

# The Multichannel Agenda: 6 Marketing Insights for 2011

An Experian white paper

---



# Introduction



Mark Zablan  
Managing Director, UK&I  
Experian Marketing Services Group

This white paper looks forward to the year ahead, showcasing commentary from Experian's marketing and data experts, social media trends from our newly acquired social technology company Techlightenment and digital marketing insights from our clients Panasonic and Microsoft. Its aim is to give marketers food for thought as they develop new marketing and advertising strategies.

It's clear that these are challenging times for marketers working in all kinds of organisations, with new pressure being applied from above and beside. In more recent years we were asked to do more with less as budgets were cut or frozen, today we are being asked to market using more innovative and evolutionary methods or channels. There's a greater degree of scrutiny being applied to marketing than perhaps ever before; and an imperative to develop strategies that can explicitly show tangible returns. The good news is that both the technology available to help and the multichannel landscape in which we all now live and work present many intriguing possibilities and opportunities.

If the evolution of marketing has always been based on finding new ways to reach consumers, then one thing marketers have on their side today is that so many consumers are spending more time in the digital world, where there are so many sophisticated yet cost-effective ways to engage them. The ongoing development of email and online marketing technologies now enable the use of more sophisticated personalisation, based upon intelligent use of consumer data. That makes

it easier to create messages likely to resonate with recipients, with the benefits of this personalised approach also applicable to offline communications.

The need for this more personalised approach applies to both the content of those messages and the methods chosen to reach recipients. While it is true that the spread of mobile devices and the ever-increasing popularity of social media platforms like Facebook offer new ways to reach a growing number of consumers, it's important to consider and utilise all available contact channels, online or offline, anytime, anywhere.

But the key to success is still, above all, that ability to tap into insights buried in consumer data: to build more detailed pictures of target consumers, getting closer to the elusive 'single view' of

the customer as an individual and also gaining a deeper understanding of what is most relevant to your targets at a household level.

At the same time it's still vital that marketers avoid the pitfalls that can undermine all their efforts: ensuring that data is clean and accurate, of course – but also making sure that the content you create is truly relevant to the recipients and is delivered through the channels where consumers are engaging. The relevance of the content you put before your audience is just as important as the selection of that audience and the method you use to address them.

So, challenging times, but those challenges can be met by marketers able to harness technology to inform, plan and execute the right strategy.

---

**“The key to success is still, above all, that ability to tap into insights buried in consumer data: to build more detailed pictures of target consumers, getting closer to the elusive ‘single view’ of the customer as an individual and also gaining a deeper understanding of what is most relevant to your targets at a household level.”**

---

# How can you ensure you are connecting with your customers in the multichannel reality of 2011?



Marie Myles  
Director of Analytics & Consulting  
Experian Marketing Services

Our focus is on direct communications with customers through a spectrum of direct channels, including email, direct mail, SMS and one-to-one online communications. The key question is how you use the growing amount of data now available to improve the way you manage that direct customer engagement. There are more channels now and an absolute wealth of data available that enhances what direct marketers have got to play with. So it's opening up a lot of opportunities – as well as posing a few challenges.

**The information gleaned from email campaigns, website visits and transactional data allows companies to build up a far richer picture of the way they engage with their customers.**

Current marketing channels such as direct mail, outbound calling and SMS still have a role to play. But companies now potentially have access to more detailed customer data. Let's take email as an example; companies can see

who's opened the email, who's clicked through and who didn't bother; but are they collecting that insight at the customer level and matching it back to more traditional databases?

It's a very different world to when you sent out direct mail. You might know if it had been delivered, but not whether it was seen or opened. All you could ascertain was if they had responded by some means; either through response codes, telephone numbers, unique URLs or matchback analysis.

Now technology means you can develop a much better understanding of the ways in which your customers are engaging with you. Identifying them is the key to success in customer engagement, be it through their IP address, a cookie, or better still as a registered user or customer. The information gleaned from email campaigns, website visits and transactional data allows companies to build up a far richer picture of the way they engage with their customers. With tools that allow the creation of a single view of the customer it becomes possible to develop far more complex and sophisticated multichannel campaigns. Experian's iMarketer solution offers 'multiwave' capabilities, enabling a campaign to be based on multiple phases, each triggered or managed according to the responses or behaviours of an individual. And these campaigns can be delivered by multiple channels, ideally selected by customer preferences. It would be all but impossible to manage campaigns this

complex using spreadsheet planning, but iMarketer allows campaign management to be configured in a highly detailed and intricate way, with customer profile and behavioural data driving the campaign.

A decade ago this would never have been possible; those insights into customer engagement just would not have been available and the sophisticated multiwave capabilities needed to act on them were not sufficiently advanced. This is opening up opportunities for companies operating in many different sectors, from financial services and retailers, who you might expect to use this sort of solution, to new sectors. Digital data is opening up opportunities for sectors such as manufacturers, airlines and media companies.

