



The Hidden Costs of Data Friction

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Key Questions

- What percentage of marketers across business verticals are using an Email Service Provider (ESP)?
- How much time do marketers spend synchronizing data with their ESP?
- How much data do marketers across verticals synchronize with their ESP, and how often?
- What resources do marketers dedicate to replicating data, and how would they dedicate those resources if they were not required to do so?
- How long does it take to fully integrate to a marketing cloud?
- How often do data feeds fail?

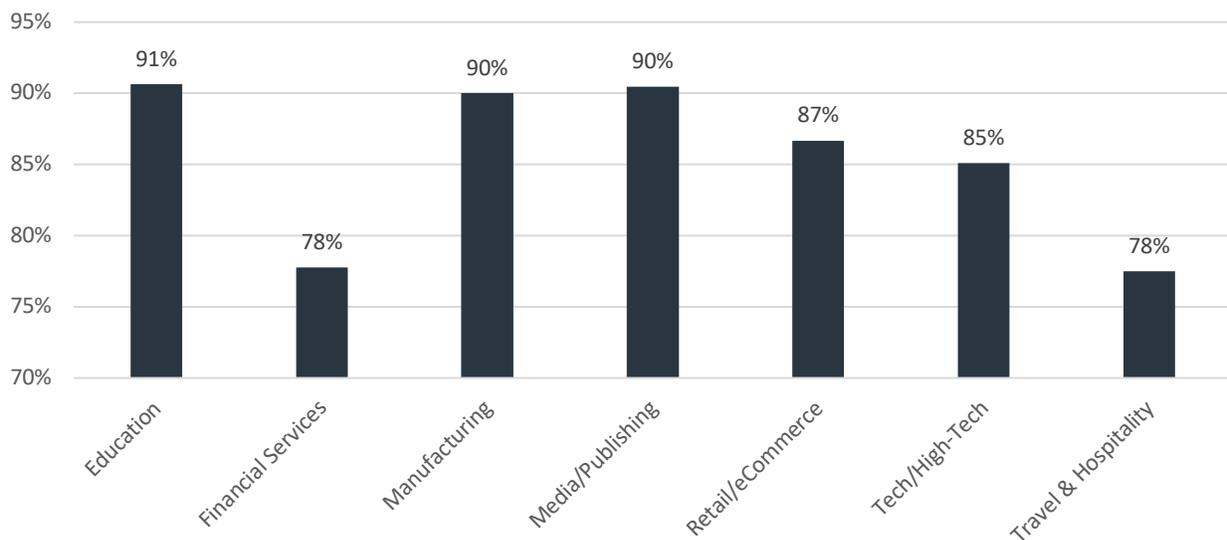
Key Takeaways

- Over fifteen percent of marketers across business verticals choose not to engage with an Email Service Provider at all and send email through some sort of internal system or systems instead.
- It takes over four hours for many enterprises to synchronize their customer data with their ESP, and they do so frequently.
- Mean marketers routinely replicate upwards of 10M records with their ESP.
- If given the opportunity to reallocate resources currently dedicated to data replication elsewhere, marketers would focus on driving more personalized customer experiences.
- It takes marketers across business verticals nearly a year to fully integrate with a marketing cloud, and even longer for many.
- Executive marketers report their data feeds break or malfunction in some way on a regular basis.
- Enterprises should follow a Measure, Align, Partner framework when looking to capitalize on the value of data proximity.

