The 2013 Digital Marketer

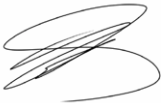## Life is the channel.

Experian℠

Marketing Services

Foreword

The one thing that we can count on as marketers is constant change. The way consumers gain information from brands — the means by which they get it, even the ways in which they consume it — is constantly evolving. A good way to navigate today's marketing storm is to look for the constants. For example, at the end of the dizzying array of channels, devices and preferences sits our target customer who we need to reach and engage in a coordinated and consistent way. The 2013 Digital Marketer Report provides practical advice on how to do just that.

As you'll see in the report, one of the hottest marketing topics this year is the potential to apply "Big Data" to marketing programs. At Experian Marketing Services, we have procured and inventoried a multitude of Big Data sets, which give marketers greater visibility and dynamic intelligence. We have insight around the way that consumers use the Internet, navigate their inbox, engage in social media and interact on mobile devices, as well as the composition, segmentation and behaviors of households.

In the pages that follow you'll find data, insight, analysis and recommendations that will help you make sense of your increasingly complex relationship with your customers. As we look toward this year and beyond, we encourage marketers to leverage the analysis and insights in this year's Digital Marketer Report so that they can truly embrace our ever-changing digital world with a competitive advantage.

Bill Tancer

Head, Global Research
Experian Marketing Services
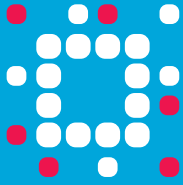
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Marketing Services

Bringing brands and customers closer together. Every time.

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Cross-channel marketing — the new imperative

Key findings

- In an Experian Marketing Services study, 35 percent of marketers said response attribution was the most challenging multichannel marketing issue for their organization, followed by campaign coordination (22 percent).

- Seventy-four percent of marketers surveyed have either coordinated (44 percent), or are in the process of coordinating (30 percent), the experience between online and offline channels.

- According to a recent Experian QAS® survey, 36 percent of U.S. organizations interact with customers and prospects in five or more channels.

- Siloed marketing teams execute fewer integrated campaigns. Twenty percent of marketers in the Experian Marketing Services study said their teams are broken out by channel. Of them, half said 0 percent to 20 percent of their campaigns were run "across multiple channels with an integrated message, creative and offer."

Cross-channel marketing continues to evolve

In last year's Digital Marketer Report we talked about the paradigm shift in the way brands and consumers interact. How the highly-connected, always-on consumer holds absolute power in the brand relationship, and successful marketers know that they must put their customers at the heart of everything they do.

This year's most important — and challenging — imperative is for marketers to truly demonstrate their customer obsession by synthesizing disparate data trails and orchestrating thoughtful, meaningful and coordinated experiences as their customers move seamlessly in and out of channels. Being able to respond to these dynamic interactions in real time across all relevant channels is the foundation of cross-channel marketing and is a critical component to building long term advocacy.

It's no secret that consumers want to feel appreciated. They fully expect the brands they use to know them, understand them and give them what they want when they want it. For companies, this means developing a deeper knowledge of customers through internal and external data about cross-channel consumer behavior, attitudes and motivations. Linking all of this data together intelligently is critical to making it actionable across the marketing ecosystem. At the same time, marketers need to break down internal silos that impede timely and coordinated cross-channel customer interactions. We know that this is not easy to do. In fact, over the past three years, with the adoption of tablets and smartphones, we've watched a tidal

wave of consumers become continuously connected, making this particular moment in time the age of the always-on, always-connected consumer.

For most marketers, this sea change came more quickly than many anticipated and, as a result, we're all aggressively trying to align our organizations, strategies and budgets to address a new reality. So it's no surprise that although very few organizations are truly cross-channel, most are making the move to get there a priority and key focus in 2013.

How do you bring email, social, mobile, search, display, print and other critical marketing touch-points seamlessly together? Like I said, it's not easy, but the good news is that new platforms exist that can manage Big Data, provide insight into customer segments, and generate and measure coordinated and timely campaigns across marketing channels.

The 2013 Digital Marketer Report takes a qualitative and quantitative look at the industry landscape and presents the key trends, benchmarks, success stories, statistics and data points that we believe will not only enable you to identify evolving consumer behavior and technology trends, but will help you anticipate what's coming next.

Ashley Johnston

SVP, Global Marketing
Experian Marketing Services

Introduction

Last July we introduced Dana to the attendees of our annual Experian Marketing Services Client Summit in Las Vegas. Dana, a vibrant, animated persona boldly stated to the audience, "If you want my business you're going to have to work for it."

◀ Scan this QR code to meet Dana.

While Dana is a representation of today's empowered, hyperconnected customer, created to illustrate one of our client's customers, the snapshot of her daily life — her consumption of information along with her demands that brands conform to her communication preferences — it's a great example of how consumers and digital marketing are evolving.

Over the last decade, the advent of social media, the proliferation of smartphones, tablets and new devices, and access to limitless data regardless of location have led to the always-on, connected consumer. Dana is the embodiment of this new consumer. As marketers, we've also evolved from a one-way broadcast model to engaging the consumer in conversation, to now integrating all of our channels into a system optimized for our customers' preferences.

In the pages that follow we discuss the five major digital channels available to reach consumers: email, mobile, social, display advertising and search. As our marketing sophistication evolves, we've moved from the optimization of each of these individual channels to optimization across channels, and then to the understanding that at the receiving end of each of the digital marketing channels is a customer with very specific preferences.

This progression has not occurred without its share of challenges, and not all marketers have reached the point of true cross-channel marketing. In fact, for two consecutive years, marketers have told Experian Marketing Services that multichannel coordination is the biggest marketing challenge they face. To provide more clarity on this topic, we conducted a follow-up study asking marketers to share a deeper perspective on their multi- and cross-channel marketing efforts. Thirty-five percent of marketers said response attribution was the most challenging multichannel marketing issue for their organization, followed by campaign coordination (22 percent). On the other end of the spectrum, only seven percent listed identity resolution as the most challenging multichannel marketing issue.

Multichannel marketing challenges

Challenge	Percentage
Response attribution	35%
Campaign coordination	22%
Targeted messaging	19%
Budget allocation	18%
Identity resolution	7%
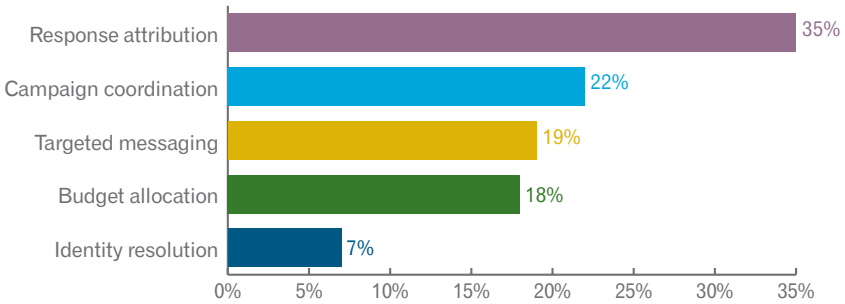
Identity resolution is a key aspect of cross-channel marketing, and in order to get there marketers must first tackle response attribution and campaign coordination. Therefore, it seems that marketers may be working hard to overcome the challenges of multichannel marketing before they can work on achieving cross-channel optimization.

When asked about the percentages of cross-channel campaigns run "across multiple channels with an integrated message, creative and offer," 37 percent responded that 40 percent or fewer of their campaigns were integrated, whereas 46 percent answered that 61 percent to 100 percent of their campaigns were integrated.

Percentage of cross-channel campaigns

Range	Percentage
81-100%	23%
61-80%	23%
41-60%	17%
21-40%	13%
0-20%	24%
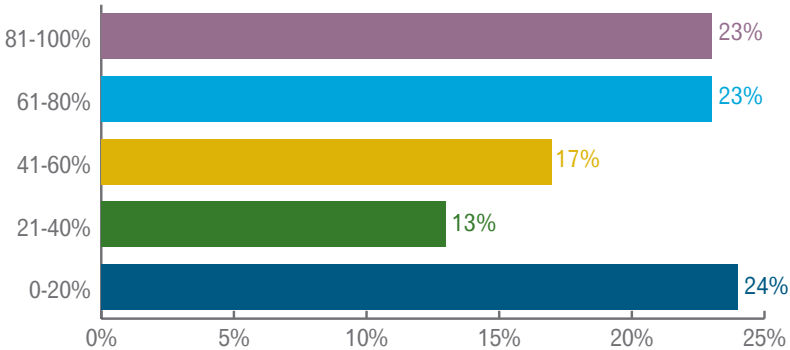
As marketers increase their level of sophistication, they may start to shift away from traditional campaigns toward more cross-channel campaigns to satisfy highly connected customers, like Dana, who hunger for relevant and personalized content across multiple touch-points.

Dana — or your own customer persona — has very specific ways of consuming information that are constantly evolving with new technology and ever-increasing access to information. Customers interact on their preferred platforms — and often, from multiple devices. It's not surprising that Dana doesn't think in terms of channels. To her, life is the channel and she's in the driver's seat when deciding how to communicate with the brands that she consumes. Therefore, providing a seamless customer experience is essential. Marketers shouldn't expect customers to change platforms; they should be truly customer obsessed and optimize the brand experience around the customer.

The study revealed that 74 percent of those surveyed have either coordinated (44 percent), or are in the process of coordinating (30 percent), the experience between online and offline channels. Twenty-six percent of respondents said their online and offline customer experiences were separated.

The online and offline customer experience

Category	Value
Separated	26%
We are in the process of coordinating the experience	30%
Coordinated	44%

(Scale: 0% 10% 20% 30% 40% 50%)
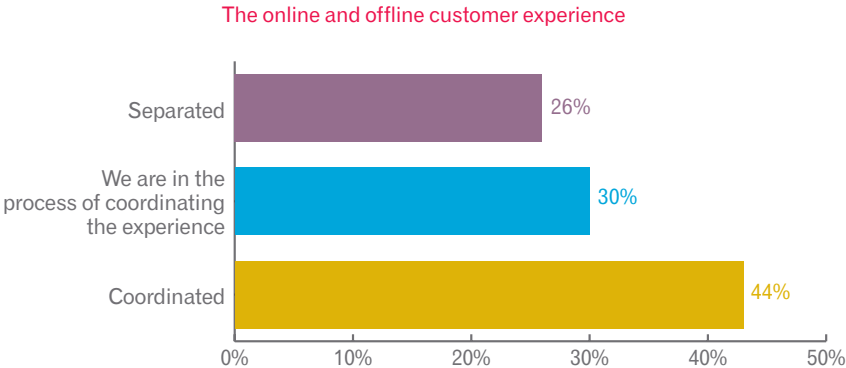
The fact that nearly three-quarters of respondents have either coordinated, or are in the process of coordinating, customer experiences shows that marketers are striving to become more customer obsessed. They are investing in a cross-channel strategy to provide customers with a user-friendly experience.

It's important to be mindful that in many cases the consumer got to this point well before the rest of us did, so the good news is the bulk of organizations are still in the strategic planning stages of cross-channel marketing rather than executing upon it. In the pages that follow, we provide a wealth of information, data, analysis and case studies to help you on your journey to true customer obsession and, ultimately, successful cross-channel marketing.

Multichannel marketing is the norm

Multichannel marketing is no longer a trend — it is the way businesses operate today. According to a recent Experian QAS survey, 36 percent of U.S. organizations interact with customers and prospects in five or more channels, the most common being the company's Website, face-to-face interaction with a sales team and the call center.

Marketing communications professionals are also leveraging many different ways of connecting with consumers. The most important communication channel in 2013 for those surveyed is email, followed by social media and landline phone. Mobile is another channel businesses continue to utilize, and 13 percent of respondents even cited it as the most important communication channel.

Mobile channels are growing more important for information collection too. Half of businesses surveyed are capturing information entered on mobile devices and another 11 percent are currently implementing a mobile application that will collect data.

Barriers to true cross-channel marketing

As noted earlier in this report, multichannel marketing may be the norm, but many marketers are still striving to achieve true cross-channel marketing success. Traditionally, marketing organizations are made up of either product or channel teams. Within this structure, each team works hard to optimize their siloed marketing efforts — and, in most places, have gotten really good at delivering their individual marketing programs and defending their individual marketing budgets. This siloed structure impedes true cross-channel marketing, though we are starting to see a shift toward a more integrated approach. In an Experian Marketing Services study, one-third of respondents reported their teams were integrated and 47 percent were somewhat integrated.

Integration of marketing teams

Category	Percentage
Our marketing teams are integrated	33%
Our marketing teams are somewhat integrated	47%
Our marketing teams are broken out by channel	20%
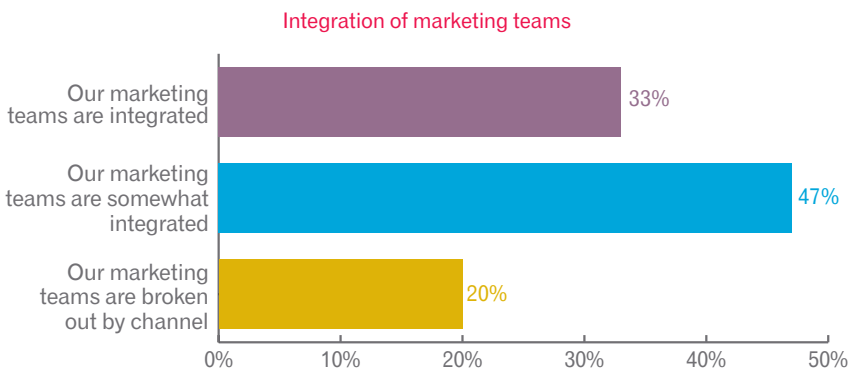
In the same study we found that the more siloed the teams, the fewer the integrated campaigns executed. For the 20 percent of respondents who said their teams are broken out by channel, half said 0 percent to 20 percent of their campaigns were run "across multiple channels with an integrated message, creative and offer." However, for those who reported their teams were integrated, that number drops to 15 percent. On the other end of the spectrum, only 14 percent of the channel-specific teams reported running integrated campaigns 81 percent to 100 percent of the time, but the number rose to 30 percent for the integrated teams.

Impact of marketing team structure on campaign integration

Team structure	0-20%	21-40%	41-60%	61-80%	81-100%
Our marketing teams are integrated	15%	11%	20%	24%	30%
Our marketing teams are somewhat integrated	18%	16%	17%	27%	22%
Our marketing teams are broken out by channel	50%	12%	12%	12%	14%

Percentage of campaigns run across multiple channels

Legend: 0-20% | 21-40% | 41-60% | 61-80% | 81-100%
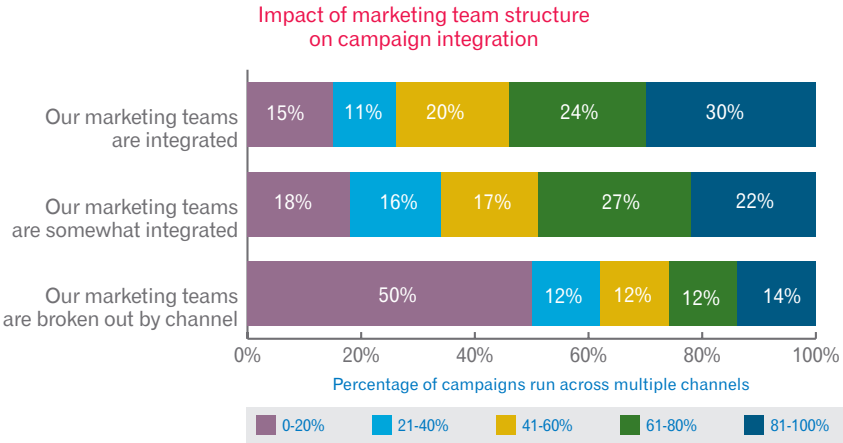
Despite the favorable move from siloed to integrated teams, the customer continues to receive a stream of often confusing, and sometimes competing, messages from a single brand. For example, a customer who is a Facebook fan of an appealing new little European car decides after much thought that it's her time to buy. She builds her car on the Web, finds a dealer, picks up her car and is in a state of "new car ecstasy" until she gets an email on her mobile device offering her $500 to take a test drive of the car she bought three weeks ago.

Why does this happen? Certainly the chief marketing officer (CMO) wouldn't be happy about wasted dollars and an annoyed customer, who is now slightly less a fan. There certainly is no lack of analytics, technology, agencies and service providers, so it's not a capability gap. The fact is, this happens over and over again because the customer is still not at the center of marketing planning, and marketing organizations can't quite seem to make the leap to a complete customer focus.

CMOs need to be leaders of the transformation from multichannel to cross-channel marketing, breaking down barriers in their organizations, not just for the customer, but for their own success and that of their brand. Smarter

integrated planning and better budgeting mean improved return for every marketing dollar spent. It's not an easy task, but it's one that is even more necessary as channels continue to proliferate and the measurement of marketing value is top of mind for every chief executive officer (CEO). CMOs can begin by developing a practical, actionable roadmap.

Tip: Engage expert outside help to create your roadmap — there are too many competing interests in most marketing departments, and having experienced facilitation makes certain that the brand's and customer's interests are front and center. A successful effort will include early wins and clear measures of success.

It's imperative for marketers to catch up with today's consumer — customers don't see in channels and neither should brands.

Cross-channel marketing platforms — managing campaigns and reaching consumers in real time

We've all watched as consumers have become the undisputed owners of their brand relationships. In fact, people have been empowered on that front for the better part of the last decade — and that's never been as true as it is today. Two key trends have contributed to the shift from brands driving the relationship to consumer as king: The ubiquity of smartphones has enabled people to easily text, tweet, email, check in, research and shop. Also, the consumer's voice has become louder over the last several years through social media platforms and a resulting ability to make positive or negative comments about a brand at will.

On the marketing side, so many of the tools that we've used for years to connect with consumers are focused on a channel — whether that's email, mobile, catalog or Web. The big challenge for marketers is that message delivery within channels almost always happens via disparate platforms, and, as a result, outreach to consumers is uncoordinated. This disconnect is confusing for consumers and expensive and cumbersome for brands.

These dynamics have brought brands to a crossroads because, quite simply, consumers have gotten way ahead of the systems we use to communicate with them. The good news for marketers is that there's an emerging solution to help solve for this problem: the cross-channel marketing platform.

In a nutshell, a cross-channel marketing platform:

- Integrates consumer information that comes in from various channels into a single view

- Gives marketers the ability to understand how consumers interact in different channels — and what their channel preferences are

- Identifies how marketing efforts in various channels impact sales

- Groups customers together to enable "triggered" marketing outreach

- Interacts with customers across multiple channels in both a batch-based and real-time fashion

- Manages all marketing campaigns across channels in one system

- Increases operational efficiencies

Smart marketers are moving quickly from traditional database marketing to these new, nimble cross-channel platforms. Before diving into this trend, let's look at marketing's evolution over the last 20 or so years. Not that long ago, we engaged in mass marketing — everyone got the same message on the same direct-mail piece. Eventually, marketers got more targeted — we realized that only certain people will actually make a purchase, so we started mailing to segmented groups based on likelihood — or propensity — to buy. Then we saw that within a likely-to-buy group, there were certain products that were the most popular, so we tweaked messaging to account for that important insight.

More recently, we have started examining personas based on the behaviors of consumers versus affinities for particular products. Now behaviors can be applied to the group, helping us further determine the most effective marketing messages and channels.

To help explain this further, let's look at people's shopping habits and how those influence the development of personas. On the one hand, you have "Dana," who might be a heavy mobile user when researching products, but her preferred channel for purchase is a Website. "Debbie" might be someone who likes to sit on the couch and thumb through a catalog, then head into the retail store to purchase. By grouping these women into personas by shopping habits, past purchase behaviors and other layers of consumer data and insights, marketers can get much more precise around messaging and targeting.

Data, analytics and insight are what enable a cross-channel marketing platform, but what makes it sing is that the consumer information living on the platform can be put into action via triggered marketing outreach. For example, typically a marketer will send an email with links that direct a recipient to the brand's Website. Oftentimes the recipient will reach a landing page that extends the email's call to action (i.e., 50 percent off, free shipping, etc.). Usually, the marketer will know what the individual has done in this chain of events — opened the email, visited a landing page, and, hopefully, made a purchase. However, what the recipient also might

be doing around the brand, say on their mobile device or in the store, is unknown; it's totally disconnected from the email process.
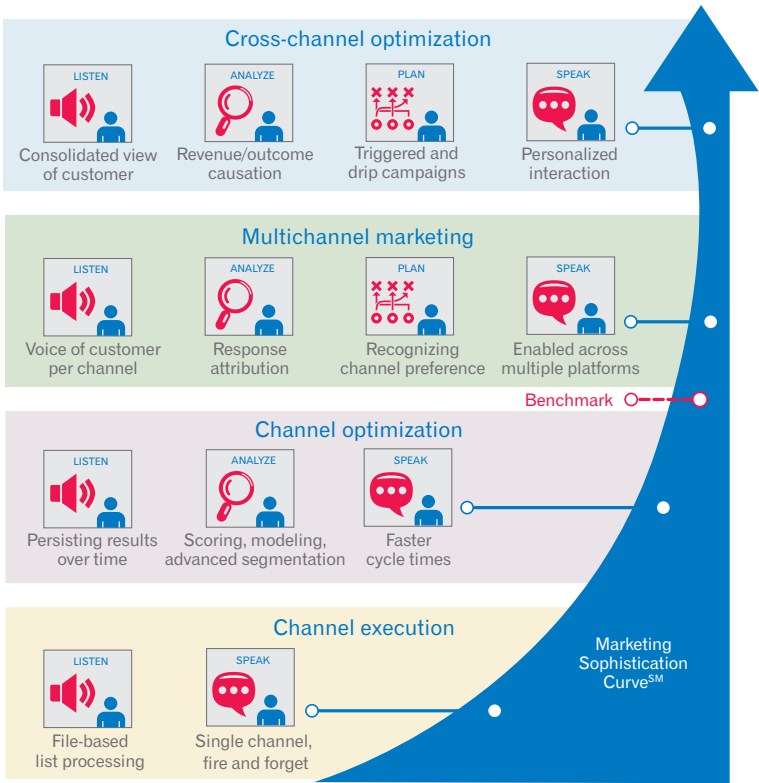
One of the most important parts of the 360-degree view of customers and prospects for cross-channel campaign management is the ability to understand all of the available addressable channels where a particular targetable audience can be reached, along with how to message to them in each channel.

Imagine if all of these interactions and touch-points could be managed on one platform. The marketer would have the ability to deploy consistent communications in a relevant and personal way across the channels, which also dynamically change based on the actions, or lack of action, on the part of a given customer. This would provide invaluable insights that marketers could apply to various interactions — maybe a visit to the landing page triggers a special hero graphic, a mobile phone coupon or an online display ad. A variety of marketing actions could occur in a coordinated fashion, all enabled by pre-set rules that trigger real-time messages. Taking it a step further, a cross-channel marketing platform can even connect with Twitter and Facebook application program interfaces (APIs) so that brands can post to fan pages, send emails through Facebook, respond to negative tweets and posts, and conduct sentiment analysis.

We believe that fewer than 10 percent of brands are executing true cross-channel communications informed by one view of the customer, but that most marketers recognize the need to get there. Aside from the obvious operational efficiencies, we know that the more relevant our marketing messages, offers and channels are, the greater a consumer's brand loyalty becomes and the more money we will make. By moving along the path of sophistication (see chart on next page) to a cross-channel approach we increase loyalty, influence buyer behavior and develop more extended relationships.

One way to view this is in the context of the Marketing Sophistication Curve[SM], which provides an intuitive guide for brands to evaluate their level of cross-channel marketing sophistication and a path with suggested opportunities for improvement. There is a sharp distinction between multichannel versus cross-channel marketing. While multichannel means being present and active in multiple channels, cross-channel means being consistent and coordinated across channels. Measuring progress in cross-channel sophistication provides strategic direction about where to invest in technology and processes. Cross-channel optimization requires an integrated approach across the customer journey, company silos and disparate systems.

Marketing Sophistication Curve[SM]

Cross-channel optimization

LISTEN — Consolidated view of customer

ANALYZE — Revenue/outcome causation

PLAN — Triggered and drip campaigns

SPEAK — Personalized interaction

Multichannel marketing

LISTEN — Voice of customer per channel

ANALYZE — Response attribution

PLAN — Recognizing channel preference

SPEAK — Enabled across multiple platforms

Benchmark

Channel optimization

LISTEN — Persisting results over time

ANALYZE — Scoring, modeling, advanced segmentation

SPEAK — Faster cycle times

Channel execution

LISTEN — File-based list processing

SPEAK — Single channel, fire and forget

Marketing Sophistication Curve[SM]

The empowerment of consumers and the advent of the cross-channel marketing platform are creating a massive shift in how marketers think about both data management and campaign strategy. Aside from improved customer engagement and higher sales, the sophistication enabled by a cross-channel marketing platform means brands need fewer outside vendors, resulting in potentially huge cost savings. Additionally, without a cross-channel marketing platform, it can take weeks or months to set up campaign rules and apply them across platforms — plus, once in place, they're hard to change.

A cross-channel marketing platform ensures highly flexible communications streams that can be changed in real time based on consumer behavior. The setup is also quick. In fact, one of Experian Marketing Services' clients reduced campaign setup time from 10 to less than four days.

Case study: Direct marketing firm sees 50 percent efficiency improvement on multichannel and highly dynamic campaign for financial services client

Challenge

A large direct marketing firm designs and executes complex cross-channel up-sell programs via direct mail and coordinated email for one of the largest retail banks in North America. The company needed to contain escalating production costs and lead times resulting from client demands for increasing levels of email personalization. The objective was to capitalize on the flexibility of electronic communications to cost-effectively deliver regular and highly personalized offers to an audience of approximately 7 million individuals.

With hundreds of personalization variables, the task of building content rules using conventional tools and processes resulted in rampant cost increases and difficulties meeting deadlines. In addition, the challenges associated with auditing tens of thousands of versions of content were a significant and growing concern, as any error not only impacted the customer experience, but also jeopardized the bank's regulatory compliance status.

Getting the job done right and getting it done quickly were critical to the success of the program. Because of the client's production schedule, the entire process from data upload to message delivery had to be completed within five days; the original process took 10 days. Even with the direct marketing firm working at capacity, the software limitations required far too many manual processes, resources and work-arounds to guarantee quality.

Resolution

The direct-marketing firm utilized Experian Marketing Services' cross-channel marketing platform to cut data upload time by 70 percent. Independent modules processed high volumes of data separately, reducing bottlenecks and improving overall performance in ways that were never before possible.

The firm used dynamic content rules in the platform to render the personalization variables of each communication. By leveraging a drag-and-drop user interface and direct access to the relational database, the production time to build these rules was reduced by 50 percent. Once created, the business rules were repurposed and deployed in future communications, thus saving additional time and resources.

Results

By using the Experian Marketing Services' cross-channel marketing platform, production time and costs were cut in half, email delivery was completed within 48 hours and overall customer satisfaction increased. A process that once took 10 days was reduced to less than four days — one day ahead of schedule and 20 percent under budget due to gains in labor efficiencies. The setup time is much quicker and easier, and subsequent communications can be effortlessly duplicated since many components can be reused.

Case study: Major banking infrastructure provider empowers hundreds of banks to effectively send uniquely branded and highly personalized email and text message alerts

Challenge

One of the nation's largest banking technology providers had a sizeable operational challenge. The company provides banking infrastructure for hundreds of domestic banks, and transaction alerts for the millions of consumers whose banking needs are served by these institutions. However, every alert needed to be uniquely branded for each institution and contain highly personalized content to capture the attention and maintain the trust of the banks' customers.

Customer alerts ranged in type from email confirmations for checking payments to more complex series of event-triggered short message service (SMS) and email messages. Adding to the complexity was a hierarchical need for edits made to a bank's alert content to be passed down to its sub-brands in order to ensure compliance with regulatory requirements and message consistency. However, existing technologies could not efficiently support the complex editing process, which resulted in complicated workflows and the manual copying of edits to alert content and logic.

As the program produced more frustration than value, participation by the banks ultimately waned and alert content suffered. Rather than focusing on creating the right messages for their customers, the banks opted for the easiest and most generic messaging in order to limit the amount of edits. This resulted in a less than optimal customer experience and waning demand for the alert messages as a service.

Resolution

The first step was to leverage Experian Marketing Services' cross-channel marketing platform to centralize and streamline the content editing process. By taking advantage of the platform's "parent/ child" configuration option, which enables brands to manage campaigns

seamlessly across multiple systems with different control and permission settings, a three-tier user hierarchy was created. Users of the top-tier parent system gained access to full administrative data and content controls over all subsystems through a Web-based user interface. The system allowed editors to directly access email and SMS alert content and for edits to be automatically inherited by subsystems without any manual intervention. In addition, reporting and monitoring up the hierarchy ensured the protection of each of the unique brands and their professional standards.

Results

With Experian Marketing Services' cross-channel marketing platform's parent/child system implemented, the provider's banking clients now can efficiently edit, approve and launch alert content to their end customers. Where synchronizing content and logic was once an ongoing manual process, it is now automated, requires little to no resources and has encouraged focus on creating better brand experiences for customers. Through the platform's advanced capabilities and intuitive Web-based user interface, participation and satisfaction in the alerting programs has drastically increased and the once poor-performing service is establishing a new "premium" brand.

Leveraging analytics in today's hyperconnected, channel agnostic environment

Operating effectively across channels requires accurate data, including contact data, such as name, address and email, as well as behavioral data, such as purchase history and channel preferences.. Unfortunately, this is something with which many businesses struggle. According to the Experian QAS study, 94 percent of businesses suspect their customer and prospect data might have inaccuracies. On average, as much as 17 percent of information in a database is believed to be inaccurate. In addition, only 15 percent of businesses claim to have an effective single customer view strategy.

With so much poor data quality, gaining meaningful intelligence can be very tough, but it isn't impossible. Here are several tips businesses can use to improve data quality:

- **Create a centralized database.** Often, organizations have different databases for various functions or information spread widely across the organization. To gain usable intelligence, businesses should have one database, or, less optimally, systems that are able to communicate with others. This allows for a better understanding of past purchase history, preferred channels and household details.

- **Remove duplicates.** Organizations need to make sure there is one record for each individual or household. Depending on the size of the database, there are a couple of different options for identifying duplicates. Software tools tend to be the best option given the volume of data that most businesses deal with today. These tools can automatically look for duplicates and identify records that need to be reviewed, depending on how strict or loose search requirements are.

- **Ensure accurate contact data.** Having correct, complete contact data for each individual in the database gives organizations a set of unique identifiers that assist in connecting information to the appropriate record. Records need to be kept up to date so that when a customer crosses channels, various departments have a complete understanding of their transaction history and relationship with the brand.

Case study: Kerzner International Resorts verifies addresses at point of entry and sees better marketing results

Challenge

Kerzner International Resorts was collecting addresses across channels for use in marketing communications for its flagship resort in the Bahamas, Atlantis Paradise Island. With no front-end address verification system in place, the resort experienced high levels of partial and incorrect addresses, preventing Kerzner from communicating with many of their past guests and identifying repeat guests within their database.

Resolution

Kerzner sought out a data quality system with the goal of obtaining better quality addresses. QAS Pro was implemented in the call center to verify all addresses.

Results

Kerzner now verifies addresses at the point of entry in their call center. The Kerzner team attributes better marketing results, streamlined operations and a higher level of confidence in their customer data to the use of Experian QAS tools.

> "Accurate addresses are crucial to our marketing and guest retention efforts at Atlantis Paradise Island. We've seen great benefits with improved data and QAS Pro is a critical component of our data quality initiatives."
>
> **— Adam Darnell, Executive Director of CRM, Kerzner International Resorts**

To create meaningful interactions, organizations need to be able to make real-time, dynamic offers. To achieve that, marketers need consumer demographic and behavioral details to better understand individual need.

As the need to provide these relevant connections grows, many companies are appending third-party information to consumer records. In fact, according to a recent Experian QAS survey, 63 percent of businesses append third-party demographic or behavioral intelligence. This information is used to enhance loyalty efforts, tailor emails with specific offers and change Website displays to target prospects more effectively.

While third-party details can provide a wealth of information to aid in message development, for maximum impact the information needs to be appended at the right moment. The appended details also should be combined with customer buying patterns and purchase history. While many marketers talk about creating this type of strategy, few have actually achieved it.

There are four steps organizations can take to ready their data to start implementing real-time consumer intelligence:

1. **Clean internal data:** The key to real-time consumer intelligence is the ability to marry lots of different information quickly, in order to provide relevant offers. As mentioned, accurate data allows businesses to more easily search information, combine duplicate records and gain insights.

2. **Clean incoming information:** Ensuring the accuracy of inbound information provides two business benefits. First, verifying contact data at the point of entry improves the accuracy of inbound information so organizations can get more from marketing efforts. Second, it ensures that a business can get more accurate matches from third party data providers, who frequently use contact information to identify intelligence.

3. **Enhance searching capabilities:** Most databases require an exact match to identify an existing record. Enhance capabilities to allow for matching, even with minor errors, to aid in pulling and truly understanding internal data.

4. **Plan:** Simply having data isn't going to make campaigns more effective. Marketers need a strategic plan for intelligence gathering and must be able to articulate which data they need to achieve their goals. Businesses should review what they want to accomplish by appending information and decide which attributes will help them succeed. They should use this step to build a complete prospect profile that will enable targeted offers and create models that will actually allow them to execute on that plan.

Online behavioral profiling and modeling

Marketers always want to learn more about their customers' and competitors' customers' behaviors, as well as how to leverage this behavioral insight to create superior marketing campaigns. The Internet is a wonderful resource in this quest for data, as it's a direct, immediate and fairly accurate reflection of consumers' brand and product interests.

Online behavioral data is highly predictive of future decision making. Browsing and search activity relates directly to intent. Yet, marketers sometimes fail to take advantage of readily-available online data. They don't have the time or resources, or simply don't know where to begin.

The online behavioral profile

Here are three key challenges marketers face when beginning to leverage online data for campaigns, as well as questions to consider for each:

- Understanding visitor behavior and motivation on your site and competitors' sites:
  - Who are my online customers, and what other sites do they frequent?
  - What are they searching for? What motivates them?
  - What are my customers' and my competitors' customers' demographics?

- Improving targeting:
  - How do I improve my online targeting?
  - How do I effectively reach my customers and my competitors' customers online?

- Optimizing Website performance:
  - How can I improve my Website's performance?
  - How does it compare to that of my competitors?
  - How are my competitors performing online, and what can I learn from them? How do I steal share from them?

The profiling process employs a series of analyses that helps marketers understand customer and competitor site visitor behavior and motivation. It also helps marketers more effectively target customers online and provides a series of recommendations for site performance optimization. The analyses are quite detailed, and are described in a top-line manner on the page that follows.

Challenges	Solutions	Results
How do I understand customer and competitor site visitor behavior and motivation?	Identify Websites visitors are coming from and going to	Optimal targeting and partnership opportunities
	Analyze customer and competitor search terms	Enhanced search campaign performance
How do I most effectively reach my customer online?	Profile demographics, including differences between client customers and visitors	Identified visitor demographics and enhanced targeting
	Identify sites matching customer and competitor demographics	Optimal targeting and partnership opportunities
How do I optimize my site performance?	Determine gaps in client and competitor site content and placement by heatmapping	Optimized content placement to improve site conversion

The analysis can lead to enhanced search and site optimization, improved site engagement and identification of additional Websites to partner with and advertise on. This can lead to an overall site conversion (intended site goal outcome) of 10 percent to 20 percent.

The online behavioral model

Traditional prospect universe expansion is becoming increasingly difficult. Many marketers have exhausted list and co-op rental names or are seeing their declining performance. They may also have been using the same predictive prospecting models against compiled prospect data or co-ops for a long time. The bottom line is that these tools, which are based on traditional demographics, are increasingly leading to a decline in good prospect identification and acquisition.

However, online behavioral models built with Website traffic, search behavior, lifestyle data and demographics are particularly effective at identifying prospects not found with traditional prospecting models.

An online model can be built by identifying visitors to your Website, as well as selected competitor sites, and looking at visit frequency, search terms, appended demographics, psychographics and attitudinal data. Then, a "look-a-like" model can be built to find prospects who resemble the target universe.

Challenge

Direct-mail acquisition response performance had declined for this national homeowner service in recent years. Campaign selection had traditionally relied on an in-house predictive prospecting model to find qualified prospects, and the amounts of qualified prospects were shrinking.

Resolution

Experian Marketing Services created a predictive model development universe based on Hitwise® panel members who had visited the company's Website and competitors' Websites and had searched using top search terms driving to these sites. This universe was appended with Experian's ConsumerView℠ demographic, psychographic and attitudinal data to build a "look-a-like" model with online data. The model was applied to Experian's national ConsumerView file to find qualified prospects not previously identified. Prospects were targeted via direct mail.

Results

- Client tested model in live mailing test; response was superior to their existing model, plus identified an estimated 15 percent of responsive prospects who were not previously identified

- Client is rolling the model out for larger prospecting efforts and building of a similar online behavioral model for one of their other brands is complete

Measuring cross-channel marketing effects — relying on data rather than business rules

From a marketer's perspective, a shifting customer base and cross-channel interactions complicate basic market planning decisions about whom to target, what channels to use, when to market and how to communicate. Optimizing these decisions requires measuring customer responsiveness, channel impact and messaging effectiveness. Without these measures, it is not possible to really understand the contribution of each effort and therefore allocate marketing spend for maximum impact and return. As marketers embrace new channels, it's also time to embrace, with equal energy and focus, the next level of evaluating marketing efforts. It may not be very glamorous, and it does take effort and time, but it means significant improvement in results (often 5 percent to 15 percent bottom-line impact).

Accurate response attribution

As organizations begin to tackle the problem of response attribution, they often take two approaches. The first is to give credit to every marketing campaign within a time window prior to a purchase. If a customer has received a catalog and five emails and has responded to a Facebook offer viewed on a mobile device, all within 30 days of finally purchasing in-store, each channel gets full credit for the sale. This double, triple, quadruple counting makes everyone happy and reflects the reality that the path to purchase has many elements, but it doesn't really help the CMO decide the right way to plan the marketing strategy.

