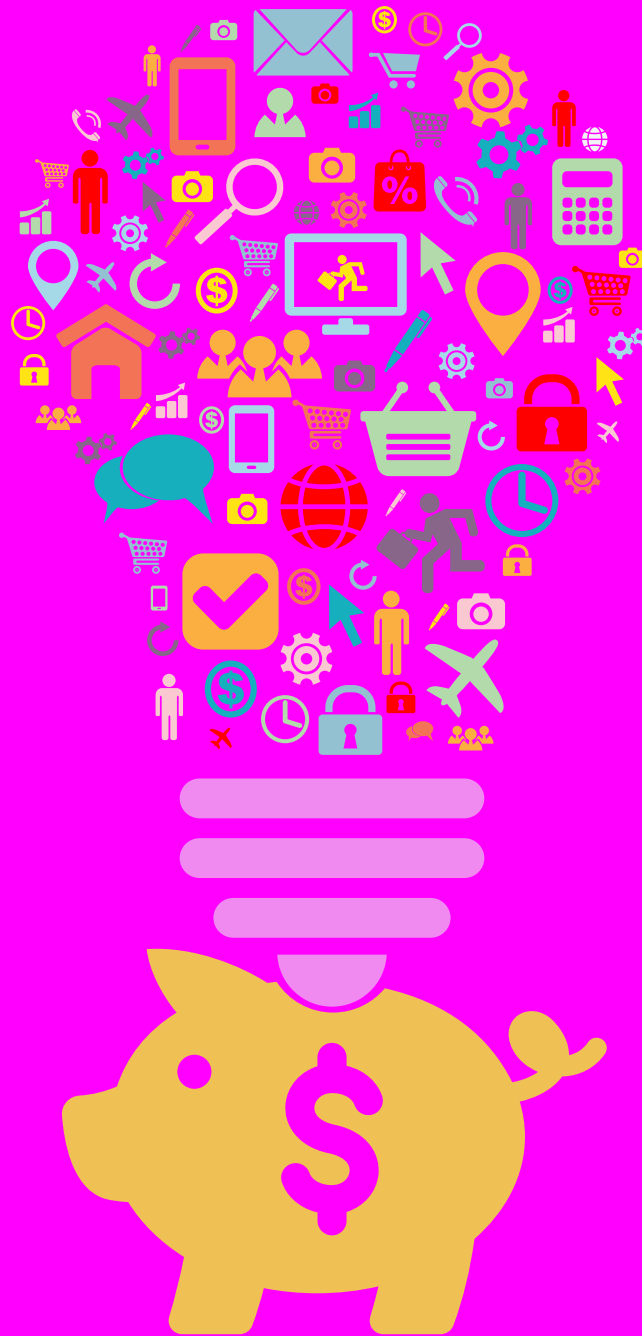


# Big Data's Big Payday:



Marketers Approach ROI Tipping Point in 2015

INFOGROUP OUTLINES THE "10 COMMANDMENTS OF BIG DATA ROI"

Based on survey results over three years.

# Executive Summary

It's exciting to watch data's role in the marketing industry continue to evolve as brands maintain their pace of investment in new solutions and ramp up the sophistication of their personalized multichannel campaigns.

For the past three years, Infogroup has conducted an on-site survey at the DMA Annual Conference & Exhibition to measure the progress of data-driven marketing and to identify the top challenges brands face. The surveys have shown a clear pattern of progress, with each year's findings demonstrating marketers' ability to build on the improvements they made in the previous 12 months.

## And this year was no different.

In 2012, our survey found that marketers were "data-rich and insight-poor" as they struggled to keep up with the deluge of available customer data. To convert that information into actionable intelligence, they planned to spend and hire heavily in the year ahead. A year later, we found that marketers had largely succeeded in laying a foundation for effective data-driven marketing strategies, and they were prepared to take a big step forward in the area of Big Data by shifting their focus to analytics in 2014.

The DMA 2014 survey of almost 600 of the top marketers in the world found that those efforts are starting to pay off in a big way. In 2015, more than half of all marketers expect to see a positive return on their data-related investments for the first time—a milestone certainly worth celebrating after years of hard work.

As we reach this tipping point for data-driven marketing, significant challenges remain, even for industry leaders. But a significant number of marketers are still waiting to realize returns or haven't even started investing in data solutions—a group that can learn some important lessons from their peers who are already seeing ROI.

## This year's annual DMA study includes important findings for marketers in 2015.

- Plans for data spending and expected timelines for ROI
- Data management best practices that lead to returns
- Campaign execution best practices
- The biggest data-related marketing challenges

It's encouraging to see marketers' years of investment in data solutions finally starting to yield dividends, and we hope this year's DMA study from Infogroup will act as a roadmap for brands still eagerly awaiting Big Data's big payday.



# Key Findings

## Data Investment

More than three out of five marketers (62 percent) have started investing in data solutions, up from 54 percent in 2013. Another 26 percent plan to invest in the next two years.

## Return on Investment

Almost half of marketers (47 percent) are seeing a return on their data-related investments, compared to 39 percent a year ago. Sixty-four percent of those who have already started investing in data solutions are seeing a positive ROI.

## Data Budgets

Most marketers (64 percent) expect their data-related budgets to increase in 2015, while only 4 percent anticipate a decrease in spending.

## Data Challenges

The biggest data-related challenges marketers expect to face in 2015 include data analysis (21 percent), data application (16 percent) and data collection (15 percent). Marketers say that difficulty integrating across channels (40 percent) and the lack of quality data for segmentation (35 percent) are the biggest obstacles to personalization.

## Data Collection

The majority of marketers (53 percent) say they don't collect enough customer data, while only 10 percent think they collect too much.

## Data Sources

Although marketers rely heavily on customer purchase history (48 percent) and third-party lists (44 percent) as primary sources of customer data, they usually overlook digital data sources such as web browsing history (16 percent) and social media posts (12 percent).

## Customer Profiles

Only 21 percent of marketers are very confident in the accuracy and completeness of their customer profiles.

## Data Privacy

Almost 80 percent of marketers plan to take additional steps to protect customer data and privacy in 2015.

## Multichannel Campaigns

More than 60 percent of marketers use data to execute personalized email and direct mail campaigns, but less than 20 percent customize messaging for print, display or mobile offers. Almost half of marketers (46 percent) rarely or never customize messaging for each channel based on data insights.

## Personalization

The majority of marketers primarily rely on names (55 percent) and demographic information (53 percent) to personalize campaigns, but less than a quarter use transaction triggers (24 percent), brand interactions with customers (19 percent) or event triggers (17 percent). Customized offers are the most popular type of personalized campaign (52 percent).

