



The state of digital personalisation in 2016 >

'Email is at the centre of the marketing world – whether that's as a customer identifier across channels and platforms, or as one of the most effective channels for delivering return on investment.' >



> Executive Summary

As today's marketers are under increasing pressure to capture the attention of an ever more demanding audience, we wanted to focus the study specifically on the use and effects of personalisation in email and across the marketing mix.

With that in mind, the results highlighted that 63% of marketers see personalisation as effective. Some of the benefits recognised by the marketers in the study include increased open rates (83%), higher click-throughs (75%), increase in customer satisfaction (58%) and in sales (56%). Despite this, an average score of just 4.7 out of 10 was given to the level of personalisation in use - a clear gap between its potential and its usage.

Across the marketing mix, the top channels used for collecting data for personalisation are websites (40%), experiential/face-to-face (20%) and direct mail (16%). Moreover, the most common types of data collected from email subscribers are their name, postal address and mobile phone. However, when looking at the types of data used versus the ones collected, it's worrying to see that marketers seem to be collecting more than they need. According to the Data Protection Act (which will be furthered by the GDPR), marketers who collect personal data "just in case" are breaching the law if they don't use it in a proportionate and relevant way.

As GDPR is going to significantly impact the way data is handled, we also took the opportunity to ask marketers in the study how they think it will impact their ability to personalise communications. Results revealed that 54% of marketers expect the new regulations to have an extreme or at least some degree of impact on their ability to collect data. Only one in ten did not see this as a possibility. However, the impact on personalisation is viewed with less concern – 44% of respondents say it will have little effect and 18% none at all.

63%
of marketers see
personalisation as effective

The top channel for
collecting data is company
websites, used by
40%
of marketers

1 > Email Marketing and Personalisation

1.1 > Most marketers are comfortable working with data

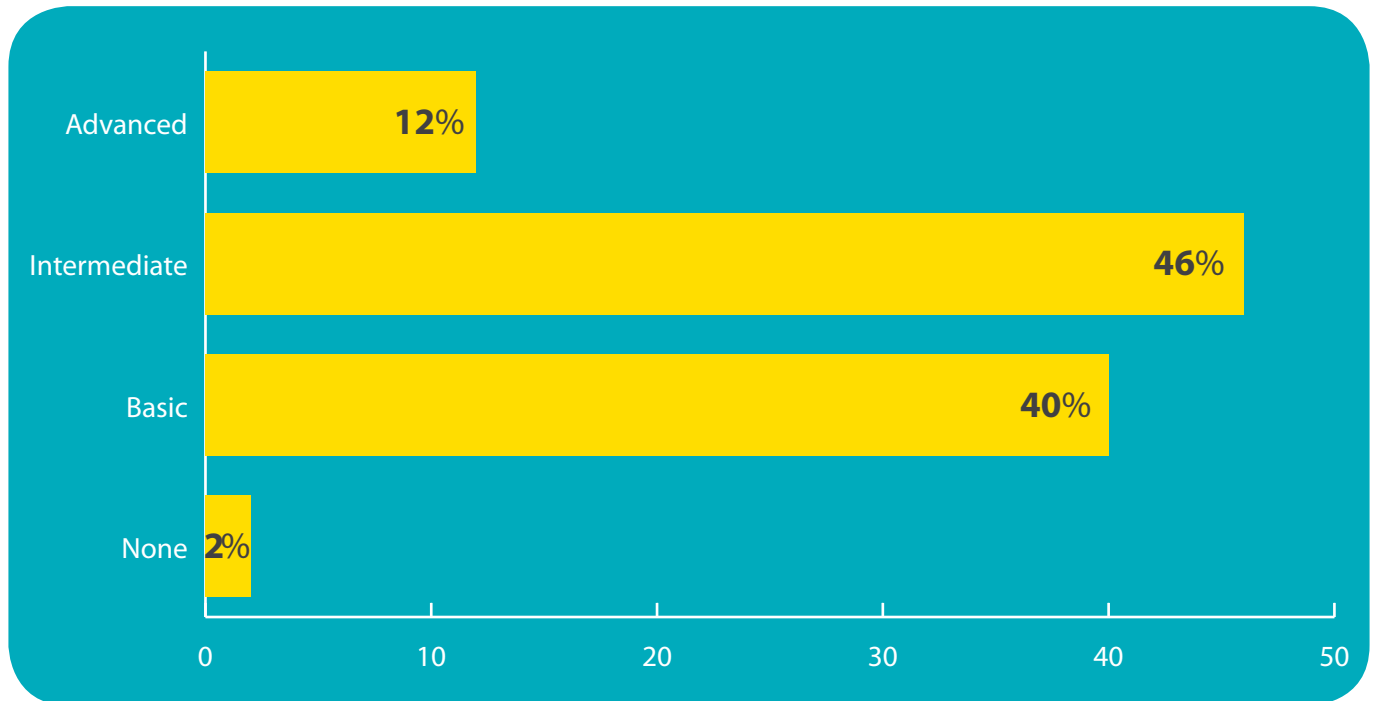


Figure 1: Organisation's level of competence with personal data in email marketing

Email marketing isn't new to the world, so organisations have been able to develop their ability and strategies for some time. These include making the most of their data: from its capture and management, to its use and interpretation of reporting.

So it's comforting that 98% of marketers believe their organisation is competent in the handling and use of personal data. It's also promising that 58% believe competency to be either at an intermediate or advanced level, especially considering the complex and dynamic nature of working with data effectively.

Data is a fundamental component in email marketing and skilled usage drives up the effectiveness of campaigns. The 40% who believe their organisation's competence is only basic should take note, as they can bring quick wins to their email marketing, if they seize the opportunity to improve.

However, there are also risks associated with collecting and handling personal data. Any incompetent data use can be a compliance risk, such as personal data being used without appropriate consent or data being stored in a way that puts it at risk of being breached. This is a real danger for the 2% who say there is no data competence in their organisation.

