Data Management for Marketers: Breaking Down Consent and Preferences

2022

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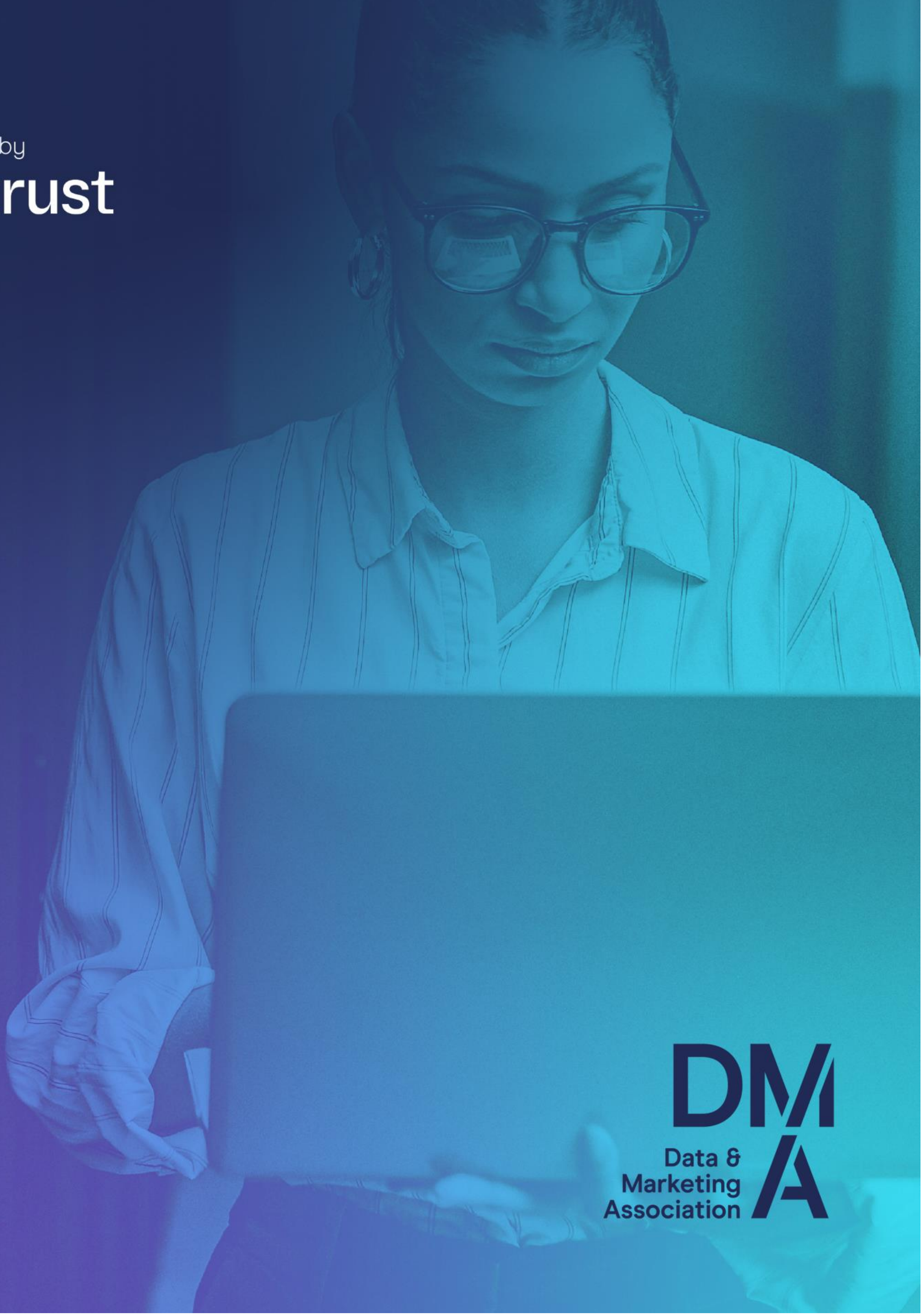

Responsible Marketing

DMA
Data & Marketing Association

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/ Introduction

Data remains the most valuable resource many brands have. Without it, how can they expect to understand their customers – whether that's how, what, when or where to communicate with them?

The systems that manage these preferences, including things like customer consent or communication preferences, are therefore vital for brands not just to have, but to get right. The benefits should be clear, but this research investigates current practices within organisations and how these can maximise the value of your organisation's data.

This report into how the management of consent, data and preferences is also able to shed light on how this has evolved since we last asked marketers in 2020. In this previous edition, we also created a segmentation of the respondents that split those with consent/preference management systems in place and those that don't. This splits the marketers we surveyed almost perfectly in half, helping us understand the key difference between these organisations and also understand the value these systems can offer. As such, throughout this latest report, you'll see reference to this 'in place' segmentation.

This report covers what best practice looks like, the importance of keeping data accurate, and the value of good data management. Highlighting the ubiquitous benefits across data, marketing, and the wider business that having the right systems in place to manage consent and preferences can have. They drive a clear data management strategy that allows businesses to clearly put customers at the heart of everything the brand does and offer clear benefits to both the customers and, therefore, the business.

The journey to a single customer view and source of truth may not be simple, particularly in an increasingly complex and connected landscape. However, these findings show that it's worth the effort. The benefits are clear and they can be felt across every stage of the customer journey. Meaning that by taking care of their data, organisations can derive even more value from it than they have already.

Tim Bond
Director of Insight at the DMA

/ Foreword – onetrust

Along with the DMA, we are excited to bring you this report looking at how marketers manage their data, which breaks down both practices and the value of good consent and preference management.

People now, more than ever, demand greater control of their data, unlocking an opportunity for organisations to use these moments to address privacy compliance obligations and build trust through transparency, choice, and control.

As marketers navigate the changing privacy landscapes, technology ecosystems, and customer expectations, implementing a reliable consent and preference management solution is imperative and as we see in this report, there can be strong returns on investment.

OneTrust Consent & Preferences empowers companies to deliver trusted experiences rooted in privacy practices – so individuals trust you with their data, allowing you to deliver more valuable experiences and create business value through trust.

Read on to learn more about properly managing consent and preference data for compliance and strategic trust-focused initiatives.

Ashlea Cartee
Product Marketing Manager – OneTrust Consent and Preferences at onetrust

/ Exec Summary

Knowledge, Practices and Integrations

- Awareness of consent and preference management has increased since 2020, with those marketers personally involved also rising from 60% to 78% in 2022
- The level of sophistication in key areas of data management have also improved in the last 2 years
- However, only half of organisations (51%) have a specific consent and/or preference management platform in place

Benefits and Future Plans

- Improved data transparency (43%), data security (39%) and ability to make decisions (38%) are reported as the key benefits of consent and preference management systems, a range of others also selected by a quarter to a third of marketers
- The majority of marketers (78%) believe it's businesses that benefit most from personal data exchange, a sentiment most consumers agree with (68%) – highlighting the possible need for both consumer and industry education around the value of data sharing

Sources and Quality of Data

- There has been a slight shift away from the collection of customer data at events (-10%) and via social media (-9%) from 2020 to 2022
- Most marketers estimate that 9.5% of their customer data may be inaccurate or invalid – though this does mark a slight improvement on 10.3% in 2020