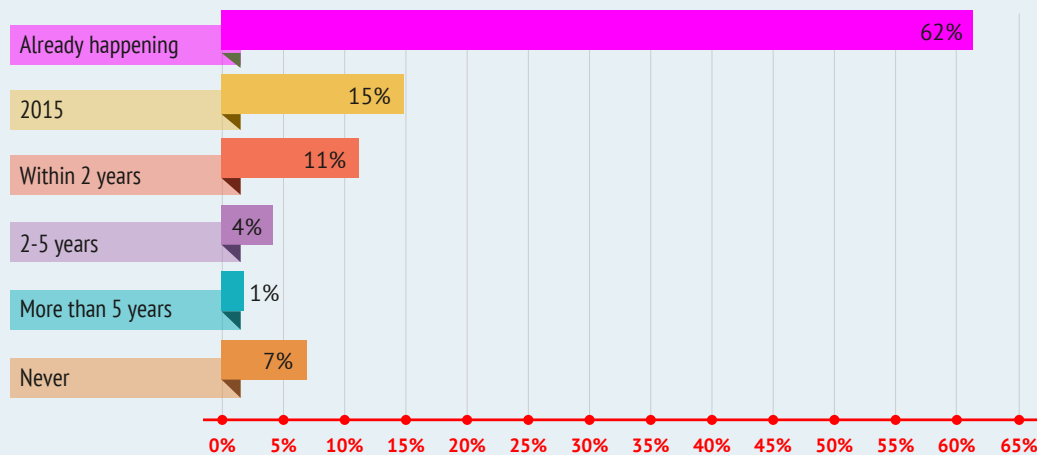
# Introduction: The Year of Big Data ROI

The number of marketers whose companies have started investing in data initiatives grew 8 percentage points year over year, from 54 percent in 2013 to 62 percent last year. And more than a quarter of respondents plan to start spending on data initiatives in the next two years. This means almost nine out of 10 marketers will be invested by 2016.

As more brands invest in data solutions, return on investment has followed. Almost half of all marketers report that they are already seeing a positive ROI from their data-related marketing efforts, up from 39 percent a year ago. Among marketers who said they have started investing in data initiatives, 64 percent report a positive return. With an additional 20 percent of survey respondents expecting to see ROI in 2015, the industry is reaching an important tipping point where the majority of marketers should be reaping the benefits of their data investments this year.

## Data Marketing Investment

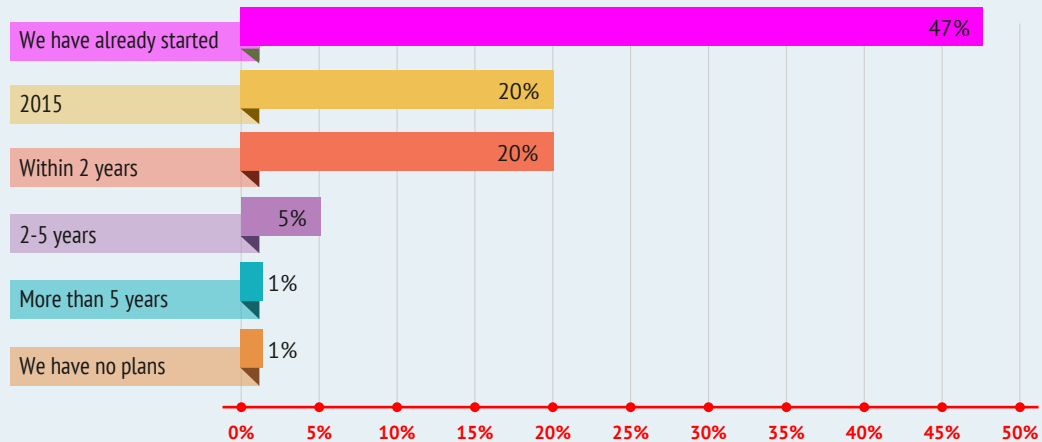
Chart 1.1 When does your organization plan to start investing in data marketing solutions?



This year, our DMA study focuses on identifying best practices in data management and campaign execution that lead to a positive return on investment. Specifically, we compared the responses of marketers already seeing ROI with those who haven't yet invested in data-related marketing initiatives to see how they differ. We also looked at a middle group of marketers who have made investments, but haven't yet realized returns.

## Data Marketing ROI

**Chart 1.2** How soon does your organization expect to see a positive return on investment from data-related marketing efforts?



Here's how we segmented the three groups, which we have identified as leaders, laggards and up-and-comers:

- Leaders have already made investments in Big Data solutions and are already seeing a return on investment. Forty percent of those surveyed fall into this group.
- Laggards have not yet invested in Big Data marketing solutions. Thirty eight percent of respondents fall into this group.
- Up-and-comers have invested in Big Data marketing solutions but are not yet seeing ROI. Twenty-two percent of respondents fall into this group.

By looking at what the leaders are doing, we identified 10 ways that the industry leaders in data-related marketing have achieved ROI faster than everyone else.

# Expectations for 2015

Because ROI is a reality for nearly half of all marketers, most are optimistic about their data-driven marketing efforts in 2015. Both budgets and confidence are on the rise. However, this doesn't mean that 2015 will be smooth sailing. Marketers remain concerned about data analysis, application and collection efforts. The most successful marketers will make continued investment a priority and actively demonstrate ROI within their organization.

## ROI Lessons

- Almost three-quarters (73 percent) of leaders expect their data-related marketing budgets to increase in 2015, compared to only 55 percent of laggards.
- More than 80 percent of leaders are optimistic about the success of their personalized marketing efforts in 2015, compared to 56 percent of laggards.



In 2015, more than half of all marketers expect to see a positive return on their data-related investments for the first time—a milestone certainly worth celebrating after years of hard work.

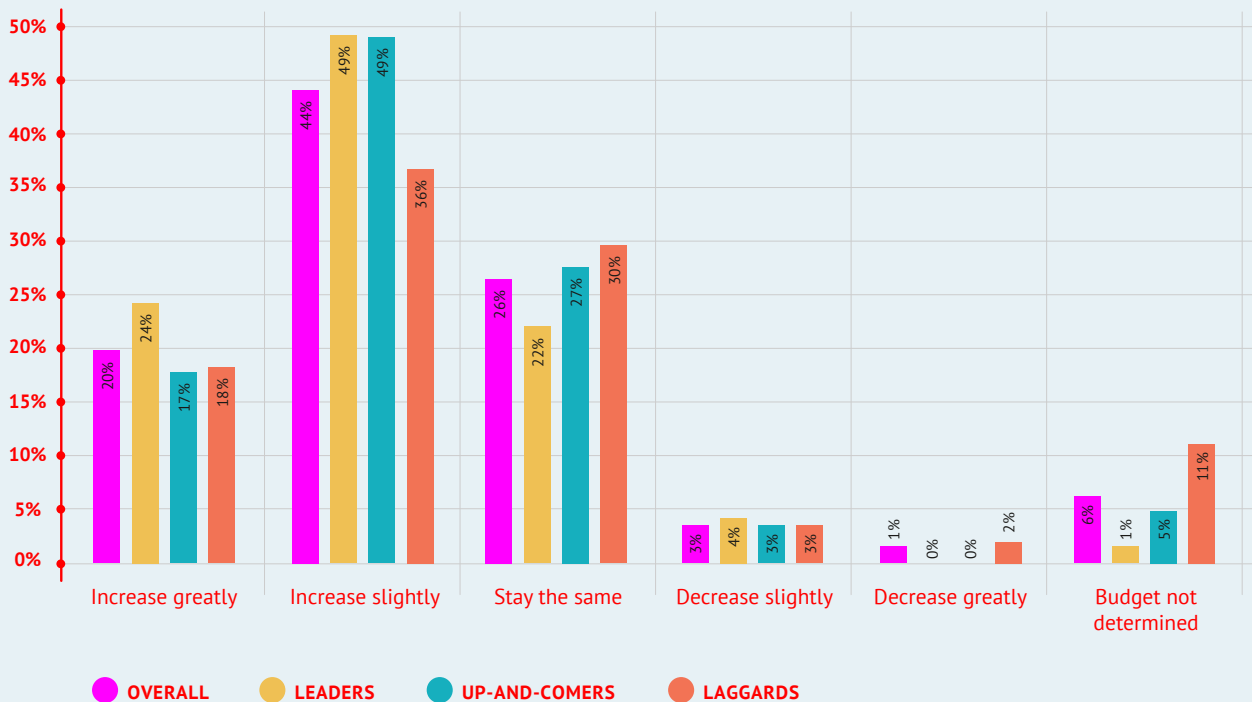
## Finding No. 1: Leaders plan to continue spending more than everyone else

It looks like the data spending spree will continue for the third straight year. Overall, 64 percent of marketers expect their data-related budgets to increase in 2015, continuing the trend of heavy investments we saw in 2014 (62 percent) and 2013 (68 percent). More than 20 percent expect a substantial jump in spending this year, while 44 percent said the increase will be modest. Only 4 percent said their data budgets will decrease year over year. Marketers who are already seeing ROI plan to spend more than anyone in 2015, with 73 percent of leaders saying their data budgets will continue growing. The up-and-comers aren't too far behind at 65 percent, suggesting they are doubling down as the payoff approaches. More than 92 percent of the up-and-comers group expects to see ROI in the next two years.