98%
of marketers believe their
organisation is competent
in the handling and use
of personal data

1.2 > Personalisation and email KPIs

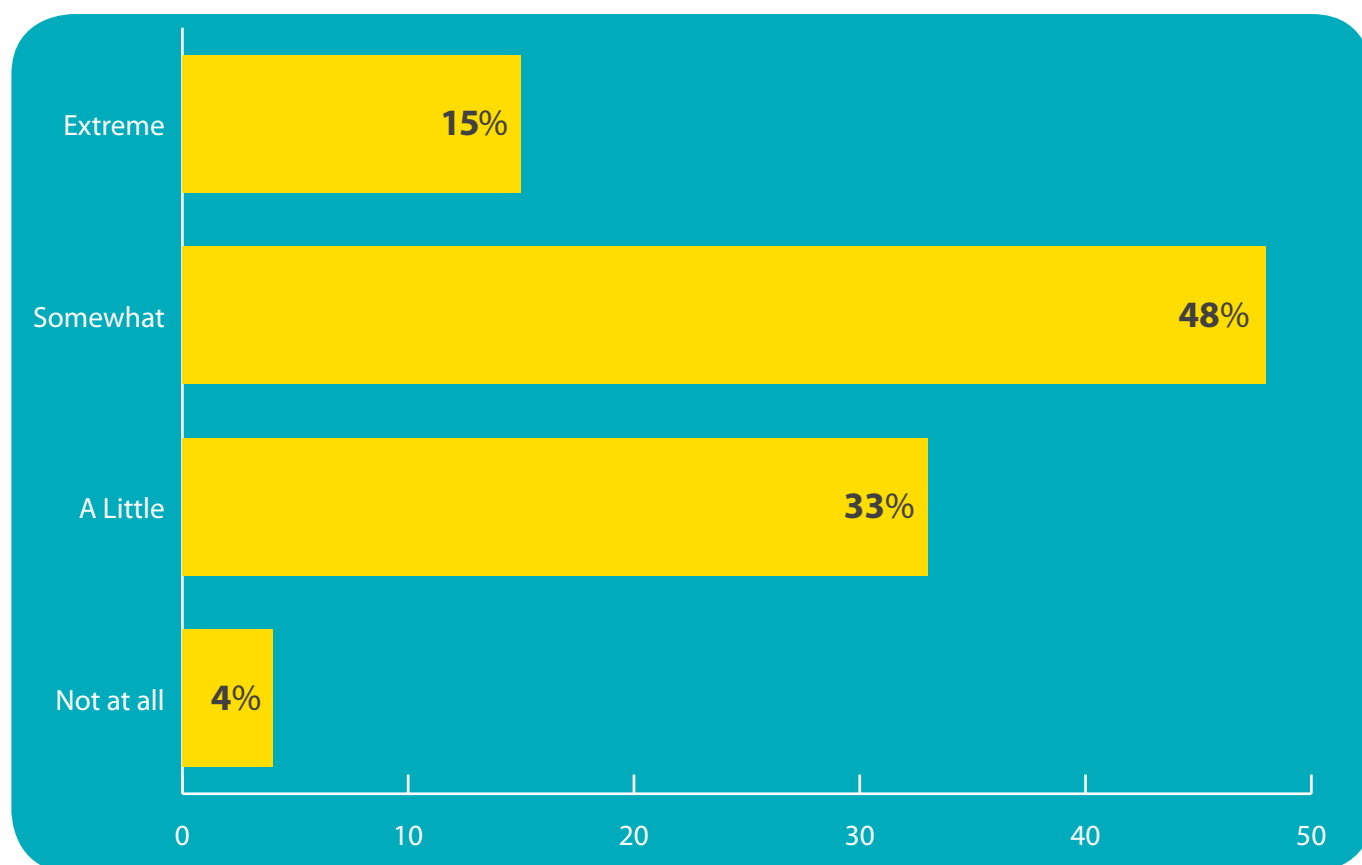


Figure 2: Effectiveness of personalisation in delivering against email KPIs

Personalisation is used for a reason – it delivers results against key performance indicators (KPIs). With the numbers in Fig. 2 being so similar to Fig. 1, it would suggest that the more competent you are with personal data, the more effective personalisation can be.

So why do 81% of marketers consider personalisation to be only 'somewhat' or 'a little' effective? With those numbers, it is easy to question whether it is effective at all. However, with such a wide variety of tactics being used in email marketing strategies, the individual impact of just one may not be clear. It could be because testing generic campaigns against personalised versions is seldom practiced. But it could also suggest that there is a lack of available reporting available to marketers.

These reasons could also be applied to the 4% who consider personalisation to be completely ineffective. Though it would be interesting to know how (or even if) they use personalisation.

You can discover the variety of personal data collected and used for personalisation in Figure 7.

1.3 > Why do marketers use personalisation in email marketing?

Figure 2 gives the impression that it's difficult to attribute effectiveness specifically to personalisation. Figure 3, however, helps to show the comprehensive benefits of using it, showcasing its individual contribution to email marketing communications.

Marketers believe that the benefits of personalisation are wide ranging. But two in particular sit atop the rest: 82% of marketers think using personalisation in email marketing produces an increase in open rates and 75% believe it produces higher click-through rates. Great news, as both of these are core metrics for email campaigns for many marketers.

Marketers also perceived the use of personalisation to provide wider business benefits, such as an increase in customer satisfaction (58%) and an increase in sales (56%).

