The future of multichannel marketing: marketer and consumer perspectives
Foreword

Multichannel marketing is the way of the future.
With new channels emerging almost weekly, marketers are coming under pressure to connect with their customers across multiple channels and in meaningful ways.

As consumers become exposed to an increasing number of marketing touchpoints, it is now critical for marketers to use, integrate and measure multichannel marketing activities and gauge consumer reactions. Across the globe, some interesting research has been conducted – with telling results.

IAB Australia reports that online advertising in Australia has grown 20 per cent year-on-year, posting a record third quarter for 2011 of AUD$688 million1. This demonstrates marketers’ confidence in the online channel as a way of reaching and engaging with consumers, with budgets increasingly moving into the digital domain.

Global advertising agency Euro RSCG’s ‘Trendspotting for 2012’ report – which comments on the more advanced US market – states that “the rise of the social consumer will have a huge influence on how we purchase goods and services next year. There’s power in numbers when it comes to views on value, quality and experience, and social media has given birth to a new generation of savvy consumers who like to share.”2

These and other reports show how consumers’ changing behaviours are the driving force behind the growing diversity – and increasing digitalisation – in marketing communications. The average consumer’s active use of social media and mobile phones opens a raft of new opportunities for marketers – and throws up a range of challenges, too.

Marketers need new and clear insights into consumer preferences and behaviours. They need to know how consumer mindsets and expectations around brand engagement are changing. And they need to know which channels work, and which ones fail to connect.

It goes without saying that, across the board, marketers are working hard to get closer to their customers, with customer segmentation and targeted communication programs increasingly popular. Yet do customers value these new forms of brand communication, and do they generate the desired results?

With the increasing reliance on digital communications – by both marketers and consumers – it’s interesting to consider what will come next in the digital revolution. Which trends from more advanced markets, such as positional marketing and use of GPS technology, are likely to embed themselves into everyday Australia in the next 12 months?

This whitepaper draws upon recent research conducted by Experian Marketing Services among Australian marketers and consumers to answer these and other questions. You can use the insights within this report to support key decisions about how the multichannel marketing world fits within your organisation and identify ways to increase the efficiency of marketing communications.

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Multichannel marketing: the way of the future

Matt Glasner
General Manager, Experian Marketing Services

The way of the future

Based on the conversations we are having with our customers, in 2012 we expect to see an increase in the proportion of marketers using multiple channels effectively – from emerging digital channels to more traditional approaches like print and TV. But many will do so cautiously, wary of wading into multichannel marketing too fast.

Already, multichannel marketing is delivering success in a number of industry sectors. Take the travel industry, which, in pockets, has been able to effectively lead consumers down the right channel at the right time. Online holiday websites, for example, target consumers with ‘flight of the day’ offers and other customised deals to entice consumers to grab a bargain. Other retailers are also exploring ways to target offers to individuals based on previous buying habits and browsing preferences and are reaping the rewards of these strategies.

But some industries – such as financial services and utilities – are struggling with multichannel marketing, burdened with legacy systems or concerns about privacy. Many of these organisations are yet to experience the positive impact of multichannel marketing on business performance, and need to refocus their efforts in 2012 to leverage the power of this approach.

Driving the change to multichannel marketing

To achieve true multichannel integration, organisations need the technology, budget and skills to effect successful change.

Yet we are finding many organisations are cautious about investing in multichannel marketing technology. Still reeling from the memory of the investment they made in Customer Relationship Management (CRM) technology 10 years ago – at a time when large vendors were bringing out functionally rich, expensive software that promised, and then failed, to deliver results – organisations are wary of throwing money at new technologies without careful consideration and clear objectives.

To avoid making mistakes, organisations are highly selective in building their multichannel marketing strategy. The smart companies realise they need strong technology capabilities, the right business structure, adequate skill sets and clearly defined marketing strategies and goals for multichannel approaches to be successful. They look at ways for marketing and IT teams to work collaboratively, and use a consultative approach with multichannel marketing experts to get what they want.

Working with tight budgets

To get closer to their customers and truly embrace multichannel marketing, many corporations are deflecting existing marketing budgets from above-the-line, mass media advertising to below-the-line, targeted direct communications. This deflection is occurring in an era where budgets are tight, and corporate boards hold fast to the opinion that marketing budgets should be redistributed rather than augmented – despite the proliferation of new channels.
To overcome the inevitable budget shortfall, many companies are re-thinking the way that different departments work together – particularly marketing and IT. As marketers become more informed about the technology and tools they want to use, they turn to IT with specific needs. Likewise, a good IT department has a clear appreciation of what marketing is trying to achieve with their below-the-line objectives.

