The Economist Unit

A report from the Economist Intelligence Unit



Mind the marketing gap

Sizing up marketer and consumer perceptions

The Economist Intelligence Unit (EIU) conducted two concurrent surveys, sponsored by Lyris, in March 2013. One asked 409 consumers and the other 257 executives about the effectiveness of different marketing channels. The respondents were balanced evenly between the US and the UK and included roughly equal numbers of executives from six key consumer products industries—clothing, banking, travel, media, entertainment and automotive.

The findings of both surveys indicate some gaps in marketers' perception of how consumers want to engage with brands, what influences their purchase decisions and how they view privacy.

The survey results also highlight the challenges that marketers face in managing the vast volumes of customer data and in ensuring that they have the necessary skills required to succeed in marketing today—when harnessing complex data sets has become a critical factor for success.

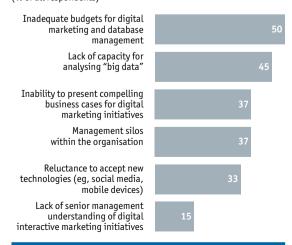
Findings from our surveys are as follows:

Understanding and capturing customer data is a challenge.

More than two-thirds of executives (between 65% and 81%) rated all 11 data types included in the survey as very or moderately important. This range of data sources that marketers are now evaluating

Biggest obstacles to more effective digital marketing strategies

(% of all respondents)

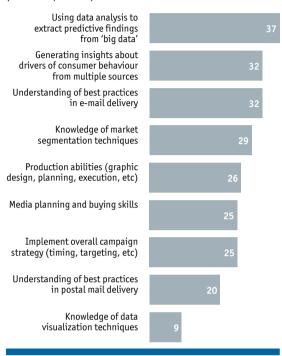


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Most necessary skills for a successful marketer today

(% of all respondents)



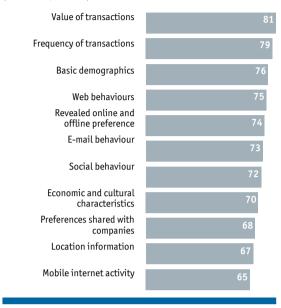
could be one of the reasons why data analysis to extract predictive findings from "Big Data" is now seen as the most necessary skill for marketers (37% of respondents)—a significant increase from the 17% who said this was true five years ago. This change in the required skill set (82% of marketers say crucial skills have changed) has created a challenge for marketers as 45% of executives now view marketers' limited competency in data analysis as a major obstacle to implementing more effective strategies—second only to inadequate budgets for digital marketing and database management.

Consumers say they most prefer e-mail for both initial product research and post-sale follow-up.

Although marketers are eager to expand social media, blogs and mobile outlets, e-mail holds more sway in the purchasing process. For an initial introduction to a product, consumers prefer e-mail (37% of respondents) followed by printed

Most important information included in consumer profiles

(% of all respondents)



catalogues (35%) and personal referrals (33%). Only about one in five consumers say they prefer social media sites and blogs to make purchase assessments or decisions. E-mail is also a preferred channel for post-purchase follow-up, with 52% of consumers citing it as one of their top three preferences. While executives rank understanding of best practices in e-mail delivery at a relatively high 32%, budgets are still skewed in favour of company websites over e-mail.

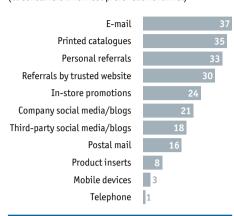
Even for those at the lower end of the demographic (age 20-30), e-mail ranked second (19%) behind company websites (48%) as the preferred way to engage with a brand—way ahead of social media sites (5%) and blogs (2%).

While marketers are focused on personalising messages, consumers see them as superficial and are becoming jaded.