The second approach applies a little math, while using the same time window. With this method, proportional credit is given to each channel and is determined by a set of business rules, whose shape can vary. For example, credit may be determined by:

- The proportion of sales each channel contributed in the prior year
- The number of touch-points before purchase
- The percentage each channel represents of marketing spend
- The proximity to the actual purchase date

The reality is that both of these approaches are good first steps to recognizing the complex nature of allocating response, but there are more data-driven approaches that will give clear, reliable answers and help the CMO make better spending decisions.

Making a commitment to rely on data rather than business rules is a major shift. It means using complicated analytic techniques, which may not be easily understood by non-analytic marketers. However, using this kind of approach and getting comfortable with it means a big payoff in results. Now, in the era of Big Data and bigger analytics, marketers really can come to understand which marketing dollars are wasted and do something about it.

The discipline of response attribution includes an evaluation of past marketing programs — their cadence, cost, offers, messaging and channels. This accumulation of data is combined with purchase information, such as dollars, products and purchase point. A range of analytics are applied, leveraging techniques that have been used in other disciplines — financial and scientific — and applies them to evaluate marketing effectiveness.

Campaign effect measurement

Campaign effects are often difficult to isolate because they are confounded with other concurrent campaigns or uncontrollable factors such as seasonality and competitors' marketing efforts. For example, an online campaign designed to increase conversion rates for purchasing a product may occur at the same time as an in-store promotion, while the competitors are ramping up their TV advertising. Pre-/post-campaign comparisons of responses, test/control design or analytical models can adjust for the influences of those confounding factors and estimate campaign effects in a consistent and reliable manner. More importantly, campaign effect estimates for distinct customer groups and at different geo-levels can be leveraged for retention and prospect targeting, online or offline.

Measuring the messaging effect

Poor messaging and ad content can damage a customer experience and ruin a marketing campaign. Using consumer data assets, a marketer can develop attributing factors or customized segments for differentiated messaging and targeting in order to design experiments that test those messaging ideas and measure their incremental impact. There are varying levels of flexibility available with these types of tests, ranging from standardized versions with a quick turnaround to in-depth customized analyses.

For example, in order of complexity, standard profiling, automated segmentation systems, prime performance modeling (PPM) and delta modeling can be used to estimate campaign effects, each at a different level of granularity and precision. Profiling can identify large customer segments that have a higher response rate. Automated segmentation systems, like Experian's Quick PredictSM, produce individual-level campaign response scores when marketing cycles are short, while PPM provides segmented campaign effect scores with a higher precision. Delta modeling takes it a step further and identifies targets with the most incremental marketing effects. All of these solutions can provide household and geo-level targets that can be integrated into online or offline marketing campaigns.

Never have marketing efforts been so intertwined in real time. Multiple channels interact and socially networked customers take action with a click of a button. Marketers need measurement systems that keep pace with the demand of the current market environment. Key considerations for such a system are rich consumer data, the ability to mix primary and secondary data sources and the integration of online and offline data. Armed with these tools, marketers will be able to tackle the online/offline marketing measurement issues they face and make better strategy and planning decisions in the future.

# Cross-channel consumer behavior

Cross-channel consumer behavior

Key findings

- Among young adults ages 18 to 34, mobile phones now tie with televisions when it comes to reach, with each platform reaching fully 94 percent of adults in this age cohort in a given week.

- Adults age 50 and older spend 34 percent more time reading newspapers than the average newspaper reader. This older cohort also spends more time than average reading magazines, watching television and using eReaders.

- Fifty-nine percent of adults say they email from at least two different devices during a seven-day period. Nearly one-third of adults under age 35 email from three or more devices each week. In order to address this, marketers need to ensure that their messages are tailored to engage consumers regardless of device.

- Nearly one-quarter of social networking adults age 50 and older access social properties from a digital tablet, making them the most likely to do so from this device. It's important to ensure that social media posts, including links to other online sites and videos, work from a mobile site.

- Digital tablets and mobile phones are seriously competing with traditional computers when it comes to surfing the Web. Fully one in five young adults visit Websites from four different devices in a week, as do nearly one-quarter of adults ages 35 to 49.

Consumers move between multiple devices and media platforms many times each day without batting an eye. For example, Dana was watching her favorite sitcom on the television when she saw a commercial for a musical she and her friend want to attend. She searched for reviews from her tablet, while texting her friend about it from her smartphone. They decided to purchase tickets, which Dana did from her tablet. She then forwarded her friend the confirmation email from her smartphone. When sequences like this happen, Dana's not thinking about the different channels she used, she's thinking about how great the musical is going to be — she's simply living her life. Making this all happen, however, is not as simple for marketers.

Life may be the ultimate "channel," but marketers still need to address the reality that consumers have an increasing number of platforms through which they can communicate, access their social networks and consume media. Experian Marketing Services tracks the reach and usage of 11 different media platforms, including computers at home and work,

mobile phones and tablet computers, Internet-connected game consoles and more. During a typical week, television still reaches the greatest number of U.S. adults, but mobile is rapidly gaining ground. In fact, among young adults ages 18 to 34, mobile phones now tie with televisions when it comes to reach, with each platform reaching fully 94 percent of adults in this age cohort in a given week.

Seven-day platform reach, by age

Legend: All adults, 18–34, 35–49, 50+
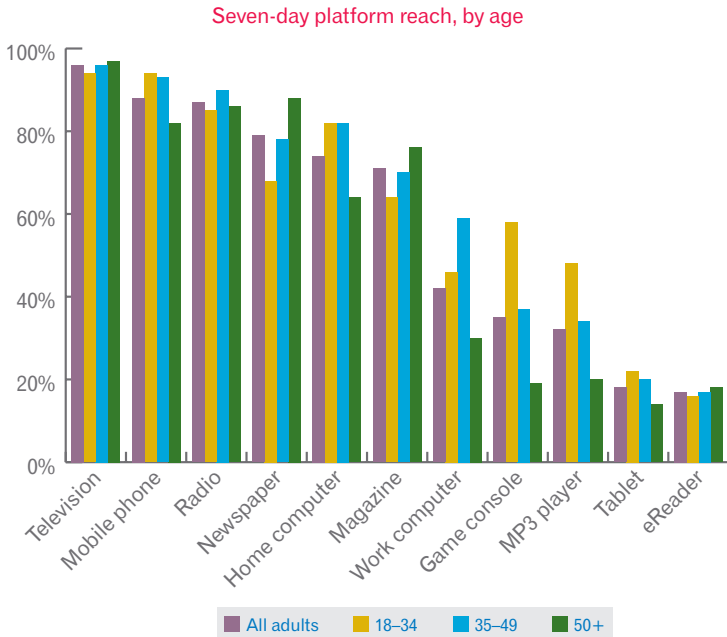
As expected, digital platforms like tablet computers, game consoles, MP3 players, computers and mobile phones, reach a greater share of young adults, while traditional media, especially print newspapers and magazines, extend their greatest reach into the 50-plus age cohort.

Time spent using various media platforms

When it comes to relative time spent using various media platforms, the medium used most consistently across adults of all ages is the work computer. Meanwhile, adults under age 35 spend 44 percent more time using their mobile phones than the average mobile phone user. Young adults also spend more time than average using their home computers, game consoles and MP3 players. On the flip side, adults age 50 and older spend 34 percent more time reading newspapers than the average newspaper reader. This older cohort also spends more time than average reading magazines, watching television and using eReaders.

Platform time spent last seven days, index by age

Legend: 18–34, 35–49, 50+
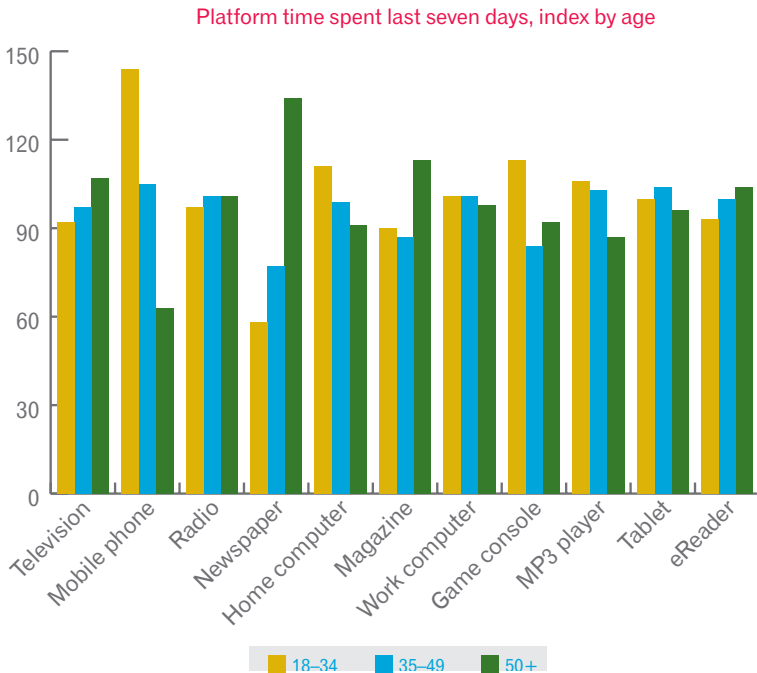
Source: Experian Marketing Services' Simmons

Activities by device

Across the 11 measured devices, Experian Marketing Services measures 22 separate activities, such as emailing, visiting Websites, watching video, listening to music and more. The following four charts identify the percent of adults who engage in key activities by device. Knowing the devices used by your customers to engage in these activities is critical to ensuring that you can connect with them every time, from anywhere.

For starters, we see that among all adults who emailed in the last seven days, 86 percent did so using their home computers. This number is fairly consistent among adults of all age groups. Emailing from a work computer is noticeably more common among adults ages 35 to 49, while younger adults are more likely to email from their mobile phones. In fact, adults under age 35 are actually more likely to send emails from their phones in a given week than they are to send email from work. Though this is likely due to the fact that many adults in this cohort have not yet entered the workforce full-time.

In order to address the rapid adoption of email through platforms other than a computer, forward-thinking marketers need to ensure that their messages are tailored to engage consumers regardless of device.

Device used last seven days to email (personal or work), by age

Legend: All adults | 18–34 | 35–49 | 50+
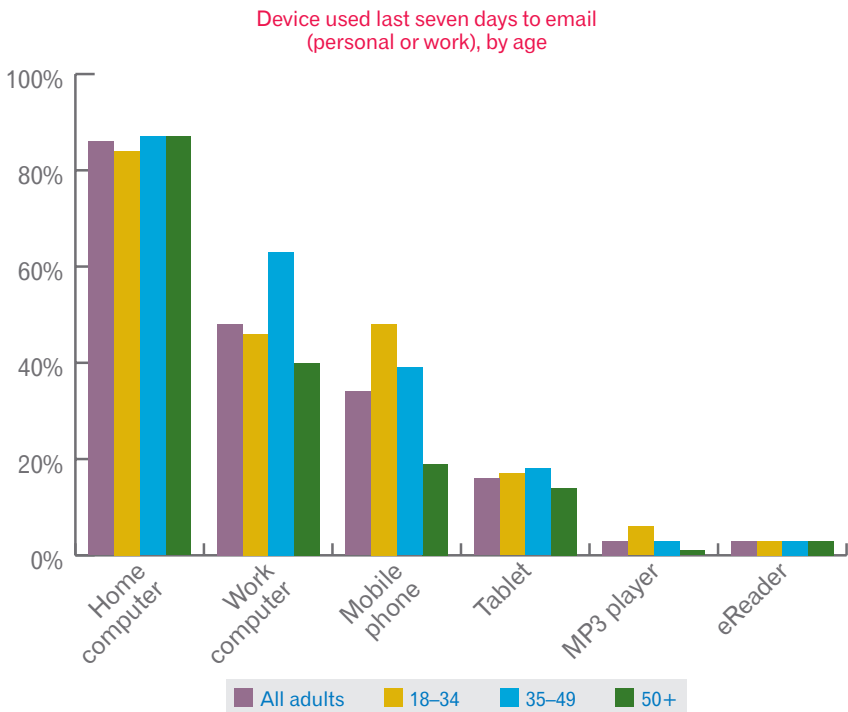
Source: Experian Marketing Services' Simmons

In addition to sending email, the home computer is also the most common platform used to surf the Web. Among adults who visited a Website in the last week, 78 percent of them did so from their home computers. Adults ages 35 to 49 are more likely than older and younger Web surfers to visit a Website from both a work computer and a digital tablet. As one might expect, young adults under age 35 are the most likely to visit Websites from their mobile phones, which 44 percent do in a typical week.

As with email, marketers must adapt their Web presence to ensure that customers are able to get the full user experience whether they access the site from a computer, a phone, a tablet or even television. There's nothing more frustrating than reaching a site only to find that it's not compatible with your device of choice.

Devices used last seven days to visit Websites, by age
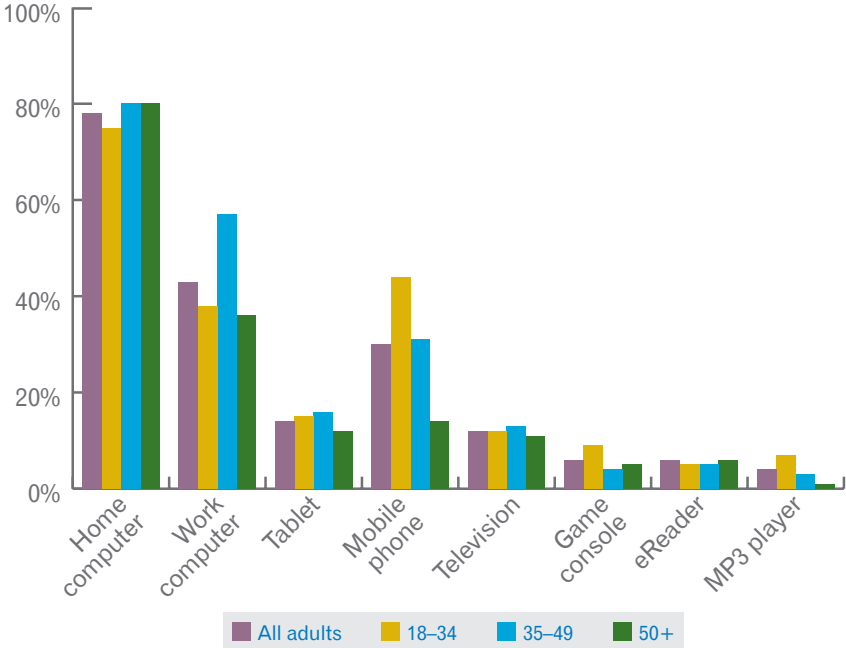
Source: Experian Marketing Services' Simmons

Social networking is one of the top online activities today, and most adults who access online social networks do so from their home computers. In a typical week, 78 percent of social networking adults have accessed such sites through a home computer. A majority of young social networkers (53 percent) say they access social networks from their mobile phones. Nearly one-quarter of social networking adults age 50 and older access these properties from a digital tablet, making them the most likely to do so from this device.

With businesses increasingly engaging with their customers via social media, it's important to ensure that your posts, including links to other online sites and videos, work from a mobile site. This is especially important to ensure that your customers can get the full experience of your social site regardless of the platform.

Devices used last seven days to social network, by age
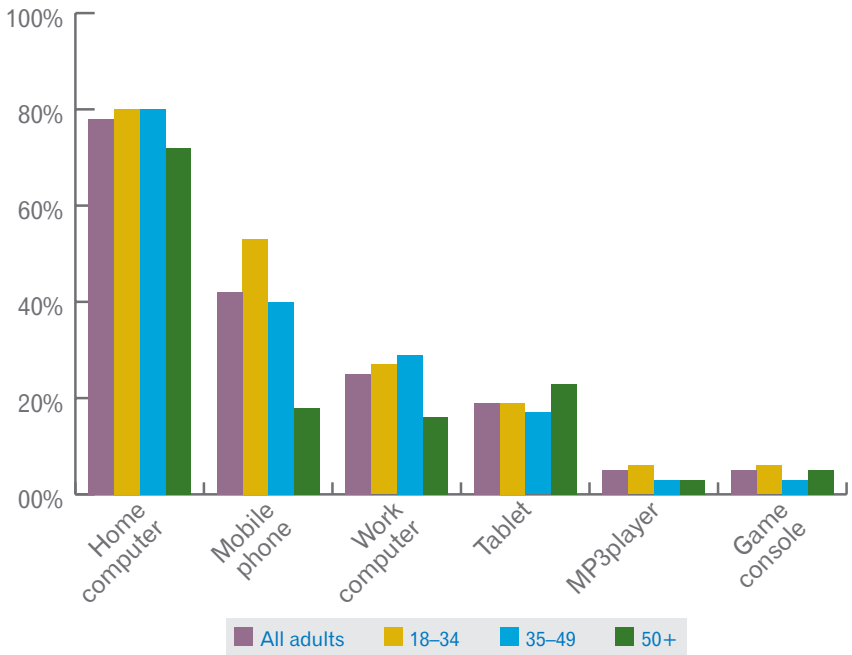
Source: Experian Marketing Services' Simmons

Watching video is the top activity that Americans engage in during a typical week and, of course, television is the top device used. Fully 96 percent of all adults who watch video in a given week do so via a television set. Despite the dominance of television sets for viewing video, digital devices are increasingly being used by adults to engage in this activity. In fact, today, 36 percent of young adults watch video from their home computers in a given week, compared to just 9 percent of adults age 50 and older who do so. Adults under 35 are the most likely to watch video on any of the other video devices measured, including gaming consoles, mobile phones, work computers, digital tablets and even MP3 players.

Devices used last seven days to watch video, by age
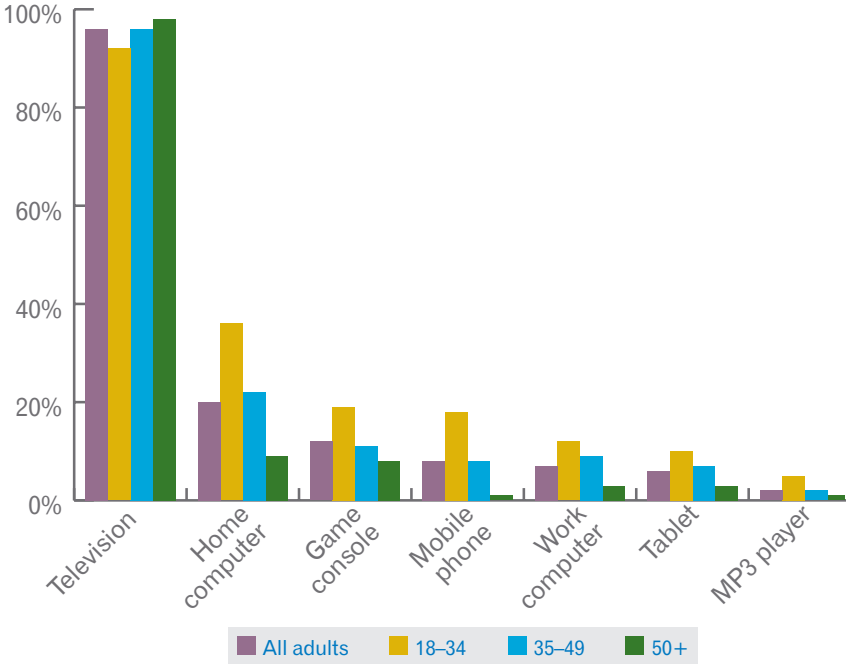
Source: Experian Marketing Services' Simmons

When one device isn't enough

It's not enough to understand the primary platform that your customers use to engage in key activities, since many adults are emailing, surfing the Web, watching video and interacting with their social network from multiple devices in any given week.

When it comes to email, for instance, 59 percent of adults say they email from at least two different devices during a seven-day period. Young adults are even more likely to use multiple devices for email purposes. In fact, nearly one-third of adults under age 35 email from three or more devices each week.

Forward-thinking marketers are already tailoring their emails to deliver content optimized for the device on which the message is consumed. Are you taking advantage of this option to ensure that your messages connect with your customers regardless of platform?

Number of devices used last seven days to email, by age

	All adults	18–34	35–49	50+
Four or more	6%	8%	7%	3%
Three	20%	23%	27%	12%
Two	34%	35%	36%	31%
One	41%	35%	30%	54%

Legend: One / Two / Three / Four or more
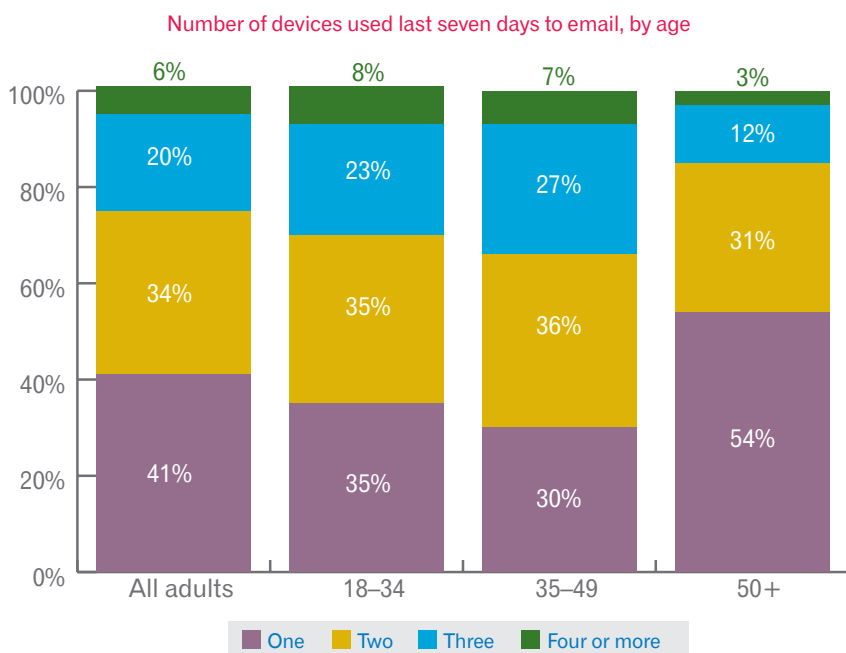
Source: Experian Marketing Services' Simmons

With Websites, the pattern is the same, though an even greater share of adults surf the Web from four devices or more in a given week. One in five young adults visit Websites from four different devices in a week as do nearly one quarter of adults ages 35 to 49.

Digital tablets and mobile phones are seriously competing with traditional computers when it comes to surfing the Web. Can your customers get the full user experience via their mobile and tablet browser? If not, don't expect them to change platforms to suit your needs. It's more likely that they will stick with the platform they're using and just move on to another site.

Number of devices used last seven days to visit websites, by age

Age	One	Two	Three	Four or more
All adults	40%	21%	22%	17%
18–34	36%	26%	18%	20%
35–49	30%	18%	29%	23%
50+	52%	18%	21%	9%
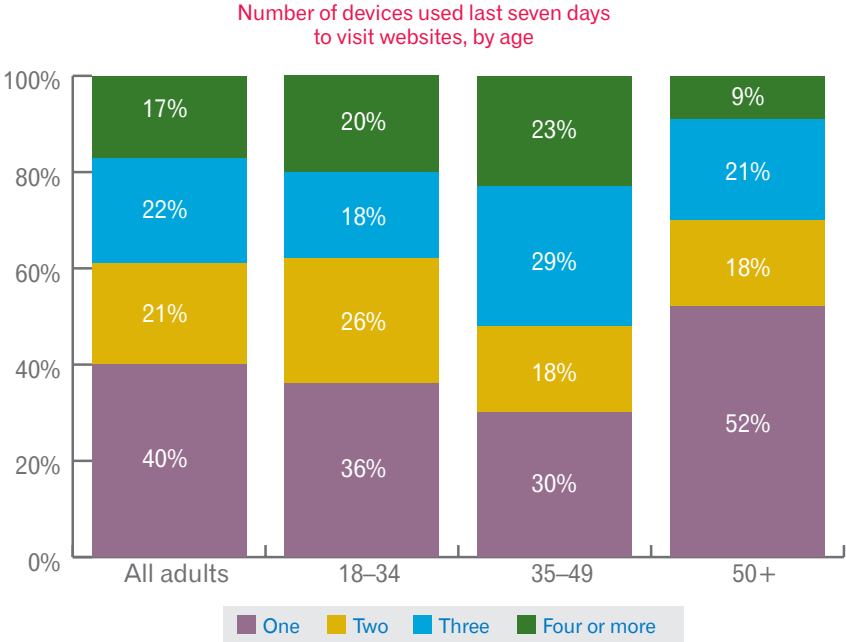
Source: Experian Marketing Services' Simmons

Social networking is actually done by a majority of all adults (51 percent) via a single device during a given week and by a much larger majority by adults age 50 and older (74 percent). That said, younger adults are not content with one platform. In fact, nearly six in ten young adults engage in social networking across two or more devices each week.

Mobile apps are increasingly being used to access social networking sites, be it Facebook, LinkedIn or YouTube. Is your social networking content optimized for mobile and tablet consumption? If not, you may be missing a valuable opportunity to engage directly with your most valuable customers.

Number of devices used last seven days to social network, by age

	All adults	18–34	35–49	50+
Four or more	5%	7%	4%	2%
Three	15%	19%	15%	6%
Two	29%	33%	31%	17%
One	51%	41%	51%	74%

Legend: One, Two, Three, Four or more
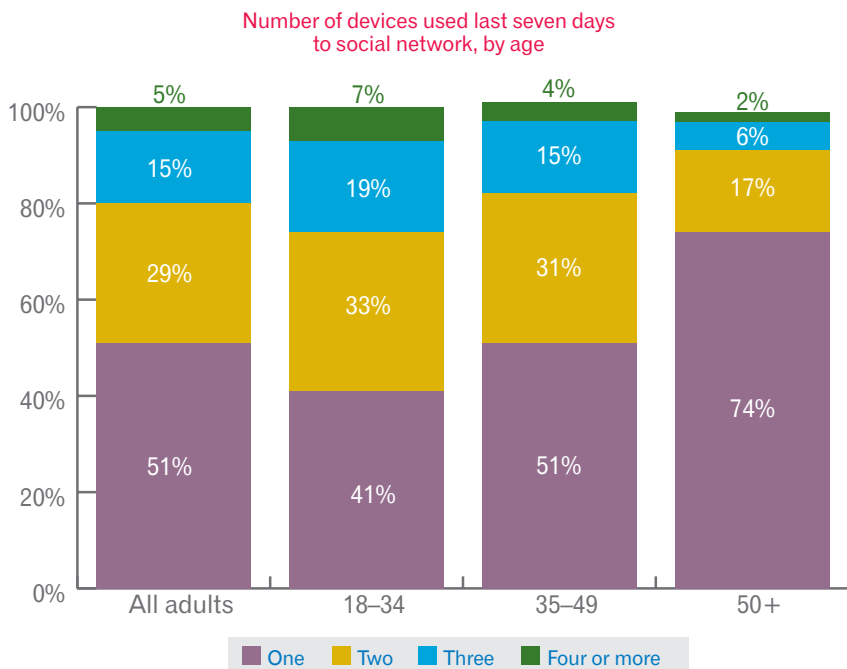
Source: Experian Marketing Services' Simmons

The dominance of television is obvious when it comes to the viewing of video. Today, fully two-thirds of video-viewing adults say that they watched video on only one platform or device within the past week, and 81 percent of adults age 50 and older are single-platform video viewers. Again though, young adults strongly buck this trend, with only 44 percent saying that they watched video via only one device, meaning that 56 percent consume video content via multiple devices, nearly the same share of all adults who consume it via just one.

The lesson here is that when you deliver video content, especially video intended to engage young consumers, make sure it's available via multiple platforms. If you don't, it's likely that key target audiences will not be able to tune in.

Number of devices used last seven days to watch video, by age
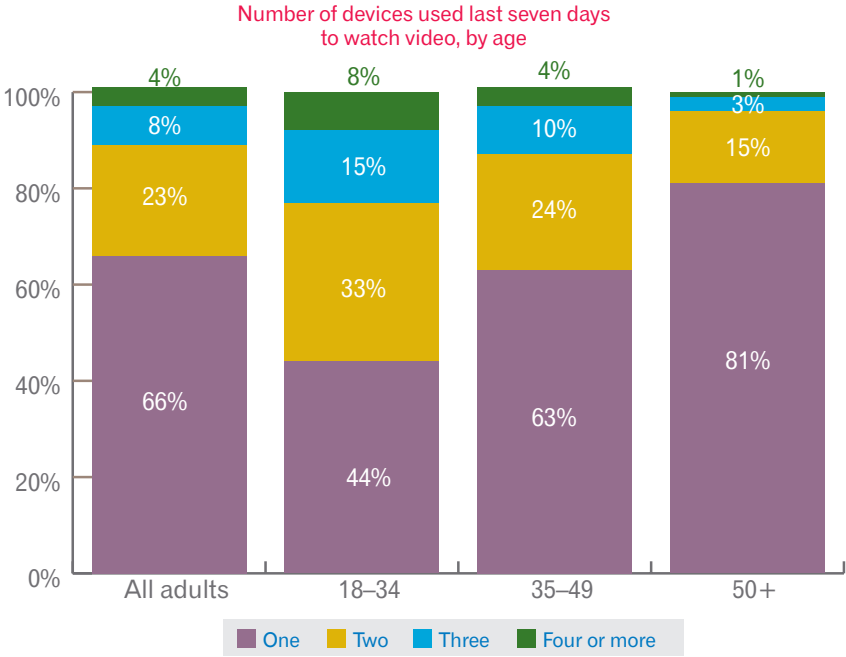
Source: Experian Marketing Services' Simmons

Competing screens

Even though television claims the dominant share of screen time, especially when watching video content, mobile phones and computers are increasingly competing for consumers' attention — including while watching television. In fact, 56 percent of all adults today say that they use their computers or mobile phones at least somewhat often while they are watching television. Among young adults, this figure rises to 75 percent. Specifically, 40 percent of all adults say that while watching television, they are often visiting Websites using their computers or phones. Likewise, 44 percent of adults say they are texting, IMing or emailing while watching television. While this may sound like bad news for television, marketers can actually leverage this information to make the television-viewing experience more interactive. Knowing that three-quarters of young adults have their phones or computers at hand while watching television provides marketers with the means to engage this audience via a second or third medium in a more direct and interactive way.

Percent of adults using mobile phones or computers
while watching television, by age
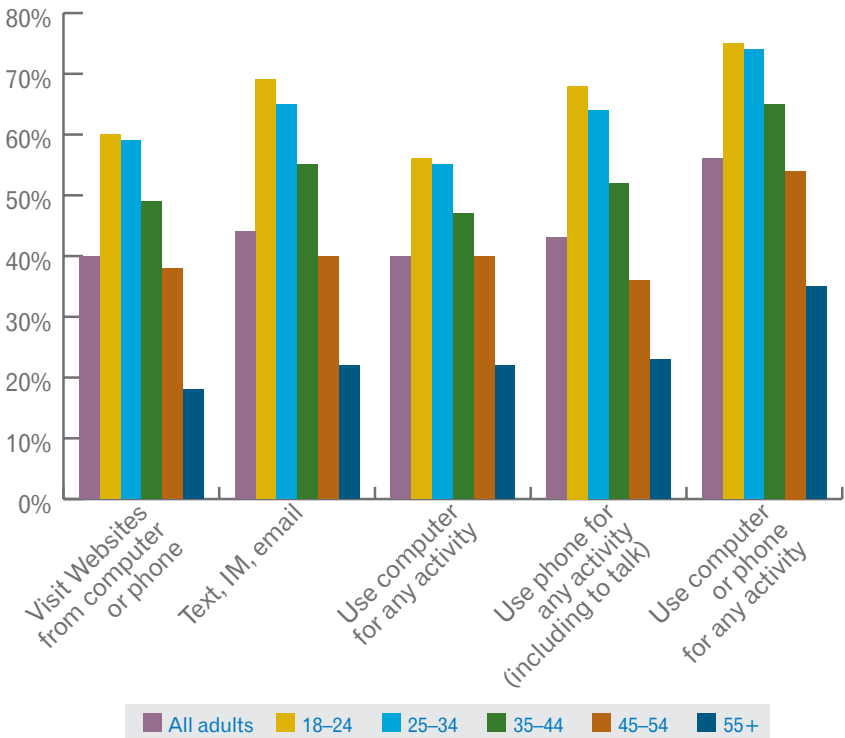
Source: Experian Marketing Services' Simmons

Consumer landscape

Consumer landscape

Key findings
- Millennials, the generation of 18- to 34-year-olds, represent upwards of 80 million consumers. Nearly two-thirds are under 30 years old, almost one-quarter have a college degree, 34 percent are married and many (60 percent) own a home. They have an average discretionary spend of $11,317.

- Fifty-two percent of millennials rank far above or above average when it comes to being early adopters of technology. There is a strong opportunity to reach early adopter millennials via mobile, as they spend 14 percent more time engaged with their mobile devices in an average week than their generational peers.

- Families with a mom, a dad and children account for 20 percent of U.S. households. Despite dramatic shifts in the living arrangements of U.S. consumers, married couples who are raising families remain a dynamic force for marketers to target and understand.

- The Hispanic population is the largest racial/ethnic minority group in the United States today and is only growing larger. Nearly one-quarter of Americans ages 6 to 34 are Hispanic compared with less than 10 percent among those age 50 and older.

- Nationwide, Hispanic households control 10 percent of all discretionary spending in the United States, with annual expenditures of $164.2 billion on nonessentials in 2012, up from $143.9 billion in 2011.

- Representing about 25 percent of the U.S. population, baby boomers are nearly 80 million strong and account for more than 75 percent of America's net worth. Deservedly, they continue to draw widespread interest and attention from the nation's largest advertisers.

The consumer landscape varies across ages, experiences, economic backgrounds, behavior, attitudes and preferences. Demographic data alone is not enough for marketers to rely on to truly understand customers. Two people may be 45-year-old married males, living in suburban communities, with average household incomes of $150,000; therefore, marketers may be inclined to treat them similarly. However, one may be a tech-savvy small business owner who enjoys extreme outdoor activities and reading the news on his tablet, while the other may be a stay-at-home dad who likes to invite friends over to watch college sports on his home entertainment center. What will catch the eye of one of these men may go unnoticed by the

other. Smart marketers recognize the need to differentiate their messages in order to reach the right people, at the right time, with the right message. Lifestyle and attitudinal characteristics that can be uncovered from segmentation tools, such as Experian's Mosaic® USA, provide a richer sense of how to best connect with customers.

Dana, a representation of a business's best customer, as discussed earlier in the report (page 3) most closely aligns with the Urban Edge Mosaic segment. Knowing her segment and its associated characteristics provides marketers with a deeper understanding of Dana — she is more likely than average to be financially sensible, commute to work using public transportation and be digitally literate — which is much more useful to marketers than simply knowing her age, income and location.

In the following sections we explore five groups of the population: millennials, households with children, Hispanics, baby boomers and travelers. While marketers might be tempted to treat the members within each of these groups in the same manner, the data shows that is not the best route to earning their business. In the sections that follow, we'll dive into each of these groups to identify key segments and the characteristics that make them different from each other. These groups may or may not be directly applicable to your business, but they help to illustrate how a macro understanding of a segment provides insights to fuel cross-channel marketing programs and help you better connect with your best customers.

Millennials — an interesting and influential demographic
The generation of 18- to 34-year-olds known as millennials is an increasingly influential group that impacts many aspects of the American lifestyle, including fashion, technology, entertainment and beyond. Almost one-quarter (24 percent) of millennials have a college degree, 34 percent are married and many (60 percent) own a home. They have an average discretionary spend of $11,317 annually. Brands and marketers are taking notice of millennials and the fact that they communicate and behave differently than other generations. Marketers increasingly understand that they need innovative marketing programs in order to engage this important segment of the population.

Early adopter millennials
Fifty-two percent of millennials rank far above or above average when it comes to being early adopters of technology. That means more than half of adults ages 18 to 34 want to be the first to have the latest electronic equipment, are willing to pay almost anything for an electronic product and actively want to be a source of information on electronic equipment to others.

Millennials who are early adopters are also more likely than their generational peers to agree with the following statements:

- People often ask my opinion when buying new technology
- I spend less time sleeping because of the Internet
- I like to make a unique fashion statement
- I'll try any new diet
- I want to get to the very top of my career
- Marijuana should be legalized

These early adopter millennials also enjoy leisure activities including listening to music, dining out and going to the beach. Sports activities they participate in include basketball, skateboarding and soccer.

Fashion and technology are important to millennials. They are up-to-date on trends and want to stand out. Online, they shop at retailers like Barneys New York, Best Buy, Brookstone, Century21, Gap, Groupon, H&M, ideeli, Lord & Taylor, and Swagbucks. There is some overlap in retailer brands that they tend to shop in-store, such as Best Buy, H&M and Lord & Taylor. Other in-store brands they frequent include American Apparel, Bloomingdale's, Brooks Brothers, Nike, Sunglass Hut, Urban Outfitters and Whole Foods.

Marketers trying to reach this group can look at the types of Websites driving millennials to online retailers in order to understand other sites that would be effective partners, advertising outlets and content providers.

- Millennials are more likely than the online population to visit search and social Websites before visiting a retail Website
- They are less likely to look at email or visit reward and directory sites before visiting a retail Website
- They are more likely to visit fashion content and portal sites before visiting a retail Website

Early adopter millennials also deem various channels and devices important sources for information, communication and entertainment.

