

THE STATE OF MARKETING DATA

NetProspect Annual Marketing Data Benchmark Report

2014



Hundreds of Companies



Thousands of Files



Over 61 Million
Records Analyzed



84%

of marketing databases are barely functional.



88%

of 61M+ records analyzed were lacking basic firmographic data.
(industry, company revenue, number of employees)



64%

of records analyzed did not include a phone number.

Welcome to the second annual business-to-business *Marketing Data Benchmark Report* from NetProspex.



The use of marketing automation platforms and digital marketing technologies has erupted in the marketplace and the pace only quickened in 2013. As B2B marketers, we all responded appropriately in rapidly adopting these new technologies and embracing data-driven marketing principles. As a result database quality now has an unprecedented impact on the success of our marketing campaigns. **Simply put: data drives revenue for your company.** While enhanced analytics are increasingly seen as a key tool to identifying new sales opportunities and improving marketing efficiency, so much of your success as marketers still boils down to how well your contact and company data is maintained, and how well it aligns with your go-to-market activities. More than ever, B2B marketers are focused on serving up content that helps customers engage and accelerate through the buyer journey. But you have to make sure there is a good fit for your offerings (and a valid contact) on the other end of the line. Your relationship with your sales teams and your CEO depends on it.

Throughout 2013 we continued to help marketers make smarter decisions based on a foundation of better data. With NetProspex Workbench and our free Data HealthScan, we put the power of cloud-based marketing data management in the hands of companies everywhere. By providing insight into their existing contact and company database, we helped marketers make informed decisions as they planned, prioritized and executed their demand generation efforts. The results of last year's landmark Marketing Data Benchmark Report showed that marketers needed greater visibility into the health of their data. We're happy to report that this year's results—**based on over 61 million analyzed records**—shows an overall improvement in the quality of marketing data compared with last year's study. So we're making progress, but there is still a great deal of work to be done.

As you read through the results of this year's study, we hope they will serve to emphasize the importance of complete records and good data hygiene. Those are the keys to driving more (and better) revenue for your company, improving your consistency in doing so, and ensuring you get the highest return on investment from the automation and digital marketing technologies that make your team efficient across your marketing mix.

Remember, great marketing starts with great data.

A handwritten signature in black ink, appearing to read 'MB', written over a light blue horizontal line.

Michael Bird
Chief Executive Officer
NetProspex



Introduction

NetProspex has a history in data. We've been managing B2B contact and company data on a massive scale for almost a decade now. Increasingly, we have looked to leverage our experience to help our customers understand more about the data they already have in their marketing and CRM databases. Our self-service Data HealthScan was launched in mid-2012 to do just that, and this is our annual report on the aggregate results from the over 61 million records analyzed last year.

The data compiled in this report came from records supplied by a broad range of organizations—large and small—from the full spectrum of industries engaged in B2B marketing. What we discovered is that despite the essential role that data plays in today's B2B marketing world, the quality, when analyzed on the basis of the four key best practices outlined in this report, is often less than ideal. The response to our initial benchmark report last year was overwhelming—and it made it clear that this is a subject that deserves ongoing attention.



We repeated the benchmark study this year across an even larger set of data—up nearly 20 fold from our initial study. These numbers are considerably higher for three important reasons:

- We had a full year of 2013 Data HealthScan data to analyze vs. only five months in 2012.
- Many marketers returned multiple times to analyze different segments of their data.
- The size of the files we looked at more than doubled as marketers became inclined to take a thorough and strategic look at their data.



Some results improved since last year. Others remained more or less the same. **But one thing is certain in today's environment of segmentation and marketing automation; the significance of data continues to grow.** So, it's more critical than ever to maintain and improve the quality and completeness of those records in your database.