Consumers say the volume of personalised marketing messages received has increased over the past five years. The majority (63%) claim that personalisation is now so common that they have grown numb to it, with 33% of consumers citing superficial personalisation as one of their top annoyances. Only 14% say they are more likely to

Initial introduction to product

(% consumers who most prefer each channel)



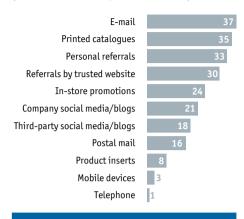
Final pre-purchase assessment

(% consumers who most prefer each channel)



Post-purchase follow-up

(% consumers who most prefer each channel)



read personally addressed messages, yet personalisation remains the second most popular marketing strategy, which suggests some disconnect between marketers and consumers.

Although marketers understand consumers' need for product information, they underestimate consumers' reliance on new product referrals.

When consumers research purchases online, 77% say they often spend their time comparing product prices and features. They prefer company channels to independent channels for this research by a wide

Consumer vs. executive perceptions of information sought on vendor and independent sites

Information sought from company channels	Consumer rank by preference	Executive assessment of consumer preference
Pricing/promotions	1	1
Product features	2	2
Product reliability/warranties	3	3
Expert reviews	5	3
Reliability/reputation	7	5
Peer reviews	8	5
Tips about product use	6	7
New product referrals	4	8

Note: There are no 4th-ranked or 6th-ranked executive perceptions because the 3rd rank is tied with 62 responses (24.1%) each, and the 5th rank is tied with 33 responses (12.8%) each.

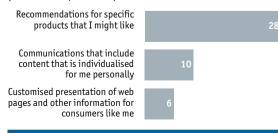
margin. On the other hand, they rate independent channels far more highly for subjective information like expert and peer reviews. Even though marketers are correct in assuming a high level of consumer interest in pricing/promotions, product features and product reliability/warranties, marketers attribute more importance than consumers to reliability/reputation, peer review and expert opinion. Indeed, consumers rank new product referrals above all these.

Consumers are put off by superficial personalisation, but they appreciate customised product recommendations.

About one in five consumers say that customised offers are more likely to meet their needs than mass market offers and that inclusion of personal details (eg previous transactions) makes them feel valued as customers. Whereas personalisation is often based on user attributes, customisation puts

Net consumer preferences for personalised communications

(% most minus prefer least)



customers in control, giving them individualised experiences. Consumer preference is highest for customised product recommendations (see graph). Marketing executives are starting to prioritise customisation (40% of executives choose customisation vs. 26% five years ago).

Marketing executives underestimate consumer concerns about privacy.

Some 21% of consumers say they are "very concerned" about the privacy of information contained in e-mail communications with vendors; 39% say they are concerned about information tracked by cookies when visiting company websites. Consumers are most concerned about data and preferences collected through "opt-in" processes, which they fear will be shared with third parties regardless of company privacy policies. About one-third (33%) of consumers say they are "very concerned" about the privacy of that type of information. In contrast, only 23% of executives say their organisation's customers are very concerned about the privacy of their information in the company's marketing databases.

Ways of engaging and influencing consumers vary by industry.

Industries like travel, automotive and entertainment are investing in data to increase customised promotions. For automotive executives, deep analysis of consumer data tops the list of marketing strategies at 30%—higher than the all-industry average of 23% and up from 13% five years ago. The automotive industry leads all others in spending on corporate websites, which is closely aligned with consumer preferences. The clothing industry, on the other hand, spends more than other industries on branded social media pages, even though clothing consumers are least likely to say they prefer to engage with brands through those channels.



How many separate purchases of automobiles have you made in the past 12 months?

(% respondents)



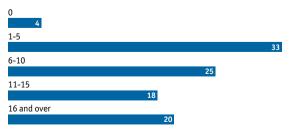
How many separate purchases/services of banking (eg, bank transactions completed via ATM, in physical bank, or online) have you made in the past 12 months?

(% respondents)



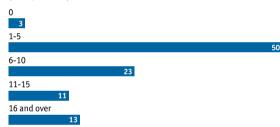
How many separate purchases of clothing (eg, one-time purchases of clothing items) have you made in the past 12 months?

