

Gartner for Marketing Leaders

2016 WATCH LIST:

Key Moves to Improve Your Digital Marketing Fitness



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Competition has heated up



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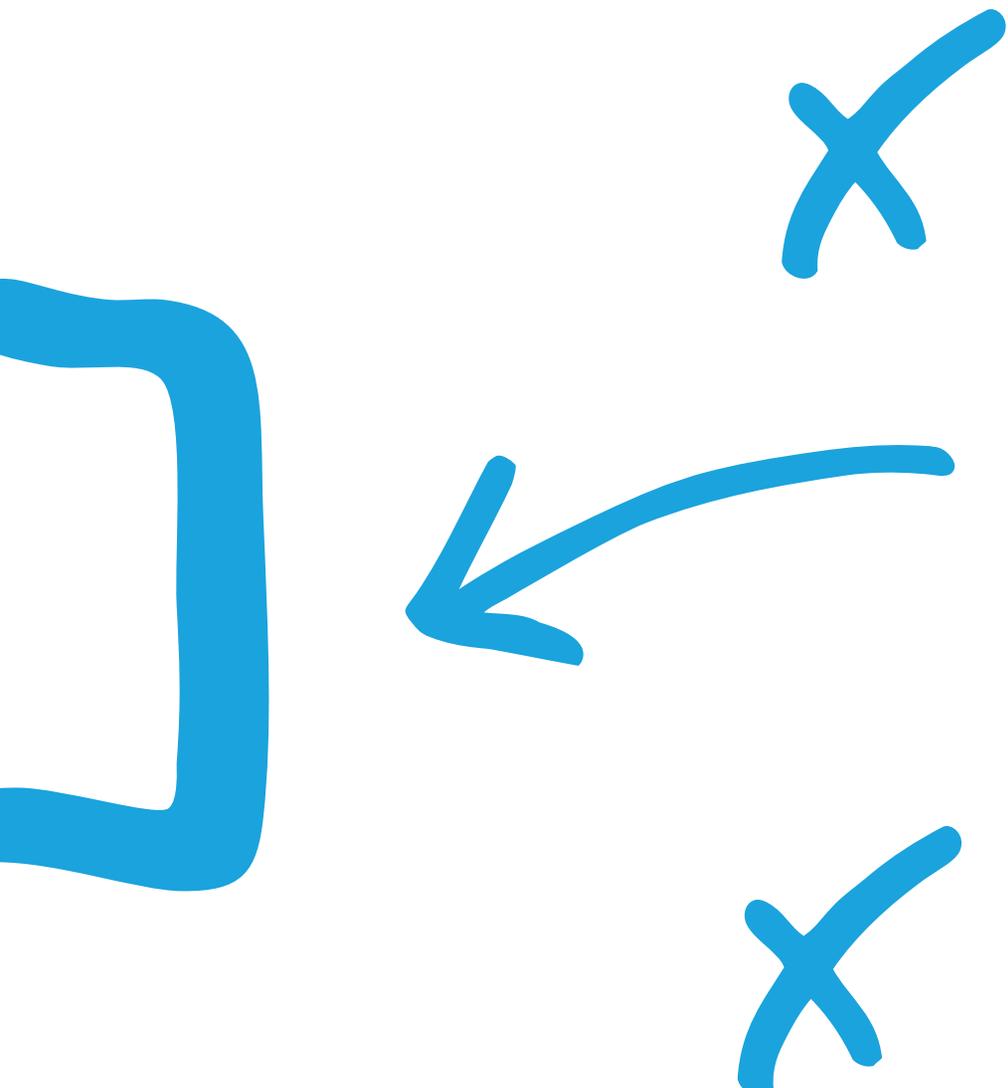
INTRODUCTION

Competition has heated up

To win, creating an exceptional customer experience is an imperative that involves every marketing discipline and channel. Which marketing actions will bring you the most opportunity in 2016?

- View customers from the outside in.
- Master measurement and analytics.
- Invest in agility.





The rules have changed, but the goal is the same

Today's customers are mobile, their attention is fleeting and their demands for great experiences are high. Don't lose sight of your overall goal: attracting, acquiring and retaining customers. And remember that the customer journey doesn't end with a transaction; it lasts a "lifetime," from influence, through purchase, all the way to loyalty — and even advocacy — for your products and your brand.

The key moves of digital marketing

KEY MOVE #1:

View customers from the outside in



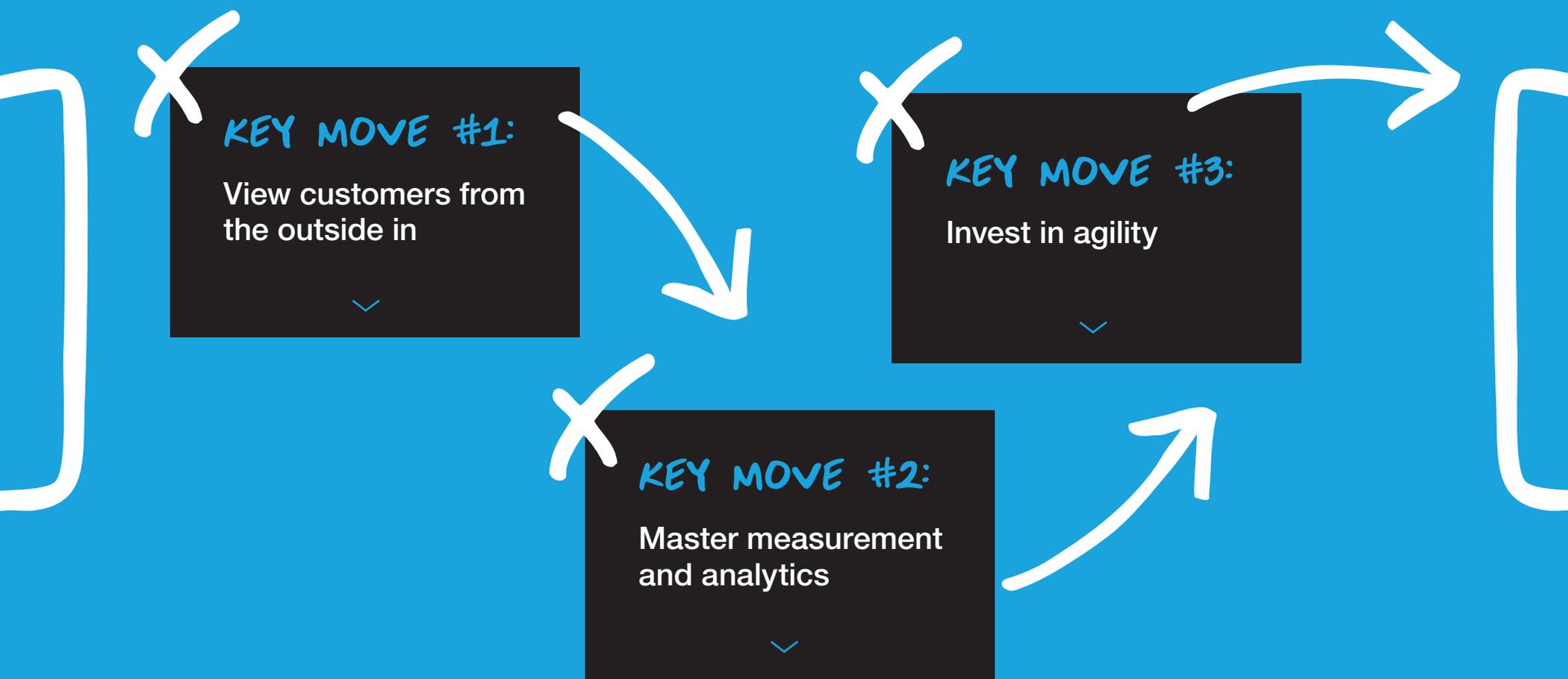
KEY MOVE #3:

