirm" their subscription. This is a good example of a COI mailing designed to re-engage inactive subscribers and ensure continued deliverability.

Additional information improves brand experience

Marketers are requesting more information from their customers to improve their brand experiences. This year, 18 percent more marketers collected customers' birth dates, and 16 percent more marketers collected customers' ZIP Codes™ than last year.

What pieces of data do you collect in addition to email address?

	First name	Last name	Date of birth	ZIP Code	Full mailing address	Country	Phone number	Mobile phone	Gender	We only collect email
2012	75%	73%	34%	57%	32%	35%	30%	15%	19%	24%
2013	78%	74%	52%	73%	40%	43%	37%	23%	24%	16%
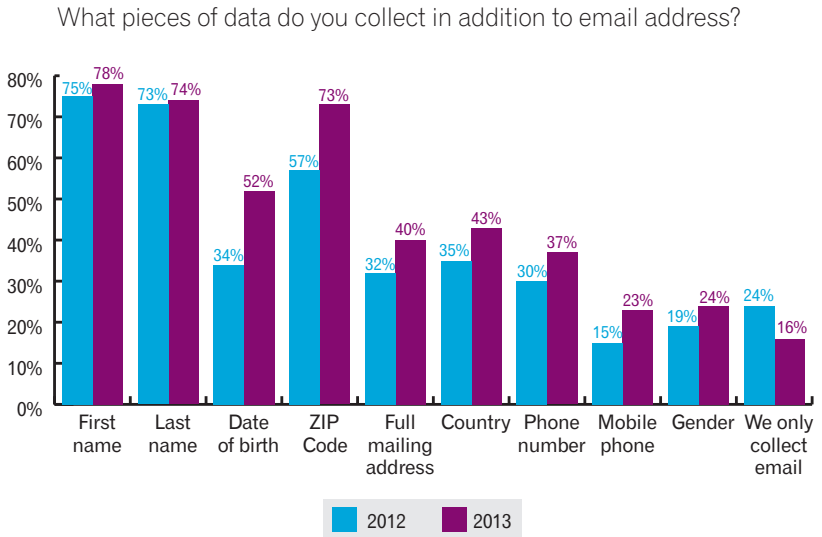
Source: Experian Marketing Services

Customer preferences enable relevant messaging

In a survey on how they collect customer preferences to enable more relevant messaging, marketers reported the following:

- The majority of marketers market in multiple channels, but only seven percent market based on channel preference

- Only 35 percent of marketers ask customers how often they would like to be mailed

- Sixty percent of marketers do not give customers the option to select the types of emails they want to receive

Can your customers select the types of emails they want to receive?

Category	Percentage
Yes, based on email types	21%
Yes, based on product or category types	16%
Yes, based on channel preference	7%
No	60%
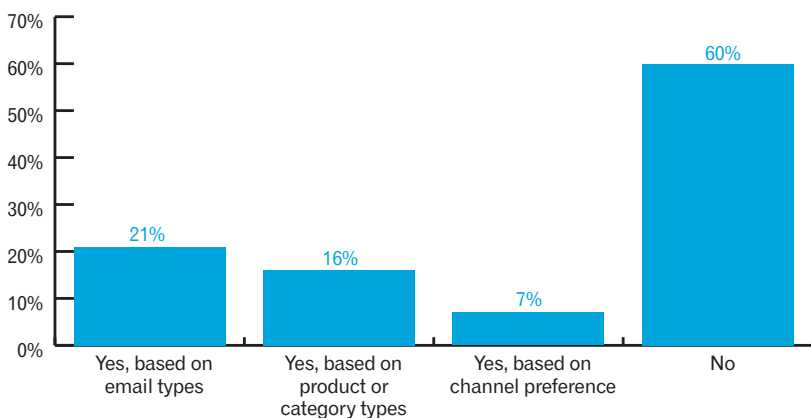
Source: Experian Marketing Services

While actively asking for customers' preferences is a step in the right direction, it is also important for brands to monitor and record how customers are interacting on Websites, via email, and on mobile devices, and ensure they are sending relevant and engaging messages based on that information.

Today's customers are constantly bombarded by marketing messages and are continuing to tune out, at alarming rates, those that are not meaningful and relevant to their everyday lives. Lifting response, therefore, cannot be achieved and maintained solely by increasing frequency. Lift can only be generated by engaging customers with intelligent interactions that take into account their personal information and preferences.

360-degree sign-up process inspires loyalty

Online data capture and welcome email messages are a great opportunity to convert online customers to loyal members.

Best practice

Ask customers to complete their online profiles/preferences. Start by welcoming new reward program members and reiterating the program value proposition in a series of welcome messages. Once member online profile and preference information is collected, use it to enable relevant messaging in future emails.
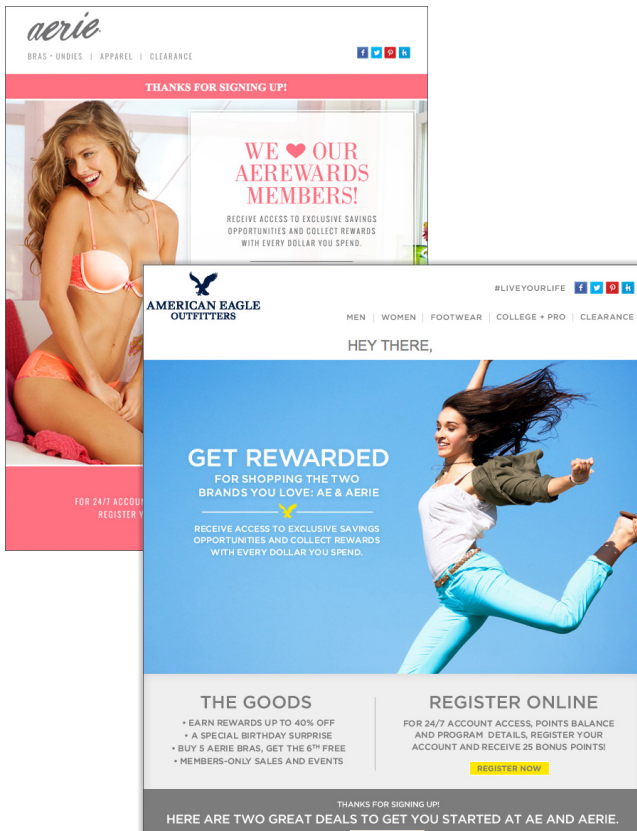
Example: AEO and Aerie® (a sub-brand of AEO that carries women's intimates, swimwear and other accessories) execute a special life cycle campaign to form a deeper relationship with the brands' customers, educate them about the loyalty program and drive conversion.

Example: Famous Footwear leverages online account registration forms to ask its customers for basic demographic information and answers to "golden" questions that allow the brand to gain insight into its customers' shoe interests and channel preferences.

Take advantage of the growth in mobile usage and enable customers to enroll in rewards programs through their mobile phone.

Example: Famous Footwear's rewards program enables mobile enrollment through a quick, easy and convenient experience.

Case study

In 2011, Fusion Retail Brands was experiencing declining sales due to tough market conditions. It identified an opportunity to enhance sales and increase loyalty by implementing one of the most sophisticated segmentation and loyalty programs in Australia.

Strategy

Fusion Retail Brands and Experian together developed a combined marketing and loyalty program to provide a deep view of customers, drawing on behavioural insights and data. This is achieved through a fully automated single cross-channel platform, which uses actionable insights from the data to enhance efficiency of marketing campaigns.

Results

This cross-channel view now enables Fusion Retail Brands to segment the 2.3 million customers of its loyalty arm, Fusion Rewards. This means customers are engaged with timely, tailored content across several platforms. The program has already been successful in engaging customers and driving traffic to its online and offline stores for sales conversion. Since December 2012, there has been an average uplift in sales revenue for the Fusion group of 12 percent year-on-year, with some months showing increases as much as 25 percent.

Consumers respond to one-to-one targeting

If customers offer access to personal information, they expect it to be used to send them more targeted, relevant and personalised messages.

Emails with personalised subject lines have 26 percent higher unique open rates than nonpersonalised emails (19.4 percent with personalisation compared to 15.4 percent without). The lift from personalisation, however, varies by industry. Personalised subject lines have provided the biggest boost in unique open rates for travel (unique open rates of 28.5 percent with personalisation compared to 17.3 percent without).

Personalised subject lines have provided the largest lift in unique open rates for travel and multichannel emails
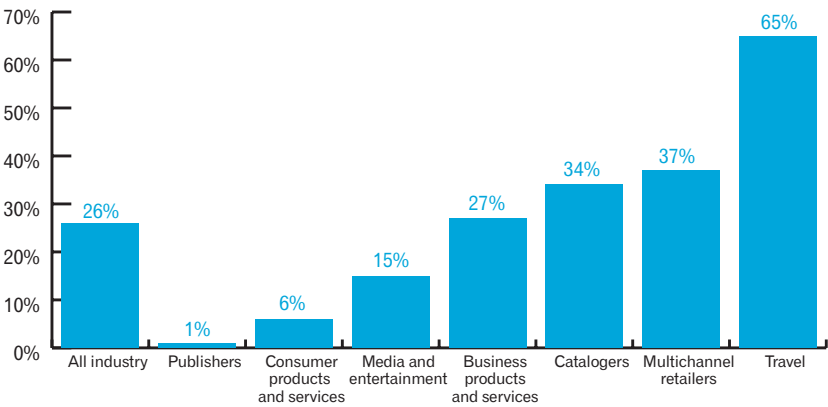
Source: Experian Marketing Services

Overall use of recommendation engines increased from 40 percent in 2012 to 49 percent in 2013. While most brands (66 percent) use recommendation engines on Websites, 41 percent are also using the tool to enhance transactional emails (order/ship confirmation, etc.).

Do you use a recommendation engine?
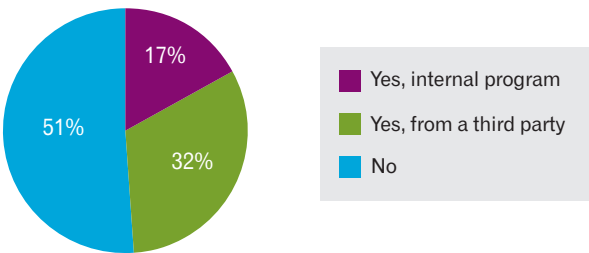
Source: Experian Marketing Services

Real-time message triggering

It's important that marketing make sure their email programs are optimised with triggered messages based on customer interactions or insights. Although triggered messages may be slightly more time intensive at the outset, they're the workhorses of an optimised email program.

Triggered email messages are extremely effective and help to engage customers and keep them active. Here are some examples:

- Second abandoned cart reminders (following up an initial abandoned cart email message) garner a 54 percent lift on average compared to just sending one abandoned cart message

- Browse emails based on categories or products a customer has surfed achieve a 3.4x increase in revenue compared to other promotional mailings

- "Thank you for your purchase" emails achieve a 13x increase in revenue compared to other promotional mailings

Marketers can often get so caught up trying to get promotions out the door that they ignore longer-term programs that can, ultimately, contribute more to their bottom line and help avoid the "coupons and promotions scramble." To customers, triggered response messages based on their actions are often very timely and relevant.
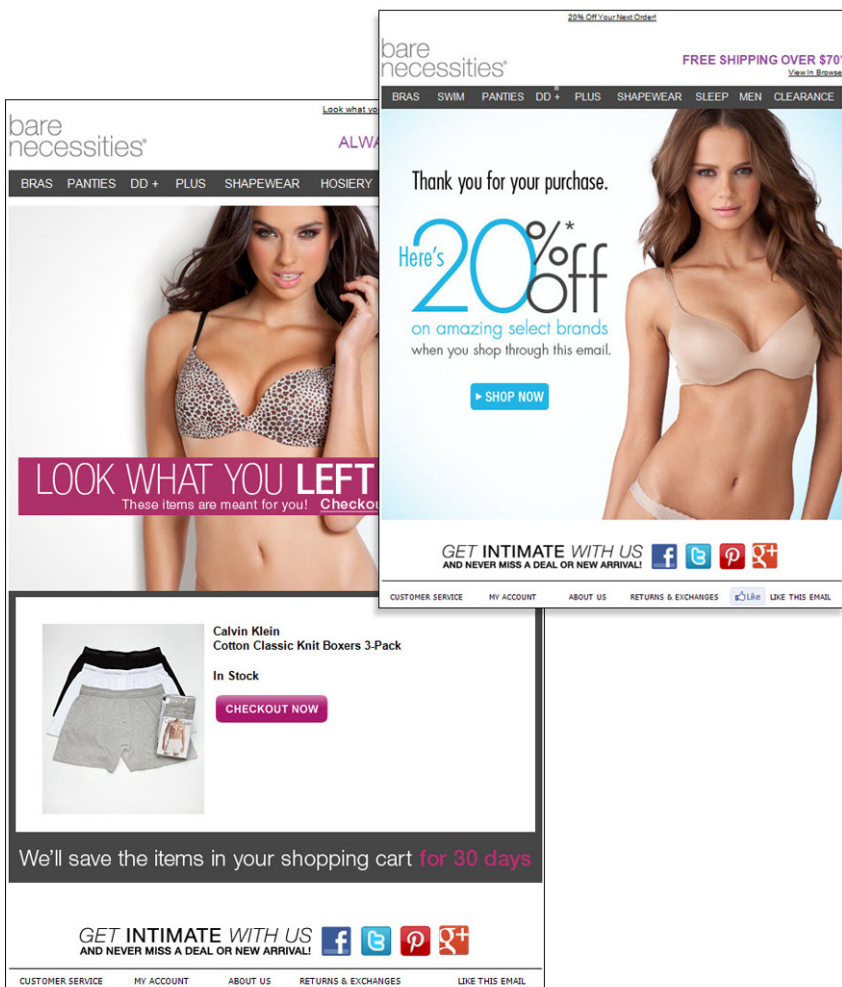
Example: Bare Necessities triggers emails with personalised content and offers based on online shopping cart and purchase information.

