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Marketers Need To Confront The Inconvenient Truth Of Data Pollution

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Marketers Strive To Meet Customer Demands With Their Data Programs

Data and analytics have become an integral part of the marketing ecosystem as marketers strive to meet growing customer demands. However, this increased importance has also led to an increase in the complexity of the data ecosystem. Unfortunately, many marketing organizations are ill-equipped to handle the complicated nature of the data landscape. In order to unlock the enormous benefits that effective marketing data can offer, organizations must work to improve their data and analytics programs.

In April 2019, Infogroup commissioned Forrester Consulting to conduct a study with 300 marketing, advertising, and sales leaders in the US. Respondents were decision makers in their organizations' customer data/analytics programs.

Key Findings

Marketers have an unprecedented amount of data at their disposal as data volumes and use cases have risen considerably in the last two years. In order to take advantage of this, data and analytics budgets have increased.

Marketers struggle to keep up with an ever-increasing amount of "data pollution." The vast majority (96%) of organizations have had campaigns negatively affected by data pollution.

Marketing campaigns, with accurate and actionable data, yield conversion rates and ROI that more than double those campaigns which lack effective data.

# Data And Analytics Are The Cornerstone Of Modern Marketing Programs

In the age of the customer, where empowered B2B buyers demand personalized engagement throughout their purchase journeys, data and analytics programs have become imperative for marketers to deliver on those demands. Marketers understand how crucial data is to creating effective personalized marketing. Our study showed that nearly all respondents view the four stages of the data process as important or very important. Those stages are: 1) collecting the right data types; 2) compiling and organizing that data; 3) analyzing the data and finding meaningful insights; and 4) turning those insights into effective actions.

Almost every single respondent said that each step of the data process is important.

"How important are the following parts of the data process in creating effective marketing?"

(Showing percentage choosing "Important" or "Very important")

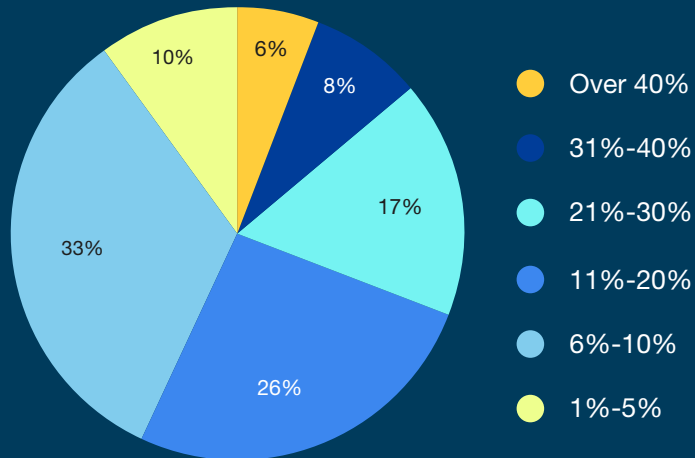| 1 | Collecting the right data types | 88% |
2	Compiling and organizing collected data	89%
3	Analyzing data and finding meaningful insights	88%
4	Turning data insights into effective activation	91%
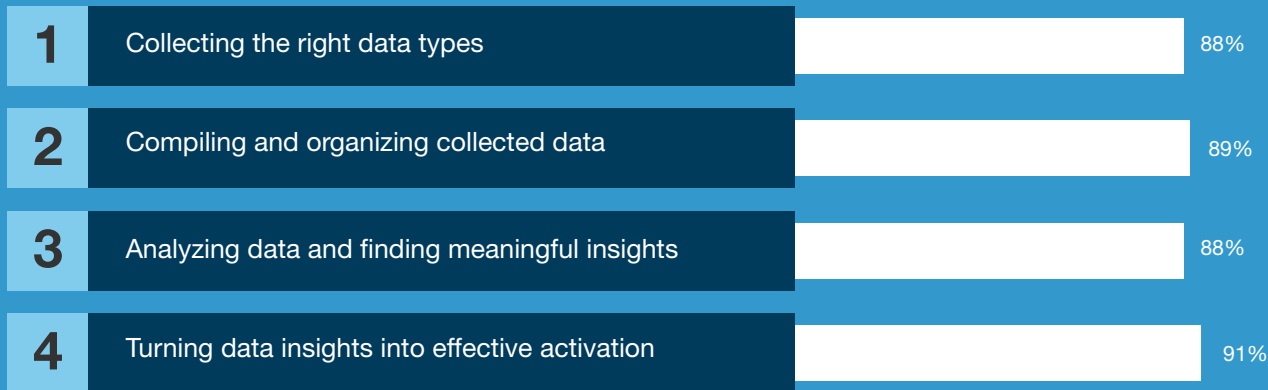
Organizations Are Investing More In Data Than Ever Before