Invest in agility



KEY MOVE #2:

Master measurement and analytics





KEY MOVE #1

View customers from the outside in

If you're struggling to meet internal expectations that conflict with your customers' needs, you're not alone. Most organizations are used to focusing on what they sell. But today's marketer needs to focus on what the customer needs.



We've identified **11 WAYS** to cultivate this perspective:

1

Flip your orientation



2

Democratize voice-of-customer insights to the right roles



3

Close the feedback loop



4

Develop a unified view of the customer



5

Take the long view in maximizing the value of customers



6

Move commerce experiences beyond the storefront



7

Bridge the gap across buying channels



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Drive loyalty with concierge experiences



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Personalize mobile experiences



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11

Cultivate your customer community



1

Flip your orientation

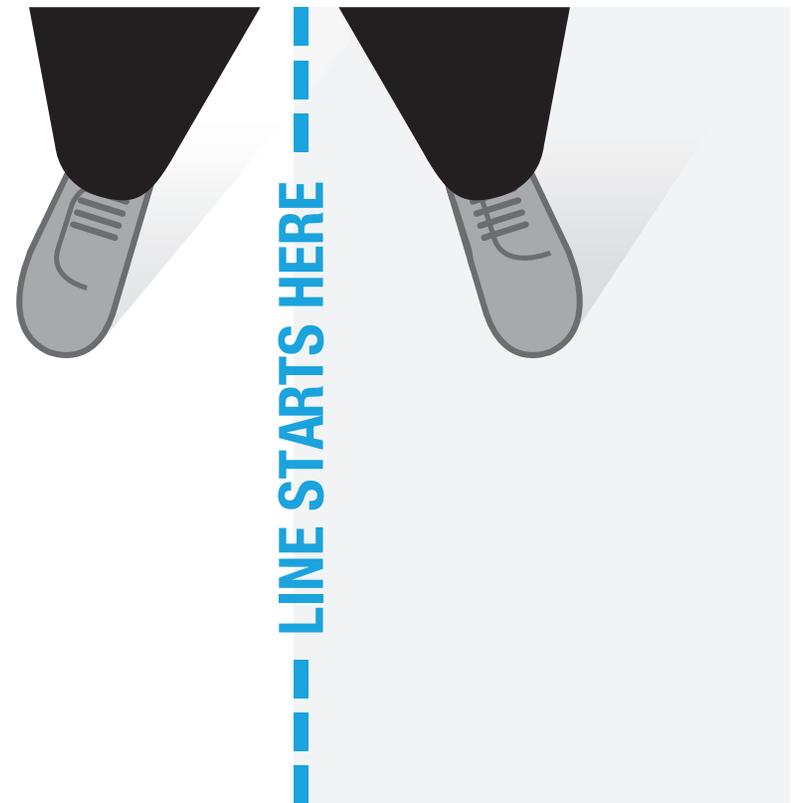
Average organizations focus too much on what they're selling and expose too much of their internal operations to their customers, especially in less competitive markets (if you've ever spent hours on hold with a cable or telecom provider, you get the idea). These habits weaken the customer experience.

Markets are shifting and competition is increasing in just about every industry. Marketers need to shift as well, viewing a successful customer experience through the customer's lens.

When you start with what's at stake for your customer, you earn the right to their attention — and their business.

“When you are trying to design end-to-end customer experiences, you need to really understand and define success in customer-oriented ways.”