Another form of personalisation important for global brands is localisation.

Case study

Movember, a well-known global not-for-profit organisation based in Austrailia that raises funds and awareness for men's health, needed a way to localise its e-newsletters for country-specific audiences and ensure each country's unique style and characteristics were reflected in the messaging, while maintaining its brand value and consistency across its campaigns globally. As is often a challenge with global brands, marketing and technology teams also needed to manage approvals for all content as efficiently as possible across different time zones.

Strategy

Experian Marketing Services' technology enabled local teams to create content within a locked down template. The template-based system prevented local marketers from straying outside the brand guidelines ensuring global consistency.

Results

The ease of use, multiple language interface and responsive design templates helped to significantly increase the number of personalised e-newsletters the company created from 115 to 460 in just one year. It has also achieved an increase in open rates to 40 percent (10 percent above industry averages) in countries where the organisation has a relatively new presence.

E-receipts provide an opportunity to further engage customers

To identify early trends in the growing practice of e-receipts, Experian Marketing Services' study looked at 12 brands that regularly deployed e-receipt emails in 2012:

- Trends show e-receipts achieve higher open rates and revenue per email than bulk promotional mailings
- Of all e-receipts, those with up-sell and cross-sell features have the highest click and transaction rates

E-receipts have higher open rates but lower click rates than bulk emails
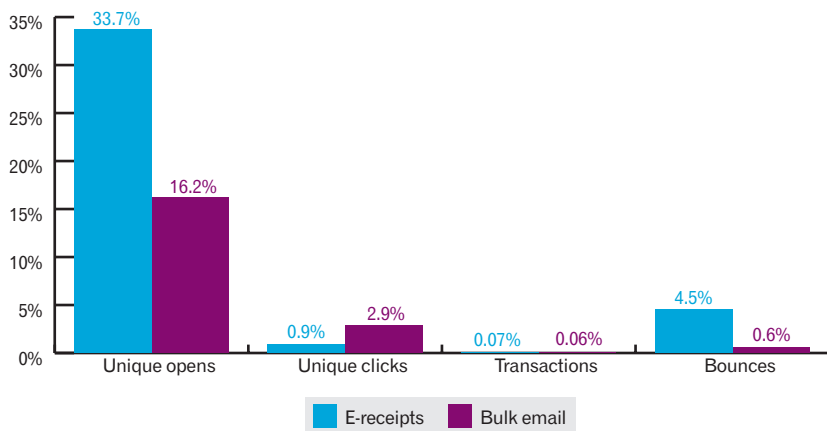
Source: Experian Marketing Services

⭐ Best practices

E-receipts can be enhanced to go beyond the basics by providing upsell and cross-sell opportunities as part of the e-receipt layout.

Enhancements may include:

- Website navigation and shop online links
- Colourful layouts and sections for promotional images
- Links to related brands
- Links to social media sites
- Product recommendations
- Dynamic sale or inventory banners
- Opt-in to promotional emails
- Surveys

Although customers have just made a purchase, transactional emails (e.g., order, shipping and return confirmations) are a great means of garnering an additional sale. According to Experian Marketing Services' Q3 2013 Email Benchmark Study, the highest transaction rates (for transactional mailings) were seen in those emails that included upsell or cross-sell sections.

Enhanced e-receipts generate:

Clicks	Transactions	Revenue per email
Up to **600% increase**	Up to **125% increase**	Up to **360% increase**
(0.18% basic to 1.26% enhanced)	(0.04% basic to 0.09% enhanced)	($0.05 basic to $0.23 enhanced)

Source: Experian Marketing Services

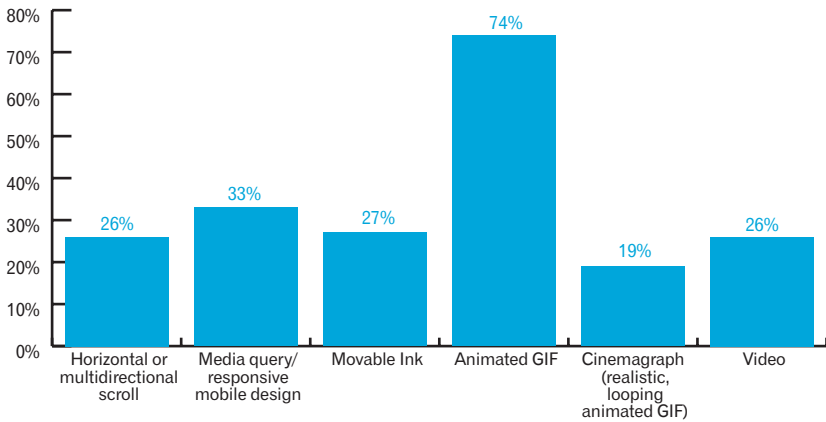Mailings with cross-sell sections had higher transaction rates
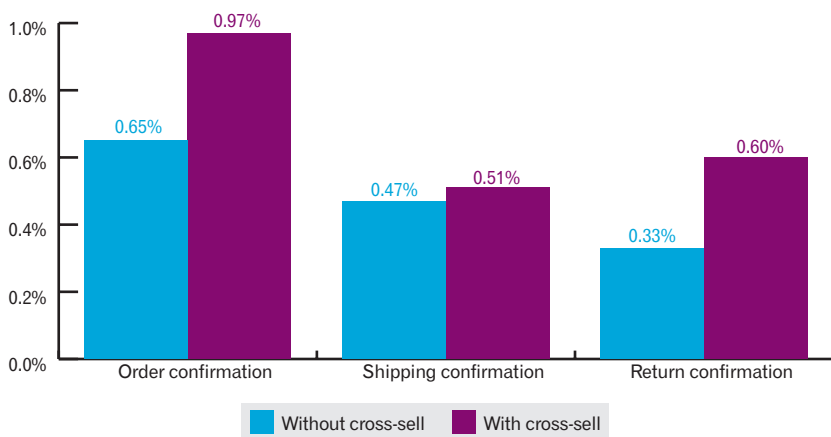
Source: Experian Marketing Services

Note: When designing e-receipts, it is imperative to follow the current CAN-SPAM Act regulations in place for transactional emails. The Experian Marketing Services white paper *Point of sale email: Managing compliance, privacy and deliverability with in-store email acquisition* has specific recommendations to ensure e-receipts are compliant.

Visual email trends

Brands are always looking for the best way to deliver an optimal and engaging customer experience. As such, emails are becoming more active, with the use of animations and videos more than doubling since 2012. Additionally, the use of responsive design, which ensures emails render optimally on all devices, also more than doubled.

Which of the following features have you used in your email creatives?

Horizontal or multidirectional scroll	26%
Media query/ responsive mobile design	33%
Movable Ink	27%
Animated GIF	74%
Cinemagraph (realistic, looping animated GIF)	19%
Video	26%

Source: Experian Marketing Services

⭐ Best practices

- Animations in emails are composed of three components: the number of frames, colour and actual overall size of the animation (the size it will appear onscreen)

- The key is to keep the video or animation as small as possible; it shouldn't take up the entire width of the layout

- Smaller is always better, so when considering adding an animation in email, keep those file sizes down

Example: P&O Cruises brings its "Grand Event"
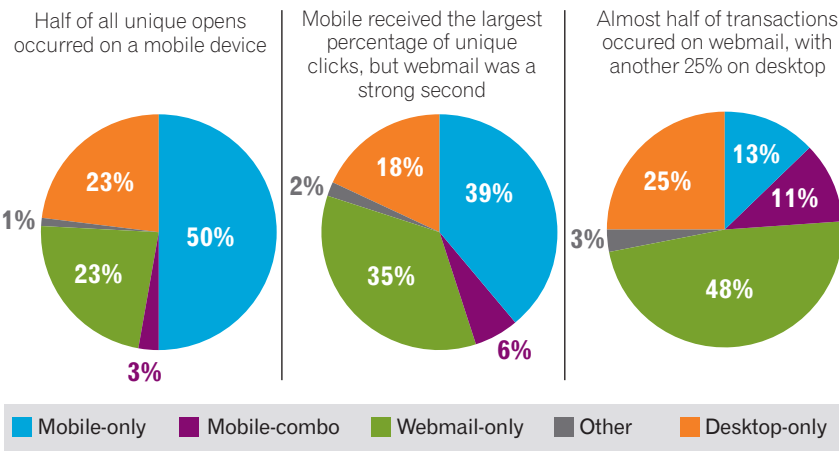to life for customers through video in email.

Results

P&O Cruises' use of video in email maximises interest, click through rates and
sales, including:

• An 11.4 percent uplift in unique open rates

• A 3.1 percent increase in click through rates

• A 950 percent increase in bookings

• A 679 percent boost in revenue

Email interactions by device

The proliferation of devices has introduced more ways than ever to interact with email. As it turns out, consumer behaviour varies by device. Today, half of all unique email opens occur on a mobile device. Webmail and desktop are tied as the second-most popular devices for opening email, with 23 percent of opens each. When it comes to click rates, mobile led the pack again with 39 percent, but this time Webmail was close behind with 35 percent of unique clicks. Transactions, however, tell a different story. Forty-eight percent of all transactions were a result of Webmail, while desktop received the second-largest percentage (25 percent) of transactions. Webmail was the leading platform for transactions on more than 80 percent of campaigns studied. Customers are opening on mobile but appear more comfortable making transactions on more traditional platforms.


Half of all unique opens occurred on a mobile device

Mobile received the largest percentage of unique clicks, but webmail was a strong second

Almost half of transactions occured on webmail, with another 25% on desktop

Legend: Mobile-only · Mobile-combo · Webmail-only · Other · Desktop-only

Source: Experian Marketing Services

While only a small percentage of email opens occurred in the mobile-combo and other categories, these two platform types had the most highly engaged and profitable subscribers, reflecting the higher interest of customers choosing to open the email on more than one platform.

Subscribers who opened on two platforms were the most engaged

| Desktop-only	Mobile-only	Webmail-only	Mobile-combo	Other
13%	12%	23%	31%	26%
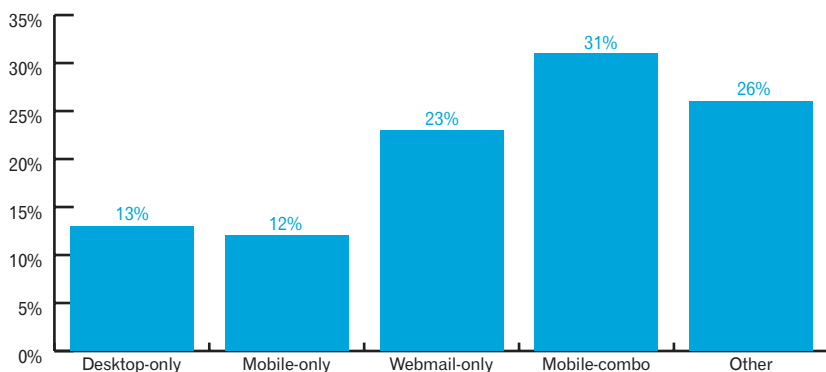
Source: Experian Marketing Services

In addition to having the highest click-to-open rates, the mobile-combo and other categories had higher revenues per opener than any of the single-platform groups. It would definitely be worthwhile to identify these subscribers and target them for future offers.

While mobile-only had the lowest click-to-open rates and revenue per unique open of any of the single platform categories, it is important to remember that this group had the highest number of opens, and therefore, even at these lower percentages, it contributed a sizeable amount of overall revenue. (Mobile-only provided 13 percent of total revenue compared to just 2 percent from the other category.)

Subscribers who opened on two platforms generated higher revenue per open than any single platform group

| Desktop-only	Mobile-only	Webmail-only	Mobile-combo	Other
$0.34	$0.10	$0.57	$1.28	$0.97
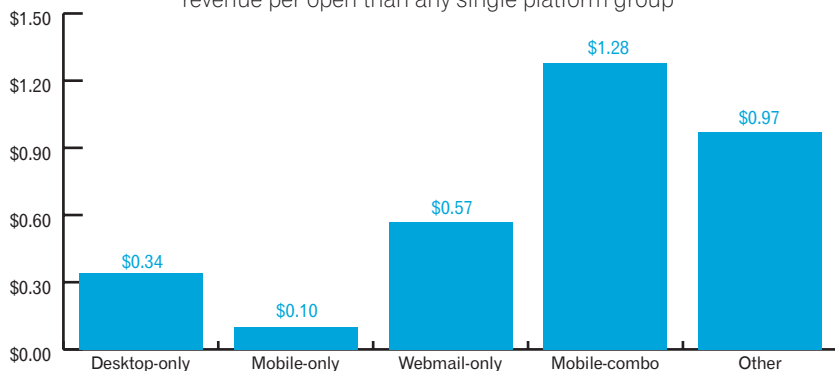
Source: Experian Marketing Services

Key takeaways and tips for mobile optimisation:

- Analyse subscribers' platform and device preferences regularly to identify trends and monitor changes for all segments.