Device/channel millennials deem "very important" for each activity	
Source of information	Mobile: 44%
	Cable TV: 23%
	AM/FM radio: 22%
Source of communication	Mobile: 63%
	Cable TV: 23%
	Broadcast TV: 16%
Source of entertainment	Cable TV: 42%
	Game console: 36%
	Mobile: 36%

Source: Experian Marketing Services' Simmons®

Percent of early adopter millennials who agree to the following statements:

• If I couldn't have cable, I wouldn't watch television: 34 percent
• I find TV advertising interesting and quite often it gives me something to talk about: 30 percent
• I price-compare online before making a purchase: 70 percent
• After researching online, I go to a physical a store to purchase: 56 percent
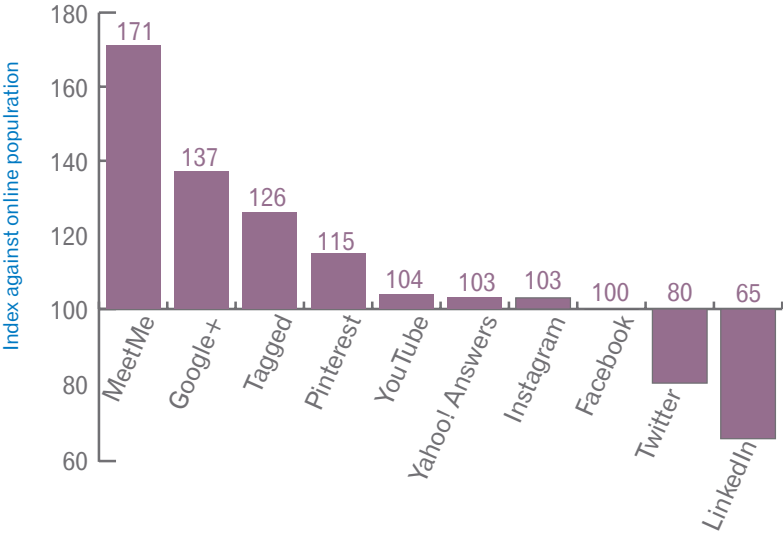• I share comments of products/services on social networking sites: 38 percent

Early adopter millennials are socially connected with friends as well as brands, and visiting social sites is among their top online activities.

• I am more likely to purchase products I see advertised on social sharing/networking Websites (Index: 135)
• I like to follow my favorite brands or companies on social sharing/networking Websites (Index: 121)

Among millennials, Facebook and YouTube captured the highest share of visits within the social networking category and accounted for 62 percent and 21 percent of all visits, respectively.

When compared to the online population, millennials are more likely to visit other social networks like MeetMe, Google+, Pinterest and Instagram. While Facebook and YouTube clearly have a large reach with millennials, marketers should consider other social networks that can provide additional opportunities to get in front of this key audience.

Top 10 social networks visited by milliennials, ranked by index against online population — rolling 12 weeks ending Nov. 3, 2012

Index against online population

| MeetMe | Google+ | Tagged | Pinterest | YouTube | Yahoo! Answers | Instagram | Facebook | Twitter | LinkedIn |
| 171 | 137 | 126 | 115 | 104 | 103 | 103 | 100 | 80 | 65 |

Source: Experian Marketing Services' Hitwise

There is a major opportunity to reach early adopter millennials via mobile, as they spend 14 percent more time engaged with their mobile devices in an average week than their generational peers. Early adopter millennials are 20 percent more likely to use a tablet and 32 percent more likely to IM/chat than the average millennial. Other top activities include reading media, listening to music and email.

Early adopter millennials' media usage, last seven days

Device	Usage
Mobile phone	94%
Television	93%
Radio	83%
Home computer	81%
Newspaper	66%
Game console	64%
Magazine	62%
MP3 player	49%
Work computer	45%
Tablet	27%
eReader	15%

Early adopters are 20% more likely to use a digital tablet than an average millennial
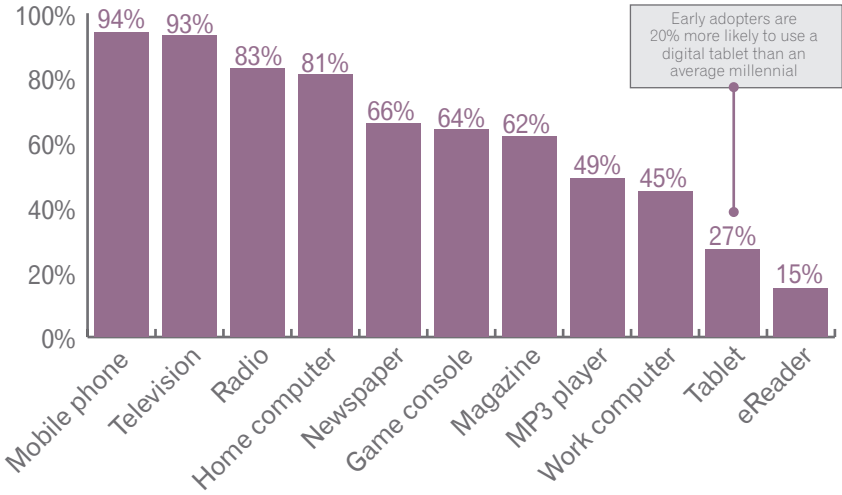
Source: Experian Marketing Services' Simmons

Early adopter millenials' time spent by device in the last seven days, by index

Device	Index
Magazine	126
Tablet	117
Mobile phone	114
eReader	111
Home computer	109
MP3 player	106
Game console	105
Newspaper	103
Work computer	102
Radio	99
Television	97

Early adopter millennials spend 17% more time than the average millennial using digital tablets
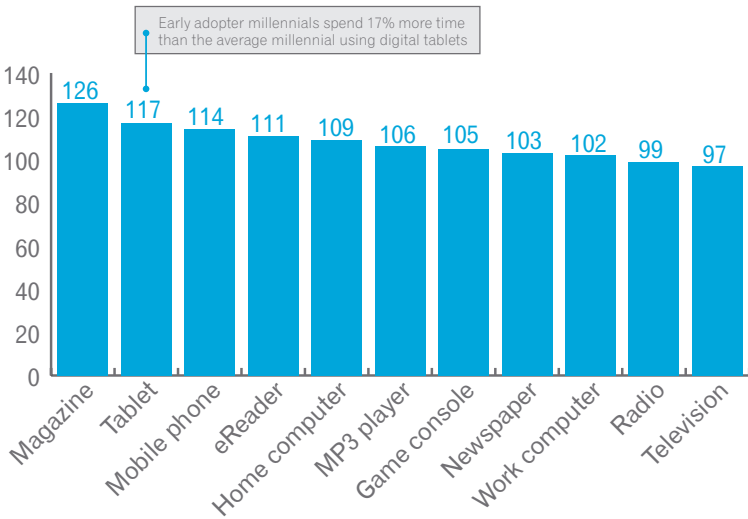
Source: Experian Marketing Services' Simmons

Early adopter millennials' mobile activities in the past seven days, by index

Activity	Index
IM/Chat	132
Read media	126
Listen to music	122
Email	120
Watch DL/Stream video	120
Visit Websites	117
Social network/Blog	116
Play games	116
Text	101
Talk	99
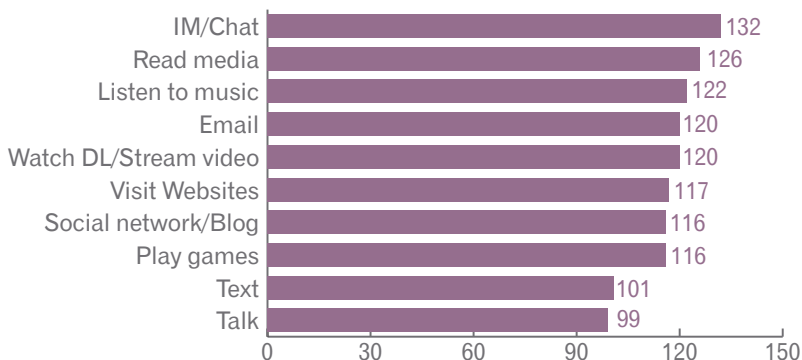
Source: Experian Marketing Services' Simmons

Targeting the millennial population: introducing Digital Dependents

Millennials — upwards of 80 million consumers — are highly valued by advertisers and represent the most concentrated wave of young adults to emerge onto the marketing landscape since the advent of the baby boom generation. Using the Mosaic USA segmentation system as a guide for targeting the millennial population, marketers discover such audiences as Colleges and Cafes, Striving Single Scene and Digital Dependents. With the world seemingly handed to them on a digital device, Digital Dependents particularly stand out as the signature segment of the millennial generation.

As its name implies, Digital Dependents were born in the digital age and appear to spend more time in the virtual world than the real one: they're blogging, gaming, instant messaging, texting and tweeting. The vast majority are between 18 and 34 (also known as 'Generation Y' and the 'Echo Boom'), and nearly two-thirds are under 30 years old. This is the age when most Americans leave the nest to start independent lives, marry and begin families. However, single households in this segment represent the highest concentration; only one-third of Digital Dependents have children.

Having grown up with ubiquitous telecommunications, these individuals revel in multitasking lifestyles that allow them to bounce between smartphones, MP3 players, tablets, laptops and video games. They're into athletics, whether it's playing a pickup basketball or volleyball game or working out by lifting weights or taking a yoga class.

Digital Dependents are still early in their careers and making ends meet on incomes close to $50,000 a year. Even though most have yet to start a family and take on the expenses of child rearing, there's not a lot of discretionary cash left over for saving and investing. They have below-average levels of

investments, except for company stock. Their connection to their bank is mostly through debit cards and checking accounts. Many are still paying off student and car loans, and some are taking out personal loans to maintain their lifestyles. These tech-savvy individuals conduct as many of their financial transactions online as they possibly can.

In the marketplace, Digital Dependents have champagne tastes with six-pack budgets. They follow fashion magazines to check out the latest styles, but they typically go to discount clothiers or the clearance racks in more upscale shops. They're also big buyers of sports equipment such as skateboards, camping supplies and racquetball gear. Those who can afford cars — nearly half are without wheels — tend to buy inexpensive sedans and subcompacts, though they also like imports for the cachet of a foreign brand. Of all the popular nameplates, only one is purchased more than average by Digital Dependents: the funky, box-like Scion.

Where they won't compromise is on electronics. As the first generation predominantly raised with digital media, they describe themselves as early tech adopters who cherish the latest wireless device that will support their lifestyle of constant motion. While they have little interest in buying from catalogs — so last century — they will go online to buy consumer electronics, sporting equipment, apparel and books without a second thought. When it comes to electronics, their friends come to them for advice on what's hot.

With so much of their free time spent online, Digital Dependents have drastically cut back their reliance on more traditional media channels. It's hard to find a member of this group who subscribes to a newspaper or more than a couple of magazines. They'll tune in to radio when they're driving a car, but for the most part they're only moderate radio listeners. As for TV, they'll watch late-night programs on Comedy Central, MTV and Spike — generally after they've come home from a date or a workout. Advertisers will have a hard time connecting with them through traditional media, and not just because they typically change the channel whenever a commercial comes on. They gravitate toward cable channels that skew to a young audience, such as Adult Swim, MTV, Comedy Central, Spike and IFC. However, these consumers prefer the Internet over everything else. They receive most of their news from the Internet, and they can't imagine why anyone would wait until tomorrow to find out what's happening today.

The evolving family household: married couples with children retain their buying clout

The proportion of children living in traditional married couple households stands at about 70 percent today. This is down significantly compared to 1960, when approximately 90 percent of children lived with two parents. Still, families with a mom, a dad and kids account for 20 percent of U.S. households. Despite dramatic shifts in the living arrangements of U.S. consumers, married couples who are raising families remain a dynamic force for marketers to target and understand.

A marketer's focal point for targeting these kid-centered households is mothers. Whether planning meals as family dietician, outfitting kids with new shoes and clothing, managing the household budget, making travel arrangements for a summer vacation or caring for a sick child, moms serve in a wide variety of roles that ultimately drive multiple product and brand buying decisions.

Experian's Mosaic USA, a lifestyle segmentation and targeting system that draws upon a rich resource of demographic, transactional and other marketing-related data, contains a set of child-focused consumer segments. The segments provide critical insights needed for reaching and connecting with a diverse audience of parents bringing up children. What do these segments have most in common? Their household purchase decisions are largely driven by the mother. But that's not to say they all look the same. They include a mixture of households with children crossing over a variety of income, socioeconomic, age and family size characteristics.

For example, one of the signature family segments from Mosaic USA is called Kids and Cabernet. Let's take a deep dive into what this segment looks like and why it is important for marketers to study and understand.

Kids and Cabernet comprises predominately prosperous, middle-aged married couples and their children who are living a wealthy, suburban lifestyle in homes valued at more than twice the national average. Their neighborhoods are havens for college-educated, white-collar professionals with well-paying jobs in the sciences, education, business and finance. All are upwardly mobile and trying to provide the best lifestyle possible for their children. Many have only recently settled into their exclusive communities.

As consumers, these educated and wealthy Americans like to acquire the latest in automotive and consumer technology. They like their products family-sized, preferring SUVs and vans outfitted with amenities such as DVD systems for their frequent trips to athletic fields and school activities. They head to warehouse club and big-box stores to load up on articles such as games, toys and sporting gear. However, they also look to catalogs and the Internet for the convenience of shopping at home. While they are often

drawn to known name-brand products and services, they also will shop for the best deal offered, whether on the Web or at retail locations. Their wallets and purses typically include a number of debit and credit cards, though they prefer to use charge cards that offer cash-back rewards or points for hotel stays and airline tickets. These financially savvy parents also have healthy credit scores that allow them to borrow freely for new cars and home renovations.

Because parents in Kids and Cabernet households spend large amounts of time juggling their schedules and racing against the clock, they seek to simplify their life with products and services they can depend on. When they buy a new car, which they do every few years, they want something that is functional for the whole family, with room for hauling sporting equipment and comfortable enough to take on long family vacations. However, they're fanatical about safety, insisting on the latest technology to protect the greatest investment they've ever made: their kids.

The wired households of Kids and Cabernet are twice as likely as average Americans to go online at home and at the office, and they have omnivorous Internet tastes. The adults go online to bank, blog and book travel arrangements. With their busy schedules, they rely on the Internet for comparison shopping when buying cars, searching for jobs and checking out new homes. They access the Internet from almost anywhere at any time using desktops, laptops, tablets or smartphones. More than most family-oriented segments, they enthusiastically embrace the Internet's commercial applications, especially to buy toys, gifts, sports equipment and clothing.

The adults in Kids and Cabernet enjoy going out to nightclubs, plays, pop concerts, dance performances and all kinds of movies. They try to stay in shape, and they go to country clubs to play golf and tennis, lift weights or take yoga classes. Kids and Cabernet like their automotive and electronic toys. They own hybrid cars and trucks, mid-range and premium CUVs, SUVs and vans. They lead the nation in owning cars less than three years old. Most of the adults carry handheld digital devices, and many have outfitted their family rooms with top-of-the-line computers, large-screen televisions and video game consoles.

How do Kids and Cabernet households differ from other segments that are most likely to contain parents of children? Using Mosaic USA as a guide, here are five additional household types selected for comparison purposes and representing a cross-section of this market:
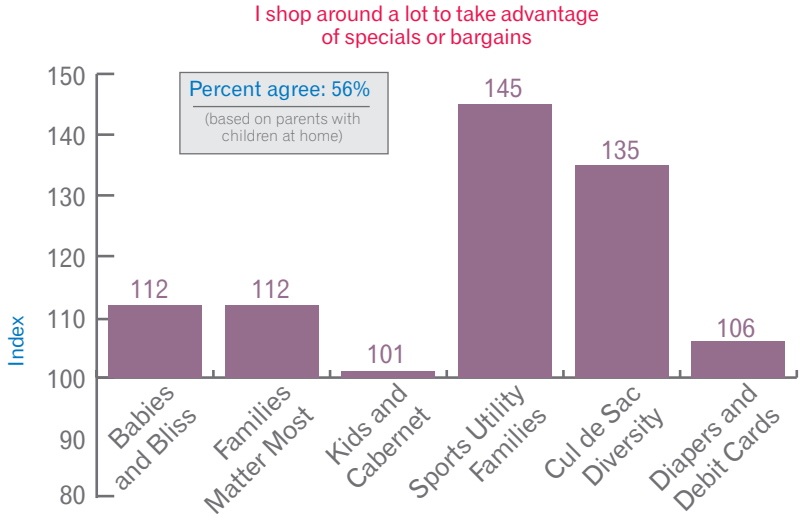
- **Babies and Bliss:** Middle-aged couples with large families and active lives in affluent suburbia
- **Sports Utility Families:** Upscale, middle-aged couples with school-aged children living active family lifestyles in outlying suburbs
- **Cul de Sac Diversity:** Ethnically diverse, middle-aged families settled in new suburban neighborhoods
- **Families Matter Most:** Young, middle-class families in scenic suburbs leading active, family-focused lives
- **Diapers and Debit Cards:** Young, working-class families and single-parent households living in small, established city residences

Based on Experian Marketing Services' Simmons data, there are significant variations in shopping attitudes and opinions among family households that contain children. For example, Kids and Cabernet households are much more likely to say their children have a significant impact on the brands they choose.
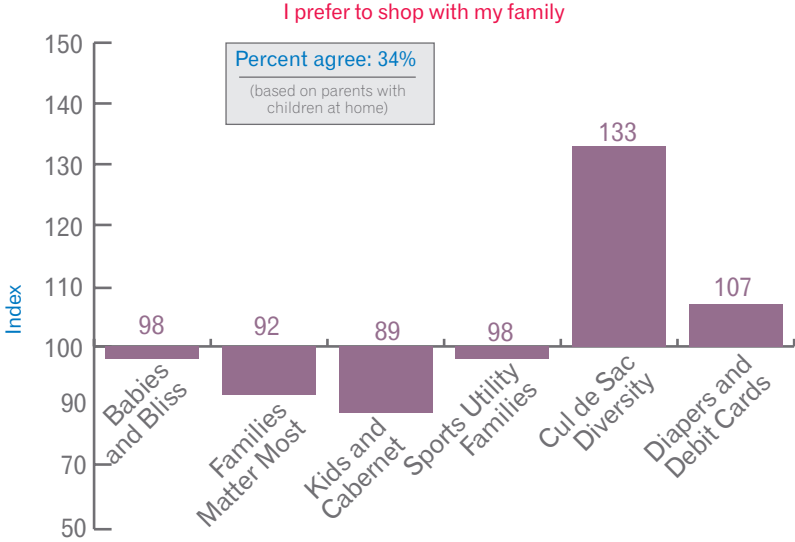
My children have a significant impact
on the brands I choose
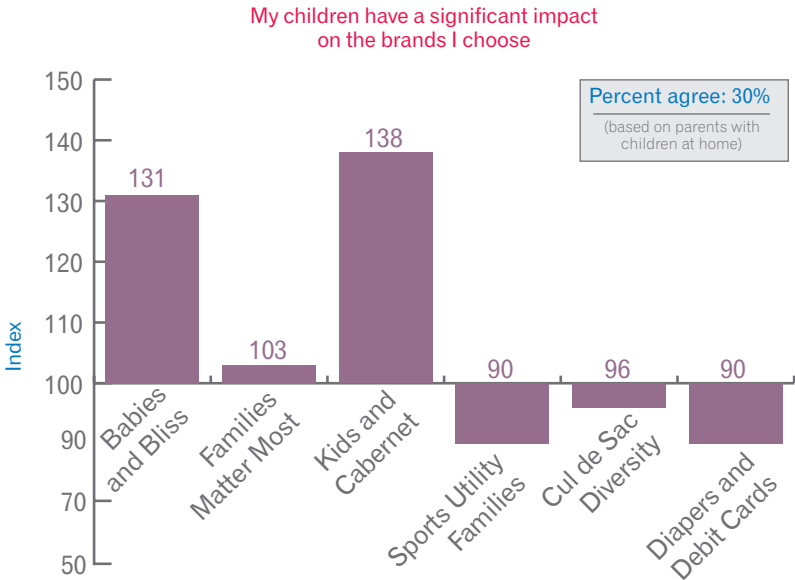
Source: Experian Marketing Services' Simmons

The opposite trend holds true when it comes to bargain hunting.
When it comes to spending time searching for special deals, Kids and
Cabernet households are one of the least inclined of these types to do so;
they are about equal to the national average for households with children.

**I shop around a lot to take advantage
of specials or bargains**

Percent agree: 56%
(based on parents with
children at home)

Index

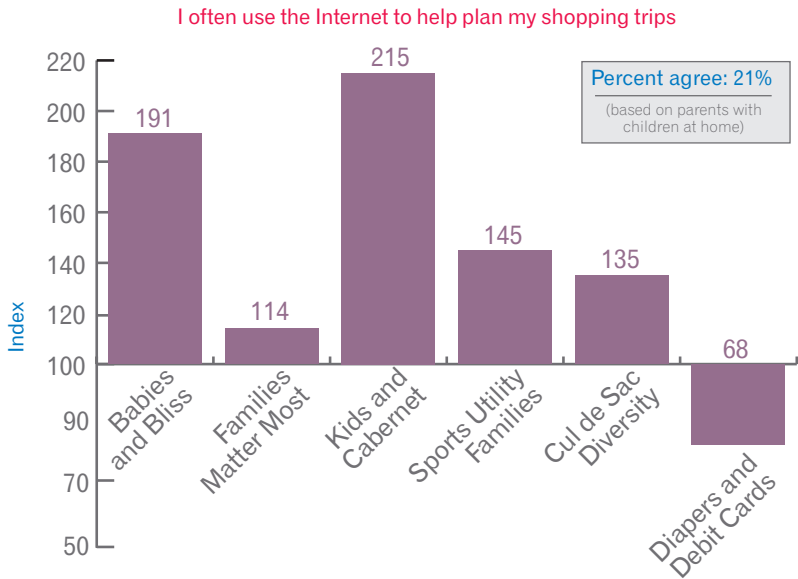| Category	Value
Babies and Bliss	112
Families Matter Most	112
Kids and Cabernet	101
Sports Utility Families	145
Cul de Sac Diversity	135
Diapers and Debit Cards	106

Source: Experian Marketing Services' Simmons

Kids and Cabernet households are not likely to think of shopping as a family event. However, parents from Cul de Sac Diversity say they like to shop with friends and family members in order to get everyone's opinions on potential purchases.

I prefer to shop with my family

Percent agree: 34%
(based on parents with children at home)

Babies and Bliss	Families Matter Most	Kids and Cabernet	Sports Utility Families	Cul de Sac Diversity	Diapers and Debit Cards
98	92	89	98	133	107

Index

Source: Experian Marketing Services' Simmons

The Internet has redefined how shoppers from family households make purchase decisions and has a profound effect on their purchasing behaviors. Understanding the hot buttons that drive these behaviors can make or break the success of online marketing campaigns that are geared toward these households. For example, compared to the overall audience of parents with children under age 18 living at home, Kids and Cabernet households are 2.2 times more likely to say that they often use the Internet to help plan their shopping trips.

I often use the Internet to help plan my shopping trips

Percent agree: 21%
(based on parents with children at home)

Segment	Index
Babies and Bliss	191
Families Matter Most	114
Kids and Cabernet	215
Sports Utility Families	145
Cul de Sac Diversity	135
Diapers and Debit Cards	68

Source: Experian Marketing Services' Simmons

Whether branded as a Kids and Cabernet household or one of several other family-style segments, married-couple households with kids are more diverse than ever before. Changes in the composition of family household types and the influence of the Internet and technology devices are reshaping the shopping and purchasing behaviors of today's parents, especially moms. They are harder to influence when using one-dimensional marketing messages and promotional offers that fail to differentiate, making it increasingly difficult for marketers to develop programs and communications that resonate with these consumers. All of these challenges require marketers to utilize intelligent segmentation strategies for identifying and connecting with their target audiences. Those who structure their marketing campaigns around a proper segmentation solution gain a big advantage in general, and this is especially true when reaching out to the family household and mothers marketplace.

Hispanic spotlight

The influence of the growing Hispanic population on American culture can be felt everywhere from the food we eat, to the music we enjoy, to the ways we celebrate. A great example is the explosion of the quinceañera in recent years. While the quinceañera, the commemoration of a girl's 15th birthday, is widely celebrated in many parts of Latin America, demographic trends ensure that the tradition will continue to grow in popularity in the United States. Last year alone, 1,008 Latina girls in the United States turned 15 every day, up from 934 who turned 15 each day in 2006.

As the largest racial/ethnic minority group in the United States today, the Hispanic population is only growing larger. In 2012, 16 percent of Americans age 6 and older identified themselves as Hispanic or Latino, up from 14 percent in 2006. Future generations will only be more influenced by Hispanic culture, as nearly one-quarter of Americans ages 6 to 34 today are Hispanic, compared with less than 10 percent among those age 50 and older.

Percent of Americans by age group who are Hispanic/Latino, 2012 versus 2006

	6–11	12–17	18–34	35–49	50+
2012	23%	21%	23%	16%	9%
2006	20%	17%	20%	13%	8%
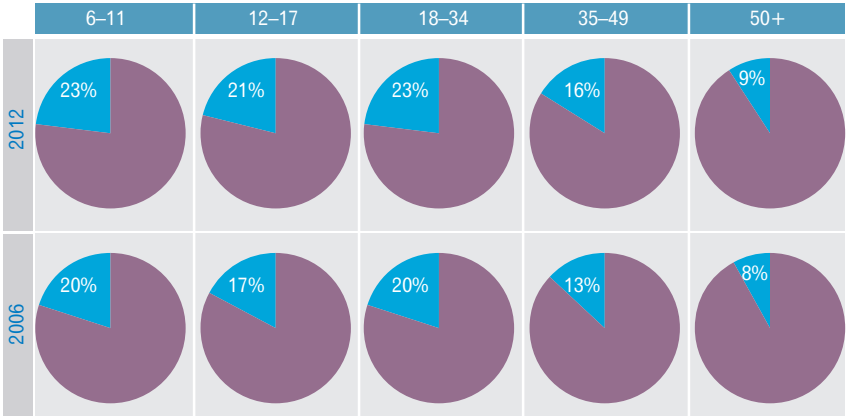
Source: Experian Marketing Services' Simmons

Hispanic consumers' impact on the nation's economy in terms of their discretionary spending may be lower than their share of the population suggests it should be, but certain regions and markets are much more heavily influenced by Hispanic pocketbooks, and ought to be on every marketer's radar. For instance, nationwide, Hispanic households control 10 percent of all discretionary spending in the United States, with annual expenditures of $164.2 billion on nonessentials in 2012, up from $143.9 billion in 2011. Hispanic households in the South and West control a much larger share of the region's total expenditures on nonessentials than in the

Northeast and Midwest. Specifically, more than one in six dollars spent on nonessentials in the West (or 17 percent) and just more than one in 10 dollars in the South (11 percent) are controlled by Hispanic households, while in the Midwest, only 5 percent of discretionary expenditure dollars come from Hispanic households. Likewise, in the San Antonio Designated Market Area (DMA), Hispanic households account for fully 60 percent of the area's $11.2 billion dollars in annual discretionary spending and in Miami, Hispanic households control 37 percent of all spending on nonessentials.

Latin Flair

With annual household spending on nonessentials of $10,739 (just above average for Hispanic households), the Mosaic USA segment Latin Flair is a group of Hispanic consumers that represents 10 percent of all Hispanic adults and provides marketers an opportunity to narrow the focus of their efforts to reach the increasingly influential Hispanic market. Latin Flair represents middle-class Hispanic families and is most commonly found in Miami, Chicago, Los Angeles and other large California coastal cities. These conservative consumers tend to be religious and hold traditional family values. They also are likely to be on a tight budget in order to make the most of their hard-earned incomes.

While traditional coupons have only average appeal to Latin Flair consumers, they are more likely than the average Hispanic consumer to redeem coupons they received on their mobile phone. Social media provides Latin Flair with a sense of community and influences their shopping habits, as they are especially likely to say that they are more likely to purchase products they see advertised on a social networking site. They also post ratings and reviews of products online for other consumers to read.

The Internet in general, like social networking sites, is a place to connect with others, as evidenced by Latin Flair consumers' above-average propensity to send e-greetings, visit online message boards, blogs and even online dating sites. They also use the Internet at above-average rates to shop, including actually buying, but also for information-gathering purposes. Some of the most visited shopping and classifieds Websites by the Latin Flair segment are Amazon, Craig's List, eBay, Netflix and Walmart.

Traditional media, including radio, magazines, newspapers and television are a good way to reach Latin Flair, especially Spanish-language properties, given that nearly one-quarter (23 percent) of this group say they prefer to speak only in Spanish and 53 percent say they prefer to speak either exclusively or mostly in Spanish.

Latin Flair consumers are 42 percent more likely to be considered Mall Maniacs, a consumer segment that enjoys shopping and that is especially likely to try new products, stores and styles. Stores that Latin Flair patronize at rates well above average for Hispanic consumers include a wide range of retailers like Bloomingdale's, Costco, Express, Forever 21, Macy's, Michaels, Nordstrom, Victoria's Secret and many more.

Baby boomers advance to mid-life, retirement and beyond

Representing about 25 percent of the U.S. population, baby boomers deservedly continue to draw widespread interest and attention from the nation's largest advertisers. Nearly 80 million strong, boomers account for more than 75 percent of America's net worth. They often lead complicated and hectic lifestyles. Many are providing financial support to their adult children while at the same time caring for elderly parents. By the year 2015, all baby boomers will be age 50 or over. Many will have become grandparents for the first time.

The oldest members of the baby boom generation are now over the age of 65. This leading edge of boomers is the first of their generation to begin contemplating a retirement lifestyle. The large influx of boomers reaching and surpassing the 65-year-old age barrier means that the nation's median age will continue to rise. According to the U.S. Census Bureau, the median age of the population increased to 37.2 in 2010, up from 35.3 in 2000. During the course of the next 20 years, the ranks of those over age 65 will swell to represent approximately 18 percent of the U.S. population, up from about 13 percent today.

The vast size of the baby boomer population means that marketers should consider developing strategies that target different subgroups of the market. This can be achieved by partitioning baby boomers into the following three stages:

- **Late-stage boomers:** the oldest boomers, born from 1946 to 1952 and currently age 60 or over
- **Mid-stage boomers:** sandwiched between late- and early-stage boomers, born from 1953 to 1957 and currently age 55 to 59
- **Early-stage boomers:** the youngest of the boomer segment, born from 1958 to 1964 and ranging in age from 48 to 54

Lifestyle segmentation systems like Mosaic USA enable marketers to identify baby boomers and gain a clear understanding of their unique interests, preferences and purchase behaviors. Here are snapshots of three baby boomer segments taken from Mosaic USA. Each segment was chosen to represent one of the three aforementioned boomer stages.

Late-stage boomers: Booming and Consuming

Today's late-stage boomers (born from 1946 to 1952) marked the leading edge of a post-war "baby bubble" that grew into what we now refer to as the baby boom generation. In 2012, many of these late stage boomers are on the cusp of retirement. An important population of late-stage boomers, as identified by the Mosaic USA lifestyle segmentation system, is called Booming and Consuming.

Booming and Consuming are older couples and singles who are beginning to enjoy the first years of empty nests and retirement. Typically in their 50s and 60s, these Americans are predominantly white, have average educations — two-thirds have high school diplomas or some college — and are solidly middle-class. Mostly married — though a high percentage are widowed — these households tend to work in service-sector or white-collar professions. However, more than 20 percent are already retired, and these households pursue a relaxing exurban lifestyle.

With their mid-scale incomes and healthy savings accounts, they can afford to be materialistic. However, as consumers, Booming and Consuming have little need for status recognition and prefer to focus on price when shopping. They typically patronize discount department stores. Many are interested in home décor as well as consumer electronics, including flat-screen televisions and other electronic devices.

The lack of children at home to nurture and clothe means more disposable income for travel and outdoor activities. These households are big on heading to nearby parks and woodlands for fishing, hunting and boating. They enjoy long car trips and cruises, and a significant number own RVs for scenic vacations. They may not live close to downtown centers, but they've carried their love for culture with them and will drive to a city to attend a play or a concert.

Contrary to the reputation of older Americans being unappreciative of new media, Booming and Consuming are enthusiastic Internet users. They go online for information and entertainment, blogging, checking stocks, making travel arrangements and getting news. Their favorite Websites include Travelocity, Ameritrade and HGTV. They're not as comfortable going online using a smartphone, but they tend to have high-speed cable connections for their laptops. A high number also access the Internet through wireless connections.

Mid-stage boomers: Aging of Aquarius

Mid-stage boomers (born from 1953 to 1957) followed in the tracks of their late-stage boomer counterparts. Their formative years occurred during the mid-1960s to early 1970s, a time of social upheaval and relative turmoil. Taking on the namesake hippie and new age movement of that time, a population of mid-stage boomers is called Aging of Aquarius.

Today, Aging of Aquarius predominantly consists of empty-nest couples. Most households contain married couples — more than 80 percent have no children at home — who are finally beginning to enjoy the kick-back-and-relax stage of their lives. With their graduate school educations, they earn high incomes at professional and technical positions and often travel for business. Most are in the peak of their white-collar careers. Virtually all own older single-family homes in established neighborhoods. Scattered throughout the nation, this segment's members are found in both large metros and mid-sized cities. One sign of their stability is the high percentage living at the same address for more than 15 years.

As shoppers, Aging of Aquarius are both brand- and bargain-sensitive. They patronize all kinds of brick-and-mortar stores, from high-end retailers to discount clubs, and also buy products through catalogs, direct mail and the Internet. Although they buy luxury cars, they're not known as early adopters when it comes to consumer electronics, nor are they fashion-forward. As they've aged, they have also become increasingly health-conscious and look for high-fiber foods while avoiding the fast food their kids grew up on. When they shop, they take along coupons clipped from newspapers or downloaded from the Internet.

Aging of Aquarius tend to be moderate adopters of technology who regard the Internet as a source of news and information. They use the Internet for utilitarian purposes: to get the latest headlines, book travel arrangements and conduct medical research. Some of their favorite Websites include AccuWeather, CNN, Expedia and MSNBC. Many acknowledge that their product search results frequently lead to purchases. Today, the Internet is the first place they go for information, and it has changed the way they go about investing. Now they can track their portfolios every minute of every trading day.

Early-stage boomers: Unspoiled Splendor

In 1957, birth rates reached an all-time high of 123 births per 1,000 women of child-bearing age. By the mid-1960s, the birth rate had already begun to fall steadily. Early-stage boomers (born from 1958 to 1964) mark the trailing edge and last vestiges of the baby boom generation. A population of these early-stage boomers is called Unspoiled Splendor.

Far from any major population centers, Unspoiled Splendor live in small towns and subdivisions where farms once dominated the landscape. Today, most hold mid-level jobs in sales and white-collar professions. These older, white baby boomer couples tend to be high-school-educated; some attended college. With most of their children grown and out of the house, both parents are typically in the work force. Their combined, upper-middle-class incomes go far. Many live in relatively recently built homes on large lots in mids-cale communities.

Thanks to a conservative financial style, Unspoiled Splendor households have built up moderate investment portfolios and a comfortable nest egg for their impending retirements. However, while they have money in their pockets, they're reluctant to spend much of it on "aspirational" purchases. They clip coupons, frequent discount retailers and typically buy clothing for comfort rather than style.

Adult members of Unspoiled Splendor take pride in being upstanding, community-minded citizens. They prefer being part of the mainstream and say they'd rather not stand out from the crowd. They feel financially secure and are happy with their lives. They express no grand ambitions to get to the top of their careers or start their own businesses.

Unspoiled Splendor look to the Internet as a key source of information and commerce. They go online to compare prices for cars and real estate, get medical information and stock quotes, and participate in auctions. They frequent sites for fishing, sports and fitness, pets and animals and classifieds. They often use their home computers for shopping, travel planning and telecommuting. Some of their favorite Websites include AOL, eBay, PayPal, and WebMD. Despite the popularity of using the Web to research products, this segment is less likely to respond to most online advertising, including email messages and display ads.

As we've mentioned, understanding the behaviors of target consumer segments provides the insights marketers need to run effective cross-channel marketing programs. The next section offers an example of how marketers in the travel industry can use intelligence from segmentation solutions to attract the best customers with the most relevant offers.

Travel marketers use data insights to differentiate and attract visitors

Travel and tourism marketers rely heavily on consumer research to better understand preferences and trends that impact travel-related purchase decisions. Market segmentation is also another widely-used method for targeting, reaching and communicating with likely domestic and international travelers. Segmentation solutions provide travel marketers with highly enriched views of their prospective audiences.

Consider a national hotelier planning to develop marketing campaigns that attract two distinct leisure travel audiences. First are budget conscious travelers: these consumers are motivated by a lower cost vacation and travel experience with efficient and affordable hotel rooms. Second are luxury travelers: these are consumers who prefer to travel in style and can afford upscale accommodations, amenities and services.

Relying exclusively on demographic data, the hotelier might elect to define budget and luxury travelers based on straight-forward estimates of household income. This could be a logical first step, but falls well short of what is required to develop a complete, precise and well-targeted campaign. A more effective strategy is to utilize data that more fully differentiates the nuances of the two target audiences. This can be accomplished by introducing lifestyle and attitudinal characteristics into the mix.

For example, when applying information gleaned from the Mosaic USA lifestyle segmentation system, budget travelers are more likely to be represented within such consumer groups as Families in Motion, Blue Sky Boomers and Autumn Years. Spanning a diverse range of age, household size and affluence measures, the collective demographic profile of budget travelers from these groups is distinctly different compared to luxury travelers.

A high concentration of budget travelers can be found among the following three consumer groups:

- **Families in Motion:** younger, working class families earning moderate incomes in smaller communities
- **Blue Sky Boomers:** lower- and middle-class baby boomer-aged households living in small towns
- **Autumn Years:** established, ethnically diverse and mature couples living comfortable lifestyles in older homes

Here are snapshots of the household characteristics of members from each of these budget traveler groups.

Families in Motion are dominated by young families living in small towns. Most households contain married couples between 25 and 45 years old.

Half are families with two or more children. Many have moved to their current neighborhoods to raise children in safe surroundings and affordable homes.

Blue Sky Boomers are older, empty-nest couples and singles who have settled into smaller towns and communities in anticipation of their retirement years. More than 80 percent are between the ages of 50 and 65. With child-rearing days behind them, they have the discretionary income to purchase adult toys, including boats, campers and other recreational equipment.

Autumn Years mostly contains mature and retired married couples with grown children. Nearly two-thirds are older than 65. Approximately three-quarters are grandparents. Predominantly lower middle class, they prefer to live in established neighborhoods in single-family homes rather than move into retirement communities.

