Gartner for Marketers

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2017 MARKETING WATCH LIST

Fortify Your Customer Focus

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INTRODUCTION

As marketing leaders command more resources to drive revenue growth, they must align strategic initiatives to twin mandates of data-driven intelligence and customer experience. Use insight from Gartner's 2017 Watch List to lead, execute and optimize marketing initiatives in the year ahead.

Key Findings

- Marketing budgets continue to grow as a percentage of overall revenue. As such, marketing leaders are investing heavily in tools and capabilities that drive digital commerce results.

- Data and analytics investments are center stage. From building command centers to growing marketing analytics teams, marketing leaders are acting on their conviction that brand growth and relevance are tightly linked to their ability to harness data-driven insight for competitive differentiation.

- Marketing leaders are aligning their strategy to customers (even if team organizational structures have yet to do likewise). New segmentation strategies, personalization efforts, external partnerships and business models can help marketers improve their customer focus.

- Tools driving real-time customer interactions — especially via mobile platforms — are poised for significant growth.

Recommendations

Marketing leaders focused on leading and optimizing marketing initiatives should:
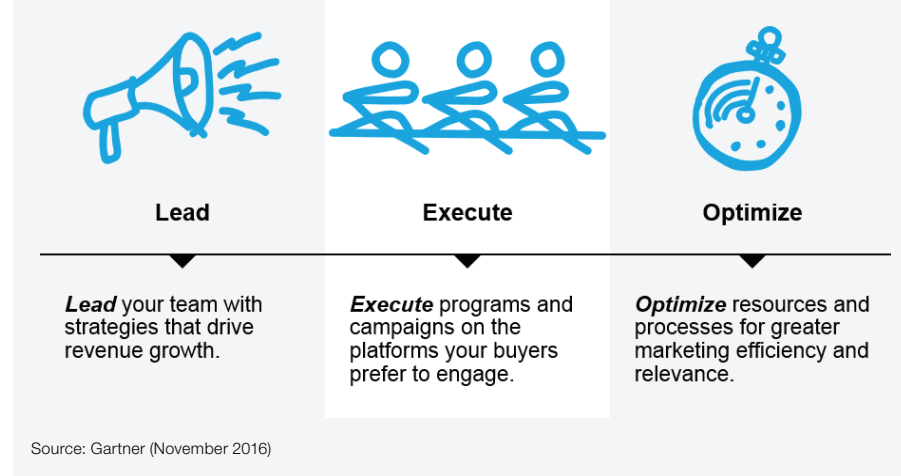
- Strengthen the customer focus of your team. Recruit and nurture workforce talent with strong skills interpreting customer analytics and developing customer segments and personas.

- Bolster your brand's data intelligence. Explore untapped features within your existing CRM platform, and assess where new tools, staff and external providers can strengthen capabilities.

- Make personalized engagements a priority. Move beyond standard segmentation strategies toward deeper, more targeted insights.

- Reserve at least 10% (or more) of your budget for marketing innovation. Assess where your marketing capabilities can be optimized, and where opportunities for truly transformative innovation exist.

ANALYSIS

Achieving growth in 2017 means applying your budget toward building data-driven intelligence and deploying customer-focused initiatives.

Figure 1. Lead, Execute and Optimize Marketing Initiatives in 2017

Lead

Lead your team with strategies that drive revenue growth.

Execute

Execute programs and campaigns on the platforms your buyers prefer to engage.

Optimize

Optimize resources and processes for greater marketing efficiency and relevance.

Source: Gartner (November 2016)

These insights from Gartner can help you lead, execute and optimize your 2017 initiatives with confidence (see Figure 1). Lead your team with strategies that drive revenue growth. Execute programs and campaigns on the platforms your buyers prefer to engage. Optimize resources and processes for greater marketing efficiency and relevance.

Ultimately, the foundation you lay in 2017 will also enable enormous marketing transitions on the horizon — including the Internet of Things (IoT), artificial intelligence and other innovations poised to upend modes of operation.
Use this time to reinforce your strengths, shore up your weaknesses and prepare for the marketing transformation already underway.

