DATA IS THE BACKBONE OF MARKETING

CUSTOMER INSIGHT IS THE FRAME THAT SUPPORTS TODAY'S BEST MARKETING INITIATIVE.

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If digital is now the lifeblood of modern marketing, then data is certainly the skeleton; the foundation upon which marketers build effective strategies and campaigns that cut through the proverbial fat of the Internet age.

It is through data that marketers, such as those at Diesel and Lifescript, discover the products and topics that lead to truly personalized, relevant messages that command customers’ fleeting attentions. Increased access to robust analytics enables marketers to track customer behavior and trends, allowing for rapid iteration and refinement of digital campaigns. Yet, as far as data-based marketing has come, challenges and opportunity loom, particularly in the privacy arena.

In this eBook, we highlight superlative examples of marketers using data in interesting ways that lead to growth at their organization, while also examining the future of analytics and data, and the increasingly complex role of data in the maturation of omnichannel marketing.

— Perry Simpson
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Senior marketers who agree or strongly agree that in 2015/2016 they plan to increase their use of:

- First-party data: 82%
- Second-party data: 60%
- Third-party data: 44%

Senior marketers with strong ROI who use the following regularly:

- Second-party data: 77%
- Third-party data: 61%

Senior marketers with strong ROI who collect first-party data through:

- Website: 70%
- Point of sale/offline CRM data: 63%
- Email/SMS: 61%
- Mobile applications: 60%
- Mobile Web: 60%
- Call center data: 47%
- Beacons: 23%

Senior marketers who say these types of data are most important to their organization’s strategy moving forward:

- Transaction history: 87%
- CRM: 80%
- Behavioral data from their sites and campaigns: 74%
- Data about customers from trusted partners: 60%
- Behavioral data from third-party sources: 52%
- Customer data from third-party sources: 51%
- Demographic customer data from third-party sources: 49%

Senior marketers who say they have strong capabilities in the following areas:

- Campaign targeting/analysis: 66%
- Content personalization on our sites/applications: 60%
- Audience segmentation: 59%
- Marketing automation: 59%
- Customer journey analysis: 48%
- Programmatic buying of online display ads: 40%

Senior marketers who strongly agree that they have:

- Well-documented data strategies that extend out a year or more: 45%
- Policies and procedures for how they define, manage, and use all types of data: 44%
- Data measurement processes: 40%
- Sufficient human resources to power data initiatives: 37%

Senior marketers who say the following types of data produce:

- First-party data:
  - The greatest customer insight: 74%
  - The easiest financial justification for use: 68%
  - The highest increase in customer lifetime value: 62%
  - The highest lift among our data sources: 30%

- Second-party data:
  - The greatest customer insight: 18%
  - The easiest financial justification for use: 23%
  - The highest increase in customer lifetime value: 31%
  - The highest lift among our data sources: 30%
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Digital technology—and general Internet culture—continues to progress in waves. With no crest in sight, marketers continually perfect their strategies or risk getting swept up in torrents of data. One of marketers’ most effective tools: predictive analytics.

“Predictive analytics is about the consumer, and bringing a holistic view of that consumer. To do that you have to understand the profile of the consumer. They are more than a segment,” explains Emad Georgy, SVP of product development and global head of development at Experian Marketing Services. “Technology has caught up with that concept. Now with big data, we have technology that’s bringing true predictive analytics to the table.”

Predictive analytics isn’t a new concept, but the exponential growth of technology has infused it with even more power. With the right data, marketers can gain an incredible edge. Even better, they can capitalize on predictive analytics to deliver truly customer-centric marketing. But first, marketers must confront predictive analytics’ sobering realities.

### Increased Tech Capabilities (Should) Enhance Customer Experiences

Marketers need to understand their data and, more importantly, how this data contributes to better customer experiences. The big data craze helped push today’s trends of personalization and relevance; but marketers need not forget data and foundational lessons from the past.

“[Marketers can use] historical data to determine trends and patterns in a campaign’s consumer base that can unveil valuable insights,” says Marcelo Wiemann, chief technology officer at mobile ad platform The Mobile Majority. “Another possibility is to use historical data [and] machine learning to preemptively identify where, when, and how an ad campaign should run.”

Of course, the customer should remain at the center of this conversation and the focus on exceptional customer experiences. “You have a lot of folks talking about channels and big data, and we’ve kind of lost our way. We’re not thinking about the customer,” Experian’s Georgy notes. “Marketing optimization has been the focus [of predictive analytics]—and that will stay relevant—but there’s a bigger play; understanding the consumer. What is the best performing customer segment? Who are they? Is this group trending toward to becoming that? These answers can be transient.”

### Predictive Analytics Isn’t for Everyone

The amount of data, varying budgets, campaign scale, and company size can play huge roles in whether predictive analytics will prove beneficial. “Predictive analytics relies on having a good, healthy amount of rich data beforehand to extract learning from. So, if the data isn’t in place first, then predictive analytics has nothing to base its process on,” Wiemann explains.

Some small businesses may not have the resources to extract enough customer insights from big data, and other roadblocks include small target audiences or lack of commitment to a predictive model. Even an overly simple data collection solution could prevent predictive models from working, says Stephen Yu, associate principal at knowledge process management company eClerx.

“Depending on the industry, the prospect universe and customer base are sometimes very small in size, [or] the budget is just too tight to effectively employ a predictive model. [But], if data is inadequate for advanced analytics, there may be a major failure in data collection, or the data is too unstructured to yield meaningful answers,” Yu says.

### Room for Improvement

Although viable and promising, predictive models do stand to improve. Much of this improvement will continue to come simply by virtue of the changing times.

“Speed to implementation is the key challenge of predictive analytics. Implementation speed is a matter of processes, and surrounding elements like data hygiene, standardization, categorization, tagging, data summarization, variable creation,” Yu explains. “Accuracy of predictions must be improved. Accuracy requires more than modeling techniques. The quality of data matters far more than differences between modeling techniques. In predictive analytics, there is a price for being wrong, and the price can be severe.”

“Predictive analytics starts and ends with data, and I think the industry understands that,” Georgy says on a final note. “Data has scale, but coming back to the fundamentals of understanding customers, make sure your data supports that.”
According to Pew Research, 72% of Internet-enabled Americans seek health information online. That hefty demand makes for a lively supply of competition in information portals and resource centers. Instead of tackling the entire market head-on, Lifescript focuses on establishing itself as the premier health destination for women.