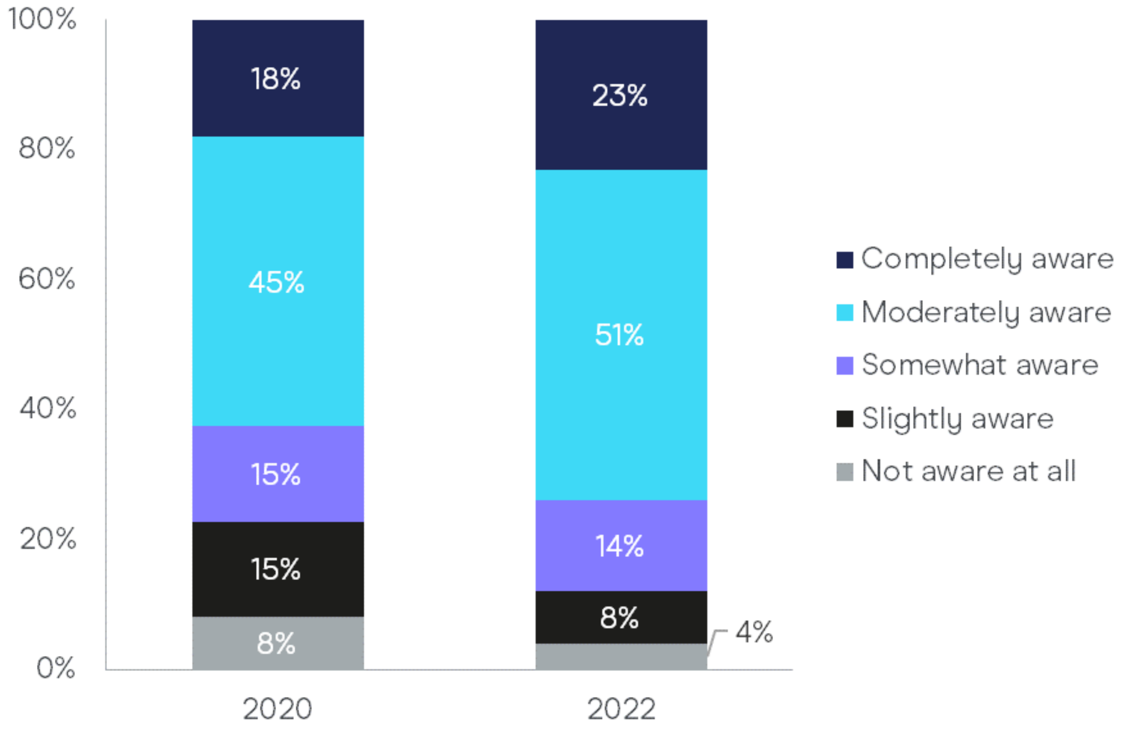
Importance and Value

- The importance of customer and preference management is seen as more important than ever, with 73% saying it is important, up from 60% in 2020
- Marketers estimate that the return on investment for every £1 spent on consent and preference management is just over £38
- In addition, those with consent and preference management systems in place report higher customer lifetime value (£57.76) and lower customer acquisition costs (£44.87) compared to those without these key processes (£53.31 and £46.78 respectively)
- Moreover, those with a consent and preference management system reported an increase in customer database size (61%), engagement rate (55%), sales revenue (54%), conversion rates (47%), and opt-in rates/sign-ups (47%)

Knowledge, Practices and Integrations

In this first chapter, we will focus on the awareness and knowledge of marketers on key areas around consent and preference management. Then the current practices and integration they have for this area of their business.

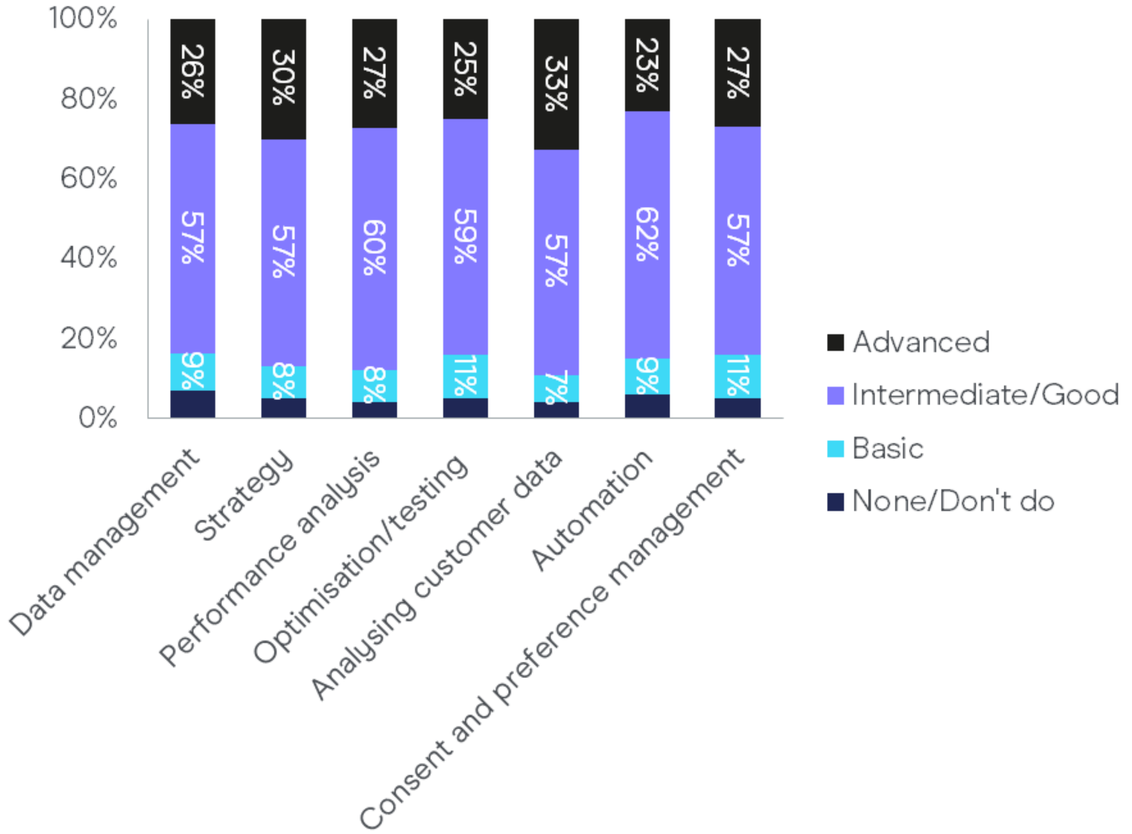
Before undertaking this survey, were you familiar with the concept of 'consent and preference management'?



Overall, familiarity with the idea of ‘consent and preference management’ has risen since we last asked marketers in 2020. While relatively modest, the movement from no or slight awareness through to complete and moderate is a positive sign that this key area of data and marketing is something industry professionals are increasingly informed about.

Moreover, the number of marketers who reported being personally involved in consent and preference management within their organisation has risen significantly in the last 2 years. This has risen from 60% in 2020 to 78% this year.

How would you rate your organisation's overall level of sophistication in the following areas?



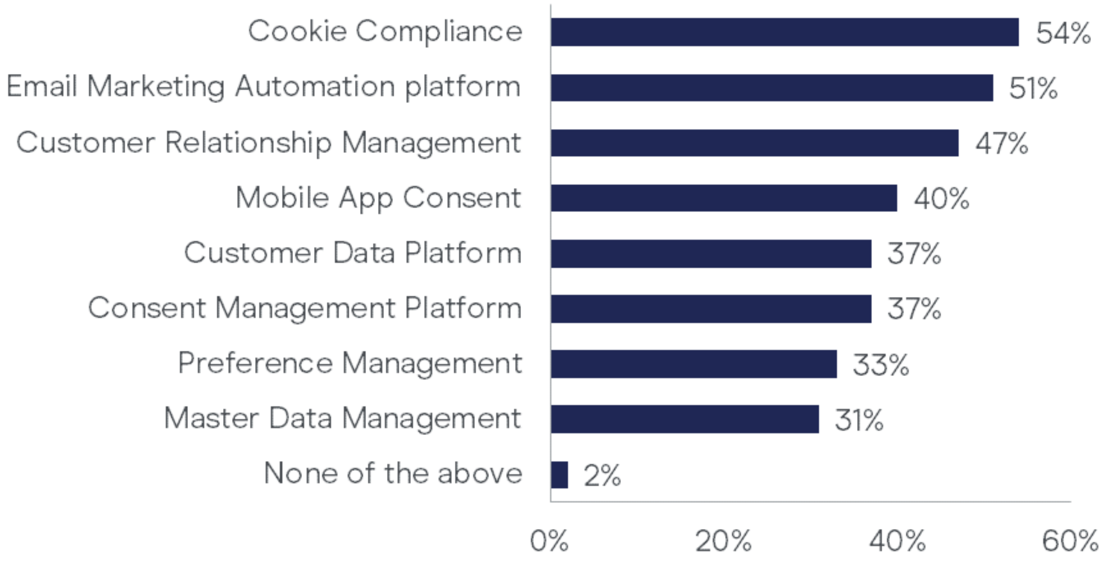
When asked about the level of sophistication within their organisations for key areas of data and marketing, around one in four said they were 'Advanced' across these key areas. However, over one in ten also reported only feeling they were basic, had no sophistication or that they don't do this at all.