LEAD

Think and Act Like a Digital Commerce Leader

Leading digital commerce takes four skills: general management, analytics, technology acumen and customer empathy. Forty-five percent of marketers cite digital commerce as the leading business goal driving their investment decisions — and 65% expect to increase spending on digital commerce in 2017.[1]

By designing strategies, structures and marketing technology (martech) solutions that increase digital commerce revenue — and that grow profits and customer lifetime value — you can meet heightened executive expectations for business growth (see **"Why Every Marketer Is a Digital Commerce Marketer"**). Invest in talent with the skills to drive digital commerce and martech selection, data integration and advanced analytics. Use data and technology to gain insight into customer behavior and personalize marketing and commerce experiences. Construct a hierarchy of metrics to tie marketing to digital commerce goals. Adopt best practices like segmentation, personalization, event-triggered marketing, customer journey analytics and distributed commerce to align marketing to commerce.

Jennifer Polk

Appoint a Chief Content Officer

Content is king — not just of the campaign, but also of sustained customer engagement, multichannel sales conversion and customer experience. Fifty-one percent of marketers say that their content marketing budgets will increase in 2017 as they apply content across several touchpoints on their customer journeys.[2]

As a result, marketing plays a greater role in shaping and shepherding content, from marketing campaigns, to social customer care engagement scripts, to product content and visual assets used in online and offline sales channels. The goal is to ensure consistent, cohesive and compelling content into all customer-facing interactions. Marketing is at the forefront of this effort.

Although the chief content officer title isn't necessary — nor is this a C-suite role — marketing leaders should identify someone responsible for centralized planning and brand consistency of story, voice and standards. This goes beyond a brand guidelines book and into the very heart of content strategy and planning. Each team crafting content should build its messaging on the foundations laid by a central brand framework — taking personas, audiences and internal stakeholder input into account (see **"Maximize Distributed Content Marketing Operations"**). Not all content that gets published will be reviewed by this head of content but every member of your various contributing teams will know why and how their content fits into the mix, weaving a cohesive and powerful customer experience.

Kirsten Newbold-Knipp

LEAD

Democratize Your Data

Get out of your historical reporting rut by creating online analytics dashboards and portals that enable marketing teams to self-serve.

As the tempo of marketing accelerates, so does the demand for data. In response to this, analysts' responsibilities must evolve from gatekeeping and control, to data curation and collaboration. Even as analytics teams grow, their stakeholders' appetites for data will outpace their capacity to fulfill requests.

Gartner clients recognize that getting analysts and data experts out of the weeds of exports and ad hoc reports allows them to focus on strategic objectives like customer data modeling, loyalty and personalization efforts. Meanwhile, enabling data access and increasing data fluency across the whole marketing organization for measuring campaign success has practical and cultural benefits (see **"How to Foster a Data-Driven Culture in Your Marketing Organization"**). According to Gartner's Data-Driven Marketing Survey, leader organizations are almost three times more likely than learners and laggards to describe their analytics function as "decentralized."

As we move into marketing's algorithmic age, historical PowerPoint reporting will look even more like a relic of marketing days past. Increase your marketing maturity by freeing your data and leveraging new technology to report on what's now and what's next (see **"How to Develop an Effective Marketing Dashboard"**).

Christi Eubanks

Staff Up and Build Skills

As your reliance on data increases, so does your need for highly skilled analytics talent. Gartner's Data-Driven Marketing Survey reveals that leading data-driven marketing organizations fill analytics roles with more senior and more skilled talent (see **"Data-Driven Marketing Techniques Fuel Investment in Talent, Centers of Excellence"**).

More organizations are moving analysts out of the corner and into (or at least closer to) the corner office. Organizations that excel in data-driven marketing are more likely to have high-ranking analytics leaders, reporting one to two levels below C-level executives (see **"Toolkit: How to Hire a Marketing Analytics Leader"**). The elevation of this role follows the CMO's priorities — respondents to Gartner's Marketing Organization Survey 2016 rated marketing analytics the most essential capability, with a total of 53% stating it to be among the top three most important capabilities.

Also according to our survey data, marketing analytics budgets and head counts keep growing, with marketing analytics commanding the highest percentage of dedicated, full-time employees. It's no coincidence that analytics organizations with more skilled talent also tend to be the most democratized. Free from the mundane routine of ad hoc reporting, analytics leaders and data scientists can focus their high-value skills on the business's top priorities. Yet filling these analytics roles won't get easier any time soon. Almost half (49.5%) of marketing leaders surveyed identify marketing analytics as being the most difficult skill to recruit and retain.