Pharmaceutical manufacturers represent the largest component of Lifescript’s advertising revenue, but the pharma sales cycle is complex and indirect. Brute force display ads encouraging patient-doctor conversations gain little traction, and therefore little revenue. To enhance the performance and precision of its marketing platform, Lifescript constantly works with its CMS provider, Sitecore, to segment visitors on an ever-expanding matrix of characteristics. “It helps us be a good partner to our largest contingent of advertisers, helping them find audiences for niche drugs and clinical studies,” says Jack Hogan, Lifescript CTO and cofounder.

The most recent segmentation enhancement pushed the tally to more than 400 behavioral characteristics. Focusing heavily on site behavior and topics researched to build an understanding of a consumer’s health concerns and lifestyle considerations gave Lifescript a 20% year-over-year boost in advertising revenue. Superior targeting of existing ad modules played a part, but the development of interactive consultation modules is the newest segmentation win.

First launched in autumn 2014, the consultation modules blend guided video presented by a physician with articles and checklists that act as a personal health inventory and informal prescreening process. The modules educate visitors on the details of conditions and available therapies and provide guidance for live physician consultations.

Strong audience uptake indicates that the segmentation is accurate. One module, a Type II Diabetes consultation, saw nearly 40% of visitors work through the entire 10-step process to complete the consultation, at an average of over 11 minutes engaged on the site. The five-part Allergy Checkup Series led to a 4.6% lift in prescription fills for the targeted drug sponsoring the module.

Lifescript now segments its content into more than 80 different channels, giving it flexibility to personalize content to a wide range of visitors and build marketing platforms for a substantial range of therapies, drugs, and treatment options. The Sitecore back-end helps identify and engage Lifescript users who may be managing these conditions or have risk factors, and to quickly package relevant content and present it to targeted visitors. “We’ve made it very easy internally to stand up a new health center on our platform, without being hindered by the need for IT to build something new,” Hogan says.

Return on personalization doesn’t stop with Lifescript’s core health information portal. The company recently purchased the assets of family-focused publisher Parent Media Group, inheriting a lead-generation and consumer discount platform called Deals for Mommy in the process. Under previous ownership, the Deals site had no specific targeting or personalization.

After the purchase, Lifescript applied its existing real-time user targeting system to the Deals platform, and saw an immediate 30% lift in conversions. Clickstream data now steers visitors to offers that are more likely to reflect current needs, from prenatal supplements to products for toddlers. “We were able to get those quick results in the parenting category, which we had never worked in before, because of that powerful real-time clickstream targeting,” Hogan says. “Segmenting user communities creates meaningful lifts for us and for our advertising partners.”
“By 2020 it’s estimated there will be 30 billion objects connected to each other,” said Jim Davis, EVP and CMO of data and analytics giant SAS at the company’s annual global forum in Dallas. Davis stressed the importance of looking past devices and delving deeper into the data, pulling the analytics, and gathering insights.

In fact, Davis’ thoughts mirror a 2014 study from the Pew Research Center; analysts projected that by 2025 the Internet of Things will thrive in most every aspect of life; they say this immense network of devices, appliances, cars, clothes, and even sensor-laden elements of the environment will be connected and will exchange data.

In a one-on-one sit down with Direct Marketing News, Davis encouraged marketers to focus on newer, perhaps more accurate, terms rooted in insights: the Internet of Things Analytics, the Internet of Analytics, Analytics of Things, and even the Things of Analytics, each coined by big data influencers and authors to describe the shift from solely device to data.

“What we first have to do is capture that data, and then look for previously unforeseen patterns in that data so that we can look at things from an opportunistic perspective,” Davis said. “And then I think that we, as marketers, need to figure out the best way to communicate our value propositions [to customers]—via the Internet—as part of this connected world.”

Davis explained that it’s not just about how much data those devices produce—which, no doubt, is a lot. But it’s about determining why—i.e., identifying the reasons—the data is important to the consumer, and ergo the marketer.

“So as we begin to look at the why, we have to introduce analytics,” Davis explained. “So rather than IoT for Internet of Things, maybe it needs to be AoT—Analytics of Things. We apply analytics to the Internet of Things to begin to leverage what’s going on out there.”

Davis says that this updated view allows marketers to predict customers’ wants and behaviors and, in effect, create messages and products that are more relevant.

“And it’s not about that this will replace those other traditional channels—say email, call centers, snail mail offers, mobile, or even social,” he says. “Instead, we have to blend the channels into a single user experience. So this represents a powerful, new way of communicating with our customers—a new method that we need to take advantage of.”

Davis said on a final note that in the future, and even today, the Analytics of Things will allow marketers to take segmentation and personalization to the next level. “As we look at the analytics of the future, specifically as it relates to marketing, a segment becomes a single person, as opposed to a group of people,” he said. “And if we can truly address an individual’s needs rather than a segment’s needs, we’re going to go far. Much more than we would have ever dreamed in the past—or even now.”
It’s a common situation: A company has enough customer data to be fairly relevant, but its marketers know that with just a bit more they can get a view of customers that allows them to get, well, personal.

That was the situation Diesel faced when Dasha Gastol joined the fashion brand as digital marketing manager last year. “We had limited insight into our consumers,” she said to me when we met at Salesforce.com’s ExactTarget Connections conference. “We wanted to know more about their online behaviors and how we could market with more relevance.” Another goal was to bridge the gap between Web and email.

One solution, she said, was to implement ExactTarget’s Predictive Intelligence product. It allows Gastol and her team to see prospects and customers online and market to them based on their online behaviors, such as what they search for and which products they look at. “We can take that [behavior] data and use it to create personalized messages on our site,” she said. But that’s just the beginning. “We’re also going beyond only sending blast newsletters, which we still do for, say, new collections,” she added. “Before, we couldn’t speak to [customers] in a cohesive way. Now we can embed personalized recommendations based on actions subscribers took on our website, which creates a connected experience.”

According to Gastol—and not surprisingly—these personalized recommendations online and in email campaigns are driving conversions. “All of our email metrics have gone up: opens, clicks, etc.,” she said, noting that personalization is also driving more engagement and discovery.

One approach especially has garnered unexpected results: rethinking cart abandonment reminder emails. Gastol and her team were surprised by the high engagement with abandon cart emails that show the cart items plus additional recommended items based on customer behavior. The Predictive Intelligence product is recommending especially relevant products, she said. Gastol noted that the tool is also useful for determining what not to show. For example, not promoting women’s products to men.