The more dynamic sectors such as travel and retail demonstrate this successful alignment of marketing and IT departments. Companies in these industries find a common language between marketing and technology, and are thus able to move more rapidly – and successfully – into a true multichannel marketing format. More traditional industries, such as finance, insurance and utilities, are burdened by the legacy of old technologies and more traditional organisational structures, making the collaboration between marketing and IT more difficult.

**The path to success**

For a company’s multichannel marketing strategy to be successful, it needs to work smarter, not harder. Success lies in the strategic use of multiple channels to start the dialogue – involving targeted marketing communications pieces being sent to consumers. It is something of a paradox, as marketers are faced with a plethora of new ways to reach consumers and yet need to streamline and target their approach.

Success also comes through measurement. Marketers must measure the effectiveness of each channel, and find ways to effectively assess and evaluate new approaches. While traditional channels have strong measurement strategies behind them, new marketing channels are still something of a mystery for many marketers seeking proof that their spend has been justified. With the huge amounts of data being generated from campaigns, marketers must work out how to analyse this data to produce meaningful, actionable insights.

Finally, success comes with reading the state of play in the market. Technology growth keeps accelerating – and smart marketers will ride this wave and embrace the technology that arrives sooner than expected, while remaining considered in their choice of approach to ensure it fits with their broader commercial strategy.

With multichannel marketing comes new opportunities to move away from ‘pushing’ marketing messages, to encouraging true dialogue with consumers that promote greater brand awareness, deeper loyalty and higher returns on investment (ROI). But, like any dialogue, the real skill lies in listening to each other.
Executive Summary

With the shift to multichannel marketing, marketers need clear insights into how the channels they invest in are being used – and perceived – by consumers. They also need the confidence that any investment in new channels will deliver measurable results.

Key findings

Overall, the research conducted by Experian Marketing Services shows that marketers are working hard to understand their customers, and use this understanding to provide tailored communications wherever possible. They are confident about customer segmentation strategies, the consistency of their brand message, and their ability to select the right channels.

Yet there are a number of disconnects that reveal that marketers are not, in fact, as in touch with their customers as they would like to think.

At a strategic level, there is a difference between those channels that marketers perceive to be effective, and those channels that they invest their marketing dollars in. Marketers place the most value on their company website, yet plan to modify their 2012 budget allocation to increase their spend on social media, email marketing and online advertising.

What’s more, marketers undervalue the importance and trust that consumers place in more traditional channels. While they rightly identify the company website as a trusted source of information, marketers neglect a traditional source – print media – as a valued channel at the expense of new channels such as social media.

Contrary to marketers’ beliefs, consumers are telling us that print media and direct mail are still trusted sources of company information, despite the growing popularity of digital channels that marketers are turning to.

Consumers also tell us that they are frustrated by the feeling of being inundated by marketing communications. As a result, the majority of consumers report that they are becoming more selective about the level of personal information they share and the types of communication they sign up to.

While most marketers frequently analyse the effectiveness of their online strategies, it appears they aren’t necessarily shifting their budgets to align them against the channels that are most keenly used and valued by consumers. This is particularly clear in the case of social media, which the research shows to be a key future area of investment for marketers.

While consumers are regularly using social media to engage with friends, family and increasingly colleagues, there is still a barrier among some consumers in using this channel to engage with brands. As a new marketing medium, it’s expected that some consumers will be wary about using this channel for brand communications, in the same way that they were wary about using corporate emails and E-DMs five years ago when this channel was first introduced to the marketing mix. This is a natural stage of evolution for new marketing channels and marketers will need to look at how they establish and build brand trust between consumers and these channels in the coming months.

There is a lot that marketers are doing well. However, this whitepaper shows that they should not assume they have all the answers about how to best engage with consumers. There is still a long road to travel in order for marketers to get closer to their customers and fulfil the requirements of today’s discerning consumers in a multichannel marketing world.
Market confidence: Marketers say ‘we’ve got it right’

The Experian Marketing Services research shows that, overall, Australian marketers believe their marketing strategies are effective at engaging with consumers and delivering business benefit.

From the implementation of customer segmentation strategies to the overall alignment of the brand message across all channels, marketers are generally positive about the performance of the various marketing strategies they have in place.

Customer segmentation works

Recognising that a one-size-fits-all approach no longer applies in marketing circles, 58 per cent of marketers say they have a customer segmentation strategy in place. Of these, 89 per cent are actually using customer segmentation day-to-day to deliver tailored and personalised communications to their audiences.