Marketers Across Most Business Verticals Rely on Email Service Providers

Most enterprise marketers today drive a significant percentage of their overall revenue through the email channel, many relying on email to drive upwards of 20% of their total revenue.¹ Even enterprises that focus most of their marketing resources elsewhere understand that integrated cross-channel communications are critical to ensuring positive customer experiences, and they engage with Email Service Providers (ESPs) to help execute these programs. To do so, most marketers replicate their customer data and synchronize their database with an ESP regularly for personalization, segmentation, and targeting efforts. Without the specialized technology that ESPs offer, marketers are generally not able to orchestrate the types of relevant, personalized campaigns that their customers and their businesses demand. Over 84% of marketers across business verticals report leveraging an ESP to send their email marketing, but we do see variance in the data (Figure 1). Over 20% of marketers in the Financial Services and Travel & Hospitality sectors report not utilizing an ESP to send their email marketing. The Relevancy Group believes that these marketers, who often drive data-intensive programs and face constraints about data security, governance, and privacy, have made the difficult choice of not partnering with an ESP due to the costs of replicating and synchronizing customer data between internal systems and their ESP, and are likely relying on sub-optimal technology solutions as a result.

Figure 1. ESP Utilization by Business Vertical Q3 - 2019



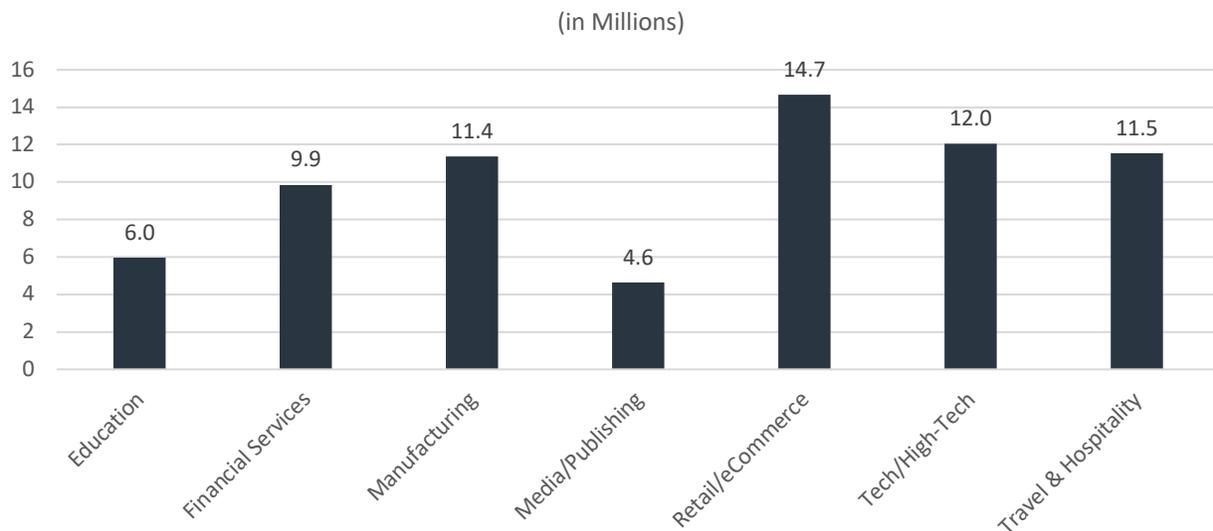
Question: Do you utilize an ESP (Email Service Provider) to send your email marketing? Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

¹ The Relevancy Group Executive Marketer Survey, August 2019 n=402
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Synchronizing Data with ESPs Represents Significant Headwind

In order to make best use of traditional ESPs and marketing clouds, enterprises must ensure the data they utilize for personalization, segmentation, and targeting are synchronized with their ESP. Marketers today are exchanging more data than ever with their ESP partners and are allocating significant resources to do so. Mean respondents to our Q3 2019 executive marketer survey report exchanging 10.25 million records with their ESP, with several verticals reporting that they synchronize even larger databases – Figure 2.

