The Economist Intelligence Unit

A report from the Economist Intelligence Unit

Mind the marketing gap

Sizing up marketer and consumer perceptions

Executive summary

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

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

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

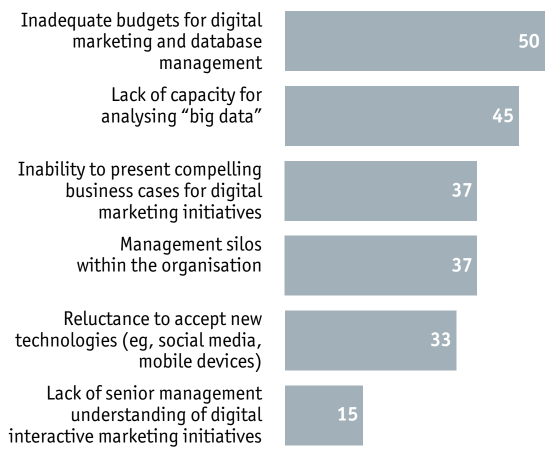
Findings from our surveys are as follows:

Understanding and capturing customer data is a challenge.

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

Biggest obstacles to more effective digital marketing strategies

(% of all respondents)



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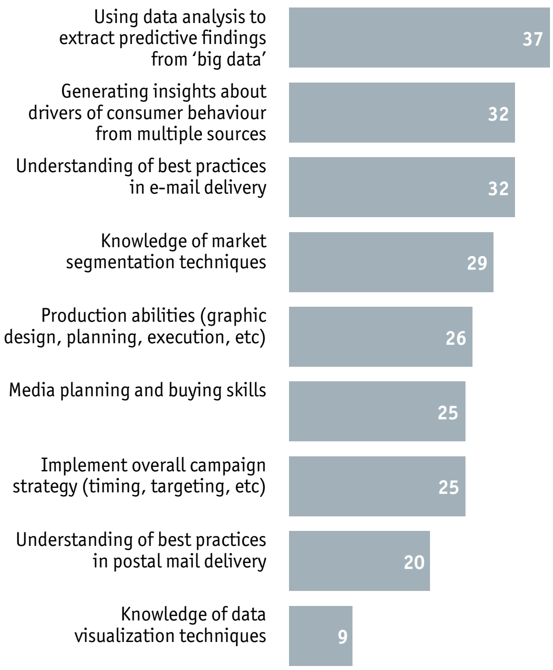
Most necessary skills for a successful marketer today
(% of all respondents)

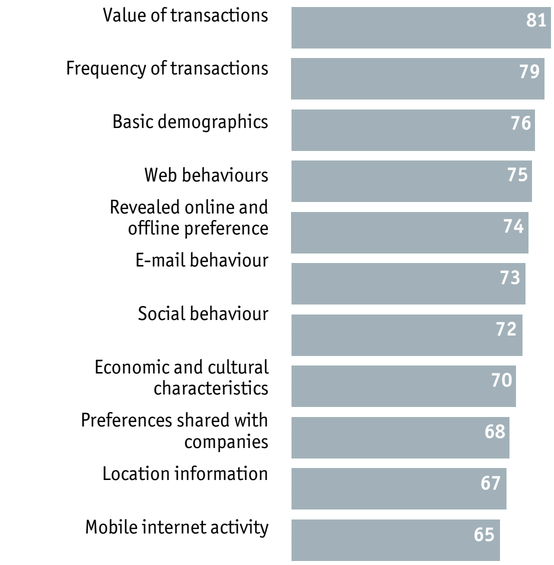


could be one of the reasons why data analysis to extract predictive findings from "Big Data" is now seen as the most necessary skill for marketers (37% of respondents)—a significant increase from the 17% who said this was true five years ago. This change in the required skill set (82% of marketers say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

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

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

Most important information included in consumer profiles
(% of all respondents)



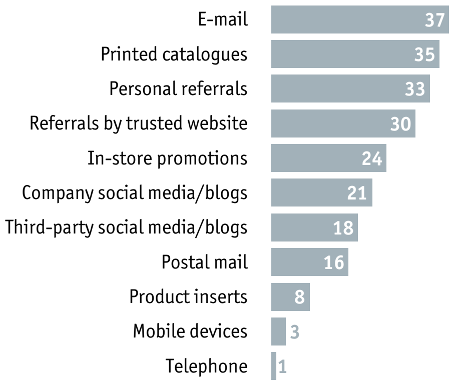
catalogues (35%) and personal referrals (33%). Only about one in five consumers say they prefer social media sites and blogs to make purchase assessments or decisions. E-mail is also a preferred channel for post-purchase follow-up, with 52% of consumers citing it as one of their top three preferences.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

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

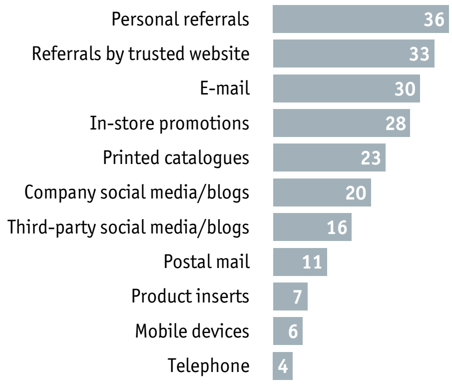
While marketers are focused on personalising messages, consumers see them as superficial and are becoming jaded.

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

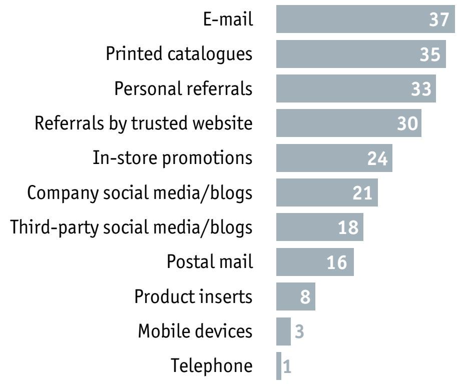
Initial introduction to product
(% consumers who most prefer each channel)



Final pre-purchase assessment
(% consumers who most prefer each channel)



Post-purchase follow-up
(% consumers who most prefer each channel)



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

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

When consumers research purchases online, 77% say they often spend their time comparing product prices and features. They prefer company channels to independent channels for this research by a wide margin. On the other hand, they rate independent channels far more highly for subjective information like expert and peer reviews. Even though marketers are correct in assuming a high level of consumer interest in pricing/promotions, product features and product reliability/warranties, marketers attribute more importance than consumers to reliability/reputation, peer review and expert opinion. Indeed, consumers rank new product referrals above all these.