None of the budget traveler groups tends to rely heavily on travel Websites for travel planning or researching potential destinations. Based on Experian Marketing Services' Simmons data, budget travelers are significantly more likely to travel domestically. For example, Autumn Years households are 39 percent more likely than U.S. households overall to say they prefer traveling within the United States as opposed to visiting a foreign country.

Budget travelers' attitudes towards travel (index vs. overall U.S. households)			
	Families in Motion	Blue Sky Boomers	Autumn Years
I prefer traveling in the United States as opposed to foreign countries	118	118	139
I love the idea of traveling abroad	58	70	62
I have taken a cruise ship vacation in the last three years	42	64	107
I have visited theme parks	152	60	47
I have visited travel Websites: Destinations and accommodation	80	109	108

Source: Experian Marketing Services' Simmons

In contrast to budget travelers, the luxury travel market largely consists of households from the Power Elite, Flourishing Families and Booming with Confidence consumer groups.

A high concentration of luxury travelers can be found among the following three consumer groups:

- **Power Elite:** the wealthiest households in the United States, living in the most exclusive neighborhoods and enjoying all that life has to offer
- **Flourishing Families:** affluent, middle-aged couples and families with upscale incomes and living very comfortable, active lifestyles
- **Booming with Confidence:** prosperous, established couples in their peak earning years living in suburban homes

The following are snapshots of the household characteristics of members from each of these luxury traveler segments of the market.

Concentrated in the nation's largest metropolitan areas, Power Elite represent America's wealthiest households. Many have risen to the top, thanks to advanced educations and lucrative careers as lawyers, doctors and corporate leaders. With their deep pockets, these middle-aged and older executives (half are empty-nest couples) enjoy lives of luxury in the nation's most fashionable and exclusive areas of the country.

Typically found in communities located a short drive from malls and giant warehouse clubs, Flourishing Families contain prosperous parents and children of all ages living lives of suburban comfort. Most of the adults are married, in their 30s and 40s, and college educated. With high incomes and diversified assets, Flourishing Families have attained a level of financial stability that allows them to kick back and enjoy their quiet residential neighborhoods.

Booming with Confidence contains married couples in their peak earning years and approaching retirement. Many have dual incomes and few children, allowing them to afford fashionable homes on small, manicured yards in city and suburban neighborhoods. Having made a conscious effort to distance themselves from the noise and chaos of the urban core, they've retreated to the quiet and predominantly white homogeneity of desirable neighborhoods only a short commute from their jobs.

Based on Experian Marketing Services' Simmons data, luxury travelers have an affinity for traveling abroad and taking cruise ship vacations.

I love the idea of traveling abroad

Percent agree: 45%
(based on all U.S. households)

| Budget travelers | | | Luxury travelers | | |

Families in Motion: 58
Blue Sky Boomers: 70
Autumn Years: 62
Power Elite: 139
Flourishing Families: 124
Booming with Confidence: 114
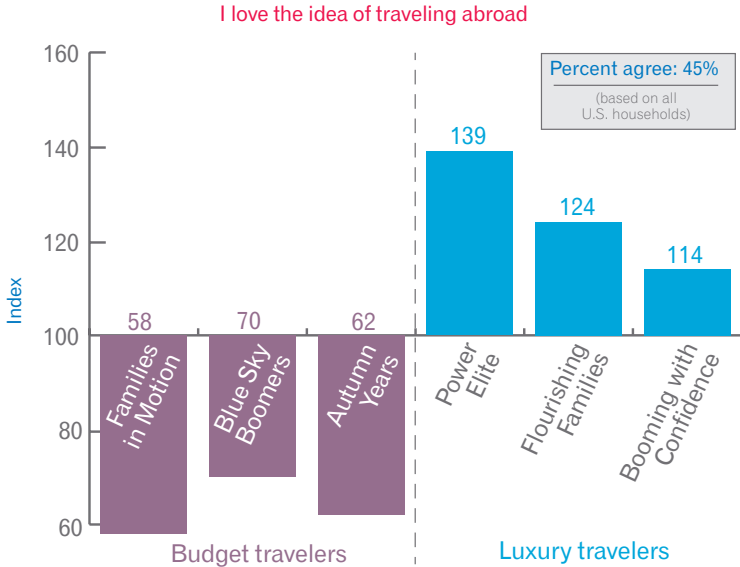
Source: Experian Marketing Services' Simmons

Luxury travelers also have a high likelihood to visit travel Websites for researching potential destinations and accommodations. For example, Power Elite households are 55 percent more likely than U.S. households overall to say they have visited these types of Websites. All of the luxury traveler groups are also highly likely to have taken a cruise ship vacation in the last three years.

Luxury travelers' attitudes towards travel (index vs. overall U.S. households)			
	Power Elite	Flourishing Families	Booming with Confidence
I prefer traveling in the United States as opposed to foreign countries	83	98	107
I love the idea of traveling abroad	139	124	114
I have taken a cruise ship vacation in the last three years	174	135	165
I have visited theme parks	138	159	77
I have visited travel Websites: Destinations and accommodation	155	119	144

Source: Experian Marketing Services' Simmons

The following are specific examples when targeting hotel accommodations to consumer groups within the budget travel market:

- Families in Motion have a high propensity to be traveling with children and to be visiting friends and distantly located relatives. These households are looking for family-friendly and kid-centered amenities when booking a hotel stay. Mobile and social media marketing tactics also will be effective with this group.

- Blue Sky Boomers have ample free time to take multiple, short-stay trips at the spur of the moment. They are also more likely to extend their stays into a long weekend. Offers that include one free night for a three- or four-night stay will be attractive to these consumers.

- Autumn Years households relish their independence but are more likely to be dealing with health-related issues and may require special assistance to make their stay more comfortable. Reservations that include ground floor rooms with easy access to the main lobby and other hotel amenities will be greatly appreciated by these visitors.

Equipped with knowledge concerning the differences and similarities between the budget and luxury travel groups, marketers can develop communications that are more likely to resonate with each audience.

Each day, consumers leave more and more personal information behind as they interact with brands across channels. This is the reality of Big Data — it presents great challenges for marketers, but also phenomenal opportunities. If you harness first-party consumer data, segment it and deliver targeted messages to those segments across channels, marketing success is sure to follow.

Channels

Email

Email

Key findings

- **Making it personal:** Personalized promotional mailings have 29 percent higher unique open rates and 41 percent higher unique click rates than nonpersonalized mailings. Personalized triggered mailings have similar lifts with 25 percent higher unique open rates and 51 percent higher unique click rates.

- **Pop-up windows:** Last year, many brands (22 percent) reported utilizing pop-up windows on their Websites. That's nearly one in four Websites, and we estimate that this number will grow in 2013. The majority of these brands use visit history to determine whether pop-ups should be displayed. Sixty-two percent of marketers reported only showing a pop-up to new visitors.

- **Paper collection:** Experian Marketing Services' 2012 Email Market Study reported 36 percent of brands still collect email addresses on paper. This practice exposes brands to a higher potential for bad addresses and input errors.

- **Welcome series emails:** Emails that are part of a welcome series outperform standard promotional emails in terms of response and revenue earned. For instance, "Thanks for joining us" emails that kick off a welcome series have a 15 times higher response rate and 21 times higher revenue per email than standard promotional emails.

- **"Thank you" emails:** Mailings sent to thank customers for subscribing to a list, joining a loyalty program or purchasing a product produce more than 2.5 times higher open rates and more than three times higher click rates than standard promotional emails. Sending a "Thank-you for your purchase" mailing in addition to any order confirmations can provide 6.5 times higher revenue per email.

- **Brand loyalty:** Offers are valuable, but purchasing the right product from a preferred brand may be more so. While 80 percent of brand loyalists said they do not buy unknown brands merely to save money, 69 percent are always looking for special offers. Mailings without offers in the subject line had 24 percent higher transaction rates, but 11 percent lower revenue per email than loyalty mailings with offers in the subject line.

The new email marketer

The world has changed significantly for today's email marketer. As email continues to reign as one of the most profitable and successful marketing channels, today's email marketers are now expanding, embracing and integrating other channels into their email marketing programs.

Brands setting a path toward true cross-channel optimization are experiencing improved campaign performance and increased customer engagement through integrated programs. With email strategies often acting as connectors to Website, mobile, social, print and in-store strategies, email has become the natural hub in driving cross-channel integration. The savviest email marketers are not only aware of this, but they are also actively seeking ways in which to leverage additional channels to optimize customer experiences.

For example, American Eagle Outfitters® has strategically utilized email marketing technology to promote its mobile app to email subscribers who open the brand's email on a mobile device. Additionally, other email marketers are leveraging social media advertising to retarget and re-engage inactive or nonresponsive email subscribers.
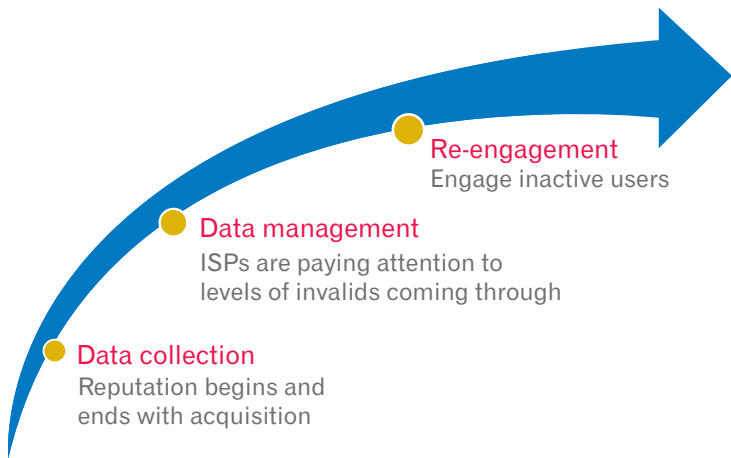
In 2013, we expect to see more email marketers championing cross-channel integration in their organizations and using deeper and more diverse cross-channel strategies to improve customer acquisition and engagement programs.

Deliverability — the new rules

Much has changed recently in terms of email deliverability. Internet service providers (ISPs) have significantly modified their filtering processes, putting heavy weight on engagement to determine a sender's reputation and whether or not an email should get delivered to the inbox.

To stay ahead of the curve, marketers need to be even more diligent in ensuring their messages are relevant and that they are mailing to addresses that are valid and active.

Deliverability landscape

Re-engagement
Engage inactive users

Data management
ISPs are paying attention to
levels of invalids coming through

Data collection
Reputation begins and
ends with acquisition

Most delivery issues come down to four things:

1. Invalid/bad email addresses: Email addresses that are no longer valid
should not be mailed to. If a sender has too many of these addresses on
their list, ISPs will think the sender either is not following best practices
and cleaning its list, or that it just doesn't care about its users.

2. Complaints: When a user marks your message as "spam" or "junk,"
ISPs consider this to be a complaint and use it as their primary way to
understand whether or not users want your email. If you get too many
complaints as a percentage of the total mail sent to that domain, the ISPs
will take a general view that people really don't want your mail (even if
they signed up for it) and they will begin to bulk or block your mail. Some
ISPs also have user panels to solicit feedback on messages; i.e., does the
message look like spam, and is it is something you would expect to get? If
a high percentage of panelists don't believe that your messages are what
they expected, it could cause your messages to be bulked or blocked at
some of the biggest ISPs.

3. Spamtraps: Spamtraps may be one of marketers' most challenging
deliverability issues. A spamtrap is an email address that has either
never signed up for any marketing messages (pristine trap) or an email
address that has been closed and bounced as an unknown user (see
above) for at least six to 12 months (recycled) and then reopened by
anti-spam organizations to track if senders are keeping their lists clean.
By hitting spamtraps, not only are you not processing your bounces
correctly, but if you hit a pristine account, you also would not have any
type of opt-in for that account, which signifies to the ISPs that you are not
following best practices.

Marketers should look to identify email addresses that pose high spamtrap risk by monitoring email campaign activity like clicks, opens and purchases. Additionally, you can leverage email co-ops, such as Experian Marketing Services' Email Insights Activit-E module, to gain intelligence by identifying globally active email customers who may not be interacting with your brand, but still may be interacting with other brands.

4. **Engagement:** Many ISPs are looking at a number of factors including opens, read time, forwards, clicks, etc., to help determine sender reputation. ISPs have begun to utilize this information in their filtering process as an additional way to ensure that their users are only receiving the messages they truly want and value. If a higher number of users than average does not even open your emails before deleting them, you are more likely to end up in the users' spam folder. This type of reputation-based filtering is beginning to focus on inbox placement at a user level. In other words, if a user is engaged with a brand and opening and reading most of their emails, it will likely end up in their inbox. Many ISPs are now able to use the data they collect to see how often and for how long people are "engaged" with campaigns, which means that marketers must ensure that campaigns are relevant to the intended audience.

So what can marketers do to engage inactive customers while avoiding spamtraps? The best approach is to continue to engage subscribers from the very beginning of the relationship with relevant messaging, and have an ongoing reactivation plan in place to awaken them quickly when they start to reduce engagement levels.
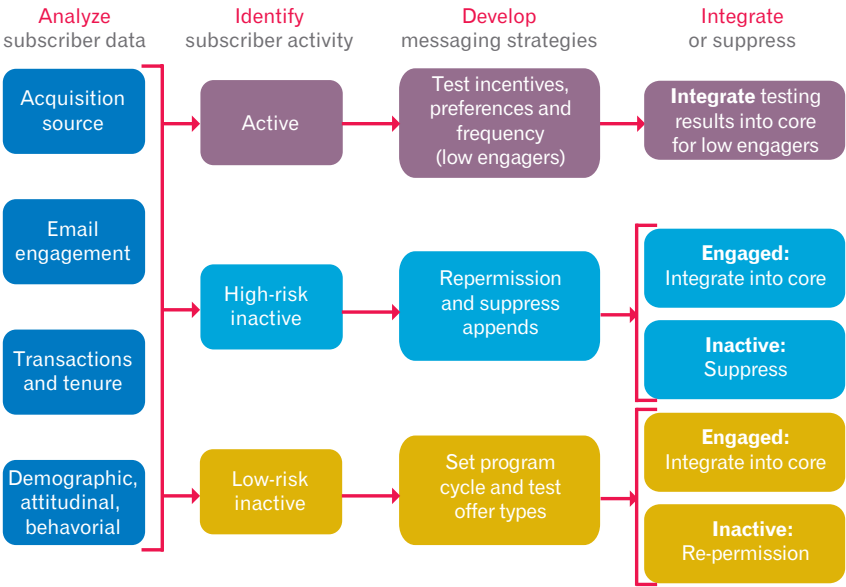
Re-engaging inactive subscribers

Re-engagement campaigns can help bring back disengaged subscribers, as well as identify email addresses that have the potential to be invalid — such as a spamtrap. Re-engagement campaigns target inactive subscribers, offering incentives to re-engage with the brand. These campaigns build upon a brand's previous investments, targeting customers who are already aware of, and have previously engaged with, the brand. They also can deliver significant incremental revenue and position inactive subscribers for more engagement in future campaigns.

Inactive subscribers can represent up to 50 percent of an email marketer's subscriber base. If unaddressed, inactives present sender reputation risks and lost revenue potential. An effective re-engagement strategy starts with gathering global email activity information to decipher which segment of inactives actually responds to outside communications or offers made in other channels. In essence, global email activity information can help marketers intelligently identify potential inactive subscribers for re-engagement.

Retention-based email cooperatives, such as Experian's Email Insights, provide actionable data from participating co-op members to identify globally and locally inactive subscribers. For example, Email Insights has helped email marketers recapture from 10 percent to 40 percent of their inactive subscribers over a 12-month period.

Demographic and behavioral insights on subscriber lists also can help email marketers understand more about inactives and dramatically improve message relevance and engagement. Additionally, "email linkage" can help bring offline intelligence to an online subscriber-base. By layering data from Email Insights, such as lifestyle and psychographic data, email marketers can get a complete 360-degree view of their subscribers and more effectively interact with inactive subscribers.

This four-step framework will help you plan an effective re-engagement program:

Analyze subscriber data	Identify subscriber activity	Develop messaging strategies	Integrate or suppress
Acquisition source	Active	Test incentives, preferences and frequency (low engagers)	**Integrate** testing results into core for low engagers
Email engagement	High-risk inactive	Repermission and suppress appends	**Engaged:** Integrate into core
Transactions and tenure			**Inactive:** Suppress
Demographic, attitudinal, behavorial	Low-risk inactive	Set program cycle and test offer types	**Engaged:** Integrate into core
			Inactive: Re-permission

An aggressive offer, such as $5 or 10 percent off a customer's next purchase, can help re-engage high-value lapsed buyers.
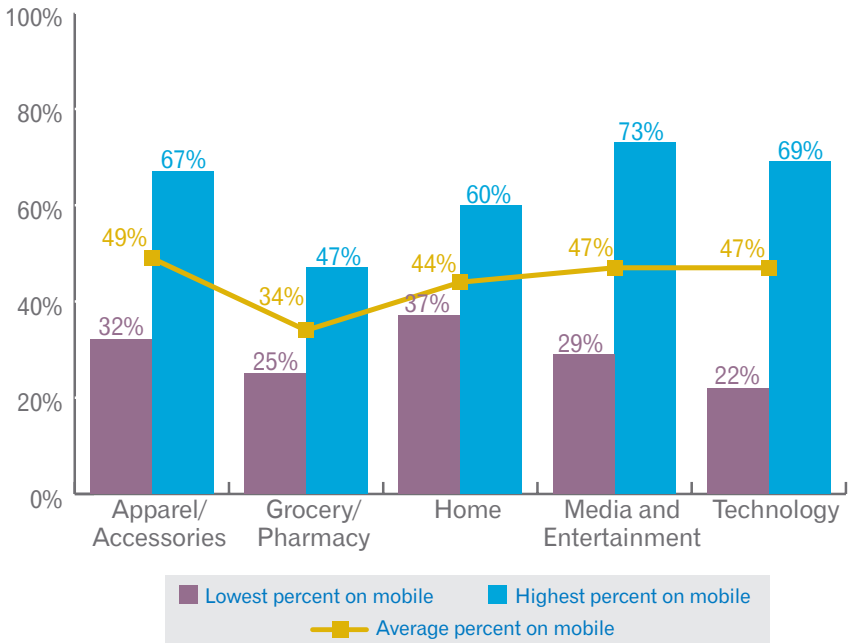
Optimizing for mobile

Today's savvy marketers know that on average, the highest percentage of emails are opened on mobile devices. In fact, based on a June 2012 Experian Marketing Services' study, 44 percent of total email opens occur on mobile devices, 28 percent on desktops and 28 percent on Webmail.
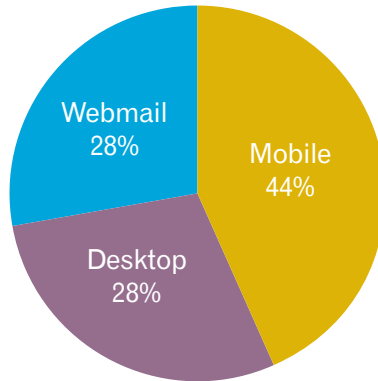
Emails opened on mobile devices are being read. Emails read on Webmail or mobile devices have higher engagement than those read on a desktop device. Fifty-three percent of mobile opens are read for more than 10 seconds, while another 20 percent are skimmed (between 2 and 10 seconds).

Mobile usage varies by brand and by message. Experian Marketing Services has found that while there is a range of responses per vertical, some trends are certainly worth watching. Grocery/Pharmacy responders have lower mobile use, while some Media and Entertainment emails received almost three-quarters of their total opens on mobile devices.

The percent of opens received on mobile varies by vertical

	Apparel/Accessories	Grocery/Pharmacy	Home	Media and Entertainment	Technology
Lowest percent on mobile	32%	25%	37%	29%	22%
Highest percent on mobile	67%	47%	60%	73%	69%
Average percent on mobile	49%	34%	44%	47%	47%

Legend:
- ■ Lowest percent on mobile
- ■ Highest percent on mobile
- ■ Average percent on mobile

Three key ways to optimize for mobile

1. Responsive design: Responsive design is an effective approach when considering mobile optimization in email and is best applied to template emails. Responsive design is one HTML layout that adapts for different devices and screen sizes. With responsive design, you can rearrange the content or restrict the amount of content shown on a smaller device without having to design and code two separate emails. This means a user can open an email on a large monitor or small device and always view the optimal version.

For example, many two-column emails viewed on a small screen will scale content to a small size. Rearranging the content into a single column will create more space, making the email easier to read and interact with. Responsive design also can make links easier to click on smaller devices — it's easier to click a large button than a small text link.

2. Mobile-friendly design: More than 50 percent of email marketers currently optimize or plan to optimize emails for mobile viewers.

Which of the following, if any, have you used to optimize your email creatives for mobile viewers?
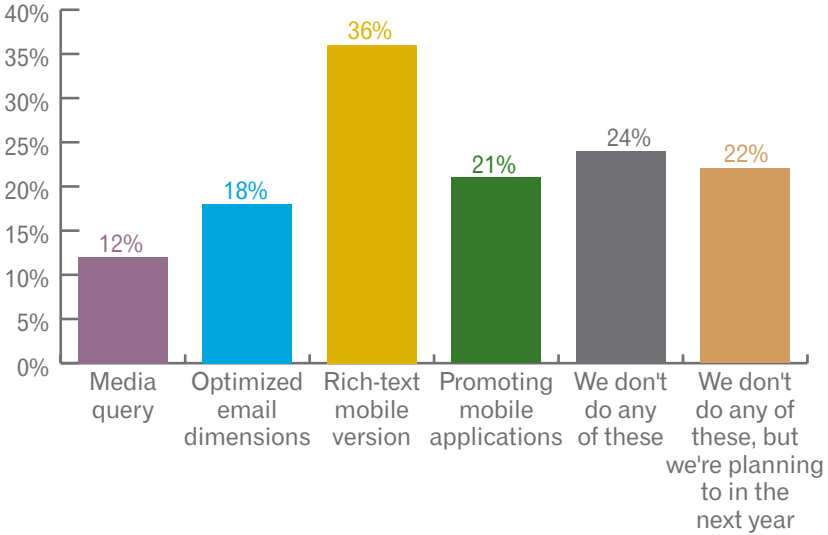
Mobile-friendly design is an easy way for marketers to optimize for multiple devices at a low cost, as they do not need to create multiple versions or include code for responsive designs. Mobile-friendly emails will render well on desktops, in addition to mobile devices.

To make emails mobile friendly, follow the basic principle of putting mobile users first. Consider modifying existing template to the following specs:

– Reduce the overall width of your email to 560 to 580 pixels wide. Experian Marketing Services has found this size to be a good width when factoring desktop, mobile and tablet.

– Increase the point size of all sub-copy to be at least 14 to 16 points. Since email size will be further reduced on mobile, be sure text size doesn't start out too small.

– Space out all calls to action to be at least 40 pixels apart from one another. Too many links situated right next to each other could be frustrating to users if they accidentally click the wrong one.

Overall width of
560-580 pixels

14-16 point subcopy

Space around
call-to-action button

3. Real-time content: Bring real-time content into your emails. Utilize new technologies, such as Movable Ink's Device Targeter, to create and serve up specific messages in real-time, depending on the type of device used to view the email. For example, use real-time content to create a simpler image and call to action when opened on a mobile phone, or promote a mobile app when recipients open the email on a smartphone or a tablet. A different image also can appear when the user reads the email on a desktop device.
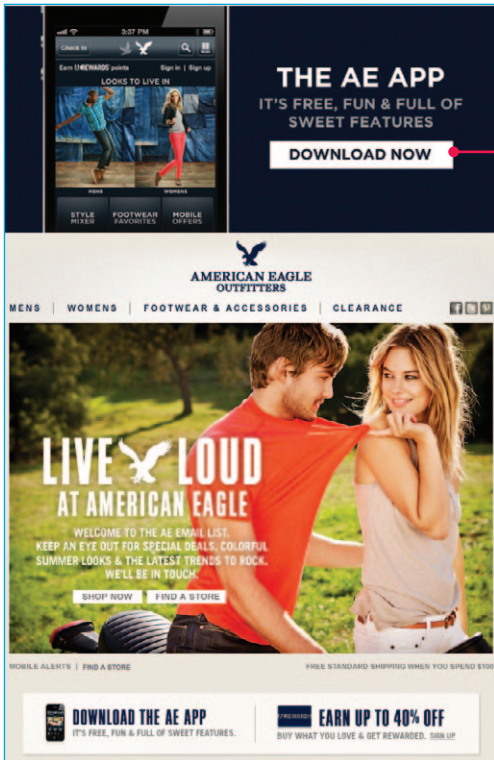
American Eagle Outfitters (AE) uses Device Targeter to increase downloads of its mobile app. Device Targeter enabled the brand to make downloading AE's mobile app the primary call to action when recipients opened email on an Android™, iPhone® or iPad®.

Social media and email integration

Email and social media are two channels that complement each other nicely. Email is a smart way to build a social media fan base, and fans are a vibrant segment for targeted email campaigns and offers.

The number of brands sending social campaigns (e.g., "Like us") for Facebook, Twitter and Pinterest has grown; there has been about a 70 percent growth rate in brands for each site. Pinterest emails were new in 2012, and are expected to increase further in 2013.

Which social networks do you display or promote in emails?
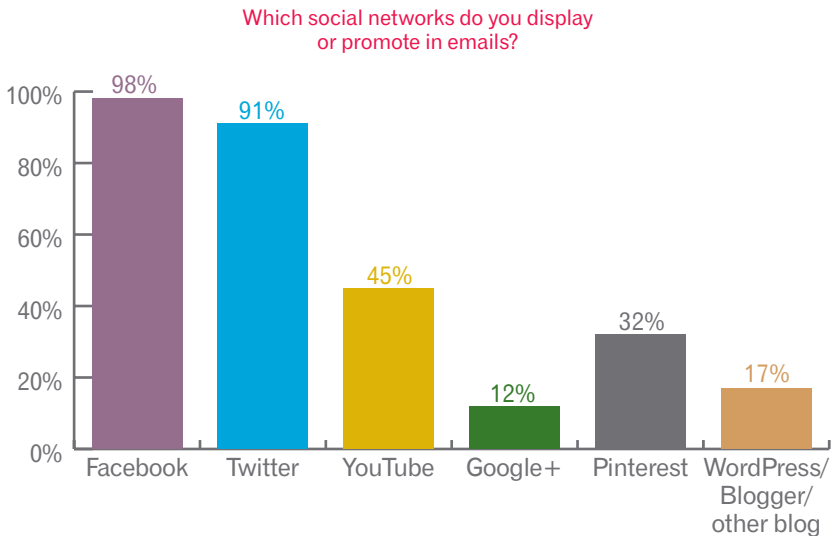
While 98 percent of marketers promote their Facebook page in emails, only 32 percent promote Pinterest.

**Results with email and social media integration**

- **Facebook has matured.** "Like us" campaigns are no longer showing the 10 percent lift in unique clicks seen in 2010. Open rates are now similar to all other mailings, and unique click rates are slightly below other mailing rates. This could be due to newer social entities, like Pinterest and Instagram, gaining popularity and rendering "older" social sites, like Facebook, less popular with marketers.

- **There's a different kind of value.** The value of these emails is not based solely on open and click rates, however. Emails promoting Facebook boost traffic to the brand's Websites. Based on Hitwise data, 60 percent of brands averaged a 27 percent increase in traffic to their Website from Facebook the week following deployment of an email with Facebook in the subject line.

- **Twitter gets seen.** Unique open rates for Twitter "Follow us" mailings are 9.5 percent higher than those for their other mailings, but unique click rates are virtually identical to all of their other mailings.
- **Pinterest outperforms.** "Pin it" mailings are generating open rates that are 11 percent higher than other mailings and unique click rates that are almost 25 percent higher.

Pinterest creates the current buzz is social media —
generating the highest open and click rates
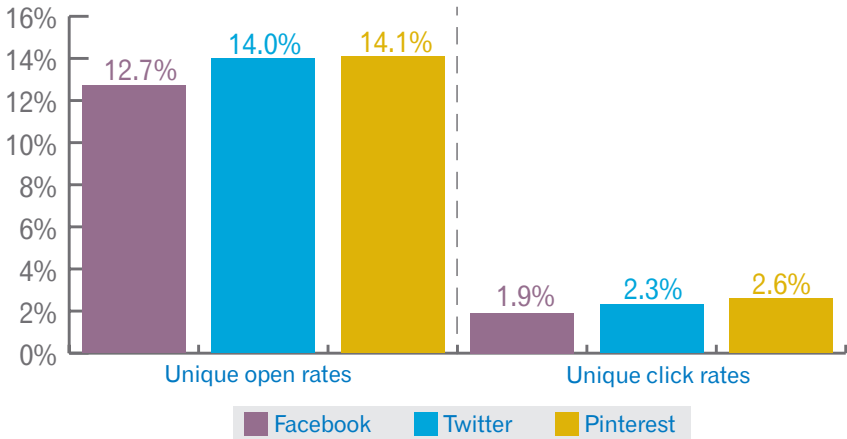
"Social" mailings highlighting Facebook
or Twitter generates increases in open and click rates
compared to other mailings
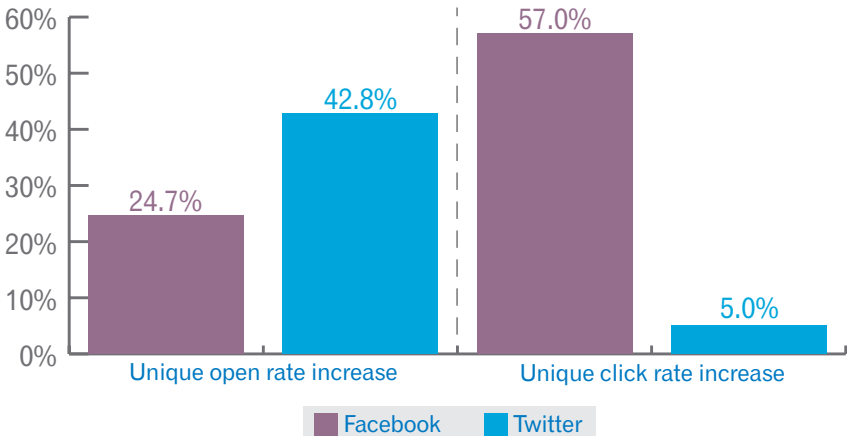
Pinterest and email

Pinterest has become known as both an inspirational social media site and a new revenue-generating opportunity for marketers to showcase their products and services. Users of the site "pin" and share images of anything from their favorite recipes and products they like to places they would like to visit on their next vacation. Its social and visual focus has helped marketers leverage the site to showcase their products and promote them through customer wish lists, and enables customers to share their love for their favorite products. In turn, marketers have experienced higher average order and purchase rates from traffic coming from Pinterest to their Websites.

Here are some quick tips to begin incorporating Pinterest into your email campaigns:

- **Encourage customers to share their favorite items from your brand.** Pinterest is a place where you curate items that represent your brand — your products. Your products will shine because they mean something to your customers as part of their affinities, not just because they're sold in your store.

- **Use Pinterest in your subject lines.** As noted in the previous section, emails using the terms "Pinterest" and "Pin it" in subject lines have generated open rates that are 11 percent higher than other mailings and unique click rates that are almost 25 percent higher.

- **Test using "Pin it" buttons in your emails.** "Pin it" buttons have shown to be a quick and easy way to grow your Pinterest following. These buttons enable your customers to easily pin images directly from your emails.

- **Announce in your emails that you have Pinterest boards.** Don't just add a Pinterest logo at the bottom of an email and think people will want to follow your brand, highlight your boards and invite them to follow you.

Subject line:
We're on Pinterest!

- **Create "Most pinned" emails.** Utilize what your followers have pinned to promote your products.
- **Consider getting a "pinner of the month."** Use industry experts, or even your own customers, to curate your Pinterest boards.
- **Put Pinterest in your recurring emails.** This is an easy win. Welcome series emails or transactional emails are easy places to promote your presence, build Pinterest followers and encourage pinning.
- **Use Pinterest for sweepstakes.** Allow customers to re-pin and virally spread the word about your contests.

Case study: Ballard Designs® email marketing goes viral on Pinterest

Challenge
Ballard Designs wanted to leverage the viral value of Pinterest and incorporate "Pin it" functionality from within the body of an email, making it easy for Ballard enthusiasts to rave about the products they love.

Resolution

Ballard launched a "Customer Spring Favorites" promotional email to consumers. The email included six individual products with "Pin it" icons, incorporating an interactive component into its email campaigns. Experian Marketing Services' "Pin it" email functionality was easy to set up and enabled Ballard Designs to insert the icon into its email creative in a matter of minutes.

Results

The Pinterest-enabled "Customer Spring Favorites" email delivered excellent results. Ballard Designs saw:

- A 2.8 percent increase in click-to-open rates
- A more than 15 percent increase in Pinterest followers within the first week of deployment
- A 33 percent increase in pinboard activity
- Up to 180 percent lift in pins by product
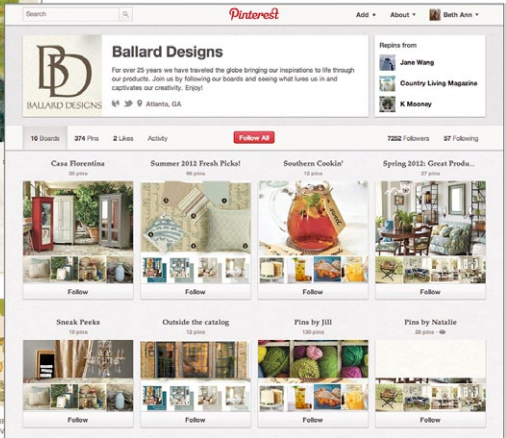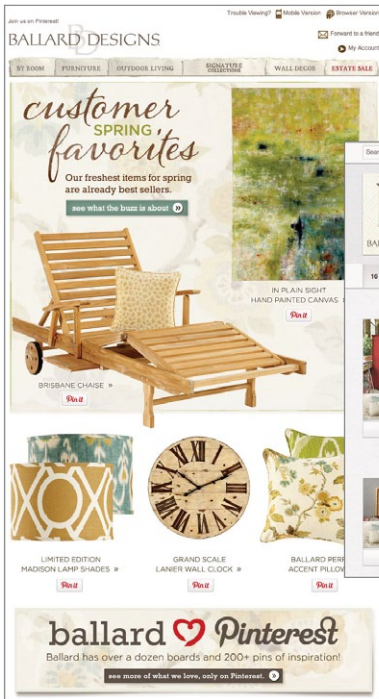
Left: Ballard Designs Spring Favorites email campaign

Above: Ballard Designs' Pinterest page

Data collection and personalization

The majority of marketers ask customers for data, but then don't use it to personalize their emails. In fact, 70 percent of brands are not personalizing emails sent to their subscribers. Remember that your customers are offering you access to this personal information and expect you to use it to send more targeted, relevant and personalized messages to them.

What pieces of data do you collect in addition to email addresses?
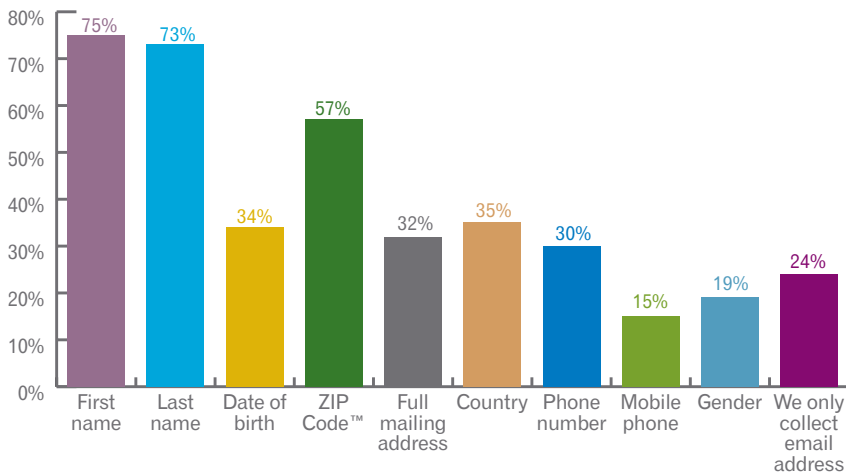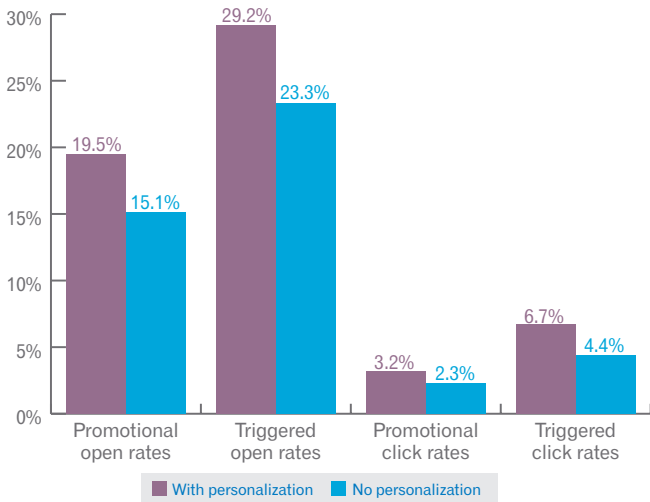

Personalized promotional mailings have 29 percent higher unique open rates and 41 percent higher unique click rates than nonpersonalized mailings. Personalized, triggered mailings have similar lifts, with 25 percent higher unique open rates and 51 percent higher unique click rates.
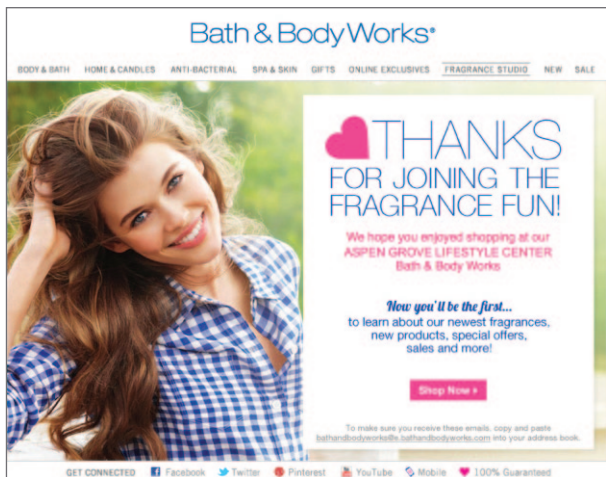
The Bath & Body Works® email is personalized, showing the store location at which the customer signed up.

