



February 2017

BIG DATA ROUNDUP

Most key objectives of marketers are rooted in big data, from targeting and customer relationship management to attribution—and even artificial intelligence. eMarketer has curated this Roundup of articles, insights and interviews to help you understand why and how advertisers and marketers are putting these large, complex data sets to work.

presented by

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Overview

Big data is gradually becoming a part of US business, and companies that are able to take advantage of its scope and complexity appear to be seeing benefits. In January 2017, research from NewVantage Partners revealed that at least half of organizations are incorporating some type of big data initiative.

Top executives in the US appear to be optimistic about big data's value. For example, in January, Forbes reported Wal-Mart's launch of its "Data Café," an analytics hub poised to process 2.5 petabytes of data every hour.

In the NewVantage survey, 80% of the decisions-makers said that their overall investment in big data has been at the very least good and moderately successful or better. Fifty senior Fortune 1000 business and technology decision-makers in the US were surveyed about managing and maintaining big data throughout November and December 2016.

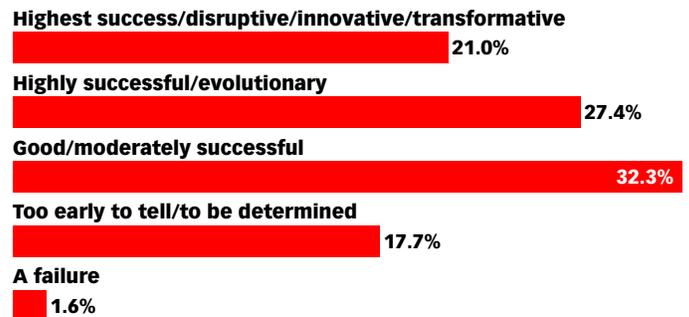
These executives are reportedly locking into big data by assigning initiatives tied to revamping their business for the future (51.6%) and lowering costs (72.6%), among other business needs, the NewVantage data shows. According to the data, more than half of respondents said they are implementing a particular type of big data initiative.

And some of these efforts are already showing progress. Roughly half of executives said reducing expenses through big data has been successful. Meanwhile, more than 44% of respondents also touted gains related to creating new avenues for innovation, and over a third mentioned big data's value in product launches.

Not all areas business people were polled on got high marks. Of the big data initiatives executives were asked about, establishing a data-driven culture and making over their business for the future had the lowest success rates, both at 27.9%.

Level of Success of Big Data for Their Business According to US Executives, Dec 2016

% of respondents



Source: NewVantage Partners, "Big Data Executive Survey 2017," Jan 9, 2017

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Implementation of Select Big Data Initiatives According to US Executives, Dec 2016

% of respondents

	Implementing	Implemented and successful
Decrease expenses through operational cost efficiencies	72.6%	49.2%
Establish a data-driven culture	69.4%	27.9%
Create new avenues for innovation and disruption	64.5%	44.3%
Accelerate the speed with which new capabilities and services are deployed	64.5%	31.1%
Launch new product and service offerings	62.9%	36.1%
Monetize big data through increased revenues and new revenue sources	54.8%	32.8%
Transform and reposition your business for the future	51.6%	27.9%

Source: NewVantage Partners, "Big Data Executive Survey 2017," Jan 9, 2017

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Spending on Data-Driven Marketing Set to Rise

DDM investment boosts revenues, execs say

It's perhaps no surprise that more executives are using more data to help power their decision-making. In fact, as a recent investigation of spending trends in "data-driven marketing" reveals, marketers are continuing to invest and benefit from this approach.

While data-driven marketing refers to wide range of marketing tactics, many executives mention cross-channel and cross-device marketing and advertising, along with lookalike targeting, as three of the most popular data-fueled marketing tactics. These three techniques were among the most-used by US business-to-business (B2B) marketers polled in September 2016 by Dun & Bradstreet.