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

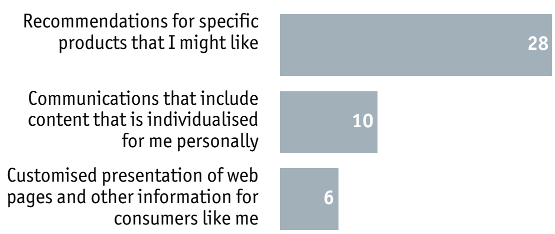
Information sought from company channels	Consumer rank by preference	Executive assessment of consumer preference
Pricing/promotions	1	1
Product features	2	2
Product reliability/warranties	3	3
Expert reviews	5	3
Reliability/reputation	7	5
Peer reviews	8	5
Tips about product use	6	7
New product referrals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

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

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

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

Net consumer preferences for personalised communications
(% most minus prefer least)



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

Marketing executives underestimate consumer concerns about privacy.

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

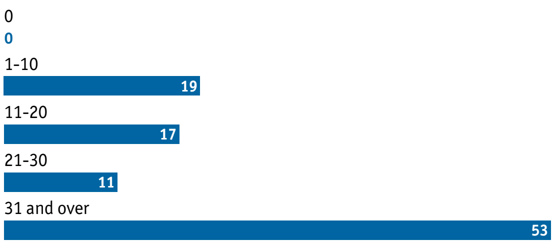
Ways of engaging and influencing consumers vary by industry.

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

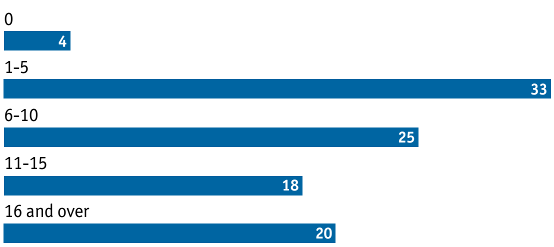
Appendix
Consumer survey results

How many separate purchases of automobiles have you made in the past 12 months?
(% respondents)

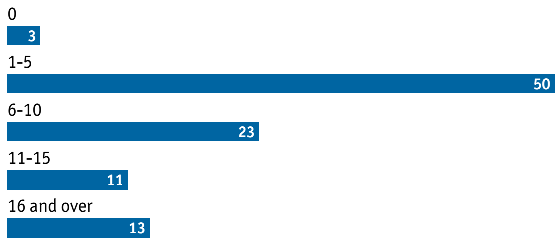
How many separate purchases/services of banking (eg, bank transactions completed via ATM, in physical bank, or online) have you made in the past 12 months?
(% respondents)



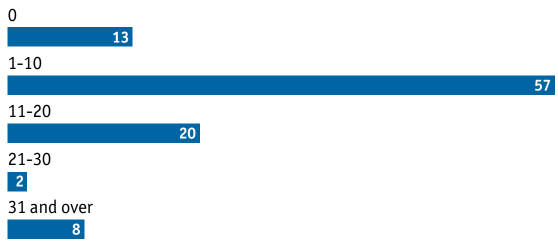
How many separate purchases of clothing (eg, one-time purchases of clothing items) have you made in the past 12 months?
(% respondents)



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

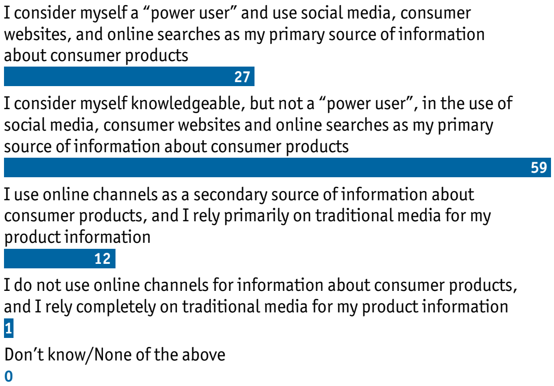


How many separate purchases of media (eg, newspapers, magazines, books) have you made in the past 12 months?
(% respondents)

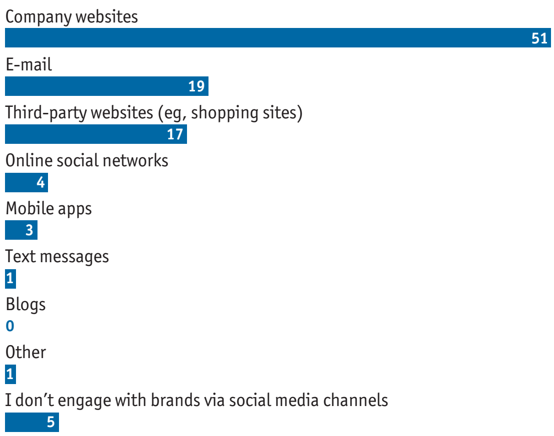


How many separate purchases of travel services (eg, flight, car rental, hotel) have you made in the past 12 months?
(% respondents)

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

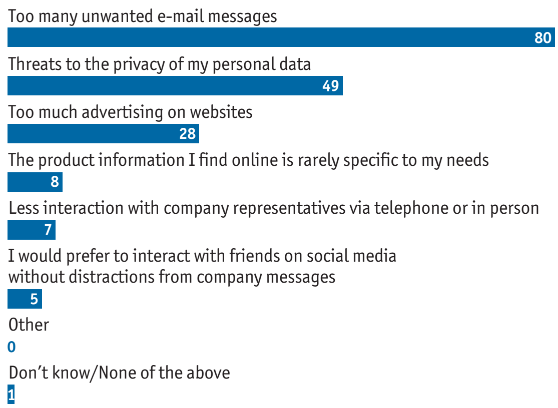


Which digital media media channels do you prefer to engage with brands?
(% respondents)

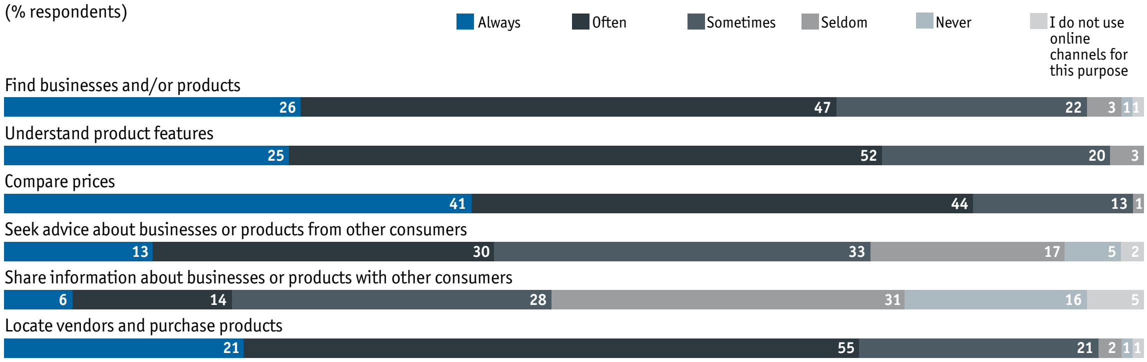


In your opinion, what are the biggest advantages that companies' use of online communications provides you as a consumer?
Please select top three.
(% respondents)