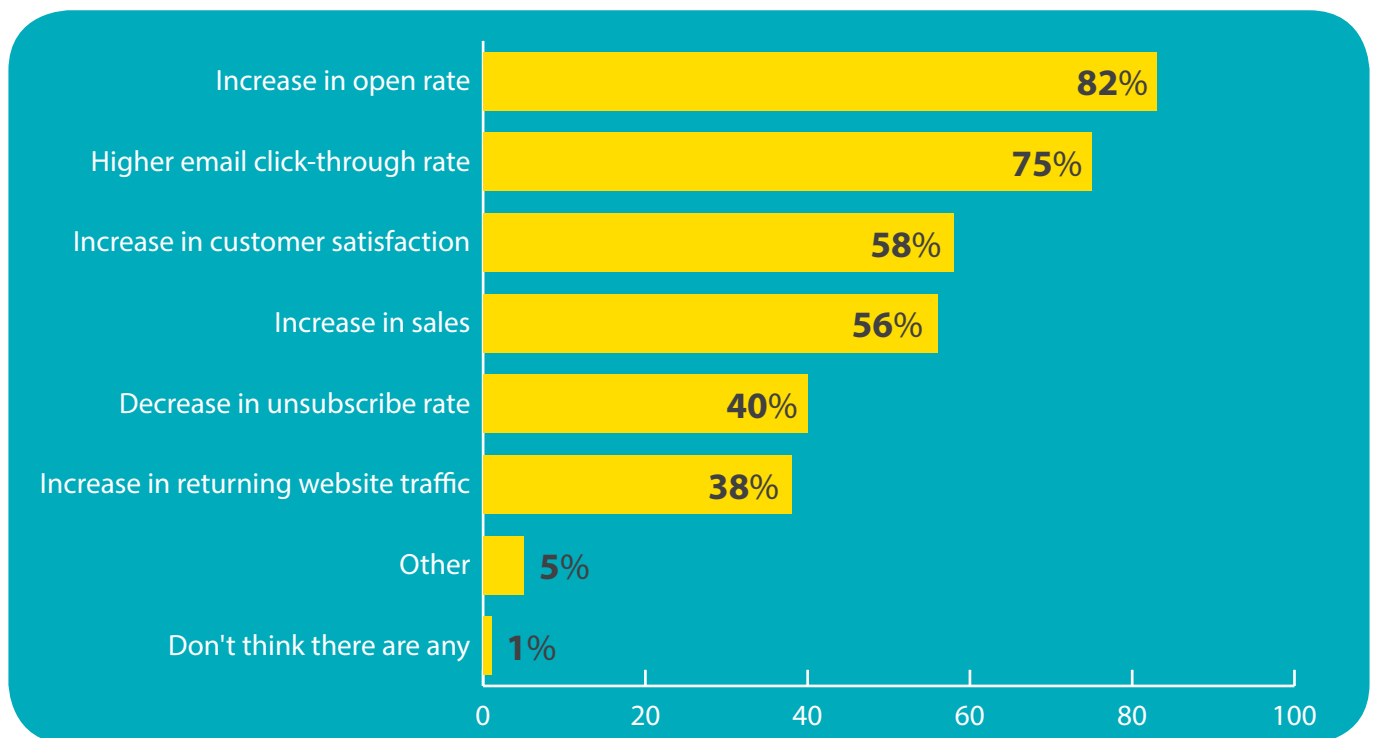


Figure 3: Benefits of personalisation in email marketing

The marketers surveyed also believed personalisation to provide an increase in returning website traffic (38%), which is important to wider digital marketing objectives. Personalisation was also perceived to help decrease unsubscribe rates (40%). These are important, since they ensure the usable pool of customer data is sustainable and has the potential to grow.

All in all, the range of perceived benefits show that personalisation can help to support email marketing efforts as well as the broader marketing goals of the organisation.

2 > Marketing Channels and Personalisation

2.1 > The marketing mix

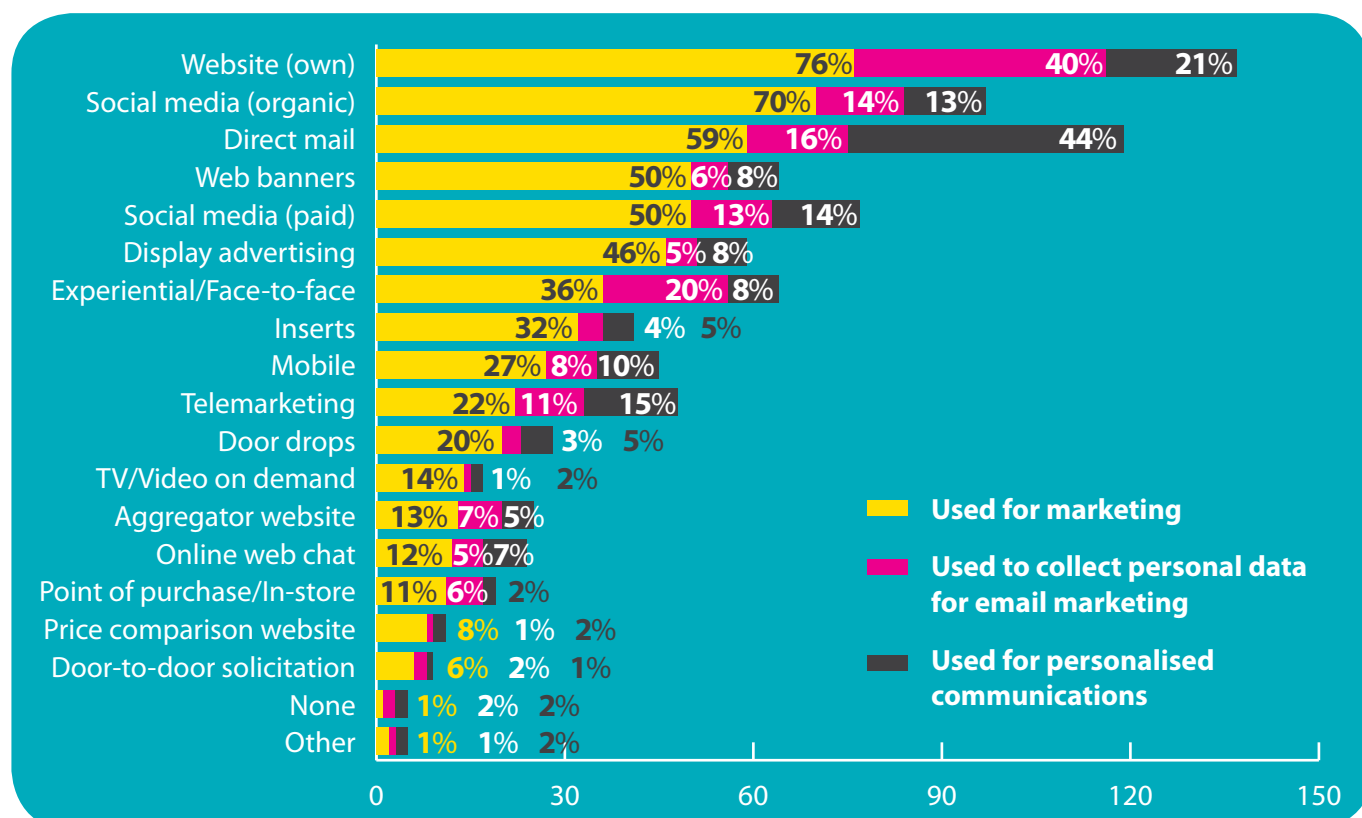


Figure 4: Channels used in marketing and their purpose

Websites and social media have become dominant marketing channels in recent years. With both used by over 70% of respondents, it's not surprising they're often used together as part of content marketing strategies. However, they have not completely displaced more traditional options. Direct mail is still being used by nearly 60% of marketers, more than twice the level of usage seen in mobile.