— BRETT PITTS, EVP AND HEAD OF DIGITAL, WELLS FARGO



2

Democratize voice-of-customer insights to the right roles

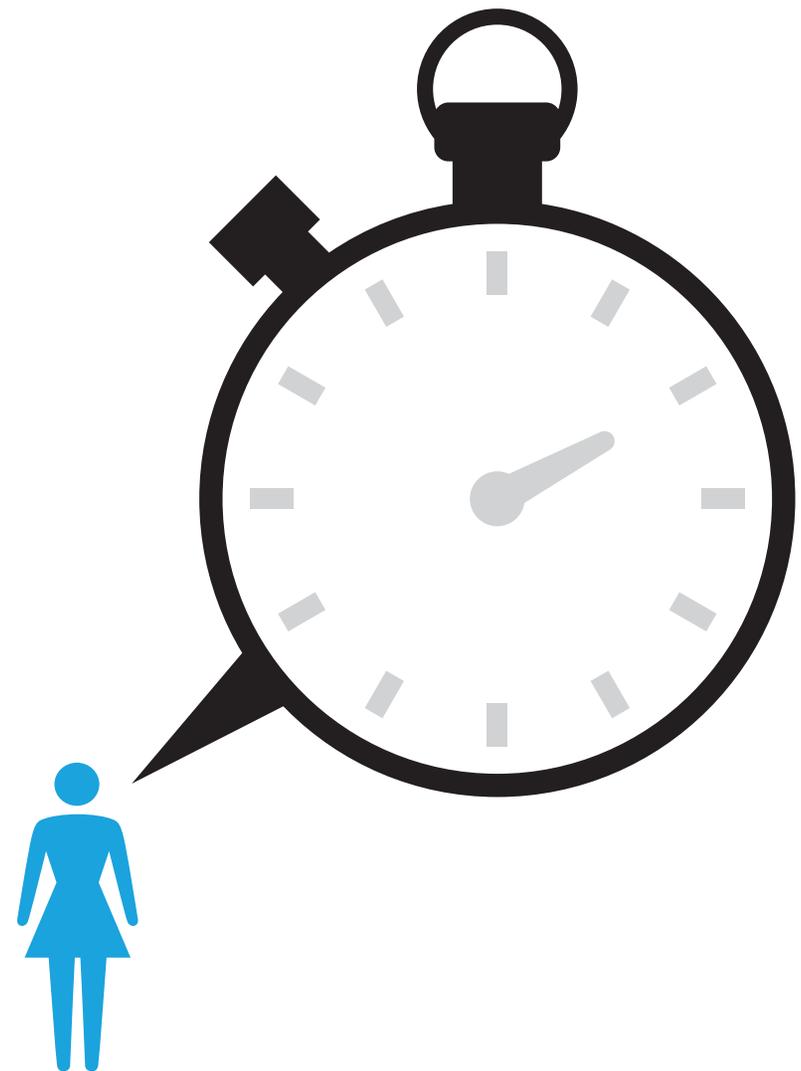
Without access to key customer insights, customer-facing stakeholders are flying blind.

One company used to wait 15 days to survey a customer after an interaction. It took another 15 days to share the results across the organization. This 30-day lapse meant it was often too

late to turn around negative experiences. By compressing the cycle, they're now able to close the loop without delay, when it counts.

High-performing organizations do what it takes to ensure that when the customer speaks, the right roles are informed.

Two-thirds of marketing organizations are responsible for collecting and analyzing customer experience data. But, marketing is responsible for creating the actual experiences only half the time.



Source: Gartner

3

Close the feedback loop

Too often, organizations focus only on closing the loop with customers, reacting without systematically identifying and remediating root causes of issues.

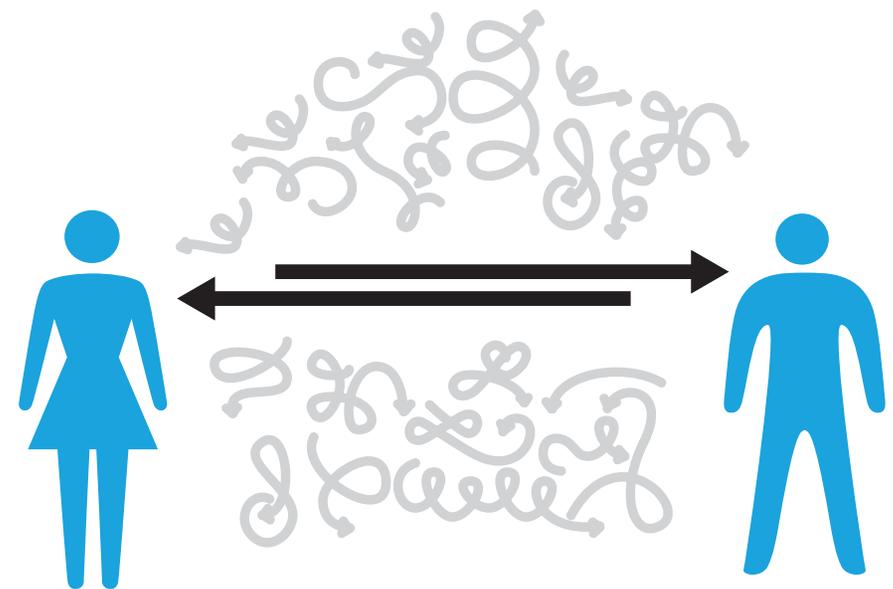
High-performing organizations listen to their customers and respond in two ways:

1. Close the loop with the customer when a customer incident occurs.

2. Close the loop internally to understand and address the root cause of common incidents.

Voice-of-customer data is most valuable when it translates to both strategic and operational change.

One company noticed a decline in delivery timeliness scores. After major operational changes, including moving one of its shipping warehouses to a more central location, the company improved order fulfillment cycle times by 24 hours.



Source: Gartner

4

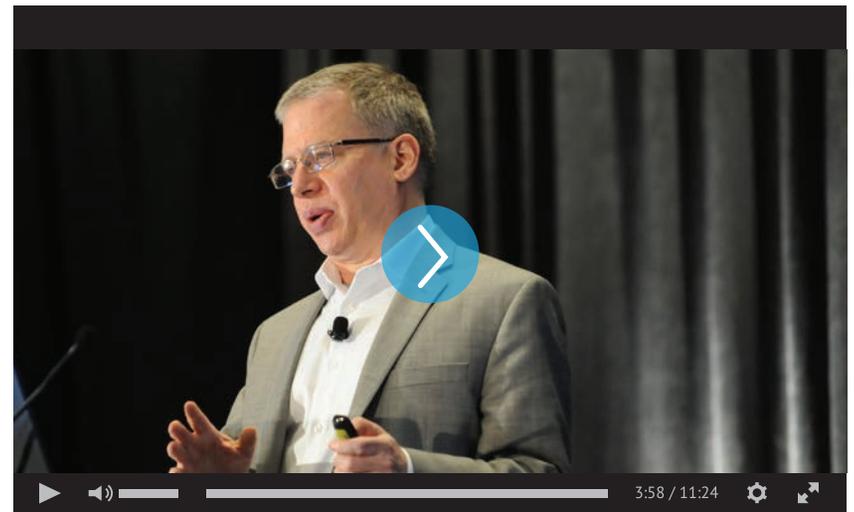
Build a unified view of the customer

A master audience profile (aka master marketing record or master contact) includes every important piece of known data about the customer or prospect, balancing personalization and privacy.

An analytics-informed view can empower you to become truly customer-centric.