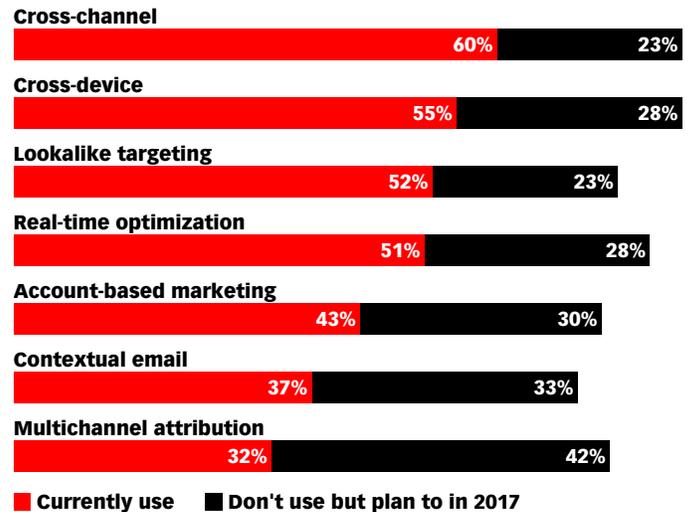
Additional quarterly survey data collected by the Data & Marketing Association (DMA) and Winterberry Group adds insight into the spending and revenue associated with data-driven marketing. According to their Q3 2016 survey of DMA-member marketing technology professionals, more marketers intended to increase spending on data-driven marketing through the end of 2016. Over 40% of respondents in the survey said they expected their data-driven marketing outlays to "increase somewhat" or "increase significantly" in Q4 2016.

This investment in data-driven marketing spending is also predicted to have an impact on these firms' revenue. More than 40% of executives surveyed by the DMA and Winterberry expected their Q4 2016 revenues generated by data-driven marketing efforts to "increase significantly" or "increase somewhat."

Even though data-driven marketing has won fans among decision-makers, the discipline is not without its flaws. According to one recent eMarketer article on data-driven marketing, gathering high-quality data to use in such efforts continues to be a problem for many organizations worldwide.

Data-Driven Advertising & Marketing Tactics Used by US B2B Marketers*, Sep 2016

% of respondents



Note: *or their clients

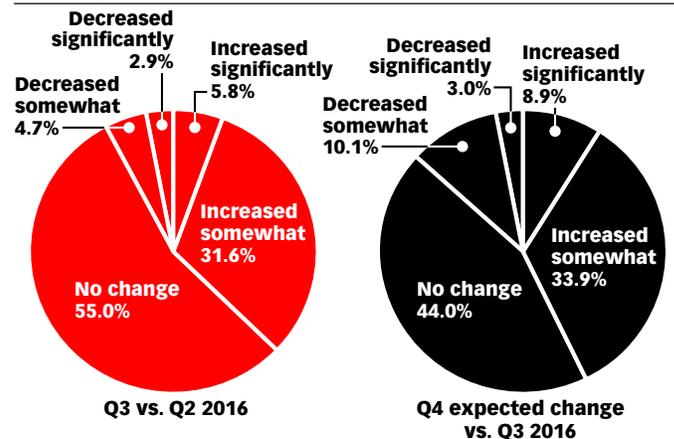
Source: Dun & Bradstreet, "B2B Programmatic Becomes A Reality: Outlook 2017" conducted by Adweek BrandShare, Nov 9, 2016

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Change in Data-Driven Marketing Spending According to US Marketing Professionals, Q3 & Q4 2016

% of respondents



Note: numbers may not add up to 100% due to rounding

Source: Data & Marketing Association (DMA) (formerly Direct Marketing Association (DMA)) and Winterberry Group, "Quarterly Business Review Q3 2016," Dec 15, 2016

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Data Quality Becomes a Top Concern for Marketers

Poor-quality intelligence leads to lost sales, inefficiency

More organizations have come to rely on data-driven decision-making to drive their strategies. But even as this data-driven approach grows, many executives worry that the data they're using is not as accurate as it could be, creating unexpected consequences.

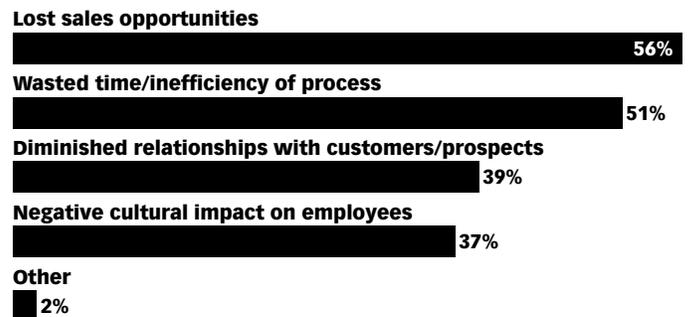
According to July 2016 research by Loudhouse Research for a study published by Experian Data Quality, bad quality data can have a significant impact on a company's bottom line. More than half (56%) of the UK and US executives surveyed said bad data had contributed to lost sales opportunities for their firms, while 51% also said bad data had led to wasted time and increasing company inefficiency.