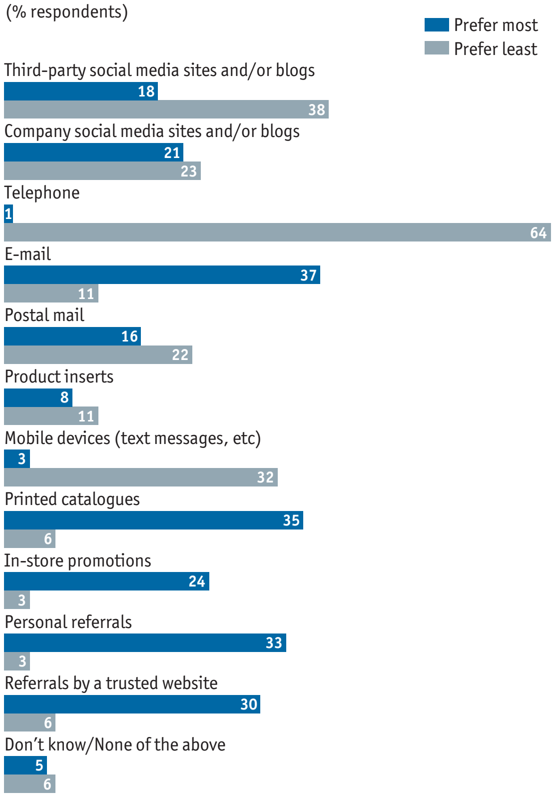
In your opinion, what frustrates you most about companies' use of online communications?
Please select top two.
(% respondents)



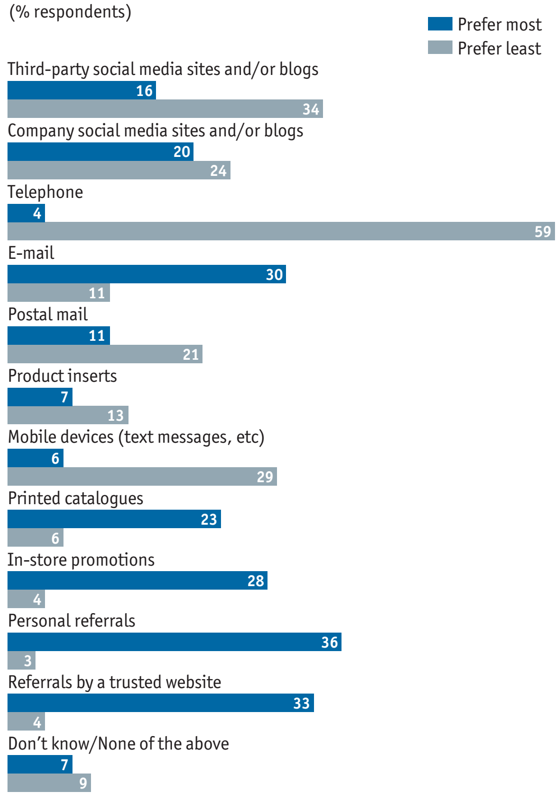
How frequently do you use online channels in the following ways to help you make a purchasing decision?
Please rate on a scale from 'Always' to 'Never'.
(% respondents)



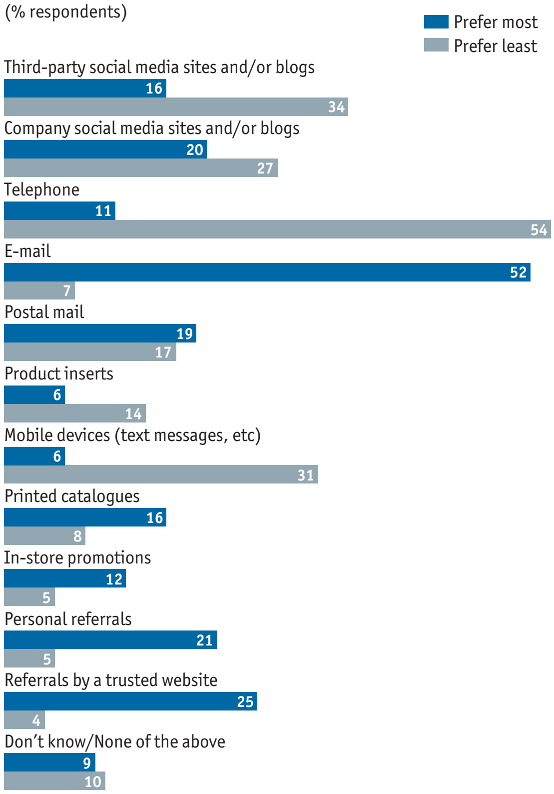
Aside from mass-market advertising, how do you prefer to learn about consumer products the most?
Initial introduction to product
Select top three.
(% respondents)



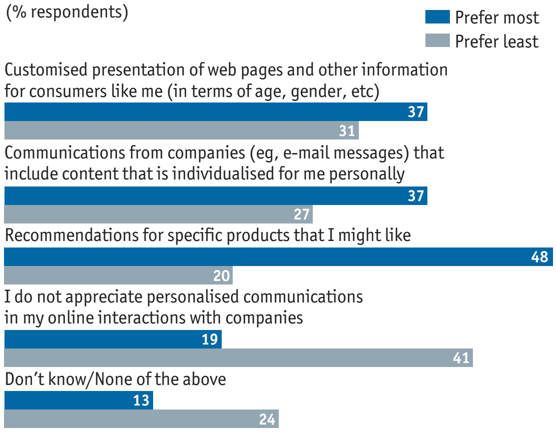
Aside from mass-market advertising, how do you prefer to learn about consumer products the most?
Final assessment at time of purchase
Select top three.
(% respondents)



Aside from mass-market advertising, how do you prefer to learn about consumer products the most?
Post-purchase follow-up
Select top three.
(% respondents)

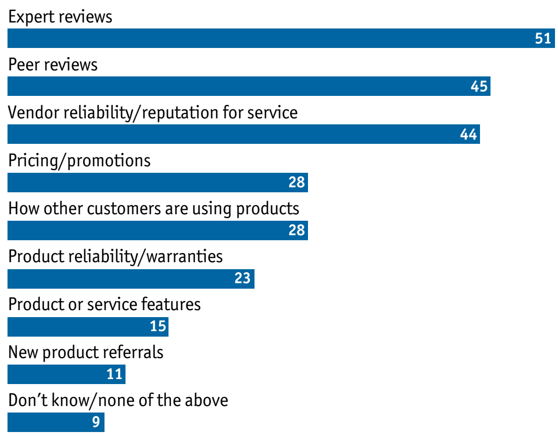


When companies personalise their communications with you, which features do you appreciate most?
Select two.
(% respondents)