(% respondents)



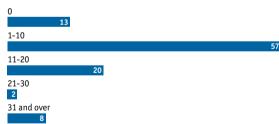
How many separate purchases/services of entertainment/movies have you made in the past 12 months?

(% respondents)



How many separate purchases of media (eg, newspapers, magazines, books) have you made in the past 12 months?

(% respondents)



How many separate purchases of travel services (eg, flight, car rental, hotel) have you made in the past 12 months?

(% respondents)



What statement below best describes your personal use of the internet when exploring potential products to purchase?

(% respondents)

I consider myself a "power user" and use social media, consumer websites, and online searches as my primary source of information about consumer products

27 I consider myself knowledgeable, but not a "power user", in the use of

social media, consumer websites and online searches as my primary source of information about consumer products

I use online channels as a secondary source of information about consumer products, and I rely primarily on traditional media for my product information

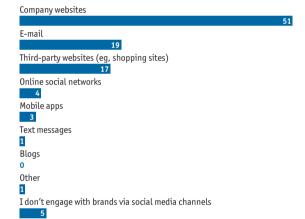
I do not use online channels for information about consumer products, and I rely completely on traditional media for my product information $\begin{subarray}{c}$

Don't know/None of the above

n

Which digital media media channels do you prefer to engage with brands?

(% respondents)



In your opinion, what are the biggest advantages that companies' use of online communications provides you as a consumer?

Please select top three. (% respondents)

Finding the best deals

Understanding the differences among competing products

50

Learning about products (eg, features, upgrades)

49

Receiving customised product offers and promotions

33

Receiving location-based offers

13

Maintaining relationships with favoured suppliers

9

Establishing personal contact with vendor's sales representatives

9

Sharing product information with friends

7

Other

1

Don't know/None of the above

3

In your opinion, what frustrates you most about companies' use of online communications?

Please select top two.

(% respondents)

Too many unwanted e-mail messages

Threats to the privacy of my personal data

49

Too much advertising on websites

28

The product information I find online is rarely specific to my needs

8

Less interaction with company representatives via telephone or in person

7

I would prefer to interact with friends on social media

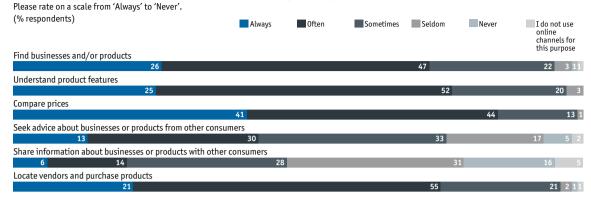
without distractions from company messages

0ther

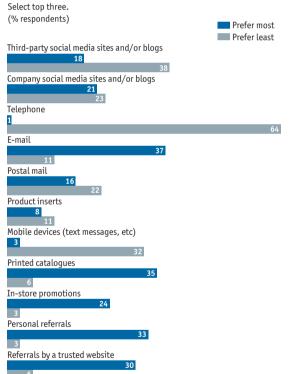
Don't know/None of the above

1

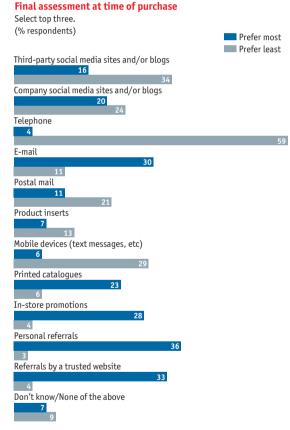




Aside from mass-market advertising, how do you prefer to learn about consumer products the most? Initial introduction to product



Aside from mass-market advertising, how do you prefer to learn about consumer products the most?