Some 39 per cent of marketers who say they have a customer segmentation strategy perceive this to be ‘highly effective’. These marketers run targeted campaigns that segment according to specific characteristics such as consumer sentiment, behaviour or preferences.

An additional 42 per cent of marketers believed they had an ‘effective’ segmentation strategy and were able to categorise customers to a more basic level, using demographics such as age or location.

The financial services and online/digital industries are least confident about the efficacy of their segmentation strategies. In the financial services industry, 28 per cent of respondents said their strategy was ‘evolving’ (compared to an all-industry average of 18 per cent) and five per cent said it simply wasn’t being used (compared to an all-industry average of one per cent). In the digital sector, 26 per cent of respondents said their strategy was ‘evolving’.

How effective is your marketing customer segmentation strategy?

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>Retail</th>
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<th>Government</th>
<th>Technology</th>
<th>Online &amp; Digital</th>
<th>Travel &amp; Leisure</th>
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</thead>
<tbody>
<tr>
<td><strong>Highly effective</strong> – we run highly targeted...</td>
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<td>27%</td>
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<tr>
<td><strong>Effective</strong> – we can segment to a basic level...</td>
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<td>42%</td>
<td>44%</td>
<td>41%</td>
<td>39%</td>
<td>55%</td>
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<td><strong>Evolving</strong> – we are still trying to find the ...</td>
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<td>26%</td>
<td>18%</td>
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<tr>
<td>We do not segment our customers</td>
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</table>
Consistency of brand message

The vast majority (77 per cent) of Australian marketers are confident that their brand message never deviates, no matter which channels they deploy. Be it online, via a call centre, in direct mail, over-the-counter or any other touchpoint, marketers generally agree that the customer experience and brand is consistent across all channels.

Yet, when consumers were asked how well a brand integrated their communications, only 54 per cent thought that companies achieved this well. This points to a disconnect between marketer perceptions and the real experience of everyday customers.

Our experience suggests this ‘disconnect’ is based on changing consumer expectations. In recent years most organisations have made their messaging more consistent, but now consumers are looking for something more.

Consumers are looking to be engaged in dialogue that seeks their opinion, values their view and provides an intelligent and timely response via their preferred channel. To help close the gap, marketers should think about their ‘cross channel’ strategy and how they can create and stimulate a dialogue that engages consumers and encourages them to convert.

An effective approach to get closer to customers is to identify the key ‘personas’ of a brand’s most important customer types, and evaluate how these groups interact with a brand across multiple channels (outdoor, E-DM, TV, print, online etc). By mapping this interaction, it is possible to identify if a disconnect exists, and where the inconsistency lies.

Choosing channels carefully

It is certainly getting harder for marketers’ messages to cut through the clutter and get heard by the right people, with 50 per cent of marketers saying it has become more difficult. There is some difference across industries, with the financial services industry most likely to find it difficult for messages to be heard (59 per cent), and the retail and technology industries slightly less likely to think it is difficult (45 per cent).

To overcome this challenge and ensure that marketers stay on track with their communications – while not overwhelming consumers with an excess of communication – 69 per cent of marketers say they are becoming more selective in choosing channels that most effectively engage with customers. The online/digital industry is the most selective (75 per cent), and the retail industry is the least selective (65 per cent).

These results are consistent with what Experian is seeing in the market. A multichannel marketing approach is not a one-size-fits-all solution. For organisations to successfully select the right channels for the right audiences, a consultative culture must be fostered both within the marketing department and beyond, with specialists across the creative, digital and technology industries. Specific capabilities and delivery platforms must be handpicked – giving organisations the ability to lead consumers down the right channel at the right time, and in doing so deliver a significant boost to loyalty and, over time, revenue.

“The vast majority (77 per cent) of Australian marketers are confident that their brand message never deviates, no matter which channels they deploy. Be it online, via a call centre, in direct mail, over-the-counter or any other touchpoint, marketers generally agree that the customer experience and brand is consistent across all channels.”
Research Results

**Consumer views: Wanting brand messages but feeling overwhelmed**

Marketers believe they have struck the right balance when it comes to connecting with customers. But consumer views and attitudes must align with those of marketers for real business benefit.

**The effect of mass-marketing communications**

Despite efforts from marketers to streamline and tailor their communication, 59 per cent of consumers have stopped engaging with four or more brands as a result of poorly targeted communications. Of this proportion, eight per cent have stopped engaging with a staggering 20 or more brands. The impact of this marketing information overload is that one third of respondents (33 per cent) now ignore the emails, direct mail and social media messages they are sent by brands.

**Consumer frustrations**

In addition to mis-targeted communication, consumers speak of other frustrations when it comes to receiving marketing materials. 30 per cent of consumers name their number one frustration as the ‘inability to unsubscribe from unwanted communication (email newsletters, direct mail, SMS alerts, social media messages)’.