Subject lines with personalization see higher unique open and click rates

■ With personalization	■ No personalization

For promotional mailings, personalized emails generate transaction rates and revenue per email that is more than six times higher than nonpersonalized emails. Personalized, trigger campaigns also result in more than double the transaction rates of nonpersonalized, trigger mailings.

Transaction rates and revenue per email are much stronger on personalized emails

■ With personalization	■ No personalization
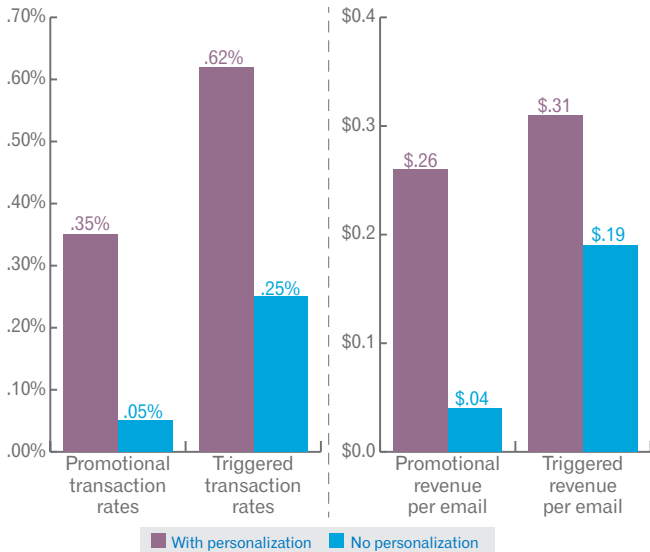
Tip: Ask for basic information up front, such as email and ZIP Code™. Once you have that information, other fields can be collected through a secondary collection page, follow-up emails, surveys, preference centers or other channels. Always ensure you aren't overwhelming your customers.

Eastern Mountain Sports utilizes a simple email sign-up form and then follows up with a welcome email, encouraging subscribers to update their preferences.

Tip: When asking your customers for a mobile phone number, regardless of acquisition channel, let subscribers know they will receive SMS messages with some frequency and about a particular program. Subscribers also should know the ways to opt out of your program, how to get help using their handset and where to reference terms and conditions. They also need to understand that message and data rates may apply when participating in a SMS program.

Website pop-ups

In an Experian Marketing Services 2012 client survey, 22 percent of marketers indicated they use pop-up windows on their Websites to collect email addresses. While pop-ups certainly are the most aggressive and successful method for email address acquisition, they might not be an option for your brand based on site restrictions, test results, etc. If that is the case, consider using email opt-ins in various places on your Website. Experian Marketing Services has found that above-the-fold opt-in locations perform better than those below the fold.

How are email addresses captured on your site (excluding checkout)?

Location	Percentage
On the home page	56%
On a dedicated email page	58%
In the header	15%
In the footer	38%
Pop-up window	22%
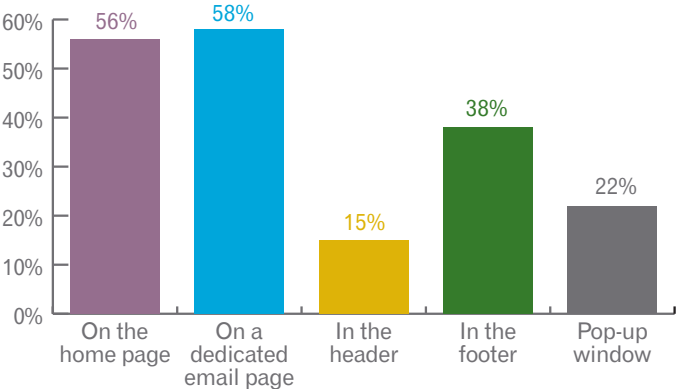
If you use a pop-up, pop-under and/or rollover for email collection, which of the following rules does it follow (if any)?
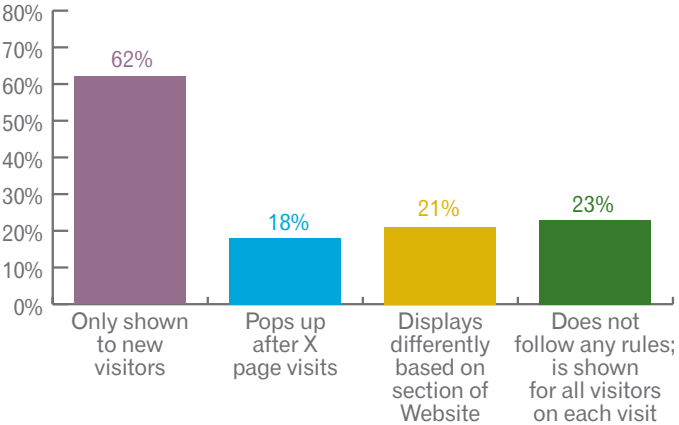
Rule	Percentage
Only shown to new visitors	62%
Pops up after X page visits	18%
Displays differently based on section of Website	21%
Does not follow any rules; is shown for all visitors on each visit	23%

Challenge

- Increase number of email subscribers

- Acquire a broader range of subscribers for online and offline marketing

- Encourage interaction with the Sport Chalet Website

- Improve customer experience with faster and easier email sign-up

Resolution

A "div layer" pop-up window was placed on www.sportchalet.com. The div layer pop-up is a small, nonintrusive Web page that appears on top of the homepage, in the same window that the viewer has opened. This pop-up only appears when the viewer visits the site for the first time.
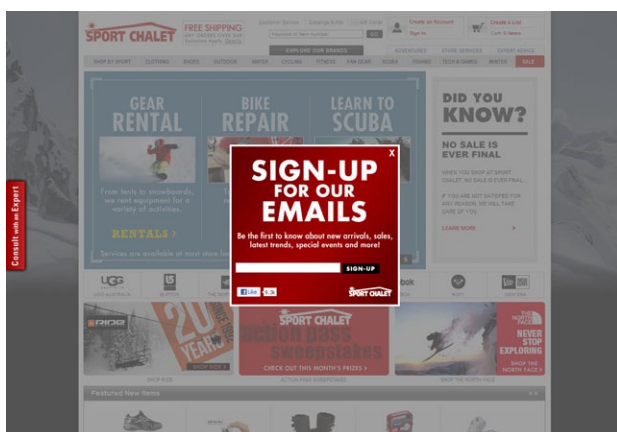
Results

- Eighty-four percent increase in the total number of valid email addresses

- Sixty-five percent decrease in bounce rate difference between regular registration process and the pop-up registration emails

- Thirty-nine percent increase in opens

Email validation

Marketers know that emails are essential to the communication mix, and according to a recent Experian QAS study, they identify email as their most important communication channel for 2013.

While much effort goes into crafting messaging, subject line verbiage and HTML content, the email address itself is rarely paid enough attention. With today's multichannel environment, customers provide email addresses through many channels, and errors are only becoming more prevalent.

Human error is the main cause of data quality errors, according to the Experian QAS study. Clearly, it is important for organizations to remove the possibility of human error and implement software tools to validate email addresses to improve deliverability and inbox placement.

There are several different tools organizations can use to remove human error from email entry:

- **Real-time software:** This allows an individual email address to be checked instantly. Real-time email hygiene is the most effective method, as it prevents inaccuracies from ever entering your system. It also prompts the user for incorrect or missing details.

- **Batch processing:** This simple process validates existing information on an ad hoc basis. These products have limited capabilities, so it is best to use them if your organization has only occasional projects, or no sense of urgency.

- **Automated batch cleansing:** This method cleans email lists that are submitted on a regular schedule, often nightly, so that only clean information enters the database.

Any of these tools can have a dramatic impact on the number of usable email addresses available in a database. These steps are relatively simple to implement and can provide marketers more accuracy, improving results from this critical communication channel.

Point-of-sale (POS) address collection

More email marketers are leveraging customers' in-store visits to both acquire new email subscribers and drive incremental campaign revenue.

A 2012 Experian Marketing Services survey found:

- Seventy-eight percent of brands use sales associates to collect email addresses
- Thirty-six percent of brands collect email addresses on paper
- The majority of marketers (73 percent) source and track email addresses acquired at point-of-sale differently than other addresses
- Thirty-three percent of marketers report that more than 25 percent of their customers are willing to provide their email address at point-of-sale

How do you collect email addresses in-store?

Category	Percentage
iPad	14%
POS by customer	10%
POS by sales associate	78%
On paper	36%
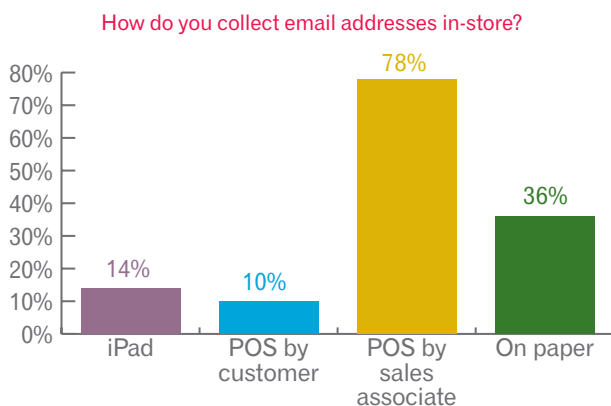
Tip: Using an email hygiene service like Experian QAS on addresses acquired from point-of-sale can:
- Catch and correct syntax errors
- Confirm an email domain works
- Verify a mailbox exists
- Suppress spamtraps and risky email addresses

Case study: **ALDO implements system to improve email data quality and gains confidence in point-of-sale collection**

Challenge

Shoe retailer ALDO sought a system that would ensure the accuracy of email addresses captured by store associates without interrupting or slowing the checkout process for shoppers.

Resolution

Experian QAS email services were used to correct syntax and domain errors and check deliverability of email addresses of customers interested in receiving promotional offers from ALDO. Batch cleansing and processing of email addresses was implemented to clean emails on a consistent basis prior to the first email communication, while also improving email deliverability.

Results

ALDO found success with QAS Email. Director of IT, Alex Popov, reported that the company experienced "ease of implementation, strong results for email accuracy and a reduced bounce rate." As a result of using Experian QAS tools, ALDO now has greater confidence in the accuracy of emails collected at the point-of-sale.

> "Overall, the technical process, ease and speed of implementation, and results have left us very happy with this project."
>
> **— Alex Popov, Director of IT, ALDO**

Connecting in-store with email
In-store grand openings

Email provides a great opportunity for marketers to inform people who are already interested in their brand about brick-and-mortar store openings. In fact, engagement (open and click rates) on these types of emails are significantly higher than standard promotional mailings.

Open rates for grand opening mailings are 27% higher than promotional mailings

Grand opening	19.7%
Promotional	15.5%
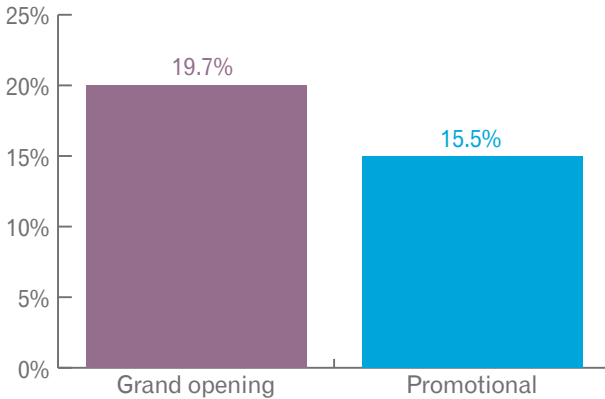
Click rates are also 23% higher for grand opening emails

Grand opening	2.9%
Promotional	2.3%
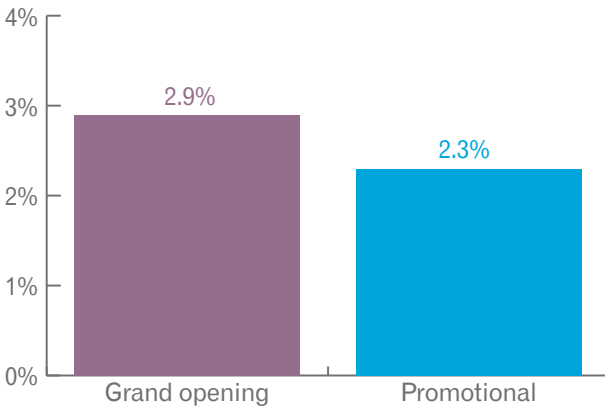
Even though grand opening emails are designed to get customers to stores, those with offers in the subject line had double the transaction rates of those without offers. Grand opening mailings with offers also exceeded promotional mailing transaction rates by 32 percent.
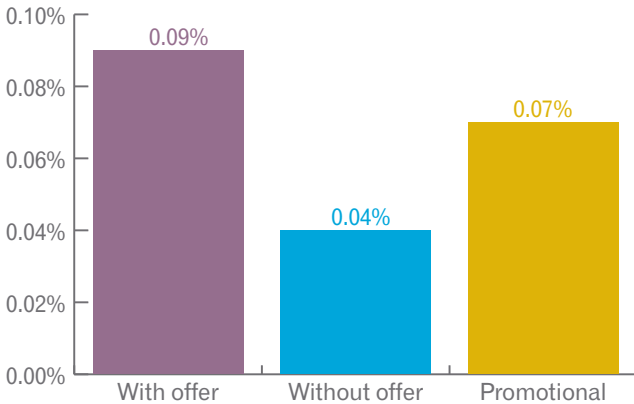
The build-up to a grand opening is important. Keywords, such as "tomorrow" or "coming soon," provided an 8-percent lift in open rates.

Dynamic store locations

When looking for a "favorite store," emails with dynamic store locations in the subject line can help ensure that your loyal customers will easily find your most convenient store locations. Loyalty emails with name, dynamic benefits or status updates, or dynamic store locations, have unique open rates that are 83 percent higher than loyalty mailings that had no dynamic content in the subject line (loyalty mailings with dynamic content had unique open rates of 43.5 percent compared to 23.5 percent for those without dynamic content).

Also, consider integrating real-time dynamic maps into emails to show subscribers where the closest store locations are at the precise moment when they open your email.
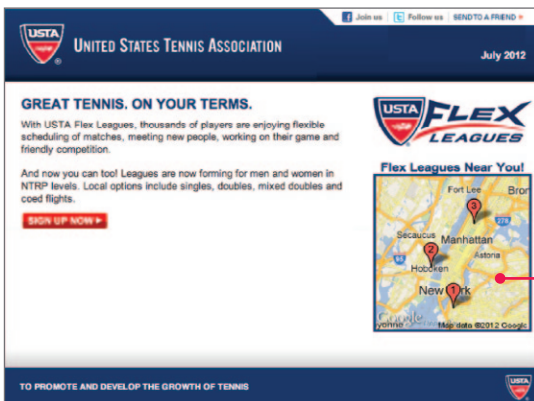
United States Tennis Association added real-time local maps to its Flex League emails, driving more subscribers to sign up to play in local leagues.

Testing

Developing a successful email test strategy can help decision making and often bring to light clear and reliable answers where uncertainty previously existed. By utilizing insights from testing, an organization can implement tactics that will lead to higher performance with greater efficiency.

What types of testing do you perform on your email campaigns?

Category	Percentage
Subject line	97%
Creative	81%
Frequency	39%
Time of day	50%
Day of week	36%
HTML versus text	11%
Call-to-action	43%
Product placement	21%
Number of products	28%
Friendly from	11%
Multivariate	11%
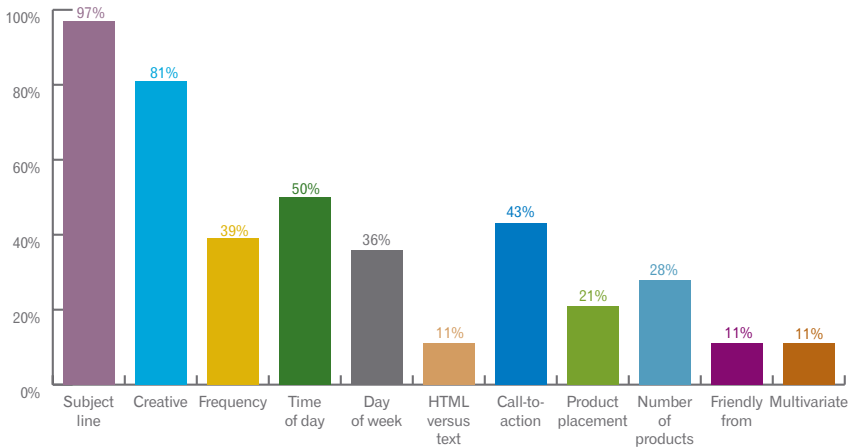
Of the tests you perform on your email campaigns, which have the most impact?

Category	Percentage
Subject line	68%
Creative	50%
Frequency	25%
Time of day	17%
Day of week	10%
HTML versus text	0%
Call-to-action	12%
Product placement	6%
Number of products	5%
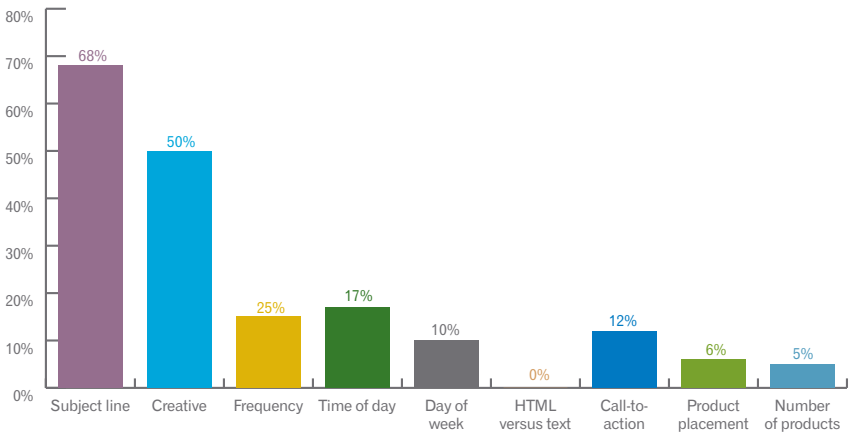
Subject line testing

Subject line testing is a favorite for email marketers. It wins in both frequency of testing and in results delivered. Over time, we've seen that when subject line testing is done correctly and consistently, open rates can improve significantly.

There are a handful of ways to approach writing a subject line that will capture the attention of a given audience. Our research found that most subject lines can be classified into four main categories:

- **Fun:** Humor, puns, plays on words and provocative language are used to surprise subscribers and keep them reading.
- **Curiosity:** Questions, riddles and unfinished thoughts evoke a sense of mystery, causing the subscriber to want to read more.
- **Direct:** Clear and to the point, direct messages use urgency, succinctness, promotions and price incentives.
- **Relationships:** Subject lines help subscribers identify with the products by their association with some group or special interest. These can include social media, special events, member newsletters or group buying sites.

Direct messages make up 71 percent of subject lines, but Fun and Curiosity have higher unique open rates

Percent of subject lines

8.7%%
4.1%
70.6%
16.6%

Open rates

Fun   Curiosity   Direct   Relationships

■ Fun   ■ Curiosity   ■ Direct   ■ Relationships
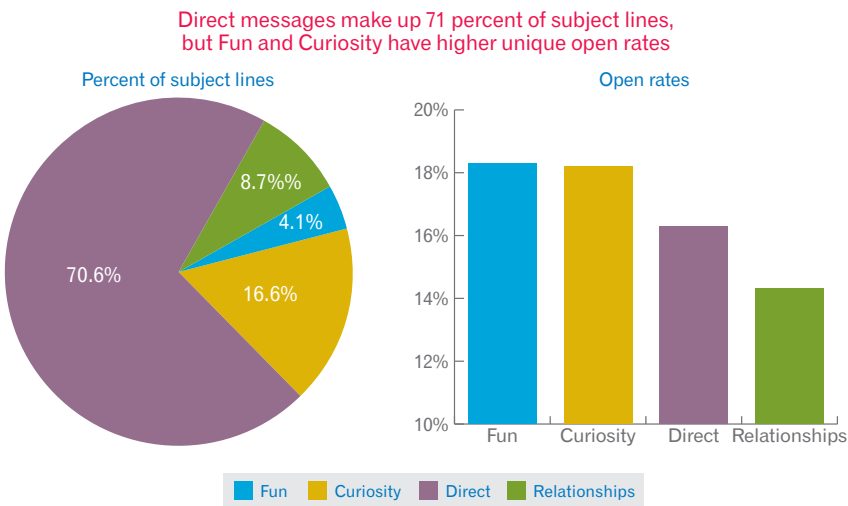
"Fun" and "curiosity" have the highest unique open rates and are definitely good choices for sparking subscribers' interest. However, they can lose some of their appeal if used all the time. "Direct" messages play a key role in informing subscribers about offers, deadlines and special products. While the unique open rates for "direct" messages are lower than those seen in the "fun" and "curiosity" categories, in multiple past studies we

have seen that offers and time limits can provide a boost in transaction rates. A 21-percent increase in transaction rates was noted for offers in subject lines in our 2011 holiday reporting and subject line analysis.

"Relationships" subject lines allow subscribers to relate and connect to products and topics that enhance their identification with the brand and further define their overall experience. These relationships can bridge marketing channels and give subscribers a chance to interact with the brand.

In 2012, we saw email marketers break from standard subject lines and experiment with technology and media to stand out in the inbox:

Symbols in subject lines

Symbols can help increase open rates and spark interest in those who were previously unengaged. There are thousands of characters or symbols that could possibly be used in subject lines, but it's important to remember that the symbols you use should make sense in relation to the content of the email. The more relevant they are, the more subscribers will understand and enjoy them. Also, if you test using symbols in subject lines and see great results at first that then taper off, perhaps the "newness" has worn off. Try testing new symbols or testing symbols against no symbols, and remember to always ensure you test how symbols render across both email and mobile clients.

In Q1 and Q2 2012, Experian Marketing Services found:

- Symbols in subject lines can generate up to a 15-percent lift in open rates
- The black heart (♥) was the most popular symbol marketers used, but it provided only a modest open-rate lift
- The greatest unique open-rate lifts were in subject lines including umbrellas (☂) and airplanes (✈), which indicates that new and interesting characters grab customers' attention
- The most popular symbols in subject lines (in order of popularity) were: ♥ ★ ☼ ♫ ☀ ✿ ☆ ♡ ⇒ ☺ ♥ ✈ ⇧ → ☂

#Hashtags in subject lines

Marketers looking to grow their Twitter base or appeal to their Twitter audience (which is generally a younger demographic) tested using hashtags in subject lines. Although these campaigns received a modest lift (4.8 percent) in open rates, both click and transaction rates declined. This may be due to the fact that many of these subject lines encourage recipients to take action and tweet the hashtag rather than interact with the email. Think about what you are asking subscribers to do, as even a subject line can contain a call to action.

Hashtag campaign example:
Subject line: Our #SoCalStylist just added a new video in Hollister Club Cali!
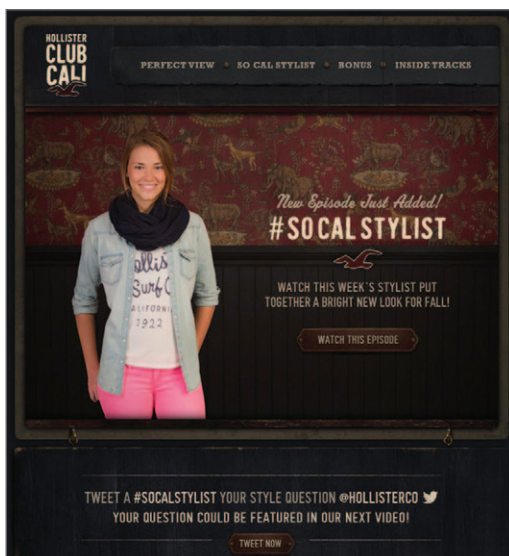
Hollister Co.® encourages customers to "Tweet now" in the secondary part of the email, but the main call to action is to "Join now."

Creative testing

Creative testing is the second most frequently used testing parameter and can be accomplished in several ways across creative elements, including:

- Animation versus no animation
- Banner placement
- Lifestyle imagery versus product shot

Tests can be performed by splitting the subscriber file evenly and measuring which performs better, or by employing creative optimizing technologies. Here, your file still may be split 50-50, but the most-clicked-on creative can be updated across the file in real time. This approach helps to optimize creative and clicks.

Case study: Real-time creative optimization doubles click-through rates

Challenge

The Taunton Press®, a trusted source of valuable information and inspiration on the house and home, was experiencing year-over-year declines in email response rates. The executive team at Taunton realized that it needed to refocus and reinvigorate its email communications.

Resolution

Taunton implemented a 12-month plan to improve open and click-through rates on email campaigns through creative testing. Utilizing Movable Ink's Creative Optimizer, Taunton was able to identify which versions of its email newsletters yielded the highest response rates in real time, and then have that version delivered to the remainder of the list.

Creative option one

Creative option two

Results

Taunton has optimized its email campaigns by identifying and applying more engaging creative and minimizing the proliferation of less engaging creative. Winning email creative elements have yielded click-through rates more than twice those of the losing elements.

Top 10 rules for A/B testing

1. Become a "test advocate" in your organization. It is critical to have a test advocate who supports and defends test practices across the organization, as tests require discipline, resources and communication. Implementing a testing process often spans several teams or groups, so it is important that the test advocate communicate effectively cross-functionally.

2. Change is good! Time is always a key factor with any business initiative, and the same is true with testing. Tests require time to be conducted properly, and last-minute changes will occur. Testing should help and not hinder your organization's ability to execute effective marketing programs, so plan ahead and give yourself the flexibility to postpone or extend a test.

3. The longer the test, the better. On average, four to six weeks in a row is enough time to get a good response rate so results are significant.

4. Avoid testing during times that are not "the norm." Understand the seasonality of your customer base. A test during the holidays, for example, may not be ideal, as customers often behave differently during that period. Likewise, if you sell cosmetics and launch tests in May, Mother's Day might be an external factor that could influence or skew your results.

5. Do not consider more than one factor in an A/B test. For the same reason as number four, above, make sure the differences in your results are driven from the different settings of the test. In a subject line test, for example, change only one word and avoid tweaking the language and the tone. This will help rule out any other contributing factors to differences in results.

6. Always have a control group. It is absolutely necessary to measure test segment results against the control group — those who receive the "as usual" version of the test.

7. Always select random segments. Make sure the recipients in each segment are mixed randomly so test results are not impacted by the actual group composition. Gender, age, customer status, etc., can factor into results from a sample.

8. Sample size calculation is math. Sample size calculator tools can help not only to calculate the actual sample size needed for greater accuracy, but also to check significance levels on results (to rule out the possibility that the results arose by chance).

9. **Response rates influence the test significance.** Depending on how large the sample size is, response rate gaps across segments can influence testing significance. If response rates are low, you may need to extend the test for a week or so to get enough responses to be statistically significant.

10. **Testing should be an ongoing process.** As marketing environments continuously evolve, any decision from a test result should be regularly re-examined. Consider an ongoing test plan and a test cycle. For example, once you have determined the best day of the week, you can start testing other factors. However, it's a good practice to test the day of the week again, either later in the year or one year after the initial tests.

Cross-channel retargeting and amplification

Marketers are realizing the effectiveness of cross-channel integration to either retarget email subscribers based on response behavior or extend the reach (amplification) of their campaigns into other channels.

Here are a few ideas to help integrate other channels into your email marketing program:

• **In-store:** Just because a subscriber may have signed up for your emails does not mean that he or she prefers to purchase online. Try sending an email with an offer good on an in-store purchase.

Staples encourages email subscribers to shop in-store with a special in-store coupon.

- **Mobile:** Retarget email subscribers with SMS campaigns. For example, if a subscriber has opted in to both email and mobile communications, after an email bounces, immediately trigger a mobile message to that subscriber.

- **Display:** Reinforce your brand message or re-engage subscribers with targeted and customized display advertising. For example, utilize addressable display advertising as part of your reactivation program and retarget subscribers who have not recently engaged with your emails with a "come back" special offer.

This back-to-school campaign integrates the same creative within email and display ads to reinforce the brand's message. The email conveys the two main messages of "sale" and "backpack" and the display ad reinforces the "backpack" theme.

- **Social:** Utilizing Facebook Custom Audiences can amplify your email message to Facebook subscribers or retarget a subscriber on Facebook based upon campaign response activity. Facebook Custom Audiences enables email marketers to match their email file to Facebook users and serve targeted Facebook ads to these subscribers. For example, marketers can amplify the reach of any email campaign with a similar message in Facebook to ensure the best possible chance of having that message seen.
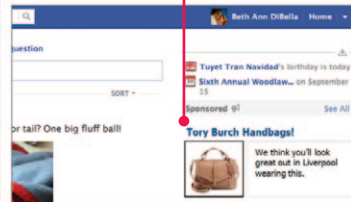
Target email subscribers who clicked on specific links in an email with highly relevant Facebook ads.

- **Website:** Entice site abandoners or other visitor segments to return to your site with relevant and personalized email messages and offers.

Welcome emails and welcome series

A welcome series provides a unique opportunity to acknowledge, educate and engage subscribers. Such programs begin with an email expressing a sincere thank-you for joining the program, and often contain a special offer. The series continues with educational information such as tips, best practices, links to how-to videos or special offers that keep your brand top-of-mind and reward subscribers for their continued interest.

Emails that are part of a welcome series outperform standard promotional emails in terms of response and revenue earned. For example, "Thanks for joining us" emails that kick off a welcome series have a 15 times higher response rate and 21 times higher revenue per email than standard promotional emails.

Moreover, welcome series emails promote customer retention by educating customers on new ways to use products and services they've purchased from you, or the benefits of loyalty program enrollment. Finally, welcome series emails are excellent vehicles for directing customers to an email preference center (EPC). An EPC can provide a personalized Web page for customers and prospects to opt up or down from your email promotions, newsletters and product enhancements, and indicate topics or categories of interest to them, as well as how often they wish to receive promotions.

This example from Bass Pro Shops®' welcome series utilizes several points of engagement ("Forward to a Friend," "Shop Now," "Get a $10 Gift Card"), along with one-click access to the recipient's account.

Overall, welcome email categories generate higher transaction rates and revenue, as well as higher opens and clicks than basic promotional emails.

Welcome series open and click rates
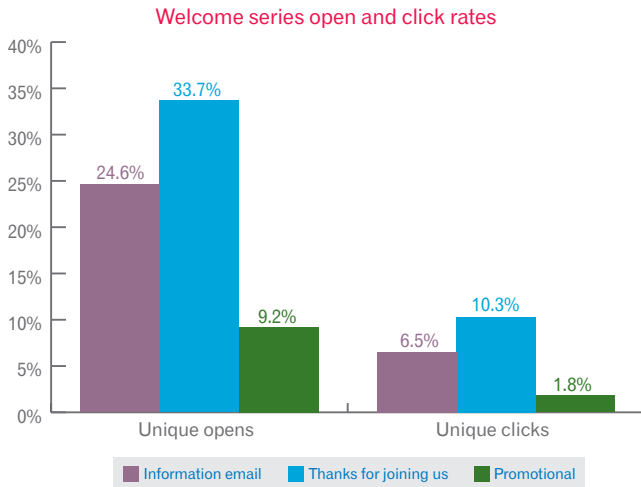
Both categories of the welcome series (informational and thank-you) have open and click rates that are more than double those of promotional mailings.

For welcome series information emails, the highest transaction rates were for those emails focused on products
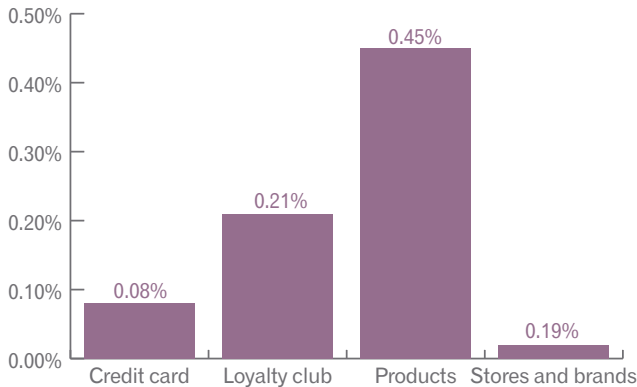
While all four informational types (credit card, loyalty club, products, stores and brands) offered above-average transaction rates, those that focused on products performed the best in the welcome series.

Brand loyalty

Who are brand loyalists? Experian Marketing Services found that 34 percent of the adult U.S. population has been a "brand loyalist" as of April of 2012. Looking at that 34 percent, we have identified some key areas in which brand loyalists differ from the overall adult U.S. population.

Brand loyalist mindset

Statement	Percent of loyalists	Percent of U.S. adults
I do not buy unknown brands merely to save money	80%	33%
I usually only shop at my favorite stores because I know they have brands I like	76%	67%
I like to share my knowledge with others	75%	63%
I enjoy owning good quality things	75%	63%
I usually read the information on product labels	70%	43%
I always look out for special offers	69%	57%
I'm always looking for new ideas to improve my home	60%	52%
When buying toiletries, the brand I choose is very important to me	59%	44%
I ask people for advice before buying new things	55%	43%
Price isn't the most important factor – it is getting exactly what I want	50%	38%

Percent of each population

Percent of loyalists   Percent of U.S. adults

How brand loyalists respond to email:

- **Dollars and sense:** Offers are valuable, but purchasing the right product from a preferred brand may be more so. While 80 percent of brand loyalists said they do not buy unknown brands merely to save money, 69 percent are always looking out for special offers. Mailings without offers in the subject line had 24 percent higher transaction rates, but 11 percent lower revenue per email than loyalty mailings with offers in the subject line.

Loyalty mailings without offers had higher transaction rates but lower revenue per email

	Transaction rate	Revenue per email
Without offer	0.26%	$0.32
With offer	0.19%	$0.36

Legend: Transaction rate (bars), Revenue per email (line)
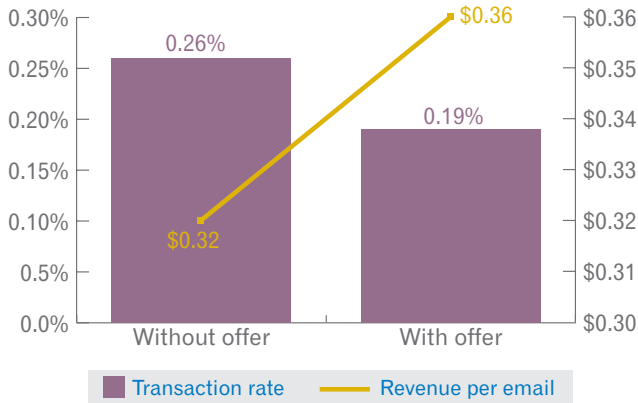
- **Keep it fresh with loyalists:** New ideas and new benefits equate to more engagement. Campaigns mentioning new, updated benefits had more than double the transaction rates of other loyalty mailings (loyalty mailings with new benefits had transaction rates of 43 percent compared to 20 percent for other loyalty mailings).

The future of email

As discussed earlier, email, an always dependable tool for digital marketers, still proves itself to be a strong performer and a valuable channel for brands to connect and engage with their customers. As consumers become even more connected and demand more from their favorite brands, email marketers who have expanded their reach into other channels will reap the rewards.

These "new email marketers" are spearheading the progression towards true cross-channel optimization and are embracing strategies that leverage email as a natural connector to other marketing channels. Email will continue to play a significant part in delivering a strong return on marketing investment. However, its role will continue to evolve and expand as more brands adopt more innovative cross-channel strategies.

Mobile
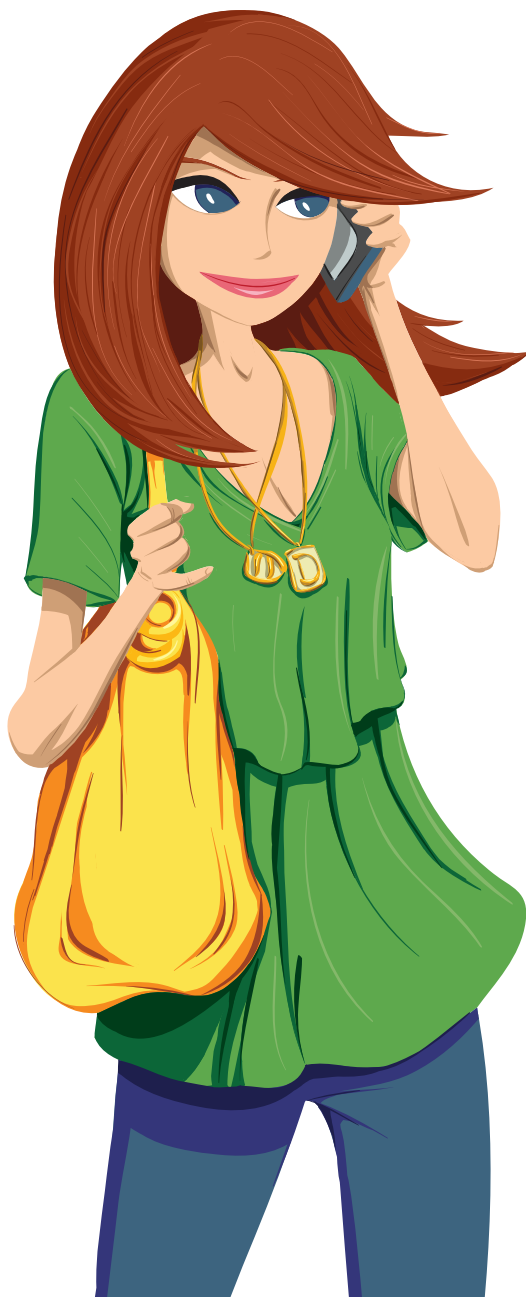
Mobile

Key findings

- More than nine in 10 U.S. adults (93 percent) own a mobile phone today, as do three-quarters of teens (73 percent). However, rates have remained relatively stable in the past two years, suggesting that ownership has reached a saturation point.