Today's marketers are going beyond simply understanding the importance of data — they are putting their money where their mouths are. Data and analytics budgets have risen considerably over the past few years, and they will continue to rise going forward. Our respondents indicated that two years ago their data and analytics programs accounted for an average of 9% of their overall marketing budgets. Today, that number has risen to 16%, and it is expected to rise to 22% within the next two years. For the average 500+ employee enterprise, this equates to a $5 million increase in the data and analytics budget, in just four years.

Today, nearly a third of organizations are investing 21% or more of their marketing budgets in data and analytics.

"To the best of your knowledge, what percent of your organization's marketing budget is allocated to customer data and analytics?"

- Over 40% — 6%
- 31%-40% — 8%
- 21%-30% — 17%
- 11%-20% — 26%
- 6%-10% — 33%
- 1%-5% — 10%

Average percentage of marketing budget:

9% — Two years ago

16% — Today

22% — Two years from today

Base: 300 customer data/analytics decision makers in the US
Source: A commissioned study conducted by Forrester Consulting on behalf of Infogroup, April 2019

MARKETERS NEED TO CONFRONT THE INCONVENIENT TRUTH OF DATA POLLUTION
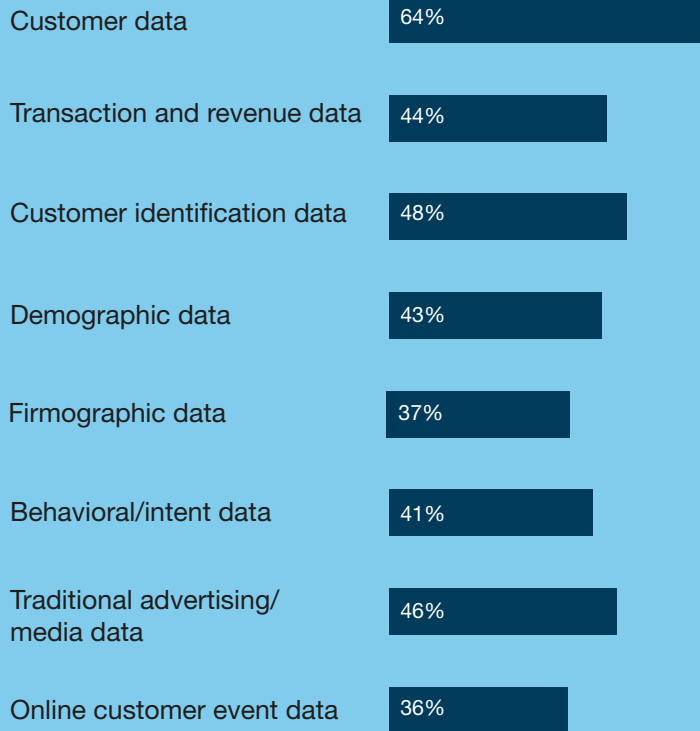
Data Volumes Are Skyrocketing

This increased investment in and prioritization of data has come with a massive increase to the overall volume of marketing data. Over 96% of respondents have seen an increase in data stored in various marketing tools and locations across the organization, with over 70% reporting the increase as being significant.

Marketers are taking advantage of this wealth of data, as respondents in this study noted widespread use of different data types, from customer and direct response to geolocation and technographic data. On average, marketers utilize six different types of data in their marketing efforts.

! **Firms use an average of six data types in their marketing efforts.**

"Which of the following data types does your organization utilize in its marketing efforts?"