Most concerningly, this lower end of sophistication is felt by 16% of those surveyed when it comes to the management of their data and also consent and preferences. Whether it's the UK's data protection legislation, Europe's GDPR or any other international privacy rules, compliance is made significantly more challenging without the right systems and processes in place.

When asked specifically about what organisations have in place to manage consent and preferences from customers (below), it's possibly understandable why this feeling of sophistication in such a fundamental area is relatively low.

Additionally, those companies with consent and preference management systems in place are also significantly more likely to rate their level of sophistication across these areas of data and marketing higher than those without.

Which of the following systems, processes or policies does your organisation currently have in place to manage consents and customer preferences? (Select all that apply)

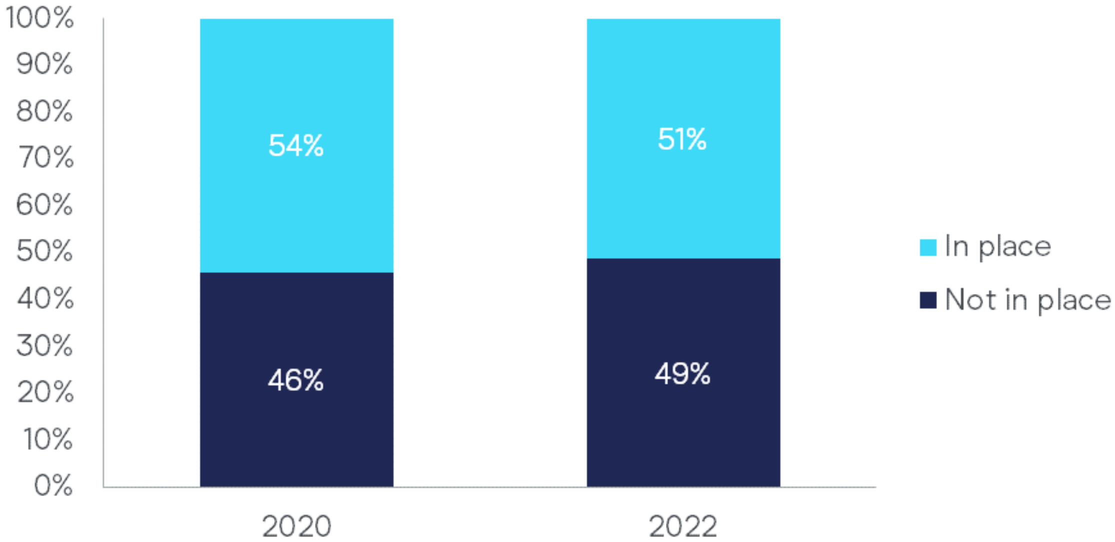


Most organisations have a range of different things in place to manage their customers' consent and preferences, on average over three per respondent. This has also seen no significant changes since 2020, with cookies, email automation and a CRM as the leading trio.

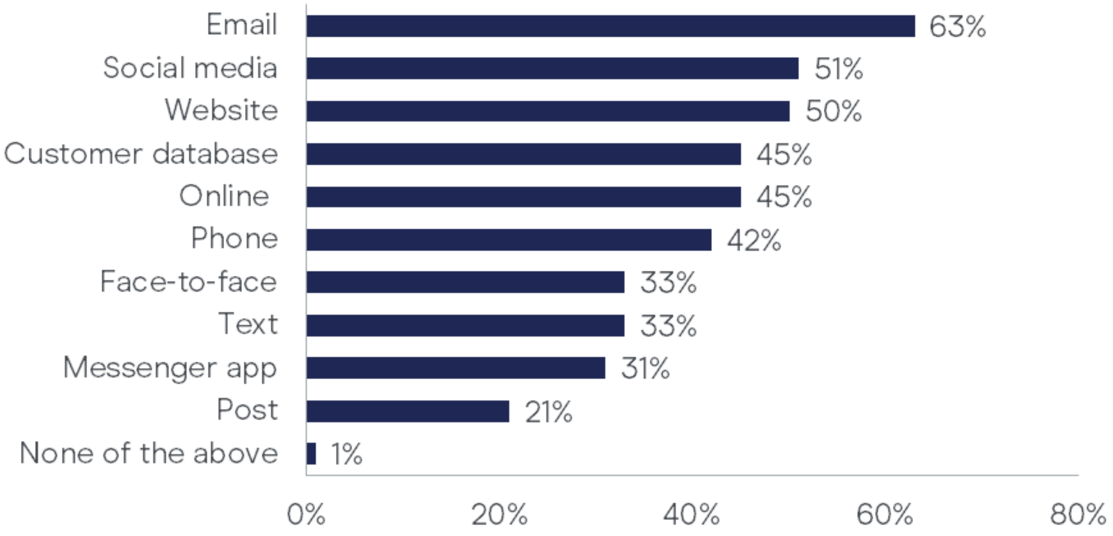
This question is also the source for the ‘in place’ segmentation we have already referenced in this report and will continue to throughout this year’s findings. This split takes those marketers who confirmed their organisations have either a ‘Consent Management Platform’ and/or ‘Preference Management’ currently in place, from those that do not.

As you can see from the graph below, this creates a relatively even split, but has also seen a slight decrease in those organisations with these systems in place since 2020.

Consent/Preference management system ‘in place’ segmentation



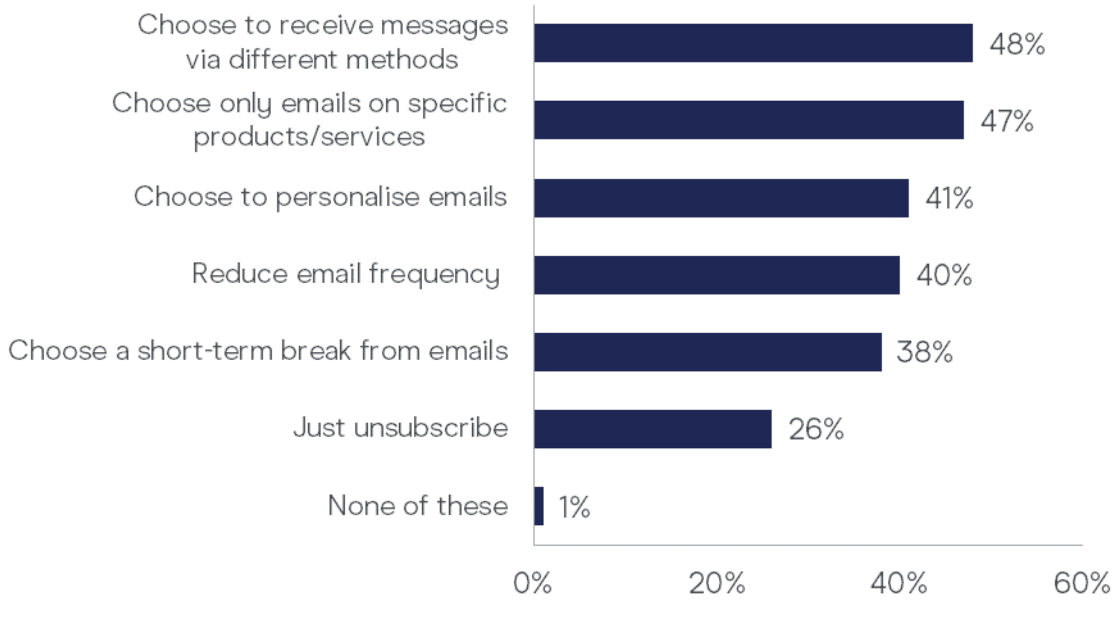
Which of the following channels/platforms does your current consent/preference management set-up integrate with? (Select all that apply)



Looking beyond the systems in place, the channels that are currently integrated into these also saw minor changes over the last two years – with an average of around four channels for each organisation. Email still leads the way, likely as it is still the preferred channel customers want to hear from brands through according to our latest [How to Win Trust and Loyalty 2022] report.