- Leverage platform preferences and engagement metrics to identify key subscribers for future targeted offers.

- Make sure email creative is designed for mobile. Responsive design templates are available that automatically adjust email layouts to deliver a consistent experience for customers across platforms. Case studies of Experian Marketing Services clients testing responsive design have shown increases of up to 63 percent in click rates and 18 percent in transaction rates when using responsive design. Note: Responsive design works on all iOS and Android™ devices, as long as the message is opened on the device's native email app. Problems arise when using Web-based apps, such as Gmail and Yahoo. These apps don't always recognise the additional CSS coding that is needed in order for these emails to be responsive and will open the desktop version instead. Gmail is starting to show some compatibility, but rendering issues persist. As mobile opens rise in popularity, we may see an increase in responsive recognition.

Mobile and email interactions

Taking a deeper look specifically at mobile, we identified how popular mobile devices performed for various email metrics. The iPhone® was by far the most commonly used mobile device for email opens and clicks. Android™ phones were third for opens and transactions, but second for clicks. Interestingly, though third for clicks, the iPad® garnered the most transactions from email communications. The larger screen may be the driving force behind this device trend. It is important to ensure that emails render properly on tablets. It may also be worthwhile to consider developing a tablet-specific app to further promote transactions.
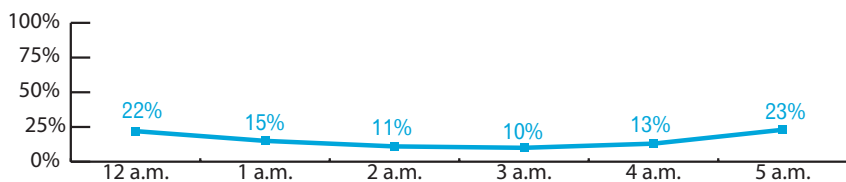
The iPhone® was the most popular mobile device for opens and clicks, but the iPad® was used more for transactions
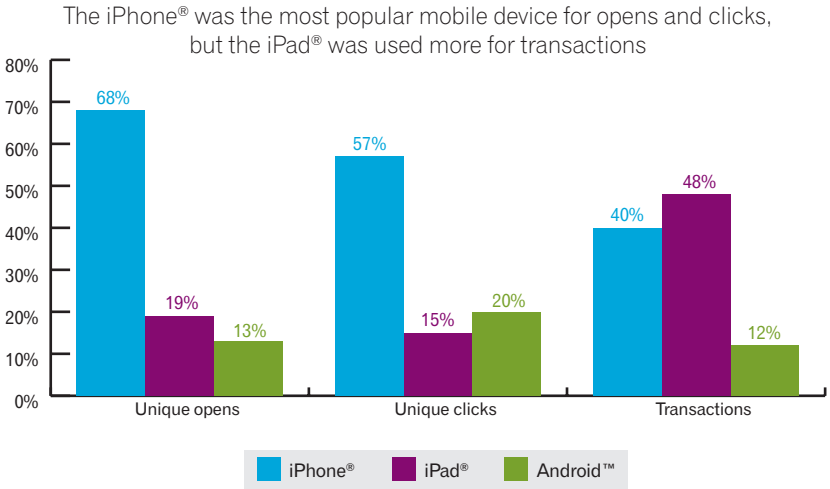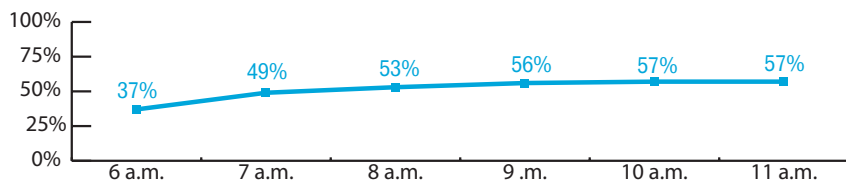

Source: Experian Marketing Services

When do consumers check email on their smartphones?

When studying patterns of consumer mobile usage, Experian Marketing Services found that 80 percent of smartphone users reported checking their email on their phones within the past seven days. The rate at which email is viewed on smartphones varies throughout the day. As shown in the graphs on the page that follows, more than 50 percent of smartphone users check email each hour from 8 a.m. through 9 p.m.
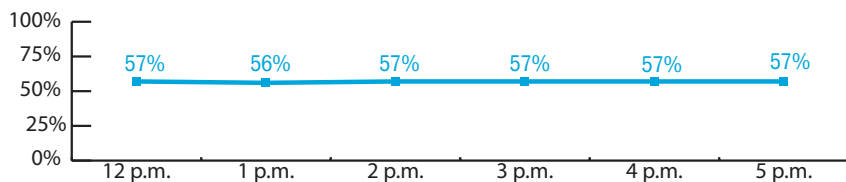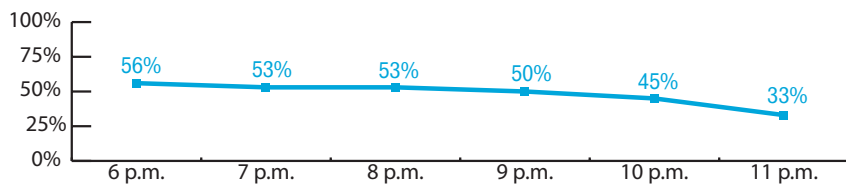
Early morning

	12 a.m.	1 a.m.	2 a.m.	3 a.m.	4 a.m.	5 a.m.
Percent	22%	15%	11%	10%	13%	23%

Morning

	6 a.m.	7 a.m.	8 a.m.	9 .m.	10 a.m.	11 a.m.
Percent	37%	49%	53%	56%	57%	57%

Afternoon

	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.	5 p.m.
Percent	57%	56%	57%	57%	57%	57%

Evening

	6 p.m.	7 p.m.	8 p.m.	9 p.m.	10 p.m.	11 p.m.
Percent	56%	53%	53%	50%	45%	33%

— Percent of smartphone users checking email

Source: Experian Marketing Services

Best practices

Optimise for mobile by making sure emails are as visually appealing and user-friendly as possible — think about how they will look on a smaller screen.


Example: This email from Free People is a good example of the mobile optimisation features and tactics brands can leverage to deliver a more user-friendly mobile experience to their on-the-go customers, such as:

- Streamlined navigation

- Slimmer design

- Larger copy

- Mobile app call-outs

- Larger, tap-friendly calls to action

Optimise emails for mobile with responsive design.

Some "traditional" email marketers feel that making a design adhere to a mobile template or grid is cause for creative compromise. However, looking at the following side-by-side comparison of a responsive-design email message viewed on desktop and mobile, it is easy to see that both versions maintain artistic integrity, while optimising for the viewing platform. Responsive design takes longer to code so marketers should always plan extra development time, but the final results are worthwhile.
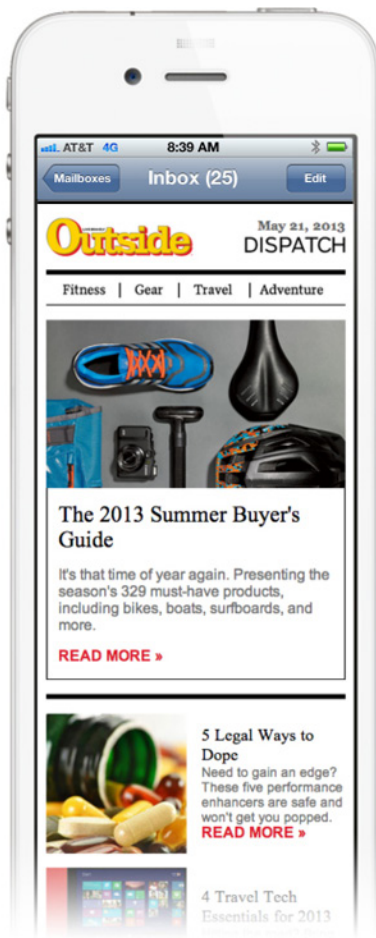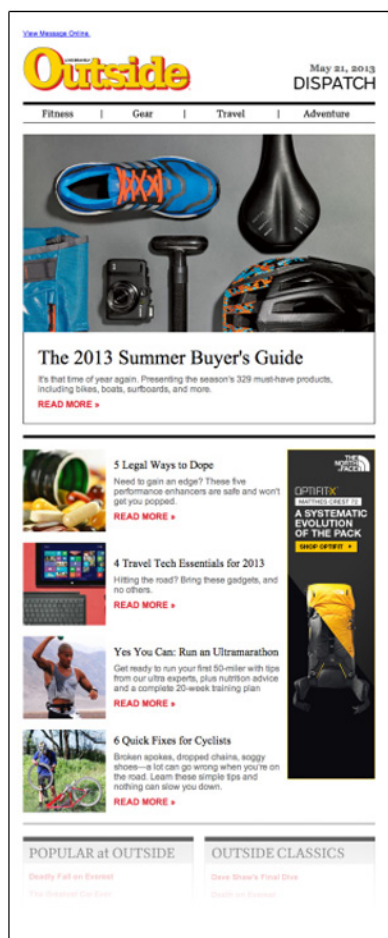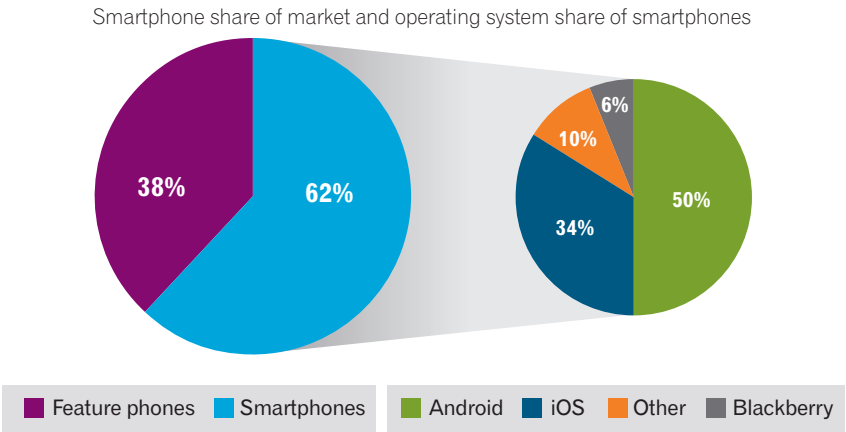
Mobile
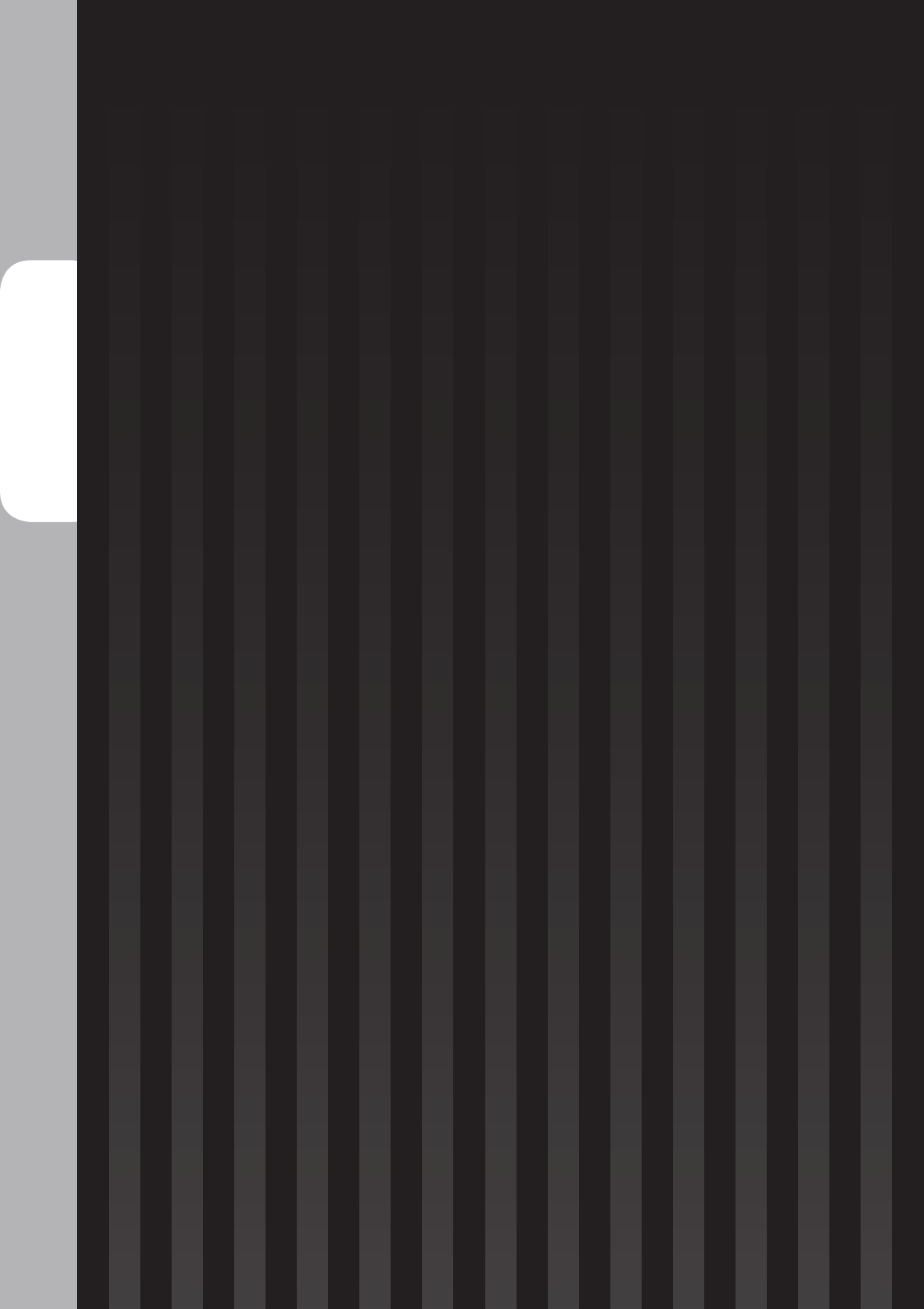
Mobile

It's been only six years since the first iPhone entered the market, but in that short period of time, smartphones have become the dominant device among mobile phone owners. In fact, 62 percent of adult mobile phone owners have a smartphone, while 38 percent have a feature phone. Among all smartphone owners, 50 percent own a device running Android and 34 percent have an iPhone.