GAP ANALYSIS:

Industry: 74% missing
 Revenue: 82% missing
 Employees: 81% missing
 Phone: 64% missing

Top 3 industries represented



Business Services

Manufacturing

Software

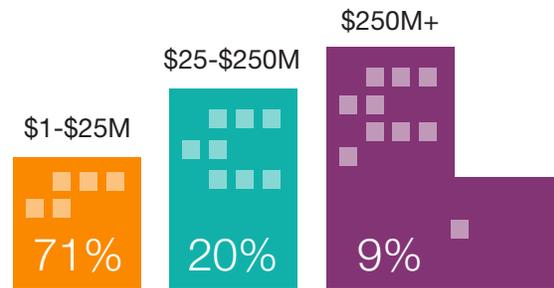
Other significant industries represented include:

- Retail
- Finance
- Media & Internet
- Telecommunications

Average score by Best Practice Area

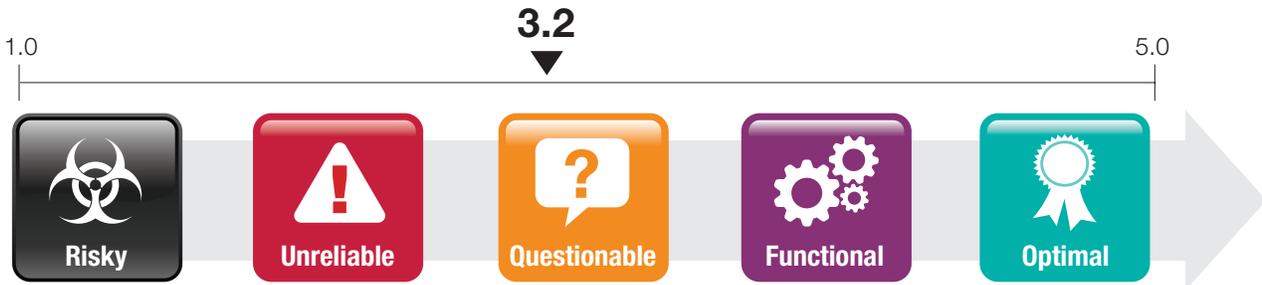


Participant company size (Revenue)



THE NET RESULT

Average Health Scale Rating:



Want to see where you stand?

Assess your marketing database at www.netprospex.com/dhs



Details in the Data

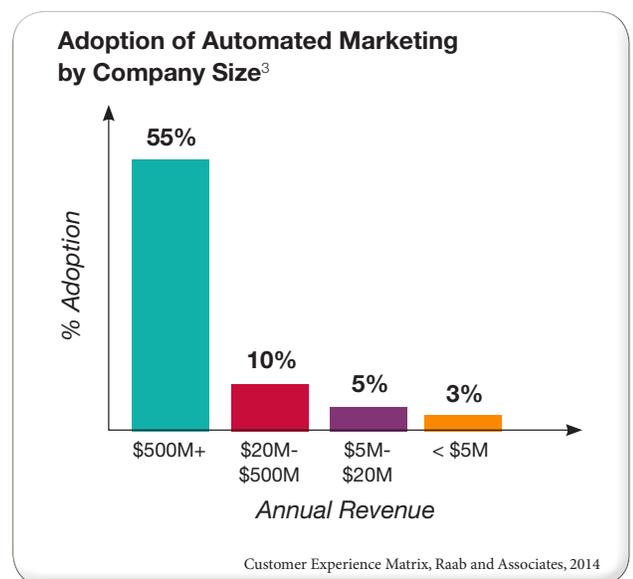
One of the big stories in B2B marketing is the accelerated adoption of marketing automation technology. We've observed four major contributors to this trend.

1. Everybody's heading there—it's just a matter of how fast.

While the rate of marketing automation adoption varies widely by company size and industry, the overall upward trend is undeniable. The ability to integrate sales and marketing activities across multiple channels while automating campaign execution and nurturing is a compelling value proposition to all marketers. There are many data points confirming this including Marketo's recent annual report. We also felt the work of David Raab (figure to the right) outlined it best as it highlights that there is more growth to come.

2. It is (almost) all about segmentation.

The ability to segment audiences and deliver the most relevant message to each prospect is the Holy Grail for marketers. But it takes complete, well-maintained records to successfully perform these tasks. The days of "batch and blast" emails to your entire house list are over. The tools available to assist with unifying and personalizing your message across marketing channels are advancing almost daily. Triggering messages and content with the right persona or personalized website experiences and targeting offers at the time of engagement are all highly dependent on complete and accurate contact and company records. Unfortunately, our study revealed average Record Completeness remains "Unreliable."