Despite the fact that many executives believe bad quality data has had a negative impact on their organizations, many aren't confident they have the resources to fix the problem. In the same Experian study, 40% of respondents said they lacked the funds to build a business case that would emphasize the importance of quality data. Another third of those queried said they didn't have the proper knowledge or skills to do so.

As organizations think about how to improve their data collection and analysis efforts, some marketers say that the best approach is to utilize a mix of in-house and outsourced resources. According to a November 2015 survey from Ascend2, nearly 70% of marketing professionals polled worldwide said they used just such a mix to improve their data quality.

Effects of Having Bad Data Quality According to UK/US Managers, July 2016

% of respondents



Source: Experian Data Quality, "Building a business case for data quality" conducted by Loudhouse Research, Sep 27, 2016

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Biggest Challenges of Building a Business Case for Data Quality According to UK/US Managers, July 2016

% of respondents



Source: Experian Data Quality, "Building a business case for data quality" conducted by Loudhouse Research, Sep 27, 2016

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Marketers Second-Guess Their Analytics Processes

Executives don't always trust the numbers, worry about privacy

Customer-focused analytics represent a key area of interest and investment for many organizations. One recent survey of US CFOs by Deloitte found that nearly 60% planned to invest in customer analytics and more than 38% planned to invest in marketing analytics in the next three years. But even as these organizations double down on their analytics investment, many executives are also raising questions about the reliability of the processes used to gather such information. This is in addition to growing concerns about how best to maintain the privacy of their customers while doing so.

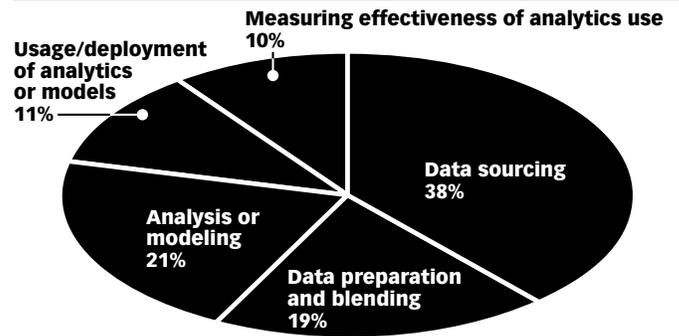
According to a July 2016 report by KPMG, which looked at how marketers could “build more trust” into their analytics and data-gathering processes, one problem with current analytics methods is executives aren’t always confident in the results. When asked about the most trusted stage of their analytics-gathering process, 38% said it was the very first step, which was data sourcing. For every stage of the process after that, marketers said they had significant doubts. Only 21% of executives said they trusted their analysis or data modeling, while just 10% said they trusted how they were currently measuring the effectiveness of their analytics efforts.

Beyond simply finding the the most accurate way to gather and analyze marketing analytics data, many executives also express concern about their ability to use such data in an ethical way that respects customer privacy. This is emphasized by the wide ranging (and sometimes conflicting) methods marketers are using to safeguard customer data. When asked for KPMG’s study about various methods their organizations used to help ensure data analytics privacy and security, only two of 10 approaches listed were used by half or more of marketers.

As marketers are faced with an ever-growing range of data sources, and more insistent calls to act quickly on such information to make business decisions, finding ways to improve these gaps in current analytics efforts will be critical.

