

#7for17

Seven views on the future of marketing



Embracing challenges and change



Contents

#1 Foreword

A data powered future - embracing challenges and change

#2 Digital

Data at the point of interaction - more scalable, more relevant and more affordable

#3 Consumer data

The changing face of the modern consumer

#4 Data Quality

In a future of open data and regulation, data quality presents its own challenges and opportunities

#5 Challenges

Challenges for big business in a data-driven 2017

#6 Regulation and Privacy

The trust factor and new attitudes to data

#7 Looking forward

Chatbots and AI? What the future holds for marketing and the consumer

#1 A data powered future - embracing challenges and change

Thank you for picking up this copy of #7for17 – seven views on how marketing will change in 2017. We operate in a fast moving and dynamic industry and it's important that as marketers we're aware of all the trends and themes impacting our businesses and, most importantly, our customers.

It's the third such annual paper we've put together, following the successes of #6For16 and #5For15, we've called it, unsurprisingly, #7For17.

The premise is simple, seven thought leaders provide their honest views on seven key marketing themes. No agendas, no sales tactics, just candid opinions on what marketers across the board should be thinking about. Some are challenges and some are opportunities.

For my part I'd like to start with reiterating the importance of data. It's a line we've all heard many times and probably all used numerous instances as well. But it's never been more true than today.

Here at Experian we are first and foremost a data company and that's not going to change. However, the way data is influencing modern society is only increasing and never before has the manner in which brands and organisations tackle the challenges and opportunities data presents been as important.

The acceleration of technology means that we now live in a world built on data - it is everywhere, forever growing in value and significance. It has the potential to make hugely positive changes to the way we all live and work: marketers and consumers. Remember, we are all consumers at some point.

Data is changing nearly every aspect of our lives, whether we're aware of it or not. The way we purchase goods, run our businesses, treat medical patients and manage our finances are all increasingly shaped by data. I'm confident when I say data will be the key to solving some of society's biggest problems: famine, disease, poverty and ineffective education.

People no longer expect but demand a personalised customer journey when they are dealing with brands.



In business, and in particular in marketing, we need to make sure we are ahead of the curve as this data revolution takes shape. With connected technology putting our customers firmly in the driving seat, there are clear challenges which will need to be overcome. People no longer expect but demand a personalised customer journey when they are dealing with brands. In order to deliver on these burgeoning expectations, there is a lot of pressure on businesses to achieve and work with a more complete understanding of their customers' lives. However within this environment lies an interesting paradox: people expect a round-the-clock, 'always-on' approach from brands, but yet won't accept anything that appears to be too intrusive or with the wrong message.

As organisations of all shapes and sizes increasingly find themselves in possession of more customer information than ever before, there also comes greater responsibility. Evolving data protection regulations mean that businesses will need to look for guidance and support to meet new regulatory requirements. Moreover, cyber-security is an ever present concern for organisations of all sizes. The future is packed with opportunity and we have to make sure we are willing and ready to move with the times.

We are all living through a period of exciting, widespread technological change. We need to be prepared to take on the challenges and embrace the many opportunities that the data revolution brings.

I hope you find this paper and the points it raises both interesting and useful.

Tom Blacksell

**Managing Director
Experian UK&I B2B**



Top priority of marketers in 2016 was "Enhancing knowledge of customer's needs, wants and attitudes" (52%).

Second place: Integrating technology (43%), Third place: Collecting, managing and linking data (42%).



69% of marketers report using automated, real-time decisioning in their marketing programmes.

86% of the marketers surveyed build segmented audiences for paid advertising.

#2 Data at the point of interaction - more scalable, more relevant and more affordable

We live in a connected and exciting world. For marketers the next few years will prove to be an incredibly exhilarating period as data continues to join up modern technology to enable the delivery of better experiences and more seamless interactions.

For everyone else (we are all customers remember) it should see an increase in the level of service and relevancy of the communications we receive as brands focus on the concept of 'people-based marketing' to create 1-2-1 interactions. People-based marketing is what's required because it's what's expected: treating customers as individuals and concentrating on adding value.

To keep up with this ever increasing customer expectation an evolution of not only the technology we use but the way we use data is required. Over the past few years we have seen more and more emphasis put on real time decisions as more and more technology comes to the market that can help deliver lightning quick interactions. What hasn't evolved at the same pace is the way we use data. In 2017 this is going to change.

The way marketers use data, the way suppliers sell data and the way the advertising ecosystem operates is due for a shake-up. Currently most brands build audience segments from a variety of data sources and then deploy them across channels. These can be across a range of channels and with a variety of sophistication in regards to how performance and insights are fed back into future decisioning. However, those audiences are still built using data purchased as a separate action.