Two other major issues that cause frustration among consumers include ‘receiving content that isn’t relevant or helpful’ and ‘receiving content that comes through at the wrong time of day’ both named by 22 per cent of consumers as their biggest frustration.

Approximately how many brands or companies have you stopped engaging with (sharing personal details, signing up to email newsletters, SMS texts, following on social media) as a result of poorly targeted communications?

![Graph showing the distribution of brands stopped engaging with]

Some consumers actively take the upper hand when it comes to managing the consumer-marketer relationship, with 27 per cent of consumers creating a separate email address to avoid being in-undated by brands.

Proving just how unpopular generic and mass communications can be, 76 per cent of consumers state that they are very selective about what opt-ins, newsletters or updates they now sign up for, as they only want to receive information that is relevant to their particular interests.

“Despite efforts from marketers to streamline and tailor their communication, 59 per cent of consumers have stopped engaging with four or more brands as a result of poorly targeted communications.”
Relevancy over timing

While timing is critical in the delivery and uptake of marketing communications, it seems that every person has different expectations. Over one-third (37 per cent) of people think that the ideal frequency of brand communication is once a month, 23 per cent are happy to receive it as often as once a week, while 12 per cent said they wanted to hear from organisations as little as once a quarter.

What is the ideal frequency of communications you would like to receive from a brand or company?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Once a week</td>
<td>23%</td>
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<tr>
<td>Once a month</td>
<td>37%</td>
</tr>
<tr>
<td>Once a quarter</td>
<td>12%</td>
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<tr>
<td>Once a year</td>
<td>4%</td>
</tr>
<tr>
<td>I don't mind the frequency, just as long as it's relevant</td>
<td>24%</td>
</tr>
</tbody>
</table>

Given the discrepancies in the preference of timing, marketers should pay more attention to the content of their messages. Almost a quarter of consumers think frequency is not an issue, as long as the communication is relevant. In fact, 76 per cent of consumers agree that they only actually read targeted communications that are personally relevant – and everything else gets deleted or thrown away.
Sources of information: Where do consumers look?

As the multichannel marketing world continues to expand, consumers are spoilt for choice when it comes to seeking information about a product or company.

The challenge for marketers is to align their investment in marketing channels with consumer preferences – so that those channels preferred by consumers are given adequate attention.

Marketers’ perceptions

For marketers, the company website is undisputedly the most important source that customers use to find out about a brand or product. When asked where they think that customers and prospective customers go to seek information about their brand or product, eight out of ten marketers (81 per cent) rate the website as one of the top three most important sources.

Unsurprisingly, given this focus on the website, the second most important source is search engines, with 67 per cent of marketers rating it as one of the top three most important information sources. Social media comes in third (at 38 per cent).

Interestingly, marketers do not believe consumers use blogs, review sites and discussion forums as an important source of information about their product or company, with only 21 per cent of marketers listing this channel as one of the top three sources they believe customers use. Branded applications were ranked among the top three by 13 per cent of marketers.

Top channels according to marketers

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<thead>
<tr>
<th>Source</th>
<th>10</th>
<th>9</th>
<th>8</th>
<th>7</th>
<th>6</th>
<th>5</th>
<th>4</th>
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<tr>
<td>Print publication</td>
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<td>9</td>
<td>11</td>
<td>10</td>
<td>13</td>
<td>28</td>
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<td>Email friend to ask for a recommendation</td>
<td>7</td>
<td>6</td>
<td>10</td>
<td>14</td>
<td>12</td>
<td>18</td>
<td>18</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Download branded application</td>
<td>14</td>
<td>8</td>
<td>11</td>
<td>15</td>
<td>20</td>
<td>21</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Blogs / review sites / discussion forums</td>
<td>2</td>
<td>6</td>
<td>13</td>
<td>15</td>
<td>25</td>
<td>17</td>
<td>14</td>
<td>8</td>
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<tr>
<td>Online news sites</td>
<td>5</td>
<td>10</td>
<td>13</td>
<td>17</td>
<td>18</td>
<td>13</td>
<td>15</td>
<td>9</td>
<td></td>
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<tr>
<td>Official social media channels</td>
<td>7</td>
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<td>29</td>
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<td>13</td>
<td>13</td>
<td>10</td>
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<tr>
<td>Search engine</td>
<td>22</td>
<td>29</td>
<td>16</td>
<td>13</td>
<td>5</td>
<td>8</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Company website</td>
<td>45</td>
<td>25</td>
<td>11</td>
<td>6</td>
<td>2</td>
<td>3</td>
<td>6</td>
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</tbody>
</table>
Research Results

Consumer preferences
While marketers are spot on in thinking that consumers turn to the corporate website for information about their brand or product, there are a number of discrepancies when it comes to other channels.