Christi Eubanks

LEAD

Build a Data Command Center

Command centers cultivate a data-driven culture by bringing the most important performance insights into key workspaces and common areas. For example, MasterCard launched its version of a command center, which featured a 40-foot, floor-to-ceiling, wall-to-wall "real-time marketing lab," creating a physical space in which teams could collaborate using data.

As more than two-thirds of marketing leaders increasingly rely on quantitative decision making, it becomes more vital to build a data-driven culture (see "Presentation of Key Recommendations From Gartner's Data-Driven Marketing Survey, 2015"). Creating a command center — a physical infrastructure that enables cross-functional data usage — is a viable solution for many marketers, especially when the command center is oriented toward the organization's operating model. Command centers have evolved from brand vanity projects to focused, panoramic visualizations of the metrics that matter most to the business. Of course, not every command center will — or should — be this elaborate. The key is to set aside the toyshop aspect of these projects, focusing on what's worth measuring in the first place.

 To begin, define your operating model — focus on the key performance indicators that drive shareholder value (see "CMO Perspective: Build a Command Center to Cultivate a Data-Driven Culture"). From there, use the tools and technologies within your organization to create your first visualizations. Finally, integrate your command center into how you plan, execute and manage marketing operations to avoid the digital wallpaper effect.

Lizzy Foo Kune

Increase Your Marketing Impact by Doing Less

Every marketing activity has an opportunity cost. Driving marketing results while delivering on growing customer expectations and facing resource limitations requires homing in on the most valuable marketing initiatives and aggressively pruning lower impact programs.

Frequently, organizational inertia allows programs past their optimal usefulness to remain active and consume valuable resources. Many Gartner clients are aggressively evaluating and discontinuing programs that lack a clear contribution to primary business objectives. Even programs perceived as delivering benefits to the organization are being discontinued to free resources that can be directed to more strategic or significant initiatives. Many of these good ongoing programs are often not resource-intensive individually, but collectively they represent a sizable set of resources that can be put to better use in other areas.

Specific areas of investment and organizational priority include analytics, digital commerce, mobile and social (see "CMO Spend Survey 2015-2016: Digital Marketing Comes of Age" and "Marketing Organizational Design and Strategy Survey 2016: Marketing Leaders' Ambitions Outstrip Capabilities"). For example, many marketers are aggressively reviewing content marketing initiatives, evaluating which types of content are performing, which narratives are working and what new opportunities are worthy of investment. Based on these assessments, some programs are being discontinued and those resources are being redirected to new programs. Consider evaluating your own initiatives with the same critical eye.

Chris Ross

LEAD

Learn to Iterate

Although big brands in some industries are facing disruption by nimbler competitors, a few stalwarts have figured out how to continuously reinvent themselves. One thing the winners have in common is the ability to iterate at a rapid clip. Ambitious marketing organizations often get in their own way, striving for the ultimate experience. Instead, incremental testing may yield greater learning and momentum. In marketing transformations, perfect is the enemy of good.

Granola brand Bear Naked, a subsidiary of Kellogg's, used an iterative approach to launch its big-data-inspired, direct-to-consumer custom granola.[3] Research suggested that consumers were looking for more opportunity to explore new and different tastes and ingredients. To achieve a successful launch, Bear Naked needed to devise a solution very different from the normal consumer packaged goods (CPG) process of long-lead, heavily researched cereals. The team envisioned the direction, and by using sprints and a test-and-iterate approach, it went from idea to launch in six months. Since then, Bear Naked has innovated the customer experience, marketing mix, staffing and even operations as learning continues.

Craft a vision of where you want to go, but apply the principles of agile and iterative development to your marketing maturity journey. Brands we surveyed aspire to jump from Level 2 to Level 5 (out of five) on most aspects of Gartner's Maturity Model benchmark (see "Gartner Marketing Maturity Assessment: Top Five Findings"). Smart leaders should define an agile plan that allows pilots and testing to make quick work of each step along the path to greater maturity.

Kirsten Newbold-Knipp

EXECUTE

Take the Correct Fork in the Mobile Road

Is mobile at the center of your brand experience, or is it an extension of your multichannel marketing tactical array? Implement a mobile engagement strategy that realizes mobile's role in your desired customer journey and reflects the manner in which customers and prospects choose to interact with your brand.