What happens if you encounter someone who would be a perfect fit who doesn't fit the specifics of the audience you built?

Or, more likely, what if in the advertising ecosystem you encounter someone you know nothing about but who would be the absolute perfect fit? How many great opportunities are you missing? Likewise, how many people are not getting the messages most relevant and useful to them?

The solution is to shift the way data is used. Data at the point of interaction is the future and one we will see rapidly develop in the next 12 months. This is data that is right there at the point of the interaction, powering decisions there and then rather than before those audience segments are deployed. It may seem like a huge leap but the techniques and technology is around now - bid enrichment and the opening up of data will make this change happen.

The benefits are immense: better and more consistent experiences and a consistently more relevant experience for more consumers. It helps marketers move much closer to true people-based marketing in every channel.

To build targeted advertising audiences, respondents were 12% more likely to be using standard demographics than lookalike modelling, and 35% more likely to use standard demographics than matching subscribers at a 1:1 level.

These trends will be further exacerbated by the continued adoption of Data Management Platforms (DMPs) and the benefits they will start and continue to drive for businesses. What will make the difference though is how business use DMPs, not whether they invest or not. With many DMP providers continuing to flog SaaS systems with limited support it is the brands which integrate their investment with a carefully thought out strategy and the use of expertise - whether that's internal or external - who will be successful.

2017 is due to be a challenging yet exciting time for marketers. The technology is there for us to start doing what we've been preaching for so long - putting the customer at the heart of everything - as we strive for true and authentic people-based marketing capability. And it's happening at just about the right time: the pressures of new regulation and ever increasing customer expectation means it's almost now or never.

Colin Grieves

**Managing Director
Digital Marketing and Media Services**



#3 The changing face of the modern consumer - new technologies and techniques but one thing remains constant

With changing regulation and an ever-evolving technology and advertising landscape it can be tempting to think that the whole marketing world is due to be turned upside down. While many of the trends and factors highlighted by my colleagues elsewhere in this paper are significant and important to consider it falls to me to remind everyone that some things never change.

Yes, the consumer is changing (or has changed) and the marketing technology and techniques used to communicate are getting more and more sophisticated. However, the need to base your marketing on a thorough understanding of your customers remains.

In this modern world we need to know more about individuals in order to not only communicate effectively but to also communicate responsibly.

This was no more evident than in the findings of a recent paper we released around the changing financial behaviours of consumers. In it we looked at the groupings of individuals based on their financial behaviour and how those behaviours are set to change over time. An example of the type of trend we encountered is what we termed 'the Life Escalator' which is the degree to which people's levels of affluence is likely to change at different stages of their lives.

Understanding such a level of detail is what's required to deliver relevant and accurate messaging. And this is just a single example from the multiple trends we uncovered. So while the levels of data and insight are always increasing, what they make up - a full online and offline view of individuals - and what you do with them - communicate in an effective and responsible manner - is not going anywhere.

93% of marketers surveyed are personalising communications to some degree.



While this example is definitely more relevant to financial services companies the lessons are there to be learned for all industries as you can be sure similar patterns and developments will have an effect across the board. Someone more likely to buy one product now will probably evolve and adopt new behaviours in five years' time. After five years that individual is quite a different person.

With the increased volumes of data available to marketers it can be tempting to ignore some sources. However, to build accurate views of customer bases a multitude of sources are required - including third party data sources you would otherwise not have access to. Not third party data simply for acquisition but third party data for enrichment; finding out more about your key customers so you can service them better.

Use yourself as an example. Is your digital activity an accurate representation of yourself and your behaviour in the real world? Could someone paint an accurate picture of your character and behaviour based solely on your Facebook profile? In order for someone to be able to tailor their messaging so that it is relevant and of interest to you on a consistent basis they need a whole range of data types from online to offline, geo-demographic and digital.

An understanding of and consideration for your consumer will continue to be the bedrock of good, effective and responsible marketing. In 2017 and far, far beyond. As people get carried away with new technologies and techniques investing in data and insight will continue to pay dividends.

Matthew Dunn

**Managing Director
Experian, Targeting**



97% of organisations are looking to achieve a complete view of the customer.

81% of marketers have challenges achieving a single customer view.



**“23% of all the data organisations hold is believed to be inaccurate.”
— Experian Global Data Management Research 2016.**

39% have 50 or more databases of contact data, up from just 10% in 2014.