The typical master audience profile includes:

- Demographic or firmographic information
- Website and app activity
- How the customer responds to marketing communications and advertising
- Social behavior
- Data acquired from third parties



Leading With the Intelligent Brand Framework

Andrew Frank
VP and Distinguished Analyst, Gartner

Source: Gartner

5

Take the long view in maximizing the value of customers

As you compete on the basis of customer experience, look beyond individual transactions and focus on optimizing the entire customer journey. This will enable your brand to win over the long term by attracting the right kind of customers.

Start mapping your tactical metrics to longer-term strategic goals that can have a positive impact on customer lifetime value (CLTV) to drive growth and profitability.

CLTV is a key metric that quantifies how customer experience and marketing investments pay off. Top brands already use CLTV instead of transaction value to determine the acceptable cost of customer acquisition.



Source: Gartner

6

Move commerce experiences beyond your storefront

Innovative brands are moving beyond “site as store” and appealing to shoppers’ hearts and minds at crucial moments, regardless of location or

device. Brands that identify and respond to these key moments of truth fastest and most accurately win.

One clothing brand turned Fashion Week into its own interactive shopping playground. Real-time video, data and rich user-generated content from celebs was combined with user-generated fashion selfies pointing at a curated catalog for real-time shoppable fashion.

The result? The brand saw a 75% sales uplift on trends featured in the campaign.



Source: Gartner

7

Bridge the gap across buying channels

Consumers are browsing and buying more, from desktop to mobile to in-store. This means P&Ls across all commerce lines of business need to be aligned and include incentives for cross-channel collaboration. Marketing — whether

mobile or in-store — needs to be optimized for the multichannel consumer.

Identify areas where digital and offline commerce marketing can work together to reduce local optimization and drive results for the broader business.

Retailers said 15.5% of their brick-and-mortar sales in 1Q15 came from mobile channels, up from 3.7% during the same period in 2013.



Source: Gartner



Drive loyalty with concierge experiences

Mobile-savvy marketers align mobile programs to their overall strategy and connect mobile marketing experiences to leverage the ever-present smartphone. The resulting experience delivers added value and convenience to customers.

Use the smartphone's sensors — GPS radio for location, and cameras to link customer profile information to specific triggers, such as location-based, outbound calls to action.



In Gartner's 2015 Multichannel Marketing Survey, most marketers noted an increased investment priority in “event-triggered” marketing and “real-time personalization.”

Source: Gartner

9

Personalize mobile experiences

Strategic marketers know that today's consumers are not sticking with one mobile device: they use multiple devices

regularly. But the smartphone should be viewed by marketers as the new customer "hub."

Leverage the relationship between smartphones, tablets and notebook PCs, and start testing tactics for delivering more targeted, relevant experiences.



10

Deliver seamless multichannel experiences

“Multichannel” hasn’t lived up to customer expectations. At a time when they’re using more channels and devices than ever, customers often have to repeat themselves and start over at each new channel.

Good conversation skills go a long way in building trust with your friends. The same applies to your customers.

Innovate and invest in the right technologies to improve identification and conversation across devices and platforms while maintaining customer privacy.

Seamless multichannel engagement should closely mimic a real-time conversation, including:

- Listening and speaking
- A sense of in-the-moment context
- An appropriate tone
- The ability to respond, add to and continue with a thought or purpose at multiple occasions over time



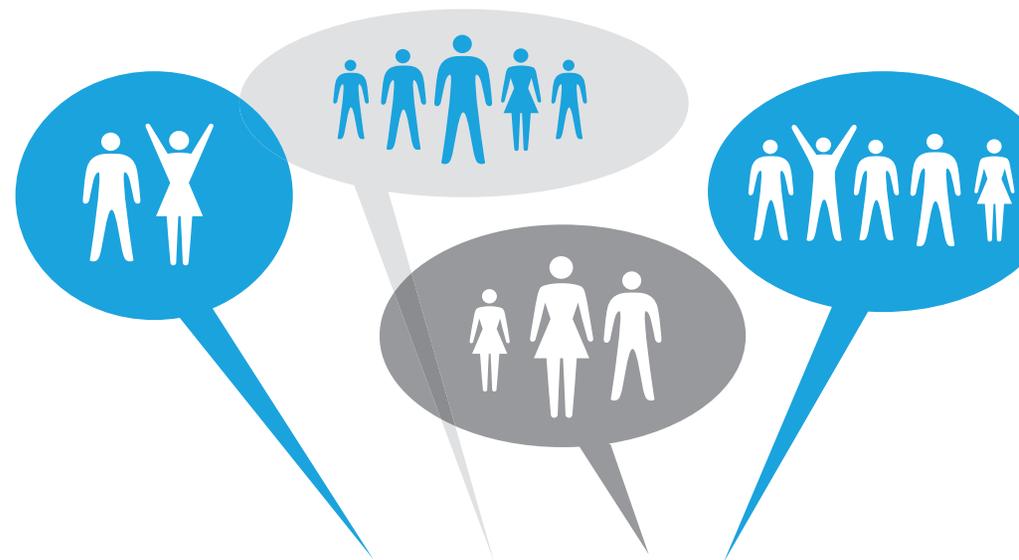
11

Cultivate your customer community

In the age of social advertising it's easy to lose focus on what made social a breakthrough channel: the ability to converse one to one, build community and nurture relationships.

The best community management program engages the right audiences, builds strong relationships, and delivers mutual benefits — for your business, customers and influencers.

Better customer engagement, conversation and outreach (the differentiators of social marketing) ranked behind reach, awareness, targeting, increasing audience size and driving sales (traditional advertising metrics) as successful focus points.



Source: Gartner



KEY MOVE #2

Master measurement and analytics

Data-driven marketers establish KPIs of what good looks like, fine-tune customer experience, measure and, with maturity, optimize in near-real time.