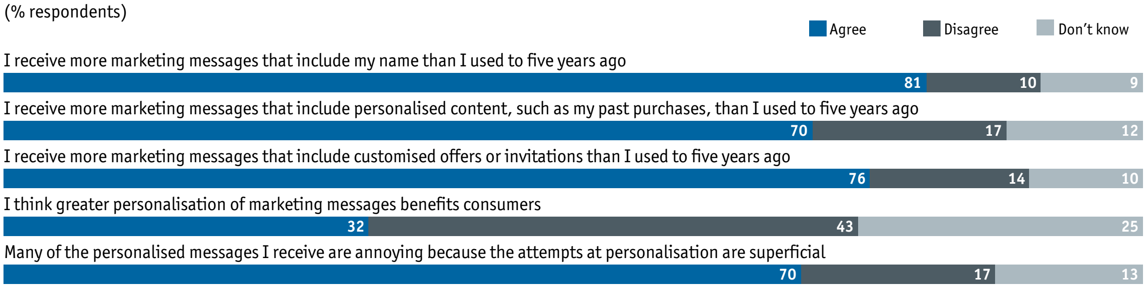


Which types of information about consumer products do you want most through company channels?
Select three.
(% respondents)

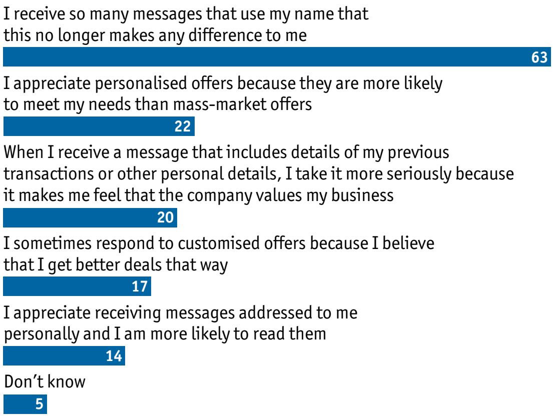
Which types of information about consumer products do you want most through independent channels?
Select three.
(% respondents)



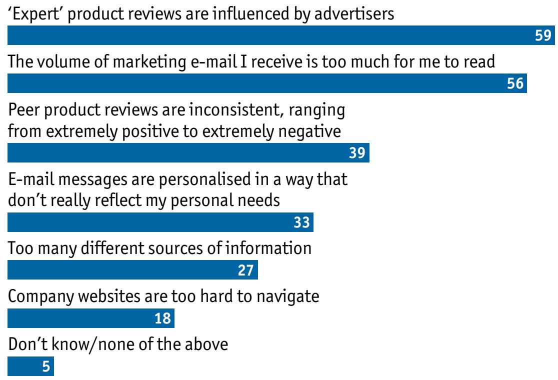
Do you agree or disagree with the following statements about the type of marketing messages you receive?
Please select one option for each row.
(% respondents)



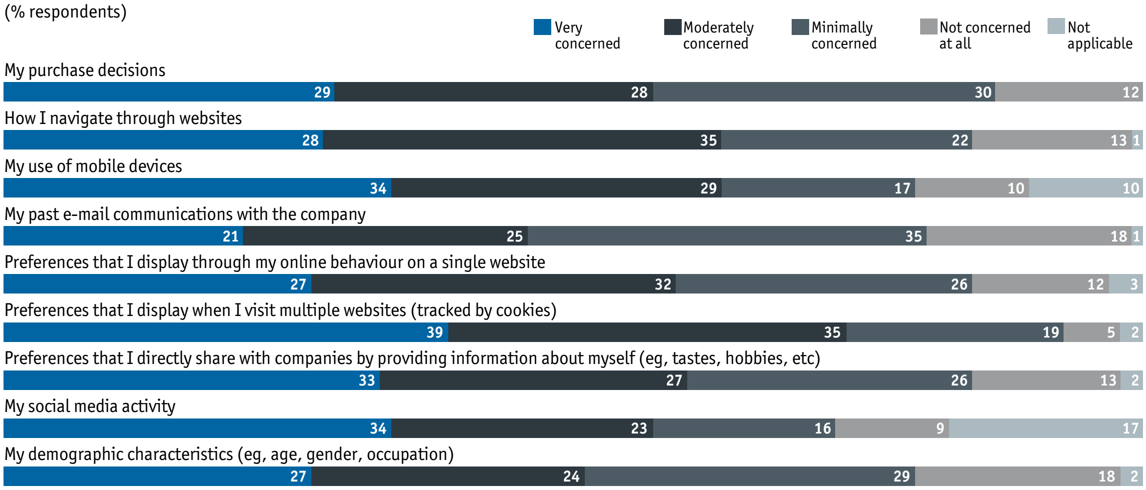
What is your attitude towards to personalised marketing messages?
Please select all that apply.
(% respondents)



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

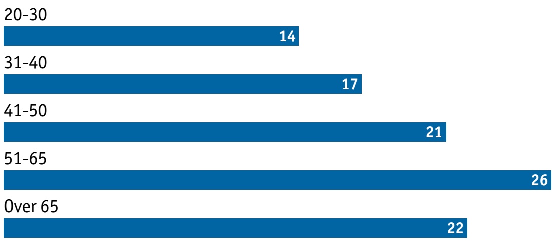


How concerned are you about personal privacy when companies collect the following type of information about your activities?
Rate on a scale from 'Very concerned' to 'Not concerned at all'.
(% respondents)



In which country are you personally located?
(% respondents)

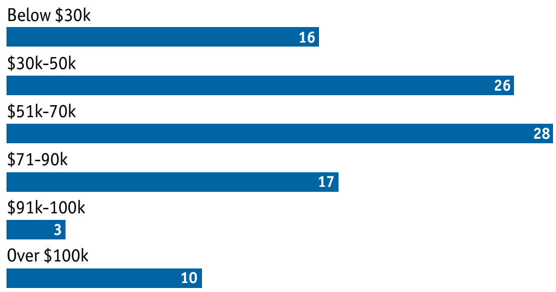
What is your age?
(% respondents)



What is your gender?
(% respondents)

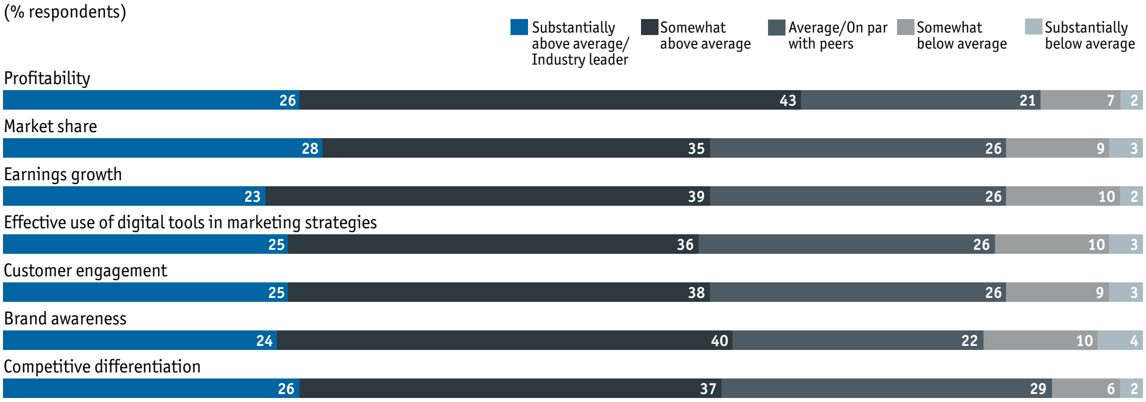
What is your income level? US
(% respondents)