As the smartphone maintains its status as a customer's default means of digital brand interaction, marketing leaders continue to struggle with how best to engage via the mobile medium. For brands such as Virgin America, mobile marketing is primarily an extension of its desktop web marketing — an optimization of traditional channels for mobile engagements. For brands like Starbucks, mobile or social is marketing — native apps, beacons and wallet cards comprise the primary methods of customer interface and engagement.

Resist the allure of new mobile engagement techniques. Ensure that your mobile marketing efforts align with how customers interact today and how mobile can enrich those connections. Craft a mobile marketing strategy that affords engagement via the tactics that maximize benefit for the brand and your customers today, and advance that strategy as both evolve (see **"Two Types of Mobile Marketers: Which One Are You?"** and **"Maturity Model for Mobile Marketing"**).

Charles Golvin

Explore Synchronous Engagements

Explore opportunities to stream relevant content to audiences, or open synchronous conversations with audiences, in support of true one-to-one marketing. Even if your brand seems an unlikely candidate for content streaming, consider the indirect benefits through sponsorships, affiliations and data acquisition.

In marketing, real-time is often used to substitute for "right time," or simply to describe a responsive act to an event explicitly or implicitly occurring on behalf of a prospect or customer (see **"Multichannel Marketing Survey Reveals Strong Push Into Real Time"**). The rise of new media engagement options, like Facebook Live and Periscope, now offers brands the opportunity to stream content synchronously in true real time — in conjunction with or in support of events, capturing in-moment reactions or input from the viewing audience, and even pivoting content in response. These two-way, live conversations also take place in the 1:1 context of social care and commerce interactions, where marketing teams can enable customer service and sales teams with content, while mining those interactions for customer insight.

One example of this comes from Tastemade, a lifestyle brand focused on food, travel and lifestyle programming. The brand leverages Facebook Live video to feature food artists and baristas making latte art in designs suggested by their live online community — in real time. One such video received over 1.4 million live views, with additional online views following the live broadcast.

Explore how to bring your brand voice to your audience in the moment and dynamically support live, one-to-one engagements — whether via published (but responsive) interactions, or through technologies like Facebook Messenger or other chat applications. Test and learn with a specific time-bound event that can be discretely measured — for example, a product launch or release. Or, support of a significant PR event to understand how this level of increased authenticity and transparency benefits brand relationships and the customer experience (see **"Use Social Media to Power the Entire Customer Experience"**).

Jay Wilson

Julie Hopkins

EXECUTE

Consider the Spoken Word

Voice and audio interactions will become dominant modes for marketing navigation and engagement. Compared with true paradigm-shifting evolutions in user interfaces (think touchscreens) the impact of voice and audio interfaces will be more subtle. Voice is great for queries, but too many possible variables make output problematic. For example, asking a voice-powered virtual personal assistant to find flights to New York City from San Francisco might be a good starting point, but forcing the user to "listen" to dozens of possible options makes for a suboptimal user experience.

Finding the right mix of modalities is where you can make the biggest impact (see **"Mobile Consumer Behavior Is Disrupting Marketing, Learn How to Take Advantage"**).

Search marketing is likely to be the first marketing channel to be affected by voice-based queries. And it's happening fast. According to Google, at the start of 2015, voice-based searches were close to nonexistent, but by the end of the year, they accounted for 10% of searches, or roughly 50 billion (estimated) queries. Virtual personal assistants such as Apple's Siri or Amazon's Alexa can be leveraged by app developers, presenting an emerging engagement path that can provide multiple opportunities for innovation in search and mobile marketing.

The shift to voice-based searches means less emphasis on terse keyword strings and more on context-rich conversational queries. Because voice-based queries are likely to be driven by smartphone users (hardware such as Amazon's Echo are growing, but the volume of voice searches is likely to be on smartphones), search and mobile marketing teams should be collaborating to define tactics and strategies now (see **"Mobile Marketing Strategic Insight — Stop the Debate About Native App or Mobile Web"**).

Mike McGuire

Differentiate on Social Impact

Increasingly, powerful brand differentiation will hinge on social impact — the alignment of your company to a political, social or environmental cause with which your customers can actively participate or passively associate with by doing business with you.