Marketing automation industry guru, David Raab, estimates that the industry will see **revenue grow 60% in 2014**, after growing 50% per year in both 2012 and 2013.³



98% of companies plan to **increase their use of data-driven marketing** over the coming year.⁴

3. It is also about a broadening of digital channels.

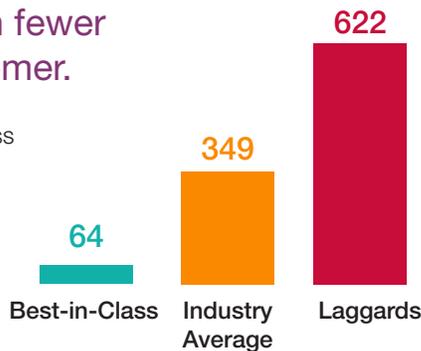
With prospects spending more and more of the sales cycle doing online research before engaging with a vendor sales rep, content marketing has become a driving force within most demand generation organizations. To convert these anonymous potential buyers, marketers must track website behaviors and map them to individuals at the time of conversion, while offering specific content based on their persona and stage in the buying cycle. As prospects raise their hand through inbound channels, marketers are embracing more sophisticated, dynamic lead scoring to best route and engage in the assisted part of the sales process. To do this effectively, they need robust, accurate data to analyze the relative value of each lead. As with record completeness and segmentation, our research showed a substantial number of critical fields left unpopulated in marketing databases. While it is unrealistic to capture dozens of attributes from inbound channels, forward-thinking marketers are enhancing company and contact details at the time of capture to ask less and know more as the lead enters the database.

4. Database health is not a one and done affair.

Databases are like a living organism—they need to be fed, cleaned and maintained regularly to remain accurate and productive. We have been stating this for years at NetProspex—and our own data practices prove it out. Further, the data collected in this report shows that records left unattended rapidly become stale and inaccurate. As this market evolves, studies this year started to document the improvements B2B marketers were seeing by taking a more active role in managing their marketing database. In fact, **companies that employ consistent data hygiene create seven times the number of inquiries and four times the number of leads than those who do not.**⁵

Keeping it clean results in fewer touches to create a customer.

Firms that have a well-established process of cleansing their marketing database (i.e. updating/removing email bounces, duplicate records, etc.) see better conversions throughout the pipeline.⁴



Companies that use data-enrichment services are **TWICE AS LIKELY** as non-users to be satisfied with both the contact-level and company-level accuracy of their databases.⁴



Trigger-based messages earn a 72.6% higher open rate.⁶

Defining Best Practices

Record Completeness



88%
of records
analyzed were
lacking industry,
revenue and
employee fields

THE ISSUE

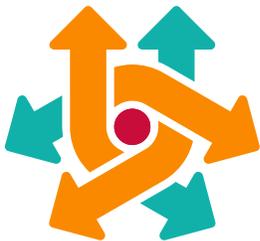
Inbound marketing continues to be a major focus area for today's B2B marketers. Getting prospects at the top of the funnel to engage via web registration forms is often the best (and lowest cost) lead source. However, these records typically arrive partially complete as marketers often trade the number of required fields in exchange for increased conversion rates.

To take full advantage of today's increasingly sophisticated marketing methods, it is essential to have a robust and complete data record for each customer and prospect. While this can sometimes be achieved later in the process through progressive profiling, there is no guarantee of completion. You may only get that first chance to engage with the individual.

THE RISKS

Incomplete data presents challenges at all stages of the marketing and sales funnel: low conversion rates on nurturing programs due to broad-brush targeting; ineffective lead scoring models that route unqualified leads to sales; and poorly executed content personalization. Without complete data records, achieving insight and efficiencies through segmentation and automated marketing becomes difficult, if not impossible.