Laggards appear to be caught in a cycle of non-investment. Bigger budgets can be difficult to justify without a track record of spending and returns. Even though more than half of marketers in this group expect their data-related budgets to increase in 2015, the spending will be far below average. This may change in the years ahead. Of those who haven't yet invested in data marketing solutions, the majority plan to start making investments in 2015 (39 percent) or within the next two years (29 percent). Nineteen percent of current non-investors have no plans to start investing in data marketing solutions.

### Expectation for Data Budgets in 2015

Chart 2.1 How do you expect your data-related marketing budget to change in 2015?



## Finding No. 2: Leaders are much more optimistic about personalization

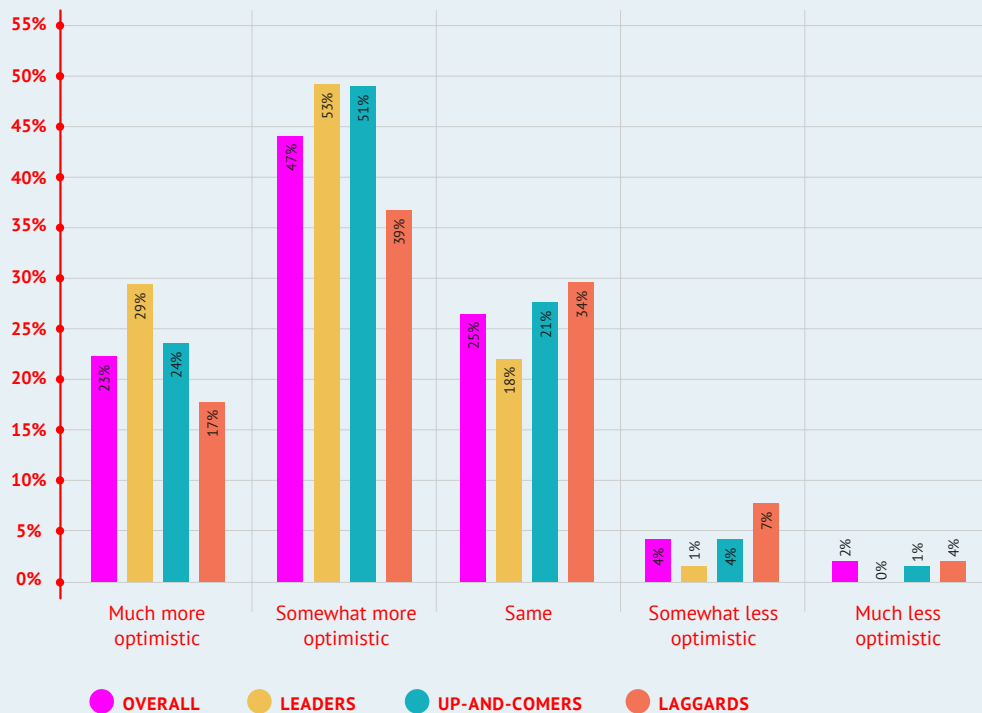
The same disparity between leaders and laggards around budget expectations also exists when it comes to optimism in 2015. With positive ROI resulting in ever-increasing data budgets, 81 percent of leaders think their personalized marketing campaigns will be more successful than a year ago, compared to only 56 percent of laggards. Less than 2 percent of leaders are less optimistic heading into 2015, compared to 11 percent of the laggards.

In general, marketers are much more optimistic than a year ago, believing that their investments in data solutions will result in a greater ability to send consumers targeted and relevant offers. Overall, 70 percent of marketers are more optimistic about their personalized marketing efforts than they were a year ago, and only 6 percent are less optimistic.

Optimism is also tied to budget. If marketers expect to increase their budgets, they're more likely to have high hopes for the coming year. Seventy-seven percent of those who expect a budget increase are either much more or somewhat more optimistic about the coming year. Of those who expect their budget to decrease, stay the same or who have not yet determined their budget, only 57 percent are more optimistic compared to years past.

### Optimism About Personalized Marketing in 2015

Chart 2.2 Are you more or less optimistic about the success of your organization's personalized marketing efforts heading into 2015 compared to this time last year?





## All marketers think analytics will be the top challenge this year

While budget expectations and optimism are largely dependent on previous levels of investment and ROI, all marketers agree on the data-related challenges they will face in 2015. About one-fifth of all survey respondents identified data analysis as the No. 1 challenge, an expectation that remained consistent regardless of level of sophistication with data solutions.

The answers reveal a lot about where marketers stand in the data implementation process, with data application and data collection also ranking in the top three overall. As in years past, the findings suggest that marketers are becoming more sophisticated with data as they focus on analytics. But they still haven't mastered data collection and other basic activities. More than half of all marketers say they still don't collect enough data on customers, despite the fact that many marketers don't know how to use the data they already have on hand.

There are very few notable differences between leaders and laggards when it comes to the biggest data-related challenges they expect to face in 2015. The one exception is that the up-and-comers ranked data cleansing just under analytics, which could indicate that marketers who have already started investing in data solutions but haven't yet seen ROI are rightfully focused on getting their records in order as they race to join the leaders group.

### Top Data Marketing Challenges

Chart 2.3 What do you think is the biggest challenge marketers will face in 2015 as it relates to the use of data?

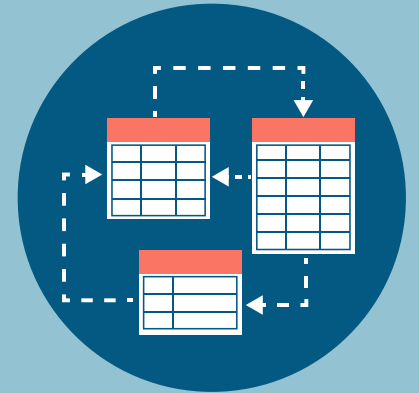


# Data Management Best Practices

Data is the foundation of personalized marketing efforts, and most survey respondents are confident that they have a strong foundation in place. Nearly half are satisfied with the completeness of their average customer profiles, and those who are experiencing returns are even more confident. Clean, actionable data separates successful marketers from the rest of the pack. With a more complete database as a foundation, it's easier for leaders to incorporate additional data sources and turn their attention to other matters, such as protecting consumer privacy.