Eighty-five percent of millennials correlate their buying decisions and willingness to recommend a product to the social impact efforts of that brand. If the price and quality of a product are similar, then millennials are likely to switch brands if one is committed to a good cause.[4]

Eyeglass retailer Warby Parker disrupted its industry not just by selling eyeglasses directly to the consumer online, but by making its brand appealing to socially conscious consumers through its "Buy One, Give One" program. It provided a pair of glasses to someone in need for every pair purchased. That narrative made the brand a word-of-mouth sensation, and the company is now valued at $1.2 billion.[5] Wall Street is taking note; socially conscious investment nearly doubled from 2012 to 2014, to $6.58 trillion.[6]

Most companies already have social impact programs in place, but they're often relegated to the domain of press releases and annual reports. In some scenarios, misguided or inauthentic programs — and their brands' reputations — are assailed by critics.

Begin by identifying which initiative makes the most sense to elevate as a core element of your branding. Determine where in the customer experience it best aligns to differentiate you from your competitors (see **"Use Gartner's Buy/Own/Advocate Framework to Map Customer Journeys and Deliver Better Customer Experiences"**). The depth of your involvement with the cause — financially and culturally — is critical. Customers will see through attempts to artificially wrap marketing efforts with shallow philanthropy.

Jay Wilson

EXECUTE

Go Direct to Consumers

B2B and B2B2C marketers find that, in the age of the customer, they often lack the end-customer insight needed to be successful. To gain these insights, many are setting up a direct-to-customer (D2C) commerce channel.

Several P&G brands, Frito Lay and Nestle Waters, are examples of CPG companies that have initiated D2C programs. This trend is further corroborated by increased volume in Gartner client inquiries and evidence from digital commerce platform vendors pointing to manufacturers and CPGs a source of new customer growth (see **"Why Every Marketer Is a Digital Commerce Marketer"**). Although going direct has the potential to create channel conflict, the primary goal is often more about insight than incremental revenue.

These insights can help you understand consumer behavior and preference to:
- Design better products and experiences
- Plan media to drive targeted reach
- Understand marketing effectiveness via access and attribution of end customer data
- Understand demand patterns to drive cost-efficiencies in the supply chain

Direct engagement also enables brands to build closer relationships with consumers to influence preference, loyalty and advocacy. An example is Samsung and Microsoft's recent launch of flagship D2C stores that showcase their brands and product innovation (see **"Marketers Adapt to Evolving Role in Digital Commerce"**).

Jake Sorofman

Build Virtual Relationships for Concrete Customer Experiences

Although industries such as retail, financial services, travel and hospitality have big omnichannel visions, over 90% cannot seamlessly connect more than three channels together around a buying journey. Customer digital assistants can start to bridge these disparate channels, supporting seamless two-way engagements for better multichannel marketing and customer experiences.

Digital assistant technologies, such as Google Now, Siri and Cortana, are already tapping into preferences and explicit context like spoken questions, commands, time and place. Some can recognize customers by face or voice (see **"Top Strategic Predictions for 2016 and Beyond: The Future Is a Digital Thing"**). Armed with user-defined preferences, demographic data and psychographic information, these virtual personal assistants (VPAs) such as Alexa of Amazon Echo, can learn traits that encourage customers to buy. VPAs may even offload customer decision making entirely by anticipating and making purchases on their behalf (see **"Hype Cycle for Digital Marketing and Advertising, 2016"**).

In the near term, VPAs will take on mundane tactical processes such as staple replenishment (e.g., buying paper towels every three weeks) and build trust for future engagements. By the end of 2017, more complex purchase decisions will evolve.

Adam Sarner

EXECUTE

Embrace Account-Based Marketing

Make conversion and customer lifetime value growth a priority by identifying buyers within your existing accounts.

Leading B2B marketers recognize that committees and influencer networks drive buying decisions. Account-based marketing offers a structured methodology for finding and engaging these buyers. It builds on a foundation of established lead management practices, coupling these with the use of predictive analytics to identify and score account expansion opportunities, and the creation of segments and relevant content based on life cycle journeys. It marries these elements with automation tools that enable marketers to create and deploy advertising and personalized web experiences to specific accounts. It does so at scale without draining resources (see "Account-Based Marketing Defined").

By layering relationship management techniques, your marketing team can drive higher customer satisfaction and loyalty. In addition, growing revenue by retaining customers is typically easier and less expensive than adding new accounts. It is more predictable and more profitable, and mitigates the quarterly crunch to close more deals (see "Five Hot Areas for B2B Marketers to Focus on in 2016").