When I asked Gastol if there was one type of data that was most useful, she pointed to behavioral data as particularly beneficial. “Behavioral data has been most helpful to us. Behavior shows intent, which has helped us evolve our strategy,” she said, noting that purchase data is also important and useful for segmenting.

“For us it’s been an evolution,” Gastol added. “We wanted to get a granular level of data and start personalizing the customer experience; to create unique experiences for each customer.”

Today, Gastol and her digital marketing team are using that data to “understand the customer at the point of discovery.”
DATA-DRIVEN MARKETING CONFIDENCE AND INTEREST ARE UP, BUT ENTHUSIASM IS DOWN
NEARLY 65% OF MARKETERS SAY “AGGREGATING AND INTEGRATING DISPARATE DATA SOURCES” IS A HIGH PRIORITY FOR THEIR ORGANIZATION. BY ANDREW CORSELLI

On the surface, things are looking up for data-driven marketers. New research by the Direct Marketing Association and Winterberry Group shows that nearly three quarters of marketers are confident in data-driven marketing (DDM) and half express strong interest in its potential growth. However, that confidence is tempered with a note of caution as enthusiasm dwindled to a two-year low in the first quarter of 2015.

According to the two organizations’ “Quarterly Business Report,” data-driven marketers have expressed serious interest in implementing new technologies; yet they also say they’re struggling to identify the true net value of these investments. Indeed, a majority agreed that it’s tough to prove value from new platforms, and integrating new and existing tools has been a challenge.

Despite these issues, respondents continue to grow their investment in the channels and technology that drive DDM. As a matter of fact, 59% say their companies are likely to purchase or implement new technology in the coming year.

“The QBR findings suggest [that] marketers are realists,” Neil O’Keefe, DMA’s SVP of CRM and member engagement, said in a release about the report. “They can spot the growth potential, but they also understand the need for improved measurement and talent development to capitalize on future opportunity.”

With regards to marketing technology, respondents agree that data powers their usage. In fact, nearly 65% say “aggregating and integrating disparate data sources” is a high priority for their organization. At the same time, only 40% say that their organization does a good job of training internal teams on new technology. Not only does this disparity cause some marketers to take a cautious approach about what they can realistically achieve in the short term, but it also points to a crucial need for the alignment of technological tools and the skill sets needed to implement them.

“Overall, there appears to be a chasm between those who have mastered the use of marketing technology and those who have yet to do so,” Jonathan Margulies, managing director of Winterberry Group, said in a statement. “Those who have embarked on that journey—by implementing cross-organizational technology strategies, training their staff to use those tools, and calculating a specific return on investment associated with those investments—are already seeing positive results. Even so, fewer than half of panelists said that their organizations had made such strides.”

OTHER FINDINGS INCLUDE:
• Overall, DDM spending grew at a faster pace in Q1 2015 than in the full year prior. In fact, 37.5% of respondents say they grew their investments, compared to last quarter when only 26.6% of respondents said their DDM expenditures increased from the prior quarter.
• 60.4% of respondents say they use mobile and location-based technologies today; however, only a small number call these tools mission-critical.
• Almost half of the respondents say they expect to continue growing DDM expenditures. Forty-three percent say they’re likely to increase spending on DDM next quarter, while 48.2% expect to maintain current levels of spending.
• Just under half (44.7%) say that their revenues generated by DDM activities grew in Q1 2015, compared to the prior quarter; 41.4% say theirs remained constant.

“As an abundance of data continues to accelerate business innovation and opportunity, it has also created new and ever-more complex risks and challenges,” O’Keefe said. “This further underscores the commitment needed throughout the industry in terms of marketing and business science development. DMA, among other innovators and educators, offers an extensive array of developmental products designed to enhance analytic skills and other disciplines to ensure marketers can capitalize on growth opportunities.”
DATA FUELS INDYCAR’S “RIVALS” CAMPAIGN

THE OPEN-WHEEL RACING ORGANIZATION RELIES ON MULTICHANNEL MARKETING TO DRIVE TV VIEWERSHIP, RATINGS, AND TICKET BUYS AMONG SPECIFIC AUDIENCES. BY ELYSE DUPRÉ

FANTASY CHALLENGE

Marketers are constantly racing to launch campaigns faster than their competitors and act in real time. But when they downshift and take some time to learn about their target markets, they drive home victorious results. Motorsport sanctioning body INDYCAR experienced this win when it identified its two core audiences and then targeted them through its multichannel “Rivals” campaign.

ACCELERATING FORWARD WITH DATA

INDYCAR wanted to better determine which audiences followed the open-wheel racing organization and which ones were likely to do so in the future. Knowing these target markets would help it drive TV viewership and ratings, as well as ticket sales, during its 2014 Verizon INDYCAR Series Season. So, in January 2014 the auto racing organization worked with research firm Nielsen to identify its most profitable fans.

By combining its customer data with Nielsen’s TV data and PRIZM segmentation model—a blend of demographic, behavioral, and geographic information—INDYCAR was able to identify four key audiences: Victory Circle, Trackside Elite, Turbo Streamers, and TV Traditionalists, according to Nielsen. C.J. O’Donnell, CMO of INDYCAR parent company Hulman Motorsports, says INDYCAR decided to just focus on Victory Circle and Trackside Elite, who were already following its races or were at the “tipping point” of doing so.

“The other groups we defined didn’t show the potential that these did or didn’t show the same inclination to follow us,” he explained. “So, we’re putting them off for future years.”

Both segments are primarily composed of affluent, well-educated men. Victory Circle’s members are middle-aged loyal fans, while Trackside Elite’s members are slightly younger, family men and more of an aspirational audience for INDYCAR. But the auto racing organization wanted to dig deeper. After further analyzing the two groups INDYCAR and Nielsen discovered that the best way to reach these segments was through digital.

To get both audiences to watch or buy tickets for the 2014 Verizon INDYCAR Series Season, INDYCAR launched a multichannel campaign called “Rivals” in spring 2014 that included a large digital element. As a result, the racing organization began using programmatic ad buying platform Rocket Fuel.

According to O’Donnell, INDYCAR was able to use Rocket Fuel’s platform to target specific households with a cookie and then show display ads to just those audiences. The auto racing organization then measured whether the digital ads drove people back to TV using Nielsen’s Watch Effect solution.