To become truly **DATA-DRIVEN**, you need to:

1

Invest in world-class analytical skills



2

Make measurement a team sport



3

Share social insights



4

Pivot from “batch and blast” to coordinated, event-triggered engagements



5

Analyze market competition



1

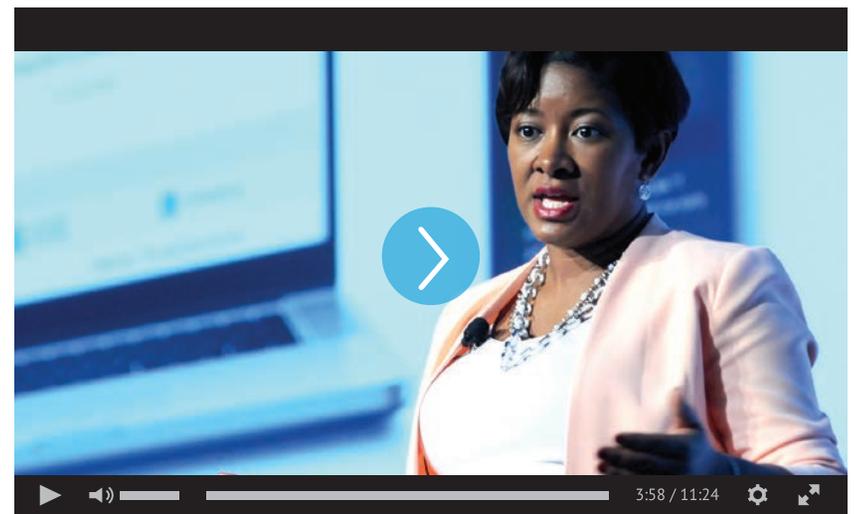
Invest in world-class analytical skills

Analytics gets 34% share of marketing budgets today (vs. 21% in 2013), and 69% of marketers plan to have an analytics center of excellence (CoE) in two years (vs. 36% today).*

Create an analytics CoE to help you build internal expertise and deploy resources to coach and train other associates.

One provider of technology and services moved a single masters-level engineer with data modeling talent from finance into marketing and was able to revamp both the sales lead-scoring and text analytics disciplines.

One telecom company serves 12 regional marketing organizations with a handful of specialists in one region.



20/20: Seven Habits of Highly Effective Digital Leaders

Jennifer Polk
Research Director, Gartner

Fara Howard
Global Vice President of Marketing, Vans

Source: Gartner

2

Make measurement a team sport

No man (or marketer) is an island. Too often, we focus on the metrics and outcomes that justify our efforts rather than those that move the needle for the broader organization. Take, for example, lead generation, which is

dramatically changing as marketers go deeper into the sales funnel (territory once largely owned by sales). As you grow in responsibility and accountability, collaboration becomes that much more essential.

Own your outcomes, but cross the finish line and share the spotlight as a team. You'll thank yourself later (and your CEO will thank you, too).



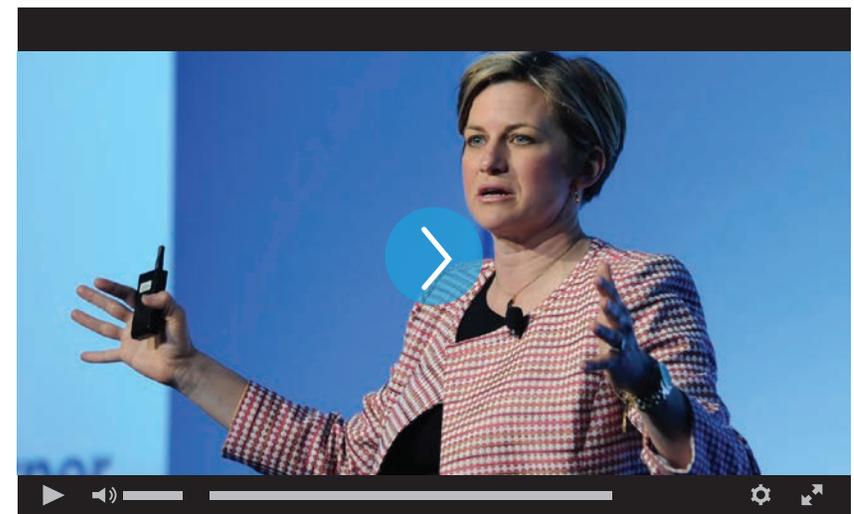
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Share social insights

Social media is a leading area of marketing investment, and marketers say they increase ROI by sharing social data and insights with other areas of the organization. In fact, 36.5% of marketers say they've deployed real-time social/mobile listening centers and 30.8% plan to pilot and implement them in 2016.

Make a point of ensuring that stakeholders in product development, customer experience and other business units have access to relevant social analytics.

Airlines now routinely use text analytics of social posts to understand where — from online booking to baggage claim — there are issues in customer experience, and then inform the teams responsible.



How to Drive Results by Marketing on Emerging Social Networks

Julie Hopkins
Managing VP, Gartner

Source: Gartner

4

Pivot from “batch and blast” to coordinated, event-triggered engagement

Event-triggered marketing techniques increase the chance of a positive interaction by enabling relevant “conversation” at the customer’s time of need.

Use real-time or near-real-time data to help these moments become more predictive and practical.

The largest shift in priority of marketing investments — by a factor of two — in the next two years will be in event-triggered marketing.



Source: Gartner

5

Analyze market competition

Consumers are comparison shopping like never before, and brand loyalty has declined accordingly. To be truly customer-centric, you need to consider not only customer interactions with your brand, but also how the brand will likely to stack up against competitors along the buying journey.

Like a professional sports coach, invest time in modeling and analyzing the competition, and anticipate what other players — competitors, partners, customers, influencers — will do in your model market.





KEY MOVE #3

Invest in agility

You can't see what's ahead, but you can be prepared for continuous change. The opportunity to create advantage is often earned or lost in the moment — which is why you need to retool for both macro changes in markets and categories and micro changes in specific audience and customer interactions.



