Modern Marketers

Addressing Today's Three Biggest Challenges to Growth

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Introduction

Being an effective marketer is one of the most challenging – yet rewarding – jobs today. It's become almost a cliché to refer to marketing as being in a state of flux, but it's true. New channels come and go, media consumption behaviors shift, but ultimately, modern marketers simply can't be successful without a sound marketing strategy based on a rich understanding of their customer. Though that's easier said than done, isn't it?

At 3Q Digital, we know that theorizing is easy, but data leads to answers. With that in mind, we conducted a quantitative survey of 315 senior marketers to gather insights from the leaders who own and execute marketing strategy today. Our research explored what works, what doesn't, and what exactly inhibits and enables success. These are our findings.

Survey At-A-Glance

315 senior marketers

Required criteria:
- 8+ years of marketing experience
- organization has 50+ employees
- some or complete control over marketing strategy and budget allocation
- work on digital / social marketing efforts

Designed in partnership with March Insight.
Fielded online.
Field dates 3/28 – 4/15/16.
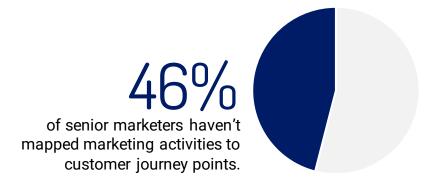MOE ± 5.5%.
Additional information in appendix at end.

Executive Summary

The goal of any marketer is to be effective; at 3Q Digital, our job is to help make that happen. If our market depended solely on marketers' perceptions, we wouldn't have a reason to exist: a large majority (88%) of senior marketers think that their organization's marketing activities are effective, and an even higher proportion (95%) think that their own activities are effective. Of course, we all know things aren't as simple as that.

The foundation of modern marketing is customer centricity. Our effectiveness depends on our ability to appeal directly to our target using data-driven strategies and tactics. Despite the confidence in effectiveness, 3Q found major gaps affecting nearly half of all senior marketers:

- Two in three (67%) wouldn't describe their department as integrated or even efficient;
- Only half of marketers (54%) have mapped their activities to customer journey points;

46%
of senior marketers haven't mapped marketing activities to customer journey points.

- Despite the emphasis placed at all levels on measuring ROI, only slightly more than half (54%) of senior marketers report that they are able to do so.

We embarked on this campaign to identify what organizations can do to achieve success in a disrupted landscape. We identified three broad challenges – **organizational structure**, the **role of data**, and the **role of agencies** – as key gaps that require strategic thought to overcome.

the top challenges for senior marketers today:

1 organizational structure

2 the role of data

3 the role of agencies

Favorability toward overall **organizational structure** may seem abstract, but it doesn't exist in a vacuum; senior marketers who are favorable toward their organizational structure demonstrate stronger potential for marketing success. Senior marketers should work with their C-Suites to:

- Ensure senior marketers have enough strategic direction to do their job effectively;
- Clearly articulate a marketing strategy;
- Align execution with that strategy;
- Define smart KPIs;
- Strengthen customer targeting by tailoring strategies to specific growth channels and media types.

Marketing today is all about **data**. Data is the foundation of the customer-centric thinking required for effective strategy. But for many, data issues stand in the way of marketing success:

- Nearly half (46%) of senior marketers aren't satisfied with the <u>amount</u> of data that they have access to, and more than half (57%) aren't satisfied with the amount of <u>effort</u> it takes to gather different types of data;
- Senior marketers have more access to data sources that are less influential than they need, but comparatively less access to data sources that are more influential, like ROI data and customers' desired needs and outcomes.

Finally, organizations are missing the opportunity for the strategic partnership that their agencies can offer and need to put strategic thought into the **role of agencies.**

79% of client-side marketers who work with an agency think agencies should push back if they don't agree with strategy…

…but only **45%** are satisfied with the amount of pushback that their agency provides.

It is widely accepted that agencies can provide effective strategic thinking for their clients – 82% of senior marketers agree – but the current relationship structure is preventing both parties from getting the most out of their engagements.

As 3Q has found through both research and our experience, setting a marketing strategy based on customer-driven data from the outset is the only way to address these challenges. Modern marketing will be the source of many new opportunities for direct connections with our customers; we just need to ensure that our strategy enables us to seize them.