Smartphone share of market and operating system share of smartphones

| Feature phones | Smartphones | Android | iOS | Other | Blackberry |

Source: Experian Marketing Services

Smartphone owners use their phones for much more than talking, texting and taking pictures. In fact, during a typical month, browsing ties with messaging and beats voice calling for the title of most widely used app category. In addition, during a typical month, 91 percent of smartphone owners use email apps, 76 percent use social media apps and 69 percent use mobile maps — clear evidence that phones are really just mobile computers.

Top smartphone app categories used during a typical month

App category	All
Browsing	97%
Messaging	97%
Voice call	96%
Email services	91%
Appstore	87%

App category	All
Photo	78%
Productivity	77%
Social Media	76%
Camera	74%
Maps	69%

Source: Experian Marketing Services

Mobile advertising

Although the percent of mobile phone owners who say that they are interested in receiving advertising on their cell phone remains low (just 7 percent are interested today), the figure has risen by a relative 45 percent since 2010. As consumers become more comfortable with mobile advertising, they increasingly admit to being influenced by it as well. Nearly one-in-10 mobile phone owners today say that they are likely to buy products they see advertised on their phones, up from 6 percent in 2010.

Attitudes toward mobile advertising and purchases
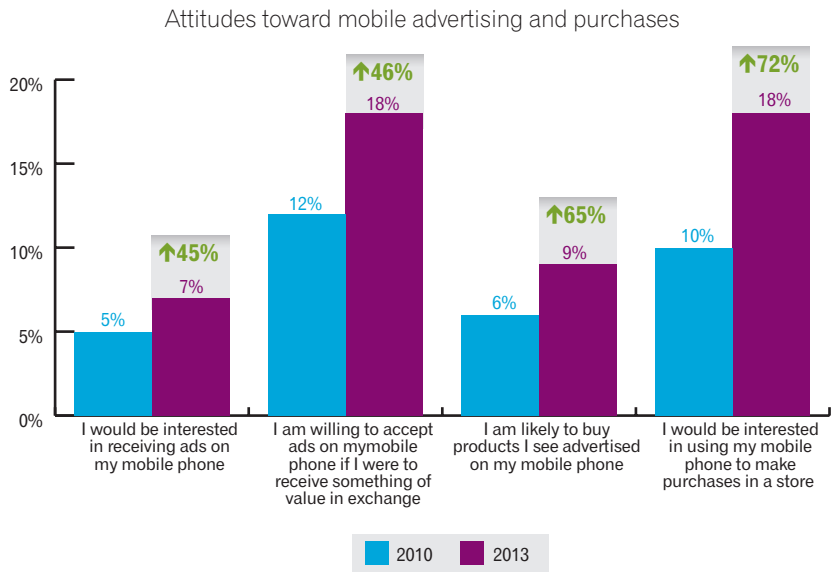
Percent agree • Source: Experian Marketing Services

Marketers can grow their pool of mobile ad-receptive consumers by offering something in return for subscribing. Specifically, 18 percent of mobile phone owners say that they would be willing to accept advertising sent to their phones if they were to get something of value. That figure is up from 12 percent in 2010. Retailers may be able to leverage mobile payment options and mobile coupons to get customers to opt in. Nearly a fifth of mobile phone owners (18 percent) say that they are interested in using their phones to make purchases in a store and 16 percent say that they have used a mobile coupon.

The good news is that smartphone owners (a rapidly growing group of consumers) are more influenced by mobile advertising, more interested in mobile payment options and more likely to use mobile coupons. However, unless they get something of value in return, smartphone owners are hardly

more likely than feature phone owners to be interested in receiving mobile ads. To demonstrate the value of mobile advertising to the consumer, marketers will need to ensure that their mobile ads are targeted and relevant. Furthermore, they need to develop apps and other tools that make shopping easier and more rewarding for their customers.

Top retailers shopped by smartphone owners who
have redeemed a mobile coupon

Store shopped	Index to smartphone population
Hobby Lobby Stores	171
Carson Pirie Scott	151
Jo-Ann Stores	151
Ulta	150
Lane Bryant	148
Sav-On	147
Journeys	146
Lord & Taylor	142
OfficeMax	142
Toys "R" Us	141

Source: Experian Marketing Services

Top mobile apps used by smartphone owners who would be interested in
receiving mobile advertising

Smartphone app	Index to smartphone population
Flipboard	155
Chase Mobile	124
Ebay	122
Yelp	122
ESPN ScoreCenter	118
Subway Surfers	117
Dropbox	115
Starbucks	112
Weather Bug	112
Quickoffice	112

Source: Experian Marketing Services

Mobile purchases

Using a mobile device as a shopping tool is one thing; using a mobile device to make a purchase is another. While purchases via mobile phones are on the rise, consumers are still much more likely to conduct transactions on their computer or digital tablet. For instance, 41 percent of computer owners have purchased a book through their computer, but only 13 percent of mobile phone owners say that they've bought a book using their phone. With mobile service providers allowing their customers to make donations by simply sending a text message, it's no surprise that the gap between charitable donations via mobile and PC is the lowest of all purchase categories. Marketers may be able to close that gap for other categories by streamlining the purchase process through mobile phones by allowing customers to create profiles in advance to enable "one-click" mobile purchases.

Percent of device owners who have purchased
select products/services

Product/service purchased	Device used to purchase		
	Via mobile phone	Via digital tablet	Via PC
Apparel/Accessories	28%	47%	56%
Electronics	21%	41%	49%
Food	11%	23%	21%
Pharmaceuticals/Drugs	9%	18%	19%
Stocks/Bonds/Mutual funds	6%	15%	13%
Tickets to movies/events	15%	34%	43%
Toys/Games	11%	34%	32%
Travel services/reservations	10%	33%	56%
Personal care/Toiletries	9%	13%	23%
Auction items	14%	26%	23%
Charitable donation	10%	15%	15%
Books	13%	45%	41%
Music	17%	41%	35%
Video games	16%	33%	25%
Other	13%	14%	15%
None of these	24%	4%	2%

Source: Experian Marketing Services

Adopting mobile marketing tactics

The adoption of mobile marketing increased 17 percent in 2013 over 2012. While 71 percent of marketers engage consumers in the mobile channel, the majority are not optimising the potential of marketing to their customers through a range of different mobile marketing tactics. For example, SMS is still only being used by 28 percent of brands, and only 7 percent use both SMS and MMS. This approach of using the channel but not fully immersing in the range of opportunities available is similar to the way marketers approach and operate in many channels, email included. Marketers need to not only be present in the various marketing channels available, but really engage with every customer touch-point the channel has to offer and continuously learn more about their customers' behaviours and preferences in that space. With this insight they can optimise channel performance as well as learn how the channel fits in the customer's overall journey.

Do you currently use SMS or MMS campaigns?
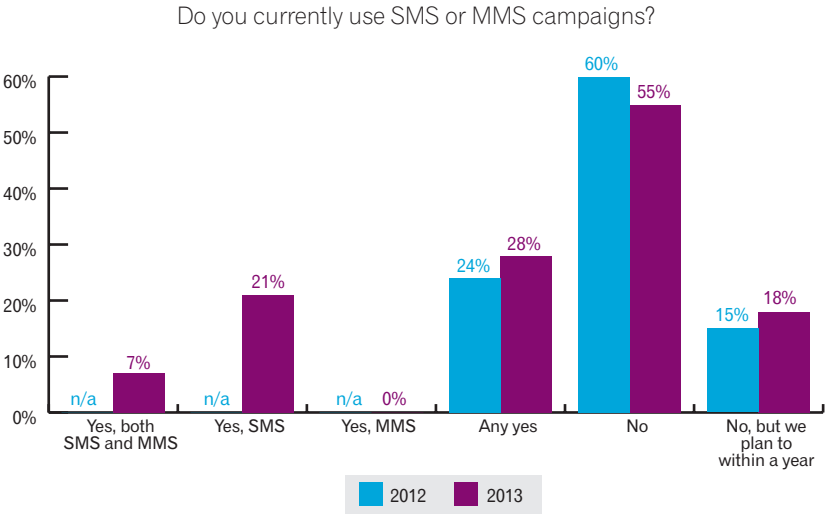
Source: Experian Marketing Services

Looking at the types of campaigns being executed in mobile, coupons grew in popularity, as did location-based messages, which more than doubled since 2012 survey results.

What types of mobile campaigns do you currently send?
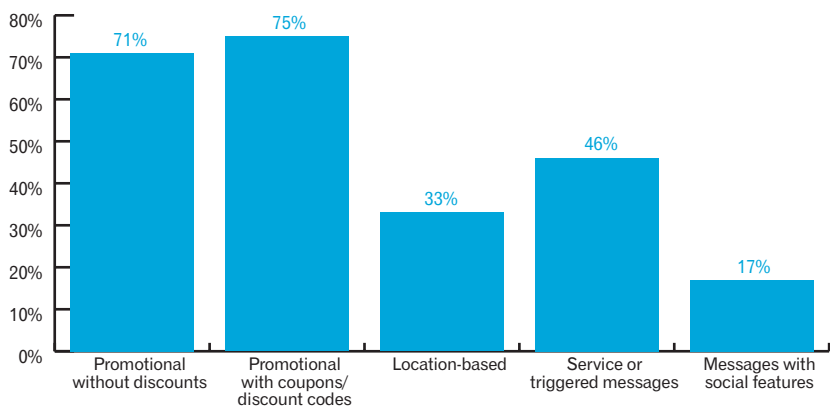
Source: Experian Marketing Services

Best practices: Location-based mobile campaign

Case study: American Eagle Outfitters®

Strategy
- Involve loyalty members in collaboration of in-store window decorations
- Tie mobile SMS to stores

Execution
- Use SMS to drive members to local stores
- Provide customers with an opportunity to have a voice in the stores for Valentine's Day — main message focuses the possibility of having a personalised heart in the store window
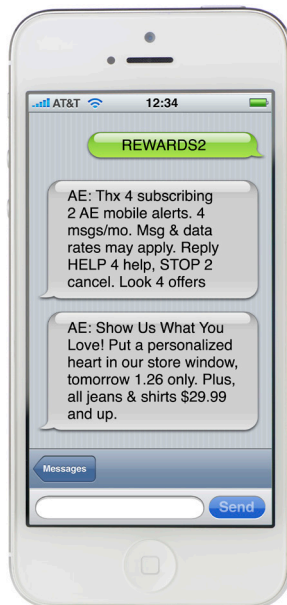
Best practices: Mobile Website

Sixty-five percent of brands currently have a mobile site, and 19 percent more plan on having one within the next year.

Do you currently have a mobile site?
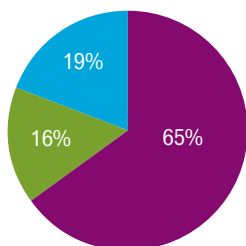
- **Yes** — 65%
- **No** — 16%
- **No, but we plan on implementing one within the year** — 19%

Source: Experian Marketing Services

Case study: Vodafone

Vodafone, the U.K.'s first mobile phone network and one of the largest mobile operators in the world, needed the ability to integrate the Web, email and mobile experience fully while being able to measure its mobile marketing impact to increase the efficiency and impact of its future campaign activities.

Challenge/Objective

Vodafone uses cookies to remind customers that they've previously added products to their online shopping basket, but haven't completed the transaction. Customers receive an email containing a link to return them to the basket as they left it, with content recreated from information contained in cookies left on their computer when they shopped. However, if customers initially browse the online shop on their laptop but receive and open the reminder email on their smartphone, there is no cookie to recreate the basket — and valuable sales opportunities are lost.

Resolution

Experian Marketing Services started from scratch, rebuilding the abandoned basket email process from the ground up in order to capture behaviour across Websites. This information is then gathered by Experian Marketing Services' email marketing platform and integrated into the abandoned basket reminder email. It delivers all the data Vodafone needs to recreate a customer's basket as he or she left it — including the phone, tariff and add-ons — without a cookie in sight.

Results

In just six weeks the project was developed, tested and refined for a redefined approach to channel integration for Vodafone. From roll out, orders from formerly abandoned baskets have leapt by 30 percent. Innovation in linkage technologies brings business process improvement, with the ability, for example, to see how long transactions take and continually refine the process to make it easier and faster for customers. Detailed metrics allow Vodafone to see which campaign components generate the most revenue, and focus marketing resources where they will deliver maximum returns.