These **MOVES** will help you:

1

Compete with agility and speed



2

Get more value from agencies



3

Create a virtual talent bench



4

Build a content supply chain



5

Harness the power of dynamic creative



6

Create an innovation lab



7

Tailor marketing to “environments”



8

Explore the Internet of Things and digital business



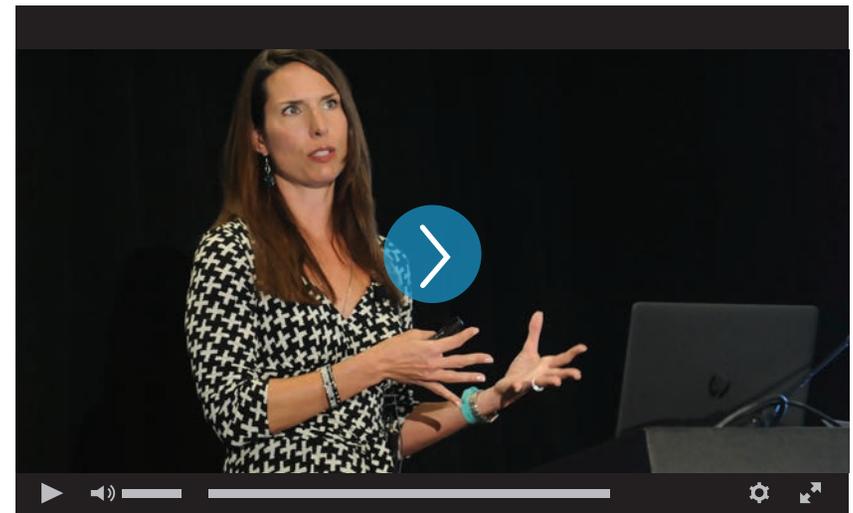
1

Compete with agility and speed

One retailer enables specific, short-term marketing initiatives with a structure that supports flexible roles, fluid responsibilities and faster sign-off

processes. Teams can form, execute and disband in a matter of weeks or months — and the company remains more profitable than its rivals.

Leading marketers design organizations that are capable of responding to change faster than competitors.



Seven Habits of High-Performing Marketing Organizations

Kristen Newbold-Knipp
Research Director, Gartner

Source: Gartner

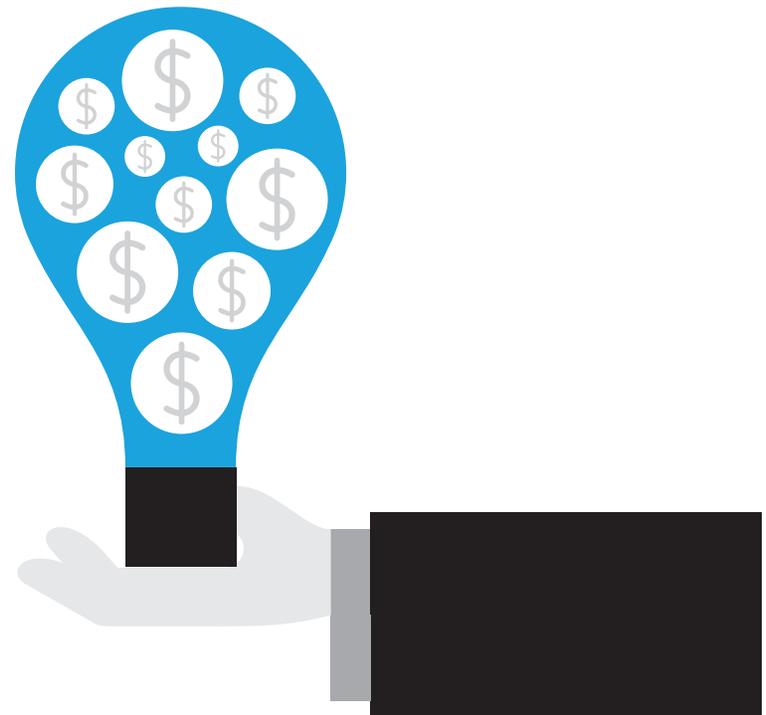
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Get more value from agencies

Despite an increase in marketing spend in all areas, agency usage has outpaced traditional hiring practices. But marketers typically give their agencies tactical projects vs. tougher, strategic assignments.

Treat agencies as strategic partners to get better results, sharper differentiation and increased ROI.

A global airline shifted its social marketing agency's scope of work to focus on high-visibility, strategic initiatives, while giving its internal team the technology to manage day-to-day social marketing.



Source: Gartner

3

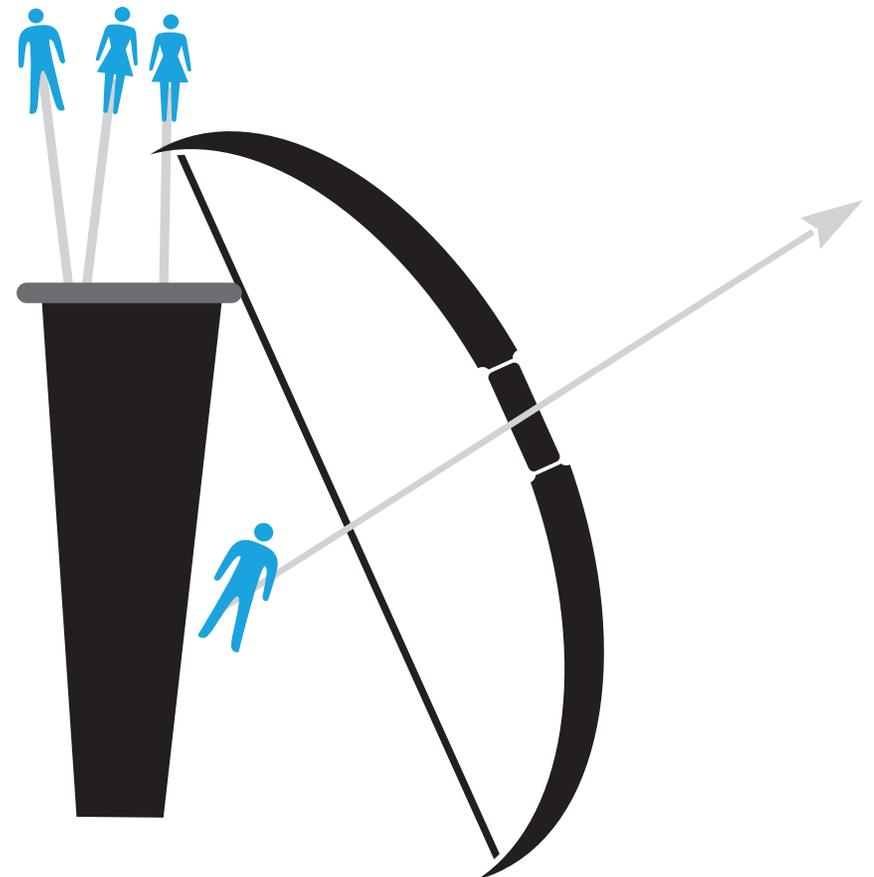
Create a virtual talent bench

Marketing needs are unpredictable. Hiring to peak demand can be cost prohibitive, and agencies can't always handle your every tactical need on demand.