- Forty-eight percent of adults ages 18 to 24 say that a conversation via text message is just as meaningful as a telephone call. A similar share of adults ages 25 to 34 feel the same way.

- During a typical month, smartphone owners ages 18 to 24 send 2,022 mobile text messages and receive another 1,831, for a combined total of 3,853 texts sent and received. With every age bracket we move up, the number of mobile texts drops by roughly 40 percent.

- In a given month, 8 percent of all smartphone owners report having shopped from their phones, whereas nearly 40 percent of tablet owners say they shopped from their tablets. Likewise, tablets are more likely than smartphones to be used to research products and compare prices.

- The size of digital tablets isn't keeping tablet owners from scanning barcodes with their devices. In fact, tablets are used by 13 percent of owners each month to scan barcodes, while smartphones are used by 8 percent of owners to scan codes.

- Americans are still sensitive about disclosing their location. In fact, when asked how often they agree to give a mobile application access to their location information, only 14 percent of mobile phone owners said, "Most of the time," while 44 percent answered, "Never."

- When it comes to integrating mobile into the broader marketing mix, marketers should take a top-down approach and work out how mobile fits into their broader business strategy.

The mobile age is upon us. Consumers aren't just going online; they are online on the go — using their smartphones more than ever. The once-humble phone is now your wallet, boarding pass, discount voucher, and social network. It is your life packaged in a powerful pocket-sized device.

For marketers, the maturing of the mobile age represents huge opportunities. As consumer behavior undergoes a significant revolution, marketers can likewise revolutionize the way they engage audiences to drive more sales, boost engagement and loyalty, and generate invaluable buzz.

Yet mobile marketing also comes with its challenges. Like never before, marketers need to be able to integrate technology-rich channels with more traditional channels and ensure that the customer experience is seamless whether they are in-store or online.

Another more fundamental challenge lies in the definition of mobile marketing. Is mobile a distinct marketing channel, or an amalgamation of other channels? Is it simply a device to facilitate execution? How does it fit within the broader marketing mix? Mobile is proving itself to be a bona fide marketing channel that complements and supports many other channels in the multichannel mix. As more people use their smartphones to research products while in-store, for example, the mobile channel is becoming the "glue" connecting the online and offline worlds.

Eighty-five percent of all Americans age six and older own a cell phone

More than nine in 10 U.S. adults (93 percent) own a mobile phone today, as do three-quarters of teens (73 percent). Rates for both groups are up considerably since 2004 and 2006, respectively, but rates have remained relatively stable in the past two years, suggesting that ownership has reached a saturation point. In fact, mobile phone ownership among adults ages 25 to 34 has reached 97 percent, leaving little room for additional growth. Between 2010 and 2012, growth rates among seniors age 70 and older increased the most, but even among adults of this age (who account for 12 percent of the total adult population), mobile phone ownership currently stands at 85 percent.

One group where we have seen little increase in ownership is kids. Today, 22 percent of children ages 6 to 11 own a mobile phone, which remained unchanged since 2010 and is up from 19 percent in 2008, when measurement among this age group began. There still may be growth potential among this group, but there has been little evidence of it in recent years.

Mobile phone ownership rates, by age

Legend: 2004, 2006, 2008, 2010, 2012
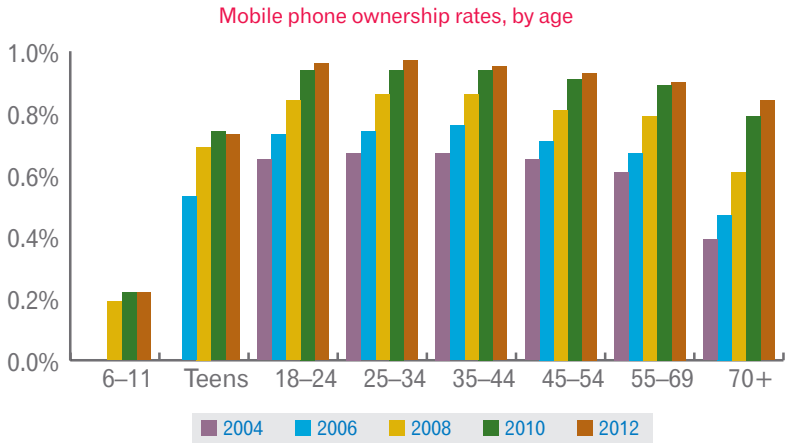
Source: Experian Marketing Services' Simmons

In 2012, the world marked the 20th anniversary of the first text message, or SMS, being sent by British engineer Neil Papworth. Today, Americans are texting more than ever, and among young adults, many of whom were not yet born when the first message was sent, texting is almost as common a mobile activity as talking. According to Experian Marketing Services, 48 percent of adults ages 18 to 24 say that a conversation via text message is just as meaningful as a telephone call. A similar share of adults ages 25 to 34 feel the same way.

Agree: "Texting is just as meaningful to me as an actual conversation on the phone"
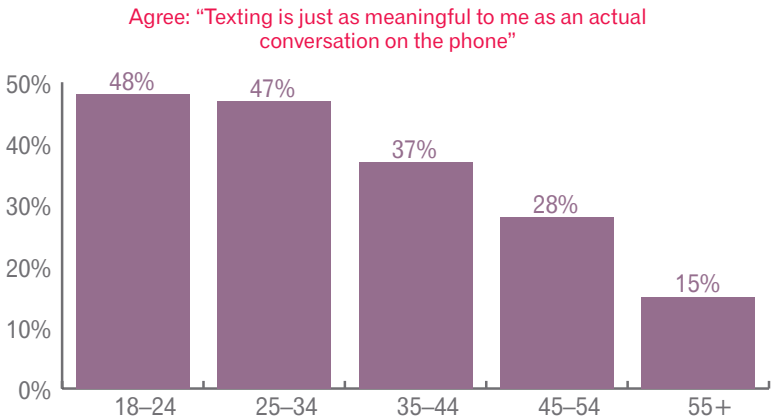
Source: Experian Marketing Services' Simmons

Regardless of age, texting is still the most common activity that Americans engage in on their cell phones, after talking. During a typical week, 95 percent of adults who own mobile phones use them to talk, while 59 percent

text. Among adults ages 18 to 24, though, 89 percent talk on their phones and 86 percent text. Despite the increasing availability of mobile chat or instant message applications, texting remains the dominant means for exchanging short messages. Only 8 percent of all adults who own mobile phones use them to IM or chat.

Mobile communications: Percent of adults who own cell phones who use them to engage in the following activities during a typical week

Legend: All adults, 18–34, 35–49, 50+
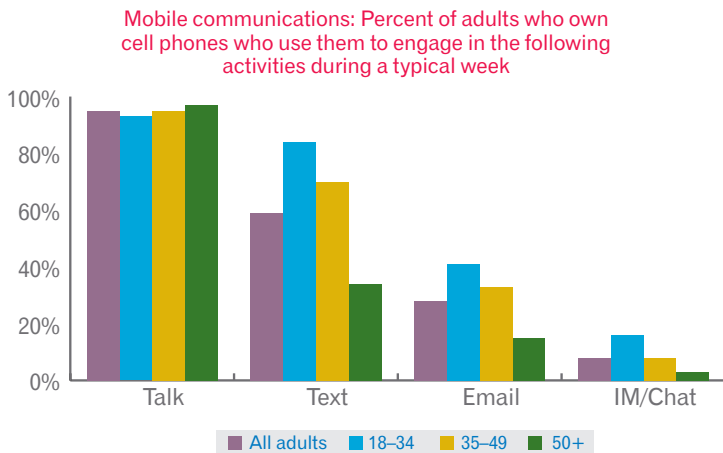
Source: Experian Marketing Services' Simmons

Experian Marketing Services' Simmons Connect[SM] mobile panel of 1,485 U.S. smartphone owners was used to get a more in-depth understanding of the texting habits of adults today. Hands down, young adults text more than any other age group. During a typical month, in fact, smartphone owners ages 18 to 24 send 2,022 mobile text messages and receive another 1,831, for a combined total of 3,853 texts sent and received. With every age bracket we move up, the number of mobile texts drops by roughly 40 percent. For instance, smartphone owners ages 25 to 34 send, on average, 1,110 text messages a month and receive another 1,130, for a combined total of 2,240 messages.

Text count: Average number of mobile texts sent and received per month by age
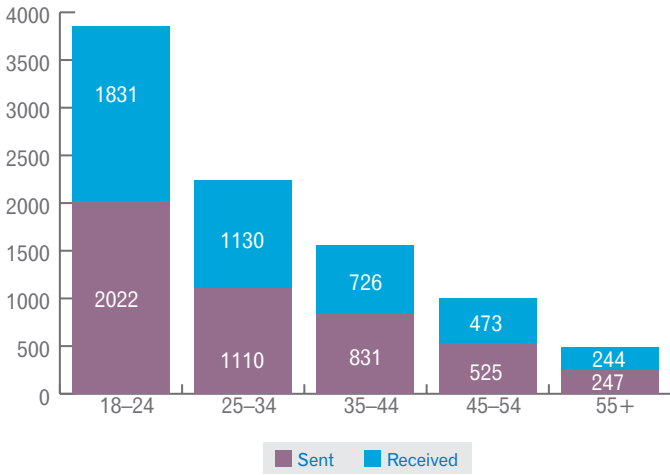
Source: Experian Marketing Services' Simmons

The Simmons Connect smartphone panel was also leveraged to understand mobile calling behaviors. The data shows that while young adults hold the record for the most text messages sent and received, they actually make and receive few calls by comparison. During a typical month, smartphone owners ages 18 to 24 make 119 calls on their mobile phones and answer another 64 calls. Adults ages 35 to 44 make and receive the most calls on their mobile phones in a given month. (Call counts do not include inbound and outbound calls that go unanswered.)

Text around the clock
Unlike television and radio, which have peak hours for reaching consumers, mobile text messages reach Americans throughout the day, providing advertisers with a medium to connect with consumers any time they want to.

Not surprisingly, young adults are the most likely to send and receive mobile text messages throughout the day. The smartphone panel data shows that during every hour between 8 a.m. and midnight, more than half of young smartphone owners are both sending and receiving mobile text messages. Even when most of us are asleep, young adults' smartphones continue to buzz from inbound texts. In fact, 37 percent of 18- to 24-year-old smartphone owners receive texts at 4 a.m.. By comparison, just 20 percent of smartphone owners ages 25 to 34 receive texts at this late (or early) hour, as do 17 percent of those 35 to 44, 15 percent of those 45 to 54 and 10 percent of those age 55 and older.

A day (and night) in the life: Percent of 18–24 year-old smartphone owners who send and receive mobile texts, by hour
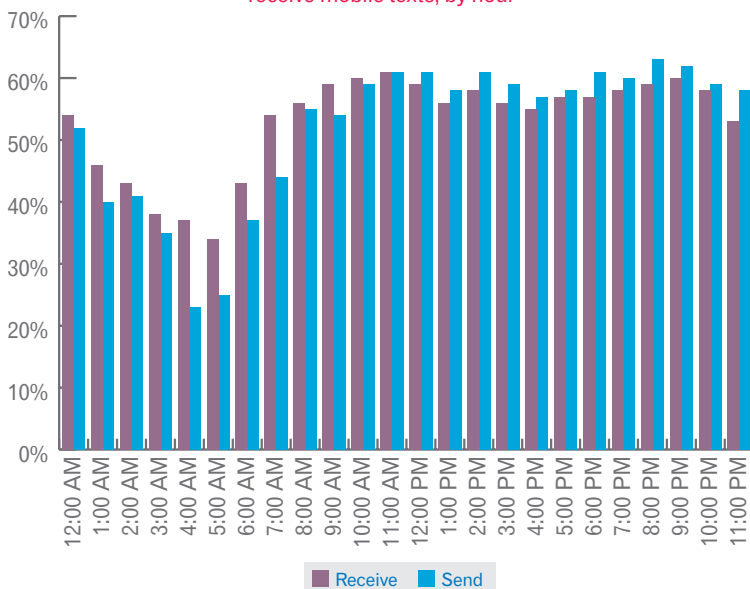
Source: Experian Marketing Services' Simmons

Better to send or to receive?

During overnight hours, the share of young smartphone owners who receive texts surpasses the share who send them. However, by 8 a.m., the difference between those two figures narrows to the point that they are nearly equal. In fact, from noon until 11 p.m., young adults are more likely to send mobile text messages than they are to receive them.

Call or text?

While texting is still a secondary use of mobile phones after calling, that's not the case all day, especially among young adults. In fact, while smartphone owners ages 18 to 24 are more likely to make an outbound call than they are to send a text from their phone between 7 a.m. and 10 p.m., they are more likely to send a text between 11 p.m. and 6 a.m., during hours when they might understandably wake the recipient.

Call or text? Percent of 18–24 year-old smartphone
owners who send mobile texts and make outbound calls
on their mobile phone, by hour
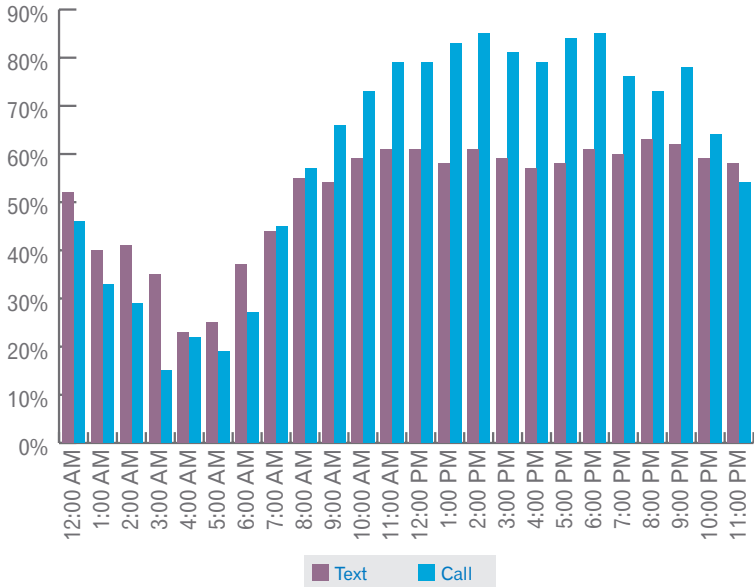
Source: Experian Marketing Services' Simmons

Understanding SMS and executing a successful messaging strategy[1]

SMS enables organizations to deliver highly targeted, actionable messages to subscribers virtually anywhere, anytime, and in an intimate, trusted format. SMS also offers marketers one of the easiest, least expensive and most reliable paths to leveraging mobile's unique strengths, including delivery of time-sensitive information, location-specific opportunities, instantaneous customer feedback and more.

SMS offers brands a heady supply of highly desirable attributes capable of improving their marketing efforts, including:

- **Reach/Location:** Billions of SMS-enabled mobile devices are rarely separated from their owners, enabling marketers to reach subscribers anywhere, anytime.

- **Popularity/Engagement:** SMS is twice as popular as any other form of mobile messaging, and enjoys unparalleled open rates.

- **Simplicity/Speed:** Sending and receiving SMS messages is exceedingly fast and easy for both marketer and subscriber.

1 From Experian Marketing Services' and MarketingProfs' mobile white paper: Building an Effective SMS Program in Four Easy Steps.

- **Intimacy/Trust:** The direct, one-on-one nature of mobile SMS leads to a more intimate form of brand engagement.

- **Dependable/Trackable:** Subscribers' commitment to their mobile phone numbers, coupled with the capacity to track replies, embedded links, etc., make mobile a powerful centerpiece to marketing customer relationship management (CRM) systems.

- **Urgency/Immediacy:** Mobile is uniquely suited to reach customers precisely when they are most likely to buy or opt in for incentives.

It's also important to recognize and factor in the potential limitations of mobile SMS, including:

- **Message size:** Most SMS programs are limited to 160 characters, so it's important to be very specific and make every character count.

- **Device disparity:** Mobile devices are not created equal, meaning the content and embedded call to action (CTA) must be created with some thought as to whether the receiving device is a smartphone or feature phone. For example, only a smartphone has the capacity to deliver a mobile Web experience — an embedded link in a feature phone, on the other hand, goes nowhere.

- **Immediacy:** Mobile's signature strengths — speed of delivery, popularity, and reach — also mean SMS messages aren't likely to be revisited. Therefore, the message's CTA should be designed for immediate response.

Given its limited nature, mobile requires senders to choose every character carefully. Use these rules of engagement in crafting your SMS messages:

1. **Identify yourself.** A common mistake in many mobile campaigns is failing to clearly identify the sender (the recipient may not recall signing up with you; keywords may be too dissimilar from the host organization).

2. **Keywords.** Ensure your keyword is memorable, relevant, and easy-to-type (i.e., remember the small handsets and be cautious when using letters and numbers). Southwest Airlines and WEEI radio ran a mobile campaign offering free tickets to an NBA Finals game with the easy to use keyword "FINALS" and successfully received more than 10,000 entries. Also, test your keyword against auto-correct programs to avoid unfortunate corrections.

3. **Be direct.** SMS's brevity is part of its charm, so be direct about the value you're delivering. Regardless of the offer, let the recipient know immediately why you're texting, and make it easy to respond and fulfill their expectation.

4. **Use urgency.** Mobile is uniquely capable of creating a sense of urgency. Use language that forces consumers to act quickly — and be sure to include an expiration date. JC Penney succeeded with an Easter campaign aimed at driving kids to its store for a one-day special event, at which the kids received free bunny ears.

5. **Frequency**. When it comes to mobile, the dividing line between "value" and "invasive" can be thin. Desired frequency may even change with the nature of the campaign. Start with one message per week; segment your list; and test messages, delivery times and frequency to find the optimum schedule.

6. **Optimize.** A sure campaign killer is to send an SMS recipient to a Web page that has not been optimized for mobile. Similarly, ensure all customer touch-points have been briefed on the campaign.

7. **Be creative.** Consider ways to brand your mobile campaign around a mobile-inspired action. Harley-Davidson, for example, ran a "12 Days of Christmas" campaign in which an in-store discount was texted each day featuring merchandise the company wanted to push in a traditionally slow sales period, and increased walk-in traffic and retail sales.

8. **Respect the subscriber.** Provide subscribers with options for managing SMS communication preferences, including the kinds of messages they wish to receive, frequency and opt-in/opt-out accessibility.

Beyond calls and texts

Beyond using a cell phone to call or text, mobile phone owners engage in a lot of other activities on their phones. In fact, after talking, texting and emailing, visiting Websites is the fourth most-common activity overall for which mobile phone owners use their cell phone. During a typical week, 21 percent of all mobile phone owners visit a Website on their phones. Of course, young adults are the most likely to access the mobile Web, with 36 percent of those 18 to 24 having visited a Website from their phones in the past week compared with just 6 percent of mobile phone owners age 55 and older. Playing games, listening to music and accessing social networks and blogs are three other common activities in which many adults who own mobile phones engage each week. As usual, the propensity to engage in these and other mobile activities decreases with age. Among other demographic segments, though, the data shows that Hispanic mobile phone owners are much more likely to use their phones to listen to music. Specifically, during a given week, 26 percent of mobile Hispanics listen to music with their phones versus just 16 percent of non-Hispanics.

When it comes to watching video on a mobile phone, fewer than 10 percent of all adult mobile phone owners do so during a typical week. However, young adults are fully 2.5 times more likely to engage in this activity, with 21 percent doing so each week. Men are also slightly more likely than

women to watch mobile video, with nearly 10 percent watching video on their phones in a week versus 7 percent of women.

M-commerce

The use of mobile phones as a shopping tool has been a growing trend, but shopping is an even more common activity on digital tablets. Will the arrival of the iPad mini, the Kindle Fire HD and other portable tablets give shoppers even more options to enhance their shopping experiences?

In a given month, 8 percent of all smartphone owners report having shopped from their phones, whereas nearly 40 percent of tablet owners shopped from their tablets. Likewise, tablets are more likely than smartphones to be used to research products and compare prices. Given the traditional size of tablets, it's no surprise that redemption of digital coupons is even between tablets and smartphones. However, that extra bulk isn't slowing tablet owners from scanning barcodes with their devices. In fact, tablets are used by 13 percent scan barcodes each month, while smartphones are used by 8 percent of owners to scan barcodes.

Banking and bill paying are also activities tablet owners have adopted at much higher rates than smartphone owners. Each month, 34 percent of tablet owners do some banking on their tablets and 32 percent pay bills from the devices. Likewise, just 12 percent of smartphone owners use their phones for banking, and 17 percent pay bills. As midsize devices quickly make their way to the market, we'll be monitoring these trends closely.

Shopping activities done last 30 days on smartphone or digital tablet

	Shopped	Researched products/ Compared prices	Scanned barcodes/ optical codes	Redeemed coupon at a store using phone/tablet	Banking	Paid bills
Smartphone	8%	15%	8%	8%	12%	17%
Tablet	39%	38%	13%	8%	34%	32%
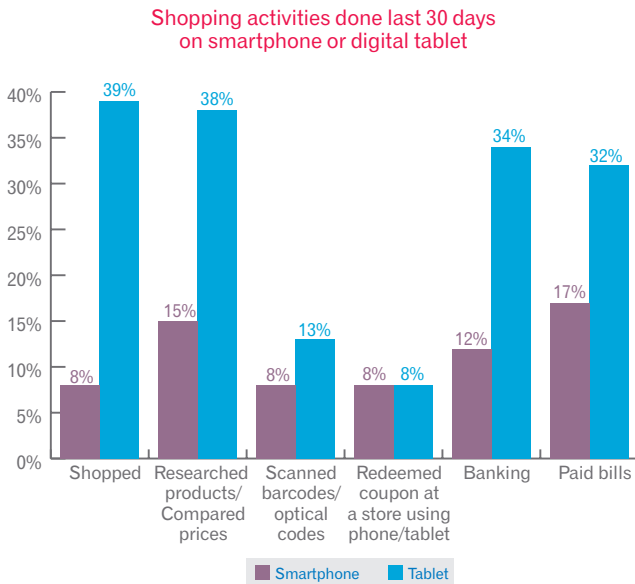
Source: Experian Marketing Services' Simmons

Retailers and device makers have been experimenting with ways to reduce space in your wallet by allowing purchases to be made directly from your phone. While no single method has been identified as a winner in the race to the digital wallet, many smartphone owners are giving them a try. In fact, 27 percent of smartphone owners say they've tried at least one of the mobile payment options listed in the chart below. The method currently leading the way is payment via text message, a technique commonly employed to collect donations for charitable or relief organizations in the wake of a disaster. Fifteen percent of smartphone owners today have engaged in this activity at least once.

Mobile payment options ever used by smartphone owners

Mobile payment option	Percentage
SMS text message to a business	15%
Mobile Web payments or WAP	14%
Direct mobile billing	11%
Swiping or waving the phone at a payment kiosk	5%
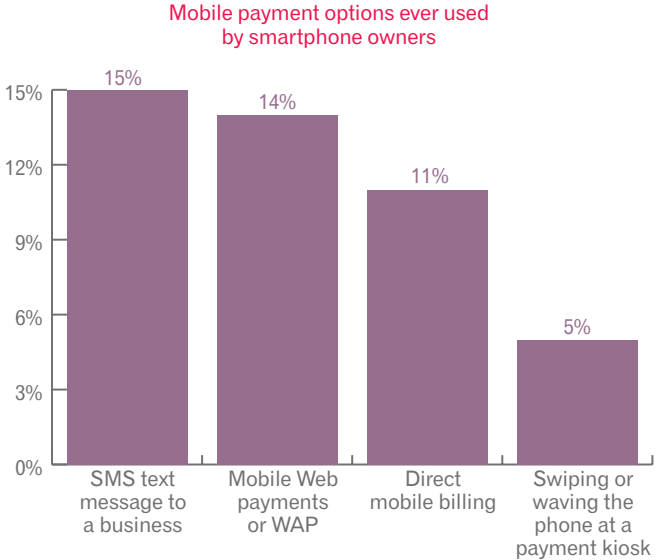
Source: Experian Marketing Services' Simmons

As Americans become more familiar with mobile advertisements and the ways that they can provide location-specific information, discounts and more, they are certainly warming up to the idea. In fact, since 2009, more cell phone owners find all measured types of mobile advertisements useful. Naturally, viewed as most useful are those that the consumer has opted in to receive and those that include some sort of coupon or news of a sale or a promotion. Messages related to businesses nearby are also deemed useful by 40 percent of mobile phone owners today. However, Americans are still sensitive about disclosing their location. In fact, when asked how often they agree to give a mobile application access to their location information, only 14 percent of mobile phone owners said, "Most of the time," while 44 percent answered, "Never." But just as we've seen attitudes shift towards greater receptivity and usefulness of mobile ads, we also expect to see greater comfort with the disclosure of location — if only to know when there's a deal nearby.

Percent of mobile phone owners who view mobile ads as useful

Category	2012	2009
Messages with coupons/special offers	58%	33%
Messages sent from business with permission	54%	32%
Messages for sales/promotions	49%	27%
Ads for business located nearby	40%	30%
Advertisements in a mobile app *(New measure)*	30%	
Advertisements in mobile games *(New measure)*	21%	
Messages sent from business without permission	19%	12%
Banner/Pop-up ads in phone Web browser	17%	11%

Source: Experian Marketing Services' Simmons

Predictions for the future of mobile

With technology convergence, the smartphone will become a digital replacement for almost everything that we carry in our pockets and wallets — cash, credit and debit cards, passes, receipts, vouchers, tickets and loyalty cards. As such, security features will become increasingly important as more personal data is stored in the cloud, and, simultaneously, marketers will need clear strategies around data collection. This proliferation of data will be both an opportunity and a hurdle.

At the user level, consumers will dictate where, when and by whom they can be "seen." Allied to this, their preferences will become more sophisticated — with the ability to specify the products and services about which they receive information and the ways in which they communicate.

In this environment, marketers need to give customers the tools to select when, why and how they are communicated with as well as what products and services they receive information about, along with the ability to change their preferences at any time. By introducing these dynamic opt-in options, marketers can engage their customers more effectively and build longer-term relationships with their audiences.

Mobile devices are here to stay, and the mobile channel presents a dynamic opportunity for marketers to engage with consumers in new ways. The channel is starting a new dialogue that opens the door to more sales, greater loyalty and broader business gains.

Marketers clearly recognize the opportunities that mobile presents. It is the organizations that are embracing mobile early, strategically — and truly responding to the way that consumers are behaving now — that are reaping the benefits. These organizations acknowledge that consumers call the shots, as they use their phones as search engines, GPS devices and more, and choose what tools they want to use, and when.

As the marketing environment becomes more cluttered and complex, there exists a clear struggle to integrate this very new channel into the established mix, while responding to changing consumer behaviors. Marketers need to find a way to balance the use of old and new tools, creating a cohesive cross-channel strategy that delivers on business goals.

When it comes to integrating mobile into the broader marketing mix, marketers should take a top-down approach and work out how mobile fits into their broader business strategy. Is it about growing the customer base? Selling more products to existing customers? Leveraging more value per customer? Marketers need to use these objectives to guide the development of their overall marketing strategy and then consider how the mobile channel can deliver.

Additionally, along the way, they must develop sound strategies for collecting and analyzing the data pumped out by these often complex cross-channel campaigns.

In this new mobile era, marketing must evolve from the traditional "push" techniques evangelized in the 1980s. Today, it's about starting — and maintaining — a meaningful dialogue with consumers. It's about "pull" marketing, where marketers use rich data and insights to provide individual consumers with tailored, valuable experiences based on their unique needs, thus engaging them in marketing activities, rather than simply pushing out marketing messages. Given the everyday consumer's attachment to his or her smartphone, the mobile space is the ideal arena in which this can occur.

Top tips for making the most of your mobile journey

1. State your goals. Take a top-down approach, starting with your business goals and what you want to achieve across all channels. Clearly define your objectives and get a good picture of how mobile fits within this cross-channel strategy.

2. Listen to your customers. Research your customers, collect the right data and understand how they want to be communicated with and what they are looking for on their mobile devices.

3. Analyze. Work out what customer information you need to inform your strategy, and then continue to analyze this information to see if your mobile strategy is working.

4. Think integration, not elimination. Combine old and new marketing tactics and integrate mobile with your existing channels. Embracing mobile doesn't mean dumping in-person, phone or traditional advertising.

5. Get the basics right, but don't stop there. While you should focus on getting existing tools (e.g., Websites and emails) optimized for mobile first, don't limit yourself to that — mobile marketing can go so much further. Make the most of the real opportunity that mobile presents: to reach consumers on the go, when they are at specific locations, with appropriate messages and interactive content that engages in new and exciting ways.

6. Innovate. People love having fun on their mobile phones. Get advice or expert help to inject some fun and creativity into your mobile campaigns. Do something different to catch the eye of busy, easily distracted consumers, but make it relevant and true to your brand.

7. Enable m-commerce. Make it easy for consumers to buy on a mobile device by streamlining the check-out process and reducing the number of clicks to purchase.
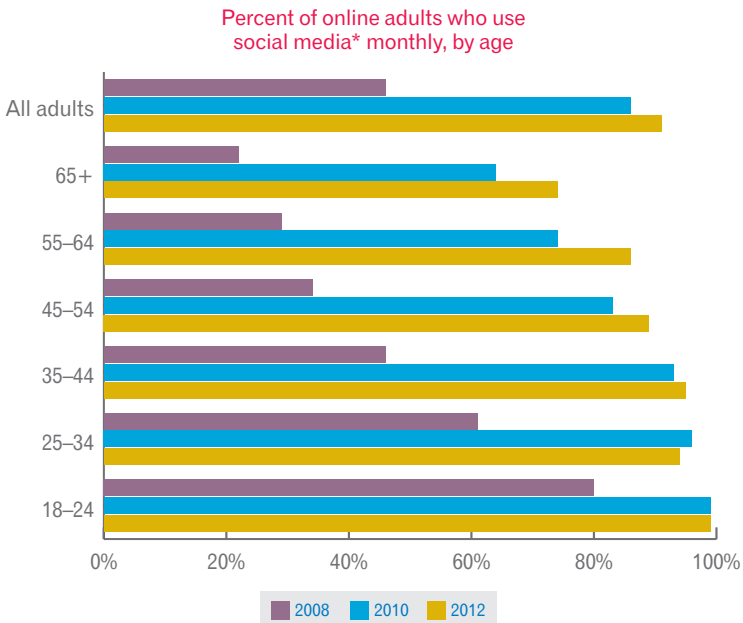
Social

Social

Key findings
- More than nine in 10 online adults (91 percent) say they access social media at least once a month. Even older adults have joined in, with nearly three-quarters (74 percent) of online adults age 65 and older accessing social media at least once a month, up from just 22 percent in 2008.

- Today, 20 percent of online adults now engage in check-in activities at least once a month.

- Today, 77 percent of adults on social networking sites say that they have shown support for a product, a service, a company, etc. by becoming a fan, a friend or a follower. When asked why they did so, the number one reason given by followers is to get a discount.

- Social networking sites captured 15 percent of all U.S. Internet visits in December 2012. Facebook was the top-visited Website overall for the third year and accounted for 79.1 billion total U.S. visits in 2012.

- Facebook Custom Audiences brings email marketing and Facebook advertising together in new and interesting ways since marketers now can use Facebook as a channel to amplify the reach of email messages and also to give their messages another chance of being seen by their customers.

- Social data is rightfully classified as "big data," and it is important to work with partners who understand how to manage, analyze and take action on vast amounts of unstructured data. While the data is vast, it is possible to distill it down to important information that can help to influence marketing programs and improve results.

- Facebook drives more than 90 percent of the revenue generated from social sharing. The second sharing generation is the most profitable (I share, and then my friend clicks on the shared link and purchases something).

- Calculating the value of word-of-mouth advertising is inherently challenging, but data has shown that the value of a single customer is greater than the value of his or her direct interactions with the brand.

It's hard to believe, but just a few years ago, fewer than half of online adults were regular users of social media. Today, more than nine in 10 online adults (91 percent) say they access social media at least once a month and among young adults, social media use is virtually universal, with 99 percent of 18- to 24-year-olds using social media. Even older adults have joined in,

with nearly three quarters (74 percent) of online adults age 65 and older accessing social media at least once a month, up from just 22 percent in 2008.

Percent of online adults who use social media* monthly, by age

	2008	2010	2012

**Social media includes visiting photo and video sharing sites, social and professional networking sites, online forums and message boards, and social tagging and bookmarking. For 2012, social media also includes use of location-based check-in.*

Source: Experian Marketing Services' Simmons

What is social media?

Social media includes everything from photo and video sharing sites to social and professional networks, to online forums and more. The two most popular components of social media by far are social networks and photo/video sharing sites. In a typical month, three-quarters of all online adults (76 percent) say they visited a social networking site like Facebook or Twitter, and 70 percent visited photo or video sharing sites like Flickr and YouTube. Meanwhile, online forums and message boards garner visits by one-fifth of online adults (21 percent) each month, just ahead of professional networking sites like LinkedIn, which 15 percent of online adults visit monthly. Social tagging and bookmarking services like Digg and Delicious are used by just 11 percent of online adults. Once the clear domain of Foursquare, location-based social check-ins have grown to include Facebook Places, enabling users to check in to locations directly on Facebook. Today, 20 percent of online adults now engage in such check-in activities at least once a month.

Social media activities last 30 days

Activity	Percentage
Visit social networking sites	76%
Visit photo/video sharing sites	70%
Visit online forums/message boards	21%
Location-based check-in	20%
Visit professional networking sites	15%
Social tagging/bookmarking	11%
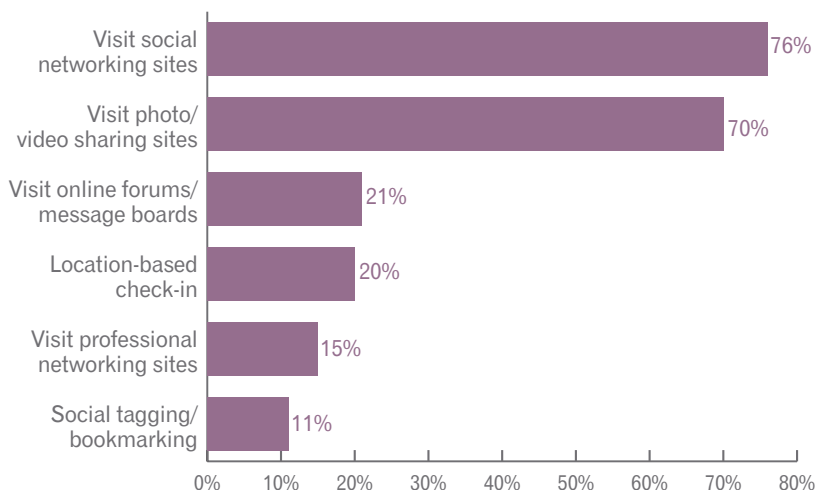
Source: Experian Marketing Services' Simmons

Inbox me

As social media and mobile phones expand their reach, they become a core means of communicating with the important (and sometimes not-so-important) people in our lives. In 2009, for instance, just six percent of adults said that they communicated with their parents via social media in a given month. Today, that number has more than doubled to 13 percent of adults. Likewise, in 2008, 17 percent of adults texted with their parents, while today 30 percent of them communicate with their parents via text.

Social media has also allowed many adults to keep in touch with people they may not normally hear from at all. For example, nearly one-quarter of adults (22 percent) now communicate each month with extended family members via social media, a figure that is actually higher than the share of Americans who text with extended family.

Like a cousin or an aunt, businesses are also increasingly entering extended circles via social media. Successful businesses will learn to leverage social media in order to endear consumers to their brands, plus enhance and grow their relationships. Strike a wrong note, however — even just once — and consumers may decide that the best place for your business, like certain family members, is distant.

Means of communicating with people in your life last 30 days

Legend: Text (2012), Text (2009), Social media (2012), Social media (2009)
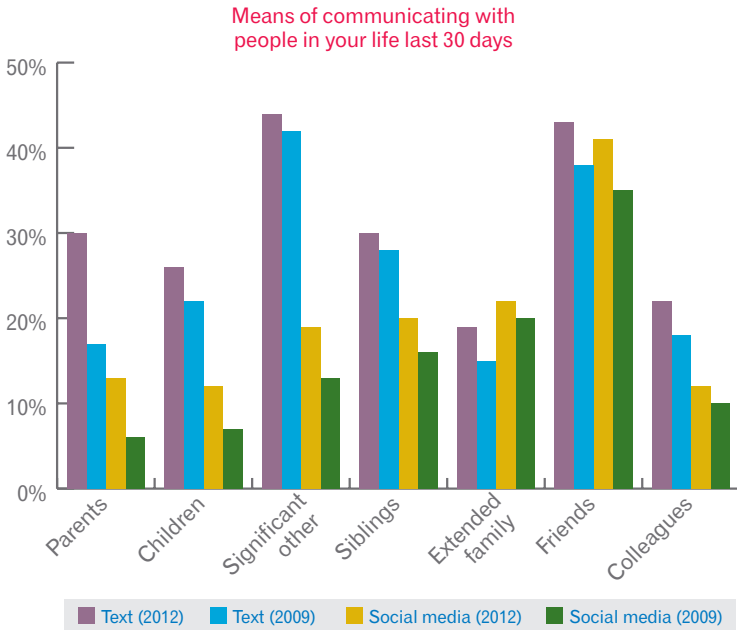
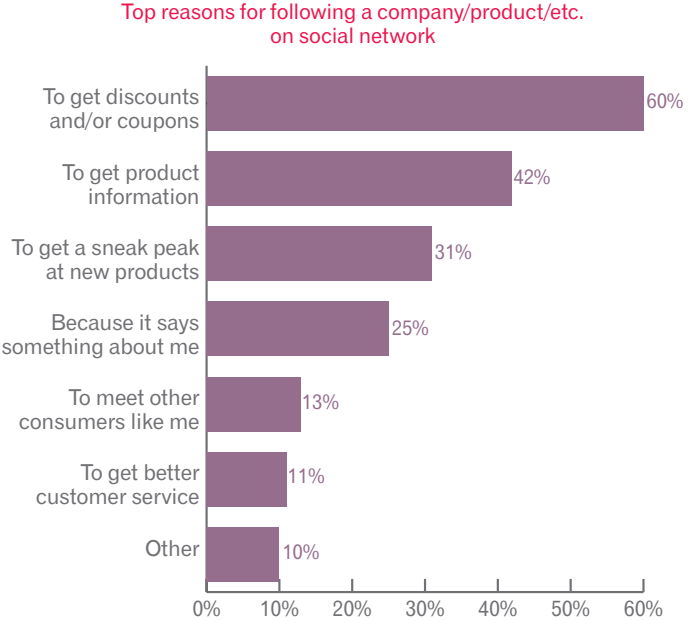*Base: Online adults • Source: Experian Marketing Services' Simmons*

They "like" you — they really, really "like" you

Today, 77 percent of adults on social networking sites say that they have shown support for a product, a service, a company, etc. by becoming a fan, a friend or a follower. When asked why they did so, the number one reason given by followers is to get a discount. In fact, 60 percent of those who followed a company or a group on a social network cited the potential for discounts or coupons as the reason. Many others said they just wanted information. Specifically, 42 percent say they follow companies, products, etc., to get information, and 31 percent say they do so in order to get a sneak peek at new products.