## ROI Lessons

- All marketers rely heavily on purchase history and third-party lists to acquire customer data, but leaders make greater use of data append services, sales databases and web browsing history.
- Best-in-class data marketers clean their data on a monthly basis, compared to annually for marketers who haven't yet invested in data solutions.
- Marketers who are already seeing ROI in their data investments are much more confident in the completeness of their customer profiles.
- More than half of marketers plan to take additional steps to protect customer privacy in 2015, with leaders who collect more data being far more concerned than laggards.



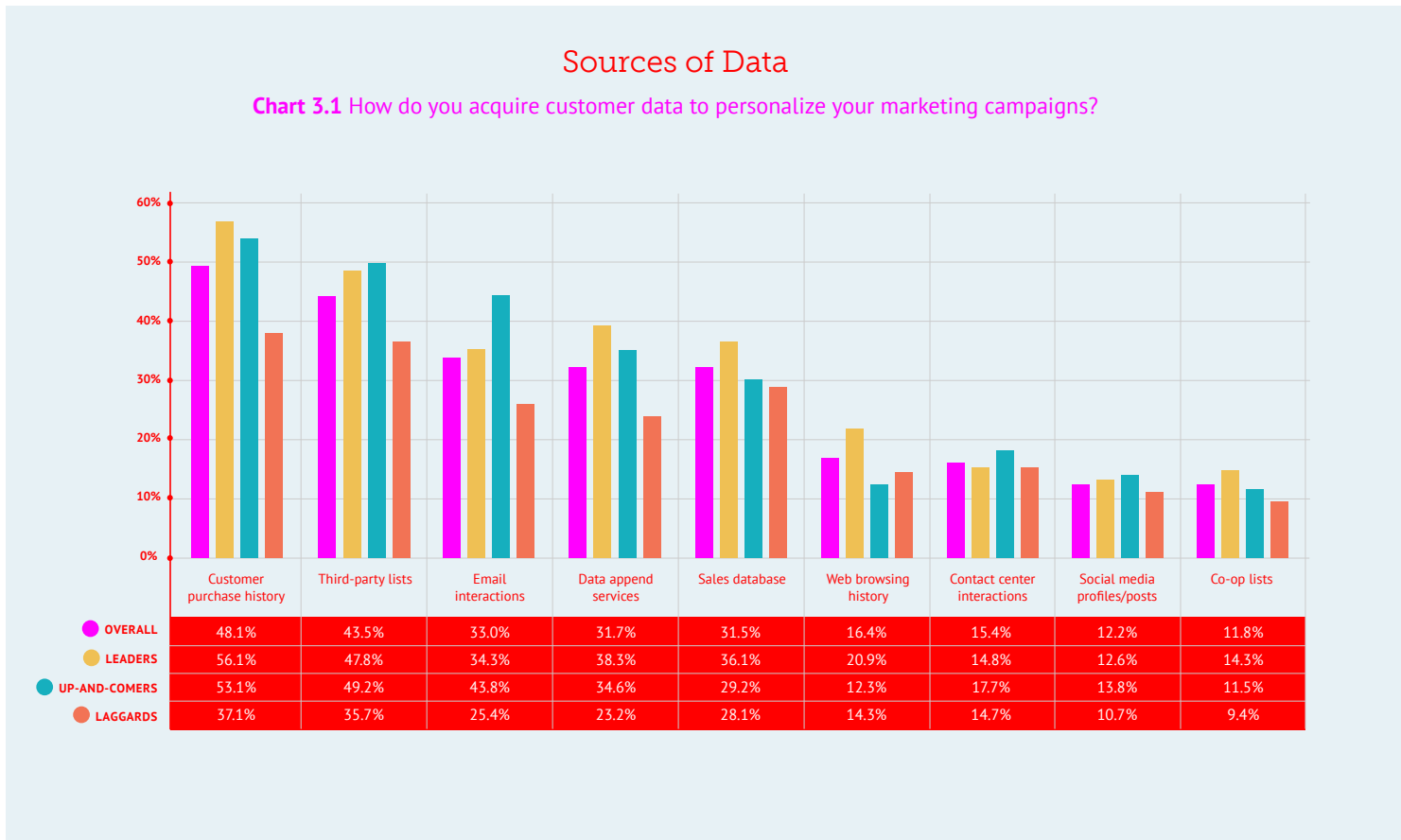
To achieve a positive ROI on data investments, marketers must be able to integrate and analyze data from multiple systems and get a more complete picture of their customers.

### Finding No. 3: Leaders rely on more sources of customer data

All marketers say they want to collect more data (see Chart 3.5), but it's clear that the leaders are simply collecting more data from a greater number of sources. When asked how they acquire customer data, marketers who have started seeing a positive ROI ranked higher than average in every category except for call center interactions, while marketers who haven't yet started investing came in below average in every single category.

The top sources of data for all marketers combined and each of three segments are customer purchase history and third-party lists, but leaders outpace laggards even in those categories by double-digit percentages. Leaders also make much greater use of data append services and sales databases, as well as customers' web browsing history. On the other hand, laggards rely on fewer sources of data and make less use of more sophisticated data-collection methods.

For marketers in the beginning stages of investing in data solutions, these survey findings demonstrate the importance of going beyond the obvious and easy sources of data when building out customer profiles. To achieve a positive ROI on data investments, marketers must be able to integrate and analyze data from multiple systems and get a more complete picture of their customers.



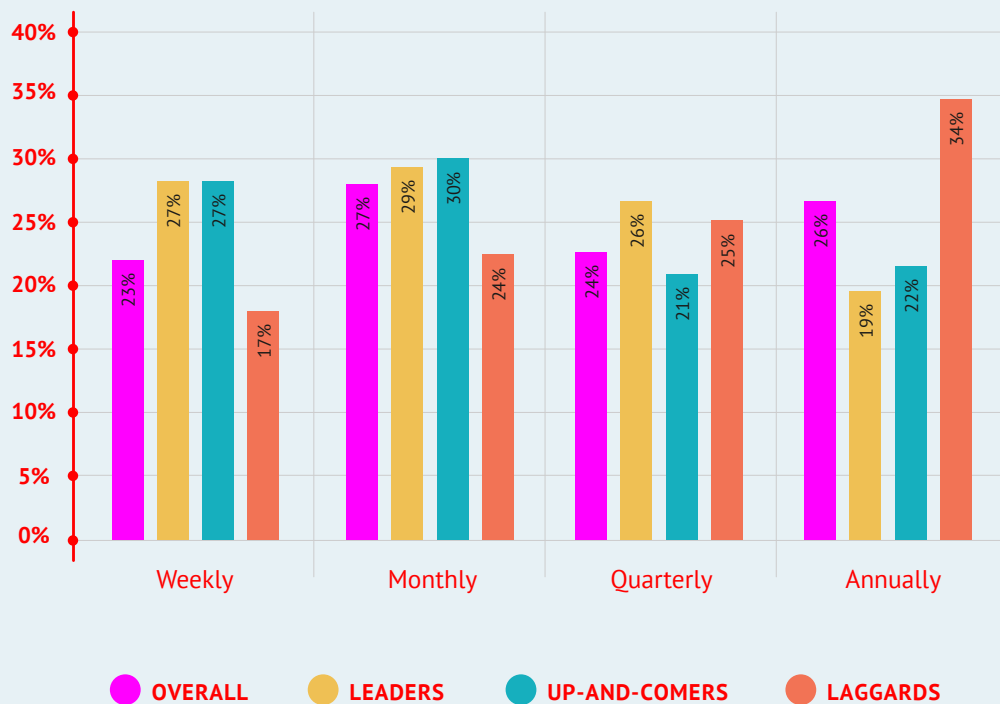
### Finding No. 4: Leaders clean their customer data on a more regular basis

While leaders and laggards both want to collect more data, the best-in-class data marketers practice good hygiene. When it comes to how often they perform quality control on their data, the difference between the two groups is stark, with 56 percent of leaders cleaning their customer data weekly or monthly, and 61 percent of laggards doing so quarterly or annually. More than a third of laggards review the quality of their data once a year or less.