In addition to digital, INDYCAR leveraged weekly emails, print, TV, radio, social, and event activations to drive viewership, ratings, and ticket sales. The multichannel approach
revved up INDYCAR’s results. According to Nielsen, INDYCAR experienced a 24% increase in TV viewership compared to the year prior. What’s more, according to Rocket Fuel, 98.5% of the digital audience that INDYCAR reached had never seen a TV spot for the sport before, proving that the auto racing organization was able to extend its reach.

“It was really good to see that we were reaching an audience that we hadn’t talked to in the past,” O’Donnell says.

With its marketing mix running like a well-oiled machine, it’s no surprise that INDYCAR has decided to take its “Rivals” campaign for another lap. This year the campaign is going full throttle in terms of driving engagement and second-screen experiences.

**STEERING FANS TOWARDS BRAND ENGAGEMENT OPPORTUNITIES**

While the 2015 “Rivals” campaign still includes the same digital and traditional elements from 2014, this year’s campaign, which debuted in March, is shifting the creative into a new gear—mainly by focusing more on INDYCAR’s drivers to build name recognition and interest for them.

“Most sports [fans] think of the teams,” he explains. “You have a Yankees fan; you’ve got a Phillies fan. If someone gets traded from the team, [the fans] don’t move from one city to another. Their allegiance doesn’t change.... In our sport, drivers may change teams, but people will move with them on to the next part of their careers as they advance through the hierarchy of our Series or even on their way to the Series. It’s important that we get people to really understand, engage, and like these guys or gals.”

INDYCAR promotes the driver’s’ brands and personalities in a number of ways. For instance, it features drivers’ names, faces, cars, and car numbers on its advertisements. In addition, the auto racing organization hosts autograph sessions and other meet-and-greet opportunities.

Social also enables fans to get into the passenger seat. For example, each driver has his or her own social media tool kit, which includes images, videos, and templates that the driver can then use to promote him- or herself, as well as the overall INDYCAR brand. Furthermore, fans can watch race highlights and interviews with the drivers on YouTube, as well as share their own images and tweets with the hashtag #INDYRivals.

“We’re here to thrill our fans and champion our heroes,” O’Donnell says.

But that doesn’t mean that print, TV, and radio have run out of gas. On the contrary, INDYCAR uses these channels to drive fans to other engagement opportunities. For example, it may run a TV or radio ad during a race to encourage fans to visit its social channels or download its app.

“It’s really a way to encourage folks to become more engaged and take advantage of the second screen,” O’Donnell says. “We all know that, when that happens, they become more avid fans, they buy more tickets, they buy more merchandise, [and] they tune in more often.”

In addition, the traditional channels allow the brand to speak to each audience differently. For example, this year, INDYCAR worked with Chevrolet and Honda to revamp its vehicles. The racing organization was able to run articles in industry magazines to get into the nuts and bolts of how the innovation and aerodynamics have made the cars go faster. However, O’Donnell recognizes that not every fan may be interested in these technicalities.

“That’s a pretty complex message for a new member,” he notes. “[But] for an avid fan, that’s the stuff that they can’t wait to consume.”

**A MARKETING ENGINE THAT GENERATES WINNING RESULTS**

The 2015 campaign isn’t over until the end of August. However, INDYCAR is already cruising toward the finish line with some pretty spectacular results. According to O’Donnell, it experienced a 20% increase in attendance for its first race in St. Petersburg, FL, at the end of March. He adds that the auto racing organization also saw an increase in TV viewership and engagement within the first week; it will receive a full report from Nielsen detailing the Watch Effect at the end of the season.

And if there’s one thing O’Donnell has learned, it’s that you can’t hit the brakes on good targeting. “When we were able to identify exactly who we needed to talk to and why they were important to us in the initial stages of our growth, then everything worked right after that. Everything followed cleanly from that data [and] those insights, and the results are showing,” he says. “Too many marketers, including myself at times, get wrapped up in some of the more trendy subjects. Everyone wants to talk about millennials, and we all know that they’re [going to be] very important in the next 10 or 20 years. But when you have so much low-hanging fruit in front of you, which we did, you need to capitalize on that first.”
Marketers can now reach most customers nearly anywhere and at almost any time. And the interactions that take place across all those touchpoints leave a trail of data. But what will marketers do with the insight revealed by that data—if anything?

Rather than continuing to operate siloed feedback loops, the time has come for marketers to embrace an omnichannel mind-set and apply insights from every interaction to the entire customer relationship. “Marketing isn’t about an email or a direct mail piece or a retail insert anymore,” says Andy Bear, executive director of marketing solutions at Quad/Graphics. “Those all support the same objectives: talking to the audience and advancing them along the path to purchase.”

JustAnswer is one company applying omnichannel strategies; specifically, to build loyalty for repeat transactions. The company’s business is matching consumers with experts who can address a particular problem or need. First-time customers are typically in a crisis situation, desperately combing search engines for help. JustAnswer’s goal is to find the right outreach channel to spur repeat visits. “We’re trying to show how we can bring value every day, not just in the way they found us, when their hair was on fire and they needed information very quickly,” says Kara Douglas, senior manager of marketing communications at JustAnswer.

Instead of focusing as heavily on search for acquisition and email for loyalty as it had in the past, JustAnswer is blending them, as well as expanding its use of SMS as both a service delivery and loyalty channel. The company has also rolled out experimental micro-conversion landing pages to attract potential email subscribers, even among those who have never made a transaction through the service. Marketers at the company will use the data gleaned from customers’ behavior at each touchpoint to inform its other channel strategies.

Like the marketers have done at JustAnswer, it’s possible to build a marketing organization that can not only communicate more effectively with customers across channels, but also learn valuable lessons from their customers at each step of the relationship. Here are five actions marketers can take toward building that team and implementing an omnichannel approach to data collection and sharing:

**START COLLABORATING INTERNALLY**
A coherent omnichannel strategy depends on internal collaboration and tightly aligned goals. Marketers must think in terms of overall marketing objectives, not individual, channel-based initiatives. This applies not only to communication channels, but to conversion touchpoints, as well. Consider the situation when brick-and-mortar stores aren’t in sync with a retailer’s website. “When e-commerce is siloed, then the e-commerce general manager has little incentive to drive in-store sales, because in-store sales don’t hit his P&L,” says Jonathan Treiber, CEO of RevTrax.