So analysing the data to find actionable insights, then communicating using software that can target and interface into different channels, like email, social media and mobile as well as traditional channels such as direct mail and call centres, all means you can be sure you are reaching customers and prospects with the most effective messages.

# What role will data quality and the single view of the customer play for marketers in 2011?



Joel Curry  
UK Managing Director  
Experian QAS

The biggest problem for marketers in 2011 is that there's a continuing squeeze on marketing spend and pressure to prove and to improve ROI on that spend. At the same time, there's definitely a shift from offline to online budgets – over two thirds of UK marketers (68%) believe their digital marketing budgets will grow in 2011, according to research conducted by the affiliate network LinkShare.

I've only recently returned from spending several years as MD of Experian QAS in the US. The big trend in marketing there is to make more connections within the business between offline and online customer interactions, to improve targeting and customer engagement. It's great to see that the UK is now also beginning to follow this route. Companies need to be able to cross-reference sales across their service channels, to work out which customers are most likely to spend money and who's buying through which media.

Too often there's still a significant degree of separation between customer records that relate to an email address and those that relate to the customer's home address. Plenty of organisations track how many emails they send to customers, but not so many apply the same attention to all the interactions they have with customers across all service channels, as individuals or within households. It's vital that

companies are able to gain a deeper understanding of who they are trying to target, which channels they respond to and which products and services they have bought from the company previously.

It's important to track people through changes of address and life changes. At the moment, instead of mining that data to look at the links across different channels, there's still a lot of use of rented lists. Taking that approach and making piecemeal changes to databases on an ad hoc basis is not good enough. Research from Gartner suggests that the average database decays at a rate of 33% every year. Our own research, from December 2010, shows that only 8% of organisations worldwide trust their data – believe it to be clean, accurate and up-to-date. Respondents to that survey believe an average of 23% of their data is inaccurate.

The exciting development for 2011 is that technology is now available to enable organisations to move towards the ideal 'single view' of the customer by breaking down complex consultancy projects into flexible, cost-effective component solutions. Our customers have found that by removing some of the bespoke consultancy elements they can vastly reduce the cost of ownership and that SCV can become more of a tangible reality.

There's always new data becoming available, but the key is to make

sure it's accurate and then tie it into the single customer view. It's about identifying individuals interacting with the business and seeking to learn more about them and which of your service channels they use. That's what will push up conversion rates, reduce costs and increase returns.

**Technology is now available to enable organisations to move towards the ideal 'single view' of the customer by breaking down complex consultancy projects into flexible, cost-effective component solutions.**

# Will we continue to see a shift in marketing spend to digital in 2011?



Gaele Lalahy  
Digital Communications Manager  
Panasonic UK

The answer is a definite 'yes'. Budgets are shrinking, we're increasingly accountable to management over the return on our investment and we're trying to be cleverer than before: looking carefully at the message or the objective to select the medium that will be the most cost-effective way to engage with the customer.

We are going where the audience is. Facebook now has a bigger audience than Coronation Street or the biggest magazines. Our objective is to communicate and engage our customers in a place they feel comfortable, it may or may not be on our corporate website.

Digital offers engagement opportunities with the customer not available on other media, for example it is key for us to harness the power of user-generated reviews. It's become more of a dialogue, to discover what customers want and what they think.

This is the way the customer wants to be talked to. There's an increasing cynicism about brands trying to sell themselves. So what I'm trying to do within Panasonic is to bring advertising and PR closer together, so campaigns become not just a case of 'this is Panasonic telling you...', but to create more of a story and put the customer at the heart of the campaign. It's a necessary shift. Digital, online, is the way to do that. It's trackable, it's accountable and it's where the audience is.

The shift isn't just about advertising, but is also in terms of investment to create a lot more online content. We are trying to reinvent ourselves and understand what the customer wants when they visit a manufacturer's website in their research process. We will provide depth of information but also magazine reviews and awards and user-generated reviews on our website because they want to see it all in one place. We're lucky in that we have very good products, so they get

good reviews! We are working more and more towards making our site more social and interactive and have a lots of exciting projects in the pipeline.

We have also invested in product videos for the website. In the past, people were happy to read lines and lines of specification and description, but they don't do that any more. Now you really feel the need to provide very good video content. And these videos help retailers' conversions too at the point of purchase.

We are now working on a mobile platform, because this is another way people are consuming the information, when they are on the move. If we are not present on this platform there are more people we cannot communicate to.

The buying process of the customer is changing. We have to give them the information that they want, where they want it, and be consistent at every customer touch point.