Don't know/None of the above

Which types of information about consumer products Aside from mass-market advertising, how do you prefer to do you want most through company channels? learn about consumer products the most? Post-purchase follow-up Select three. (% respondents) Select top three. (% respondents) Prefer most Pricing/promotions Prefer least Third-party social media sites and/or blogs Product or service features 16 Company social media sites and/or blogs Product reliability/warranties New product referrals Telephone Expert reviews E-mail How other customers are using products Postal mail Vendor reliability/reputation for service Peer reviews Product inserts Don't know/none of the above Mobile devices (text messages, etc) Printed catalogues Which types of information about consumer products In-store promotions do you want most through independent channels? Select three. 12 (% respondents) Personal referrals Expert reviews Referrals by a trusted website Peer reviews Don't know/None of the above Vendor reliability/reputation for service Pricing/promotions How other customers are using products When companies personalise their communications with you, Product reliability/warranties which features do you appreciate most? Select two. Product or service features (% respondents) Prefer most Prefer least New product referrals Customised presentation of web pages and other information for consumers like me (in terms of age, gender, etc) Don't know/none of the above Communications from companies (eg, e-mail messages) that include content that is individualised for me personally Recommendations for specific products that I might like I do not appreciate personalised communications in my online interactions with companies Don't know/None of the above

Do you agree or disagree with the following statements about the type of marketing messages you receive? Please select one option for each row.

(% respondents)

I receive more marketing messages that include my name than I used to five years ago

I receive more marketing messages that include personalised content, such as my past purchases, than I used to five years ago

I receive more marketing messages that include personalised content, such as my past purchases, than I used to five years ago

I receive more marketing messages that include customised offers or invitations than I used to five years ago

I treceive more marketing messages that include customised offers or invitations than I used to five years ago

I think greater personalisation of marketing messages benefits consumers

32

43

25

Many of the personalised messages I receive are annoying because the attempts at personalisation are superficial

What is your attitude towards to personalised marketing messages?

Please select all that apply. (% respondents)

I receive so many messages that use my name that

this no longer makes any difference to me

I appreciate personalised offers because they are more likely to meet my needs than mass-market offers

When I receive a message that includes details of my previous transactions or other personal details, I take it more seriously because it makes me feel that the company values my business

I sometimes respond to customised offers because I believe that I get better deals that way

17
I appreciate receiving messages addressed to me personally and I am more likely to read them

Don't know

5

What annoys you most about online marketing channels when you are trying to learn about consumer products? Please select top three.

(% respondents)

'Expert' product reviews are influenced by advertisers

The volume of marketing e-mail I receive is too much for me to read

Peer product reviews are inconsistent, ranging from extremely positive to extremely negative

E-mail messages are personalised in a way that don't really reflect my personal needs

Too many different sources of information

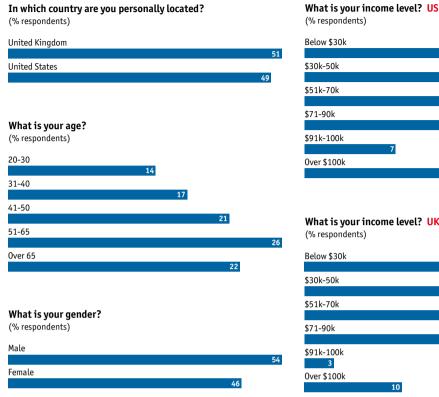
Company websites are too hard to navigate

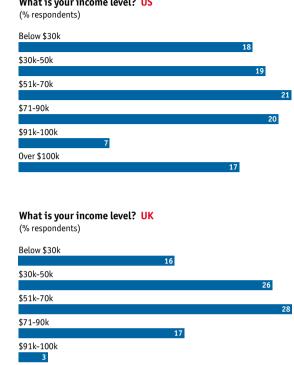
Don't know/none of the above

How concerned are you about personal privacy when companies collect the following type of information about your activities? Rate on a scale from 'Very concerned' to 'Not concerned at all'.