What is your income level? UK
(% respondents)

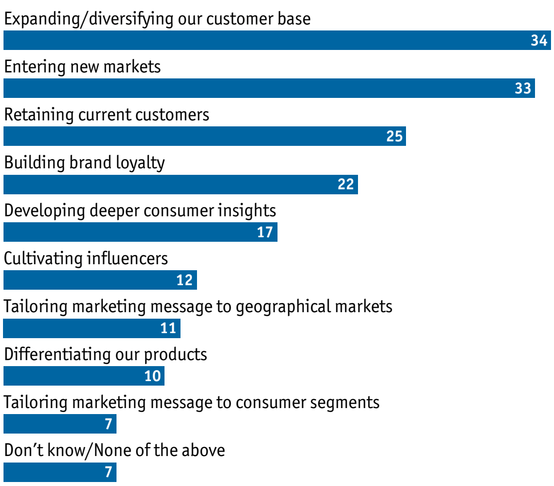


Appendix
Executive survey results

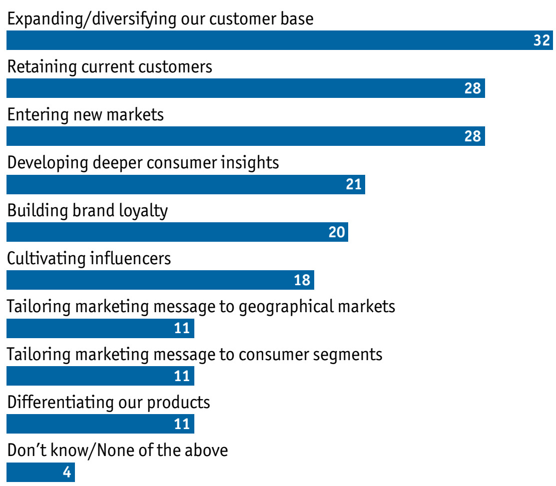
Compared with its peers, how do you rate your organisation on each of the following performance indicators?
Please rate on a scale from 'Substantially above average' to 'Substantially below average'.
(% respondents)



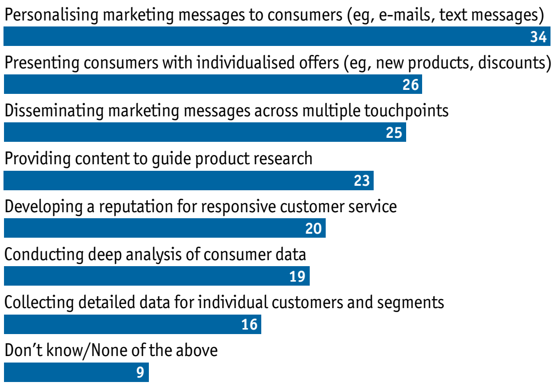
What were the main objectives of your organisation's marketing campaigns five years ago?
Please select up to two.
(% respondents)



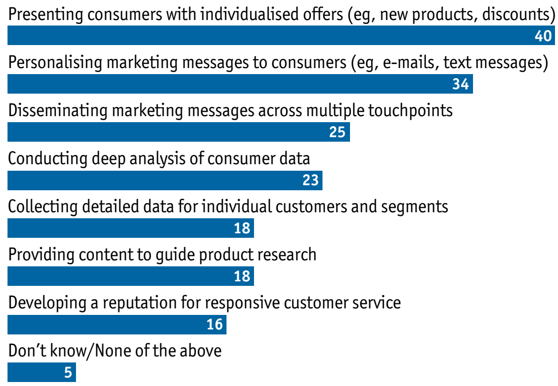
What are the main objectives of your organisation's marketing campaigns today?
Please select up to two.
(% respondents)



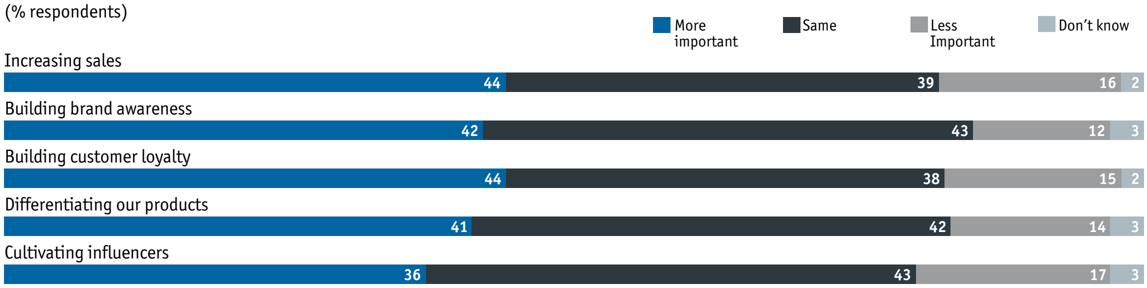
What were the main strategies for your organisation's marketing campaigns five years ago?
Please select up to two.
(% respondents)



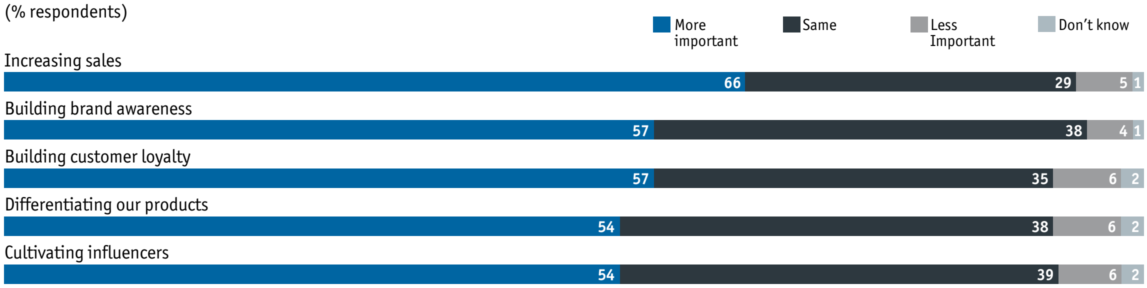
What are the main strategies for your organisation's marketing campaigns today?
Please select up to two.
(% respondents)