Data type	Percentage
Customer data	64%
Transaction and revenue data	44%
Customer identification data	48%
Demographic data	43%
Firmographic data	37%
Behavioral/intent data	41%
Traditional advertising/media data	46%
Online customer event data	36%

Base: 300 customer data/analytics decision makers in the US
Source: A commissioned study conducted by Forrester Consulting on behalf of Infogroup, April 2019

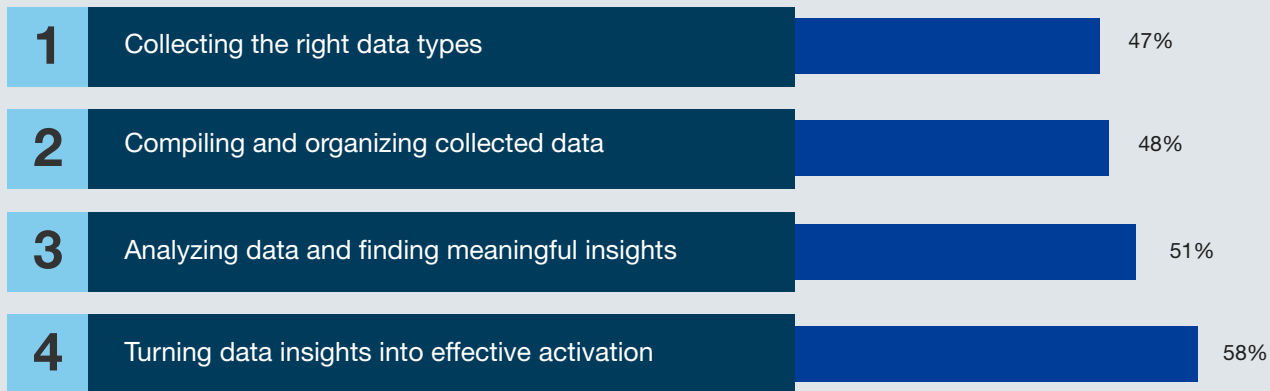## Data Pollution Plagues Virtually All Organizations

Despite putting such high importance on data and investing in programs so heavily, the increasing weight of data volumes has inevitably led to a decrease in data quality. This "data pollution" leaves marketers struggling to keep up. In fact, firms experience challenges at all four stages of the data process. Nearly nine out of 10 respondents (88%) find multiple stages of the process challenging and over two-thirds (67%) indicate challenges in all four stages.

Only 4% of respondents said they do not experience any challenges when it comes to utilizing data in their marketing efforts.

"How challenging are each of the following parts of the data process for your organization?"
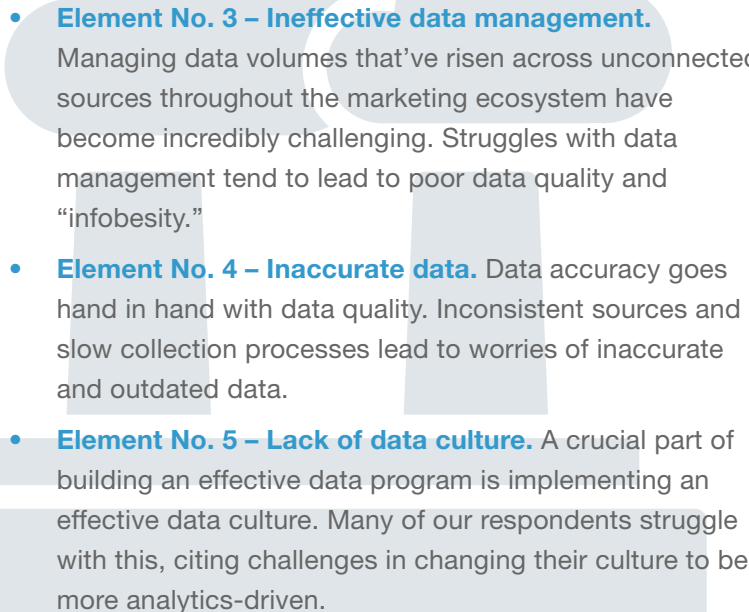
(Showing percentage choosing "Challenging" or "Very challenging")

1	Collecting the right data types	47%
2	Compiling and organizing collected data	48%
3	Analyzing data and finding meaningful insights	51%
4	Turning data insights into effective activation	58%

The Top Five Elements Of Data Pollution

Our study found that marketers' data struggles stem from five main challenges — which permeate across all four stages of the data process and contribute to data pollution:

- **Element No. 1 – Poor data quality.** Our respondents indicated inconsistent quality of data as their top challenge with the data process. An overabundance of data from multiple unconnected sources leads to both data contamination and poor, or at least inconsistent, data quality.

- **Element No. 2 – Blockage of data fluency.** Marketers struggle with data fluency, i.e., the ability to translate data into intelligence. The blockage of data fluency is a major element of data pollution. While poor data quality contributes to the blockage, it largely stems from the lack of the right internal skills and technology.