Figure 2. – Number of Records Synchronized with Email Service Providers

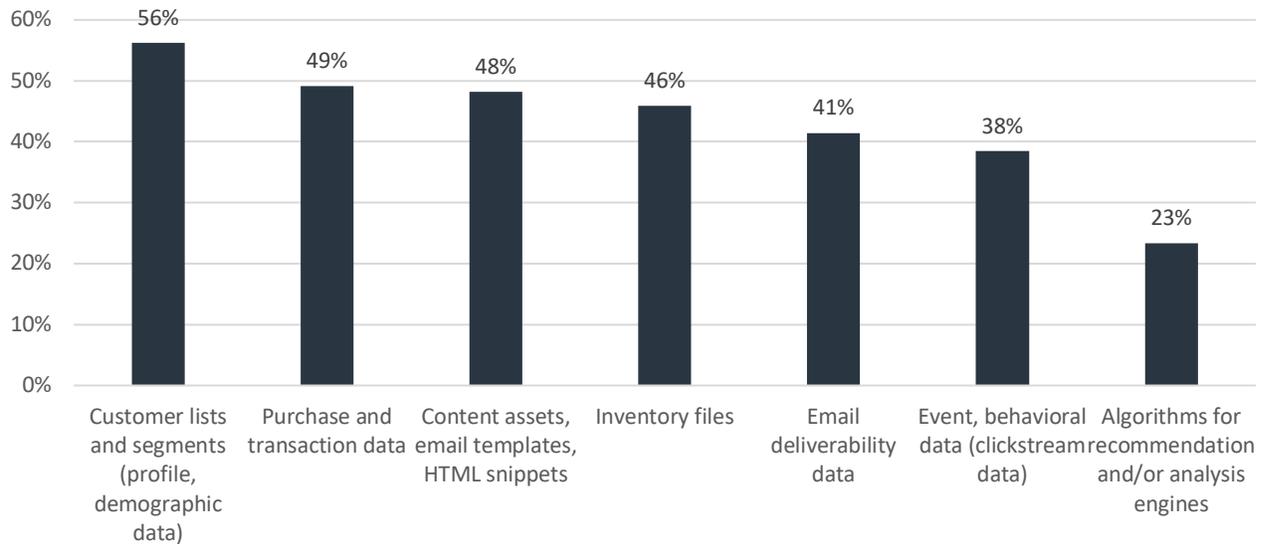


Question: How large is the customer data file that you exchange with your ESP (number of records)?
 Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

The number of customer records that marketers are exchanging with their ESP partners is significant, as is the depth of those records and the amount of incremental data they must synchronize to execute the campaigns they aspire to. Enterprises who in the past may have only been passing email address and a few other basic demographic or psychographic fields, increasingly need to leverage multiple sources of data to orchestrate valuable and engaging campaigns (Figure 3). Fifty-six percent of marketers across verticals report routinely synchronizing basic customer lists that include demographic profile data and the like – the basics. Over 49% report exchanging purchase and transaction data with their ESP, which for many enterprises represents a significant volume of incremental data that allows them to drive more valuable/engaging communications. Nearly 49% report passing images, templates, and other content assets, and 46% exchange inventory data regularly with their ESP. Enterprises who increasingly rely on these deeper data sets to orchestrate campaigns are allocating more

resources than ever managing the exchange of customer data between internal systems and their ESP.