Noah Elkin

OPTIMIZE

Rationalize and Fully Leverage Your Technology Stack

Much of today's marketing software risks becoming shelfware. With 27% of the marketing budget dedicated to technology, marketing leaders must allocate a substantial portion of that investment to proper integration, training and adoption programs to gain value from the sophisticated tools they've bought (see **"CMO Spend Survey 2016-2017: Budgets Climb (Again!) to 12% of Revenue as Marketers Juggle More Demands"**). At the same time, marketers should be circumspect about buying new technology before exhausting existing capabilities (see **"Framework for Choosing Digital Marketing Technology"**).

Nearly two-thirds of marketers say marketing, rather than IT, leads martech purchasing. However, technical skills are cited as the primary weakness of marketing organizations, which can result in technology choices that fall short of what the organization needs or can fully use (see **"Marketing Organizational Design and Strategy Survey 2016: Marketing Leaders' Ambitions Outstrip Capabilities"**). For example, many Gartner clients who have implemented marketing automation continue to use just a fraction of its capabilities. Functionality like lead scoring and full salesforce automation integration are active only among more sophisticated marketers. In some cases, this underuse is due to technical issues or resourcing, while in others it's the result of poor stakeholder management during onboarding.

As you head into 2017, assess your martech stack for redundancies that can be simplified and for tools that are being underused. Seek opportunities to benefit from technologies you've already implemented that could be optimized through better integration, further training or use of new, already-paid-for features.

Kirsten Newbold-Knipp

Cultivate second-party data from your partners

Marketing leaders can inadvertently overlook the value of data that is available from partners. Instead they give more attention to third-party data they've purchased or first-party data they can more easily access. Gartner's 2015 Data-Driven Marketing Survey found that B2B marketers use data from more external sources than B2C marketers to build a complete picture of the customer journey. B2B marketers source more than 40% of their data externally — 17% from second-party data sharing with partners and 24% from data brokers (see **"Survey Analysis: How B2B Leaders Manage Data-Driven Marketing and What B2C Leaders Can Learn From Them"**).

Take, for example, a retailer that retains a third party to manage its customer loyalty points program. The retailer gets up-to-date information about redemption activity and could potentially obtain other data. However, the program has other interactions with customers that might be of value, too, such as A/B test results on promotional email messages.

Explore, with your partners, what data they collect and can share with you. Give priority to insights that let you better understand your customers and inform your marketing program. Look into data co-ops provided by hub vendors and others, such as Acxiom, Adobe and Oracle that permit noncompetitive brands to share some information such as cross-device identification.

Look to advertisers, such as Google, or trade partners to get insight into audiences that match your digital customer profile for areas such as market size and characteristics (see **"How to Build a Digital Commerce Marketing Strategy"**).

Anna Maria Virzi

OPTIMIZE

Leapfrog to Avoid Marketing Paralysis

Constant change has left some marketers in a state of paralysis, trying to address a broad range of data, technologies and capabilities to attain parity with their competitors. If you struggle to keep pace, simplify your strategy by defining the core capabilities that can help your brand leapfrog toward competitive advantage.

A broad strategy dilutes limited resources across touchpoints, impacting these brands' ability to deliver superior customer experiences. Instead, leapfrog over unnecessary steps and focus on developing specific capabilities that will deliver competitive advantage.

Received wisdom states that banks have branches, but U.S. financial technology brand Simple has none — and it has built a strategy focused on mobile and social-centric customer service. Unimpeded by traditional banks' legacies of physical presence, processes and systems, Simple has leveraged agile, user-centric customer experience. The brand's mobile product features and its user- and social media-centric customer services enabled it to enjoy highly personalized customer interactions for business results.

Use the **Maturity Model Assessment tool** as part of your strategic planning process. Build a focus on the capabilities that deliver the best fit with corporate goals, profitability and customer value. Review and identify the strategic priorities of your peers using the **"Presentation for Marketing Organizational Design and Strategy Survey 2016: Marketing Leaders' Ambitions Outstrip Capabilities"** to identify the best options to leapfrog. Separate the capabilities that deliver parity and those that deliver competitive advantage.