63

(% respondents) Very Moderately Minimally Not concerned Not applicable concerned concerned concerned at all My purchase decisions How I navigate through websites My use of mobile devices My past e-mail communications with the company Preferences that I display through my online behaviour on a single website Preferences that I display when I visit multiple websites (tracked by cookies) Preferences that I directly share with companies by providing information about myself (eg, tastes, hobbies, etc) My social media activity My demographic characteristics (eg, age, gender, occupation)

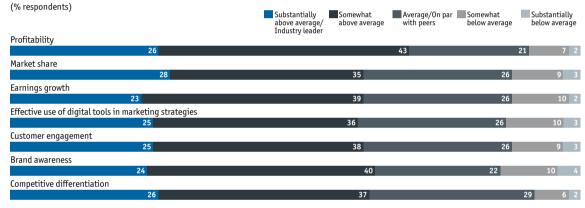






Compared with its peers, how do you rate your organisation on each of the following performance indicators?

Please rate on a scale from 'Substantially above average' to 'Substantially below average'.



What were the main objectives of your organisation's marketing campaigns five years ago?

(% respondents)

Please select up to two.

Expanding/diversifying our customer base

3
Entering new markets

83
Retaining current customers

25
Building brand loyalty

22
Developing deeper consumer insights
17
Cultivating influencers

Tailoring marketing message to geographical markets

11
Differentiating our products

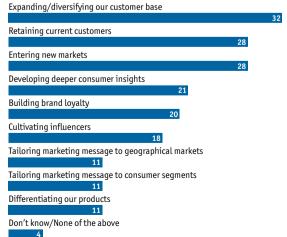
Tailoring marketing message to consumer segments
7

Don't know/None of the above

What are the main objectives of your organisation's marketing campaigns today?

Please select up to two. (% respondents)

Expanding /diversifying our customer has



What were the main strategies for your organisation's marketing campaigns five years ago?

Please select up to two.

(% respondents)

Personalising marketing messages to consumers (eg, e-mails, text messages)

Presenting consumers with individualised offers (eg, new products, discounts)

Disseminating marketing messages across multiple touchpoints

Providing content to guide product research

Developing a reputation for responsive customer service

Conducting deep analysis of consumer data

Collecting detailed data for individual customers and segments

Don't know/None of the above

What are the main strategies for your organisation's marketing campaigns today?

Please select up to two.

(% respondents)

Presenting consumers with individualised offers (eg, new products, discounts)

Personalising marketing messages to consumers (eg, e-mails, text messages)

Disseminating marketing messages across multiple touchpoints

Conducting deep analysis of consumer data

Collecting detailed data for individual customers and segments

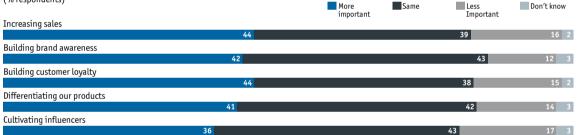
Providing content to guide product research 18

Developing a reputation for responsive customer service

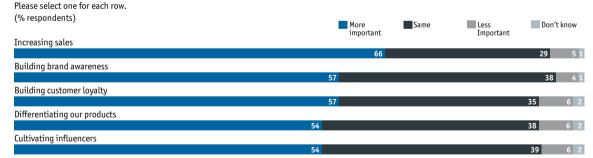
Don't know/None of the above

Compared to five years ago, how important are offline marketing channels (eg, stores, traditional sales, traditional ads) to the following?

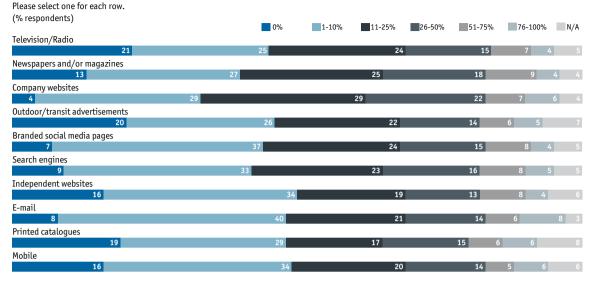
Please select one for each row. (% respondents)



Compared to five years ago, how important are digital marketing channels (eg, e-mail, mobile, social media) to the following?