This omnichannel transformation has to be backed by incentives, policy, and sentiment. “Marketing channels can be very proprietary in organizations, which is why marketing professionals should be compensated based on marketing success, not vertical success,” says Quinn Jalli, senior VP, strategic initiatives group, at Epsilon. “It’s no longer acceptable to hide or not share insights across channels.”

**EMBRACE COMPLEXITY**
When devising omnichannel communication strategies, move past the artificial restrictions of the past. Many marketing tactics rely on binary calls-to-action: buy now, or don’t; subscribe to a newsletter, or don’t. These binary choices may be effective in email campaigns and for A/B testing purposes, but extending these choices to multiple channels will help marketers take advantage of omnichannel’s potential.

So, instead of always boiling down an entire relationship to a single take-it-or-leave-it offer, invite a more
open-ended discussion with multiple options. “You need to give consumers unlimited choice to say what they like and don’t like,” Jalli says.

Engaging on social media is an excellent way to develop qualitative, non-binary insights. Using social as a listening channel, for example, collecting feedback and input about items such as product mailers or promotional text can help refine communications across the board.

Even as marketers extend to more open-ended discussions, they need to ensure that there is consistency in their communications, and that the path to purchase and conversation has clear and coherent next steps despite the mix of channels customers and prospects may be traversing. “That next-best offer needs to be the same across the board,” says Mathieu Hannouz, evangelist for Adobe Campaign.

REFINE ATTRIBUTION
An omnichannel strategy makes attribution even more important. Not for compensation and incentive thinking reasons—that channel-specific thinking is outdated in an omnichannel world. But understanding how total engagements, from search engine impressions to direct mailers to in-app advertising, affects consumer response is crucial to future optimizations.

Attribution also helps inform how marketers should target and deliver future messages. Over time marketers can build a comprehensive picture of the channels their customers and prospects prefer at each step in the buying journey.

Because attribution can look like a massive, boil-the-ocean project, it’s best to start with manageable connections and form strong opinions about them before attempting to create a Grand Unified Theory of channel attribution. “Small bites and quick wins are important in omnichannel attribution,” says Christopher Matz, VP of retail and consumer goods analytics at Merkle, adding that in some cases internal data isn’t enough to ensure proper attribution. “[Marketers] may need third-party data and panels to make a match between marketing activity and purchases.”

BUILD CONTEXT THROUGH LOCATION
The skyrocketing growth of mobile marketing and email means that audiences are no longer in a fixed, predictable location when hearing from a brand. That puts a premium on understanding location, and how location affects response and the overall context of the relationship.

Consider beacons and wearable tech, which can reveal not only where customers are, but also how long they’re spending in a location. This, in turn, lets marketers make inferences about what those customers may be hoping to accomplish. “With beacon data, if you know a customer is lingering for a long time in the small appliance section of the store, you can drive an email or a direct mail piece about small appliances,” says Jay Henderson, director of strategy at IBM Commerce. “It’s about finding these insights and bridging the gap into action.”

Additionally, location-based campaigns lend themselves well to quick wins. “Just knowing a customer has recently been at a store is a valuable piece of information that is often overlooked,” Henderson says.

Over the long term, detailed location data can inform much more than the choice of digital interaction channel. “When you have an understanding of a consumer who shops at Target and commutes by train, you can apply that to TV and email campaigns, but you can also apply it to retail site selection and product development,” says Duncan McCall, CEO of PlaceIQ. “That’s when it gets exciting.”

Just knowing a customer has recently been at a store is a valuable piece of information that is often overlooked.

RETARGETING AND REMARKET EVERYWHERE
Retargeting is more than a way to chase customers around the Internet with entreaties to complete a suspended transaction. Build a picture of all the offers, communications, and inquiries you know customers have received but not viewed, opened but not acted on, and seen but not clicked. With those insights you can then customize a message in a channel with proven relevance to each consumer that fills in those gaps and ensures that they understand the value you place on their business.

It may sound complicated, but it can boil down to the obvious-yet-often-overlooked strategy of finding a new approach to reach people who have simply tuned out one or more channels. “Start engaging off-line. Follow up with direct mail if they’re purchasing your goods and services but never open an email,” Epsilon’s Jalli says.

Learning when to cut losses and move on is also an important element of any omnichannel retargeting or reactivation strategy. “Retargeting works if it’s smart, but too many display retargeting systems don’t know that you’ve made a purchase on another site and will keep sending ads for weeks after,” says Meyar Sheik, co-founder and CEO of Certona. “It’s wasted impressions.”

One way JustAnswer cut its losses—and reduced
IT and email service costs—was by purging long-term unresponsive customers from its email database. The move cut the size of the email database in half, and freed more energy and resources to focus on loyalty strategies for more engaged customers. This approach gave JustAnswer a six-fold improvement in click-through rates, with open rates up 46%. “ISPs are starting to look at engagement as a metric to decide whether to put your email in inboxes,” JustAnswer’s Douglas says. “With all the competition for inbox space, we need to find the best use of our time.”

**PAY ATTENTION IN-STORE**

Brands should avail themselves of every opportunity to integrate on- and offline insights. One approach is to combine in-store shopping habits with loyalty data and use that information to ensure that online marketing and merchandising skews to more relevant product lines.

The direct, low-tech approach is also still valuable. Outdoor retailer Moosejaw has a host of omnichannel technologies informing email, merchandising, and offer strategies. But in-store, associates are trained to be proactive when it comes to interacting with omnichannel customers. When a shopper is seen actively engaged with a mobile device in-store, “our shop staff proactively approaches the consumer and addresses questions around product availability, product performance, and pricing,” says Dan Pingree, Moosejaw’s VP of marketing. “It drives demonstrable benefits and a more loyal customer base.”

As Moosejaw learned, using insight and initiative across channels doesn’t have to be a bank-breaking experience. It’s as much a matter of training and attention as it is about technology. “The costs of entry have gone down significantly,” Jalli says. “Omnichannel opportunities exist for those on the cup-of-coffee budget.”