#4 In a future of open data and regulation, data quality presents its own challenges and opportunities

From a data quality perspective 2017 looks set to be a challenging year with organisations across the board striving to tackle the challenges of Open Data and the pressures of new regulation.

Accurate and effective marketing remains reliant on the quality of the data you have at your disposal. In fact, it's more critical than ever before as consumers are now more demanding, less forgiving and even more empowered. As a further complication, the shift of Open Data from the niche to the mainstream raises new challenges which are in the process of transforming the marketplace.

Every organisation needs to consider how they manage data and the policies and processes that impact data. Depending of course on the kinds of data they collect, hold and use. More businesses will look to use open data as a differentiator, adding new attributes to derive insight and intelligence on top of their existing base. The next step on this journey is releasing data openly to foster innovation, new partnerships and social benefits. However, in order to be useful, let alone effective, the quality of any data utilised, harvested or shared must be assured.

Because of this, open data publishers will be put under increasing pressure over the next 12 months to work with users to ensure data is of a high quality, thus maximising the ROI of releasing it. When you consider this alongside the requirements of General Data Protection Regulation (GDPR) it's clear that brands need to call their processes into question, not only to ensure best practice, but to make the most of what is a huge opportunity.

As a marketer you need to review the wider context of data both within and outside your business. What data could you share safely to improve efficiency or help your customers and partners? Could you start looking at new sources of location or enhancement data to help you with your regulatory and business needs, such as risk, value creation or revenue-assurance?

Having said this, with consumer empowerment on the rise as well as an increased focus on quality data it is perhaps logical, even likely, that databases will get smaller. While this may seem like a marketer's worst nightmare it should be viewed as a good thing. The requirements of opt-ins, the removal of duplicates, the creation of golden records and the proactive management of data held will result in more accurate and consistent CRM capabilities. Marketing needs to embrace this data evolution, not resist it; good data is better than big data.

76% of businesses believe inaccurate data is undermining their ability to provide an excellent customer experience.

Finally, the marketing industry should plan for the next billion to come online. What can we do to serve them in areas where the web may not be at premium speeds, where mobile devices are their only access points, where English is not their first language and where addresses may not exist? Thinking in this way could create unique opportunities in both existing and new markets previously thought of as unreachable, or perhaps just too hard to reach.

If an organisation can celebrate two things at the end of 2017 they will be that their data and business is prepared for GDPR and that they are using their data to contribute to a more open yet secure society.

Jason Goodwin

**Managing Director
Experian Data Quality**



#5 Challenges for big business in a data-driven 2017

As some of my colleagues have discussed elsewhere in this paper, 2017 looks set to be an interesting year for organisations as we look to adapt to the changing landscape of consumer expectation, regulation and technology.

While I don't want to bore you by repeating any of those trends (I encourage you to read their sections instead) what I want to do is discuss some of the challenges facing specifically larger businesses.

Large enterprise organisations have their own particular issues which often stem from their sheer size and a legacy of processes and business decisions. While it's clear that being a large company has its perks, I don't think I'm being unfair when I say it does bring some particular challenges. Many of these challenges originate from a lack of flexibility and the need to deliver much higher volumes than smaller and more agile competitors and partners.

When it comes to marketing, the challenges represented by data regulation and the need for transparency alongside GDPR pose significant pain points for large companies. They are challenges of a different style and scope than those facing smaller businesses. The largest by far in my view remains the issue of silos. In the 2016 Digital Marketer Report we found that 37% of marketers work in teams that are broken out by channel. Not bad right? Well, when you look solely at marketers who work for enterprise organisations that number jumps up to 59%.

Silos in your marketing approach are a huge barrier to being able to deliver seamless customer journeys. This is because modern marketing requires brands to communicate intelligently with their customers. Not as a multitude of different voices but as one single entity.

30% of marketers in enterprise-level companies rank organisational structure among their top three challenges.



Because of this, individual channels cannot be treated in isolation and this is where silos become a serious concern. Consumers expect a cross-channel approach and brands that are riddled with organisational and channel silos are going to struggle to operate one.

The need to tackle transparency being driven by GDPR regulation brings the issue of silos further to the fore. In order to put the customer first and ensure you are not only operating in a legal manner but are also putting the needs of those customers first (relevancy, seamless experience etc.) you need to have a consistent view across data sets and your CRM.

In order to make the most of the insights you glean from your data they need to be applicable across all your channels. Data-driven decision making revolves around building audiences and deploying them across all your channels - doing that across teams responsible for individual channels is challenging. Marketers need to be able to build audiences based on insights from across channels and then deploy them across channels. This is nowhere more important than in a big well and known brand - where retention, acquisition and brand image are so heavily reliant on the customer experience.