State of Marketing Today

Senior marketers have a pretty sunny outlook. 3Q Digital's survey finds that an overwhelming majority (88%) think that their organization's overall marketing activities are effective, and an even higher amount (95%) think that their own marketing activities are effective. Perceptions of key indicators of success skew positively; three quarters of senior marketers (76%) think that marketing execution at their organization aligns with marketing strategy, and nearly nine in ten (87%) of senior marketers believe that they understand what motivates their target customer.
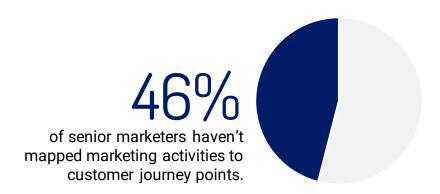
Overall, this is good news, and indicates that senior marketers are remaining positive despite the field's changing landscape. But successful, modern marketing rests on a robust understanding of customer needs and wants, with strategy developed based on data and ROI; our research shows that there is still significant ground for marketers to cover.

Successful, modern marketing rests on a robust understanding of customer needs and wants, with strategy developed based on data and ROI; our research shows that there is still significant ground for marketers to cover.

What drives our concern? Two in three (67%) senior marketers wouldn't describe their department as either integrated or even efficient. Three in four wouldn't describe it as modern (78%) or nimble (77%). Nearly half (46%) aren't satisfied with the amount of data they have access to, and at many organizations, the influence of certain data far outstrips the access to that data.
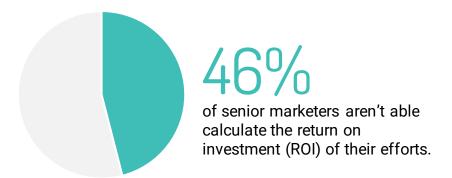
On the digital front, only slightly more than half (52%) of senior marketers have a clearly articulated digital marketing strategy. One in three (37%) think that digital marketing is viewed as an afterthought by their organization – which is particularly troublesome if digital is really the next frontier.

But most troubling are the gaps relating to two of the most critical elements in marketing today, customer understanding and return on investment (ROI). The vast majority (87%) of senior marketers believe that they understand what motivates their target customer. But is that knowledge translating into better strategy? We found that only 54% have mapped marketing activities to customer journey points, meaning that nearly half are missing the opportunity to connect the dots and further refine their efforts.

46%
of senior marketers haven't mapped marketing activities to customer journey points.

Measuring return on investment is perhaps the most important method of determining effectiveness. Using ROI data, marketers can prioritize the efforts that they know to work and change or drop those that they know don't. Yet despite that emphasis and the importance of measuring ROI, only half (54%) of senior marketers report that they are able to do so.

46%

of senior marketers aren't able calculate the return on investment (ROI) of their efforts.

Some of the challenges that plague marketers are straightforward. Seventy percent (70%) of senior marketers agree that execution sometimes begins before strategy is fully set. This isn't ideal, but it is a common necessity of a fast-paced industry. Other problems, however, are deeper – organizational structure, the role of data, and the role of agencies – problems that require much more strategic thought.

Effective strategy that drives business growth based on customer understanding is at the core of 3Q's mission, and its importance was confirmed during every stage of the research. With these shortcomings in mind, 3Q Digital reviewed the research findings to determine what senior marketers and their C-Suites can do to evolve their marketing efforts, remove stumbling blocks to success, and ultimately set the best strategy for overall growth.

Structural Challenges for Marketers

At the outset of the survey, we asked: "In general, how favorable or unfavorable do you feel about the way your organization as a whole is structured (i.e. the way its departments are laid out, reporting structures, etc.)?" Reviewing the survey results, it became clear that although the question focuses on the organization outside of the marketing department, the sentiment reflects the strategic disconnects felt between senior marketers and their C-Suites.

Unfortunately for all involved, organizational frustration isn't just an abstract measure and it doesn't exist in a vacuum. Senior marketers who are favorable toward their organizational structure demonstrate stronger potential for marketing success:

Unfavorable
toward organizational structure

- **More than twice** as likely to be **frustrated by the current marketing strategy** set by their organization (60% vs. 26%)
- **Half** as likely to think they are **given enough strategic direction** to do their job effectively (40% vs. 79%)

Favorable
toward organizational structure

- **Three times** as likely to rate their **organization's marketing as very effective** (37% vs. 12%)
- More likely to view their marketing department as **modern** (30% vs. 6%), **collaborative** (64% vs. 41%), and **efficient** (38% vs. 20%)

Senior marketers and their C-Suites need to work together to set the right strategy and address these issues at a high level. Based on the research, 3Q recommends the following actions:

Addressing Organizational Frustrations	Keep senior marketers in the loop	Clearly articulate a marketing strategy
Based on 3Q's research, these are the most important requirements for avoiding friction between senior marketers and the rest of the company.	"I am given enough strategic direction to do my job effectively." 67% of senior marketers agree.	"My organization has a clearly articulated marketing strategy." 63% of senior marketers agree.
Align execution with that strategy "Marketing execution at my organization aligns with marketing strategy." 76% of senior marketers agree.	Define smart KPIs "I think we have set the right key performance indicators (KPIs) to measure marketing success." 56% of senior marketers agree.	Target customers by tailoring strategies for growth channels + media types "My organization has tailored strategies for specific growth channels / media types." 68% of senior marketers agree.