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REDEFINING DATA PRIVACY
SELF-GOVERNANCE HAS BEEN EFFECTIVE IN FORESTALLING PRIVACY JUDGMENTS. WILL IT CONTINUE TO HOLD THE LINE AGAINST CLASS-ACTION LAWYERS, PRIVACY ACTIVISTS, AND RAMPAGING TECHNOLOGY? BY AL URBANSKI

I think that right now is a dangerous time to be a direct marketer,” says Jay Edelson. He should know. The Chicago-based attorney makes his living filing class-action suits against companies that skirt privacy laws. Well, it’s not always privacy laws, specifically. No comprehensive national privacy laws exist outside ones like COPPA for child privacy rights, HIPAA for health information, and FRCA for financial data. Edelson has called on pre-Internet-era legislation like the Video Privacy Protection Act of 1988 and the Telephone Consumer Protection Act of 1991 to score a reputed billion dollars worth of judgments from federal civil courts. He’s currently applying the latter law’s provision against phoning and recording people without permission in a suit against Caribbean Cruise Lines. Ever pick up your phone during dinner time and hear a foghorn go off in your ear? So have millions of others. The TCPA carries a penalty of $500 per violation, and cell phone owners can sue for up to $1,500 per unwanted contact. Edelson figures that the ultimate judgment in this one case could top $1 billion.

Stu Ingis of the Venable law firm in Washington, DC—ranked by several legal guides as one of the top privacy attorneys in the United States—brings Edelson as bottom-feeders able to convince courts to see things in laws that are not there. “Look at the Video Privacy Act,” he says, naming the law that forbids video rental operations from disclosing names of titles rented by customers. “It was passed before an Internet existed. They take laws and statutes and apply them to Web behavior that they never had anything to do with.”

Ingis was heartened by the Consumer Privacy Bill of Rights, which was released in March by the Obama administration. He sees it as a conversation-starter for a national privacy bill that could clarify business liabilities concerning personal data and perhaps apply the brakes to class actions brought by lawyers like Edelson. The President introduced his bill minus any sponsor in the House or Senate, though, in April, the House Energy and Commerce Committee approved a data breach notification bill and Senators Tom Carper (D-DE) and Roy Blunt (R-MO) introduced the Data Security Act of 2015.

Self-governance remains the data-driven marketer’s best hedge against privacy liability, according to Ingis, from data sellers such as Experian, and organizations like the Direct Marketing Association (DMA). The DMA’s “Guidelines for Ethical Business Practice” contains seven pages of prescriptions for the proper collection, use, and transfer of personally identifiable information (PII), and following these golden rules has proven a shield from outlandish fines in the halls of jurisprudence. “In court,” Ingis says, “a stated privacy policy will limit the ability of frivolous class action to succeed.”

Todd Ruback, a longtime private-practice privacy lawyer who recently joined Ghostery as chief privacy officer, concedes that in the U.S. privacy compliance is between industry and the individual. “I have long advocated for a national privacy law,” he says. “We have sectional laws like HIPAA and COPPA and we have state laws, but it causes confusion and makes compliance difficult and expensive. We’re one of the few Western countries without a national law. Uganda has a privacy law; we don’t.”

The question, then, hangs in the digitally charged air: With mobile devices disseminating PII to all points of the globe, with billions of connected devices collecting data in every crevice of every home, and with class-action attorneys sifting through that burgeoning data flow like 49ers during the Gold Rush, will self-governance be enough to protect digital marketers from being blindsided by lawsuits or—perhaps worse—skewered in social media in the years ahead?

KEEP YOUR WORD
The majority of judgments levied against marketers through Section 5 of the Federal Trade Commission Act—the workhorse of privacy enforcement—involved a company’s not holding to its own privacy policies. Section 5 is known as the “unfair or deceptive practices” clause, and failure of a business to keep its word is considered a deceptive practice. PLS Group, a chain of loan stores, for instance, did not adhere to its policy of shredding customer financial records before depositing them in dumpsters and was forced to agree to a $101,000 civil penalty and 20 years of FTC audits. Like Edelson, the FTC takes a slightly circuitous path to policing privacy. Unlike Edelson, the FTC’s judgments are not so punitive.

Ruback says that the FTC has a powerful privacy hammer that can levy penalties of up to $11,000 per violation, and that the agency wields it aggressively. It has brought more than 50 Section 5 cases, but it is usually open to settling with penitent violators on much more agreeable terms.
One of those terms is the 20-year oversight period which, in effect, forces the offending company to install all the privacy checks and balances it probably lacked in the first place.

Privacy experts in the business community are generally approving of the FTC’s enforcement philosophy, which includes a meeting of minds with marketers on an opt-out strategy to clear permission for collecting data. One of those is Tony Hadley, SVP of government and regulatory affairs at Experian, who allows that so-called “data brokers” such as his company emerged clean from the FTC’s 2012 investigation into their data collection, handling, and selling practices. “The FTC looked at the data broker and realized that the practice was much broader than it had thought,” Hadley says. “They came back with recommendations that said, ‘If you’re a data broker, make sure you’re telling people who you are and what data you’re collecting, that you’re using good sources, you’re transparent about what you’re doing with it, and you’re keeping it secure. So, that’s what we’re trying to do—implement those very good recommendations the FTC put out there.”

Experian’s extensive privacy policy also makes several promises to customers, among them that it audits its databases for being current, reviews clients’ marketing materials to ensure the data is being used for the purpose stated, and allows consumers to dispute information included in their credit reports. It also vows to terminate relationships with offending clients.

“I look at the Consumer Privacy Bill of Rights and say it’s a misnomer. It should be the Business Data Regulatory Act of 2015. All it would do is regulate marketing data,” says Hadley, who’s of the opinion that it has no chance of becoming law in its current state. “The concept that consumers are fearful is something that is, in a practical way, not true. People live their lives on their iPhones and use ATMs and what consumers know is that the world’s really convenient for them and they don’t see any harm coming from it.”

**TRUE OR FALSE?**

Consumer privacy activists don’t buy either the convenience-makes-it-right or the no-harm-no-foul postulates of data-driven marketers. In fact, one of the more vocal detractors of self-regulation and the Consumer Privacy Bill of Rights (too lenient) applies an automotive metaphor to illustrate where the marketing industry’s wrong on this score. “People drive cars because they make their lives so much more convenient. But they also know that cars get into accidents and injure and kill people. They continue to use them because there are laws and rules built around auto use in the physical world,” says Lee Tien, senior staff attorney for the Electronic Frontier Foundation (EFF). “In the digital world it’s different. If my car breaks down, I take it back to my dealer. If, on the other hand, my dealer’s sold my sensitive financial information, I wouldn’t have the slightest idea that that had happened.”