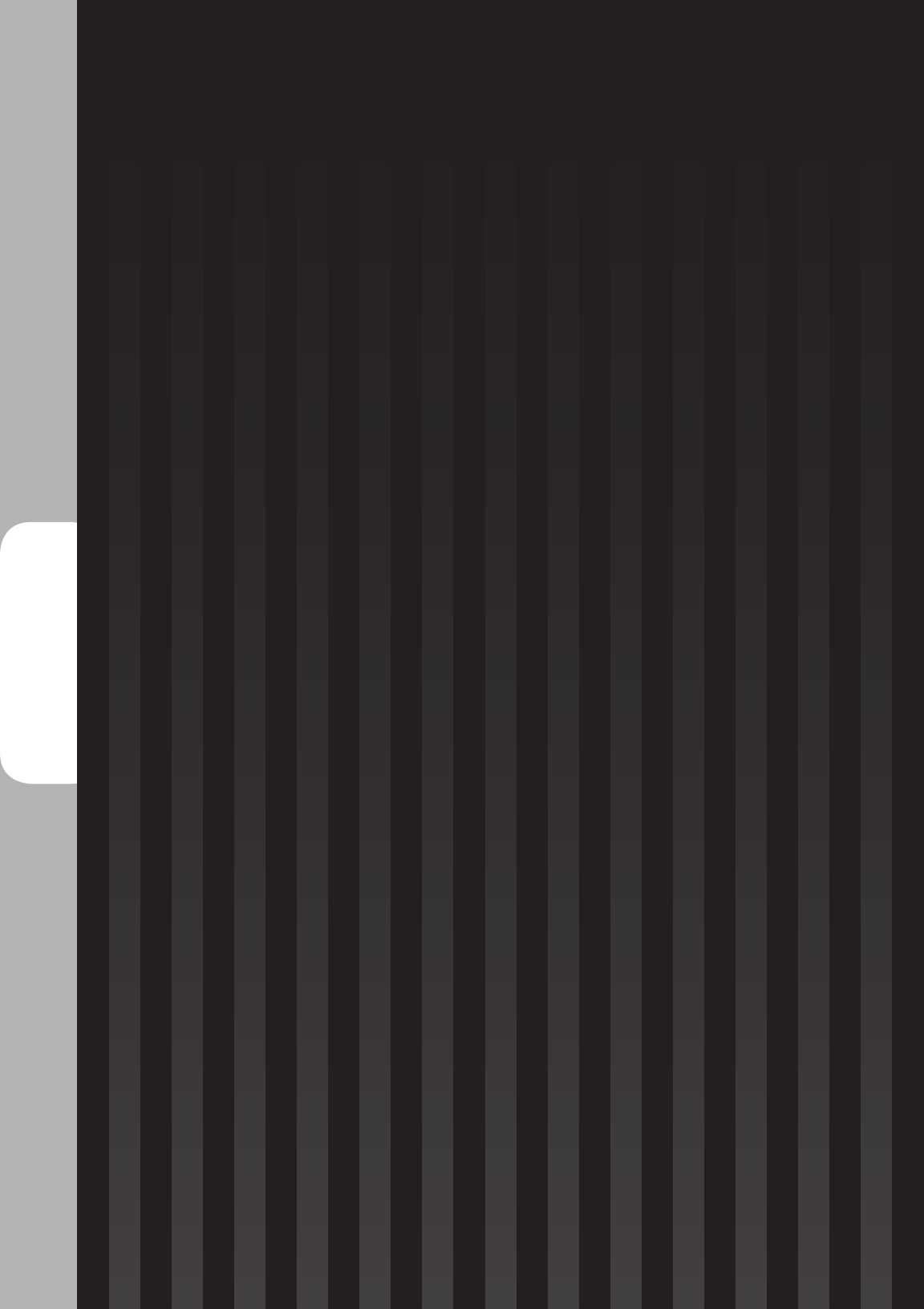Remind customers of the online mobile experience through email, social media and in store.

Example: The Limited entices customers to visit and shop on its mobile site with exclusive email offers.

Social

Social

During a typical week, 56 percent of U.S. adults access social media sites. Among young adults, that figure rises to 78 percent. Affluent adults, too, are much more likely to be social with 71 percent accessing social media during a given week compared with just 36 percent of adults age 50 and older.

Percent of adults using social media each week, by age

Age group	Percent
All adults	56%
18-35	78%
35-49	66%
50+	36%
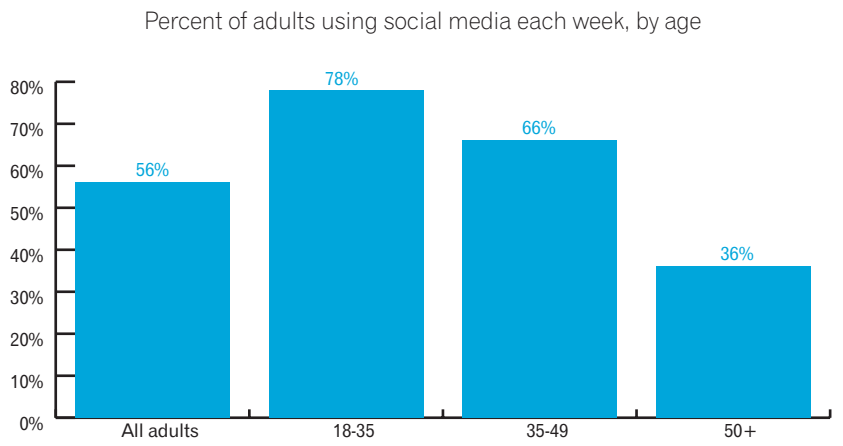
Source: Experian Marketing Services

Mobile phones are the most commonly used device to access social media, with 65 percent of social media users accessing social media content from a smartphone during a given week and 28 percent of social media users accessing social media solely from a smartphone. Just more than half of social media users access social media from a home computer and 20 percent access it from a computer at work.

Devices used to access social media during a typical week

Device	Percentage
Mobile phone	65%
Computer at home	52%
Digital tablet	24%
Computer at work	20%
Game console	3%
MP3 player	2%
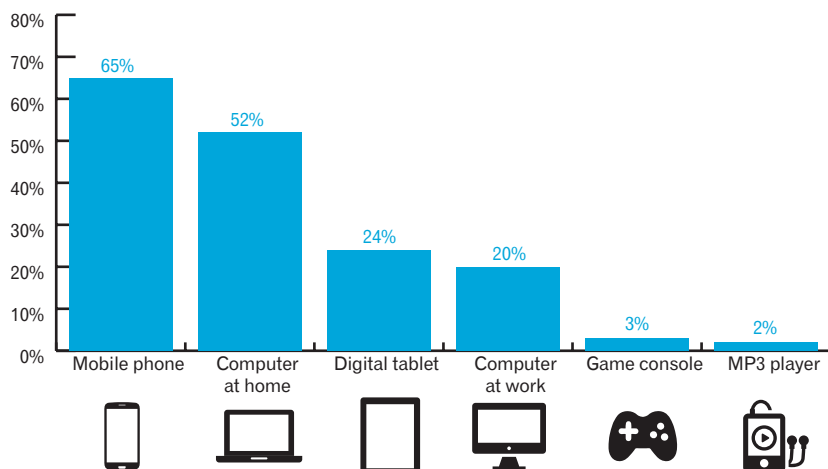
Base: Social media users • Source: Experian Marketing Services

Social across platforms

Consumers can choose from an array of platforms and devices when being social. They access their social network via the device that's most convenient at the time. In fact, 47 percent of adults active in social media access networks via at least two devices during a typical week and 16 percent access it via three or more devices.

The most common device combination for accessing social media is the home PC and a smartphone, which 28 percent of all social media users leverage during a typical week to access their social networks. Other common combinations include the home PC and work PC, used by 15 percent of social media users; the smartphone and tablet, used by 13 percent of social media users; and the work PC and smartphone used by 12 percent of social media users.

Device popularity and overlap for accessing
social media during a typical week
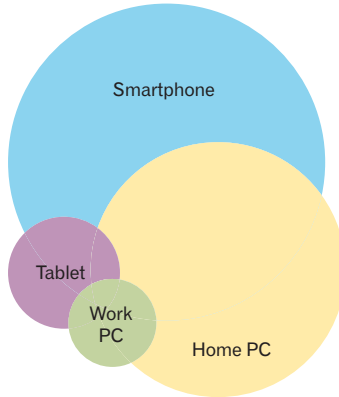
Circle size correlates to percent of social media users who use each device to access social media during a typical week. Degree of overlap indicates the percent of each device users to also use the overlapping device to access social media during a typical week. Only the top four devices used to access social media content are shown.

Source: Experian Marketing Services

Promoting social media via email

Many of today's marketers are leveraging the power of social communities to increase customer engagement and expand their brand's reach. For example, the following is a list of the percentage of Experian Marketing Services clients that are using social tools and tactics in their various marketing campaigns to encourage and enable social sharing.

- Thirty-three percent of clients have used "pin it" buttons in emails

- Forty-three percent of clients have used "like it" buttons in emails

- Twenty-one percent have used "tweet this" buttons in emails

- Fifteen percent of clients allow social sharing at checkout

- Ninety-six percent of marketers promote social media in headers and footers

How do you display or promote social media in emails

	In headers or footers	With banners	In stand-alone emails	With "pin it" buttons	With "like" button	With "tweet this" buttons	With sweepstakes with social tie-ins	In subject lines
	96%	43%	27%	35%	43%	21%	43%	21%
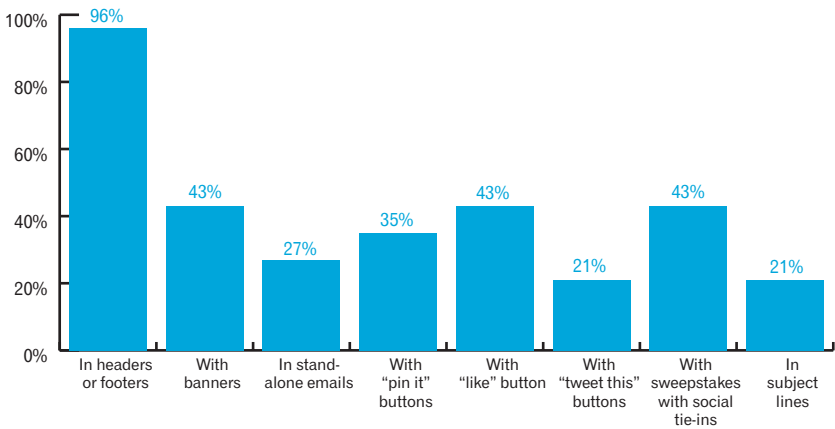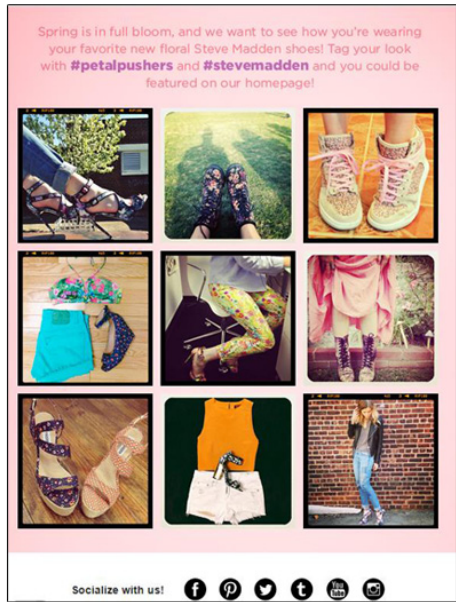
Example: Steve Madden® prominently displays an Instagram hashtag in the header of its emails with a call to action to tag photos with the hashtag in order to be featured on the brand's home page.

Hashtag campaigns such as this one are a fun and effective way to engage customers who are active on social media and organically expand the reach of new products through the advocacy of fans and followers.

In looking at the social networks clients display or promote in emails, Pinterest had the biggest increase compared to 2012, while newcomer, Instagram, is now being promoted by 39 percent of brands.

Which social networks do you display or promote in emails?
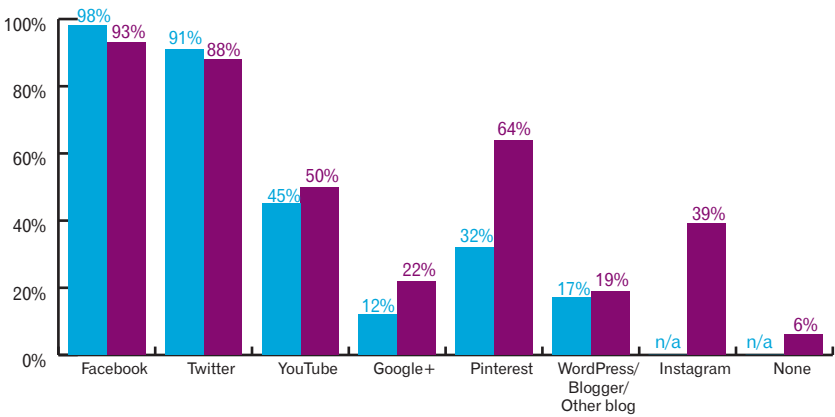
	Facebook	Twitter	YouTube	Google+	Pinterest	WordPress/Blogger/Other blog	Instagram	None
2012	98%	91%	45%	12%	32%	17%	n/a	n/a
2013	93%	88%	50%	22%	64%	19%	39%	6%

Source: Experian Marketing Services

🔍 **Case study: Product review test by American Eagle Outfitters**

Strategy

- Leverage customers' voices to promote the benefits of a service

- Test to assess how displaying customer reviews or both ratings and reviews influences performance and response

- Create a "viral" effect using strong influence of social communities

- Show that the brand values customer feedback by asking for reviews — a form of customer recognition
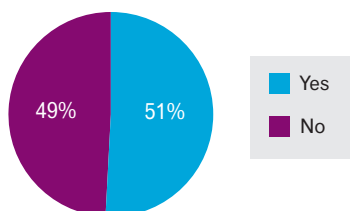
Execution

- Experian Marketing Services deployed the email test with ratings and reviews powered by partner Bazaarvoice

Results

- Ratings and reviews email received the best results

- Revenue per email: 16 percent increase

- Open rate: 3 percent increase

Do you solicit ratings and reviews via email?