---

**“Digital offers engagement with the customer that is not available anywhere else, in the form of user-generated reviews. I believe it's best if we let our customers engage with our brands directly like this.”**

---

# Will digital advertising become more personalised in 2011?



Zuzanna Gierlinska  
Director of the Microsoft Media Network  
EMEA

Yes, absolutely. In the digital space, the work we are doing with Experian is testament to the on-going evolution of our data and marketing capabilities and is indicative of the investment Microsoft is driving into this area. Consumer data is the bedrock of any form of personalised communication and through access to Experian's offline data sources we have enhanced the level of targeting we deliver, providing more tailored messages to ever more granular groups of consumers.

Across the industry as a whole there is a significant amount of investment in personalisation capabilities and one technology that has gained prominence in the last 12 months is dynamic creative optimisation (DCO). DCO providers enable creative content to be loaded dynamically with a selection of imagery and text based on a user's behaviour and demographic profile. In much the same way that Amazon or eBay provide purchase referrals an advertiser can deliver via display advertising special offers based on what an individual consumer has looked at or bought based on their specific activity and also those of other consumers who brought the same or similar products.

DCO companies have enjoyed a significant growth as increasingly direct response advertisers turn to this technology as a channel for generating online conversions.

Consumers are also comfortable with the concept of personalisation. Consumers are aware that there is a trade-off between free content online and advertising and therefore the more relevant the advertising they see the better their overall online experience. A research study by the Internet Advertising Bureau (IAB) into consumer attitudes to online behavioural advertising asked people if they were aware that behaviourally targeted ads were shown online and how they felt about it. Out of more than 1,000 people interviewed 90 per cent said they had previously shared their personal data online at least once. When the regulations around the storage and use of personal data were outlined, particularly the fact that users can opt out if they wish, 74 per cent said they were comfortable with that data being used to inform the targeting of advertising.

However, there is still more work required to convince advertisers of the full potential of personalised advertising and today the majority

of brand budgets still default to TV. In TV segmentation is all based on demographics alone. Digitally this segmentation can be so much richer as advertiser can apply behaviour as profile data. This enables much deeper and more granular message personalisation, eliminates media waste and ensures you are serving the right message to the right consumer and at the right time. Personalisation drives improved brand recall, relevance and adoption and an industry need to get better at putting these metrics in front of advertisers.

To make a personalised experience truly successful a key component is making sure your creative really speaks to your target audience. The value of the creative in delivering personalised messaging is today undervalued. Creative is often already planned before an advertiser/agency even begin to plan their media activity. Without the creative messaging being aligned to the target audience we will not see the true performance personalisation can deliver.

**Consumers are also comfortable with the concept of personalisation. Consumers are aware that there is a trade-off between free content online and advertising and therefore the more relevant the advertising they see the better their overall online experience.**

# How will social media become more mainstream for marketers in 2011?



Ankur Shah  
Co-founder and Co-CEO  
Techlightenment

Social media is already mainstream, at least in terms of consumer usage. There are more than 500 million people on Facebook, with over half of the active users logging in every day. There are also Facebook clones making massive headway in China and Russia and we're seeing exactly the same characteristics there – heavy usage, with people telling each other, in real time, what they like and want. This is happening on other social networks too, like Twitter and Quora. If marketers are going to become more customer-centric and listen to what consumers have to say, they have no choice but to treat social media as a core part of their mainstream marketing activities.

The second thing is that these businesses are now sustainable. Everyone is expecting a Facebook IPO within the next few years. LinkedIn and Twitter seem to be on that same path. And an ecosystem has grown up around these properties, with businesses like ours that are designed specifically to provide related services.

The main reason this new category of companies has emerged is because of the wealth of information and customer data that can be tapped into. We are taking a very technology-led approach to social media, developing tools that give marketers more granular insight into their customers and potential customers. Consumers are increasingly aware of the value they get from sharing personal

information, likes and dislikes online – whether that's something tangible like a voucher, or intangible like social collateral. This means that we can pinpoint, almost to the individual level, people who will likely be interested in a brand or product. Once we've identified these people, we generate customized ads that are delivered and updated in real-time based on data we're getting back from the larger campaign. And as results come in, we optimize the campaign in real time, shifting resources towards the ads and profiles that are showing the best results.

This kind of detailed analysis and optimization hasn't been possible to do on a large scale before.

Its availability means that large, global brands no longer have any reason to ignore huge platforms like Facebook. The most successful technology companies of recent years understand the value of data – brands like Google and Apple are great examples.

Social media platforms like Facebook and Twitter also open up a huge opportunity on mobile devices. This much more personal form of marketing can give brands a direct connection to their customers no matter where they are – at home, work or school. And, in return, they can track a customer's activities throughout the day.

Social media is here to stay, and the most successful brands will be

the ones that quickly learn to use the data and mobile opportunities it presents to understand what their customers want.