The significant gap between leaders and laggards in this area implies that performing quality control on customer data on a regular basis plays a big role in achieving positive ROI on data-related marketing investments. It's an important lesson for marketers just starting to make investments. To successfully execute data-driven marketing campaigns, customer profiles must be accurate, up-to-date and complete.

#### Frequency of Data Cleaning

Chart 3.2 How often do you clean your customer data?



## Finding No. 5: Leaders know their customers better

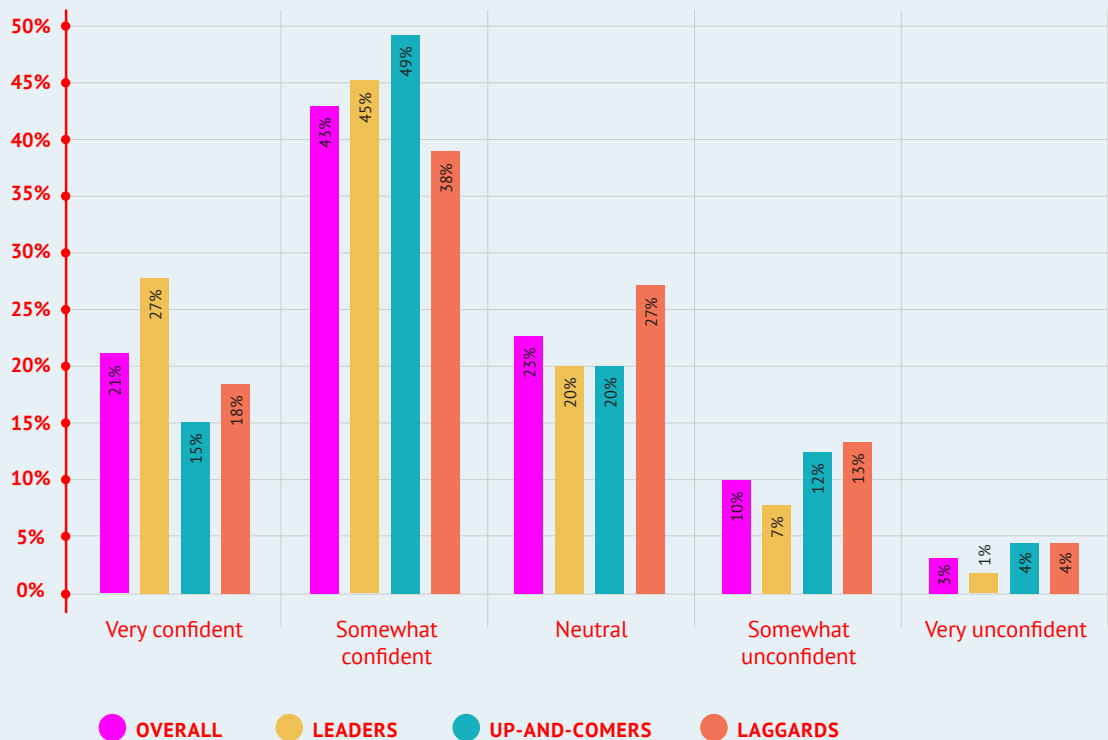
So how do leaders and laggards compare when it comes to using all that data to plan targeted campaigns? When asked how confident they are in their ability to execute personalized campaigns based on the accuracy and completeness of their customer data, leaders are clearly ahead of the pack.

Almost three-quarters (72 percent) of leaders said they are confident in their customer profiles, compared to only 56 percent of laggards. With a better foundation for executing multichannel, personalized campaigns, it's not surprising that the leaders have been the first to see a positive return on their data-related marketing investments.

With fewer data sources and poor hygiene practices, laggards rightfully have far less faith in the completeness of their customer profiles. Almost one out of five (17 percent) said they are not confident in their customer profiles, compared to only 8 percent of leaders. In terms of a starting point for data-related investments, collection and cleaning should be top priorities.

### Completeness of Customer Profiles

Chart 3.3 How confident are you in the accuracy and completeness of your average customer profile as it relates to your ability to send personalized campaigns?



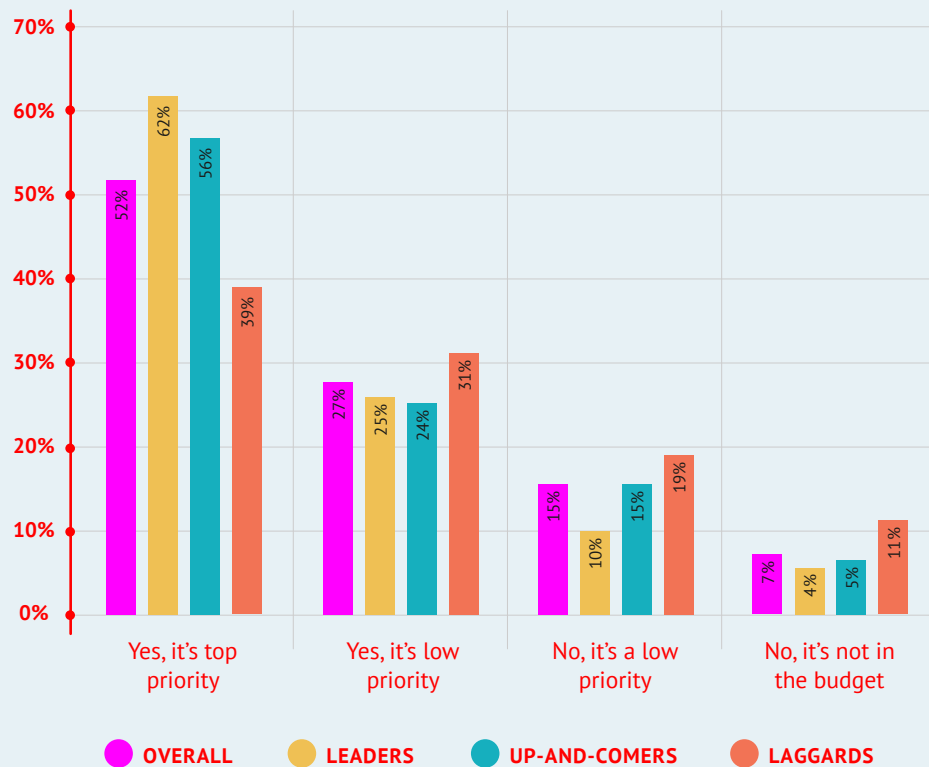
## Finding No. 6: Leaders are more concerned about protecting customer privacy

With more data on hand, best-in-class data marketers are understandably far more concerned about protecting customer data and privacy in 2015. More than 60 percent of leaders said data privacy will be a top priority this year, compared to only 39 percent of laggards. Almost nine out of 10 leaders said data privacy will at least be a low priority, reflecting growing concerns about protecting customers from the unauthorized disclosure of information.

Overall, more than half of marketers said they plan to take additional steps to protect customer data and privacy in 2015. While only 17 percent cited the loss of customers over privacy concerns as one of the top three challenges they will face this year, it's clear that the growing scrutiny over the use of customer data for marketing purposes is prompting most brands to proactively address the issue.