49% No
51% Yes

Source: Experian Marketing Services

Searching for social

Facebook reigns supreme as the most popular social networking site with 57.24 percent of all visits to the category as of November 2013.[5] YouTube, with less than half the visit share of Facebook, is number two. All other sites lag considerably further behind, with Twitter, Google+ and Yahoo! Answers rounding out the top five.

Most popular social networking and forums Websites

Rank		Search terms	Visit share
1	Facebook	www.facebook.com	57.24%
2	YouTube	www.youtube.com	24.68%
3	Twitter	www.twitter.com	2.13%
4	Google+	plus.google.com	1.49%
5	Yahoo! Answers	answers.yahoo.com	1.17%
6	Pinterest	www.pinterest.com	0.91%
7	Linkedin	www.linkedin.com	0.81%
8	Instagram	www.instagram.com	0.60%
9	Tumblr	www.tumblr.com	0.48%
10	Reddit	www.reddit.com	0.40%
11	Tagged	www.tagged.com	0.40%
12	Kongregate	www.kongregate.com	0.27%
13	Yelp	www.yelp.com	0.26%
14	IMVU	www.imvu.com	0.26%
15	MeetMe	www.meetme.com	0.24%
16	Upworthy	www.upworthy.com	0.22%
17	deviantART	www.deviantart.com	0.21%
18	ask.fm	www.ask.fm	0.18%
19	Fixya.com	www.fixya.com	0.17%
20	Club Penguin	www.clubpenguin.com	0.16%

Visit share – Month ending November 30, 2013 • Source: Experian Marketing Services

[5]*Search activity is based upon activity taking place on PCs. The data does not include mobile searches or traffic.*

Marketers need to know how much time they have to reach social media users, and the amount of time that visitors spend on the leading social media sites covers quite a range. Facebook not only tops the list of social sites with the most visits, it's also the social site on which visitors spend the most time. During a typical visit from a computer, Facebook visitors spend an average of 21 minutes and 35 seconds on the site, just slightly more time than YouTube visitors spend during a typical visit (20 minutes and 44 seconds). Twitter and Pinterest visitors spend between 10 and 11 minutes, roughly, per visit, while LinkedIn visitors spend just more than seven and a half minutes per visit. Google+ has one of the lowest average visit times of the top 10 social sites ranked by visit share, with the average visit lasting six minutes and seven seconds.

Average time spent per visit to top social networking sites, in minutes:seconds
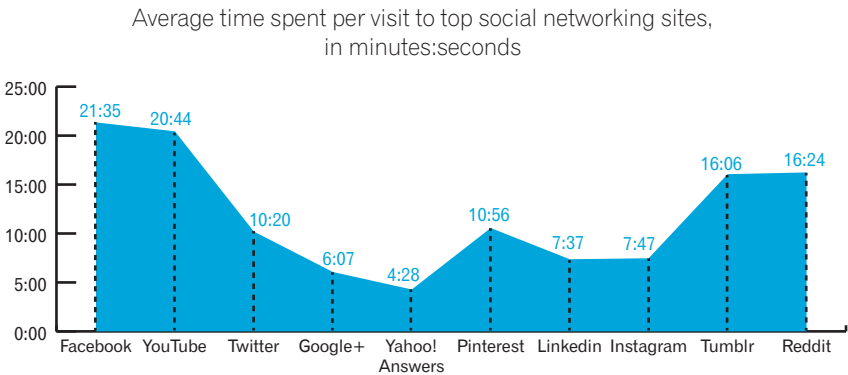
November 2013 • Source: Experian Marketing Services

Social gaming sites dominate the list of fastest growing social networking and forums. In fact, six of the 10 fastest growing social sites in the past year are dedicated to providing forums and networks for gamers to connect with one another. Social gaming sites provide marketers with a great opportunity to connect with gamers who tend to be young, trendsetters and heavy users of new technology. Upworthy, the viral video site launched by a former executive of MoveOn in 2012, is the fastest growing non–gaming-related social site, which increased its visit share within the category in the last year by more than a factor of 12. In November 2013, 66 percent of the upstream traffic to Upworthy came from Facebook, pointing to the interconnectedness of social sites and the importance of creating shareable content.

Fast growing social media Websites

Rank	Website	Domain	YoY difference
1	Wargaming.net	www.wargaming.net	853068%
2	RockStar Games – Social Club	socialclub.rockstargames.com	3114%
3	Upworthy	www.upworthy.com	1191%
4	ask.fm	www.ask.fm	749%
5	Steam Community	www.steamcommunity.com	493%
6	Reddit	www.reddit.com	243%
7	Skyrim Nexus	skyrim.nexusmods.com	219%
8	Kongregate	www.kongregate.com	180%
9	League of Legends Competitive Gaming Community	www.solomid.net	143%
10	Apple Discussion	discussions.apple.com	137%

Fastest growing sites ranked 100 or higher by visit share in November 2013
Source: Experian Marketing Services

Despite the fact that search engines drive the greatest share of traffic to social networking sites — 39.1 percent of upstream traffic comes from search engines — those sites are declining when it comes to driving traffic. Social sites are actually increasingly responsible for driving their own traffic, as the share of upstream traffic to social networking sites from other social networking sites is growing. Specifically, in November 2012, 12.5 percent of upstream traffic to sites within the Hitwise® social networking and forums category came from other sites in the category. In November 2013, the share of upstream traffic that came from within the category had risen to 15.1 percent for a relative increase of 20 percent.

Upstream industries visited before Social Networking and Forums sites

Industry	Click share	YoY relative difference
Search Engines	39.1%	-13%
Social Networking and Forums	15.1%	20%
Email Services	8.4%	18%
Portal Frontpages	5.4%	-41%
Multimedia	5.0%	41%
Games	2.5%	16%
Software	1.6%	74%
Television	1.6%	9%
Reference	1.2%	28%
Department Stores	1.1%	48%

Year over year difference in visit share — November 2013 vs November 2012
Source: Experian Marketing Services

The types of sites visited after social networking sites are similar to those seen in the upstream list. In fact, search engine- and social networking-categorised sites top the list of downstream sites visited after a social site. Both categories, however, have lost share of downstream visits over the last year. Sites gaining in downstream traffic include multimedia sites, which received 7.9 percent of downstream traffic from social networking sites in November 2013, up from 7 percent a year prior. Blog- and software-categorised sites have also seen their share of downstream traffic increase a relative 56.3 percent and 34.6 percent, respectively, between November 2012 and November 2013.

Downstream industries visited after Social Networking and Forums sites

Industry	Click share	YoY relative difference
Search Engines	20.4%	-16%
Social Networking and Forums	15.5%	-6%
Multimedia	7.9%	13%
Email Services	4.3%	4%
Portal Frontpages	4.0%	-34%
Games	3.5%	-19%
Television	2.7%	3%
Software	2.6%	35%
Blogs and Personal Websites	1.9%	56%
Print	1.6%	4%

Year over year difference in visit share — November 2013 vs November 2012
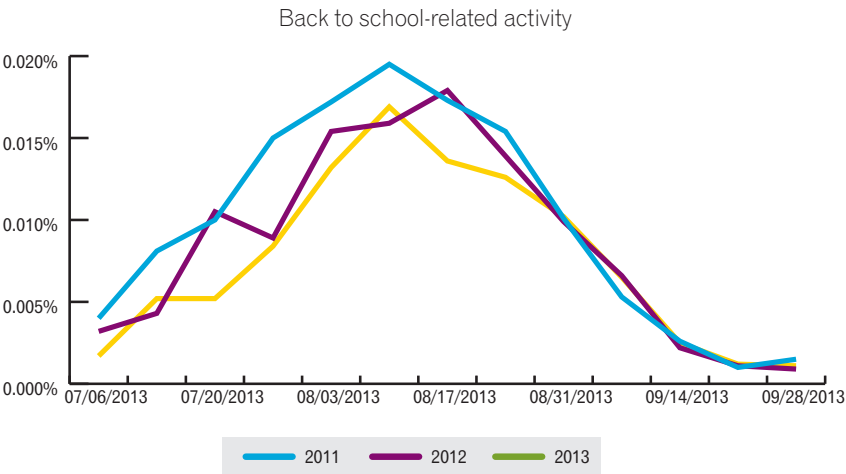*Source: Experian Marketing Services*

Search and display

Search and display

A key component to understanding and validating in-market trends and consumer intent is through monitoring search activity.[6] Seasonal spikes in past search behaviour can tell marketers when a season is typically going to peak to help inform media buying along with search and email campaigns. With some categories, there is a predictable spike that takes place each year around the same time, like search activity around diets in January just in time for New Year's resolutions, or online retailers on Thanksgiving, Black Friday and Cyber Monday for the holiday shopping season. The back-to-school season — in early-to-mid August, approximately two to three weeks before the new school year begins — is another time when search term variations typically peak. There is also significant growth that takes place in the weeks leading up to the annual peak to provide opportunities to reach consumers as they start to make purchasing decisions.

Back to school-related activity

Source: Experian Marketing Services

[6]*Search activity is based upon activity taking place on PCs. The data does not include mobile searches or traffic.*

Other important aspects to watch for are in-market signals and opportunities that may emerge throughout the season. Overall, teen-oriented apparel Websites have a seasonal spike that mirrors the back-to-school search activity but experiences a second spike in traffic during Labor Day weekend, after many schools have already started. Many kids (and parents) want to see what others are wearing to school and leave some money available for additional apparel purchases.

Total visits to teen apparel and accessories Websites
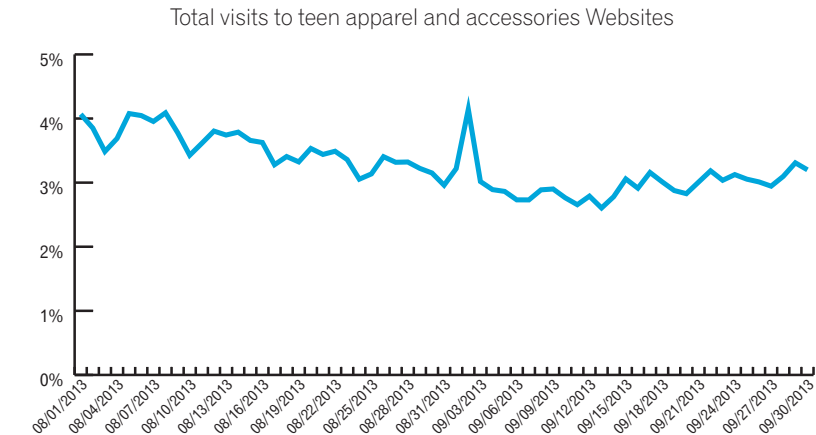
Source: Experian Marketing Services

Themes also emerge from search data to help identify specific in-market trends. During the 2013 back-to-school season, keywords that were used with "back to school" more often than the previous year highlight that consumers were more interested in DIY, Pinterest, shoes and promotions such as giveaways, sales and coupons.

Keywords used in searches for back to school

Rank	Keywords	Four weeks ending 08/31/2013	YoY % change
1	2013	7.16%	2898%
2	trends	0.90%	463%
3	diy	0.68%	312%
4	giveaway	0.77%	294%
5	pinterest	0.82%	237%
6	coupons	0.92%	225%
7	arts	0.53%	203%
8	shoes	0.87%	197%
9	shopping	1.49%	186%
10	sales	3.20%	166%

Compared with 09/01/2012 • Source: Experian Marketing Services

Researching seasonal trends for key consumer segments can also help to highlight differences that offer new marketing opportunities. The all-important holiday season is a great example. This year, the top branded products searched for by consumers during the weekend of Thanksgiving and Black Friday in 2013 were new game consoles, smartphones and tablets.

Top branded product search terms driving traffic to electronics retailers

Rank	Search terms	Rank	Search terms
1	xbox one	6	microsoft surface
2	ps4	7	samsung galaxy note 3
3	iphone 5s	8	chromecast
4	ipad air	9	iphone 5c
5	kindle fire hd	10	wii u

Week ending 11/30/2013 • Source: Experian Marketing Services

The top branded product list looks somewhat different when compared to that of an Experian Marketing Services consumer segment called "Tech Junkies" due to their propensity to consume content around the latest gadgets. Here instead, the "ipad mini" topped their list of most wanted products along with a different tablet from Dell and a GPS device from Garmin. The difference between "Tech Junkies" and the general online population also illustrates that the "Tech Junkies" have a higher propensity to search on the majority of the products with a potentially higher intent to purchase.