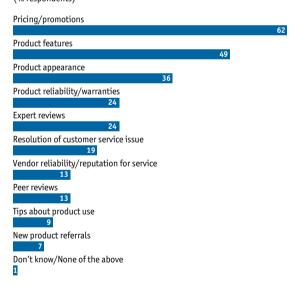




In your opinion, what types of information are consumers most interested in obtaining when they interact with your organisation through digital channels (eg, e-mail, mobile, social media)?

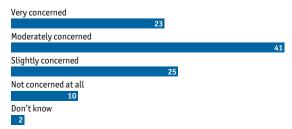
Please select up to three.

(% respondents)



To what extent do you think your organisation's customers are concerned about the privacy of their information in the company's marketing databases?

(% respondents)



How do you believe your organisation's customers perceive privacy issues related to the collection of personal information when marketing communications are based on personal information?

(% respondents)

Most consumers expect us to gather personal information about them automatically

Most consumers expect us to gather only personal information obtained through their "opting-in" to share it with us

Most consumers do not expect us to gather

personal information about them

Don't know/None of the above

How do you believe your organisation's customers perceive privacy issues related to the distribution of personal information when marketing communications are based on personal information?

(% respondents)

Most consumers expect us share their personal information with vendors/third-party information providers automatically without regard to a privacy policy

Most consumers expect us to share their personal information with vendors/third parties automatically but with regard to a privacy policy

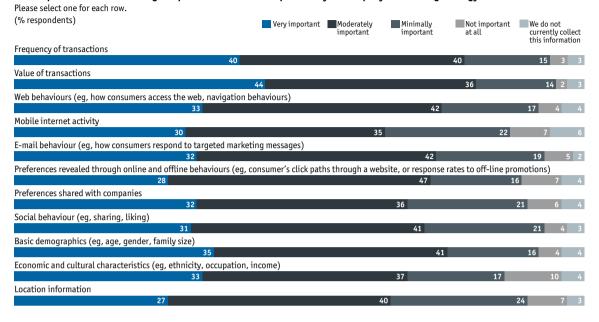
Most consumers expect us to share their personal information with vendors/third parties both with regard to a privacy policy and only if they have approved it

Most consumers do not expect us to share their personal information with vendors/third party information providers

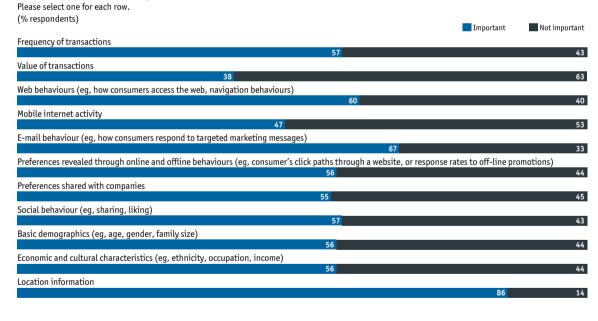
Most consumers are poorly informed about how widely their customer information is shared/have not developed an opinion on this issue

Don't know/None of the above

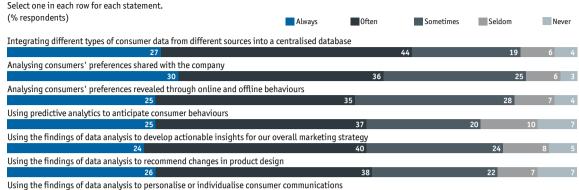
How important are the following components of a consumer profile to your company's marketing strategy?



Do you believe the following information is important for developing marketing strategy, even though it is not currently collected?



To what extent do you believe your organisation engages in the following data analytics activities?



Which key performance indicators does your organisation use to evaluate the effectiveness of your marketing initiatives?

