



40 Wall Street, 10th Floor • New York, NY 10005
(212) 842-6030 • Fax (212) 842-6035
www.winterberrygroup.com • info@winterberrygroup.com

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Contact: Jonathan Margulies
(212) 842-6031
jonathan@winterberrygroup.com

U.S. MARKETERS WILL DOUBLE INVESTMENT IN “DIGITAL DATA” BY 2012, OFFSETTING EXPECTED DECLINES IN OFFLINE MEDIA SPENDING

Marketing data industry undergoing rapid transformation amidst changing channel demands and business requirements, says new white paper from leading strategic consulting firm

NEW YORK, September 8, 2010—U.S. marketers will more than double their annual spending on online-derived data sources over the next two years—investing as much as \$840 million by 2012 on information about digital audiences, transactions and “clickstream” behaviors.

That’s one of the principal findings of a new white paper released this morning by Winterberry Group, a New York-based strategic consulting firm that serves the advertising, marketing services and digital media industries. Entitled *The Changing Mission of Marketing Data*, the report explores how the utilization of data for marketing purposes has been impacted by the accelerating shift in investment to digital advertising channels, and further examines the impact of this shift on both marketers and the rapidly changing industry of data-driven marketing service providers.

The report was jointly sponsored by Acxiom[®] Corporation (a recognized global leader in marketing data, services and technology) and Netezza Corporation (the global leader in data warehouse and analytic appliances).

Among other conclusions, Winterberry Group determined that U.S. marketers invested a total of \$7.8 billion in marketing data in 2009—including spending on both original information and complementary services such as hosting, hygiene and analytics (focused both on- and offline). That total spending is expected to remain flat over the next two years, with declines in mail-oriented data offset by growth in “digital” channels including e-mail, online display advertising and other integrated media.

“Over the next few years, it’s clear that a substantial sum—perhaps as much as \$1.5 billion—will be chasing new marketing and data models onto the Internet, pushing the boundaries of what’s now possible with respect to targeting and optimization,” said Bruce Biegel, a managing director at Winterberry Group. “This has the potential to make online acquisition and engagement channels significantly more effective and accelerate the shift of *even more* advertiser spending from traditional to online channels.”

The white paper outlines five trends that illustrate the substantial shifts now defining the marketing data industry. They include:

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- The current wave of new data investment was initially driven by marketer desire to apply the basic principles of direct mail—embodied by the “right offer, right audience, right time” targeting concept—to underleveraged online channels such as e-mail, affiliate marketing and search. But rapid advances in technology and an explosion of information availability have given rise to a **new set of data-driven digital applications** (including Web site optimization, lead generation and real-time media buying) that align with a broader array of business objectives and integrate inputs from multiple sources
- Companies are increasingly **coming to view virtually all data sets as critical core assets**, with insight into such (as enabled by analytics processes and tools) representing an important source of potential differentiation and competitive advantage. Though the same marketers are anxious to make use of the burgeoning quantity of “unstructured” information being generated across the Web, most remain hamstrung by inefficient data management infrastructures built to handle “structured” data funneled through a well-defined set of channels
- The service provider landscape supporting integrated data utilization has yet to fully coalesce. But it is already clear that **the industry will grow increasingly fragmented**, led by new influencers including online data compilers and exchange platforms, database management vendors, publishers, e-commerce platforms and a wide range of technology-focused performance optimization providers
- The most fundamental execution challenge facing the users of “integrated data”—that which is derived from both on- and offline sources—is rooted in technology and infrastructure. Both digital and traditional data sources must be compiled, standardized, segmented and made appropriate for use in near-real time, **demanding process controls, storage technologies and segmentation algorithms** that can efficiently manage high data volumes and progressively “learn” from past performance
- Among the potential obstacles that are likely to vex users of “integrated data” in the years ahead, one supersedes all others: the **still-unsettled question of what standards count as “responsible” with respect to data security, transparency and consumer choice**. Marketers overwhelmingly say they want to abide by a set of universal best practices in this regard, but rapid technological proliferation and the continuing threat of regulation are raising concerns about their ability to collect and use virtually *any* online data, especially when that information is embedded with personally identifiable (“PII”) elements.