Technology stands hand in hand. With different data sets come different uses and repositories. It's easy to remember a time when marketing was a function that wasn't very tech savvy. The number of vendors (largely software companies) that are vying for marketers' budgets has grown exponentially over the past few years.

The challenge will be to fully understand the solutions available to CMOs and to identify the right partner(s) to solve technology-related challenges.

As we look forward into 2017 and beyond big brands need to emulate their smaller and more flexible cousins and make sure data is at the heart of what they do. Data can bridge those silos but only through the use of consistent technology and a desire to put the consumer first will this be achieved.

Mark Lindsay

Director of Strategic Client Development



Enterprise-level marketers were 54% more likely to name facilitating alignment their top priority, compared to the overall survey population.

42% of C-level executives at enterprise companies rank overcoming internal silos a top priority, 59% of enterprise-level marketers work on marketing teams that are broken out by channel.



50% of the working population will be Millennials or younger by 2020, a demographic group which has demonstrated a much more relaxed attitude toward sharing personal information with brands in a fair value exchange than older age groups.

69% were happy for brands to use their personal information to send them discounts on products and services that they really want.

#6 The trust factor and new attitudes to data

The opportunities presented by data are universal, but alongside the extensive upsides, concerns about privacy have to be addressed. The impact of data sharing on the notion of privacy is still in flux. What is clear is that organisations must to build trust with consumers, by demonstrating their integrity through better data stewardship, transparency and veracity.

There is a need for more conversation and more openness about how data is collected and used for the benefit of the end users. We are all very aware of the great advantages that new data-driven technology can bring, from fighting disease and tackling environmental challenges, to powering fitness apps and satellite navigation systems, and yet the way data is harnessed to make these things work isn't something that has been part of the 'data narrative', to date.

New attitudes, same standards

In the digitalised world there is evidence that value and convenience is in fact superseding trust concerns. But that doesn't mean that organisations can get away with anything less than the highest standards when it comes to using personal data. Quite the opposite, in fact. The problems arise when something goes wrong - reputation is damaged and trust is lost.

It is worth considering how attitudes are changing by generation. 50% of the working population will be Millennials or younger by 2020, a demographic group which has demonstrated a much more relaxed attitude toward sharing personal information with brands in a fair value exchange than older age groups.

However, there is plenty of evidence that convenience is in fact the primary driver for all generations already. In a recent survey looking at attitudes toward secure real time exchange of bank statements, which consumers consent to provide in support of a credit application, 85% of respondents said that they believe banks should offer the service. Furthermore, 75% said they are happy for automatic updates of their data to be used to help avoid any repayment issues.

One thing is certain, today's consumers are far more aware of the value of their data. They recognise that they own their data and accept the responsibilities that come with this ownership. However, this increased awareness has not meant that more consumers are shying away from sharing their data, nor has it therefore hampered the growth of the data market.

In fact, people seem to be increasingly comfortable with sharing their data, on their own terms. A recent Experian survey found that 69% were happy for brands to use their personal information to send them discounts on products and services that they really want.

Trust from transparency

Transparency is essential. Customers are far more willing to share data with brands they trust, and are already loyal to. This means respecting and protecting privacy. Omni-channel marketing and sales are now a reality, and they truly put the consumer at the heart of business. This means bigger data volumes which, in turn, means more focus on security. Consumers need to know that their data is safe, and the more they share, the more important that becomes.

Moreover, people need to feel that they can have a channel for challenging accuracy with data holders. One holistic model for this could be "ethical business regulation" as positioned by Professor Chris Hodges - a clear measure and message that reassures consumers that all businesses must meet a certain, agreed ethical standard. There needs to be more encouragement for businesses to act ethically, but businesses should seek to resolve complaints from data subjects directly in the first place.

Where a consumer and a business cannot resolve a data accuracy complaint, the consumer should be able to go to a free-of-cost ombudsman service - an informal route that leads to quick resolution (as works with financial services in the UK for example). The ombudsman can take an overview of the market and help keep regulators informed about issues and trends. Regulators would then support businesses that act ethically and clamp down hard on the ones that don't meet their legal requirements.

Rather than having to confront hordes of resolute fundamentalists, businesses are increasingly faced with entrepreneurial pragmatists. Most people are more than willing to engage with the data economy, provided it's

worth their while. This has been clearly demonstrated by supermarket loyalty card schemes for the last two decades, where purchasing data is used to provide more targeted, personalised shopping experiences and promotions.