Most Trusted Stage of the Analytics Process According to Data Decision-Makers Worldwide, July 2016

% of respondents



Note: n=2,165; numbers may not add up to 100% due to rounding
Source: KPMG, "Building Trust in Analytics: Breaking the Cycle of Mistrust in D&A" conducted by Forrester Consulting, Oct 28, 2016

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Attitudes Toward Data & Analytics Privacy/Security at Their Company According to Data Decision-Makers Worldwide, July 2016

% of respondents

Periodically review actions taken based on data & analytics—manual or automated—to ensure they comply with our ethical standards	52%
Our customers can easily opt out of sharing any data they do not want to share with us	50%
We are fully transparent to our customers about the data we hold and how we use it	49%
The C-level executive team fully understands and supports our ethics strategy for data use	48%
We consider our approach to customer privacy to be a competitive differentiator	47%
Our organization has an ethical use strategy/policy (code of ethics covering all our data & analytics, with clear responsibilities for execution and compliance management)	46%
We track the views of our customers and our industry on the ethical implications of what we do with data & analytics	46%
Before applying customer data to analytics and models, we evaluate how customers will perceive our use of their data (e.g., to avoid perceptions of negative intent or creepiness)	46%
It is our policy to periodically purge inactive customer data	45%
We measure how customers feel about the personalized data and models we use about them	43%

Note: n=2,165; responses of "describes our approach exactly"
Source: KPMG, "Building Trust in Analytics: Breaking the Cycle of Mistrust in D&A" conducted by Forrester Consulting, Oct 28, 2016

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B2Bs Are Keen, if Vague, About Big Data

Many see a big impact, even if their companies aren't ready

B2B marketers in Western Europe and the US appear to be mostly optimistic about big data and its future with respect to commerce. However, according to November 2016 research, less than half believe their entire organization is fully up to the task of putting big data to use.

In a survey of 400 B2B decision-makers conducted by Vanson Bourne for Intershop, well over three-quarters of respondents said big data will become more relevant to their work in the next 12 months, and 84% said that it's already having a positive impact on their organizations' operations. But less than half were willing to say that their companies were "completely effective" at using it.

For many marketers, a key challenge in using big data is uncertainty about the data that they have, either in terms of not knowing the scope of available data, or in terms of data quality. A study from Loudhouse Research, published by Experian Data Quality found that more than half (56%) of UK and US executives said bad data had contributed to lost sales opportunities for their organizations. The same study cited challenges such as lack of budget and skills to fix the problem.

The unease of these executives is likely due to the fact that they're also trying to keep up with their customers' relentless appetite for various tailored ecommerce system features. In the Intershop and Vanson Bourne poll, executives said their customers are looking for everything from personalization (42%) and post-sales care (40%) to search functionality (29%)—many of which both produce and require big data sets.

Attitudes Toward Big Data According to B2B Decision-Makers in Western Europe* and the US, Aug 2016

% of respondents

Will become more important in the next 12 months

85%

Having a positive effect on our business model

84%

Not all departments are using it

65%

It will be their next big investment

54%

Entire organization is completely effective at using it

42%

Note: *Benelux, France, Germany, the Nordics and the UK
Source: Intershop, "E-Commerce Report 2016: Taking the fast track into the digital future of B2B commerce" conducted by Vanson Bourne, Nov 10, 2016

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How Data Affects Client-Agency Relationships

In-house marketers are learning new ways to manage relationships

The rise of digital has also meant, for most marketers, the rise of data. And according to research from August 2016, data is changing the way brands deal with agencies.

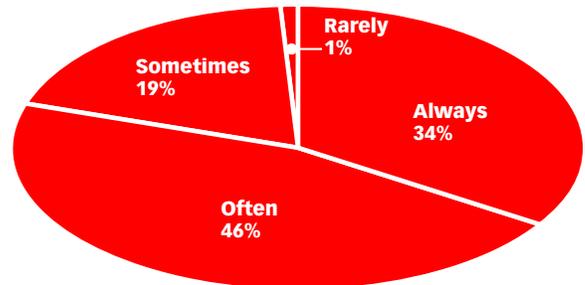
In August 2016, the Association of National Advertisers (ANA) and Decideware found that just about all client-side marketers in the US rely on data at least sometimes to help manage their relationships with agencies.

The most important determination client-side marketers are making with this data is the efficiency of their media buys; with data on campaign performance, they can be better informed of how agencies are spending their budgets. Nearly as important as efficiency was determining whether agencies were delivering on total campaign audience goals.

In-house marketers also considered it important to use data to conduct media quality assessments, verify conversion rates and benchmark the cost of media vs. internal historical rates as well as industry rates.