Continuing this brief focus on email, it's also interesting to note that the majority of businesses (89%) have a preference centre in place for this channel specifically. Most offer at least a couple of options to change how they receive these messages, the content included or to downshift the frequency of their arrival.

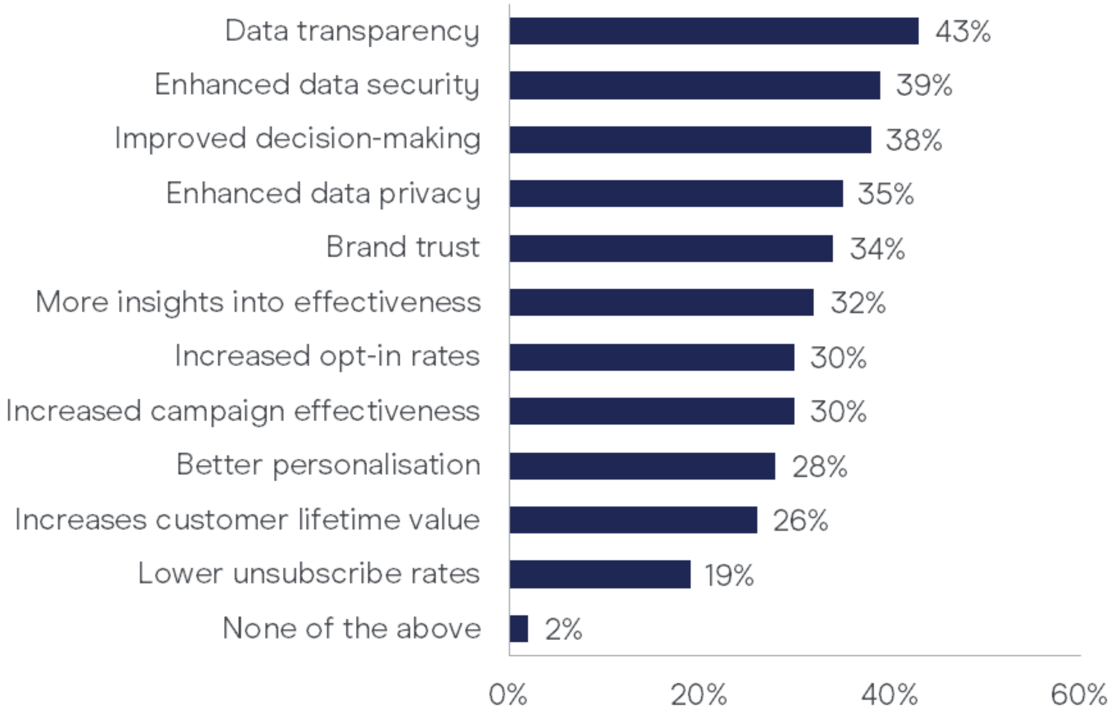
Which of the following options do you currently offer customers as part of that preference centre? (Select all that apply)



/ Benefits and Future Plans

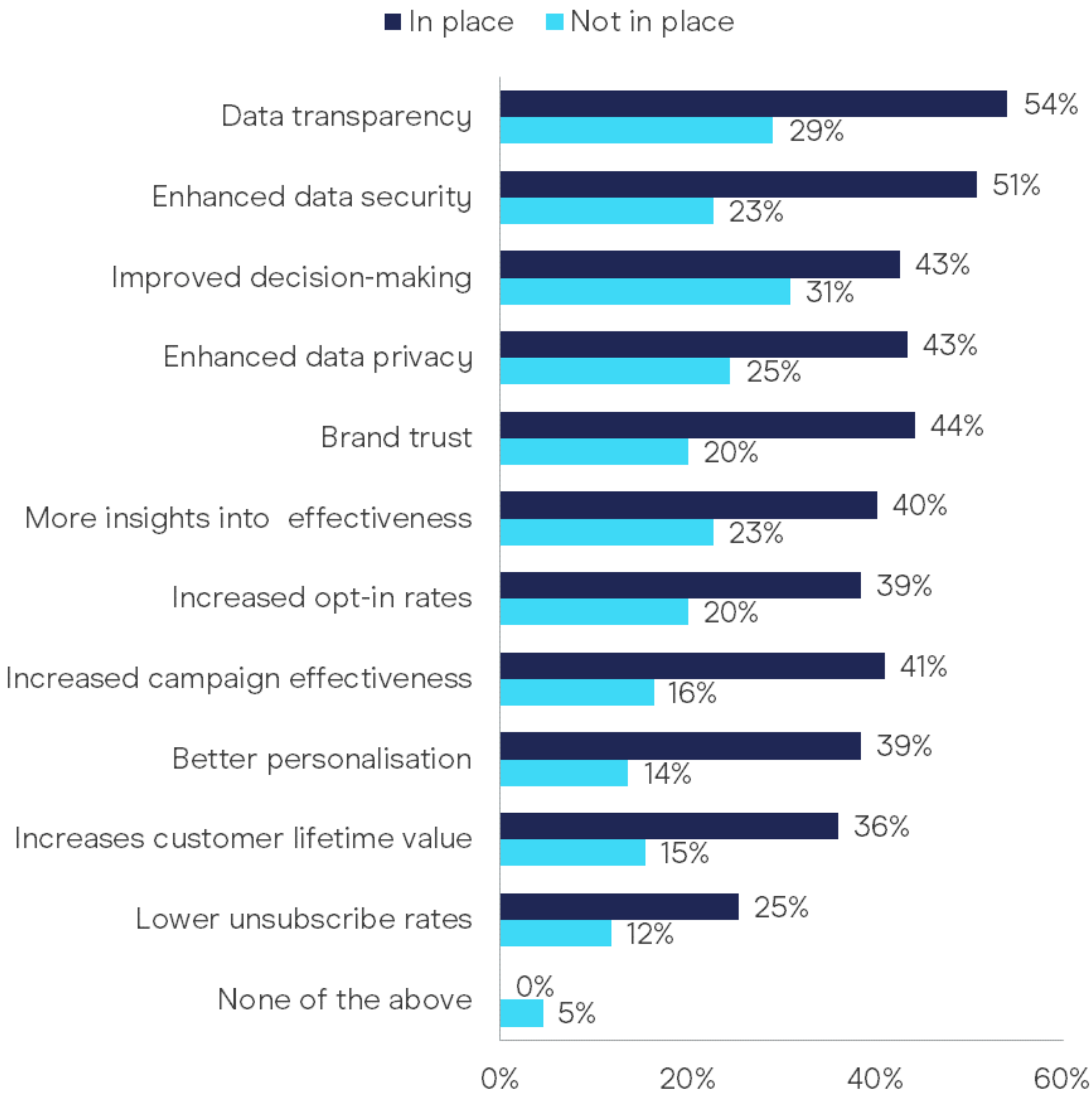
Next, we will look at some of the benefits organisations see from their existing consent and preference management systems, as well as what's next in terms of future data management development and integrations.

What are the key benefits to your current consent and preference management system? (Select all that apply)



Transparency, security and improved decision-making were the leading benefits marketers see in their existing systems of consent and preference management. However, there is also a wide range of benefits organisations see here too, with anywhere from a quarter to a third of respondents selecting options below these top three. In fact, marketers cite over three of the key benefits on average, highlighting the wide range of upsides the right systems can have.

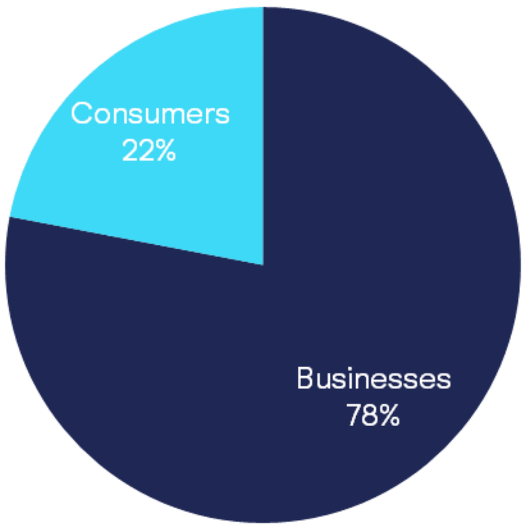
What are the key benefits to your current consent and preference management system? (Consent/Preference management 'in place' segmentation)



When we split these responses by our 'in place' segmentation, there is also a significant difference in the benefits seen too (below). Here, organisations with defined consent/preference management in place are, on average, more than 20% more likely to select any one of the benefits. Those with these systems are also likely to highlight twice as many benefits as those without too (selecting four each compared to just over two).