More importantly, every direct mail campaign has the potential to be personalised. And 44% of respondents say they do just that, though it is disappointing this result is not higher. But personalisation is clearly a stumbling block for other channels. For example, organic social media is used by 70% of marketers, but only 13% use it for personalisation. And it is not the only channel to show this disparity.

Websites should be at the heart of a brand's personalised communications, especially as 40% of respondents use them to collect personal data. And while only 21% of respondents use personalisation on their website, it is likely the data collected in this way is used in other channels as part of a multi-channel marketing strategy.

2.2 > Personalisation opportunity by channel

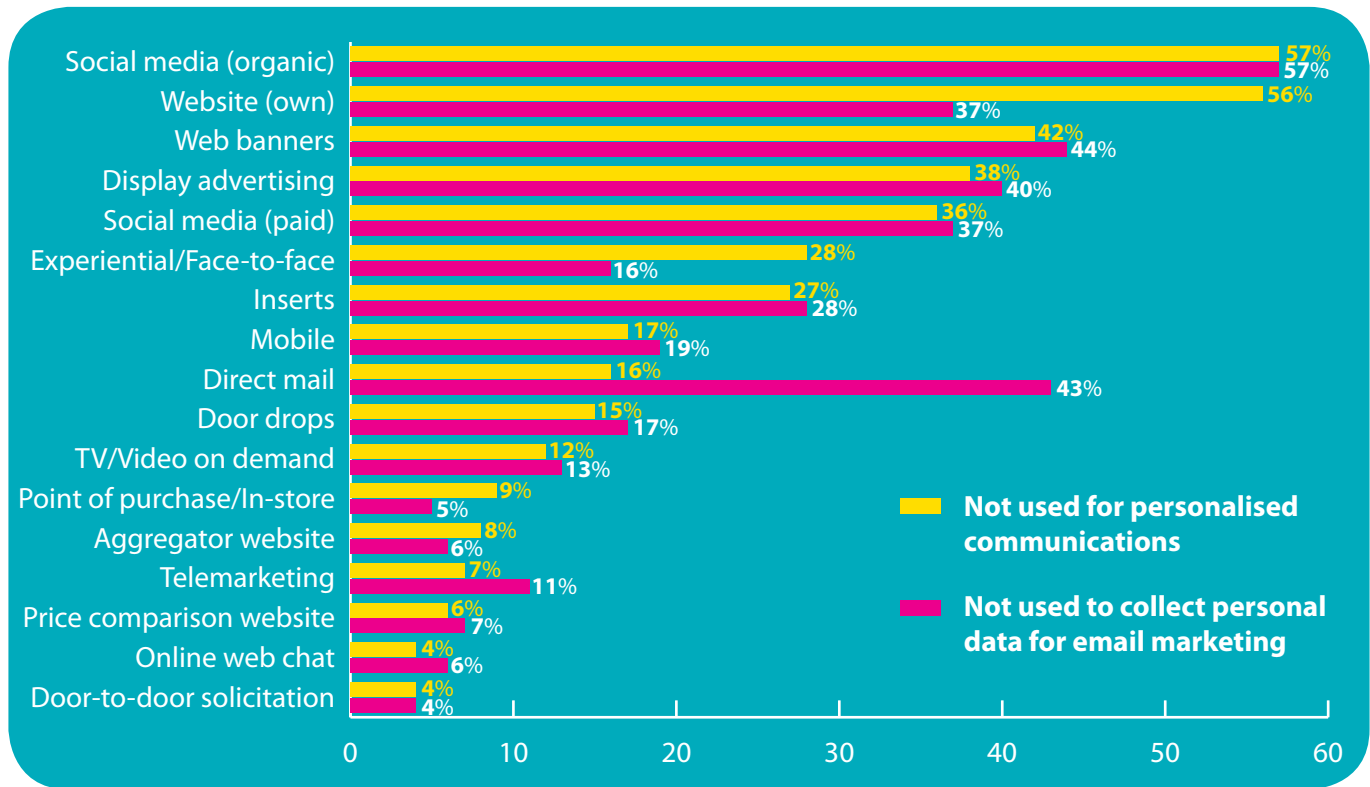


Figure 5: Personalisation opportunity by channel

Figure 5 shows that key channels such as websites and mobile are not being utilised by a lot of respondents for the purpose of personalisation. This is a clear opportunity for marketers, especially with the larger numbers of consumers that could be reached using digital channels.

The lack of data collection and usage is surprisingly high in organic social media (at 57% each) and almost the same number of respondents (56%) are failing to personalise their website. Though as we mentioned in Section 2.1, data collected from websites is likely spread across other channels.

Marketers are also struggling to personalise paid digital media. Web banners (42%), display advertising (38%) and paid social media (36%) could all improve. However, as digital media platforms continue to link with data management platforms (DMPs), this gap between general channel use and personalisation use should lessen.

For that to happen, personal data needs to be captured in the first place and there are still a range of channels - both online and offline - that are not being used for that purpose.

Introducing data capture forms or links to subscription pages would be a quick win for many marketers.

3 > Data Management Practices in Email Marketing

3.1 > How do marketers collect data?

Marketers have two main methods of collecting data about their customers – manual input (such as data that results from completing a form and opting-in to marketing communications) and automatically (or indirect collection, such as identifying a visitor from their IP address or similar).

Manual collection is the dominant method among respondents, delivering an average of 76.5% of the data volume used in email marketing. It is typically the primary data collection route for consumer-facing brands.

Automatic collection, via “digital fingerprinting”, yields 23.5% of the data volume in use. B2B brands more often adopt this source to track prospects in the early stages of a relationship; although it can be applied for the same purpose in B2C, as well as for contextual targeting.

Both methods of data collection are legal under current data protection legislation but that will change with the forthcoming General Data Protection Regulation (GDPR). This will require marketers to get explicit consent rather than implied consent, (a main factor in automatic data collection).

The GDPR’s perceived impact is further discussed in Section 3.5 and Figure 10.