The good news is that many marketing professionals are hanging their shingles

as independent contractors. Despite some complexities, the freelance economy — aka the “gig economy” — is alive and well. Hire talent as your needs dictate.

Marketing talent communities can streamline the discovery of qualified talent, enable collaboration on project work and, in some cases, even handle freelancer payment and tax logistics.



Source: Gartner

4

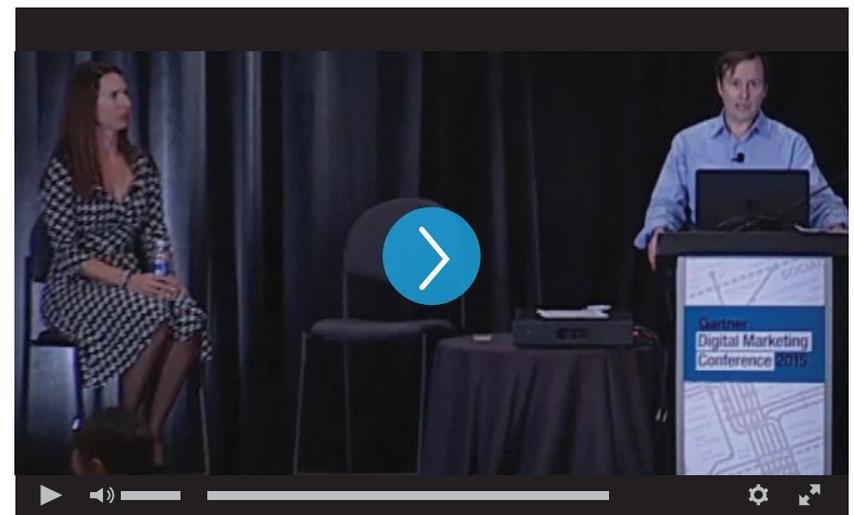
Build a content supply chain

Content drives all multichannel marketing efforts. Digital marketers need repeatable processes to create, curate, cultivate and distribute consistently branded content quickly and easily.

Gartner's 2015 Multichannel Marketing Survey shows that investments in social

tools and processes fall well behind investments in social marketers. While human resources can create content and engage, tools and processes also need to be in place before social marketing programs can scale.

Some companies blend internal and freelance talent to meet content supply chain needs. Meanwhile, social publishing technology vendors enable rights procurement and licensing of both user-generated and third-party content to expand the mix of assets that drive marketing.



Feeding the Beast: How to Build a Content Supply Chain That Works

Jake Sorofman
Research VP, Gartner

Kristen Newbold-Knipp
Research Director, Gartner

Source: Gartner

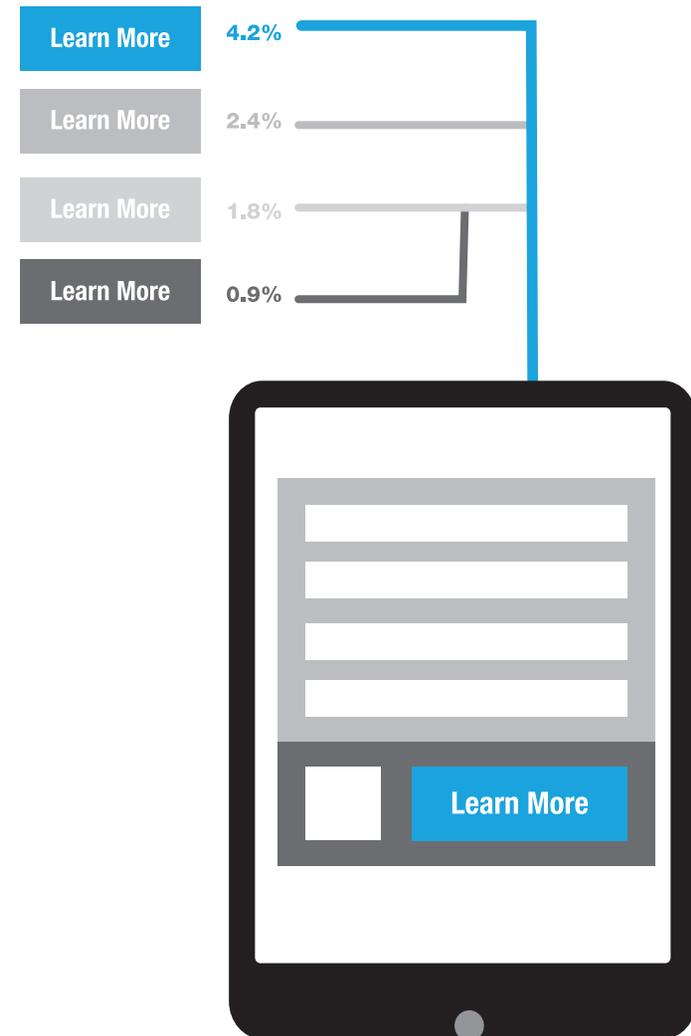
5

Harness the power of dynamic creative

Dynamic creative optimization (DCO) appeared in display advertising a decade ago, but fell short of its promise to automate individualized messages on a massive scale.

Barriers to DCO remain, but the promise remains as well. If you can harness the power of dynamic creative, you'll reap huge rewards.

Smart marketers employ sophisticated algorithms and agile creative to stay relevant in the area of DCO.



6

Create an innovation lab

Centers of excellence in marketing and analytics are thriving. Business leaders understand that digital technology is changing the world — and marketing is at the center of these changes.