Ewan McIntyre

Look Beyond Your Agency of Record

Marketers of all sizes will increasingly rely on a roster of agencies and outsourced partners to help them achieve their goals. From global agency networks to management consultancies, system integrators and boutiques, the agency landscape will continue to evolve as the CMO's responsibilities expand and the marketing services value chain becomes longer and more fragmented. Larger, global agency networks will need to adapt and become more responsive, business focused and technologically adept as competitors multiply—and as turf battles threaten obsolescence.

Indeed, the American Association of Advertising Agencies recently introduced its Partner Awards which recognize the best in collaboration among agencies. Agencies must collaborate to survive — the average agency tenure with a brand is thought to be less than 3 years.[7] As marketers rely on ever-growing rosters of technology and marketing partners, a lead agency's ability to collaborate with and lead those partners is critical — and is a key point of positive or negative differentiation for agencies (see **"Magic Quadrant for Global Digital Marketing Agencies"**).

Examine your existing agency roster. Are those agencies well-positioned to be long-term partners to your marketing team as channels and marketing disciplines evolve? Do they challenge your assumptions, help your organization overcome internal inertia, and bring in outside partners to help solve problems? If not, it may be time to replace agencies or expand your roster (see **"Follow Four Steps to Find the Right Agency"**).

Jay Wilson

OPTIMIZE

Move Beyond Standard Segmentation

Facing relentless competition, marketers know that the key to building lasting loyalty and advocacy is persistently understanding and responding to customers' actual needs. This means shifting the focus from your immediate commercial motivations to more of an experience mindset that takes a longer view of the customer relationship.

Central to this shift is a transition beyond traditional demographic, geographic or industrial segmentations to a deeper view of the customer "need state." This state encompasses customers' values, beliefs, preferences and goals. It then expresses the goals as a standardized set of personas, which are then further elaborated through customer journey maps that illustrate how these needs change over the longer arc of the customer relationship (see **"How to Design Customer Experiences Using Persona-Driven Customer Journeys"**).

Understanding the customer at this need-state level is essential to delivering a consistent, often personalized experience. Gartner predicts that by 2018, organizations that excel in personalization will outsell companies that don't by 20%. But, according to Gartner research, at least 42% of marketers believe they are not very good at segmentation for digital experiences (see **"How to Build Segments and Personas for Digital Marketing"**).

Jake Sorofman

ACRONYM KEY AND GLOSSARY TERMS

Content creation and management The process and practice in marketing of creating, curating and cultivating text, video, images, graphics, e-books, white papers and interactive content assets that are distributed through media platforms and social media.

Customer buying journey phases Awareness: Increasing (aided and/or unaided) brand recognition Interest: Influencing brand preference among competitive alternatives Convert: Converting interested audiences to paying customers Advocate: Transforming customers to repeat purchasers and brand ambassadors

Digital commerce The act of buying and selling goods and services using the web, mobile and social networks, and commerce infrastructure. It includes the marketing activities that support these transactions, including people, processes and technologies, to execute offering development, content, analytics, promotion, pricing, customer acquisition and retention, and customer experience at all points throughout the customer journey.

Digital marketing A set of techniques, enabled by technology, to target, acquire and retain customers; improve the processes to support customer engagement across multiple channels; align marketing and business goals; create new products and services; enter new markets; and allocate resources appropriately for future growth. Activities are internet- and online-channel-based such as social, mobile, digital commerce and analytics.

External sources Marketing services provider (i.e., agency, business process outsourcer, specialty firms, technology provider, etc.)

Marketing analytics Encompasses techniques and tools to understand and improve user experience, as well as prospect and customer acquisition and **behavior across channels, and to optimize marketing and advertising campaigns.**

Mobile marketing Marketing initiatives to enable customers and prospects to use their mobile devices to link to their offline and online experiences with a business. Includes mobile advertising, mobile messaging, mobile-optimized websites and mobile application.

GARTNER RECOMMENDED READING

"CMO Insight: How to Build a Digital Marketing Dashboard"

"Market Guide for Marketing Dashboards"

"How to Organize Your Marketing Analytics Team"

"The Marketing Data and Analytics Leader's First 100 Days"

"Drive B2B Revenue Growth With B2C Digital Commerce Best Practices"

"How to Manage Effective Customer Journey Mapping Processes"

Evidence

[1] "CMO Spend Survey 2016-2017: Budgets Climb (Again!) to 12% of Revenue as Marketers Juggle More Demands"

[2] B2C Content Marketing: 2016 Benchmarks, Budgets, and Trends — North America and B2B Content Marketing: 2016 Benchmarks, Budgets, and Trends — North America, Content Marketing Institute and MarketingProfs. October 2015.