The ANA/Decideware research suggests using this data is going well: The vast majority of US client-side marketers responding said they planned to use it more in the future, compared to just 16% who said their use of data to manage agency relationships would stay the same. None planned to use it less.

Frequency with Which US Client-Side Marketers Use Data to Manage Agency Relationships, Aug 2016
% of respondents

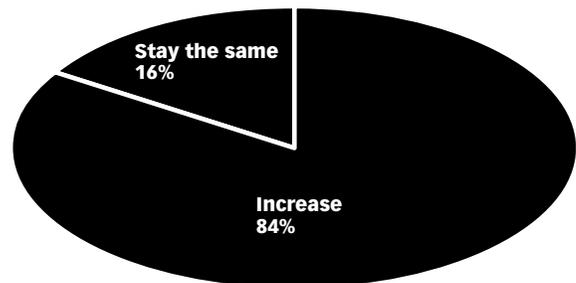


Note: n=90
Source: Association of National Advertisers (ANA) and Decideware, "Using Data to Manage Agency Relationships: What's Important to Marketers," Oct 31, 2016

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Change in Use of Data to Manage Agency Relationships According to US Client-Side Marketers, Aug 2016
% of respondents



Note: n=90
Source: Association of National Advertisers (ANA) and Decideware, "Using Data to Manage Agency Relationships: What's Important to Marketers," Oct 31, 2016

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At NBCUniversal, Digital's Audience-Based Buying Is Spilling into TV



Denise Colella

Senior Vice President, Advanced Advertising Products and Strategy

NBCUniversal

Traditional media buying is feeling the influence of the digital world's transition from a channel-centric approach to one that's more audience-driven. NBCUniversal, for example, has experienced an increased demand for not just audience-driven digital ad buys, but traditional TV buys as well. eMarketer's Lauren Fisher spoke with Denise Colella, senior vice president of advanced advertising products and strategy at NBCUniversal, about the cross-device trends and challenges that could soon apply to TV.

eMarketer: How influential has cross-device targeting become in the traditional TV ad buying space?

Denise Colella: Our clients are starting to ask for these targeting capabilities. We've seen it coming in digital for a long time. As television advances with things like addressable TV and set-top box data, there is an increase in requests from clients to apply the same targeting practices and audience-defining capabilities to TV as we do in digital.

However, this is not a ubiquitous request from a cross-device or cross-channel lens. Some of our clients are looking to report more across digital and TV, but in many cases, agencies are still buying by channel. It's more exploratory than it is widespread.

"Some of our clients are looking to report more across digital and TV, but in many cases agencies are still buying by channel."

eMarketer: What types of data do advertisers want to leverage—bring-your-own data, third-party data or their own unique audience data?

Colella: All of the above. We have partnerships with all of the major data providers that we leverage on a daily basis, but some of our more advanced clients want to bring their own data to the table. We see bring-your-own data with addressable TV, programmatic video and programmatic TV, and we're starting to see it in linear optimization.

eMarketer: Are there any common traits among the advertisers that are moving aggressively into these areas?

Colella: There's not a commonality per se. It's very much a test-and-learn environment. The majority of budgets are still done in the traditional way.

This type of buying will need time to ramp up. In many cases, our clients are interested in participating in programmatic TV, but they haven't selected the DSP [demand-side platform] yet. These are the first steps toward moves in the industry.

"There isn't a measurement that allows us to go apples-to-apples with digital and TV."

eMarketer: On the measurement front, are advertisers able to pair up their digital and traditional TV audiences?

Colella: Today there is no standard of measurement across platforms. At NBC we've been vocal about these concerns and the fact that C3 [ratings, which look at the live TV airing as well as the following three days of DVR viewing] don't cut it anymore. There isn't a measurement that allows us to go apples-to-apples with digital and TV. They are still measured separately.

Even over the next two or three years, as we start to clarify the measurement, we'll still live in a multicurrency world. All of the systems we're developing as part of our [cross-platform targeting division] Audience Studio provide the ability to measure, sell and report on both Nielsen and audience. That has to be a requirement for anyone who wants to play this game for the next couple of years.