WHAT IT MEANS TO YOUR PROGRAMS



Lower conversion on
nurturing programs due to
broad-brush targeting



Poorly executed content
personalization

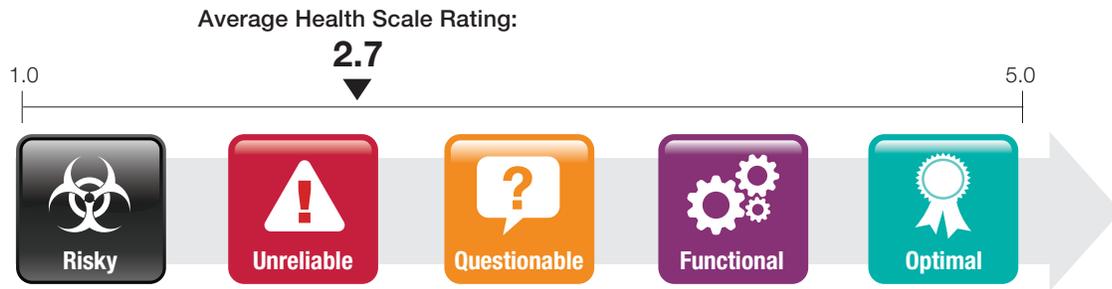


Less effective lead
scoring models that route
unqualified leads to sales

THE CURRENT STATE OF RECORD COMPLETENESS

On average, respondents scored a 2.7 on the health scale. This is up slightly from 2.5 in the 2013 study, which indicates marketers are doing a marginally better job of collecting complete data records. However, a closer look at the data reveals that while completion of demographic fields such as phone and location score 2.2 (still “Unreliable”), collection of valuable firmographic data, such as company size, revenue, industry or even domain drop down into the “Risky” range with an average score of 1.6. Even the overall score of 2.7 still falls into the “Unreliable” category, suggesting that, on average, these **databases are not complete enough to allow for effective segmentation** and multiple methods of contact.

RECORD COMPLETENESS



A Closer Look at What's Missing...

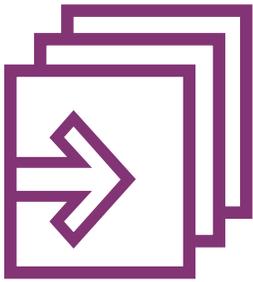
Percentage of records with the indicated field completed:

First Name	77.5%	Phone	36.2%
Last Name	76.9%	Email	89.2%
Title	62.9%	Company	77.2%
Street	54.6%	Industry	25.9%
City	59.5%	Revenue	18.2%
State	58.5%	Employee	19.5%

Critical data for segmentation and targeting

Defining Best Practices

Record Duplication



90%
of the files
analyzed
had less
than 10%
duplicates

THE ISSUE

Poorly maintained databases are frequently riddled with duplicate contact records. This problem is exacerbated by a multitude of data sources (syndication, tradeshow, web forms) as well as disparate data platforms (MAP, CRM, ERP).

THE RISKS

Poor data quality has both hard- and soft-dollar costs. Duplicate records lead to increased record storage and maintenance costs, create inefficiencies in the marketing process, and often require significant manual intervention from marketers. Duplicate sends from a marketing automation platform can damage brand reputation and customer goodwill. The effectiveness of lead scoring also becomes limited when a contact's behaviors are tracked in multiple, unlinked records. In addition, duplication makes it difficult to accurately calculate ROI for marketing programs and to correctly identify returning customers.

THE CURRENT STATE OF DUPLICATE DATA

The average score of study respondents was 4.2, or "Functional" on the health scale—the **highest across the four Best Practice Areas for the second year in a row.** That success was seen among companies of all sizes and from all industries. Although it's beyond the data captured in our analysis, we would hypothesize that the reduction in duplicates is largely driven by adoption of marketing automation platforms, most of which have introduced functionality to help marketers reduce record duplication as new names enter the database. This improved functionality makes it easier to identify and remediate duplicate records. It would appear that marketers are seeing the value of leveraging marketing automation functionality to improve their outbound and nurturing email practices.

RECORD DUPLICATION



Defining Best Practices

Email Deliverability



Only
35%
of the files
analyzed
were
classified as
functional or
higher

THE ISSUE

Getting your messages to reach the inbox of your target buyer is critical to every single one of your program metrics. There are an increasing set of hurdles and requirements to maintaining that capability and deliverability score is a key metric for every email marketer. However, unless you're starting from scratch, your marketing database likely contains records accumulated from a variety of sources and over a long period of time. Many of these records haven't been validated regularly and the accuracy of all your records tends to degrade over time as people change jobs or take on new responsibilities.