Figure 3. – Types of Data Being Exchanged with Email Service Providers



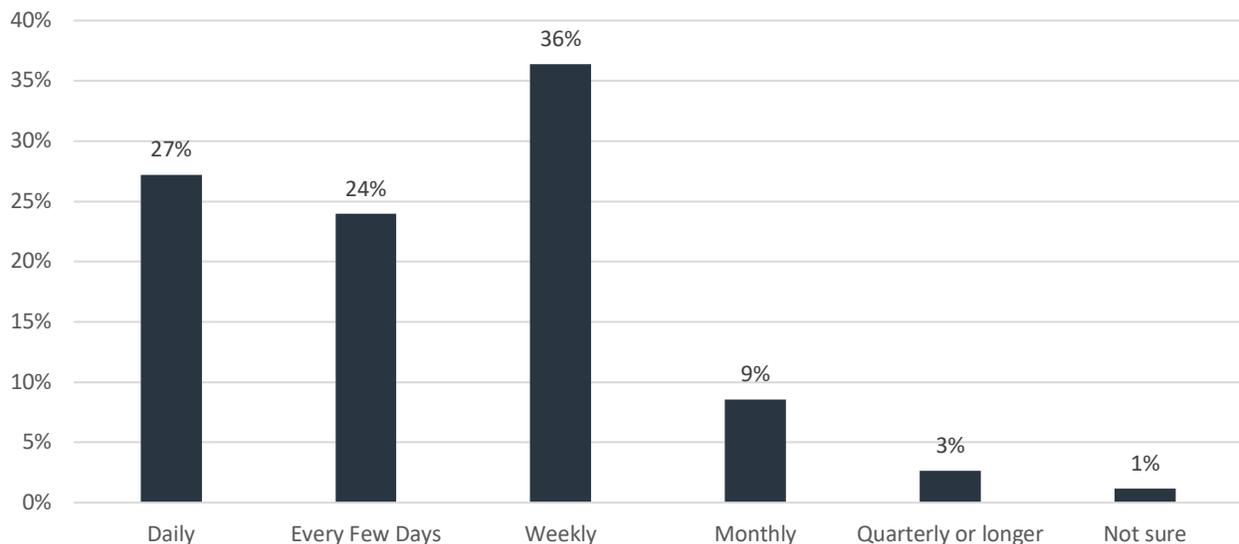
Question: What types of data are you exchanging with your ESP?
 Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

When asked to quantify how much time it takes to move data between internal systems and ESPs, marketers across verticals report spending over four hours on average to synchronize their customer file with their ESP², and they report doing so on a consistent basis. Twenty-seven percent of executive marketers across business verticals report exchanging data with their ESP at least daily, generally giving them the ability to react to customer behaviors and orchestrate communications within relatively acceptable timeframes. Twenty-four percent report synchronizing data “every few days,” which may be acceptable for a segment of marketers who run less sophisticated programs that don’t rely on customer data signals to drive timely communications, segmentation, and personalization efforts, but may not give many the ability to engage their audience with truly relevant and valuable campaigns. Thirty-six percent of marketers across verticals are only able to exchange customer data with their ESP on a weekly basis, and another 9% only do so monthly. These marketers almost certainly operate

² Question: How long does it take to move data between your internal system and your ESP (Email Service Provider)? Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

with stale data and likely struggle to orchestrate relevant, timely, and engaging customer experiences within the inbox and elsewhere.

Figure 4. Frequency of Data Exchanges Between Internal Sources and ESP



Question: How often do you move data between your internal system and your ESP (Email Service Provider)?
 Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