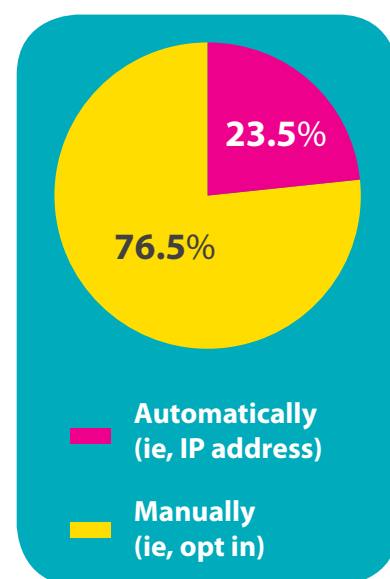


Figure 6:
% of data collected by method

3.2 > Collection and use of data for email marketing personalisation

As we mentioned in Section 1.2, customer data collection implies more than just a name. But whether marketers collect general information or more specific data (such as financial information or current location), all types can be used to target individual contacts.

A subscriber’s name is the most widely collected item of data (reported by 77% in Fig. 7). It has become a staple of personalisation, demonstrated by almost two thirds of respondents (64%) who use it regularly. It is notable, however, that only around half (49%) of email marketers are using transaction history. This has great potential, as marketers can use it to approximate and predict customer lifetime value, to model their tendency to purchase.

Data such as birthdays (currently gathered by 37% of marketers) could be collected and used more, as it provides a great chance to engage customers with unique offers. More sensitive data like ethnicity or medical history, however, should only be collected if necessary. Though, with the rise of wearable tech, the collection of data like vital health signs (currently only 1% of marketers) is likely to rise.

37%
of marketers collect
birthday data

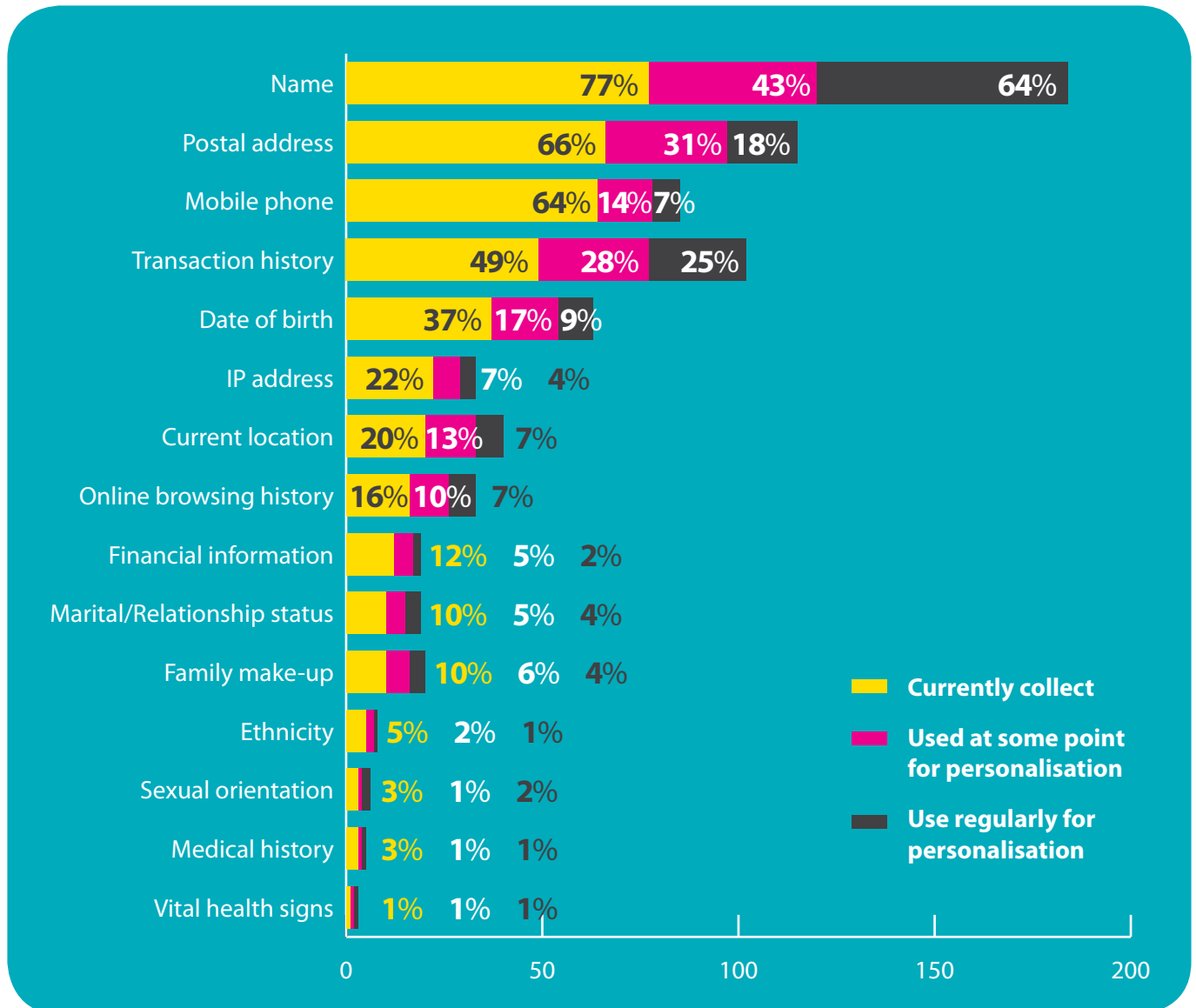


Figure 7: Data types collected on email subscribers

Figure 7 generally shows that there is a clear disparity in data collection and its use in personalised communications. Transactional data is the second most regularly used for personalisation but this is only reported by a small 25%. When opportunities to personalise exist, customers will expect to see the information they provide in the emails they receive. But it doesn't have to be obvious. Marketers should use available data to inform a personalised strategy, rather than use it all at once. So instead of sending an email saying 'Hi, we know you live in Manchester and your birthday is in 10 days', marketers can schedule special offers to be sent based on a particular location and time of the year. The message could be 'Congratulations on your birthday month! Why not celebrate at your local store/restaurant?' and include an embedded map of their nearest Manchester store/restaurant.