To marketers, big data means more good information. To Tien and the EFF, big data means more false information. Tien holds that sampling biases are bound to result from “found” data, or third-party data that was collected for some other purpose than that to which the current user is applying it. Storing data indefinitely can also result in such biases, he says, as delivering millions of unwanted and irrelevant messages to people and, in point of fact, making their lives more cluttered and inconvenient. “There are very large problems,” Tien says. “It’s difficult for any person, even a privacy expert, to know what happens with your data.”

The EFF and marketers are in agreement on one thing: They’re both wary of a national privacy law, albeit for different reasons. “We take a jaundiced view of legislation,” Tien says. “There were bills a couple of years ago that had promise, but the federal bills we’ve seen lately are trying to slow the passage of privacy bills in states, many of which have been very effective.” Self-governance, he sniffs, is nothing short of letting the fox rule the henhouse, and other activists are solidly in agreement on that front. Justin Brookman, director of consumer privacy at the Center for Democracy & Technology, applies his own automotive metaphor to the issue: “Right now, private industry is in the driver’s seat.”

**BIG(GER) DATA**

It’s hard to refute Brookman’s comment—at least here in the U.S.—after hearing from Kitty Kolding, CEO of Infocore. Her data acquisition company collects and sells data in nearly 90 countries worldwide on behalf of such clients as American Express, Cigna, Disney, IBM, Procter & Gamble, and Toyota. To listen to Kolding tell it, data-drivers in the states are enjoying a joy ride on a high-speed locomotive.

“In the U.S. there are about 50,000 sources of data for reaching individuals, a total of about 70 billion records. That’s an enormous amount of data, about 200 records per individual,” Kolding says. “The next highest you’ll find worldwide is only about six or seven per person, and that’s the U.K. and Japan.”

Not only is data on Americans more bountiful, she says, it’s more robust and cleaner, too. The number of variables that can be searched and found for individuals in this
country have no parallel any place else in the world. Here in the Land of the Free, even barriers like those erected by emotionally charged sectional laws like HIPAA and COPPA are surmountable. “We had a project not long ago for an adult incontinence product, and you could find dozens of sources for individuals using that product,” Kolding says. “When we went looking for data sources in other countries such as Brazil, we were told, ‘Are you out of your mind?’”

But there’s a privacy practice lesson here, as well. Info-core’s blue chip clientele maintains a high level of restraint and decorum when shopping and consuming in the candy store of American data. “Clients like American Express and P&G are very serious about making sure they are inside the lines on privacy,” says Kolding, and it’s not just because they don’t want to mess up a good thing and see U.S. lawmakers adopt European standards. “The biggest reason that you should be on the ethical side of using data is public opinion of your brand. We’ve been fascinated by the damage social media can do to brands that are blatantly outside the lines.”

The list of respectable companies that are likely to broach that line—intentionally or not—might be bigger than imagined. “I’ve worked with some pretty big online retailers that have inadvertently opened a door and had a breach,” says James Koons, a former information security officer for Army Special Forces who now serves as CPO of Listrak, an omnichannel platform for retailers. “I remember the sentiment at most of these companies. It was like you walked into a quiet office and dropped a flash-bang grenade. There was confusion. They felt violated. When it came down to it, they learned that they had very poor privacy and security practices in place.”

Todd Cullen, former VP of global data for Acxiom, got a more intimate glimpse of the need for strict privacy standards when he joined Ogilvy & Mather as chief data officer in 2012. “For an aggregator, there are always questions on RFPs about physical security and privacy policies. I’m starting to see questions like that here, but just on the interactive side of the business. On the ad side, it never comes up,” says Cullen, who fears that marketers don’t take necessary precautions before launching their data into the cloud.

“It becomes a lot harder to control first-party data if it’s hosted in the cloud. For companies that use cloud-based automation or CRM tools, it’s a constant worry,” Cullen says. “What I’m seeing is clients who are really confused. If you took a snapshot of the data contained within their enterprises, it’s rarely clear where the data originated and under which specific policy it was obtained.”

**TAKE CHARGE**

For all the above reasons, the DMA, whose future rides on a vibrant and politically acceptable data-driven marketing industry, urges members to aggressively self-regulate. “If you are without a chief privacy officer at this point, you are far behind,” says Rachel Nyswander Thomas, DMA’s VP of government affairs. “Whether or not legislation moves forward on privacy—and I don’t think it will—businesses have to be on top of their privacy policies every day.”

When speaking to marketing groups, Thomas likes to tell them that their brand reputations are now tied up in data flows, and that if they’ve done their due diligence and can prove it, they should have little to fear in the courts or in social media. She admits, however, that traditional enterprises where data is housed in silos may think they have a handle on data, when in fact they may not. “A wonderful place to look for best practices in privacy is the small startup companies,” she says. “They came up knowing how the technology should and shouldn’t be used. They’ve employed privacy by design and governance from the start.”

But areas of potential data abuse often extend outside of the corporate silo farms and into the organizations that buy data from the silos. The flow of PII will only become more automated and harder to manage with the explosion of the Internet of Things. A report issued by the FTC in January sees the number of connected devices doubling to 50 billion in just the next five years. People on both sides of the privacy issue wonder if legislation could ever keep up with the pace of raging technology. “It’s at a point where tech companies have to be careful trying to innovate because they’ll set up a scenario in which they’ll hold companies hostage to potential liability,” says Ingis, the privacy lawyer. “The class-action bar will jump on any innovation they can apply a statute to.”

But one of the highest-profile members of that bar, Chicago-based lawyer Edelson, argues that his firm is simply protecting the privacy rights of people who are powerless to take on big companies by themselves. A Fair Credit Reporting Act suit that Edelson filed against the search engine Spokeo in 2010 provoked an $800,000 settlement with the FTC. Edelson feels justified in viewing his firm as a de facto consumer watchdog, and he envisions more law firms joining his cause.

“We don’t have the same bureaucracy [as the FTC], so we can make a big impact on privacy violations,” Edelson says. “There are a lot of firms out there beginning to look at privacy issues. The cases can be pretty big.”
MARKETERS PRIORITIZE PERSONALIZATION

91% OF MARKETERS EITHER USE OR PLAN TO USE PERSONALIZATION WITHIN THE NEXT YEAR. BY ANDREW CORSELLI

Almost all marketers will utilize real-time personalization for online customer interactions within the next year, according to a new study from Researchscape International and Evergage. Indeed, 91% of the 242 global B2B and B2C marketers surveyed say that they either use or plan to use real-time personalization (“data-driven personalization completed in one second”) within the next 12 months.