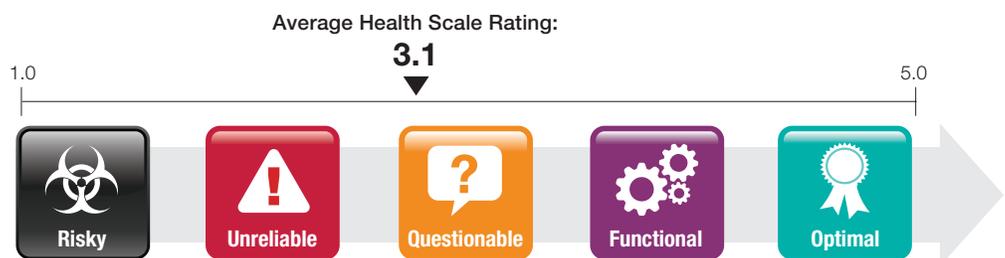
THE RISKS

Outdated and incorrect email addresses are impassable roadblocks to the success of outbound marketing campaigns and can interfere with the nurturing of prospects and existing customer relationships. Undeliverable emails affect both the top and bottom line of a business: missing campaign goals for pipeline generation and increased costs for storing inaccurate records. A sender's reputation and brand perception can also suffer when messages are sent repeatedly to outdated addresses. Such activity may even lead to the sender's address being flagged, shutting down the demand generation engine for extended periods of time.

THE CURRENT STATE OF EMAIL DELIVERABILITY

Based on our findings, overall email deliverability rates continue to introduce risk into email marketing programs. The **average company database deliverability was still less than optimal**. The records we analyzed netted out at an average health scale rating of 3.1 this year. While this was up from 2.8 last year, it is still far below where it should be if marketers want to avoid unpredictable program results, decreasing deliverability scores, or worse.

EMAIL DELIVERABILITY



Defining Best Practices

Phone Connectability



64%
of the
61M+ records
analyzed did
not include a
phone number

THE ISSUE

When it comes to improving the demand generation funnel, the ability to reach buyers by phone is fundamental to closing the loop between marketing and sales. Yet, all too often, marketing databases are filled with inaccurate telephone numbers—or no numbers at all.

THE RISKS

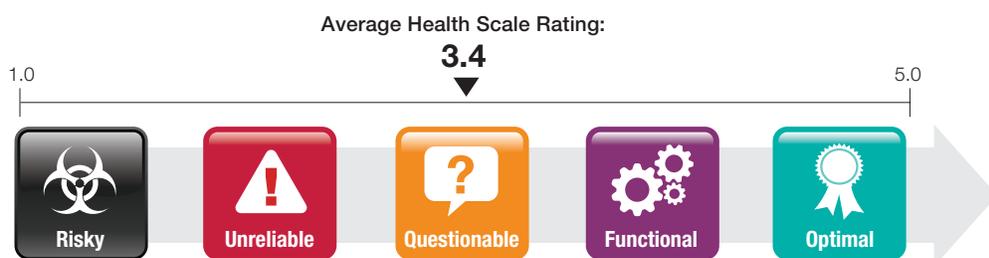
Conversion rates of marketing qualified leads to sales qualified leads—where pipeline is typically associated with an opportunity—can decline when leads are sent with bad phone numbers. This is one of the worst places for leads to fall out of the funnel. Leads that are on the cusp of converting into the qualified pipeline are often the pivot between demand marketing and sales. Requiring your sales teams to spend time and effort sourcing phone numbers creates huge inefficiencies in the system, and does even worse things for the marketing-sales alignment initiatives you have been focusing on improving.

THE CURRENT STATE OF PHONE CONNECTABILITY

Phone connectability showed a substantial increase over the results from last year's study—with **the health score jumping from 1.2 to 3.4**—leaping close to the midpoint between “Questionable” and “Functional.” However, it's important to note that a big part of the change stems from a revision in our study methodology. In last year's study, phone numbers only qualified as confirmed when they were called and connected to the individual listed in the record. This year's vast increase in the number of records reviewed made it impossible to apply that same standard. Instead, a phone number was confirmed if it was an actively operational phone and proved to be a landline. There was no validation of correct contact.

This brings up an important point regarding best practices used to establish and maintain data integrity. When dealing with relatively small file sizes, it's always best to apply the most rigorous possible evaluation standards. But, when file sizes grow, the cost in both time and money may make it impractical to apply the same standards. In any case, a relative score of 3.4 indicates that too often marketers are promoting “qualified” leads to their sales teams when the record has either an empty or an invalid phone number.