Interestingly, one-quarter of fans and followers told Experian Marketing Services that they become a fan because of how it reflects on them, giving further credence to the saying, "We are what we buy." As such, it should be no surprise that 13 percent of fans and followers say they become fans to meet other consumers like them.

Sometimes consumers become fans or followers not because they necessarily like the company they're following, but because they are having trouble with the company's product or service and want their voice to be heard. In fact, more than 10 percent of followers say they have followed a company, a product, etc. in the past in order to get better customer service.

Companies should understand these drivers for gaining fans and ensure that their social media team is empowered to deliver what their fans want most, whether that's a discount, a solution to a problem or an introduction to a community of like-minded consumers.

Top reasons for following a company/product/etc. on social network

Reason	Percentage
To get discounts and/or coupons	60%
To get product information	42%
To get a sneak peak at new products	31%
Because it says something about me	25%
To meet other consumers like me	13%
To get better customer service	11%
Other	10%

Source: Experian Marketing Services' Simmons

Growth in social networking site visits

As noted, consumers continue to make social networks a meaningful part of how they interact with their friends, family and favorite brands. In fact, social networking sites captured 15 percent of all U.S. Internet visits in December 2012. Facebook was the top-visited Website overall for the third year and accounted for 79.1 billion total U.S. visits in 2012. Facebook captured the highest share of visits overall, with 9 percent of U.S. Internet visits and 60 percent of visits in the social networking category.

As a whole, the social sites category saw a 25-percent growth in visits in the past year. Websites that contributed to this year-over-year growth were Google+ (68 percent), Tumblr (42 percent), Twitter (34 percent) and YouTube (10 percent). Pinterest continued to see a rapid growth of 133 percent in total visits from December 2012 compared to 2011.

Immediately following a visit to a social networking site, people most often visit entertainment sites, other social networks, search engines and shopping sites. Knowledge of this traffic, coupled with the opportunity to drill down to the specific Websites visited after a social network visit, gives marketers the insight they need to leverage cross-channel marketing and ensure presence in the places their customers are spending time online.

Downstream industries visited after Social Networking and Forums, month of December 2012

Industry	Percentage
Search engines	23.27%
Entertainment	18.06%
Social networking and forums	16.50%
Shopping and classifieds	7.34%
Multimedia (Entertainment)	7.09%
Portal frontpages	6.37%
Lifestyle	4.98%
News and media	4.95%
Business and finance	4.37%
Games	4.05%
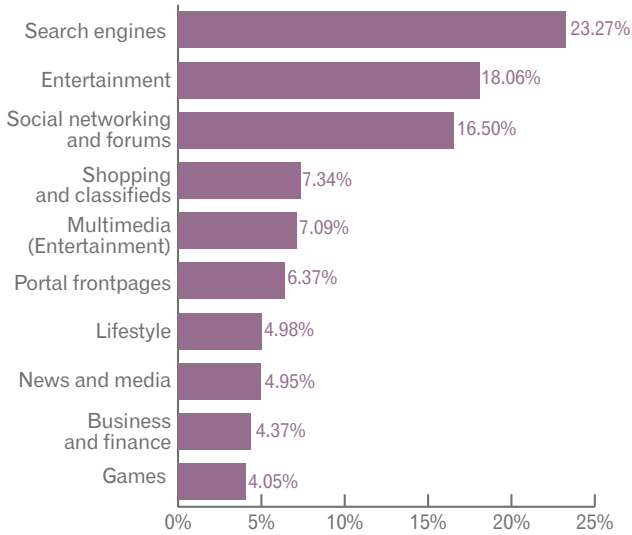
Source: Experian Marketing Services' Hitwise

Pinterest, now almost three years old, is growing at a rapid rate, capturing 40 million visits during the week ending January 5, 2013 — nearly four times the rate in the same week last year.

Pinterest share of total visits to all industries

Pinterest has the broad appeal needed to attract users with varied interests and, in turn, captures a diverse make up of demographic, socioeconomic and lifestyle characteristics in terms of audience.

Pinterest presents a fantastic opportunity for brands to promote products in a compelling, organized way to reach a wide group of people. Because of its model of videos and images linking elsewhere, Pinterest is a great source of referral traffic for Websites and blogs.

Social through many channels

The beauty of social networking is the ability to stay up to date with your personal and professional networks anytime and anywhere. In fact, nearly half of all adults who use social networks (49 percent) say they engage in social networking from multiple devices in a typical week. The single most common device used for accessing social networks is still the home computer. In a typical week, 78 percent of adults who use social networks do so from their home computers. In fact, 11 percent of all adults today and 31 percent of those who social-network say the activity in which they engage most on their home computers is social networking.

Many also network on the go, with 42 percent of social networking adults accessing social networks from their mobile phones each week. Another one-quarter of social networkers use their work computers to connect with their networks each week, while one-fifth access their networks from a

digital tablet (19 percent). Relatively few adults (5 percent) use a gaming console or an MP3 player, like an iPod®, to social-network, yet it remains a viable option for some when they need a quick fix.

Hispanic social-networkers, in particular, are more likely to access social networking channels via a gaming console and an MP3 player, and are also more likely to network from a mobile phone or a tablet.

Devices used to access social networks:
Hispanics are more likely to use mobile phones,
tablets, games and MP3 players

	Hispanic	Non-Hispanic
Home computer	72%	79%
Mobile phone	44%	41%
Work computer	21%	26%
Tablet	21%	19%
Gaming console	7%	4%
MP3 player	6%	5%
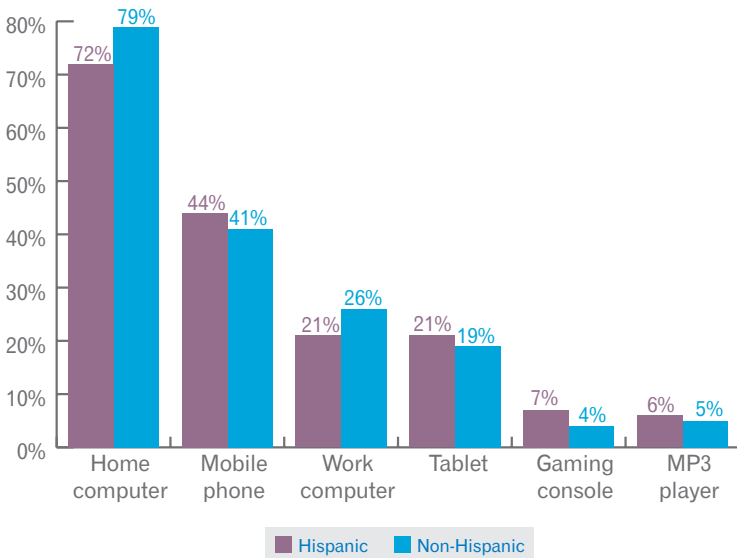
Source: Experian Marketing Services' Simmons

A year in review for Facebook advertising

2012 was quite a year for Facebook. From General Motors pulling its advertising to Facebook's highly anticipated initial public offering, the market has watched intently to see what the company will do next. Facebook answered a lot of questions by focusing its efforts on mobile and launching more ad units than marketers realistically could keep up with. The company has stayed the course by not offering advertisers standard ad units seen on most other networks, but has listened to marketers and now allows advertisers to place ads in the Newsfeed and on mobile. Facebook also has made strides in helping advertisers to better measure the return on investment (ROI) from paid media, and although many marketers are still happy knowing that Facebook advertising helps to boost "engagement" levels, even more are satisfied that they can report accurately on return on ad spend (ROAS) across the network.

Although the direct attribution of dollars to ad spend likely will be more difficult for Facebook to prove than Google, advertisers have seen their cost per click (CPC) go down on Facebook in 2012 and the overall value of their campaigns increase with new ad units, plus greater focus on mobile and "addressable" advertising (see below).

Facebook advertising and CRM converge

In the fall of 2012, Facebook pulled two products out of beta that immediately differentiated its advertising offering. Facebook Exchange and Facebook Custom Audiences allow advertising on Facebook to be "addressable" for the first time. With The Facebook Exchange (commonly known as FBX), marketers now can retarget Website browsers with highly relevant and timely ads (based on a cookie match from the Website to Facebook). Custom Audiences allows the targeting of ads to specific Facebook users (files of email addresses or phone numbers are uploaded to Facebook, and Facebook matches the data to Facebook user IDs and enables those IDs to be targeted).

Facebook advertising has long been the focus of criticism by marketers and agencies alike due to the "top of the funnel" nature of Facebook as a destination. Do people go to Facebook to buy products, or to see what's going on with their friends? FBX and Custom Audiences help bridge this gap as marketers now have a way to reach their desired audiences online — as long as they are part of the billion-plus users that Facebook boasts. Retargeting has been a tried and true form of display advertising for years — and adding Facebook to the mix gives marketers the best shot of reaching their consumers online. Thus far, the results have been very positive.

Sample results of Facebook Custom Audiences for a luxury retailer
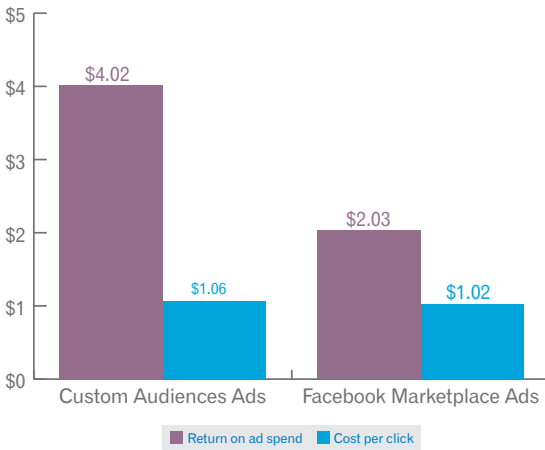
Custom Audiences brings email marketing and Facebook advertising together in new and interesting ways since marketers now can use Facebook as a channel to amplify the reach of email messages and also to give their messages another chance of being seen by their customers. A common use case is to try to re-engage "inactive" email subscribers with Facebook ads and entice them back to the company's Website or email program. Before Custom Audiences, this practice was nearly impossible to employ at scale digitally.

Example of complementary
Facebook ad served
to email subscribers
using Facebook
Custom Audiences

Now marks the first time that email marketers and "owners" of the customer have needed to think strategically about Facebook advertising. As Facebook advertising moves to a medium where brands can reach customers, and not just anonymous prospects, it will become more important for CRM teams to get involved to help manage these interactions.

Social media intelligence

Social media can be an effective brand building and engagement device, but it's a real challenge to understand and leverage all that consumer activity across other marketing efforts. Social media often can remain a "closed book."

As this channel matures, new technologies will emerge to help marketers gain an understanding of just who is participating in their social efforts, whether or not they are customers and what their value is. Marketers can use that insight to develop programs for the socially active in other channels.

The key to this approach rests in gathering "permissioned" data through, for example, Facebook Connect. By creating compelling offers that link to your brand and collecting emails as part of that effort, you can begin creating insight that can power your marketing strategy, planning and, ultimately, programs. However, this is not a "single campaign" effort. Social data has a short half-life. An ongoing stream of different types of incentives will ensure that you engage all of your customer segments, and, most importantly, capture people as their social activity varies.

Starting with email, once email addresses have been captured, they can be linked to comprehensive resources of consumer demographics, attitudes and behaviors, like ConsumerView, and to your own customer data. The resulting rich, multidimensional profiles will not only let you understand if your fans are your customers and whether they are high-value or low-value, but also if you are reaching a new audience entirely. You'll also be able to build models to target the socially active among your customers with compelling offers through other channels. As a result, you'll get smarter about your Facebook campaigns.

Everyone is learning about social media data, and it's definitely challenging, but going beyond listening to actionable profiling is an important step in opening the "closed book" and creating social intelligence across marketing efforts.

What we learned about social media data in 2012

Last year, Experian Marketing Services noted that the value of customer data is in actually using it to help make marketing decisions. While most brands are still determining how they can best harness social data, 2012 was an important year of information gathering that will aid in better decision making in 2013 and beyond. Here is what we learned from some of the more progressive Web marketers:

• Social data is rightfully classified as "big data" and it is important to work with partners who understand how to manage, analyze and take action on vast amounts of unstructured data

• While the data is vast, it is possible to distill it down to important information that can help to influence marketing programs and improve results

Some of the richest data that can be collected and analyzed comes from social sharing. Websites have become increasingly more "social" over the past two to three years, but as with social sharing buttons in emails, buttons on Websites were thought to be important; whether that was actually true was not really known. With a solid year of data on this topic,[2] here are some initial conclusions that can be used to drive marketing decisions going forward:

• The volume of traffic from sharing Website content is broadly equal between Facebook and Twitter

• Facebook drives more than 90 percent of the revenue generated from social sharing

• The most profitable share is the first degree of separation (Jane shares, and then Jane's friend clicks on the shared link and purchases something)

• Shares up to five generations have been recorded (Jane shares, Jane's friend shares, that friend's friend shares, that friend's friend shares and that friend's friend clicks and purchases)

• Viral revenue per visit is typically greater than average revenue per visit for nonviral traffic

• The number of viral visits and subsequent revenue generated from a single share varies greatly depending on the type of content shared — we have seen data between 1.5 and 10 for both metrics

This data proves the importance of social sharing and influence through implementations as simple as including "Like" and "Tweet" buttons on a Website. It also highlights the importance of tracking and measuring this activity/behavior with an eye toward optimizing and monetizing future strategies, plus ultimately viewing this practice as an integral part of the Customer Life Cycle and not isolated brand interactions.

Calculating the value of word-of-mouth advertising is inherently challenging, but data has shown that the value of a single customer is greater than the value of his or her direct interactions with the brand. For example, if Jane buys a book from an ecommerce Website, it contributes to her direct value to the Website, but if she also clicks to share the book with a friend or with her network, this action can influence her friends to visit the site and drive additional sales. A simple equation for this could be:

$$\text{Customer value} = \text{direct value} + \text{influence value}$$
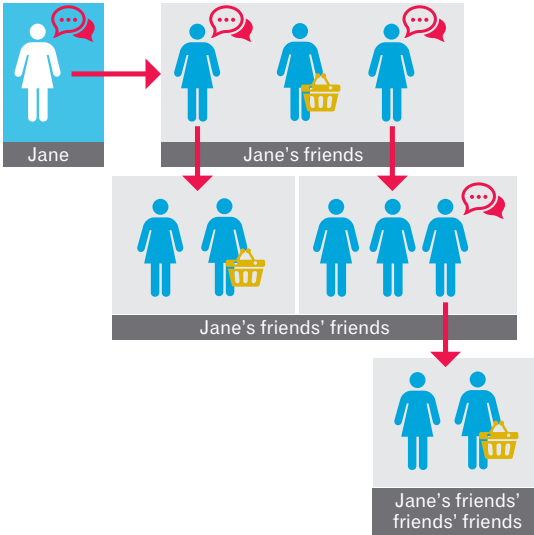
A look to 2013: next steps for brands to harness the value of social data
The year 2013 may be the year that large and small brands alike make strides in understanding the value of the social data they are collecting every day. CEOs, CMOs and chief information officers are becoming less interested by the day in blindly chasing fans and followers, and are challenged to find ways to engage and monetize consumer interactions. We believe that there will be more mainstream adoption of tools that provide straightforward ways to measure and understand the value of social data and that this measurement will help support the continued investment in social channels. This shift will bring with it interesting and useful knowledge and new challenges around revenue attribution and the need to integrate "social" with other channels. Most importantly, the data that companies glean in 2013 will allow them to include social interactions as part of their broader Customer Life Cycle strategies, which are critically important.

Display and search

Display advertising and search

Key findings

- Retail advertisers, despite an overall decline, continue to represent the largest category of Internet ad spending. However, automotive had the bigger year-over-year increase.

- Marketers need good audience data, accurate and actionable segmentation, scalability and high-quality creative development in order to lay the groundwork for success in their online advertising campaigns.

- Marketers must go into display advertising campaigns feeling comfortable about a longer timeline required to allow traction and drive the desired results.

- This is the fourth year that Facebook has been the top search term overall, accounting for 4.13 percent of all searches, a 33 percent increase from 2011.

- The search terms "yahoo" and "ebay" have appeared among the top 10 since the ranking was started in 2006.

- Five Websites captured 20 percent of all search activity in Q4 2012, while the top 500 captured nearly 50 percent.

- Navigational searches dominate the top search results as users continue to visit their favorite sites via search engines instead of directly entering a Web address into their browser's URL bar.

Internet advertising revenues reached $17 billion in the first half of 2012

According to a recent Interactive Advertising Bureau (IAB) report, U.S. Internet advertising revenues totaled $8.7 billion in the second quarter of 2012, an increase of 5 percent from the 2012 first-quarter total of $8.3 billion and an increase of 14 percent from the 2011 second-quarter total of $7.7 billion. Year-to-date revenues through June 2012 totaled $17 billion, up 14 percent from the $14.9 billion reported in 2011.

Applying historical seasonal data, the first six months of 2012's revenues of $17 billion were on an annual run-rate to make 2012 the highest year, exceeding the $31.7 billion in 2011, the previous highest annual total.[3]

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3 IAB *Internet Advertising Revenue Report, Interactive Advertising Bureau, 2012 first six months' results October 2012*

Historical revenue mix — first half versus second half
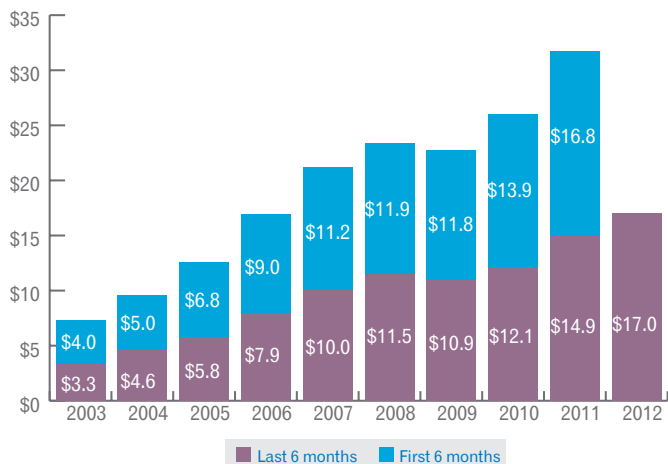
Year	Last 6 months	First 6 months
2003	$3.3	$4.0
2004	$4.6	$5.0
2005	$5.8	$6.8
2006	$7.9	$9.0
2007	$10.0	$11.2
2008	$11.5	$11.9
2009	$10.9	$11.8
2010	$12.1	$13.9
2011	$14.9	$16.8
2012	$17.0	

Source: IAB Internet Advertising Revenue Report, Interactive Advertising Bureau, 2012 first six months' results October 2012

The display advertising industry's growth remains fast and furious, with new technologies, methodologies and concepts introduced regularly. One major industry innovation is a move to a more dynamic and efficient system of buying and selling display media. Also, on the rise is marketers' use of "big data" to make display advertising a truly data-driven process that can enable and support high-scale programmatic activity.

Retail advertisers continue to outspend other industries

Retail advertisers, despite an overall decline, continue to represent the largest category of Internet ad spending, accounting for 20 percent in the first half of 2012, or $3.4 billion, down from 4 percent ($3.5 billion) reported in HY 2011. Financial services and automotive advertisers were the next two highest spenders, both accounting for 13 percent of ad spend in 2012 ($2.2 billion). Automotive, however, had the bigger year-over-year increase.[4]

Industry advertising — year-over-year comparatives

* Industry definitions may have changed over the time period depicted, both within the survey process and as interpreted by survey respondents. Amounts do not total 100 percent as minor categories are not displayed.

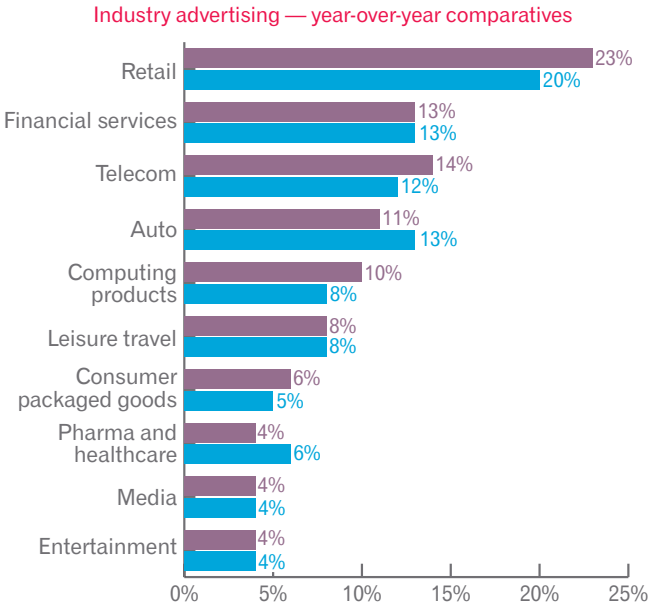*Source: IAB Internet Advertising Revenue Report, Interactive Advertising Bureau, 2012 first six months' results October 2012*

Navigating the complicated display advertising process

The online display advertising world can be a bit intimidating for many reasons, including the numerous vendors and technologies typically required to run campaigns. For instance, an advertiser may work with several providers in order to get the depth of data needed to identify the right audience. They then need media inventory resources to reach and expose that audience to their message, and may even require several separate measurement and reporting companies to collect the data, provide insights on converters and measure campaign performance.

One way to overcome such complexities is to work with an experienced display advertising vendor that has a one-stop shop. That vendor should offer marketers four key things:

- Access to many enriched data sources and the ability to couple that data with the marketer's own data

- Robust, high-volume and scalable trading platforms that can process all the required data, as well as different algorithms for evaluating the value of a single impression in order to make a decision around serving an ad — all within milliseconds

- The ability to track and measure campaigns accurately to give marketers full visibility into ad spend and ROI

- A knowledgeable and experienced team to manage the end-to-end process

Case study: Leading national student loan provider lowers two key cost-per-acquisition metrics by 15 percent and 50 percent

Challenge

A leading national student loan provider needed a higher volume of customers but at a lower cost per acquisition than it had previously experienced in the digital display channel.

Resolution

First, the provider used Audience IQ^{SM} to analyze its customer base, and used its first-party data coupled with Experian consumer data to create a targeting audience of distinct "life stage" segments:

- High school student

- Parents of high school students

- Young families

Targeting tactics were developed around a direct match of the provider's customer file to the Audience IQ online profile universe, and "look-a-like"

audiences were created for the four segments leveraging Experian's vast consumer marketing data in order to achieve campaign scale, reach and efficiency.

Finally, a media plan was created to target the audiences with compelling ad messaging across a wide array of low-cost, auction-based display media inventory.

Results

Leveraging Audience IQ's data, audience development expertise and advanced media capabilities over the course of its 60-day campaign, the student loan provider lowered its cost per acquisition for a college savings enrollment program and student loan submission by 15 percent and 50 percent, respectively. The provider also increased its display media budget by more than 285 percent per month and extended the original 60-day pilot to a 12-month partnership that continues to yield strong results.

Starting successful online display advertising campaigns

Here are four things marketers and advertisers need in order to lay the groundwork for success in their online advertising campaigns:

1. **Solid audience-based data, the foundation for display advertising success.** Start with your CRM file and work with the right partners who can best leverage it and enhance your audience definition with robust data assets to create a highly targeted display audience.

2. **Actionable, value-based segmentation, a key campaign driver.** Value-based segmentation assigns predicted economic values to customer or prospect audience targets -- based upon the campaign objective -- for the more cost-efficient real time display ad buying. Applying value-based segmentation to an audience according to sound consumer insights and analytics allows for more dynamic and cost-effective display media bidding.

3. **Scalability to drive campaign efficiency.** You've defined your target audience with value-based segments. Now you need to reach that specific audience at scale to maximize campaign efficiency and get the most from your media budget.

4. **High-quality creative to drive engagement and conversion.** Developing the right audience, targeting parameters and media strategy is only as good as the creative message displayed so the importance of highly relevant, targeted creative cannot be underestimated. Work with a partner who understands your target audience and campaign objectives to develop and deliver the most compelling message.

Approaching your online display campaign set up this way will ensure it is built on a solid foundation, greatly increasing the likelihood of your program's success.

Not so fast

Data-driven, audience-based campaigns typically take a little more ramp-up time than more traditional advertising, but sometimes, if companies don't see results right away, they might change or abandon their strategy too quickly. This new, digital path truly requires a shift in advertiser behavior and thinking. All is not lost if you don't see results right out of the gate. The systems need time to use the data to target the best audience, hone in on the right media for that audience and bid on it accurately. All of these steps take time but are needed to drive performance.

Marketers in the trenches may get comfortable as they start to see results, but they sometimes struggle with getting their senior leadership to accept the longer time frame and keep spending on display programs. Brand advertisers tend to buy into display better than performance-based advertisers because they are used to the time required to create repeated exposure that builds awareness, consideration, favorability and intent. The key takeaway is that you need to go into these campaigns feeling comfortable about the longer timeline required to allow traction and drive the results you seek.

Advanced advertising tools maximize spend

These principles can also be applied to addressable television advertising. The concept is simple: target and deliver television advertising in the same way as direct mail, using household-level analytical profiling and segmentation. And like direct mail, the ad can be tailored to the household, with different ads being delivered to different households simultaneously across the same ad unit. Of all the advanced advertising tools coming to market, none promises advertisers more ability to maximize advertising spend than addressable television advertising.

Case study: Axcess Financial improves online customer acquisition and increases revenue with segmentation and targeting systems

Challenge

Axcess Financial, a leader in the sub-prime, under-banked and unbanked credit industry, competes with better-known brands with bigger budgets and needed to get the attention of consumers on search engine results pages, as well as find a more cost-effective online display partner to target and acquire new customers to improve its ROI.

Axcess Financial's specific challenges included:

• Acquiring more profitably acquire new customers

• Receiving better, more detailed insights into its responders and converters Understanding which channels and keywords are most effective in driving low-cost, qualified traffic to its Website

• Identifying the audience segments with the highest conversion rates relative to its cost per acquisition

• Finding a better display advertising system to ensure digital ads were targeted to its key audience segments in precise geographies but at scale

Resolution

Experian Marketing Services helped Axcess Financial understand the opportunities and how-to's of driving and converting more qualified prospects, thereby increasing the ROI of its online marketing campaigns. By utilizing Audience IQ^S to display targeted online ads, and Hitwise to both identify which keywords provide the biggest lift in search traffic and understand the segments of converting consumers, Axcess Financial was able to strategically pinpoint its high-growth prospects and drive a significantly higher volume of responses and conversions through its Website.

Axcess Financial leveraged Experian Marketing Services to:

• Benchmark its search-driven traffic versus that of key competitors

• Define the keywords driving clicks and conversions from paid search campaigns

• Identify its top five referring partner sites

• Understand which email domains were driving traffic to competitive sites

• Report on the conversion tactics and successes of competitive Websites

• Define its key audience segments for online acquisition opportunities

- Create a targeting strategy geared toward the geo-demographic and summarized credit profiles of its key customer segment profiles

- Launch an audience-based media program geared toward geo-demographic segments, income bands and aggregated creditworthiness scores

- Identify its strongest-performing customer segments, as well as under-served segments that competitors had not covered

- Execute a fully optimized digital media campaign against very tight performance goals

Results

Axcess Financial was able to better understand its ideal customer segments and target them cost-effectively at scale. The company successfully lowered the cost per acquisition (CPA) by 71 percent while growing the business by 450 percent over two years, using Audience IQ and Hitwise data for bidding and real-time geographic filtering.

"Hitwise conversion reporting has been critical to the growth of our business, as we were able to benchmark our performance and realize growth opportunities. Since bringing Hitwise solutions into our business, we have seen our revenues increase by 450 percent."

— Jean-Marx Mantilla, Vice President of eCommerce, Axcess Financial

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Search trends

As Google goes, so goes search. With 72 percent of total search traffic, and search still representing the majority of online ad spend, Google has to be top-of-mind for any marketer. While Google updates its search algorithm hundreds of times each year, the company has recently rolled out features within its search engine results page (SERP) that capitalize on other products like Google Shopping, Google Local, Google Travel, Google+ and Google Knowledge Graph. Google's relentless pursuit of the most relevant search result requires constant vigilance on the part of marketers to get the most out of their search programs. In 2013 and beyond, marketers will have to work even harder to gain and maintain position in organic search results. They'll also need to spend more effectively on paid search ads by knowing how their target customers use search and by applying insight into their behaviors and attitudes to plan and execute better content and campaigns.

Top search engines by visits share, month of December 2012

- Google: 73.8%
- Yahoo! Search: 6.5%
- Bing: 6.8%
- Ask: 3.4%
- AOL Search: 1.9%
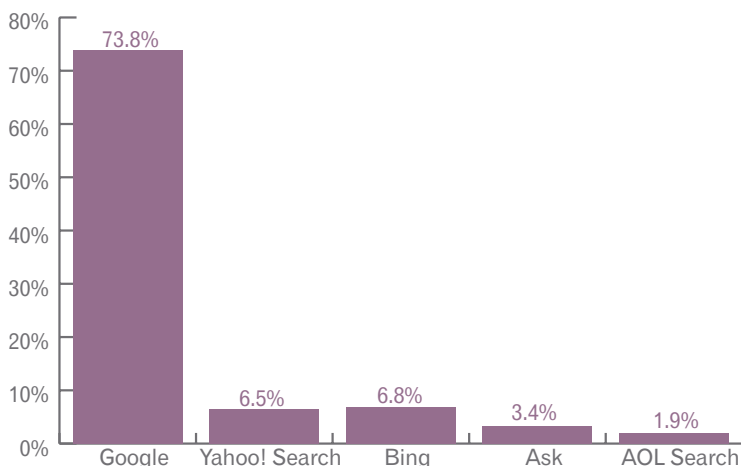
Source: Experian Marketing Services' Hitwise

Experian Marketing Services analyzed its Hitwise data for the top 1,000 search terms for 2012,[5] and "facebook" was the top-searched term overall in the United States. This is the fourth year that the social networking Website has been the top search term overall, accounting for 4.13 percent of all searches, a 33-percent increase from 2011. Four variations of the term "facebook" were among the top 10 terms and accounted for 5.62 percent of U.S. searches overall, a 27-percent increase from 2011.

The search term "amazon" moved into the top 10 terms for the first time in 2012. Analysis of the search terms revealed that social-networking-related terms dominated the results, accounting for 6.03 percent of the top 50 searches. This is an increase of 44 percent compared with 2011. YouTube-related terms accounted for 1.67 percent, representing a 23-percent increase compared with 2011. Google terms (including YouTube) accounted for 1.91 percent — an increase of 20 percent compared with 2011. Yahoo terms accounted for 0.79 percent — an increase of 34 percent compared with 2011. The search terms "yahoo" and "ebay" have appeared among the top 10 since the ranking was started in 2006.

5 *The Hitwise data is based on the top 1,000 unfiltered U.S. search terms across all search engines and U.S. total visits for January to November 2012. The data does not include mobile searches or traffic.*

Top 10 most searched terms in the United States	
2011	2012
facebook	facebook
youtube	youtube
facebook login	craigslist
craigslist	facebook login
facebook.com	facebook.com
yahoo	yahoo
ebay	ebay
www.facebook.com	www.facebook.com
mapquest	mapquest
yahoo.com	amazon

Source: Experian Marketing Services' Hitwise

Top public figure searches — Whitney Houston, the most popular public figure search, was the 196th most popular overall search term in the United States in 2012:

- Whitney Houston (196)
- Justin Bieber (242)
- Kim Kardashian (291)
- Nicki Minaj (371)
- Bobbi Kristina (397)
- Miley Cyrus (432)

Movie titles — the top five searches from within the Movies category:

- Breaking Dawn — Part 2
- Magic Mike
- The Dark Knight Rises
- Prometheus
- Dark Shadows

Music — the top five searched-for artists/bands:

- One Direction
- Taylor Swift
- Justin Bieber
- Beyonce
- Zac Brown Band

Branded destinations — the top five search terms:

- Disney World
- Great Wolf Lodge
- Disneyland
- Hersheypark
- Universal Studios Orlando

Top TV show searches — the top five prime time show searches from the Television category:

- American Idol
- Dancing with the Stars
- The Voice
- The Bachelor
- South Park

Sports: The top searched-for athletes were Tiger Woods, Tim Tebow and Peyton Manning. The top searched-for sports team was the Dallas Cowboys.

News and Media: The top noncelebrity search topics among News and Media sites in 2012 were Hurricane Sandy, election results and George Zimmerman.

Understanding the search landscape

Five Websites captured 20 percent of all search activity in Q4 2012, while the top 500 captured nearly 50 percent. Expansion to the top 1,000 Websites reached nearly 75 percent, highlighting the challenges for marketers to reach potential customers through search, even for those with a large Web presence.

Top five Websites to capture search clicks		
Websites	Domain	Q4 2012
Facebook	www.facebook.com	8.48%
YouTube	www.youtube.com	5.55%
Yahoo!	www.yahoo.com	2.63%
Wikipedia	www.wikipedia.org	2.01%
Amazon.com	www.amazon.com	1.40%

Source: Experian Marketing Services' Hitwise

Number of Websites to capture search activity — Q4 2012

Share of search clicks (vertical axis)

Number of Websites (horizontal axis)

Number of Websites	Share of search clicks
Top 10	23.5%
Top 25	28.3%
Top 50	32.4%
Top 100	36.9%
Top 500	49.3%
Top 1,000	55.5%
Top 2,500	63.5%
Top 5,000	69.3%
Top 10,000	74.9%
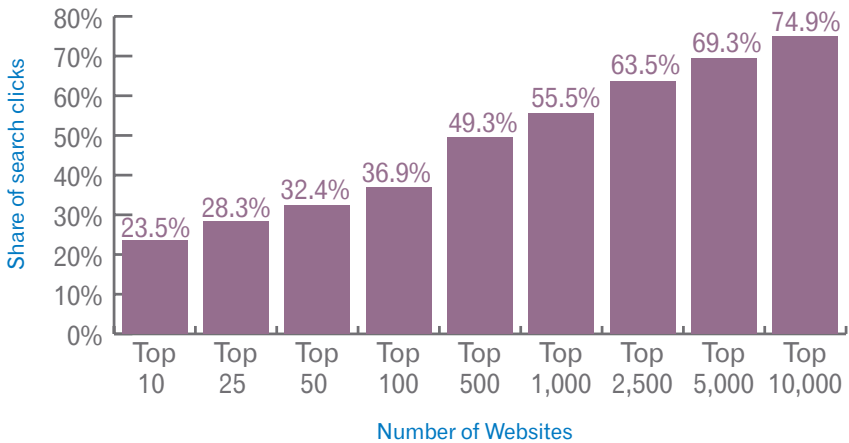
Source: Experian Marketing Services' Hitwise

Even through paid search, the landscape changes very little — the top 10 Websites captured 16 percent of all paid search clicks, and the top 500 captured 56 percent.

Top five Websites to capture paid search clicks		
Websites	Domain	Q4 2012
Amazon.com	www.amazon.com	4.19%
eBay	www.ebay.com	3.46%
eHow	www.ehow.com	2.44%
Best Buy	www.bestbuy.com	1.06%
Yahoo! Shopping	shopping.yahoo.com	0.85%

Source: Experian Marketing Services' Hitwise

Number of Websites to capture paid search activity — Q4 2012

Share of search clicks

- Top 10: 16.0%
- Top 25: 23.9%
- Top 50: 30.2%
- Top 100: 37.2%
- Top 500: 56.3%
- Top 1,000: 64.1%

Number of Websites
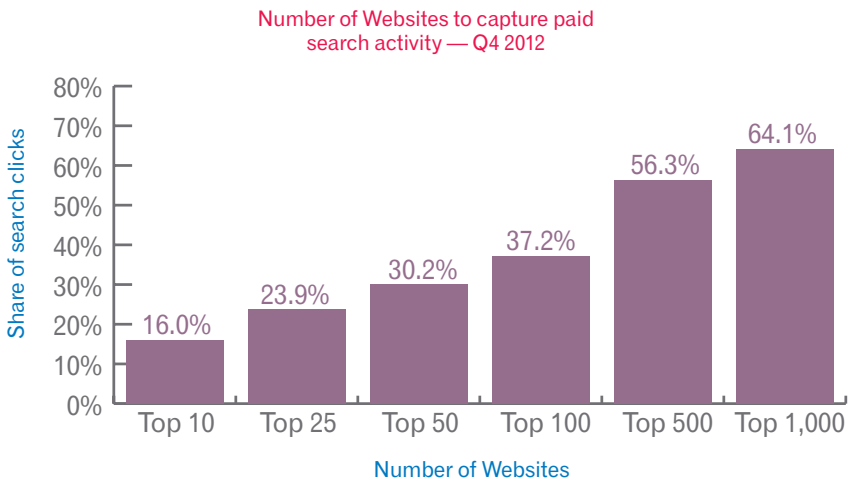
Source: Experian Marketing Services' Hitwise

Tip: Breaking through the clutter is key to reaching customers who are in the market for your products and services. Understanding who your ideal customers are can help to focus your search campaigns on these consumers and see greater campaign effectiveness.