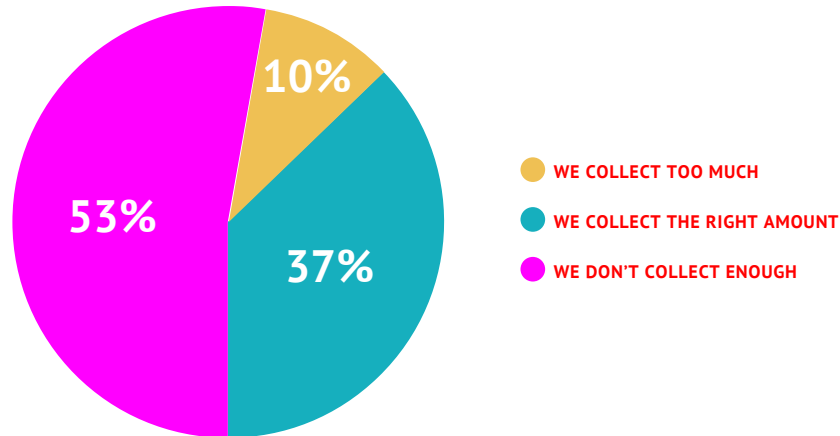
### Data Protection and Privacy

Chart 3.4 Do you plan on taking additional steps to protect consumer data and privacy in 2015?



## Data Collection

Chart 3.5 Does your company collect enough data on customers?



### All marketers still want to collect more customer data

Collecting the right amount of data is a balancing act. Collect too much, and marketers can easily be overwhelmed and unable to act on data, as they were in 2012. Collect too little, and the brand has insufficient information to truly know its customers and generate meaningful insights.

When asked whether they collect enough data on their customers, the majority of marketers said they still don't collect enough. Very few survey respondents think they collect too much data, and a little more than a third indicated they collect the right amount.

Interestingly, there's only a slight difference between leaders and laggards when it comes to data collection. While 56 percent of laggards said they don't collect enough customer data, 50 percent of leading marketers also felt their data collection efforts were insufficient. So while leaders have certainly moved on to more sophisticated data marketing solutions, they're still working hard to build out their data-collecting capabilities.

## Campaign Execution Best Practices

Overall, marketers have just started to master personalization, as demonstrated by their use of limited data sources and execution in relatively few channels. The output is limited as well. Most marketers are customizing based on names and demographic information only, and sending limited personalized offers. Moving forward, the challenge will be to consistently analyze and apply data to personalized efforts, incorporating data from multiple streams and distributing via multiple channels.

### ROI Lessons

- When it comes to the kind of data they use to personalize campaigns, leading data marketers go beyond name, demographics and purchase history to use triggers, consumer-brand interactions and consumer interests.
- A majority of leaders personalize their marketing campaigns more often than not, while most laggards rarely or never do so.
- Email and direct mail are by far the most popular channels for personalized marketing campaigns, but leaders make greater use of segmented customer data across multiple channels.
- More than half of the best-in-class marketers use data to send customized offers. They also rely more heavily on personalized campaigns.



Moving forward, the challenge will be to consistently analyze and apply data to personalized efforts, incorporating data from multiple streams and distributing via multiple channels.



## Finding No. 7: Leaders go beyond the basics when targeting prospects

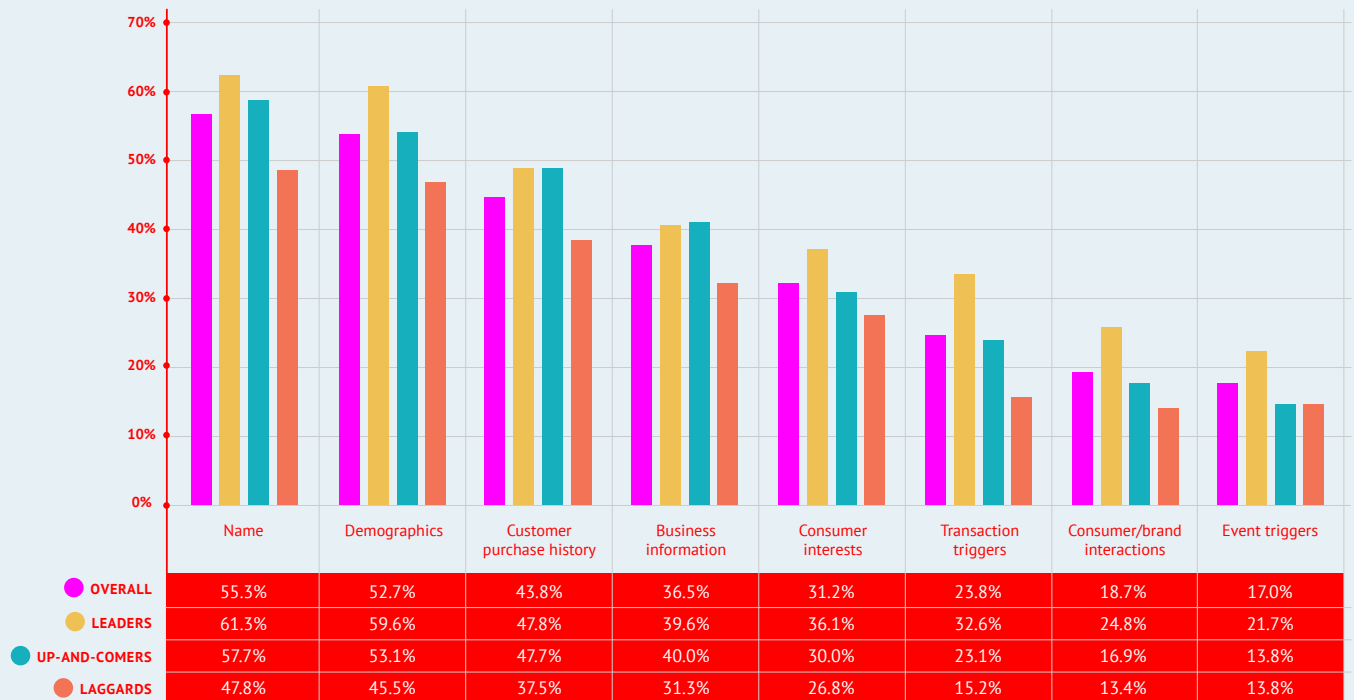
When it comes to applying customer data in targeted campaigns, the majority of marketers rely largely on name and demographics to send personalized offers. But the survey found that marketers who are already seeing returns on their data investments once again go beyond the basics, making a more sophisticated use of customer data in their campaigns.

Not only do leaders make greater use of basic customer information, but they also rely more heavily on deeper data such as consumer interests, brand interactions and triggers. In fact, leaders make above-average use of every data category when personalizing campaigns. Laggards make less use of every data category than their industry peers, with the majority of marketers in this category not even using customer names for personalization.

The findings imply that there's a strong connection between ROI and the amount of customer data used to send personalized campaigns. As marketers send their customers more relevant and targeted offers that cater to their specific needs and interests, they will start seeing better returns on their data investments.

### Data Used for Personalization

Chart 4.1 What kind of data are you using to send personalized messages to customers?