---

**Consumers are increasingly aware of the value they get from sharing personal information, likes and dislikes online – whether that's something tangible like a voucher, or intangible like social collateral. This means that we can pinpoint, almost to the individual level, people who will likely be interested in a brand or product.**

---

# How can marketers better understand online customers for more effective acquisition in 2011?



Robin Goad  
Research Director  
Experian Hitwise

The success of digital marketing in 2011 will be determined by how well companies can understand their online audience. Every year a greater proportion of marketing budgets are being spent online, yet many companies are adopting a woefully naive “scattergun” approach to digital advertising, with no thought to the quality of the audience they are trying to engage.

To give an example, a high-end automotive manufacturer spent a significant sum of money last year on its online marketing budget to promote a new model it was bringing to market. As a result of this advertising, visits to the company’s website more than doubled, and the company congratulated itself on a job well done. The only problem was that the vast majority of the traffic received had come from one of the prominent used car portals online. The traffic to the manufacturer’s website was from aspirational dreamers, who realistically could never afford a brand new, top of the range vehicle, but nevertheless enjoyed looking at beautiful cars.

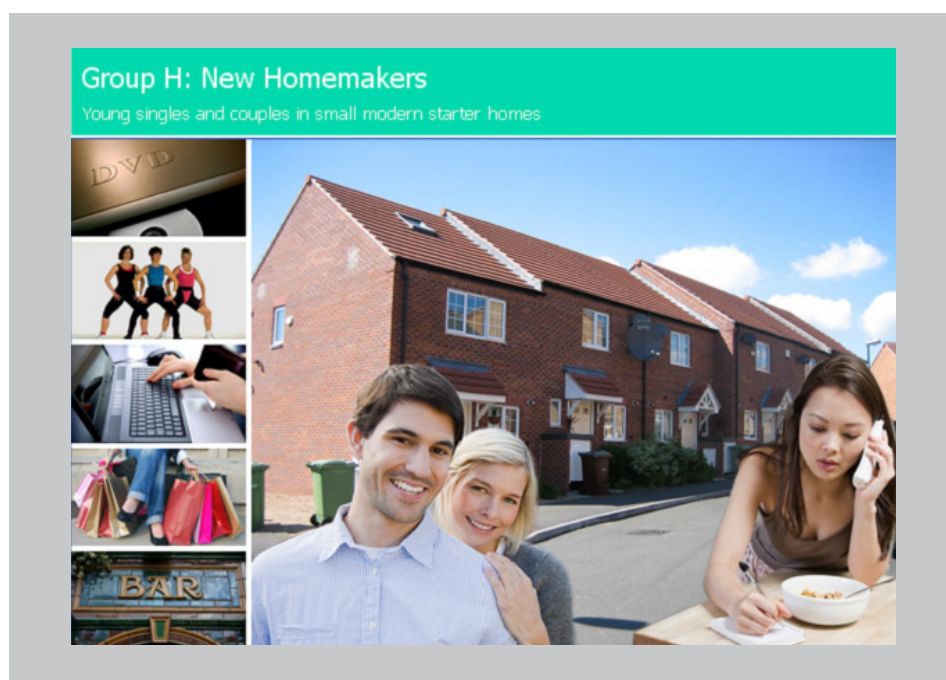
This is a stark example, but the principle is true for all digital advertising. Large volumes of traffic alone are no longer enough to qualify as successful marketing; the traffic must come from the core segment of consumers that a company is trying to target in order to provide the best return-on-investment (ROI). The way to direct your digital advertising to those core segments is to understand who your online customers are and target websites that they visit and search terms they use.

Using Mosaic, Experian’s custom segmentation system, it’s possible to achieve both of these goals. Mosaic segments the UK population into 15 Groups and 67 Types, while Hitwise enables you to identify the key demographics of visitors to your website. It might be that your website has a high proportion of its traffic coming from the New Homemakers Mosaic Group, for example. New Homemakers are young urbanites who live in small modern homes in cities like Reading, Bristol and Birmingham. They typically have a net household income of £30,000-£40,000, eat takeaways and read the Daily Express.

Having identified the top Mosaic Groups and Types that visit your website the next step is to target other websites that they

visit. New Homemakers, for example, are young people and prolific users of online dating and parenting communities. They are top visitors to sites like eHarmony, BabyCentre UK, netmums and Match.com. The group also regularly clicks on Dominos pizza, Empire magazine and Tottenham Hotspur Football club.

Armed with this information, you will begin to appreciate not only who your audience are online but the sorts of things they like to do. With this in mind, you can develop marketing campaigns designed to appeal to your target audience and therefore have a much higher chance of reaching people who are relevant to your brand. The result will be a more qualitative and targeted marketing approach which will increase your ROI and online conversions.



Landmark House  
Experian Way  
NG2 Business Park  
Nottingham  
NG80 1ZZ  
[www.experian.co.uk](http://www.experian.co.uk)