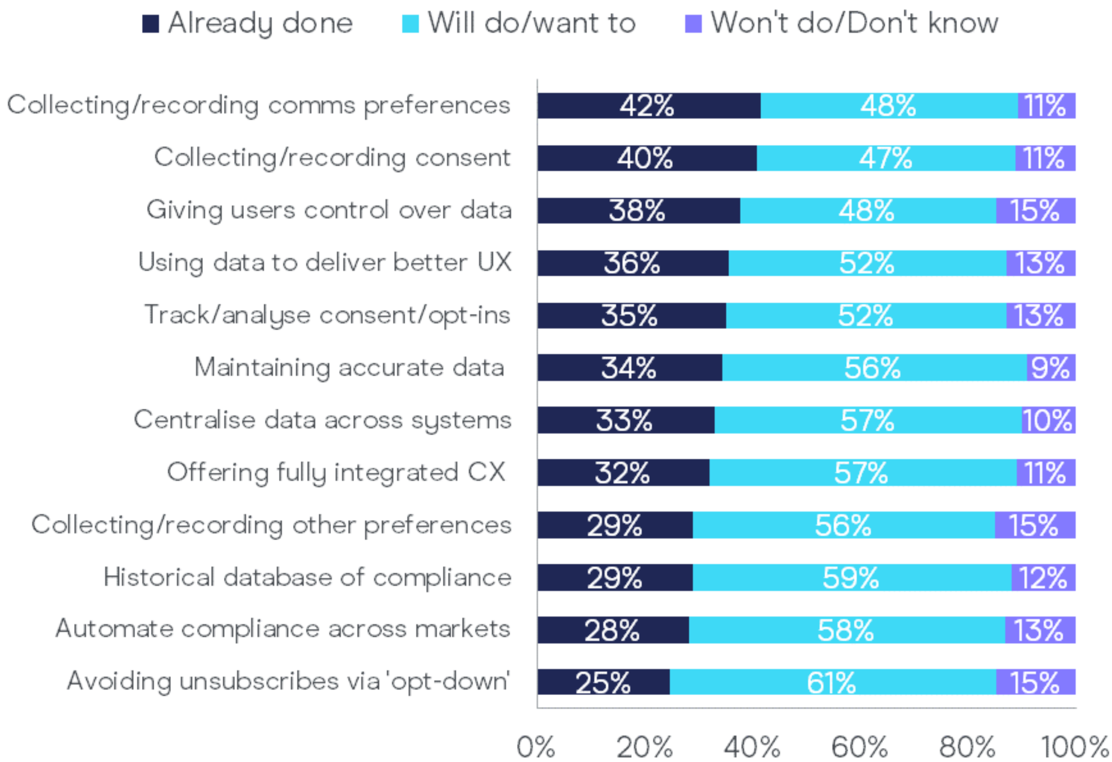
Notably, trust in the brand and higher campaign effectiveness also rise towards the top of the key benefits organisations with systems in place cite too.

In your opinion, who currently benefits the most from personal data exchange in the UK?



However, when marketers were asked who they feel benefits most from data exchange, consumers or businesses, the majority (78%) said they believe it's businesses that stand to gain the most. This reflects a similar sentiment among consumers (68%) found in the UK Data Privacy: What the Consumer Really Thinks 2022, highlighting a possible need for education and transparency. Ensuring both consumers and industry professionals understand the value exchange that goes hand in hand with data sharing.

Does your organisation currently or does it plan on introducing any of the following? (Select all that apply)



Looking at the future developments and improvements to data management practices, it is clear many organisations have or plan to revisit core processes, such as the collection and recording of preferences. These may not have been reviewed since the initial processes were put in place for the incoming GDPR legislation.

Since 2020, the most popular areas companies have already implemented (or potentially re-visited) are collecting/recording comms preferences (+10%), offering fully integrated CX (+7%), automating compliance across markets (+7%) and centralise data across systems (+6%).

However, it's notable that many organisations appear to be missing an opportunity in having no plans (or marketers not being aware of them) to implement more control for users, collection of other preferences or the ability to 'opt-down' – all at 15%.

In fact, this last option to 'opt-down' is something B2B businesses are significantly more likely to have no plans or awareness of – it rises to 32% compared to 8% for B2C brands. Leading these B2B organisations to potentially miss an opportunity to keep customers engaged through more flexible preference options.

Lastly, when looking at these plans through our consent/preference management segmentation, these businesses are more likely to have already implemented these options across the board. But this is most notable in the key areas of giving users control over data (+21%), using data to deliver better UX (+19%), and collecting/recording consent (+19%).

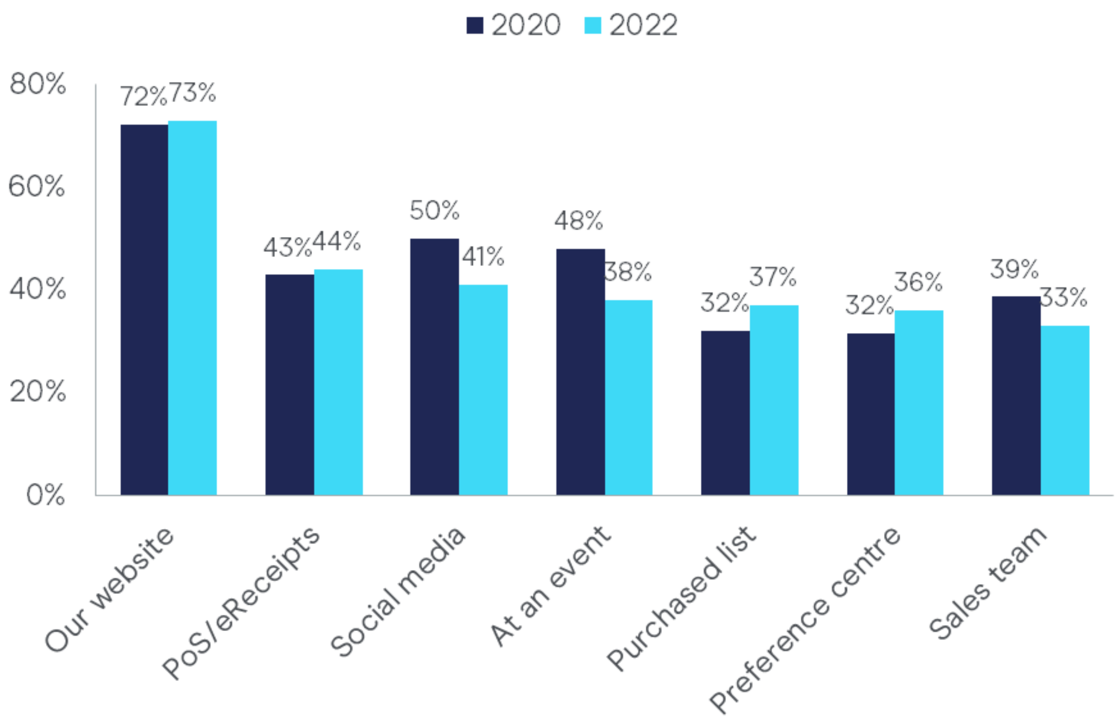
Sources and Quality of Data

In this section we will unearth the current sources and quality of data marketers have at their disposal, starting from the legal basis they are using through to the percentage of data they estimate as inaccurate.

When asked which legal basis their company primarily uses for processing customer data, most marketers continue to rely on direct consent (56%, up from 53% in 2020). While just over a third (35%) mainly use legitimate interest – a similar proportion to two years ago (36%). Meanwhile around one in ten marketers aren't sure if or what their primary legal basis is (11% in 2020 and 9% in 2022).