Please select top three.
(% respondents)

Incremental sales

Response rates to outreach initiatives (eg, events)

Social media responses ("likes", re-tweets, etc)

Customer feedback

34

Goal conversion rates

32

Website performance (click-throughs, session time, re-visit

Website performance (click-throughs, session time, re-visits, etc)

Sources of website referrals

20
Search engine rankings

Don't know/None of the above

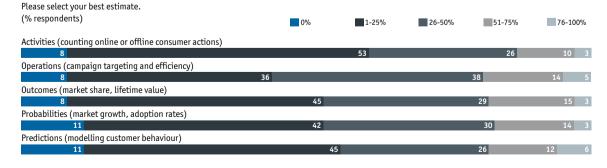
What are the biggest obstacles to an effective marketing strategy?

Please select top three.

(% respondents)



What percentage of your organisations' marketing data analysis is allocated to each of the following analytical types?



0ther

Don't know/none of the above

To what extent have the skills required for marketers changed from the past five years to today?

(% respondents)

Required skills have changed very much Required skills have changed moderately Required skills have changed minimally Required skills have not changed at all Don't know 2

In your opinion, what have been the largest drivers of change?

Please select top two.

(% respondents)

The digital environment requires much more agility and speed

Customers are much more knowledgeable Harnessing complex data sets has become a critical success factor

Customer contact is more automated and less in-person

Marketers are under more pressure to show ROI

0ther

1 Don't know

2

What skills did you need to be a successful marketer five years ago?

Select top three.

(% respondents)

Media planning and buying skills

Ability to implement overall campaign strategy (timing, targeting, etc) Production abilities (graphic design, planning, execution, etc)

Understanding of best practices in postal mail delivery

Understanding of best practices in e-mail delivery

Knowledge of market segmentation techniques 23

Ability to use data analysis to extract predictive findings from 'big data'

Ability to generate insights about the drivers of consumer behaviour from multiple data sources

Knowledge of data visualization techniques

Don't know

What skills are most necessary to be a successful marketer today?

Select top three.

(% respondents)

Ability to use data analysis to extract predictive findings from 'big data' Understanding of best practices in e-mail delivery Ability to generate insights about the drivers of consumer behaviour from multiple data sources Knowledge of market segmentation techniques Production abilities (graphic design, planning, execution, etc) Media planning and buying skills Ability to implement overall campaign strategy (timing, targeting, etc) Understanding of best practices in postal mail delivery Knowledge of data visualization techniques Don't know

What are the biggest obstacles to your organisation adopting a more effective digital marketing strategy?

Please select top three.

(% respondents)

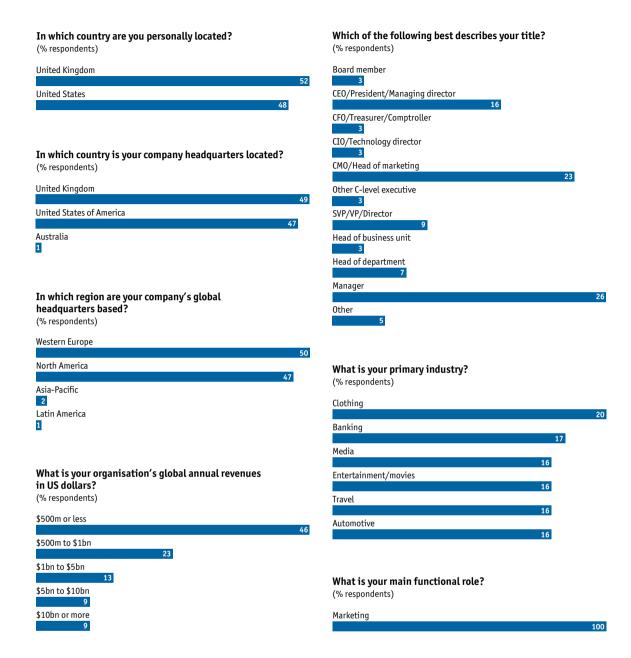
Inadequate budgets for digital marketing and database management Lack of capacity for analysing "big data" Management silos within the organisation Inability to present compelling business cases

for digital marketing initiatives Reluctance to accept new technologies (eg, social media, mobile devices)

Lack of senior management understanding of digital interactive marketing initiatives

0ther

2 Don't know



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