3.3 > Data risk created by under-used personal information

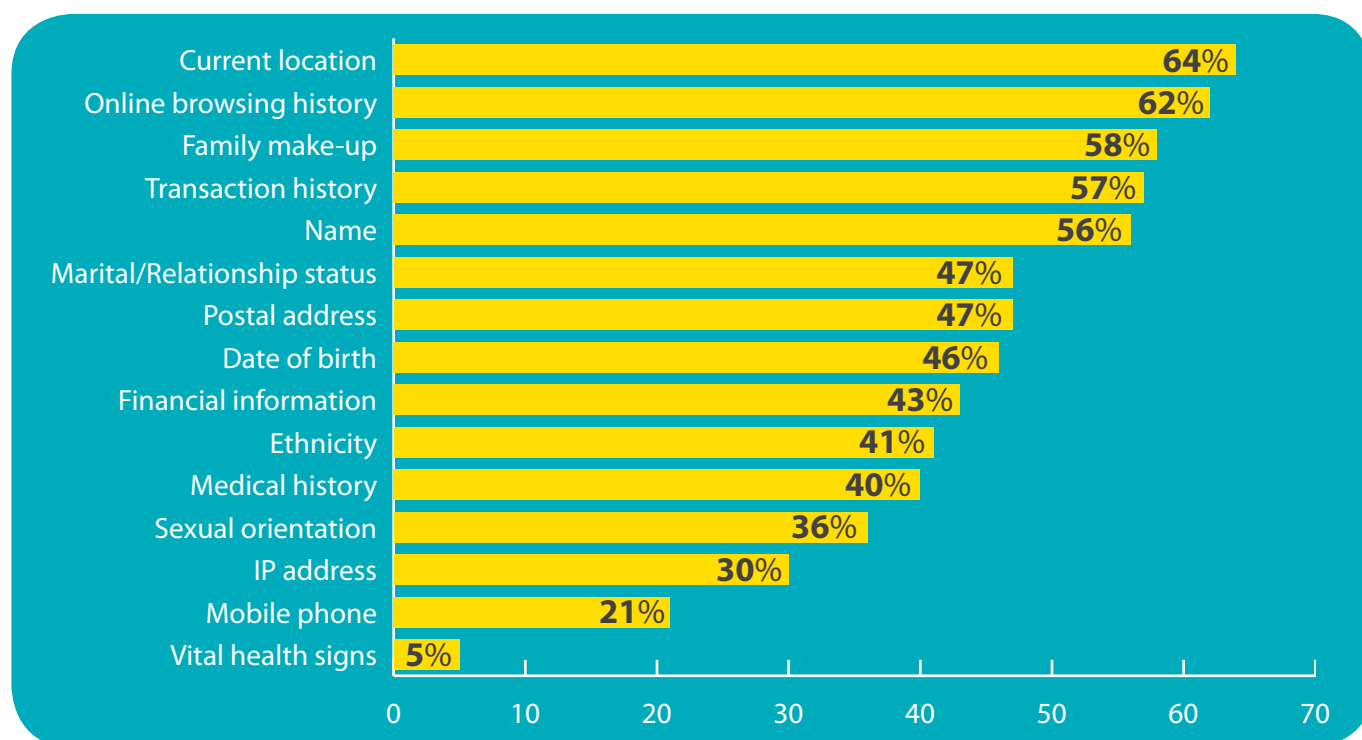


Figure 8: Compliance risk by data type

Key principles of the Data Protection Act (and the GDPR when implemented) state that personal information should be collected for a specified purpose, and that it should be adequate and not excessive. This means that marketers who harvest data on customers “just in case” are technically in breach of the Act, if they do not put that information to use in a proportionate and relevant way.

By dividing the number of marketers who seldom use specific items of data by the number who collect that data, it is possible to identify a data protection non-compliance risk. For example, nearly two-thirds (64%) of marketers collect location data but only infrequently use it in their email marketing, making its collection hard to justify. The 62% who collect online browsing history or the 58% that collect family make-up also carry a significant data risk.

Considering that Fig. 7 shows 49% of marketers currently collect transactional data, it is surprising that it is only sometimes used by most of them (57%).

The most sensitive data types, such as medical history and sexual orientation, may only be a risk for some marketers but the sensitive nature of this data makes any data protection breach - even if only at a technical level - more likely to attract the attention of the Information Commissioner’s Office.

64%
of marketers collect
location data
and don’t use it

3.4 > Where is data stored?