Top branded product search terms driving traffic to electronics retailers for the Tech Junkies segment

Rank	Search term	Difference from online population	Rank	Search term	Difference from online population
1	ipad mini	12%	6	kindle fire	5%
2	ps4	36%	7	xbox one	-41%
3	chromecast	240%	8	ipad air	9%
4	pyle retro turntable	1721%	9	dell venue 8 pro	392%
5	iphone 5s	34%	10	garmin 3597	1721%

Week ending 11/30/13, compared with the online population
Source: Experian Marketing Services

Looking at these trends together can validate and complement what marketers see in their own data, creating a more holistic story of seasonal dynamics for campaign planning.

The search landscape

Facebook is the top-searched term overall in the United States for the fifth year in a row.[7] Again, four variations of the social networking site were among the top 10 terms. Those terms accounted for 5.18 percent of all searches, a 7.8-percent decrease from 2012. Overall these 10 terms accounted for 8.25 percent of all searches, down from the 8.88 percent captured by the top 10 in 2012.

Top 10 most-searched terms in the U.S.

2012	2013
facebook	facebook
youtube	youtube
craigslist	facebook login
facebook login	craigslist
facebook.com	yahoo
yahoo	ebay
ebay	facebook.com
www.facebook.com	www.facebook.com
amazon	amazon
walmart	netflix

Based on the top 1,000 unfiltered U.S. search terms across all search engines and U.S. total visits for January to December 2013. • Source: Experian Marketing Services

The share of clicks captured by the top Websites in Q4 2013 has also dropped year-over-year. Although there was some movement among them, the same five Websites captured 20 percent of all search activity in Q4 2013 as in Q4 2012.

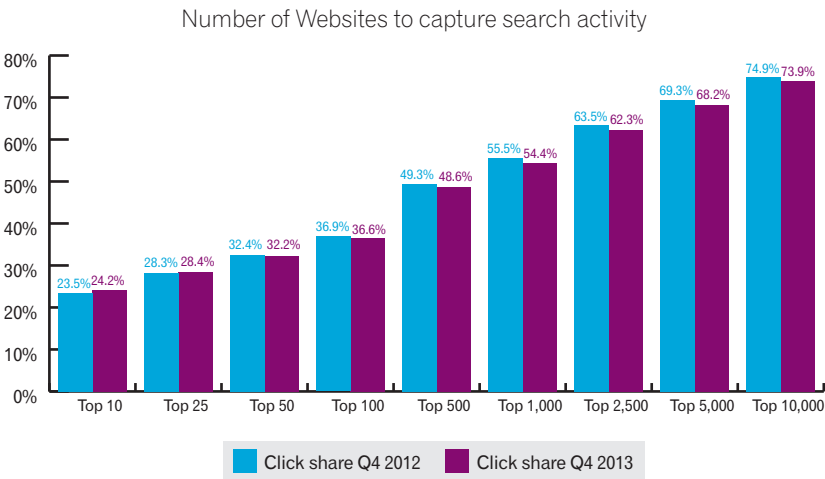Top five Websites to capture search clicks

Website	Domain	Click share Q4 2012	Click share Q4 2013
Facebook	www.facebook.com	0.0848	0.0789
YouTube	www.youtube.com	0.0555	0.0664
Wikipedia	www.wikipedia.com	0.0263	0.0278
Yahoo!	www.yahoo.com	0.0201	0.0178
Amazon.com	www.amazon.com	0.0140	0.0134

Source: Experian Marketing Services

Reaching a wider share of potential consumers through search continues to be a challenge, especially for the 39 percent of marketers, globally, who

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[7]*Search activity is based upon activity taking place on PCs. The data does not include mobile searches or traffic.*

count search marketing among the top three channels they plan to use in 2014, even for those with a large Web presence. The top 500 Websites still capture nearly 50 percent of search clicks, and the top 10,000 Websites still capture close to 75 percent. Marketers have to cast a broad net in order to capture significantly more search activity.

Number of Websites to capture search activity
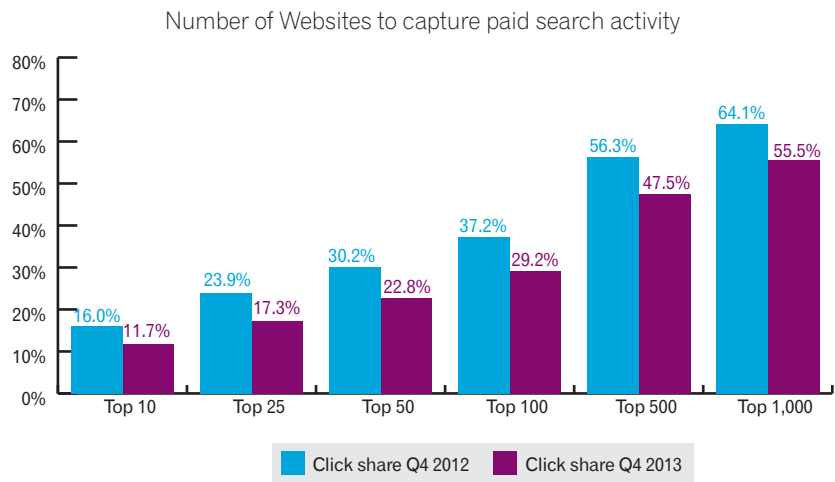

Source: Experian Marketing Services

The same is true for paid search — the top five Websites capture 8.85 percent of all paid search clicks. Amazon.com remained the top site to capture paid visits, increasing from 4.19 percent to 4.42 percent of paid search. Best Buy also stayed in the top five, but dropped from 1.06 percent to 0.72 percent of share. YouTube, YellowPages.com and The Home Depot entered the top five, moving eBay, eHow and Yahoo! Shopping out.

Top five Websites to capture paid clicks

Website	Domain	Click share Q4 2013
Amazon.com	www.amazon.com	4.42%
YouTube	www.youtube.com	2.28%
YellowPages.com	www.yellowpages.com	0.83%
BestBuy	www.bestbuy.com	0.72%
The Home Depot	www.homedepot.com	0.60%

Source: Experian Marketing Services

In Q4 2013, the top 10 Websites captured 11.65 percent of paid search activity, which dropped from 16 percent in Q4 2012. The top 500 Websites captured just less than half, almost 10 percent fewer than in Q4 2012.

Number of Websites to capture paid search activity

Source: Experian Marketing Services

With the number of devices and channels available for consumers, it makes sense that the share of visits to the top Websites has shown a slight decrease in the last year. It is important for marketers to remember that understanding the customer is vital to increasing campaign effectiveness and capturing a higher percentage of traffic. This is true whether a Website is in the top 10, top 1,000 or top 10,000. Marketers need to cut through the clutter and grab the attention of their key targets by putting them at the center of their strategies.

Digital display advertising continues to grow

New advertising media, such as mobile, is growing at a rate much faster than online display, with some industry researchers estimating that mobile will account for half of digital display advertising by 2017.[8] In the first half of 2013, mobile advertising spend reached $3 billion, a 145 percent increase from $1.2 billion in the first six months of 2012.[9]
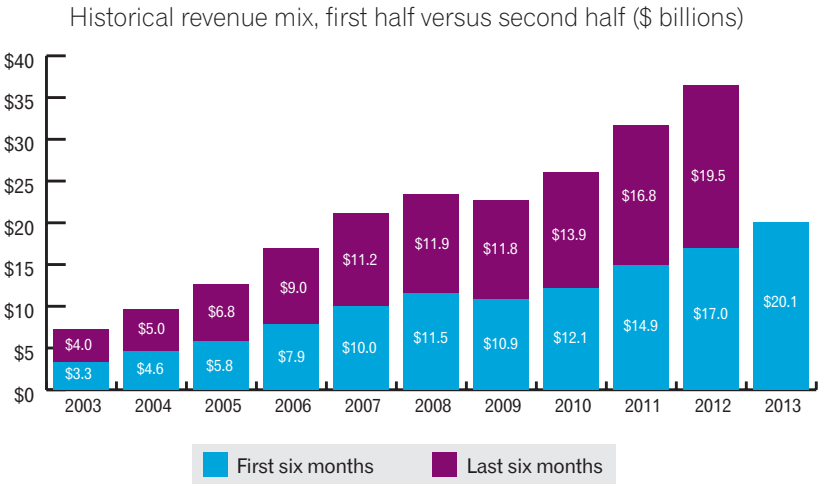
According to the Interactive Advertising Bureau, U.S. Internet advertising revenues totaled $10.3 billion in the second quarter of 2013, an increase of 5 percent from the 2013 first-quarter total of $9.8 billion and an increase of

[8]US Ad Spending: Q3 2013 Forecast and Comparative Estimates, October 2013, eMarketer
[9]IAB Internet advertising revenue report: 2013 first six months' results, October 2013, Interactive
 Advertising Bureau

18 percent from the 2012 second-quarter total of $8.7 billion. Year-to-date revenues through June 2013 totaled $20.1 billion, up 18 percent from the $17 billion reported in 2012.

Applying historical seasonal data, the first six months of 2013's revenues of $20.1 billion were on an annual run-rate to make 2013 the highest year yet. The previous highest annual total was $36.6 billion in 2012.[10]

Historical revenue mix, first half versus second half ($ billions)

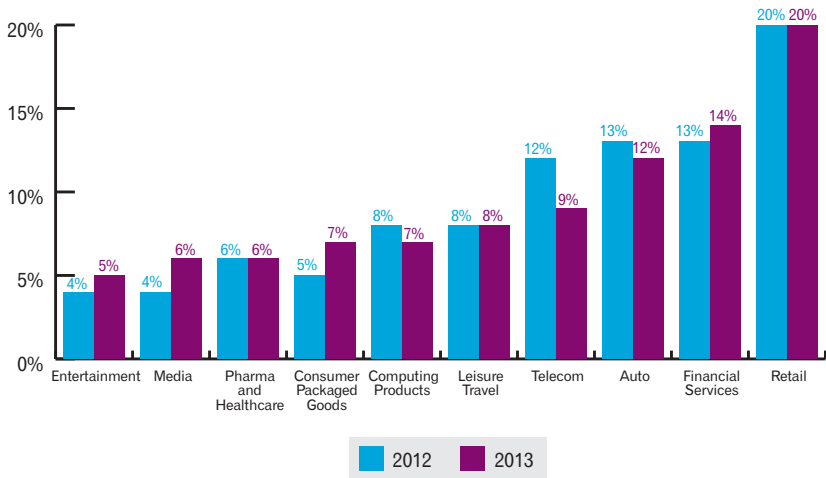|	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Last six months	$4.0	$5.0	$6.8	$9.0	$11.2	$11.9	$11.8	$13.9	$16.8	$19.5	
First six months	$3.3	$4.6	$5.8	$7.9	$10.0	$11.5	$10.9	$12.1	$14.9	$17.0	$20.1

■ First six months   ■ Last six months

Source: IAB Internet advertising revenue report: 2013 first six months' results, October 2013, Interactive Advertising Bureau

Retail advertisers continue to be the largest sector of U.S. Internet ad spending, accounting for 20 percent, or $4.0 billion, of spending in the first half of 2013. While at much lower spending levels, Consumer Packaged Goods and Media sectors both had the largest increases in spending. Each sector grew by 2 percent to reach 7 percent and 6 percent, respectively, of overall Internet ad spending. Telecom dropped off the most, by 3 percent year-over-year to account for 9 percent of spending in the first half of 2013.

Internet ad revenues by major industry category*, year to date: 2012 versus 2013

Entertainment: 2012 4%, 2013 5%
Media: 2012 4%, 2013 6%
Pharma and Healthcare: 2012 6%, 2013 6%
Consumer Packaged Goods: 2012 5%, 2013 7%
Computing Products: 2012 8%, 2013 7%
Leisure Travel: 2012 8%, 2013 8%
Telecom: 2012 12%, 2013 9%
Auto: 2012 13%, 2013 12%
Financial Services: 2012 13%, 2013 14%
Retail: 2012 20%, 2013 20%

Legend: 2012, 2013

*Industry category definitions may have changed over the time period depicted, both within the survey process and as interpreted by survey respondents. Amounts do not total to 100% as minor categories are not displayed.
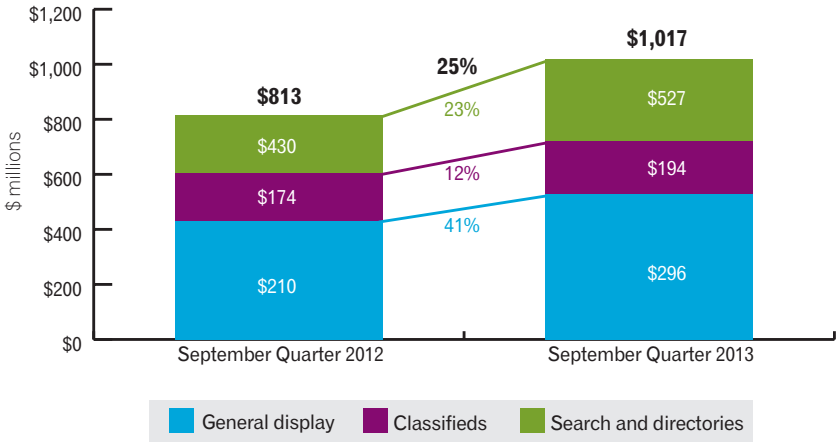
Source: IAB Internet advertising revenue report: 2013 first six months' results (October 2013), Interactive Advertising Bureau

In Australia, online advertising expenditure exceeded $1 billion for the first time in Q2 2013.[11] The record high of $1,016.7 million in the September quarter 2013 represented growth of 4.6 percent compared to the prior quarter and 25 percent compared to the same quarter in 2012. Mobile advertising expenditure represented 11 percent of the total, of which 58.4 percent was search and 41.6 percent was general display.