For those organisations with consent/preference management systems in place, the use of consent first rises to 63% (46% for those without) and legitimate interest is the primary basis for 33% (36% for those without). The proportion of marketers unsure also highlights the clarity these systems can offer. Just 4% of marketers with clear consent and preference systems in place aren't sure of their primary legal basis, while this is four times more likely (16%) among those without them.

Which of the following methods does your company currently use to collect customer data? (Select all that apply)



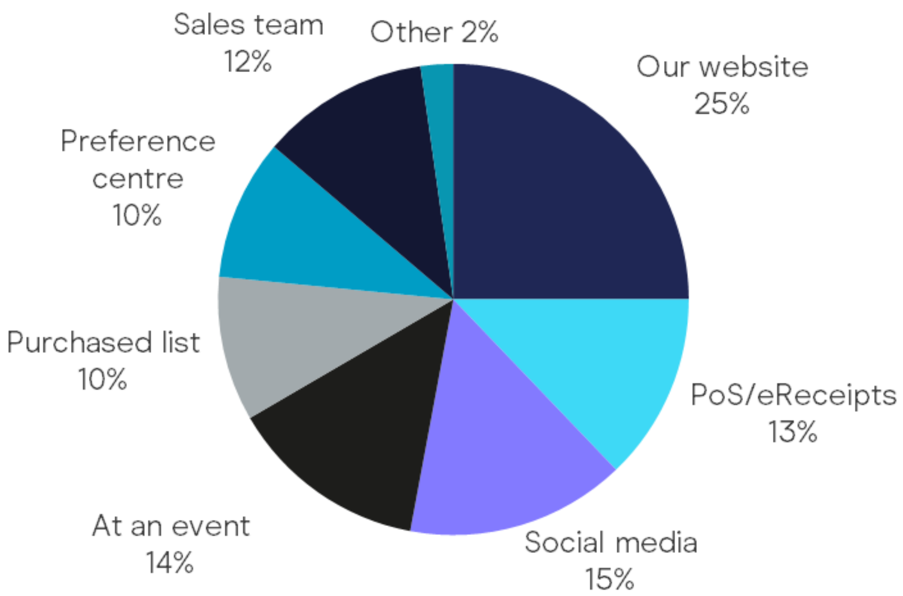
Looking at the channels used to collect customer data today, the majority of businesses continue to rely on their own website, with a range of other channels in support too – totalling around three per business.

The most notable shifts since 2020 are in the collection of data at events and via social media. Over the last two years of a global pandemic, events have been challenging for many brands to run and this has clearly had a knock-on effect on customer data collection, but as we return to some form of normality, we would expect this to be able to return too. Meanwhile, a renewed focus for many brands on first-party data during the pandemic may also explain the reduction in social media usage as a source of customer data.

B2B businesses also have some significant differences from the norm here. These are more likely to continue to focus on events for data collection (53%) and less likely to have a preference centre in place (14%). The latter meaning that B2B organisations are significantly more likely to be missing out on the benefits these preference centres could offer – as we discuss further in the next chapter.

The consent/preference segmentation also reveals a stark difference in the sources available to marketers. On average, those with these systems in place are 16% more likely to have all of these sources available. A clear sign of the more advanced data strategy and implementation these organisations have alongside the right technology.

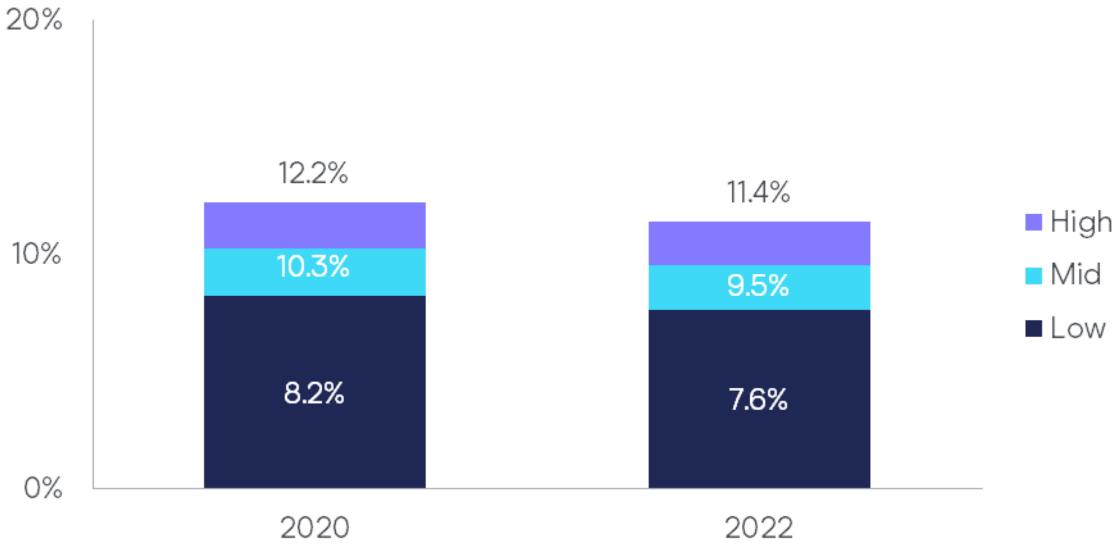
Thinking about your customer data, what percentage of it comes from these sources? (Mean percentage)



When asked to estimate the relative proportion of their customer data from each of the sources discussed above, a similarly mixed picture arises. Website still leads the way, but beyond that, there is a wide range of sources making up 10-15% of the customer data on offer.

The only notable shifts here from 2020 to 2022 are the growth in data from preference centres (+2.6%) and the reduction in information coming from social media platforms (-3.3%).

In your opinion, what percentage of your company's customer data (such as consent and preferences) would you say are either inaccurate or invalid? (Select one)



Finally, the proportion of this customer data that marketers estimate to be inaccurate or invalid remains around 10%, on average – with the reported estimates mostly ranging from 7.6% to 11.4%. While this has reduced slightly from 2020, it's still concerning that one in ten consent records could be inaccurate. Particularly when you remember that over half of businesses are using consent as their primary legal basis to process customer data.

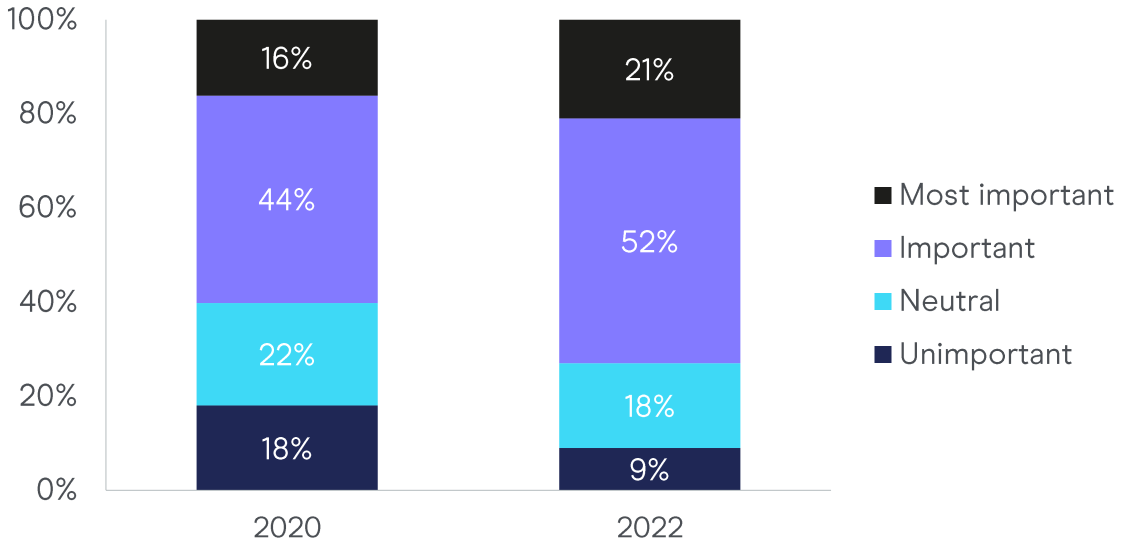
The drivers for this inaccuracy, according to marketers, are potentially varied – a third to one in five citing any one of the reasons offered – making it challenging to highlight one key driver. These range from errors from customers or employees to problems with sourcing the data, cleansing that data, and ultimately keeping it up to date.