What we can take away from this is that there is an opportunity to develop a culture of data exchange fit for the 21st century economy. Organisations across sectors need to lead that a dialogue, stepping up efforts to raise awareness about the way in which data is created, collected and used for the benefit of all.

Navigating regulation may well be a significant challenge, but appreciating the underlying drivers of new and existing regulations will help organisations to understand the rationale behind most developments, and perhaps even anticipate them.

As the focus moves away from technology to governance, security, and infrastructure integration, businesses will face tough decisions. Whether it's new deployments, investment choices, or transparency around data and analytics, the path won't be easy to navigate. The trustworthiness of the way analytics algorithms handle and manipulate data, and thereby derive insight from it, will remain an issue for the majority of organisations.

The good news is that ethical guidelines are beginning to emerge, helping business analytics professionals to do the right thing and avoid unintended consequences.

Clear laws surrounding data privacy and collection will be critical, but also data storage, distribution, and security, as these will be key to the overall future success of data use in business.

Paul Cresswell

Head of Data Governance

Only 14% of people say they have a good understanding of how data is used by businesses.

#7 Chatbots and AI? What the future holds for marketing and the consumer

The age of big data is here and we are already reaping the benefits. It is not my intention to repeat what some of my colleagues have already said elsewhere in this paper regarding the significance of upcoming regulation or the changing nature of our consumers.

Instead, it falls to me to take a look a little further ahead and consider what's on the horizon and how these new concepts and technologies could affect businesses in future.

But to do that we need to take a short step back. As we know, marketing, and digital marketing in particular, is characterised today by a proliferation of consumer data. In many ways we are only really scratching the surface. The problem with big data is that it's, well, big. The undeniable fact is that there is too much data for any human to sensibly absorb, synthesise, process and act upon. And although we have tools to assist us in these endeavours, the truth is that we are fundamentally limited by our own capability.

Over the next few years I predict one significant development that will help marketers in particular, and business more generally - truly realise the value of their data: the synthesis of artificial intelligence with automation.

Now, it's highly unlikely that you've not heard of at least one in a marketing context, after all people have been banging on about automation in marketing for years. However the two being used together is what will really have the greatest impact.

Consider the case of artificial intelligence. We may still be a few years away from a fully functional AI such as you'd see in a science fiction film. But building block technologies, such as natural language processing, machine learning and evolutionary algorithms, are already widespread, and getting more powerful.

51% of people say a business needs to be available 24/7.*



For example in March of last year Google's AlphaGo beat the world's top Go player, in a game that is widely considered to be one of the most difficult to teach a computer to play. These AI technologies are simply far better than humans at processing and making sense of vast data sets, and producing evidence-supported data sets.

Automation will be the output of artificial intelligence. We are all familiar with the concept of 'algorithmic automation' (if not just think of everything from robot hoovers to real time media trading). Over the next few years we can expect to see these algorithms - really just codified heuristics - replaced by AIs, making decisions based on larger, more complete data sets than any human could consider and allow for in any algorithm.

We can already see this happening with the increasing adoption and proliferation of artificial conversational entities, or chatbots. The ability to ask a computer a natural question (rather than contort it into Google-speak) and have it respond intelligently, greatly improves the consumer experience. The ability of the chatbot to then act on any request automatically can drive significant operational efficiencies.

Of course, this is just the beginning, and AI and automation have some way to go before they realise their full potential. Getting there will require large, high-quality data sets, advanced technical skills, and most especially creative insight: the universal recipe for innovation.

It's going to be a fun journey.

Alastair Bulger

Pre-sales and Strategic Development Director



**49.4% would rather contact
a business through messaging
than phone.***

*Ubisend 2016 mobile messaging report



George West House
2-3 Clapham Common
North Side
London
SW4 0QL

160 Dundee Street
Edinburgh
EH11 1DQ

The Sir John Peace Building
Experian Way
Nottingham
NG80 1ZZ

6th Floor Cardinal Place
80 Victoria Street
London
SW1E 5JL

Experian Ltd. 2017

Experian Ltd is authorised and regulated by the Financial Conduct Authority. Experian Ltd is registered in England and Wales under company registration number 653331. Registered office address: Landmark House, Experian Way, NG2 Business Park, Nottingham, NG80 1ZZ

The word "EXPERIAN" and the graphical device are trade marks of Experian and/or its associated companies and may be registered in the EU, USA and other countries. The graphical device is a registered Community design in the EU.

All rights reserved.