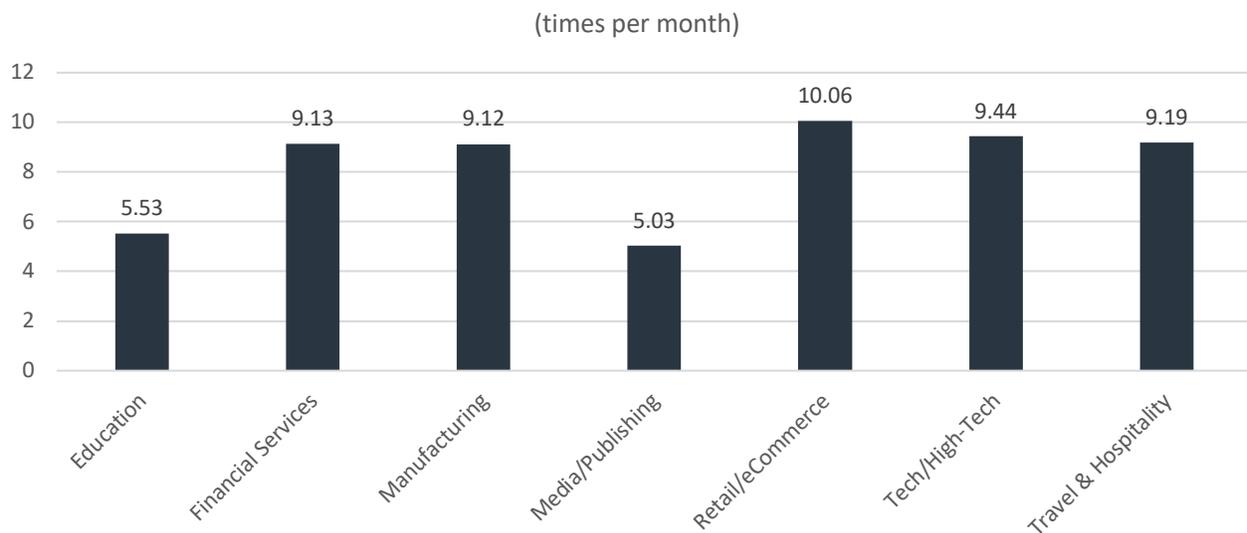
The time and resources required to replicate and synchronize the increasing volume of customer data needed to execute integrated cross-channel communications at scale present a significant headwind for most enterprise marketers. Many enterprises across verticals spend upwards of \$3 million annually to replicate their data and content at their ESP³, and while some realize a measurable return on that investment, data from The Relevancy Group’s most recent executive marketer survey highlight that data feeds frequently break, sometimes jeopardizing critical campaigns and potentially creating negative customer experiences.

³ Question: How much do you spend annually on storing customer records, data and content at your ESP? Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

Data Feeds Routinely Break or Malfunction

When we asked marketers across business verticals how often their data feeds malfunctioned or resulted in customer records that were not properly synchronized, the data quite honestly alarmed us. Sound data represents the foundation of all digital marketing programs, and when feeds break or data become out of synch, myriad issues present themselves, and negative customer experiences often result. Enterprise marketers across business verticals report that their data feeds break in some capacity multiple times a week (Figure 5). Marketers in the retail and ecommerce sector, who regularly synchronize large volumes of customer data to execute campaigns, report that their data feeds fail at some level more than ten times a month. Those in tech, travel and hospitality, manufacturing, and financial services have slightly better luck with their feeds, reporting failures ranging from 9.12 to 9.44 times a month. Marketers in Education and Media/Publishing sectors experience the fewest number of failures, but still have to manage issues with their feeds at least weekly. Broken data feeds are a significant hurdle for marketers of all stripes and are a driver of costs associated with managing and replicating data with Email Service Providers.

