Our world has never been more interconnected. Amazing leaps in technology have made a global community feel local in scale. The devices we carry in our pockets today have more computing power than the entire NASA space program did when we landed on the moon. Millions of Americans connect daily on social media, shop online for products and services they love, and find new opportunities they had never even considered. Each click, like, and share creates new data in the world, much of which can be used to deliver relevant marketing information and bring increased value to consumer audiences. Put simply, data is the new gold.

As the world becomes ever more data-driven, smart businesses look to fully realize the benefits of the data revolution, from streamlining internal processes and communicating more ably with current and potential customers, to lowering costs and creating jobs.

Whether you realize it, all of these benefits start in one place: your marketing department. Within your business, smart and strategic use of data in marketing can make your efforts lean and agile, bringing operating costs down while giving more power and punch to your efforts. When data is shared across departments, from marketing to customer service to IT, it paints a full, rich picture of your customer base and the challenges and opportunities presented. With this data readily available right inside your business, and shared across departmental lines, you no longer need to operate with one eye closed.

With the use of data-driven marketing and consumer engagement through a range of channels, businesses have never been closer to their customers. The barriers of entry for startups have also never been lower, given the ability to target and tailor messages to specific audiences.
It goes without saying that Big Data has come with big benefits—but it has also raised big questions about how data can and should be used. Increasingly, policymakers in Washington, across the country, and around the globe are showing keen interest in understanding how data is used in every aspect of American business. These are important discussions to have, which is why the Direct Marketing Association (DMA) engages both policymakers and the business community through the Data-Driven Marketing Institute (DDMI), to ensure that the conversation around data policy is a valuable one.

What is the Value of Data Anyway?
DDMI turned its attention in 2013 to uncovering the facts about the vital role of responsible data use in fueling innovation and economic growth. A first-of-its-kind study commissioned by DDMI and undertaken by Professors John Deighton of Harvard Business School and Peter Johnson of Columbia University found that in 2012, the Data-Driven Marketing Economy (DDME) added $156 billion in revenue to the U.S. economy and fueled more than 675,000 jobs. The research described in “The Value of Data: Consequences for Insight, Innovation and Efficiency in the U.S. Economy” also showed that most of the value of data is in its exchange across the DDME: 70% of that value depends on the ability of firms to exchange data across the DDME.

The economic benefits of responsible data use strengthen every sector of the American economy, but the biggest winners in the DDME are innovators in the small business community. The exchange of data across the DDME enables small businesses and startups to compete effectively with big players, allowing new market entrants to challenge mature players. Thanks to data, startups and small businesses today face lower barriers to market entry than they have since the 1870s.

The DDME is also a uniquely American creation and has become a major source of exports for the U.S. economy. DDME firms already derive a considerable portion of their revenue abroad—up to 15% in some cases—while employing nearly all of their workers in the United States. Thanks to DDME companies, the United States leads the world in data science applied to the marketplace, making the country a stronger global competitor, while continuing to grow U.S. businesses through innovation and job creation here at home.

Data-driven marketing not only revolutionizes one of the most costly aspects of doing business in any industry, it has the power to make entire economic markets more efficient. Marketing traditionally accounts for a huge portion of the cost of doing business: the cost of interacting with consumers is substantial, representing as much as 15% of all revenue for American businesses today, according to the CMO Survey produced by Duke University. By acquiring data and using it for segmentation, targeting, and measurement, marketers reduce expenditures on non-valuable interactions and ensure that the expenditures they do make maximize the number of valuable interactions. The efficiency derived from smart use of data makes the process of marketing significantly more efficient, which makes the overall U.S. economy more efficient in how it brings goods and services to market. In fact, if markets had to operate without the ability to exchange data across the DDME, the U.S. economy would be significantly less efficient. U.S. companies would have to spend more than $110 billion in additional expenditures just to maintain their current outputs, setting aside any room for innovation and economic growth.

With Great (Data) Power Comes Great (Data) Responsibility
We now have proof of what many had already guessed at: innovative uses of data present seemingly endless opportunities for businesses in every American industry. That does not mean, however, that consumers should have to worry that Big Data has created a new, digital version of the “Wild West.” Let’s be clear. Data is data is data. It can be used for good or bad, and it is up to the businesses trusted with consumer data to make sure it is only used responsibly so that consumers can enjoy those benefits without having to worry that the kind of hypothetical harms policymakers suggest never become reality.

Fortunately for consumers, a strong combination of sectoral laws and strong industry self-regulation already provide both the ability to protect data and the teeth to hold accountable those who act outside the ethics of our industry. A wide range of sectoral laws govern whether and how businesses can use health information, financial information, and information collected from children, among other categories. The strict standards to which data-driven marketers hold themselves are built atop the floor that these federal and state laws form.

Industry self-regulation—spearheaded by DMA and its member companies—complements these laws by ensuring that businesses do not just do what is legal, but also, what is ethical. For more than four decades, DMA’s Guidelines for Ethical Business Practice have set a high bar for responsible marketing while still providing a framework flexible enough to address ongoing changes in technology, markets, consumer interest, and new business
new business models for digital goods and services. As digital entrepreneurs seek new customers through innovative uses of customer data, data-driven marketing will enable them to reach across established user communities, to better cultivate “power users” in their own communities, or to exchange labor in mutually-beneficial ways—in turn providing new sources of revenue to drive the digital economy.

The “Value of Data” study also makes it clear, however, that any well-meaning but poorly conceived regulation restricting responsible data-driven marketing could have potentially major consequences for the U.S. economy. In other words, a data-driven future is not a given for businesses or consumers. Only if the data-driven marketing community continues to work together in ensuring that businesses are stewards of consumer data used across the entire DDME can we create a bright, data-driven future for all.

Rachel Nyswander Thomas is Executive Director of the Data-Driven Marketing Institute (DDMI) and Vice President of Government Affairs for the Direct Marketing Association (DMA). Thomas leads DDMI in conducting independent, academic research regarding how the responsible use of consumer data shapes industry and society. She directs DDMI efforts to engage policymakers, consumers and the media in conversations about the responsible use of data, ensuring that DDMI research informs data policy debates in Washington and beyond. As Vice President of Government Affairs, Thomas represents the data-driven marketing community’s policymaking interests on Capitol Hill, before key federal agencies and in multistakeholder policy forums.