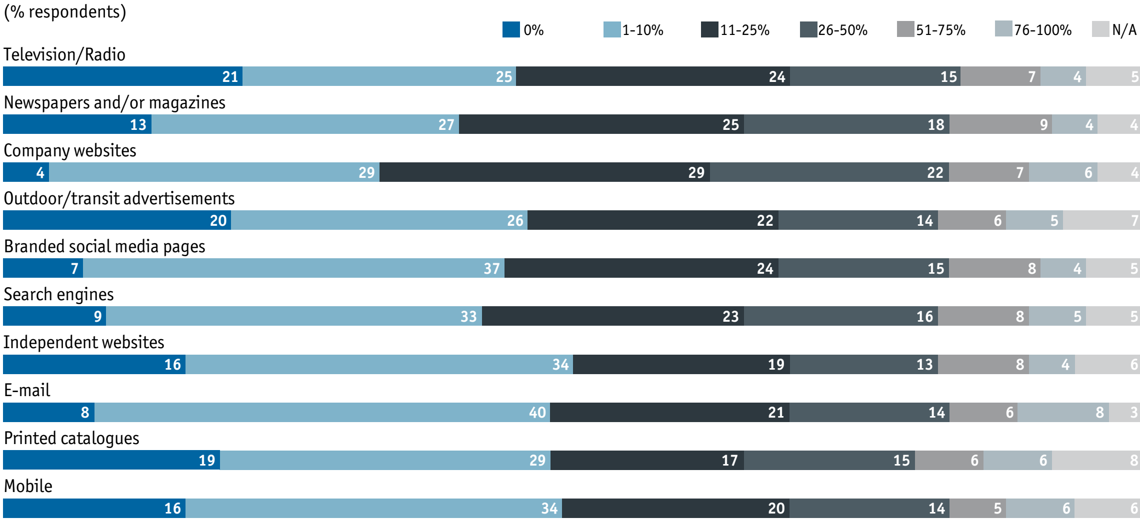
Compared to five years ago, how important are offline marketing channels (eg, stores, traditional sales, traditional ads) to the following?
Please select one for each row.
(% respondents)



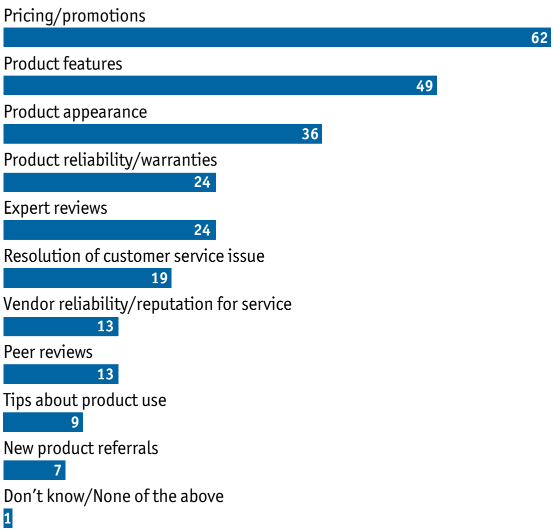
Compared to five years ago, how important are digital marketing channels (eg, e-mail, mobile, social media) to the following?
Please select one for each row.
(% respondents)



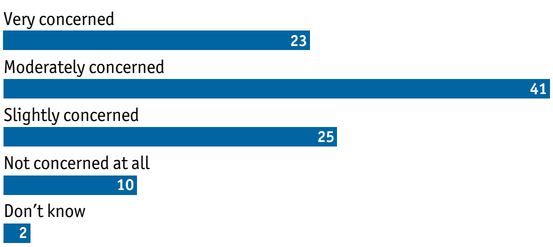
What percentage of your marketing budget do you spend on the following channels?
Please select one for each row.
(% respondents)



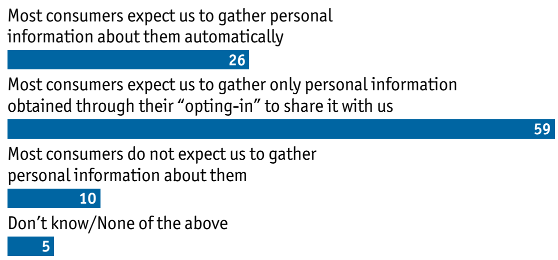
In your opinion, what types of information are consumers most interested in obtaining when they interact with your organisation through digital channels (eg, e-mail, mobile, social media)?
Please select up to three.
(% respondents)



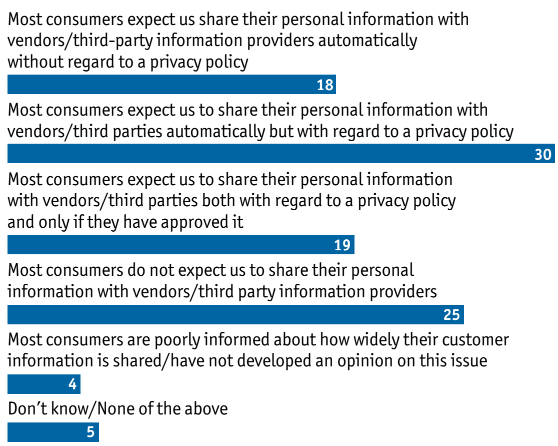
To what extent do you think your organisation's customers are concerned about the privacy of their information in the company's marketing databases?
(% respondents)



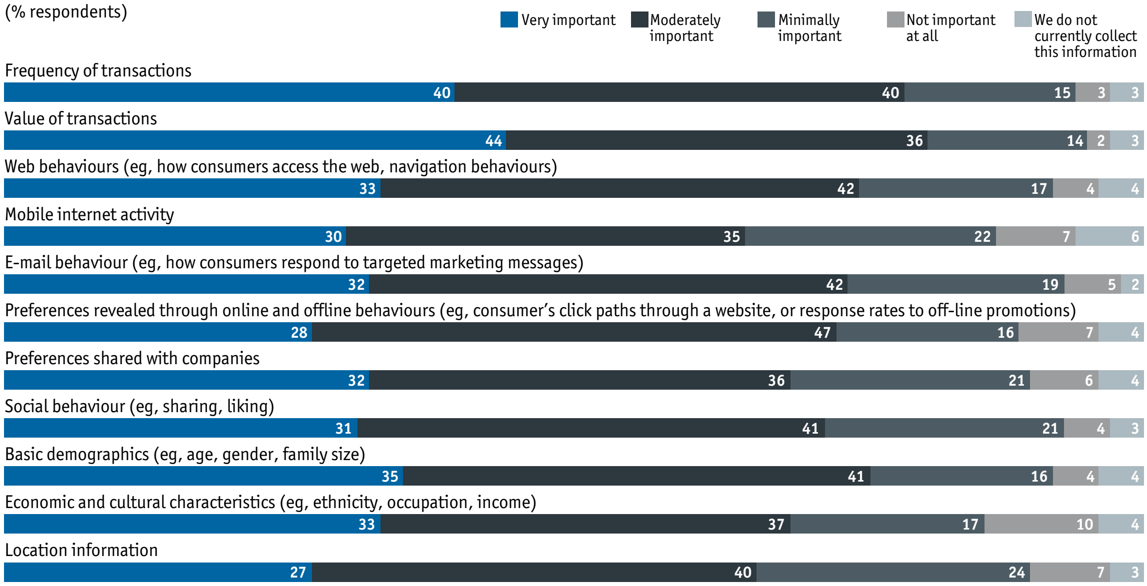
How do you believe your organisation's customers perceive privacy issues related to the collection of personal information when marketing communications are based on personal information?
(% respondents)