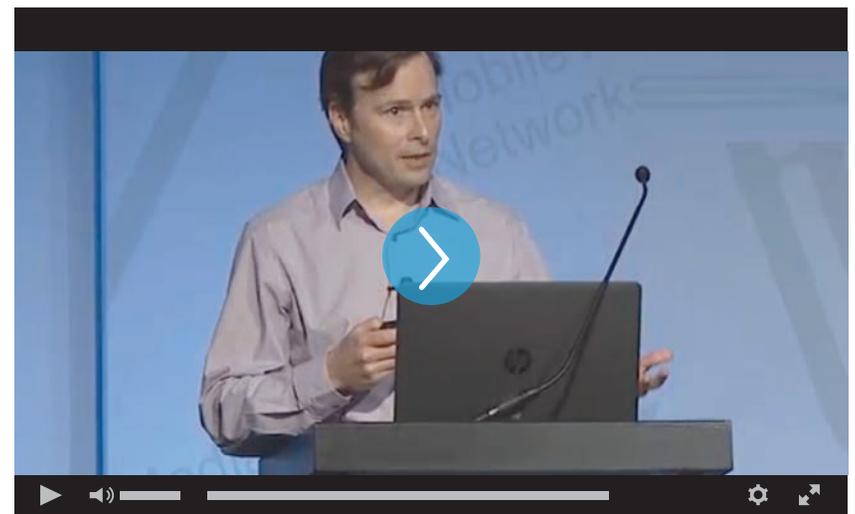
Industries are being upended by challengers offering new kinds of customer experiences in travel, retail, technology and financial services.

Innovation is notoriously difficult to cost-justify, so you need tools and frameworks to build a case for investment.

As a marketing leader, prepare for the next big thing by designating team members to investigate emerging technologies and tactics on an ongoing basis.

Innovation was the highest increased expectation of marketing by senior management in 2015.

In 73% of companies, marketing has an innovation budget of around 9.5% of the total marketing expense budget, or 1% of company revenue.



20/20: How to Build an Innovation Pipeline That Delivers Results Quickly

Jake Sorofman
Research VP, Gartner

Jon Bridges
Senior VP & CMO, Chick-fil-A, Inc.

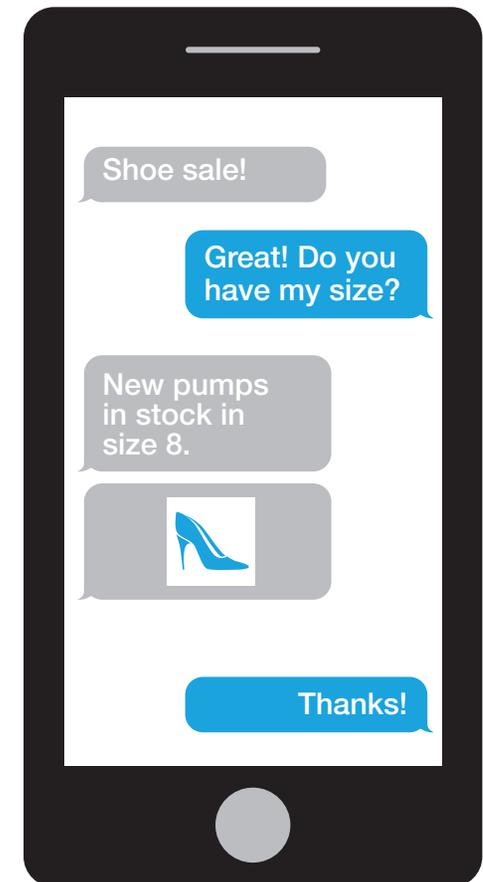
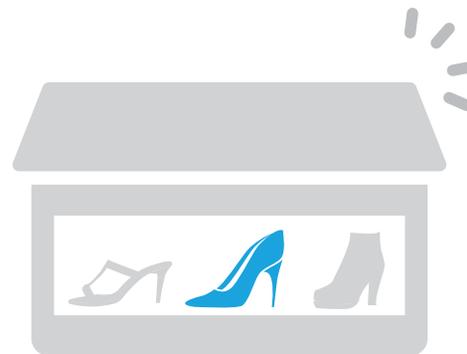
Source: Gartner

7

Tailor marketing to “environments”

More than half of companies say marketing controls the majority of customer experience budgets, while 89% plan to compete primarily on customer experience by 2016. This puts pressure on you to think outside the digital customer experience box.

Innovative organizations tailor marketing to various environments — for example, using audio cues (streamed music), visual cues (facial or product recognition), or the status of motor vehicles, distinguishing between those stuck in traffic and those zipping along a highway.



Source: Gartner



Explore the Internet of Things and digital business

As “things” join the Internet, they offer new intelligence sources and new ways to engage with customers. From wearables to cars to consumer products, smart devices can deliver critical insights. However, most marketers have yet to crack the code.

Stay informed about new data sources from companies as diverse as auto manufacturers and alcoholic beverage companies. This data comes with concerns — fraud, privacy, complexity, data leakage and disruptive competition, to name a few. But given marketing’s key role in customer experience, it’s critical to evaluate potentially profitable IoT strategies.

28.8% of marketers say their organizations are using microsensors; 33.5% are piloting or implementing them, and 23.1% are assessing them, revealing a growing acknowledgment of this emerging trend’s significance to marketers.



Source: Gartner

Learn more

Current Gartner for Marketing Leaders clients can click on the links below to access the full research report. If you are not a client, you can read a summary, or contact us at gml@gartner.com to learn more.

“Customer Experience Is the New Competitive Battlefield”
gartner.com/document/code/273269

“Key Customer Experience Foundations for Marketing Leaders”
gartner.com/document/code/271556

“Differentiate Digital Commerce With Customer Experience”
gartner.com/document/3059117

“How Digital Marketers Will Take Advantage of the Internet of Things”
gartner.com/document/2886219

“Customer Experience Leadership Blends Insights and Actions”
gartner.com/document/2931921

“Align Marketing KPIs With Strategic Goals for Digital Commerce Impact”
gartner.com/document/2982919

“Content Marketing Comes of Age”
gartner.com/document/3005020

“Key Findings From Gartner’s Social Marketing Survey”
gartner.com/document/2399315

“Multichannel Marketing Survey Results 2015: Marketers Double Down on Real-Time Strategies”
gartner.com/document/3108018

“Hype Cycle for Digital Marketing, 2015”
gartner.com/document/3096618

Gartner for Marketing Leaders

Digital has redefined the role of marketing, adding new players and creating bigger complexities.

Gartner for Marketing Leaders connects you with objective research and experts who will advise you in the digital marketing areas that matter most: social, mobile, multichannel and data-driven marketing, digital commerce, customer experience, marketing management, and emerging marketing technology & trends.

Our clients say that they use our real-time, expert advice and objective research, data and tools to:

- Target the right audiences
- 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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