- **Element No. 3 – Ineffective data management.** Managing data volumes that've risen across unconnected sources throughout the marketing ecosystem have become incredibly challenging. Struggles with data management tend to lead to poor data quality and "infobesity."

- **Element No. 4 – Inaccurate data.** Data accuracy goes hand in hand with data quality. Inconsistent sources and slow collection processes lead to worries of inaccurate and outdated data.

- **Element No. 5 – Lack of data culture.** A crucial part of building an effective data program is implementing an effective data culture. Many of our respondents struggle with this, citing challenges in changing their culture to be more analytics-driven.

Polluted Data Hurts Organizations In Multiple Ways

Utilizing polluted data has serious ramifications for marketing organizations, as it affects nearly everyone. Our study found that 90% of organizations have had marketing campaigns negatively affected by poor/inaccurate data in the past two years. And this poor data use has both financial consequences — wasted money (70%), decreased revenue (52%), and loss of budget (44%) — and customer engagement consequences — loss of customers (51%), decreased customer satisfaction (46%), and a low number of conversions (45%).

Overview

Current

Challenges

Future

Conclusion

"What are the consequences of running marketing campaigns with poor/inaccurate data?"

- 70% Wasted money
- 52% Decreased revenue
- 51% Loss of customers
- 46% Decreased customer satisfaction
- 45% Low number of conversions
- 44% Loss of budget
- 41% Loss of confidence from executives/peers
- 38% Damaged brand reputation

Effective Data Programs Drive Millions In Additional Revenue

As much as using poor data can hurt marketing, the reason organizations continue to invest so heavily into their data programs is because there are significant gains to be had by using effective marketing data in campaigns.

Our study found that when using accurate and actionable data, marketing organizations saw their ROI more than double, compared with campaigns that run without accurate and actionable data. This equates to an estimated average yearly increase of $104 million in marketing-driven revenue for the average 500+ employee enterprise.

We also found a similar increase in conversion rates when using accurate and actionable data. Our respondents reported more than double the conversion rate when using effective data, as compared to campaigns that are run without effective data.

"For every dollar you spend on marketing, how many dollars would you expect to see in return with and without accurate and actionable data?"

Marketing with accurate and actionable data — $5.05

Marketing without accurate and actionable data — $2.16

"On average, what conversion rates would you expect to see with and without accurate and actionable data?"

Marketing with accurate and actionable data — 5.7%

Marketing without accurate and actionable data — 2.4%

Base: 300 customer data/analytics decision makers in the US
Source: A commissioned study conducted by Forrester Consulting on behalf of Infogroup, April 2019

The Path Forward

In order to move toward a more ideal state with their data programs, marketers should focus on:

Data cleansing

To ensure data hygiene and avoid pollution, marketers must ensure that their current data is clean, as well as cleaning any new data as it is received.

Data education

Organizations must educate teams around data and analytics. This will include both improving the ability to utilize data effectively and improving marketers' ability to perceive the distinction between good and bad data.

Breaking down siloes

In order to guarantee consistent data quality, ensure that data systems are connected and freely able to speak to each other.

Conclusion

To keep up with the increasing consumer demands for personalized marketing experiences, marketers have turned to data and analytics programs to create effective campaigns.

- Marketers are more reliant on data than ever as data volumes have exploded and budgets have increased.

- Marketing organizations struggle with data pollution, leading them to see decreases in revenue and customer engagement.

- Marketing with accurate and actionable data leads to substantial increases in conversion rate and ROI. To move forward and create more effective data programs, marketing leaders should focus on data cleansing, data education, and breaking down siloes.

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Methodology

This Opportunity Snapshot was commissioned by Infogroup. To create this profile Forrester Consulting supplemented this research with custom survey questions asked of 300 customer data/analytics decision makers in the US. The custom survey began and was completed in April 2019.

ABOUT FORRESTER CONSULTING
Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

Demographics

SELLING MODEL

Exclusively B2B: 19%

Primarily B2B: 23%

Exclusively B2C: 23%

Primarily B2C: 35%

NUMBER OF EMPLOYEES

1 to 99 employees: 26%

100 to 499 employees: 24%

500 to 4,999 employees: 36%

5,000 or more employees: 13%

RESPONDENT LEVEL

Manager: 38%

Director: 26%

Vice president: 12%

C-level executive: 24%

RESPONDENT DEPARTMENT

Sales: 37%

Marketing/advertising: 63%

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