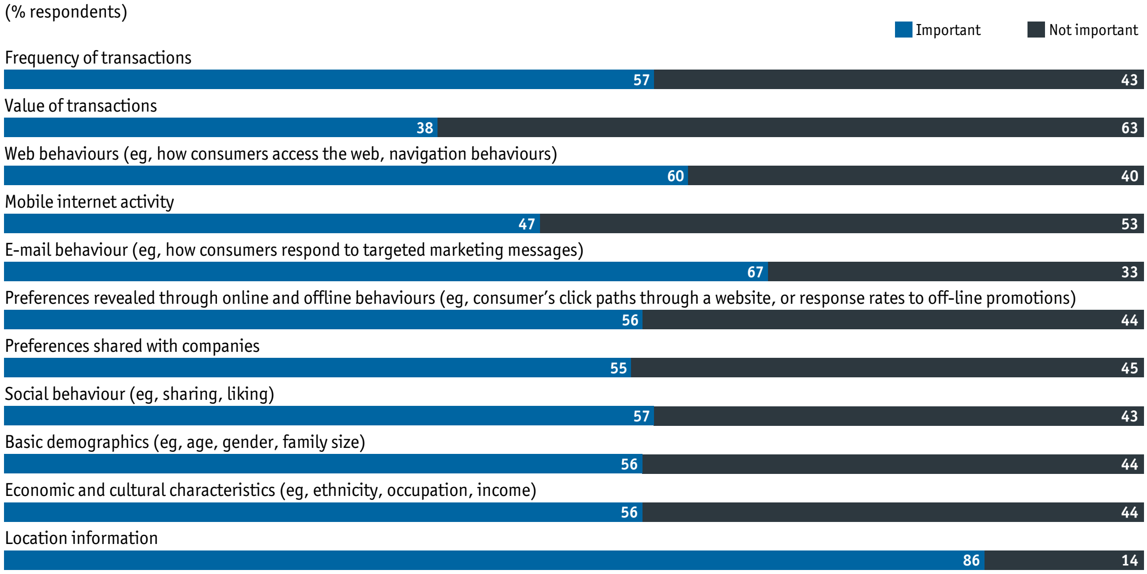
How do you believe your organisation's customers perceive privacy issues related to the distribution of personal information when marketing communications are based on personal information?
(% respondents)



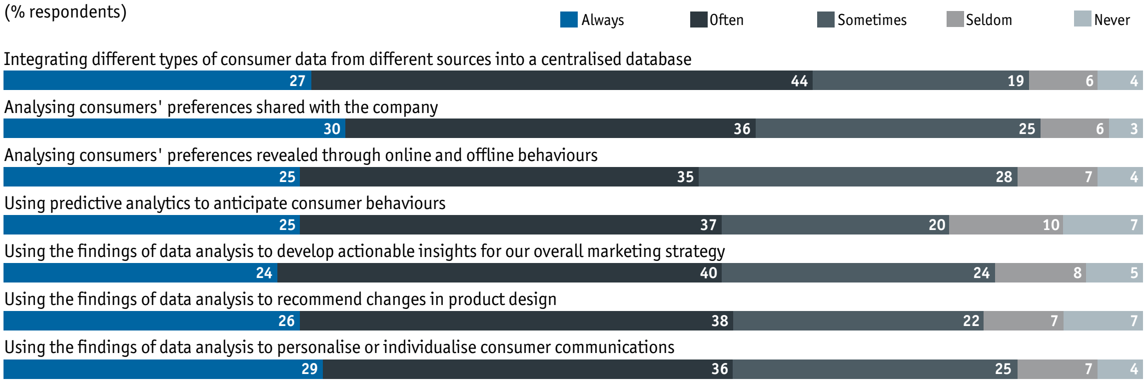
How important are the following components of a consumer profile to your company's marketing strategy?
Please select one for each row.
(% respondents)



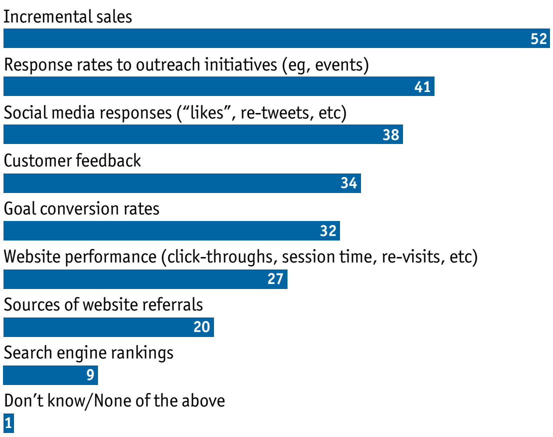
Do you believe the following information is important for developing marketing strategy, even though it is not currently collected?
Please select one for each row.
(% respondents)



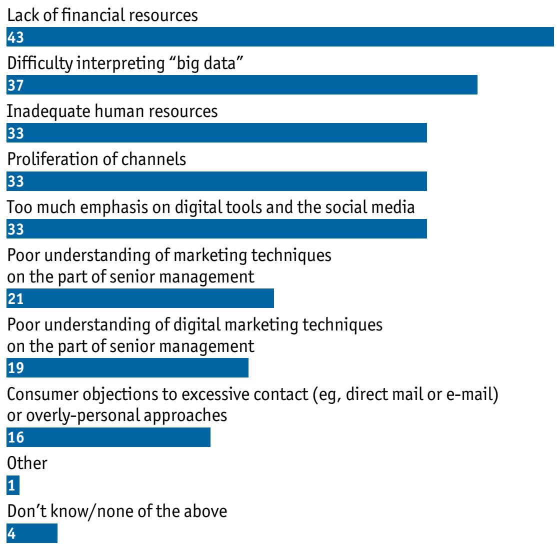
To what extent do you believe your organisation engages in the following data analytics activities?
Select one in each row for each statement.
(% respondents)



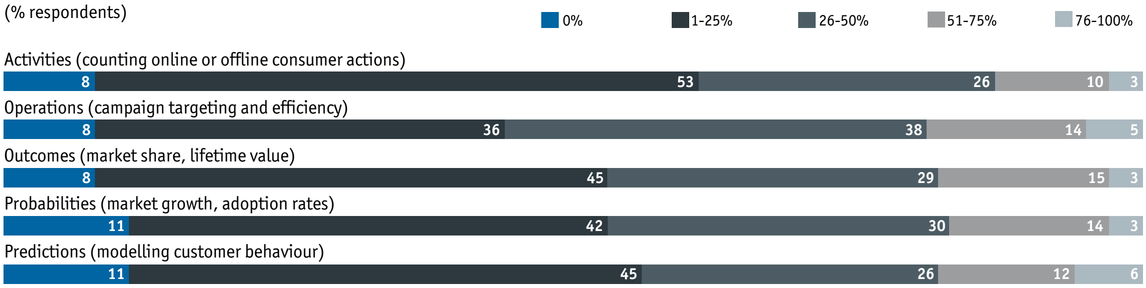
Which key performance indicators does your organisation use to evaluate the effectiveness of your marketing initiatives?
Please select top three.
(% respondents)