Ultimately, many of these possible drivers of inaccuracy are more easily resolved – either directly or through clearer visibility – by having a clear data management process and strategy in place. Of course, where this includes customer data consent and preferences must be put at the heart of this strategy too.

/ Importance and Value

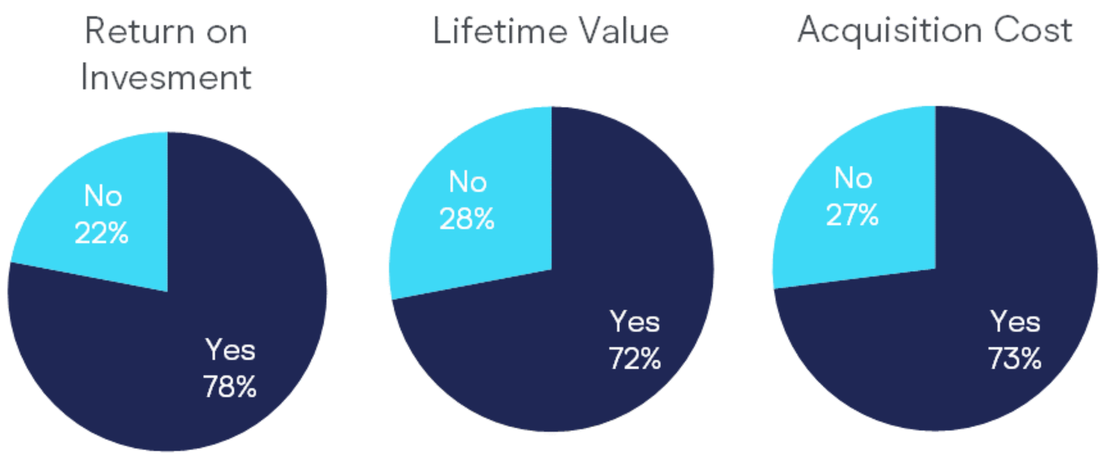
This chapter moves beyond the current practices and quality of data to focus on the importance placed on the broader idea of consent management within businesses and then the value it has to businesses across a range of KPIs.

What importance does your organisation place on consent and preference management (in comparison to other aspects of data and marketing)?



Overall, all organisations appear to be placing increased importance on consent and preference management, with those believing it unimportant halving over the last 2 years. Meanwhile, those feeling it is an important or the most important aspect of their data and marketing have increased (+8% and +5% respectively).

Is your organisation able to calculate or estimate the following for your consent and preference management programme?



The ability for organisations to calculate or estimate some of the major financial KPIs for marketing is also encouraging for the transparency of consent and preference management across the business – beyond just those involved in data and marketing. Return on investment (ROI) also increased notably from 64% in 2020 to 78% in this edition – a similar comparison isn't available for lifetime value and acquisition cost as these were new additions for the 2022 research. However, the ability to measure lifetime value does appear to be significantly more common in those companies that have consent/preference management systems 'in place' (78%) compared to those without (64%).

How much is the approximate return you get back for every pound spent on consent and preference management? (Please select one)

The estimated ROI for consent and preference management remains high at over £38 for every £1 spent. This has reduced slightly since 2020, but the ranges most companies fall within highlight the continued value businesses are seeing from this key data management area – between £34 and £42 of return.

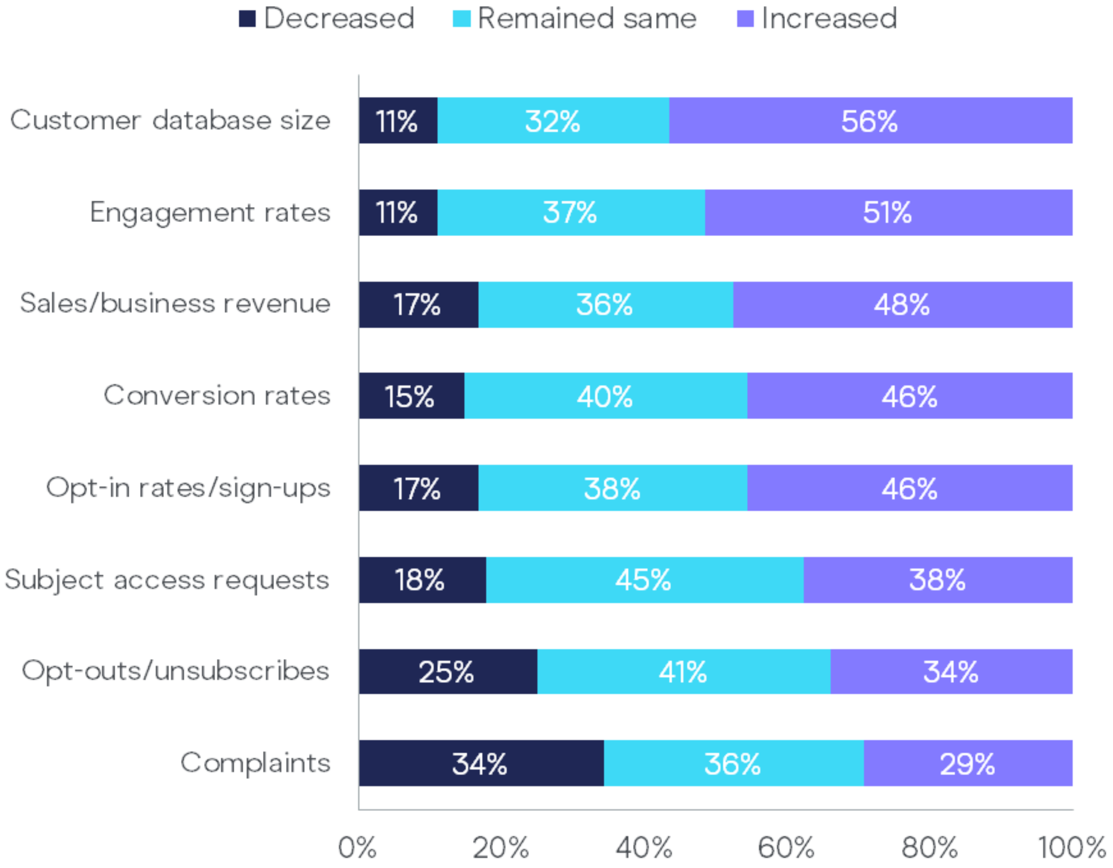
The lifetime value of a customer is (below) estimated to be just shy of £56 – ranging from around £51 to £60. However, viewing this through the consent/preference management segmentation we see a clear picture of the increased value these systems can offer. Marketers with these systems in place estimate their lifetime value to be around 8% higher than those without – £4.25 on average.

How much is the approximate lifetime value of a customer to your organisation? (Total and consent/preference management 'in place' segmentation)

How much is the approximate cost of acquiring a new customer to your organisation? (Total and consent/preference management 'in place' segmentation)

The estimated acquisition cost for new customers is relatively high at £46, but ranges from just under £42 to £50. However, here again, those organisations (from our segmentation) with consent and preference management systems in place have a notable reduction in this cost, where it falls below £45, compared to nearly £47 for those without.

How have the following trended over the past 12 months?