Overall, consumers agree that a company website is the most valuable source of information they use to find out information about a brand, with 85 per cent stating that it is a relevant or very relevant source. Additionally, consumers value print media (70 per cent) and direct mail from the brand (60 per cent).

This is in stark contrast to marketers’ perceptions, with marketers thinking that print media is one of the least important information sources (only 28 per cent rated it as one of the top three communication channels).

Most relevant channels according to consumers

<table>
<thead>
<tr>
<th>Channel</th>
<th>Very relevant</th>
<th>Relevant</th>
<th>Indifferent</th>
<th>Of no value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct mail from the brand</td>
<td>13</td>
<td>47</td>
<td>28</td>
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<tr>
<td>Email newsletters from the brand</td>
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<td>Mobile application</td>
<td>5</td>
<td>20</td>
<td>38</td>
<td>37</td>
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<tr>
<td>Blogs / discussion forums / review sites</td>
<td>12</td>
<td>36</td>
<td>30</td>
<td>22</td>
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<tr>
<td>Information on LinkedIn</td>
<td>4</td>
<td>15</td>
<td>43</td>
<td>38</td>
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<tr>
<td>Information on Wikipedia</td>
<td>12</td>
<td>35</td>
<td>35</td>
<td>18</td>
</tr>
<tr>
<td>Information on social media channel e.g. Facebook, Twitter, YouTube</td>
<td>10</td>
<td>26</td>
<td>36</td>
<td>28</td>
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<tr>
<td>Brand or company website</td>
<td>38</td>
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<td>10</td>
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<tr>
<td>Sponsored search engine results / Search engine advertising</td>
<td>16</td>
<td>39</td>
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<tr>
<td>Print media</td>
<td>18</td>
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“While marketers are spot on in thinking that consumers turn to the corporate website for information about their brand or product, there are a number of discrepancies when it comes to other channels.”
Brand engagement: Consumers want experiences and offers

Consumers face a daily barrage of marketing messages from many different directions – their mailbox, their inbox, the television, the internet, signage, events and more.

Of all these different forms of engagement, consumers are saying that the channel they receive information through does not matter as much as the content. That said, some channels struggle to gain credibility and popularity no matter what content they include.

The research shows that consumers were least trustful of channels such as social media, SMS and LinkedIn. This mistrust may cloud consumers’ perceptions of brands, no matter how targeted and meaningful the message and marketers should be aware of their scepticism.

<table>
<thead>
<tr>
<th>Preference</th>
<th>Sponsored search engine results about the brand</th>
<th>Brand website</th>
<th>Brand official social media channel e.g. Facebook, Twitter, YouTube</th>
<th>Email newsletter from a brand or company</th>
<th>SMS from a brand or company</th>
<th>Branded microsite</th>
<th>Information about a brand or company on LinkedIn</th>
<th>Information about a brand or company on Wikipedia</th>
<th>Direct mail from the brand or company</th>
<th>Information on blogs and discussion forums</th>
<th>Print media e.g. newspapers and magazines</th>
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<tr>
<td>Most (01)</td>
<td>14%</td>
<td>39%</td>
<td>4%</td>
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<td>09</td>
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<td>12%</td>
<td>6%</td>
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<tr>
<td>Least (11)</td>
<td>7%</td>
<td>1%</td>
<td>19%</td>
<td>1%</td>
<td>13%</td>
<td>7%</td>
<td>17%</td>
<td>9%</td>
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<td>7%</td>
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</tbody>
</table>
The medium is not the message

In 1964, Marshall McLuhan coined the phrase, “The medium is the message”, to reflect the notion that a message can be partly interpreted by the medium – or channel – via which it is sent. Using this framework, a piece of communication sent by email may be interpreted in a different way to the same message being sent via a print ad.

For today’s consumers, the medium is just as critical as the message. Marketers must strike a balance and use the right channel, with the right message, at the right time, for the right audience.

By a large majority, 70 per cent of consumers rank giveaways or incentives to purchase as one of their top three ways for brands to engage. Communication via email newsletters was named by 45 per cent of consumers as one of their top three ways for brands to connect with them. Advertising was cited as the third most preferred way to engage with a brand, named by 42 per cent of customers.

In terms of the least preferred modes of engagement, social media came in third last (named by 26 per cent of consumers as one of their top three ways to engage).

This points to a disconnect between consumers and where marketers are investing their dollars.