Figure 5. Number of Times per Month That Data Feeds Malfunction in Some Capacity

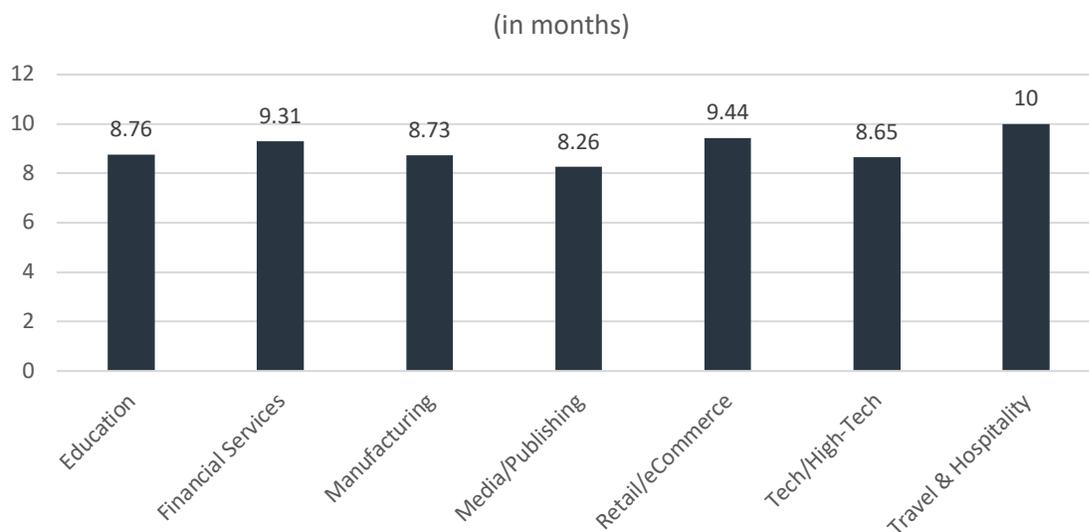


Question: How often does your data feed break?
 Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

Marketers Spend Over Nine Months Integrating with Their ESP or Marketing Cloud

Another significant cost associated with moving data is integrating with an ESP or Marketing Cloud partner in the first place. The vast majority of marketers across business verticals who choose to implement a traditional ESP, allocate significant time and resources toward doing so. Most marketers can expect to spend upwards of nine months to fully integrate and onboard data (Figure 6). While the data indicate very little variance by business vertical – integration takes almost as long for an average publisher as it does for a retailer – The Relevancy Group does see variance within sectors. While average programs across verticals take more than nine months to fully integrate with a cloud, some larger, more complex implementations can take years. The process of integration is time and labor-intensive, often disrupts current marketing efforts and represents a significant cost for marketers across business verticals.

Figure 6. Time Required to Integrate a Marketing Cloud



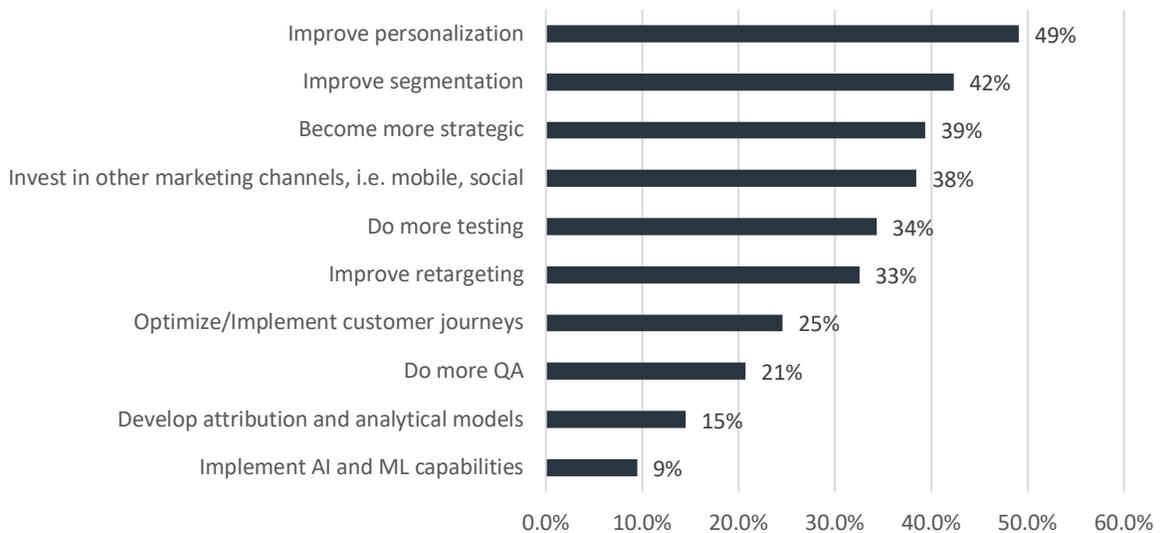
Question: How long did it take to get your data fully integrated to your marketing cloud implementation?

Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

Moving Data as Opportunity Cost

If enterprise marketers did not need to allocate resources to implementing, monitoring, and managing data feeds with their ESP or Cloud, they would be focused on a host of worthwhile pursuits that generate measurable returns on investment (Figure 7). Forty-nine percent of marketers across business verticals would use the time to improve personalization and 42% report that they would improve segmentation – both big drivers of program success and areas where The Relevancy Group often advises enterprises to focus more resources. Thirty-nine percent report that they would generally get more strategic about their programs, which is encouraging too. Testing, optimization, QA, and measurement also rise to the top as targets for incremental investment if resources did not need to be dedicated to replicating, synchronizing, and exchanging data with ESPs and Marketing Clouds. Moving data represents for many a significant opportunity cost.

Figure 7. Enterprise Marketer Priorities if Given Opportunity



Question: If you didn't have to move your data to your ESP how would you utilize that time?
 Source: The Relevancy Group Executive Marketer Survey, August 2019 n=402

The MAP Process - Measure, Align, Partner

In order to make best use of customer data and effectively steward the resources required to manage them, The Relevancy Group advises enterprises to follow a three-step – Measure, Align, Partner – process.

- 1. Measure:** In order to build an effective business case for a new technical solution, marketers must be able to accurately measure the time and resources spent moving data and the impacts on business results. For many marketers, this means documenting all data sources, campaigns, and processes for aggregating and synchronizing data. Marketers should also explore aspirations and quantify the opportunity costs of moving data.
- 2. Align:** Lack of internal buy-in from stakeholders must be addressed through cogent business cases that articulate the impact of customer data efforts on the enterprise and highlight benefits for all stakeholders. Engaged email subscribers provide benefits that cascade throughout the organization. Marketers must focus on building cases that address these core business issues across the organization to effectively bridge silos and drive growth.
- 3. Partner:** Few enterprises currently have the technology or expertise in-house to efficiently implement, execute, test, and orchestrate email campaigns at scale. Once marketers have implemented the appropriate measurement and have achieved a level of organizational alignment, The Relevancy Group advises buyers to look for partners who have the ability to easily ingest their customer data and make it actionable for campaign orchestration.

About MessageGears | messagegears.com | @MessageGears

MessageGears is the only cross-channel messaging platform exclusively built for today's enterprise. We empower the world's most demanding marketers to deliver more relevant messages, faster and more flexibly than legacy cloud ESPs. Our unique Hybrid technology connects directly with a company's existing database, enabling marketers to maximize the value of their customer data in real time – no syncing required.

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As CEO of The Relevancy Group, David directs market research and advisory services essential to digital marketing. Direct Magazine said David is "one of the most influential experts in email marketing, if not the most influential." In 2017, David was named Email Marketing Thought Leader of the Year by The DMA's Email Experience Council. Co-author of the book *'Email Marketing An Hour A Day'*, David has held senior level positions at Forrester, JupiterResearch, Apple, Anthropologie and other top brands. David is also Publisher of The Marketer Quarterly.

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About The Relevancy Group | www.RelevancyGroup.com | @RelevancyGroup | 877.972.6886

Measuring consumer and executive behaviors, The Relevancy Group (TRG) provides market research and advisory services that deliver strategies to optimize a return on marketing investments. In addition to working with some of the top brands and vendors in the digital marketing economy, TRG produces dozens of surveys, research reports, and webinars each year. TRG offers a research subscription service that includes access to original research reports. TRG also publishes the digital magazine for marketers by marketers, [The Marketer Quarterly](#), a digital magazine, and app; download it for free [app stores](#).

About the Research Methodology

In August 2019, The Relevancy Group conducted a survey that resulted in 402 completed and qualified advertising and marketing executives. We qualified respondents based on the size of their customer database, email send volume, familiarity with their company's marketing efforts, and other attributes such as the individuals' role/title. Respondents self-identified their company size and market sector category. We collected descriptive information about these organizations including revenue, email marketing, tactics and performance data. The survey utilized skip ordering and randomization and screener questions. A team of TRG analysts developed the survey design and conducted the final analysis.

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