Depth of data is required to get to consumer intent

Navigational searches continue to dominate the top search results, as users continue to visit their favorite sites via search engines instead of directly entering a Web address into their browser's URL bar.

This continued trend in branded and navigational searches can be challenging for marketers to improve relevance. For example, it's difficult to understand the intent of the user before they reach the Website if they navigate to Walmart.com using, say, the search term "walmart." One way to solve this problem is to strip out Website names in order to isolate other types of searches, such as the top products being searched on Cyber Monday in 2012:
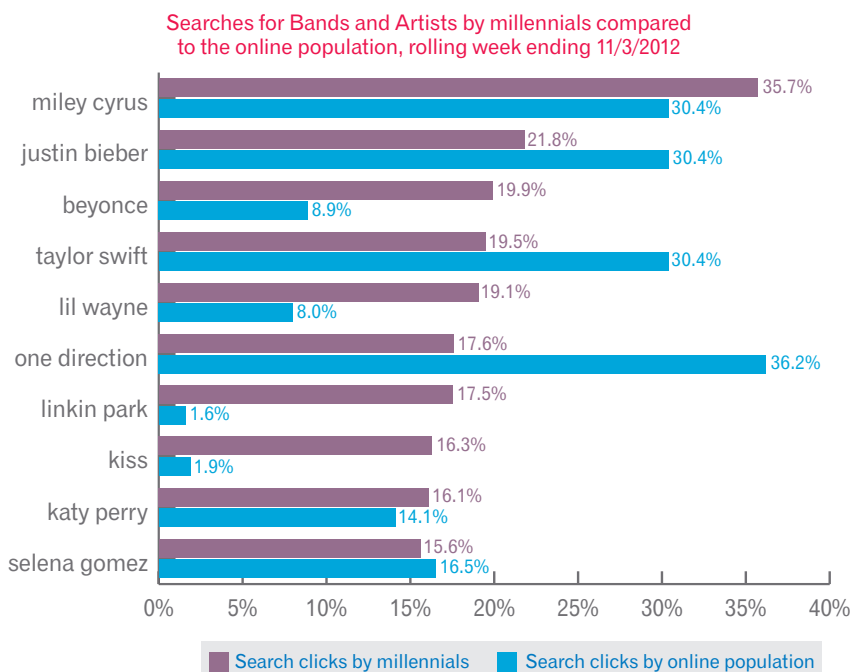
- Uggs
- Kindle Fire HD
- xBox 360 Kinect Bundle
- Wii U
- Shark Vacuum

Not only is it important to understand the root term used by your target audience to search for your product or brand, but it is also important to get at the keyword modifiers — the words that combine with the root term to create your long tail strategy. Identifying these modifiers provides deeper insight, which you can use to improve your strategy and capture your audience faster.

Using segmentation to identify the behaviors of high-value consumers

By examining the search term variations that a targeted group of consumers uses, marketers can understand the types of answers they are looking to find online. Take, for example, millennials searching for music artists. First, you can identify their interests based on search terms, and then, by looking at variations on those search terms, you can uncover important behavioral data.

For example, millennials were more interested in artists like Beyonce and Lil Wayne, while the online population had a strong preference for Justin Bieber, Taylor Swift and One Direction, most likely driven by households with teenage children.

Searches for Bands and Artists by millennials compared to the online population, rolling week ending 11/3/2012

Artist	Search clicks by millennials	Search clicks by online population
miley cyrus	35.7%	30.4%
justin bieber	21.8%	30.4%
beyonce	19.9%	8.9%
taylor swift	19.5%	30.4%
lil wayne	19.1%	8.0%
one direction	17.6%	36.2%
linkin park	17.5%	1.6%
kiss	16.3%	1.9%
katy perry	16.1%	14.1%
selena gomez	15.6%	16.5%

Source: Experian Marketing Services' Hitwise

Search term variations for "Beyonce" by millennials compared to the online population, rolling week 11/3/2012

Search term	Search clicks by millennials	Search clicks by online population
beyonce	22.4%	15.1%
beyonce two toned hair images	3.6%	.10%
beyonce tumblr	3.4%	.86%
beyonce looks	2.9%	.12%
do kanye west and beyonce get along	2.8%	.07%
beyonce hair	2.8%	.15%
obama beyonce and jay-z	2.8%	.15%
beyonce baby	2.8%	5.3%
beyonce filmographie	2.7%	.07%
beyonce dance for you lyrics	2.4%	.32%
youtube beyonce	2.1%	.15%
beyonce videos	1.9%	.25%
beyonce and jay z	1.4%	.36%
beyonce hot	1.4%	.26%
beyonce dance for you	1.4%	1.3%
is beyonce pregnant again	1.2%	.13%
beyonce.com	1.2%	.18%

Legend: ■ Search clicks by millennials ■ Search clicks by online population

Source: Experian Marketing Services' Hitwise

Tip: Distinguishing the differences of your target audiences' behavior compared to the general online population will enable you to update content accordingly, thereby creating the best message to attract and engage target audiences.

Case study: The Weather Channel drives Web traffic and ad sales with strategic content development

Challenge

The Weather Channel, an online publisher of weather information, sought to achieve two main goals:

- Optimize search and content across seasonal and immediate topical weather activity
- Create new advertising sales opportunities and packages to grow revenue

Resolution

Using search intelligence data from Experian Marketing Services, The Weather Channel identified key vertical categories — including Health and Fitness, Travel, Home and Garden — that were most susceptible to seasonal weather patterns — and how seasonal change affected the search behaviors of consumers. This analysis provided a valuable understanding of differences in audiences and peak periods to help The Weather Channel understand what types of content to use and when to disseminate it across their media properties.

This deep analysis on types of search terms in each of the categories not only showcased annual activity spikes and identified when consumers seek out inspiration and ideas, but also showed when they are searching for sales and locations, indicating purchase intent.

Result

The Weather Channel now offers a better experience for both consumers and advertisers. The advertising sales team takes a more consultative approach with clients and prospects, helping them plan their ad campaigns around ideal time periods based on trends identified by Hitwise, and enabling them to make smarter decisions around their campaigns. For example, in the Travel category, consumers make spring break travel plans as early as December, so marketers need to be thinking through their outreach strategies many months earlier.

> "The depth of data and analysis we received from this Hitwise project helped us identify key patterns of when people make certain planning and buying decisions. We can better identify timing of those consumer habits, which helps us offer a better experience for both the consumer and the advertiser."
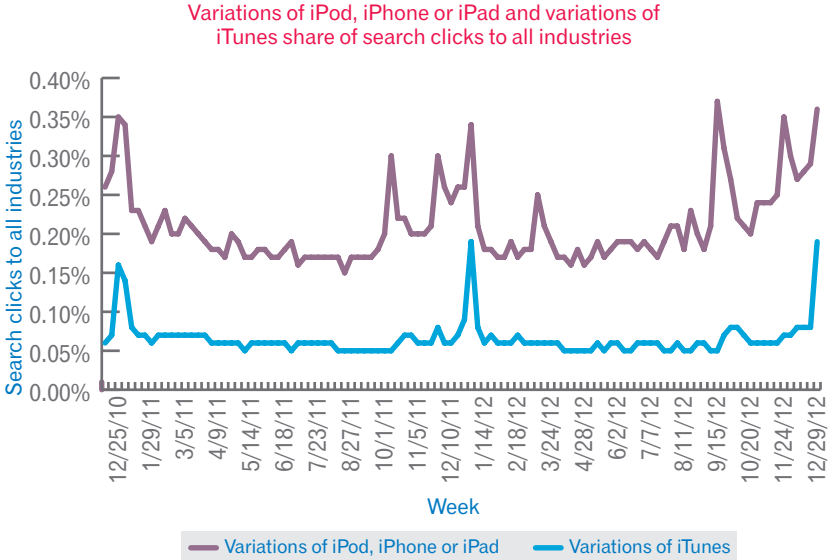>
> **— Paul Hutton, Director of Digital Ad Sales, The Weather Channel**

Timing is everything — understanding seasonality

Certain trends are predictable each year, such as the post-holiday rush to add digital content to devices received as gifts. While search activity around devices such as the iPhone, iPad and iPod tend to peak around product release announcements, each year searches for "iTunes" peak the week of the Christmas holiday as new owners sign up accounts, download software and redeem gift cards. It's important for marketers of digital content like music, movies, books and apps to get in front of their targets at that time of year. Seasonal intelligence can help marketers get ahead of the marketing curve and identify when core audiences begin searching for products so they can adjust marketing plans accordingly.
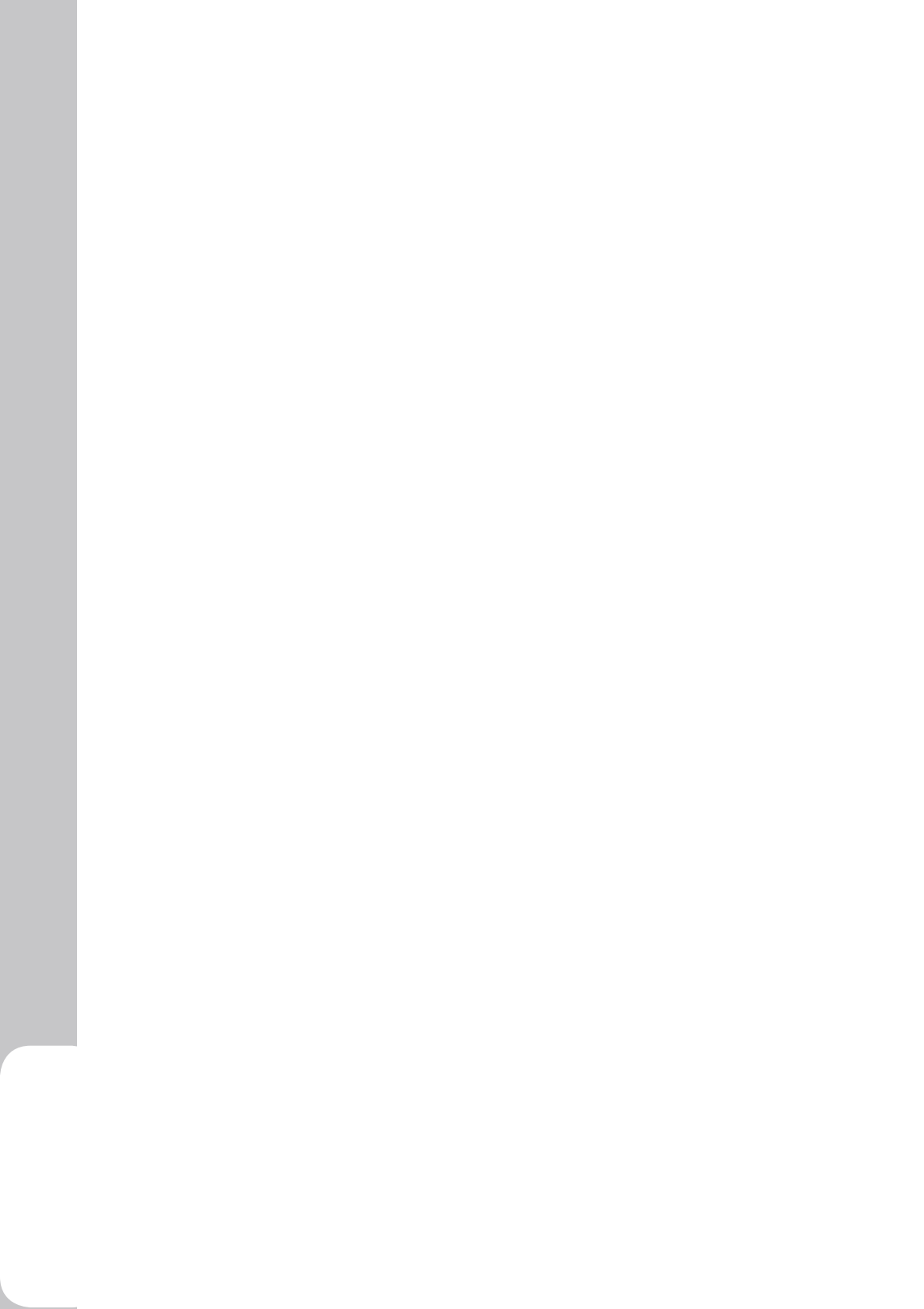
Variations of iPod, iPhone or iPad and variations of iTunes share of search clicks to all industries

Source: Experian Marketing Services' Hitwise

Global

Global

Key findings
- More organizations are asking for multicountry/global solutions, but few are able to articulate clearly what this means and, more importantly, realize its benefits.

- Best practices are hard to find and are often led by organizations born into the e-world, e.g., Amazon.

- There are few examples of "legacy" companies that can claim to operate in a truly global way, as opposed to having a presence in many regions.

- Increased uptake of digital marketing and the dominance of new channels, such as mobile and tablet, are accelerating the growth of global opportunities.

- The United Kingdom has one of the highest penetrations of household Internet access in the world, the majority of which is broadband.

- In the United Kingdom, social media makes up 12 percent of all Internet visits and 23 percent of the total time spent on online.

- Australians are among the most avid users of smartphones in the world. In the fourth quarter of 2010, smartphone sales surpassed those of PCs — and have continued to do so.

- Changing consumer behavior presents strong opportunities for marketers to connect online and offline activities, and mobile can be the way to connect these channels.

- Six out of 10 marketers have been satisfied with the performance of their most recent mobile marketing campaign, with 51 percent reporting that it was effective and 9 percent reporting that it was very effective.

As discussed elsewhere in this report, data is more readily available than ever before, giving marketers new opportunities to enhance consumer engagement.

There are many benefits to globalizing all marketing activity, but in essence, they can be categorized into two main areas:

• Internal benefits to the organization:

  – Standardization of systems architecture

  – Centralized reporting capability

  – Reduced supplier overheads

  – Reduced operating expenditures

  – Centrally driven product and marketing strategy

• External benefits to the customer:

  – Consistent experience

  – Ability to offer benefits for increased loyalty

This section looks at the challenges presented to companies as they try to realize these benefits and market to customers on a global basis.

Data

Data quality, availability and insights are challenging for organizations to harness, regardless of whether they operate in a single country or across multiple geographies. However, solving these issues across multiple geographies is not merely a linear multiple of a single country. Customers volunteer data online — i.e., they provide a delivery address to receive their purchased goods — giving online marketers unparalleled access to data, including products searched for, length of browsing time and personal information, compared to their brick-and-mortar retail counterparts. However, the age-old challenges of data accuracy and standardization techniques exist and are multiplied. There are many suppliers of capture software available to cover North America, but as the required geographic coverage increases, availability and quality become sparse.

Many organizations have evolved through acquisition or slow territorial expansion and are inevitably faced with multiple software solutions and databases within their organization. Aligning these systems to provide a common view of customers or to create standardized outputs, or imposing a standard package across the organization, can be a costly exercise.

The availability of third-party data also can be a challenge to organizations stepping outside of their core territories, as the sophistication of marketing analytics varies enormously across regions, influenced both by the maturity of the market and the general accessibility of publicly available demographic data. Products such as Mosaic from Experian can be an invaluable aid to creating a "common currency" for in-country consumer segmentation in a cost-effective manner for consumer insight, with Mosaic providing the capability for intercountry comparisons. This external data approach has benefitted organizations in many sectors across the globe.

Technology

Multicountry data-capture systems need multicountry processing systems. The traditional approach has been to split the data into country-specific data sets and process them separately. Increasingly, one-stop-shop systems now exist, but take care to avoid falling into the trap of believing that technology alone is the answer. The data compliance aspect of centralizing data can be a minefield in some regions, and without appropriate foresight when setting out terms and conditions for the storing and processing of customer data, it can take years to address the problems, if they ever get addressed at all.

Before embarking on a technology investment, the overall objectives and business drivers must be understood. On the global stage this understanding is of paramount importance. One size may not fit all, and local data management may well be sufficient to address the needs of some markets rather than significant CRM investments.

Regional variations

While it may be stating the obvious, all locations are not equal. In particular, local legislation sometimes limits data availability, and marketers must be prepared to move away from traditional channels and embrace different ways to contact customers and prospects. While countries such as China and India offer tremendous growth opportunities to many businesses, they also present challenges if traditional channels such as direct mail and email are to be used. Handheld devices have become the home desktop in many areas, and the age of email, in many ways, has been bypassed.

The table below shows that almost all countries have a greater penetration of mobile phone usage when compared to Internet users. In India, for example, mobile phone usage is five times greater.

	Population	Internet users	Internet user penetration	Fixed broadband household penetration	Mobile phone users	Mobile phone user penetration
Argentina	41,769,726	20,800,000	49.8%	42.70%	32,200,000	77.0%
Australia	21,766,711	15,200,000	69.7%	54.20%	16,600,000	76.3%
Brazil	197,595,498	79,300,000	39.0%	26.60%	109,900,000	54.0%
Canada	34,030,589	26,000,000	76.5%	73.60%	21,800,000	64.0%
China	1,336,718,015	513,000,000	38.4%	34.60%	780,600,000	58.4%
France	65,296,094	39,800,000	61.2%	74.20%	48,800,000	75.0%
Germany	81,471,834	55,600,000	68.%	61.60%	64,300,000	78.9%
India	1,189,172,906	83,200,000	7.0%	4.80%	416,200,000	35.0%
Indonesia	246,065,161	43,000,000	17.5%	1.40%	130,200,000	53.0%
Italy	61,016,804	30,100,000	49.3%	50.50%	47,000,000	77.0%
Japan	127,469,543	95,000,000	74.5%	72.50%	105,800,000	83.0%
Mexico	113,724,226	40,400,000	35.5%	25.20%	59,100,000	52.0%
Russia	142,525,588	62,000,000	44.7%	23.20%	99,900,000	72.0%
South Korea	48,754,657	37,500,000	76.9%	91.90%	41,200,000	84.5%
Spain	46,754,784	28,900,000	61.8%	60.60%	35,800,000	76.5%
United Kingdom	62,698,362	45,500,000	72.6%	61.70%	51,700,000	82.4%
United States	311,591,917	231,900,000	74.0%	67.20%	237,700,000	75.9%

Source: eMarketer Digital World Atlas

Marketing tactics on which business executives worldwide plan to increase spending in 2012 vs. 2013		
	2012	2013
Email marketing	60.00%	55.50%
Social media	55.00%	51.80%
Mobile	37.00%	42.80%
Search (SEO/PPC)	37.00%	39.80%
Advertising	28.00%	26.80%
Tradeshows and events	18.00%	17.30%
Direct mail	18.00%	15.40%
Public relations	16.00%	13.90%
Other	8.00%	10.20%

Source: StrongMail, "2013 Marketing Trends Survey," Dec. 11, 2012, eMarketer.com

Data rules vary by country. While in the United States you can take a name at point-of-sale from a credit card swipe, this practice may not be available in other countries. This means that you can't just lift and shift best practices from one country to another. In Sweden, for example, any telemarketing activity must be preceded by a direct-mail piece requesting permission, thereby introducing significant setup costs that may not have been needed in other territories. The value of having local knowledge should not be underestimated.

Do your homework

Organizations often embark upon large programs of activity combining the where and the what, i.e., where they should have a presence and what products they should offer in each market. Understanding what needs to be done in a country with an existing footprint will not necessarily have the same, or any, impact on the success of moving into a new area, and yet the win strategy for marketing often will be replicated from that other country. Before moving into any new region, time and money should be invested in researching the market maturity, competition and opportunity in the new region on its own, rather than based on understandings from other regions.

The 80/20 rule

Global systems magnify in-country challenges. Whether local or global, there always will be masses of data that must be vetted and processed to be considered useful. For some in the data stewardship role it may be hard to accept, but when it comes to global activity, often "good enough" is just that — good enough. A recent investigation by a leading airline into some global software to standardize and cleanse their entire customer file netted some surprising results. They had customer data across 240 countries and were searching for a way to process all of it. However, 20 of these countries represented 80 percent of their customer file and the top 50 represented 96 percent. Looked at another way, a large amount of effort would be expended in finding a capability and a processor and then performing work across 190 countries that would only impact 4 percent of their base. The challenge here is that the amount of effort to create a truly global (i.e., 240-plus countries) system is huge — in terms of resource and monetary investment — while an 80-percent solution can be reached much more easily and cost-effectively. The law of diminishing returns is quickly reached as capability dries up beyond 50 countries.

Addressing issues to avoid creating obstacles

Some data/technology challenges can be easily solved, but success often depends on an organizational commitment to actually being a global organization. The head office imposing itself on regional hubs is a common complaint — "They don't understand what it's like down here." Many organizations expanding globally introduce matrix management or a matrix

structure in order to maintain the balance of central strategy and control versus regional execution. Success in organizational structures is driven by behaviors that inevitably will be influenced by incentives, targets and who owns the P&L. Not addressing these fundamental issues will create obstacles within the organization that will be much harder to break down than those coming from the new territory.

It is suggested that rather than the big-bang approach, in which nothing is delivered ahead of a massive system some three years into future, that companies adopt a more agile approach that accelerates the benefits. Notwithstanding the fact that one size does not fit all, as discussed earlier, having pilot systems in growth markets, where data is readily available, provides quick wins.

Digital living in the United Kingdom
The United Kingdom has one of the highest penetrations of household Internet access in the world, the majority of which is broadband. By this year, there are expected to be 48 million UK Internet users,[6] and according to Ofcom's latest stats, 76 percent of British homes are now connected to the Internet, a huge jump from 2000 when the figure stood at just 25 percent.[7]

As in the United States, increasingly, and almost regardless of age, British consumers are using the Internet for shopping, social networking, booking holidays, searching for a new home or a new love, catching up on sports results or betting on them, as well as for conducting life's more mundane business — like paying energy bills or sorting out finances.

The Office for National Statistics' latest annual Internet access bulletin found that Internet usage had increased across all age groups. While the largest proportion of users comes from the 16- to 24-year-old category (some 7.18 million people), the largest decrease in non-users came in the 55- to 64-year-old age group, with 86,000 getting online. Even Internet user numbers in the 75-plus age group are on the rise.[8]

It is therefore not surprising that these trends have led to significant growth in advertising on, and sales over, the Internet. According to UK-based online retail experts Verdict, online spending in the United Kingdom increased from 2.3 percent to 8 percent of total retail expenditure between 2004 and 2011, while sales over mobile devices have grown by more than 500 percent in the last two years alone. Meanwhile, online ad spending in the United Kingdom, including mobile, was projected to rise by 11 percent in 2011, to 4.55 billion and by a further 12 percent in 2012.[9]

6 EMarketer March 2011
7 OFCOM — Communications Market Reports, August 2011
8 ONS Internet Access Quarterly Update — 2012, Q3
9 Emarketer report: "UK Digital Advertising and Marketing: Spending and Trends", December 2011 as cited in Town Centre Futures 2020, Experian Marketing Services

That is not to say that UK consumers have checked out of the offline world for good. Recent research conducted for Experian Marketing Services by market research company YouGov found that for 27 percent of the UK population the preferred communications channel is still postal mail, second only to email. This figure compares to just 8 percent who said Facebook was the preferred channel and 4 percent who preferred to receive brand communications via Twitter.[10]

There is no doubt that customers are getting more particular and selective. They choose to interact with brands at a time and via a channel that best suits them. In a world where online and offline activities are increasingly integrated, it can be difficult for brands to know how best to engage customers.

Social media meets the Summer Olympic Games
Consumers became increasingly engaged via social media in 2012. Facebook passed the 1 billion user mark, there were more than 500 million active Twitter users, and Pinterest saw an unprecedented growth in traffic when it emerged from its initial beta stage. In the United Kingdom, social media makes up 12 percent of all Internet visits and 23 percent of the total time spent on online.

The London 2012 Olympics were dubbed by many as the first truly social games, adding further credibility to the channel. The BBC used Twitter to interview athletes and engage in conversations with global audiences, while the athletes themselves built communities of supporters online. While the Olympic sponsor brands used social channels for customer engagement, public opinion was that it was in fact the nonsponsors — working around the strict branding regulations to create clever, engaging experiences — who had a bigger impact on customers.

Oddbins, a UK-based wine and alcohol retail chain, for example, put up window displays offering 30 percent off to customers who came into a store wearing Nike trainers or carrying a set of Vauxhall car keys, an RBS MasterCard, an iPhone, a bill from British Gas or a receipt for a Pepsi bought at KFC. According to Experian data, Oddbins' online properties saw a 22-percent increase in traffic week-over-week when the campaign was launched — demonstrating a natural bridge between offline and online events.

Global audiences quickly have become used to the inclusive and engaging nature of these highly socialized events, which, in turn, has set a precedent for all future events — regardless of size. Organizers must realize that if they do not set out a strong social strategy from the outset, audiences will

conduct the conversation in their own forums, where the brand message will be much harder to control.

A new dynamic for search
By the end of 2012, UK Internet users made 1 billion more visits to search engines than they did in 2011. It currently takes United Kingdom residents two weeks to make 1 billion searches; by the end of this year that number will be down to 12 days; and by 2015, it will take just over nine days.

This data doesn't take into account the phenomenal growth in mobile Internet usage, which represents a huge step change for the industry, as smartphone penetration in the United Kingdom surpasses the 50 percent benchmark. As users come to depend on the Internet for more and more daily activities — both on desktops and through mobile devices — search will continue to evolve and grow.

As the volume of searches increases, the rate of paid versus organic search clicks has remained consistent, with 90 percent of all search clicks coming from an organic link and the remaining 10 percent coming from paid links. The equilibrium between paid and organic search has been fairly constant for the last five years, with only minor deviations along the way. What this means is that with more searches being made year-over-year, the volume of paid search clicks is also increasing, which in turn means more money was invested in search advertising in 2012 than ever before.

Search behavior has changed as well. In 2011, 50 percent of searches contained just one or two words, 34 percent contained three or four words and just 15 percent contained five or more words. In 2012, there was a shift to longer keyword searches, with 49 percent containing one or two words, 35 percent containing three or four words and 16 percent containing five or more words. This data shows us that users have become more sophisticated in the way that they are searching; they make more detailed queries and, in turn, have a higher expectation that the information returned by the search engine will be what they are looking for. The United Kingdom is making more searches, spending more time on search engines and making more complex searches than ever before. To stay ahead of the curve, marketers should carefully track how these search trends evolve and think strategically about the content they need to serve in order to satisfy these increasingly complex search queries.

Marketing on-the-go: engaging with the mobile consumer
Mobile is an industry full of innovation, change and remarkable growth. Gartner, the leading information technology research and advisory company, predicts predicts that by 2013, mobile phones will overtake PCs

as the most common Web access device worldwide, and that by 2015 more than 80 percent of the handsets sold in mature markets will be smartphones.[11]

2012 also saw the launch of the United Kingdom's first 4G network. The incredible potential of 4G to provide customers with huge bandwidth will fundamentally change the way that they access the Internet — similar to the impact of broadband following dial-up.

According to the Mobile Marketing Association of Asia, of the 6 billion people on the planet, 4.8 billion have a mobile phone, while only 4.2 billion own a toothbrush. Yet only one-third of all Websites are optimized for mobile.

Email at the heart of cross-channel marketing

Almost seven out of 10 respondents said that email remained their preferred channel for sharing and receiving marketing information from brands, according to a survey that Experian conducted this year among 2,000 UK consumers. While younger consumers were increasingly likely to opt for engagement via social channels, the role email continues to play in marketing cannot be ignored.

Email is a tried and tested marketing channel, especially for transactions, and is proven to be where the highest levels of conversation happen. It ties together the multichannel experience and it is the backbone of many marketing campaigns. Marketers are already including social sharing buttons within email campaigns, but advanced features are increasingly critical. For example, including additional real-time content, such as social feeds and best-selling products, ensuring emails are mobile-optimized by device, and ensuring that the products are relevant and tailored to the recipient, can all contribute to the success of email campaigns.

According to recent research by digital agency Steel, more than one-third of consumers read marketing emails on their mobile devices, which rises to 55 percent among 18- to 34-year olds — a high proportion of many marketers' target audience.[12] If customers open an email on their mobile phones, enjoy the content and share it with their friends via social media — is that engagement via one channel or three? To customers, it doesn't matter. What matters to them is that they received an email that they were able to open on their own terms, that the content was relevant to them and they were able to share it with their friends through social media in the way to which they have become accustomed.

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11 Gartner, http://www.gartner.com/it/page.jsp?id=2209615
12 Steel http://econsultancy.com/uk/blog/9937-36-of-consumers-read-marketing-emails-on-mobile

Big data — How does it make a difference?

Let's start by briefly considering exactly how and why big data is so important to marketers. It covers four key areas:

- **Knowledge:** The quality and type of data that can be linked to customer attitudes and behaviors is growing and becoming increasingly accessible. It stands to reason that the more accurate information you have about your targets, the better marketing decisions you can make.

- **Speed:** Knowing something is good, but knowing more about something is better. This is usually the case, but the ability to know something and have enough time to do something about it moves you further still. If that knowledge allows you to influence the decision-making process of a customer, then you're starting to bring science into the marketing discipline.

- **Executable insight:** Another transformational element of big data is that it creates executable insight. The link that enables you to access the data generated by big data also will act as a delivery mechanism back to the customer.

- **Channel choice:** We are coming into an age when the information and insight you have about a customer or a prospect can be used to communicate with them across any channel at any time. It is big data that makes this possible.

Australians love their mobile phones

Australians are among the most avid users of smartphones in the world. Currently, more than half (12 million) of the Australian population has a smartphone, and it is predicted that by 2016, 20 million Australians will own one.[13] In the fourth quarter of 2010, smartphone sales surpassed those of PCs — and have continued to do so.[14]

More importantly for marketers, these millions of smartphone owners are using their devices for much more than phone calls. Australia ranks fourth in the world behind South Korea, Japan and Sweden for active mobile broadband subscriptions per 100 inhabitants, with a score of 82.7 percent.[15]

Australians are using these subscriptions to shop, locate their nearest doctor, order home delivery and check their bank balances. Recent data from PwC shows that 34 percent of Australians have shopped online via a mobile phone (and 17 percent via a tablet) in the past 12 months. Of these

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13 *Telsyte's Australian Smartphone Market Study, June 27, 2012,*
    http://www.telsyte.com.au/?page_id=1407
14 *IDC Worldwide Quarterly Mobile Phone Tracker, January 27, 2011*
    http://www.idc.com/research/viewfactsheet.jsp?containerId=IDC_P8397
15 *International Telecommunications Union, 'Measuring the Information Society 2011', 2011,*
    http://www.itu.int/net/pressoffice/backgrounders/general/pdf/5.pdf

mobile shoppers, 57 percent have increased their level of spend over the past 12 months. The primary retail activities are to find a nearby store (50 percent) and compare prices while shopping in-store (36 percent).[16]

Predictions for the future of mobile

Australians' usage of mobile phones and devices is only going to increase. The launch of the iPhone 5, iPad mini and iPad 4; increasing competition from Android devices; improvements in mobile Internet speeds; and data transfer rates with the National Broadband Network (NBN) rollout — the first national, high speed broadband network for all Australians, regardless of where they live — as well as the growing reach of Wi-Fi, all point to a future in which the mobile device becomes the primary source of Web traffic.

Mobile devices will become more integrated with homes, cars and offices, accelerating the range of marketing activities and the proportion of budgets spent on mobile communications. Experian predicts that in five years' time more than 50 percent of marketing budgets will be associated with mobile — particularly as traditional, above-the-line channels, such as television and billboards, become more interactive and entwined with mobile.

Given all of this information, marketers have little choice but to incorporate mobile into their cross-channel marketing strategies. However, it is a complex environment, and they should pay heed to the experiences of their peers in doing so.

To gain a greater understanding of mobile marketing in Australia, Experian Marketing Services surveyed 320 marketers from a wide range of industries, including retail, financial services, telecommunications and travel. These B2B and B2C marketers are immersed in the ongoing quest to engage more effectively with their customers, and in order to keep pace with industry competition, they must now incorporate mobile.

In with the old and in with the new: an increasingly complex marketing environment

Mobile marketing is a fast-evolving channel in an already complicated and cluttered marketing environment. In fact, it's growing so fast that it presents the biggest change in marketing since the dawn of email.

The good news is that mobile presents incredible opportunities for businesses large and small to engage more effectively with customers. The challenge is that it presents another channel that marketers need to incorporate into the mix — without necessarily expanding their overall budgets.

16 *Australian online shopping market and digital insights, PwC, July 2012*
   http://www.pwc.com.au/industry/retail-consumer/assets/Digital-Media-Research-Jul12.pdf

One might expect that, as new and exciting marketing channels enter the mix, old ways of connecting with customers would become defunct — "out with the old, in with the new." However, Experian research shows that almost all marketing mediums are seen as equally or more important than they were last year.

Naturally, new channels such as social media are increasing in importance, with almost half (47 percent) of respondents indicating that social media is more important than 12 months ago. Online is also becoming more important, with 46 percent of respondents indicating that their Website is more important today than it was 12 months ago.

Yet many traditional marketing channels are also increasingly relied upon by marketers. Compared with 12 months ago, 42 percent of marketers say face-to-face communication is more important, 32 percent say phone-based contact is more important, 31 percent believe direct mail is more important and 23 percent think traditional advertising is more important.

Right now, when asked to rate the importance of marketing channels, 53 percent of marketers said face-to-face communication was one of the top three most important channels. Email was rated by 50 percent of marketers as a top-three channel, and social media was mentioned by 42 percent of marketers as a top three channel. Clearly, it's a case of "in with the old and in with the new."

Is this a challenge for marketers, or an opportunity? Changing consumer behavior presents strong opportunities for marketers to connect online and offline activities — or the "old" and the "new" ways of communicating with consumers — and indeed, mobile can be the way to connect these channels.

Early adopters: mobile marketing's trailblazers reap the benefits
The good news for marketers considering a leap into mobile is that, of those who are already using mobile marketing strategies, the channel works.

Across a wide range of tactics, marketers who have implemented mobile tactics report that mobile campaigns effectively engage customers. Six out of 10 marketers have been satisfied with the performance of their most recent mobile marketing campaign, with 51 percent reporting that it was effective and 9 percent reporting that it was very effective.

The table below shows just how effective various mobile marketing tactics have been.

Tactic	Very effective	Effective	Not effective
Mobile-optimized Website	51%	47%	2%
M-commerce	37%	63%	0%
MMS campaigns	33%	52%	15%
In-app ads	32%	52%	16%
QR codes	29%	66%	5%
SMS campaigns	29%	59%	12%
Email marketing optimized for mobile	28%	65%	7%
Custom apps	26%	51%	23%
Mobile tickets or barcodes	25%	63%	12%
Location-based mobile services	24%	72%	4%

In this table, it's interesting to note that custom apps are seen as less effective, even though many marketers indicate they are planning to use this tactic in the near future. A reason for custom apps being less effective is that marketers must look far beyond the simple design and development of the app for it to be successful. They must consider how to drive customers to the app, how to deliver value that keeps customers coming back and how it links with their other marketing channels.

There are some great local success stories around the implementation of mobile-optimized and m-commerce Websites.

In March 2012, Domino's Pizza reported that mobile accounted for 30 percent of its online business. With the rapid growth of mobile sales, the company invested in a custom-made mobile Website to make it even easier for customers to order pizzas on-the-go.[17] In the first week of operation, the Domino's dedicated mobile site took more than $1 million in orders.[18]

In October 2012, Wotif reported that it generated 3 percent of its daily bookings from an iPhone app, just four months after launch, and that 14 percent of Website visits and 9 percent of total room sales came via the mobile channel. These percentages equate to $34 million in revenue from the mobile channel.[19]

17 Domino's Pizza, 'Mobile now more than 30% of Domino's online business', March 6, 2012
   http://www.dominos.com.au/pdf/investor_media_releases/Mobile_website_launch_Mar_2012.pdf
18 The Australian, 'Mobile website use growing in popularity', September 12, 2011
   http://www.theaustralian.com.au/media/mobile-website-use-growing-in-popularity/story-
   e6frg996-1226134302265
19 Wotif, 'Market Release – AGM Addresses', Monday 22 October 2012
   www.wotifgroup.com/component/rubberdoc/doc/579/raw

However, mobile marketing hasn't been all smooth sailing. In the Experian study, 26 percent of marketers report that the channel falls below their expectations. A fundamental reason for this finding goes beyond the mobile sphere and into broader cross-channel marketing territory. Many marketers lack a 360-degree view of their customers — a view that is crucial in measuring the success of all customer touch-points and in aligning individual channels to get across-the-board gains.

Another potential pitfall with mobile is the fact that many marketers are unclear about what, exactly, they want to achieve with the channel. It is important to define the strategy — and ensure that this strategy is reflected across all channels — before any mobile marketing work commences.

Conclusion

As we've discussed in this report, the explosion of communication channels available to consumers and marketers, along with the data collected across these myriad channels, has created a very exciting, albeit challenging, marketing environment. It is no longer enough to utilize multiple channels, now marketers must unite their messages across those touch-points to create relevant experiences regardless of the customer's channel or device preferences.

Every vertical segment faces the challenge of meeting the demands of the well-informed consumer, which also leads to the inevitable outcome of commoditization. The most effective antidote to this trend of steep discounting and consumer price myopia is to differentiate your business by providing excellent service and one-to-one connections — in other words, be customer obsessed.

To today's consumer, life is the ultimate channel. They envision the summer party they'll throw after they get a new grill, not the channels they'll use on their path to purchasing it. If a brand doesn't provide a seamless experience, the customer is likely to change brands or stores rather than change their mind about the grill.

You also met "Dana" while reading this report and learned that she is our representation of today's dynamic, empowered and hyperconnected consumer. By putting *your* Dana at the center of your marketing strategy, you'll have a true understanding of her desires, motivations and paths to information. You'll be able to maximize every interaction you have with her, minimize other distractions and create meaningful experiences for her, every time.

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