To put this number into context, approximately 58% of marketers use real-time personalization now. Of the 42% of respondents who don’t use it, 78% intend to leverage it within the next year. In other words, approximately 33% of all marketers surveyed don’t use real-time personalization, but plan to.

Clearly, users and non-users alike recognize the benefits of real-time personalization. Consider the following: 86% of marketers who leverage real-time personalization report a lift—with about half seeing a lift greater than 10%. What’s more, marketers who plan to deploy real-time personalization expect to see increased visitor engagement (78%), improved customer experiences (78%), and increased lead generation (60%).

“Personalization is an age-old concept, but extending the customized experience to online visitors in real time—based on deep customer analytics—is a new way to ensure each and every interaction with a prospective customer is relevant and engaging,” says Karl Wirth, cofounder and CEO of real-time Web personalization software provider Evergage. “When nearly 90% of marketers realize lift from personalization initiatives, it’s clear that those who embrace this strategy will outperform those who do not.”

However, companies looking to enhance their real-time personalization efforts should be prepared to increase their allocated resources. For instance, almost half (49%) of respondents intend to increase their real-time personalization budgets over the year ahead, and about 80% plan to increase them by more than 10%. In addition, 51% of marketers say that their companies are designating employees to work on real-time personalization programs specifically.

Wirth also emphasizes the importance of giving marketers the tools they need to leverage real-time personalization without constantly consulting IT.

“The primary challenges to successfully using personalization underscore the importance of developing business intelligence, customer analytics, testing, and personalization tools that marketers can use without the help of IT or data scientists,” he says. “Marketers need to be able to easily access a well-rounded view of customer information, and act on it to calibrate and deliver highly relevant and engaging experiences in real time, every time.”

OTHER FINDINGS INCLUDE:

- Marketers using real-time personalization have deployed it across their websites (76%), mobile sites (29%), Web applications (22%), and mobile apps (16%).
- Among the most common methods for real-time personalized content delivery are inline content (53%) and callouts (41%).
- When segmenting visitors, marketers use several different methods; the most popular being the type of content viewed (48%), location (45%), and time on site (36%).
- One third of those using real-time personalization report increased e-commerce revenues and 73% see increased visitor engagement.
- Marketers are doing a good job of measuring the ROI of their real-time personalization campaigns—with only 11% not measuring. Areas primarily looked at include conversion lift (58%), time on site (40%), and revenue lift (39%).
Data migrations can be a blessing to marketing organizations, though most companies see them as a curse. Upwards of 91% of businesses engage in data migration projects; however, almost all (85%) of them run into a significant problem during the process. Experian Data Quality’s “Ease the Data Migration Burden” study shows that the five most common challenges are the following:

“Data migrations have become an essential part of data management, with a large number of system upgrades, mergers, or general data consolidation,” says Thomas Schutz, SVP and general manager of Experian Data Quality. “The desire to gain insight from data is so great that these projects are of critical importance to gaining customer understanding and executing business operations. While many face challenges, they can be alleviated or lessened with the right level of planning and data insight early and often throughout the project.”

More often than not, organizations partake in data migrations when there is a merger or acquisition, a de-merger or buyout, a system replacement or upgrade, or regulatory changes. Here are some ways to avoid the five main data-migration issues, according to the study.

**LACK OF COLLABORATION**
To avoid collaboration chaos, the study says to “ensure all stakeholders are [brought] in and have a seat at the table.” Also, having a clear project plan and assigning specific owners to tasks and deliverables are other ways to ixnay collaboration issues.

**LACK OF DATA STANDARDIZATION OR DATA CONSISTENCY**
Whether it’s dates in the wrong format or addresses that don’t adhere to the post office’s guidelines, standardization is imperative in an organization’s ability to leverage data as an asset. Identifying and ameliorating such issues prior to a migration will help keep things consistent—eliminating errors and potential obstacles that threaten the migration’s success, as well as helping to keep unexpected costs and delays at bay.

**POOR SYSTEM DESIGN**
Thirty-three percent of organizations view poor system design as a significant migration challenge; it doesn’t have to be, though. Having clearly defined scoping documents, a centralized location that every team member can access and update (i.e., a project management system), and extra time for the inevitable problems that will arise from the migration process will help to thwart this issue.

**INACCURATE INFORMATION**
Migrating bad data will, of course, cause major challenges. Leveraging a data quality solution to ensure data is ready for migration and fit for business purposes will help to lessen the risk of inaccurate information. Also, much like poor system design, make sure to allot extra time for unforeseen data issues. There’s no point in migrating bad data to the new system.

**POOR INTERPRETATION OF BUSINESS RULES**
Technology and business people need to be in sync during data migration projects. When IT is left to make decisions or interpret business jargon, there will be challenges, the study says. Business users must be held accountable for defining requirements so that the technology team has a clear understanding of things ahead of the migration.
It Takes 3 Types of Customer Data to Tell a Marketing Story

Deciding between first-, second-, and third-party data can be more than some marketers can bear.

Senior marketers who agree or strongly agree that in 2015/2016 they plan to increase their use of:
- 82% First-party data
- 60% Second-party data
- 44% Third-party data

Senior marketers with strong ROI who use the following regularly:
- 81% First-party data
- 77% Second-party data
- 61% Third-party data

Senior marketers with strong ROI who say these types of data are most important to their organization's strategy moving forward:
- 87% Transaction history
- 80% CRM
- 74% Behavioral data from their sites and campaigns
- 60% Data about customers from trusted partners
- 52% Behavioral data from third-party sources
- 51% Customer data from third-party sources
- 49% Demographic customer data from third-party sources

Senior marketers who say the following types of data produce:
- 74% The greatest customer insight
- 68% The easiest financial justification for use
- 64% The highest increase in customer lifetime value
- 62% The highest lift among our data sources

Senior marketers with strong ROI who strongly agree that they have:
- 66% Campaign targeting/analysis
- 60% Content personalization on our sites/applications
- 59% Audience segmentation
- 59% Marketing automation
- 48% Customer journey analysis
- 40% Programmatic buying of online display ads

Senior marketers who say the following data strategies that extend out a year or more:
- 45% Well-documented data strategies
- 44% Policies and procedures for how they define, manage, and use all types of data
- 40% Data measurement processes
- 37% Sufficient human resources to power data initiatives