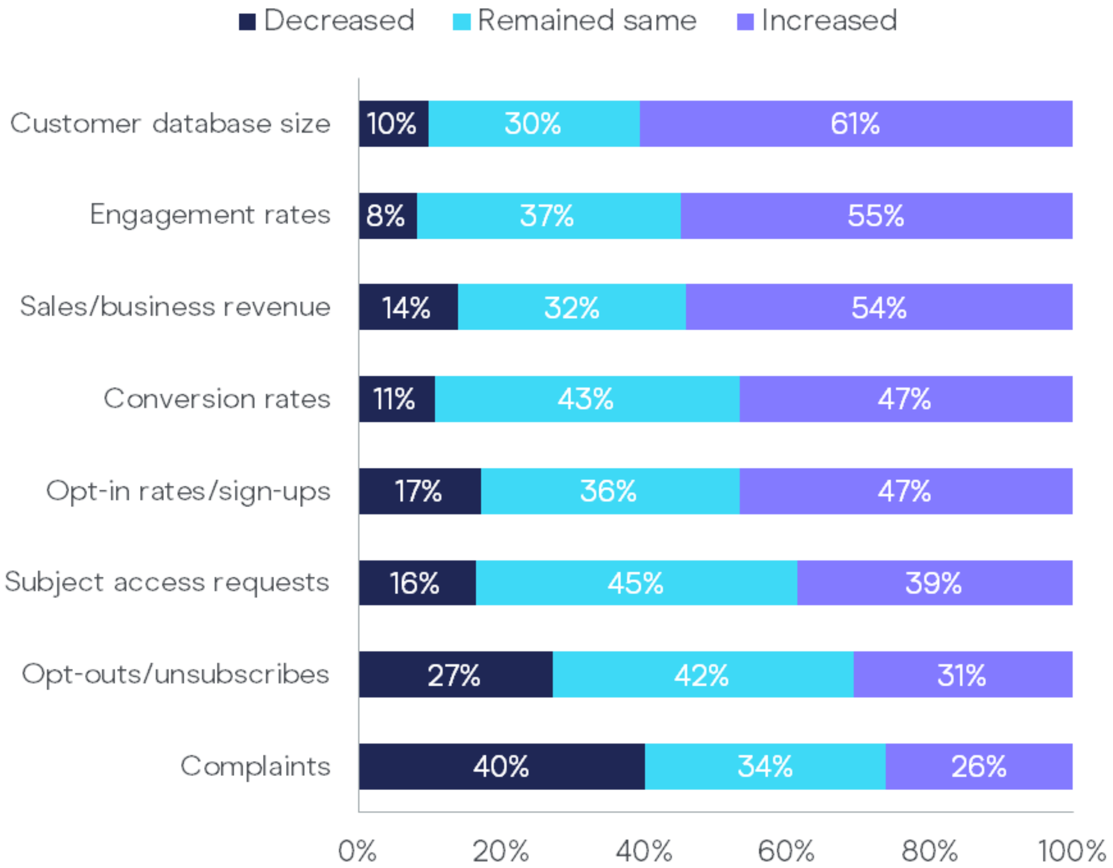


When asked more broadly about the performance of various data and marketing measures over the last year, there is clear positivity across many of these. Available customer data, engagement, revenue and conversion all appear to be rising for around half of businesses. Meanwhile, customer complaints are generally decreasing and those opting out are growing slightly.

Looking back to 2020, there are only two areas of notable change here. The number of marketers estimating that opt-in rates have increased rose by 10% over the period. The knock-on effect being an increase in customer database size over the last two years as well (+11%).

However, when we view this question through the lens of our consent/preference management segmentation is when we're able to visibly see the value across data and marketing that these systems can have.

How have the following trended over the past 12 months? (Consent/preference management 'in place' segmentation – 'in place' only)



The above chart shows just how these KPIs have trended for those organisations with clear consent and preference management systems in place, highlighting the increased positivity across almost all of these measures. Companies with these in place are significantly more likely than those without to have seen increased sales/business revenue (+15%), customer database size (+13%), engagement (+9%), conversion (+5%), and opt-in rates (+5%). In addition, these businesses are also more likely to be seeing decreases in complaints (+15%) and opt-outs/unsubscribes (+6%).

This highlights the broad benefits that having the right consent and preference management systems can have across the data, marketing and wider business. Major financial KPIs and measures are all trending more positively for those businesses with the right data management systems in place.

/ Methodology

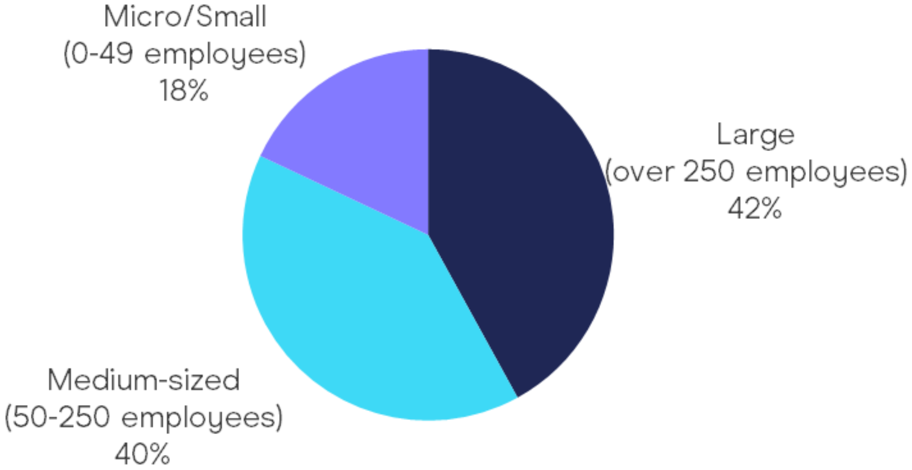
'Data Management: Breaking Down Consent and Preferences 2022' is an initiative undertaken by the DMA in partnership with onetrust

The research was conducted in September 2022 via an online survey of 224 respondents that work in marketing in the UK (details below). The data was collected and collated by Qualtrics, then analysed by the DMA Insight department. The report was written by the DMA Insight department and it was produced in collaboration with onetrust.

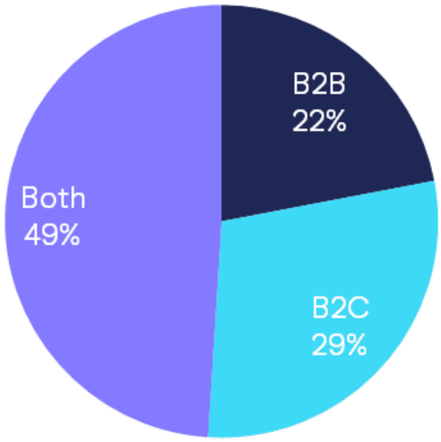
The survey consisted of a maximum of 36 questions. These questions were reviewed by the DMA and onetrust to ensure relevance to the current state of the industry. Unless referenced, all data included in this report is taken from this survey.

If you have any questions about the methodology used in the report, you can contact the DMA's research team via email: research@dma.org.uk.

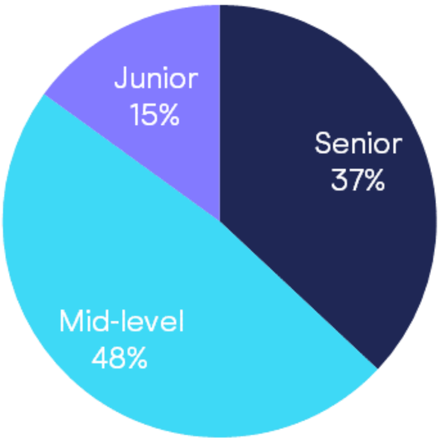
How would you classify your organisation?



Is your business primarily B2B, B2C or both?



Which of the following best describes your current role?



/ About the DMA

The Data & Marketing Association (DMA) comprises the DMA, Institute of Data & Marketing (IDM) and DMA Talent.

We seek to guide and inspire industry leaders; to advance careers; and to nurture the next generation of aspiring marketers.

We champion the way things should done, through a rich fusion of technology, diverse talent, creativity, insight – underpinned by our customer-focused principles.

We set the standards marketers must meet in order to thrive, representing over 1,000 members drawn from the UK's data and marketing landscape.

By working responsibly, sustainably and creatively, together we will drive the data and marketing industry forward to meet the needs of people today and tomorrow.

www.dma.org.uk

/ About onetrust

As society redefines risk and opportunity, OneTrust empowers tomorrow's leaders to succeed through trust and impact with the Trust Intelligence Platform. The market-defining Trust Intelligence Platform from OneTrust connects privacy, GRC, ethics, and ESG teams, data, and processes, so all companies can collaborate seamlessly and put trust at the center of their operations and culture by unlocking their value and potential to thrive by doing what's good for people and the planet.

Learn more at OneTrust.com.

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