Marketers are increasingly turning to social media for the execution of product promotions and giveaways – with competitions and incentives launched on this channel daily.

Yet the research suggests some consumers are not yet ready to engage with brands via social media channels and there is an opportunity to bridge this gap. In the past 12 months Experian has seen many brands embrace social media as an element of the marketing mix. Yet, marketers are typically rolling out a single campaign to all audiences, rather than using customer segmentation data to tailor social media approaches to specific needs.

Over the coming year, those marketers who are likely to benefit most from social media engagement are those which build trust with consumers and tailor the message to specific needs, in the same way they segment their message when using other marketing channels.

At the bottom of the list, only nine per cent of consumers rated telephone calls in their top three ways to engage with brands and only seven per cent rated apps.

<table>
<thead>
<tr>
<th>Most preferred ways for companies to engage with consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Telephone</strong></td>
</tr>
<tr>
<td><strong>Direct mail</strong></td>
</tr>
<tr>
<td><strong>Advertising</strong></td>
</tr>
<tr>
<td><strong>Apps</strong></td>
</tr>
<tr>
<td><strong>Email newsletters</strong></td>
</tr>
<tr>
<td><strong>Events</strong></td>
</tr>
<tr>
<td><strong>Giveaways / incentives to purchase</strong></td>
</tr>
<tr>
<td><strong>Brand or company experiences, e.g. stunts, promotions, etc.</strong></td>
</tr>
<tr>
<td><strong>Social media</strong></td>
</tr>
</tbody>
</table>
Budget allocations: Channels must prove ROI to gain support

The allocation of marketing budget is driven by performance, and the channels that deliver the greatest return on investment (ROI) are likely to receive the largest budget increases over the next 12 months.

Online delivers the best return

According to the research, email marketing, social media and online advertising are the channels which marketers believe to be most effective at delivering ROI. 83 per cent of marketers believe email marketing is ‘highly effective’ (36 per cent) or ‘effective’ (47 per cent) at delivering a ROI. The financial services industry, in particular, values email marketing (with 90 per cent of respondents stating its efficacy). Hot on the heels of email marketing is online advertising and social media, in joint second place, which 76 per cent of marketers believe to effectively deliver ROI.

Marketers are keen to try new channels and many are planning to increase investment in the most modern forms of communication in the coming months.

However, in the early days of experimentation, it is natural that some approaches may fail. 45 per cent of marketers report that they have previously invested in a new online or digital approach that did not deliver the anticipated ROI. Interestingly, this was highest among online and digital companies (60 per cent of marketers). Across all industries, the primary reason for a new channel failing was that ‘little or no budget was invested’ in the new approach, (named by 22 per cent of marketers). An additional 20 per cent claimed the ‘lack of a long term strategy’ was the problem, while 19 per cent said it was due to a ‘poor understanding of the target audience’.

Whilst the proliferation of consumer data and communication channels represents a fantastic opportunity for marketers to improve their ROI, it also creates a risk of wasting money on strategies and tactics that fail to deliver.

The key to success lies in the research;

→ Collect and analyse as much relevant data on your consumers as you can manage
→ Understand their behaviours (especially online)
→ Take notice of their preferences (for offers, channels and products)
→ Measure your current marketing activities and make sure you stick with what is working
→ Analyse your competitors and find out what is working for them
→ Seek advice from subject matter experts – there are plenty of them out there.

Measuring digital ROI

Marketers clearly value the ROI measure, relying on it to justify marketing spend. With the increased role of digital in the multichannel marketing mix, Australian marketers are now very cognisant of the benefits of evaluating their online strategy. 25 per cent of marketers evaluate the channel on a weekly basis or more often, while 34 per cent evaluate their online strategy either monthly or bi-monthly. Only 11 per cent of marketers measure the success of their strategy less than once a year or not at all.

Experian’s observations of the market show that companies are still learning how to effectively measure the ROI of digital campaigns. Many organisations struggle with the process of monitoring and measuring the success of digital channels, and fall back on the ‘last click wins’ measure – which sees the whole of a sale attributed to the last click on a website. This measure is not truly representative of the purchase process, given that there could be a number of clicks or responses across multiple channels before a sale is achieved.
Future areas of investment

Looking to 2012 and beyond, social media advertising and channel development is far and away the most important area for investment. 57 per cent of marketers plan to increase spend over the coming year in this channel.

Other channels that look set to receive a budget boost in the next 12 months include email marketing (52 per cent), online advertising (47 per cent), events (41 per cent) and sponsored search engine/PPC (38 per cent).