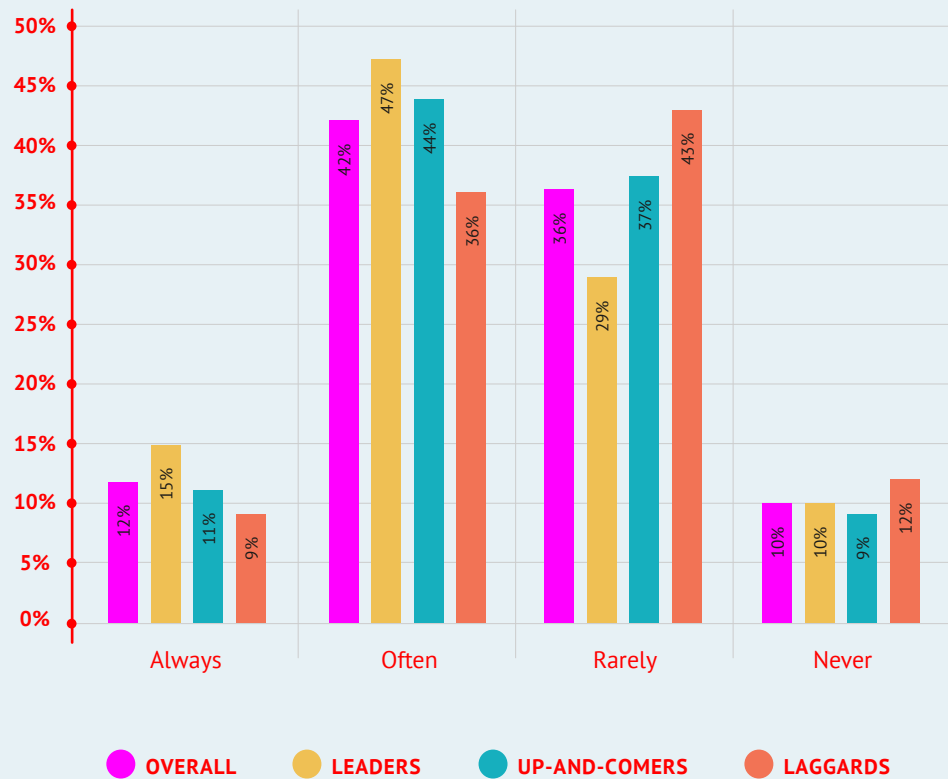
## Finding No. 8: Leaders personalize campaigns more frequently

With more sources of data available for segmentation, 62 percent of leaders say they “always” or “often” send customized messages. By contrast, the majority of laggards say they “rarely” or “never” send personalized campaigns.

Executing relevant, personalized campaigns is one of the goals of data program implementation – and one that marketers struggle with the most. But as they continue to invest in data solutions, leaders have been able to accelerate their frequency of personalization and reap the rewards in the form of a positive ROI.

### Frequency of Personalization

Chart 4.2 How often do you customize your messaging for each channel based on data insights such as demographics?



## Finding No. 9: Leaders segment customer data for use in more channels

In addition to going beyond the basics when it comes to the application of data for personalized campaigns, marketers who achieve the best data-driven results also segment that data for use in more channels.

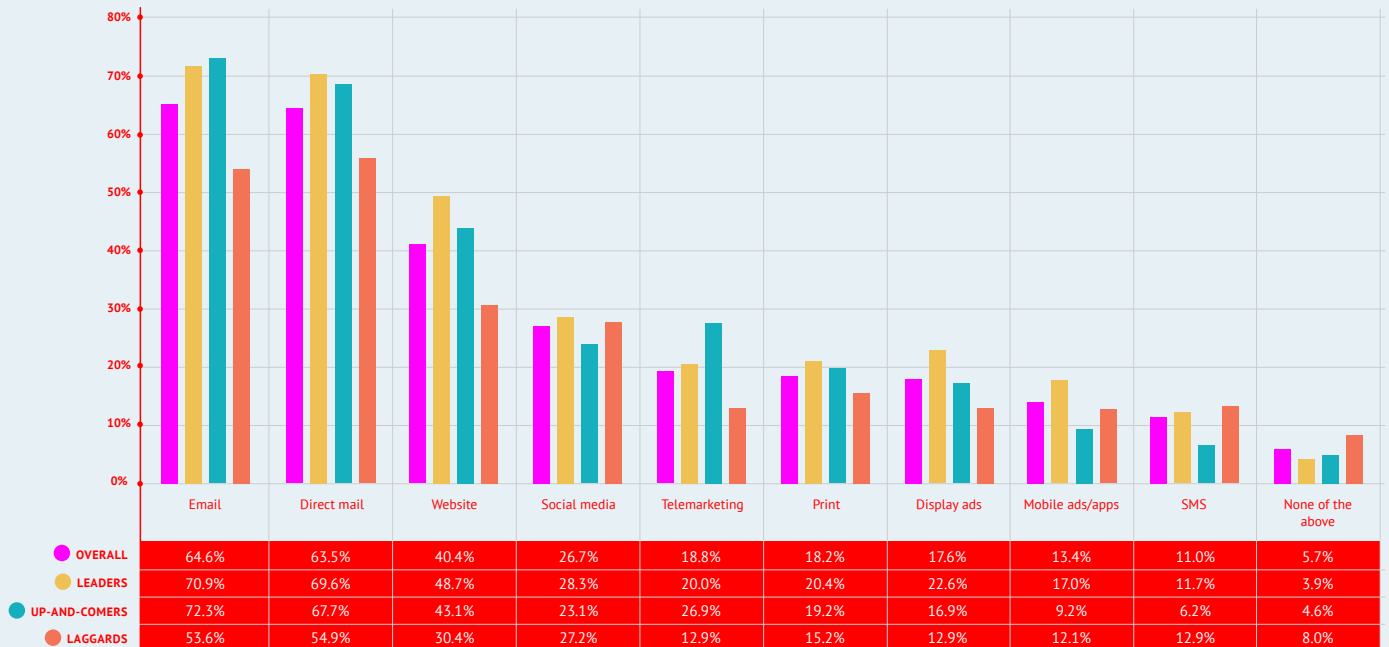
More than 60 percent of all marketers are personalizing email and direct mail campaigns based on segmented customer data. But the numbers drop off dramatically from there, with websites coming in third at 40 percent. Other digital channels such as social media, display ads and mobile ads are far less common channels for personalization, indicating marketers generally still have room for improvement in their multi-channel efforts.

Leaders are doing a much better job of personalizing campaigns in a greater number of channels, which is probably another reason they are enjoying better returns. The group ranks above-average for use of segmented data in every channel, over-indexing especially in the top three channels of email, direct mail and websites. Leaders have also done more to embrace personalization in display ads and mobile.

In 2014, our DMA survey found that 44 percent of marketers were executing data-driven campaigns only within single channels. While leaders are doing a better job of using data across channels, it appears the industry has a long way to go to fully harness the power of multichannel marketing.

### Channels Used for Personalized Campaigns

**Chart 4.3** In which of these channels are you executing personalized marketing campaigns based on segmented customer data?