Flywheel Bridges the Online-Offline Data Divide to Shorten the Sales Cycle



Jocelyn Kolkin

Senior Director, Digital Marketing and Loyalty

Flywheel Sports

Flywheel Sports is a fitness studio chain offering customers spin classes in select cities across the US. Uniting customer data is a critical part of Flywheel's customer acquisition strategy. Jocelyn Kolkin, Flywheel's senior director of digital marketing and loyalty, spoke with eMarketer's Jillian Ryan about how the company bridges the online and offline data divide to shorten the sales cycle and locate customers with a potentially high lifetime value.

eMarketer: Flywheel Sports has physical studios where customers take spin classes. How does that offline touchpoint create challenges for your digital marketing?

Jocelyn Kolkin: There are many ways people can become aware of our products. Sometimes that is through digital, with paid or organic initiatives that resulted in acquiring their email address, and other times it's offline, through a friend or seeing signage or walking by or into our studio.

No matter which way they come to us, we are concerned with engaging them on more of a one-to-one level, so we have a very strong focus on how to reframe and think about digital marketing more holistically, and how that marries with our offline marketing.

eMarketer: How do you bridge the data divide between offline interactions and your digital customer database?

Kolkin: We have a robust field organization. Our studio staff is trained to identify people who are new to the studio, who may not have an account, who may not even be there in the class, but are just walking in, and how to engage them, in an offline one-to-one, personalized manner.

They are focused on getting customer information from them in an authentic manner so we can start engaging them, and then assure that we are creating a more thoughtful conversation with them. So once we have that data, it enables us to be a lot smarter.

If someone comes into the studio and we don't get their email address, and we don't get some sort of data point from them, it's hard for us to market to them in a digital manner, or even know if they come back in. It is a missed opportunity.

eMarketer: Once you have that email address or data point, what are some ways Flywheel engages with that prospect digitally?

Kolkin: When prospects take their first free class with us, in our eyes they aren't a customer yet. So we try to be thoughtful as we try to convert them to pay for their second reservation. That means thinking about timing and leveraging data-driven communication tactics like trigger emails and push notifications in our app to shorten this life cycle.

Further, ensuring that we're touching them at the right points through digital channels does drive conversions, but it also means that customer is much more likely to engage for a longer time, spending more money with us, and become a better and a higher-value customer over time.

eMarketer: Lifetime value of customers is critical. What other tactics does Flywheel implement to locate these high-quality users?

Kolkin: We always start with the data. We look at our current data of our best customers that we've tracked over time to determine what attributes they have and what their life cycle has been. With that data, we've moved all of our targeting entities based on lookalike modeling. We've found that if we look at our highest-value customers and find customers like them, while they may cost a little bit more, we make significantly more money from them.



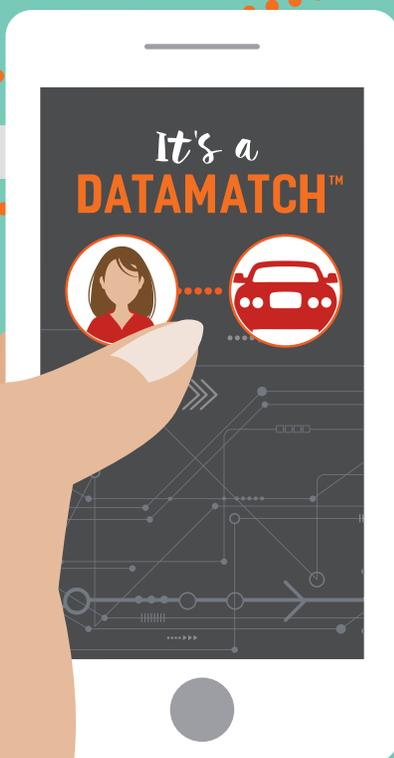
JULIA'S CAR WAS FALLING APART. SHE NEEDED A NEW ONE, ASAP.

Not too far away, TOM'S REGIONAL AUTOMART WAS LOOKING FOR "JULIAS."



HER NEW CAR HAD TO BE:

- ✓ **PRACTICAL**
Her budget was her budget.
- ✓ **PET FRIENDLY**
For messy paws.
- ✓ **STYLISH**
Julia wasn't quite ready for a minivan. Yet.



TOM WANTED CUSTOMERS WHO WERE:

- ✓ **ALREADY LOOKING**
- ✓ **LOCAL** (within 10 miles)
- ✓ **READY TO COMMIT**
And who had the means to do so.

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