“We are at a turning point in history with new digital channels creating an explosion of data—a ‘digital exhaust’—as consumers interact with them. This is a defining moment for modern marketers, since many of their most critical marketing challenges are now actually technology and large-scale data analysis challenges,” said Brad Terrell, Netezza’s vice president and general manager, Digital Media. “This study helps provide marketers with a roadmap to help them navigate the previously uncharted landscape of marketing data that is becoming their primary source of competitive advantage.”

“The proliferation of data is something that marketers have been seeking to address—and capitalize upon—for many years,” added Todd Greer, Acxiom’s senior vice president for Consumer Insight Products. “But ‘proliferation’ isn’t just about gathering more of the same traditional sources of information. Real insight comes through integrating multiple dynamic data streams—including the vast quantities of information generated on the Web. While that may have made for good marketing *theory* in the past, now marketers and suppliers are *applying* the theory for effective returns on their investment.”

The Changing Mission of Marketing Data is available for complimentary download via the Our Insights page of Winterberry Group’s Web site, located at www.winterberrygroup.com/ourinsights.

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About Winterberry Group

Winterberry Group is a unique, global strategic consulting firm that helps advertising and marketing companies grow shareholder value. Through a combination of corporate strategy, market intelligence and transaction support solutions, the Firm leverages its deep expertise, industry relationships and years of experience to help marketers, service providers, technology developers and the financial community identify opportunities for growth and achieve transformative business results. The Firm is affiliated with Pesky Prunier LLC, a leading investment bank serving the marketing, information and digital media industries.

Winterberry Group’s clients represent every segment of the advertising and marketing industries, and extend their offerings across virtually all consumer-facing vertical markets. They include Alta Communications, Alterian plc., American Capital Strategies, arvato Services (the marketing services division of Bertelsmann AG), Canada Post Corporation, Capital One Financial Corp., The Carlyle Group, Eastman Kodak Company, eCircle AG, Epsilon, Experian, Hewlett-Packard Co., MediMedia USA, Meredith, Onex Corporation, Quadrangle Group, Rosetta, Transcontinental, Inc., Xerox and Yahoo!.

For more information, visit www.winterberrygroup.com.

About Acxiom Corporation

Acxiom Corporation (Nasdaq: ACXM) is a recognized leader in marketing technology and services that enable marketers to successfully manage audiences, personalize consumer experiences and create profitable customer relationships. Our superior industry-focused, consultative approach combines consumer data and analytics, databases, data integration and consulting solutions for personalized, multichannel marketing strategies. Acxiom leverages over 40 years of experience of data management to deliver high-performance, highly secure, reliable information management services.

Founded in 1969, Acxiom® is headquartered in Little Rock, Arkansas, USA and serves clients around the world from locations in the United States, Europe, Asia-Pacific and the Middle East.

For more information, please visit www.acxiom.com.

About Netezza Corporation

Netezza Corporation (NYSE: NZ) is the global leader in data warehouse and analytic appliances that dramatically simplify high-performance analytics across an extended enterprise. Netezza’s technology enables organizations to process enormous amounts of captured data at exceptional speed, providing a significant competitive and operational advantage in today’s data-intensive industries, including digital media, energy, financial services, government, health and life sciences, retail and telecommunications. Netezza’s customers include Acxiom, AHOLD, AOL Advertising, Blue Cross Blue Shield Massachusetts, Con-way Freight, FICO, Marriott, Nationwide, Neiman Marcus, NYSE Euronext, Time Warner Cable, United Health Group, and Virgin Media. Netezza is headquartered in Marlborough, Massachusetts and has offices in Northern Virginia, the United Kingdom, Germany, France, Japan, Korea, Australia and Singapore.

For more information, visit www.netezza.com.