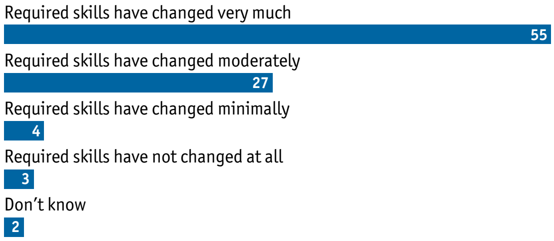
What are the biggest obstacles to an effective marketing strategy?
Please select top three.
(% respondents)



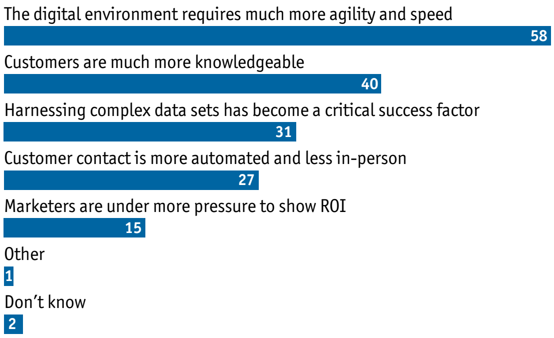
What percentage of your organisations’ marketing data analysis is allocated to each of the following analytical types?
Please select your best estimate.
(% respondents)



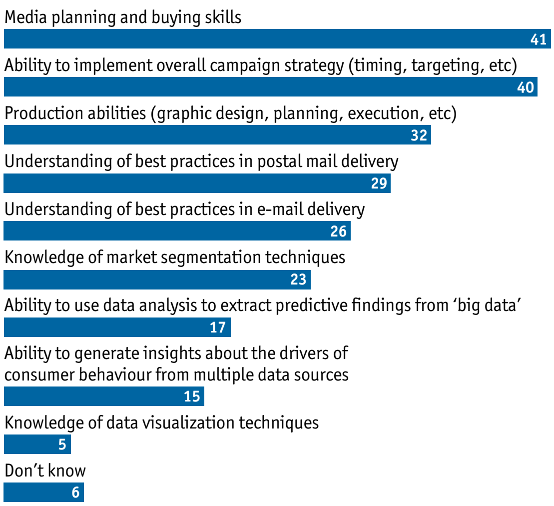
To what extent have the skills required for marketers changed from the past five years to today?
(% respondents)



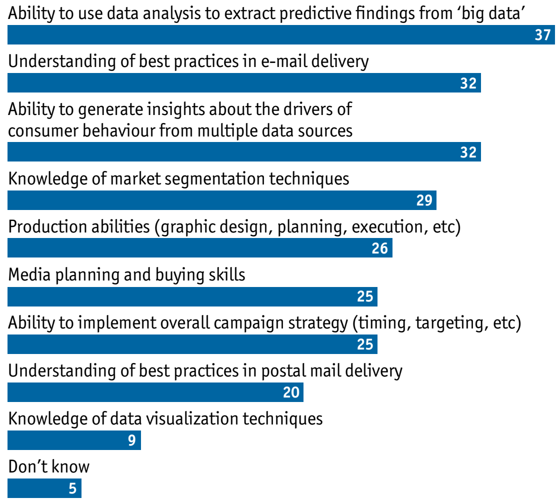
In your opinion, what have been the largest drivers of change?
Please select top two.
(% respondents)



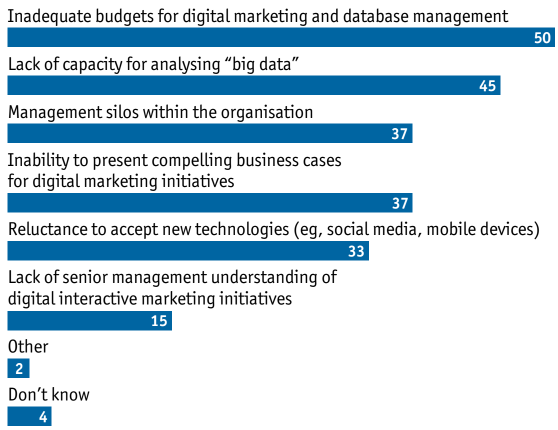
What skills did you need to be a successful marketer five years ago?
Select top three.
(% respondents)



What skills are most necessary to be a successful marketer today?
Select top three.
(% respondents)



What are the biggest obstacles to your organisation adopting a more effective digital marketing strategy?
Please select top three.
(% respondents)

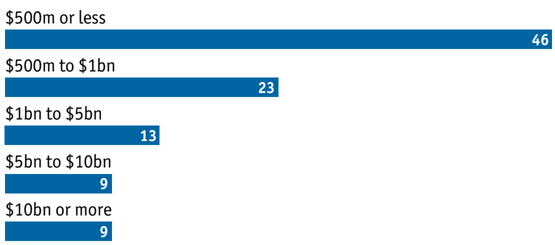


In which country are you personally located?
(% respondents)

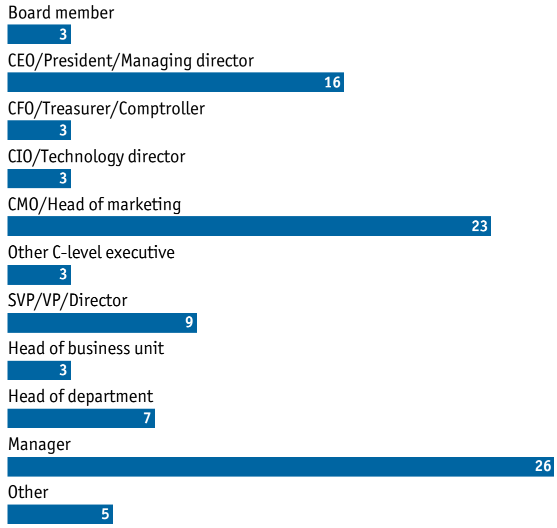
In which country is your company headquarters located?
(% respondents)

In which region are your company's global headquarters based?
(% respondents)

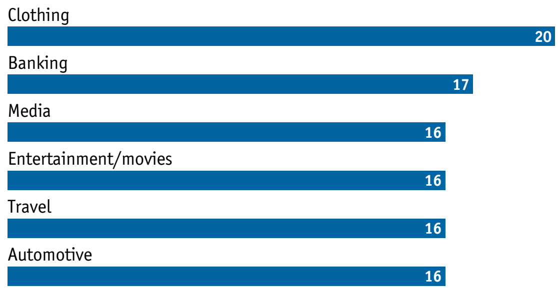
What is your organisation's global annual revenues in US dollars?
(% respondents)



Which of the following best describes your title?
(% respondents)



What is your primary industry?
(% respondents)



What is your main functional role?
(% respondents)