Yet it is not all doom and gloom for more traditional channels. Despite experiencing an across-the-board decline in print advertising sales in recent years, it seems that more stable times are ahead for print ads. 36 per cent of marketers plan to increase their spend in this channel, 45 per cent plan to allocate the same budget, and only 19 per cent plan to decrease their print advertising budget. Similarly, in TV and radio, 28 per cent plan to increase spend, 52 per cent plan to keep the same budget and 20 per cent plan to decrease budget in this area.

Over the next 12 months, how do you anticipate the proportion of marketing budget that you allocate for the following areas will change?

<table>
<thead>
<tr>
<th>Budget</th>
<th>Social media ads and channel development</th>
<th>Email marketing</th>
<th>Sponsored search engine/PPC</th>
<th>SEO</th>
<th>Online advertising</th>
<th>Online video advertising</th>
<th>Direct mail</th>
<th>TV or radio advertising</th>
<th>Print advertising</th>
<th>Apps</th>
<th>Events</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>57%</td>
<td>52%</td>
<td>38%</td>
<td>26%</td>
<td>47%</td>
<td>34%</td>
<td>32%</td>
<td>29%</td>
<td>36%</td>
<td>32%</td>
<td>41%</td>
<td>22%</td>
</tr>
<tr>
<td>Decrease</td>
<td>6%</td>
<td>12%</td>
<td>15%</td>
<td>16%</td>
<td>11%</td>
<td>12%</td>
<td>23%</td>
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<td>19%</td>
<td>16%</td>
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<tr>
<td>Stay the same</td>
<td>37%</td>
<td>38%</td>
<td>47%</td>
<td>58%</td>
<td>42%</td>
<td>54%</td>
<td>45%</td>
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<td>52%</td>
<td>46%</td>
<td>65%</td>
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</tbody>
</table>

“Looking to 2012 and beyond, social media advertising and channel development is far and away the most important area for investment. 57 per cent of marketers plan to increase spend over the coming year in this channel.”

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3 Total spending on newspaper print advertising declined by 15.7 per cent in 2009, according to the Australian PricewaterhouseCoopers’ Entertainment & Media Outlook 2010-2014.
Major influences: Choosing new online channels

Although digital budgets are on the increase, marketers are typically cautious when it comes to the adoption of new digital channels. Still reeling from the costly move to purchase CRM software – the big trend a decade ago that failed to deliver ROI – they are wary of getting stung by throwing money at channels that are yet to prove themselves.

As the growth of technology accelerates and new channels become instantaneously available, many marketers are adopting a ‘go-slow’ approach that lets them find their feet before launching new marketing programs to the world.

Despite these hesitations, most marketers see the investment in digital channels as a non-negotiable necessity. As the previous section showed, non-traditional channels such as social media, email and online advertising are the way of the future and marketers rely on a range of factors to help them make their investment decisions in these channels.

Influencing factors on when and where to invest

When deciding whether to invest in new digital marketing channels, the most common influence on whether budget gets allocated is monitoring how competitors use the channel first. While not quite a matter of ‘keeping up with the Joneses’, 56 per cent of marketers state that they observe how competitors use the channel before investing in it themselves.

This is closely followed by 48 per cent of marketers who say they ‘experiment by trial and error’ or ‘seek advice from a digital agency/expert’. Only 26 per cent said they would ‘conduct a trial with a small group of users’ before committing budget.

Gaining C-level approval

Notably, just under half of marketers (47 per cent) say it is harder to get budget approval to invest in new marketing channels such as social media. This suggests that some budget holders are open to new ideas and opportunities, while others are more cautious and prefer to maintain a more traditional approach. This data is in line with Experian’s observations of the broader market, some of which may stem from the fall-out from a failed CRM investment.

This saw organisations counting the costs of throwing big budgets at a piece of software that did not deliver results. Many marketers may also be waiting to see the technology mature – which will usually deliver cost-efficiencies.

Making new channels work

As multichannel marketing gains traction – and ROI remains a focus for marketing managers – marketers need to implement proven strategies to accurately assess the huge amounts of data being collected across all channels. As a starting point, they need to measure and monitor the huge amount of human activity interacting with their brand and understand the factors and channels which are contributing most greatly to web traffic, brand loyalty and conversion. As yet, there are few organisations that can successfully access and interpret all this data.

Given its strategic importance in driving marketing decisions, organisations need to identify the resources they have available in-house to gather and interpret data and consult specialists to assist in the achievement of their marketing goals and objectives. It’s important to develop processes that will facilitate the accurate analysis of consumer behaviour; methods to gather insights and produce meaningful, actionable information; and strategies to act on that information.