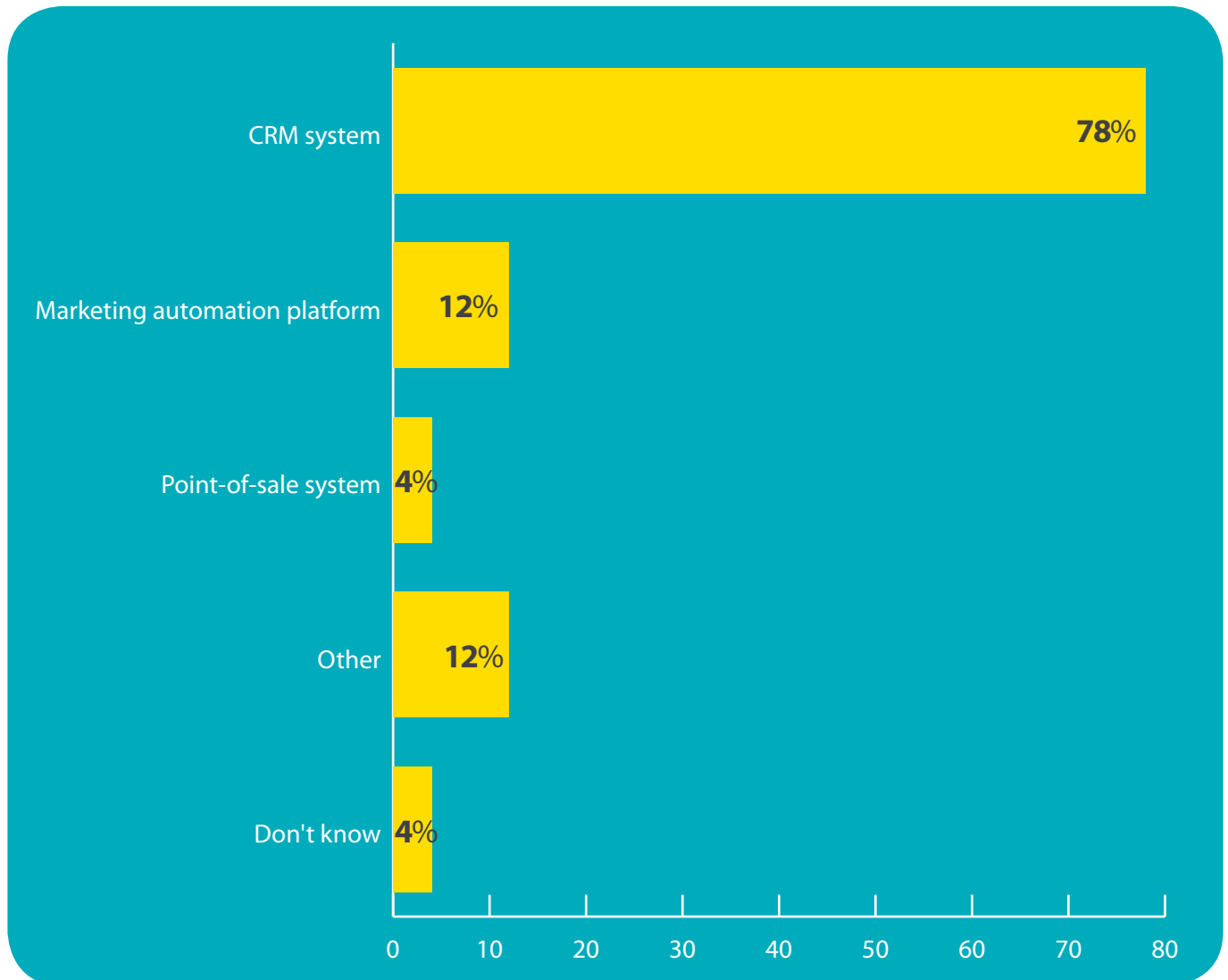


Figure 9: Data storage systems used

A core requirement for the use of personal data in email marketing is to have it accessible within a database of some description. More than three-quarters (78%) of marketers store it in a CRM system, which makes sense due to a CRM's ability to collate data from multiple channels.

Marketing automation platforms, specifically designed to support email marketing, are the primary data storage used by 12% of organisations, while a handful (4%) extract email data from a point-of-sale system. A further 12% said their data was in another type of system, commonly in-house bespoke solutions or multiple databases. The latter is of most interest, as there is a risk of losing a total overview of contacts by spreading data across a variety of sources. Moving to a database that contains all available customer data could pay dividends.

3.5 > Anticipated impact of the General Data Protection Regulation

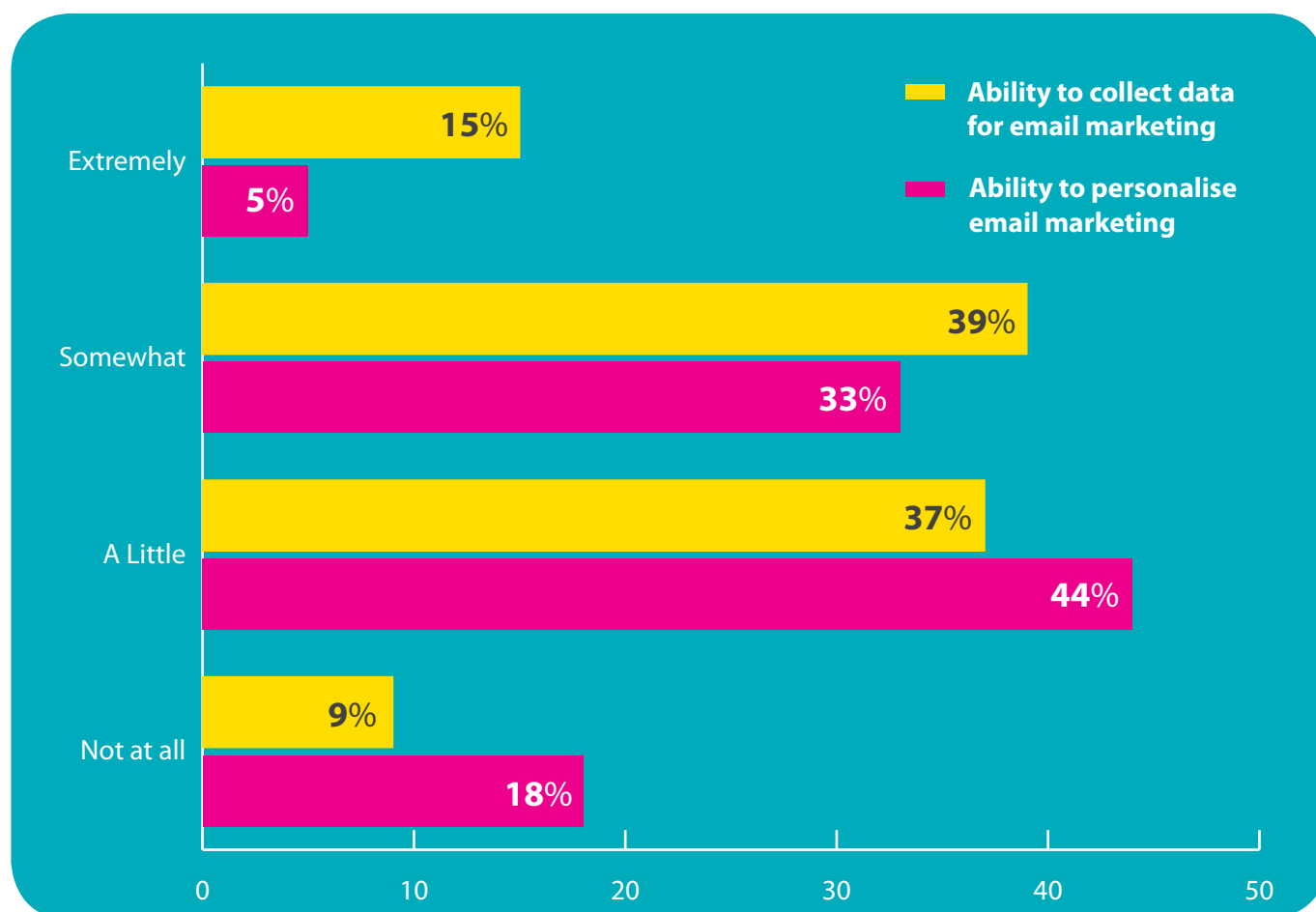


Figure 10: Anticipated impact of GDPR

The GDPR both continues and extends existing principles and laws that email marketers have to abide by. Some of the updates have considerable impact, such as a broader definition of personal information and more specific requirements for consent. So the fact that 85% of respondents think they will only have a 'somewhat' or less impact by the GDPR hopefully reflects the confidence in their existing data practices, and not a lack of understanding.

Unfortunately, 15% of respondents expect the impact on their ability to collect data for email to be extreme, which is a clear cause for concern. They will have to focus on bringing their data practices up to speed to avoid being penalised after the GDPR is in force.