[3] Insights based on an October 2016 interview with marketing leadership from Bear Naked, a Kellogg's brand.

[4] Millennials: The Next Generation of Consumers, Squarespace.

[5] D. Macmillan, "Eyeglass Retailer Warby Parker Valued at $1.2 Billion," 30 April 2015.

[6] The Pew Charitable Trusts

[7] Client/Agency Relationship Sustainability, The Bedford Group.

Gartner's 2015 Data-Driven Marketing Survey was conducted to understand where marketers and digital marketers are collecting data, how they analyze and interpret it, how they use it, and what external providers of analytics software and services are used. Gartner surveyed people who:

- Have knowledge into their organization's use of data and analytics in support of the marketing function

- Are managers or individual contributors of analysis of customer and market data

- Are, at least, members of a group involved in the planning, evaluating and selecting of analytics tools and software for their organization

- Responsible for determining the need for and choosing external service providers to help with their organization's customer and market analytics efforts

The survey was fielded in March and April 2015, and received 252 responses from companies with total annual revenue of more than $250 million. Sixty percent of the respondents were headquartered in the U.S. and Canada, and 40% were in the U.K. Respondents came from the following industries: financial services (47 respondents), high tech (47 respondents), manufacturing/CPG (41 respondents), healthcare (31 respondents), retail (40 respondents) and media (46 respondents). Fifty-six percent responded for their entire organization across all countries, 23% for a region and 22% for a single country. (Note: Percentages may not add up to 100% due to rounding.)

Gartner's 2016 Digital Marketing Channel Strategy survey took place from March through May 2016. Responses came from 250 marketing leaders across North America. Respondents were screened on knowledge and authority to speak on one or more of the following marketing disciplines: social media marketing and/or mobile marketing. This authority to speak on had to cover strategy, tactics and budgets. For social media marketing, we had 135 qualified respondents, and for mobile marketing, we had 123 qualified respondents who answered questions specific to their discipline. All respondents were asked questions related to digital commerce and IoT. Seventy-eight percent of the respondents were headquartered in the U.S. and 22% in Canada, all from organizations with $500 million or more in annual revenue. Of the

total base, 54% said their total company revenue is primarily generated through B2B, 33% said it is primarily generated through B2C, and 13% said it is primarily generated through a blended approach of B2B and B2C. The respondents came from the following industries: financial services (41 respondents), high tech (33 respondents), manufacturing (44 respondents), CPG (34 respondents), retail (33 respondents), media (35 respondents) and transportation/hospitality (30 respondents).

Gartner's 2016 Marketing Organizational Design and Strategy Survey took place from March through April 2016. Responses came from 205 marketing leaders with high knowledge of how marketing is organized and a high level of involvement in their organization's marketing hiring decisions. Ninety-four percent of the respondents were headquartered in the U.S. and 6% in Canada, all from organizations with $500 million or more in annual revenue. Respondents came from these industries: financial services (43 respondents), high tech (40 respondents), and manufacturing including CPG (42 respondents), retail (39 respondents) and transportation/hospitality (41 respondents).

The purpose of Gartner's 2016-2017 CMO Spend Survey is to collect insight from business leaders responsible for marketing to understand marketing strategies, spending priorities and the CMO's responsibilities. Respondents were required to have involvement in decisions pertaining to their company's strategy, activities and/or spending on marketing and/or digital marketing. The research was conducted using a mixed methodology (online/CATI) from July through August 2016 among 377 respondents in the U.S. (56%), Canada (14%) and the U.K. (30%). Seventy percent of the respondents came from organizations with $1 billion or more in annual revenue. The respondents came from a variety of industries, including: financial services (65 respondents), high tech (80 respondents), manufacturing (43 respondents), consumer products (47 respondents), media (33 respondents), retail (63 respondents), and transportation and hospitality (38 respondents).

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• Choose the right channels

• Quickly shortlist marketing and technology providers

• Stay informed on market and competitors

• Save time and avoid costly mistakes

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