“While not quite a matter of ‘keeping up with the Joneses’, 56 per cent of marketers state that they observe how competitors use the channel before investing in it themselves.”
The Experian Marketing Services research sought to reveal the discrepancies and consistencies between marketing strategy and consumer behaviour. It has produced some fascinating insights for marketers to consider as they move further into an era of multichannel marketing.

The research shows that there is a lot which Australian marketers are getting right. Clearly committed to customer segmentation strategies, and the measurement of the effectiveness of their marketing and digital marketing strategies, marketers are listening to their customers and striving to deliver relevant, timely communications that deliver strong ROI.

However, at odds with this commitment to ‘get to know the customer’, the research also shows that marketers are planning to increase their investment in new, popular channels such as social media. While this channel is experiencing a phenomenal surge in popularity amongst the masses, the consumer research shows that people are yet to fully embrace social media as a form of communication with companies. While consumers may be willing to use this platform to engage and share information with friends, there is some hesitance in using this channel to interact with brands.

Many organisations have moved quickly to establish a social media presence, but without really understanding what it is they are going to do with that presence. Collecting ‘likes’ or ‘followers’ is a good starting point, but unless you are able to turn that event into a positive experience for the consumer, it has no real value.

In global terms, social media is still in its infancy and many people are still getting used to the basics, understanding the mechanics and getting comfortable with using the channel. There is also a lot of suspicion among consumers; who has access to my information? How will what I say be used? Who is monitoring and tracking what I do online and why?

In light of this, companies wishing to engage with customers via social media will benefit from treating them with respect – respect for their preferences, respect for their privacy and respect for their loyalty. Think of your followers or ‘likers’ as a community and it will engender a considerate and respectful approach.

Along with this slight scepticism of social media as a marketing tool, a large proportion of consumers indicate that they are reaching brand saturation, with many ignoring communication materials and disengaging from brands.

Buoyed by the knowledge that most consumers still want to hear from brands in some form or other, marketers need to work harder to overcome the general apathy towards some forms of marketing and advertising. Whether it is through free offers, loyalty schemes, redeemable codes or other marketing ploys – the trick is delivering marketing messages that have perceived value to the consumer and are tailored to their needs and requirements.

The need to ‘create a singular customer view’ is often cited as the holy grail by marketers, giving them a 360 degree snapshot of what a single customer looks like and a history of the interactions and transactions with the brand. Yet Experian is witnessing a profound paradigm shift within the industry, as forward-thinking organisations reframe the debate in terms of the ‘current customer view’. Instead of collecting every piece of information about a customer and building a single, physical data repository, a ‘current customer view’ leaves data assets in the source systems and uses technology to gather real-time information about that customer. This information is then used to inform a marketing decision and execute a campaign that is highly targeted and relevant to that individual.

Get real-time multichannel marketing right, and organisations can expect to see a ten, twenty or even thirty-fold increase in revenue. These huge increases can be simply attributed to getting the right message to the right customer at the right time. But the challenge lies in ‘getting it right’ – and leaves a lot for marketers to consider for 2012 and beyond. They must evaluate their existing strategies and budget allocations, and tailor their marketing programs to create meaning and value for specific audiences – and to help them stand out from the masses.

“Experian is witnessing a profound paradigm shift within the industry, as forward-thinking organisations move toward building a ‘current customer view’.”
Summary

Five-step plan: What marketers should be doing now

1 Design a multichannel strategy
Multichannel marketing is not about pushing the same message out across all mediums. It requires thought and strategy to ensure that the right messages are delivered to the right customers, at the right time, via the right medium.

2 Become data-savvy
Collect, measure and analyse data from all channels and interactions with customers. If the resources are lacking in-house, then look to outsource this process to achieve higher cut through with marketing campaigns.

3 Embrace new technology and befriend IT
Marketers need to know and understand the latest digital developments, and have the ability to adopt new technologies quickly and effectively. To achieve this, marketing needs to work closely with IT, whose skills and knowledge will prove invaluable in building the long-term marketing strategy.

4 Do more with the same budget
Marketers need to make better use of channels without increasing budgets – which means being smarter about using fewer, more targeted pieces of communications.

5 Start a dialogue
Move away from the practice of ‘pushing’ marketing messages to the practice of starting dialogue to pave the way for consumers to start exchanging views and opinions. This will provide marketers with greater ROI in the longer term.
Research Methodology

Experian Marketing Services commissioned independent research with 330 Australian marketing professionals across the retail, financial services, government, technology, digital and travel industries; and 1,000 consumers aged 18+ across all geographic regions in Australia. The findings were used to develop this industry whitepaper on the Future of Multichannel Marketing.