The perceived impact on personalisation is more positive however, with the majority of marketers (62%) thinking there will be little or none at all. And only 5% of respondents believe there will be an extreme impact. Which we hope means that marketers will continue, and further, make increased use of personalisation moving forward.

15%
of respondents expect the
GDPR to have an extreme
impact on their ability
to collect data

4 > Methodology and Profile of Respondents

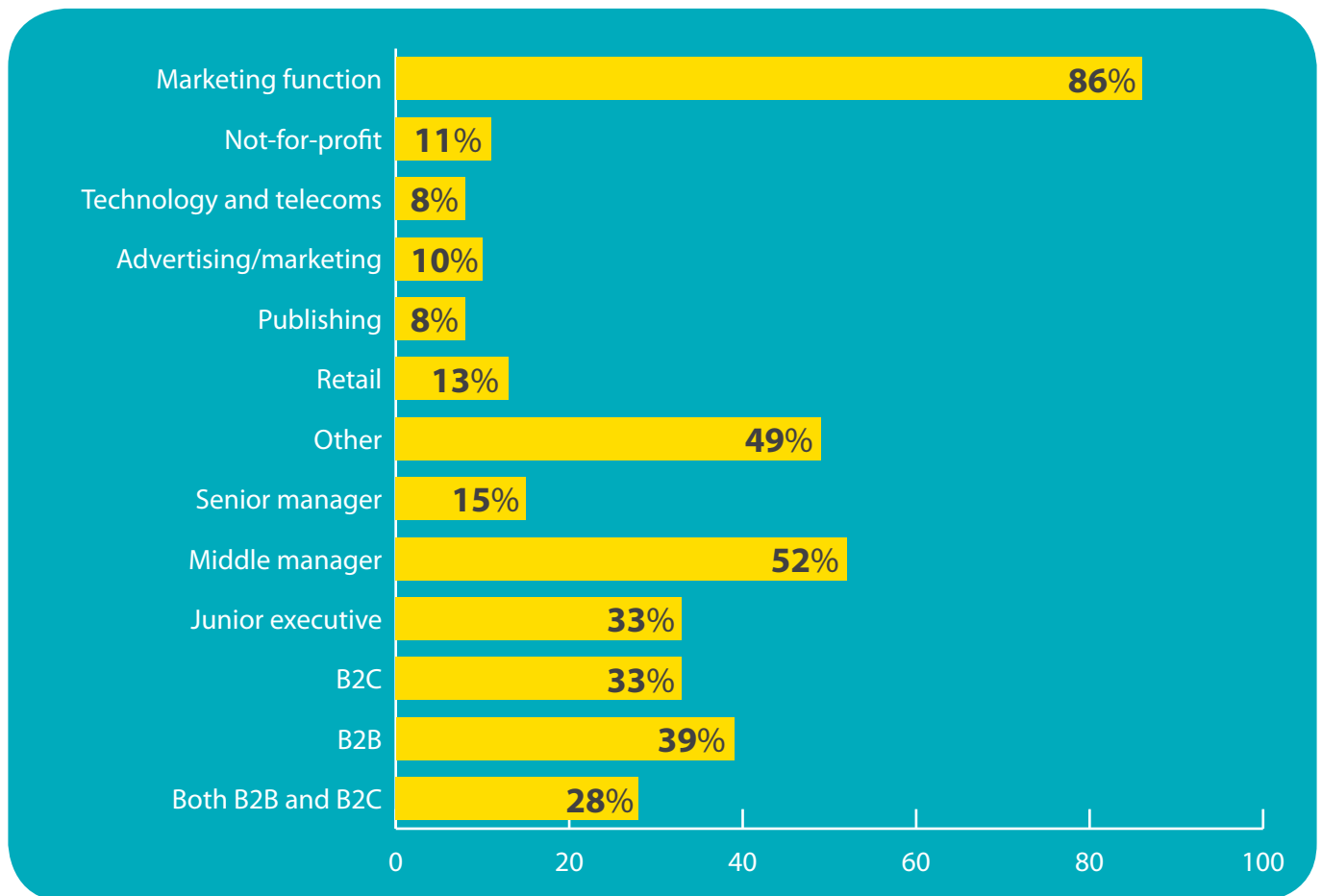


Figure 11: Profile of respondents

To collect the data used in this report an online survey was developed by the Institute of Direct and Digital Marketing (IDM), in association with Adestra, and served to members of the IDM, the Direct Marketing Association, and clients and prospects of Adestra. This generated a total of 600 responses, from which 375 fully-completed questionnaires were extracted for analysis in this report.

Respondents work mainly in the marketing function (86%), with a handful of other departments also represented, such as sales, events, analytics, fundraising and CRM. A broad range of industry sectors were represented, with a nearly equal split across B2B, B2C and both B2B and B2C brands. The majority of respondents (52%) work at mid-management level, followed by one-third (33%) in junior roles and 15% in senior management positions.



About Adestra

Adestra is a leading provider of one-to-one email and lifecycle marketing solutions for global and growing brands.

The company's proprietary industry-leading email platform provides a powerful infrastructure for marketing automation and contextual messaging, helping marketers communicate more effectively with their customers and subscribers. Its flexible structure and open integration architecture allows businesses to connect disparate technology platforms to create a seamless customer journey.

Along with a best-of-breed platform that drives customer engagement and boosts ROI, Adestra was founded on the principle that marketing success takes more than technology, which is why customer service is at the heart of its business. The company was a winner of the 2014 Customer Focus Award from the Institute of Customer Service, and continues to maintain one of the highest customer retention rates in the industry. It is trusted by top companies including UBM, FranklinCovey, Incisive Media and The London Symphony Orchestra, among others.

Established in 2004, Adestra has offices in Oxford and London UK, Dallas and New York, USA and Sydney, Australia.

About the IDM

The IDM exists to support, encourage and improve marketing performance with development programmes to help you be the best you can be. Committed to helping every marketer be the best they can be, the IDM exists to support, encourage and improve marketing performance from your first steps on the career ladder, right to the very top.

For over 25 years, it's been our mission to provide best-in-class training, qualifications, events, resources and membership services to meet the real-world needs of today's digital, direct and data marketers. Every IDM programme is designed and delivered by practising marketers, who know what it takes to succeed at the job, and dedicated to helping you succeed in yours.

As a not-for-profit organisation, we pledge to continuously reinvest our profits back into Higher Education to find, develop and give the best career start to the next generation of marketing stars.

www.theidm.com