PHONE CONNECTABILITY



Conclusion

What it Means...

Marketers and their businesses will benefit greatly by establishing a standardized, ongoing approach for processing and managing data throughout its lifecycle.

According to SiriusDecisions, companies that regularly maintain their database realize 66% higher conversions to revenue compared to those that do not. The fact that data is now flowing from a far more diverse range of channels makes this task more difficult to manage.

The increased use of marketing technology only serves to emphasize the need for a regular, repeatable data management strategy. Despite the critical role data plays in marketing success, our Benchmark Report data clearly shows that companies continue to struggle with the basics of reducing duplicates, utilizing simple personalization, achieving higher email deliverability, and tracking authentic phone numbers.

A recent Aberdeen study found that **BEST-IN-CLASS MARKETERS WERE FAR MORE LIKELY TO ENGAGE IN THE FOLLOWING PRACTICES:**⁴



Adopt good governance processes, including deduping and removing hard bounces



Regularly validate and enrich records



Assign priority to completing the most valuable fields



The aggregate results from the records analyzed throughout the year highlight **clear opportunities for immediate improvement**, and the overall goal of healthy data is certainly attainable for all companies willing to invest the time and effort to make a difference.

While this year's *NetProspex Marketing Data Benchmark Report* results show some improvement, record completeness in particular remains inadequate for successful segmentation and lead scoring programs.

The vast majority of records fail to meet “**Basic**” standards as defined by SiriusDecisions:

Tiers of Contact Completeness

SiriusPerspective: Define tiers of record completeness according to what is needed to support sales and marketing functions.

Complete

All organizationally defined core profile data required to match a contact to a person is included. It allows for multiple contact methods and all segmentation defined as necessary. Required data is normalized, and contacts are associated with appropriate company accounts and buying centers.

Basic

Contacts have sufficient data (e.g. name, title, employer, industry) for marketers to send simple targeted outbound communications.

Minimum

Enough contact data exists to send an outbound communication to a reachable individual. The record might include nothing more than a valid email address, or a name and telephone number.

Unreachable

Data does not support proactive outreach. Email may be lacking or repeatedly bounces. The phone number is not a direct dial. The contact hasn't shown any signs of life for > 36 months.

For marketing programs to yield positive results—and deliver the return you expect for such a major investment, there needs to be an ongoing commitment to data management. Otherwise, as the old saying goes, it will just be more “Garbage in. Garbage out.”

Understanding the Health Scale Rating System

The health scale is a standardized five-point scale with ratings from “1,” which indicates a “Risky” status, and escalating to “5,” which is defined as “Optimal.” The scale itself was created by evaluating the results of assessments, known as the NetProspex Data HealthScan, completed to date and then statistically determining ranges based on the data.

The NetProspex Data Health Scale



Has this report inspired questions regarding your company’s B2B marketing database competency?

Now, you have the opportunity to evaluate your database and compare your performance against others across these four Best Practice Areas.

Visit our website at www.netprospex.com/dhs for more information on the complimentary NetProspex Data HealthScan, or contact us today at datahealthscan@netprospex.com to arrange your assessment.

About NetProspex

NetProspex is the smarter B2B data partner. We help marketing and sales organizations optimize their revenue impact by increasing the quality and effectiveness of their marketing database. Thousands of B2B organizations rely on NetProspex to manage their marketing data in order to fuel high-performing marketing campaigns and accelerate the creation of sales pipeline. To make marketing databases accurate, targeted and actionable, the company offers a suite of data services backed by its proprietary CleneStep™ verification technology and the industry's largest and most accurate reference database of B2B contacts and companies.

Get more insights about marketing data on our blog at netperspectives.com or visit us at www.netprospex.com for additional information on our solutions. You should also follow us on Twitter [@NetProspex](https://twitter.com/NetProspex) for all the latest news (and a bit of fun, too).

1 SiriusDecisions, "The Impact of Bad Data on Demand Generation" 2011
2 Relevancy Group publication, "Realizing the Value of Email Marketing" 2010
3 Customer Experience Matrix, Raab and Associates 2014
4. Data Management Drives Marketing Automation Platform Value for Best-in-Class, Aberdeen Group 2013
5 Eloqua's Marketing Automation Benchmark Report 2011
6 Q2 Email Trends Benchmark, Epsilon 2013