Online advertising expenditure compared to prior comparative quarter

$ millions

$813

$1,017

25%

$430 — 23% — $527

$174 — 12% — $194

$210 — 41% — $296

September Quarter 2012   September Quarter 2013

█ General display   █ Classifieds   █ Search and directories

Source: PricewaterhouseCoopers IAB Online Advertising Expenditure Report, November 2013.

Building a cross-channel
marketing plan

Intelligent interactions. Every time.

Building a cross-channel marketing plan

All of this raises the question of how brands should best employ technology, data and insights (while taking into account evolving customer habits) as they strive to meet their financial goals. In other words, how do brand marketers use all of these new interconnected technologies and touch points to shift the consumer-brand dynamic back in their favor? How do companies consistently engage Lucy, or their own best customer, across channels in ways that spur a desired behaviour?

Cross-channel marketing has become something of its own organisational mantra, with a growing number of companies expressing cross-channel aspirations and an almost equally long list of vendors promising platforms and programs capable of delivering on those plans.

Despite these intentions and vendor promises, there is still considerable confusion about how best to implement a cross-channel marketing program that actually meets the needs of the modern consumer.

It should by now be clear that success in a multichannel world requires organisations to treat every customer touch point with the same respect and, further, to integrate those channels so that they can deliver a consistent customer experience across the organisation. Anything less risks alienating the consumer and negatively impacting revenue.

For organisations prepared to create a cross-channel roadmap, there are five distinct areas of focus that must be addressed:

- Big-picture commitment
- Processes and success measures
- Real-time customer insight
- Flexible technology
- Harnessing data and analytics

Below is a deep dive into each area:

Big-picture commitment

Cross-channel marketing needs executive stewardship, and the C-suite must be behind it. Why? Because integrating multiple consumer touch-points — as seamless and commonsensical as it sounds — requires foundation-rattling change across the entire organisation. To be sure, traditional marketing practices will be dramatically affected, but so too will IT, customer service and sales, plus operations and product development, meaning C-suite commitment is key to enterprise-wide adoption and success. Putting the customer at the center is no longer optional — it is a must.

Unfortunately, cross-channel marketing is a relatively new discipline, meaning few organisations possess the internal expertise necessary to implement the processes, practices, tactics, technologies, skillsets and analytics that are key to its success. As such, organisations should seek outside specialists to partner with them in creating a strategic cross-channel roadmap. An honest broker is integral to successful transformation.

Process and success measures

The next phase of the process is to put in place the structures, practices, policies and tactics necessary to develop and sustain a cross-channel program. This entails creating and embracing new data-driven metrics including:

- **Campaign measurement criteria:** The organisation must establish measures for gauging marketing campaign effectiveness across multiple channels, including the ability to attribute success to the right channel(s) versus "last click." This includes employing, testing and trusting complex mathematics, which for many will be a cultural shift.

- **Measures of success for internal staff:** Rewards for optimising a single channel's performance, which may not align with customer value or experience, need to be re-evaluated. Companies need the ability to "allocate credit in an equitable way that both rewards the right employees but also creates a superior customer experience," says Brian Gregg, an associate principal at McKinsey.[12]

- **Analytics over instinct:** In a multichannel universe there are simply too many moving parts to trust even the most seasoned marketing expert's instinct. Data analytics must come first, but the analytics must be meaningful and aligned with business goals and customer value.

Marketers owe it to themselves, and their organisations, to become as comfortable with analytic judgment as creative choices. (In fact, the results of analysis should be part of the creative process).

By incorporating these changes into an organisation's process and combining with the right technology and skillsets, the company is able — in the words of Forrester Research — to assign "proportional credit to all marketing communications, across all channels, that ultimately lead to the desired customer action."[13]

Real-time customer insights

Every marketer relies on customer insights, but today they are often aimed at things like market segments, Recency Frequency Monetary (RFM) groups, demographics, clicks/opens and last product purchased. In a cross-channel world, there simply isn't time to sort through a range of different customer segments. However, there is the necessity to use actionable customer insight for cross-channel strategy, planning and program performance. By developing multi-dimensional personas that are actionable in any channel and combining them with sophisticated touch-point management to deploy triggered, responsive communication, the customer experience is always relevant and timely.

Good cross-channel customer data requires harnessing information from all sources and wrangling it into a manageable framework. The creation of actionable and relevant segments by data scientists creates a framework that aligns strategy, planning and intelligent campaigns across channels, ensuring the recognition of the customer at all touch points. While Big Data is a reality, so are the mechanisms available to leverage its power, and that's an imperative for cross-channel marketing. Customer insights become actionable, unified, well understood and easily communicated from the CMO to the Web designer to the store associate.

Flexible technology

A single platform capable of capturing data from multiple touch-points and using it to create, execute, manage and monitor multichannel marketing initiatives is the backbone of any cross-channel initiative. Indeed, as Booz & Company states, such systems are "key to ensuring that the business rules that govern customer- and segment-specific channel experiences can be applied and extended seamlessly across an ever-growing range of customer touch-points."[14]

[13]*Forrester Research, Cross-Channel Attribution Presents A Clear Path To Marketing ROI, September 2012*
[14]*Booz & Company, Multi-Channel Customer Management Delighting Consumers, Driving Efficiency, 2010*

Over time this platform also enables its host to cut costs and improve performance by targeting the right message to the highest value targets in desired channels. Today's "always-on" consumer expects real-time execution and response — immediate, actionable engagement opportunities. Managing these real-time data-driven platforms changes the nature of program execution, tilting customer interaction management (it's not a campaign anymore) to a complex rule-driven environment.

As such, the organisation should be prepared to hire or train staff to, among other things:

- Develop, execute and manage algorithm-driven campaigns
- Deploy advanced targeting and database segmentation using real-time data triggers
- Conduct real-time and batch-based multichannel customer engagement practices
- Create and manage integrated, multichannel campaigns

Measurement of what's effective in this world demands equally robust technology with response attribution looking more like media mix allocation models from mass advertising. Brand and direct touches merge as the consumer expects to be able to transact with every message. It is daunting, yes, but doable with the right technology and capable staff.

Harnessing data and analytics

In an era characterised by Big Data, the ability to intelligently capture, store, process and access accurate consumer data from multiple touch-points will be increasingly important to all organisations. Sophisticated linkage technologies are the key to harnessing the tsunami of data available, allowing it to be organised around the customer (and making it manageable for marketing decision making). More specifically, the business intelligence to be gleaned from such data is the key to a company's ability to:

- Improve efficiencies
- Increase revenues
- Understand customer behaviour and sentiment
- Develop compelling products and services
- Attribute response to the right channels
- Measure campaign success
- Gauge messaging effectiveness

- Improve targeting

- Enhance offering effectiveness

- Optimise Website and mobile performance

Rationalising the flood of customer data allows for intelligent allocation of marketing dollars and efforts for optimal business results. Cross-channel measures of effectiveness using advanced mathematics ensure that marketing budgets are aimed at not only the customer, but the customer most likely to engage and spend. Again, data and analytics serve as trusted guides to the marketer.

Measurement and attribution

Knowing which channel and execution strategy best engages consumers is the age-old dilemma for all marketers. But today, there is really no reason that a brand has to rely on unproven marketing measurement techniques. Measuring effectiveness in a single channel, digital display for example, is already essentially solved. Even advertisers who sell their products offline, like brick and mortar retailers, can simply connect their CRM systems to digital exposure data from the publisher or media buying channel they used. By combining this conversion data with advertising spend and creative investment, a brand can find an accurate ROI and determine whether or not to run additional campaigns to acquire new customers efficiently.

But challenges in measurement can happen for example, when a brand runs both digital and television ads, or television ads and direct mail, or even television, direct mail and digital display. Some consumers may see an ad through multiple channels, so how can marketers determine which one drove the action? If multiple channels contributed to a purchase, which one should earn the credit for the sale? How does a marketer know which channels to use again, and which might potentially benefit from increased media spend? Or if combining channels is a waste of ad dollars?

As the issues of disconnected offline and online media sources have haunted the industry for decades, multiple methods have been attempted. Two strategies that are still popular are last-touch attribution and blanket attribution for all channels that made contact with the purchaser.

Last-touch attribution gives unfair credit to lower-funnel actions, such as search and retargeting, while higher-funnel activities can be viewed as non-contributing. Without the higher funnel efforts, the audience size for the lower funnel segments would shrink over time. All-channel attribution gives each channel that made contact with the consumer credit for the sale. This allows higher- and lower-funnel efforts to co-exist peacefully, but overstates sales and doesn't guide the marketer on the best media mix.

Response attribution methods using fractional allocation — which takes the total of the sale and divides credit amongst the participating channels, weighting some greater than others based on timing, intensity of the communication, as well as historical factors by advertiser vertical — is another method. Fractional attribution is an extremely accurate method in use, enabling offline channels, such as television and direct mail, and online channels, such as digital display, to contribute to the consumer making a purchase, while accurately measuring sales and helping guide media mix discussions.

This chart shows an example of each allocation approach for a $100 purchase made on January 11th

Channel	Date of communication	Last-touch attribution	All channel attribution	Fractional allocation
Television	January 6	$0	$100	$70
Email	January 6, 18, 10	$0	$100	$20
Digital display	January 11	$100	$100	$10
Total		**$100**	**$300**	**$100**
		Over-valued channel	Over-stated sales	Proper allocation

Matching all channels to a CRM system is effective, even if only measuring digital channels, and even if conversions happen primarily online. Further, an analysis matching to a CRM system reduces or removes issues like click-fraud, cookie churn and consumers using multiple devices.

When looking into a fractional attribution program, make sure the vendor has:

• A large enough audience to measure campaigns with statistical significance

• Processes in place to collect media exposure data from all channels used (television, digital, etc.), not just digital or just offline channels as that results in all-channel attribution

• Experience maintaining databases over extended periods of time — fractional attribution models must be reviewed over time to identify and monitor trends

Changing to a fractional attribution model is effective for determining internal resource allocation, establishing the best media mix and achieving a higher overall ROI.

Conclusion

Last fall, 41 percent of smartphone owners reported that their phone is the primary way they access the Internet. This year will go down in history as the inflection point for mobile Internet access, but more importantly as the year that cross-channel optimisation became a necessity versus a lofty goal. As you've read in the preceding pages, mobile, while a dominant element, is just one part of a complex system of channels that consumers leverage to consume information about your products and services, and interact with your brand.

This year's Digital Marketer Report shows that there continues to be room for improvement in breaking down organisational silos, with only 15 percent of companies identifying as having a fully integrated marketing program. Consumer demand for a truly integrated experience is sure to make cross-channel marketing optimisation a necessity in 2014 and beyond.

While Big Data was the buzz-phrase for 2013, our research suggests that "actionable Big Data" is where the focus for marketers should now be. As we've detailed in this report, the path to our ultimate goal of cross-channel optimisation begins and ends with customer obsession. Start with arming yourself with data to understand your customers and their preferences, engage them with the right messaging in the channels they prefer, and you and your company will move further down the path to cross-channel marketing nirvana in 2014.
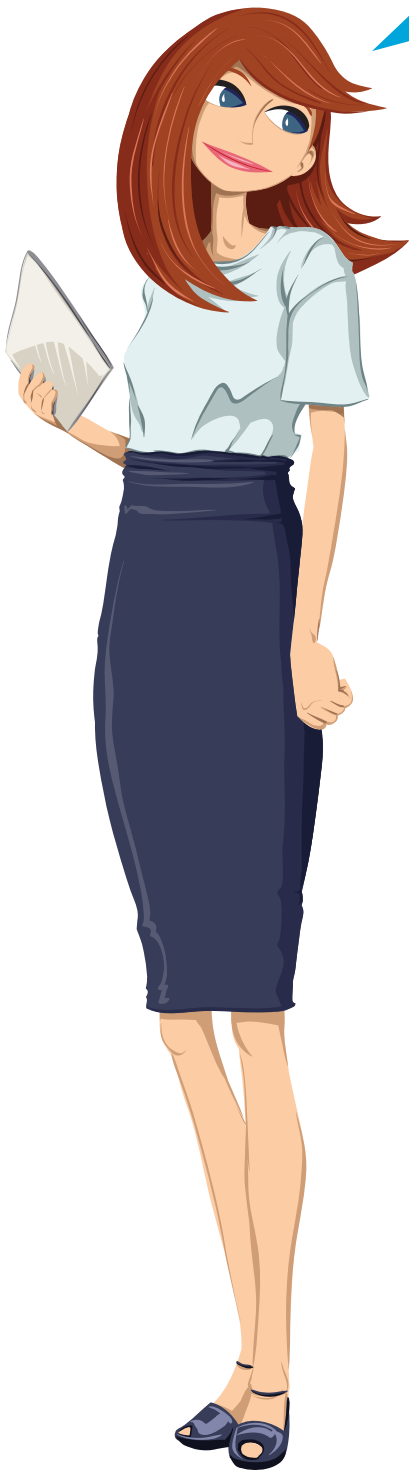
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