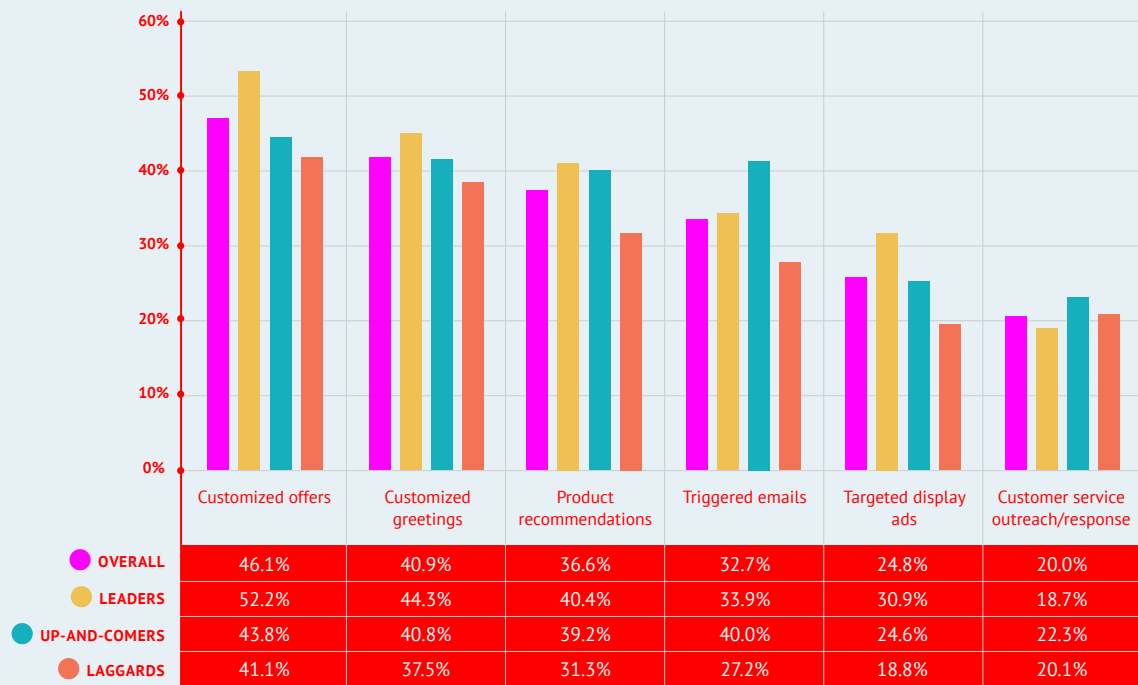
## Finding No. 10: Leaders send more types of personalized campaigns

By collecting data from more sources and executing campaigns in more channels, leaders are also able to use more variables for personalization. More than half of the best-in-class marketers use data to send customized offers, which is also the most common form of personalization overall. Leaders also far exceed laggards in using data for product recommendations, triggered emails and targeted display ads. Of the marketers who haven't yet invested in data solutions, less than a third are able to execute those three kinds of personalized campaigns.

By targeting customers with more accurate data across multiple channels and in various kinds of personalized campaigns, leaders have created an effective model for improving ROI on data-related marketing investments.

### Types of Personalized Campaigns

Chart 4.4 What kind of personalized campaigns are you executing based on consumer data?



## All marketers face the same challenges to personalization

This year's DMA survey shows that brands still have significant room for improvement when it comes to customizing offers based on segmented data. Less than half of marketers are using most kinds of data for personalization, sending personalized campaigns in most channels or executing specific types of personalized campaigns.

The findings show that the challenges still holding marketers back include channel integration, a lack of quality customer data and fragmented systems. Although these are the top three challenges for both leaders and laggards, best-in-class marketers cited them to a larger degree. Despite the fact that they are already big spenders, leaders also ranked higher than average for budget limitations, indicating a need for even greater investment in data solutions.

On the other hand, laggards feel they are at a disadvantage due to limited tools and technology, customer data privacy and a lack of measurable ROI. Because laggards don't have the resources to integrate data and execute personalized campaigns, it can be inferred that they're stalled at the data-collection stage.

### Challenges to Personalization

Chart 4.5 What do you think are the top three challenges or drawbacks in implementing personalization?



# Conclusion

Return on investment may be the ultimate test for data-driven marketers, and the third annual DMA study shows that the industry is reaching an important tipping point when it comes to ROI.

But the findings also provide a roadmap for how best-in-class marketers got there and how others can follow.

That's not to say that data implementation efforts are complete. All marketers still struggle with personalization and multichannel efforts to varying degrees, with leaders focused on pulling all the pieces together and laggards still stuck on data collection. But the majority of marketers are clearly making huge strides as they prepare to reap the rewards of their multi-year investments.



To join industry leaders in seeing positive returns on their data investments, we recommend marketers follow the 10 Commandments of Big Data ROI:

## Commandment 1: Make the case for investment

Marketers will never see ROI unless they start investing, and those who haven't started yet will only fall further behind the rest of the industry in the years ahead. By developing an intentional plan for implementation, laggards can make a case for investment and get on the road toward data-driven returns.

## Commandment 2: Get internal buy-in

A lack of optimism about data investment can stem from organizational obstacles, making it imperative for marketers to achieve internal alignment on new initiatives. Moving from data collection to personalization is a challenge regardless of the organization's culture, but a common understanding of goals and the time required to master each stage can help significantly.

## Commandment 3: Be a data omnivore

While it's easy to feel overwhelmed by the scale of Big Data, leaders collect, analyze and implement data from a wider variety of sources. The foundation for ROI is collecting data from as many sources as possible and implementing solutions that bring it all together to provide a single view of customers.

## Commandment 4: Data cleanliness is next to godliness

The difference between the ROI group and the rest of the pack is stark: leaders clean their files weekly or monthly, while others clean their files quarterly or annually. To realize returns, marketers must ensure their records are accurate and up-to-date.

### Commandment 5: Know thy customers

Data hygiene practices are closely tied to the organization's ability to maintain a complete customer profile. It's impossible to identify gaps in your data if your data cleansing initiatives are anemic or non-existent. Dig deeper and seek out data that enables you to map customer habits, life stage and more. When you know your customers on an individual level, you are better equipped to connect with them as individuals.

### Commandment 6: Protect thy customers

Whether your organization is ahead of the pack or just beginning a data-driven marketing program, remember that with great data comes great responsibility. Without protecting customer data and privacy, consumer trust—and your hard-earned ROI—could quickly evaporate.

### Commandment 7: Go beyond the basics

Marketing campaigns driven by simple segmentation don't go far enough. By using deeper insights based on data from consumer interests and actions, marketers can send more relevant messages and boost their ROI.

### Commandment 8: Be consistent

Personalization needs to be consistent across channels because customers expect the same brand experience regardless of touch point. Marketers should strive to customize messaging as often as possible.

### Commandment 9: Embrace multichannel

While marketers are personalizing campaigns in the obvious channels, they're struggling to implement true multichannel strategies. To maximize ROI, it's important that they also tackle the more difficult channels where customers still expect a personal touch.

### Commandment 10: Customize, customize, customize

When it comes to executing personalized campaigns, don't settle for a customized greeting or even a tailored offer. The wealth of available data gives marketers the ability to personalize campaigns in more meaningful ways, enabling them to convert data into greater customer engagement and loyalty.

# Methodology

Infogroup surveyed 591 marketers at the 2014 Direct Marketing Association Annual Conference in San Diego. The survey was administered in-person on tablet devices on Oct. 27-29.

## About Infogroup

Infogroup is a marketing services and analytics provider that delivers best in class data-driven customer-centric technology solutions. Our data and software-as-a-service (DaaS & SaaS) offerings help clients of all sizes, from small companies to FORTUNE 100™ enterprises, increase their sales and customer loyalty. Infogroup provides both digital and traditional marketing channel expertise that is enhanced by access to our proprietary data on 235 million individuals and 24 million businesses, which is distributed real-time to our clients. For more information on Infogroup's marketing and data solutions, visit [www.infogroup.com](http://www.infogroup.com).



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