As seen by the percentages, it's clear that many marketers have addressed these issues – but to be effective, it needs to be true for *all* marketers.
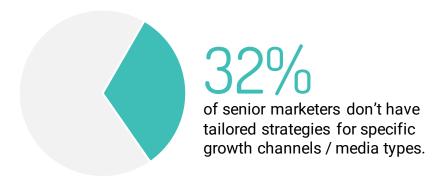
Data Challenges for Marketers

Determining how to deal with data – accessing it, gathering it, using it – is a common issue that 3Q Digital works to improve. Data is the foundation of customer-centric strategies that organizations need in a fragmented media landscape. Though marketing has always been "customer-centric" in theory, the explosive growth in media sources has forced marketers to reconcile their strategy with new outlets, channels, devices and more. The problem is fundamentally the same as before: determining where to allocate marketing energy, effort and resources. It's just been multiplied by tens, hundreds, or thousands of new dimensions.

Knowledge of the customer is essential – but it needs to be effectively applied to strategy if it is to impact the bottom line.

Just as the fundamental problem is the same, the fundamental solution is the same: a data-based understanding of the target customer. On a highly positive note, we did find that most marketers (87%) believe that they understand what motivates their target customer. Unfortunately, in many organizations that understanding of the customer is not being used to its full potential.

Knowledge of the customer is essential – but it needs to be effectively applied to strategy if it is to impact the bottom line. Despite the fundamental fact that marketers can no longer rely on the same few sources to reach their target audience, nearly one in three senior marketers (32%) doesn't have tailored strategies for specific growth channels / media types.

32%
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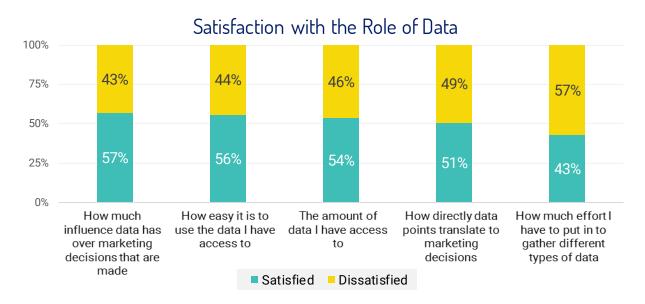
Coupled with this gap is another finding referenced earlier – that half (46%) of senior marketers haven't mapped their marketing activities to customer journey points. A detailed customer journey is an important tool in the marketer's kit, offering the ability to focus on specific touchpoints and increase conversion. That 46% may have mapped customer journeys already created, but not connecting the dots is a missed opportunity to review strategy and ensure that efforts are being made in the smartest way possible.

So let's look at what opens the door to those tailored strategies: data. "Data" is perhaps the most-cited disruptor of business practices; every company says that they are data-driven. But are they?
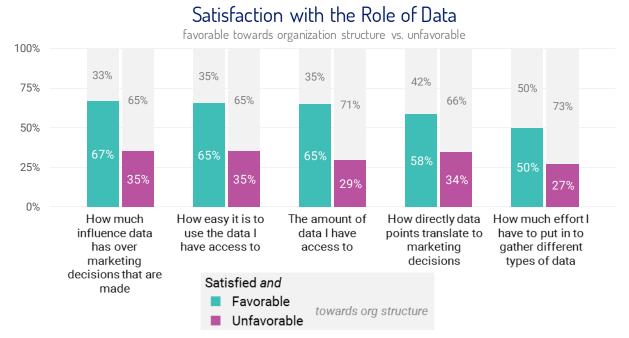
The good news is that majorities of senior marketers are satisfied with the amount of influence that data has over marketing decisions and the amount of data they have access to. The bad news is that those majorities are razor thin – meaning that nearly half of senior marketers aren't

satisfied with their relationship with data. With this in mind, it is less surprising – though no less unsettling – that nearly half of senior marketers can't measure their ROI.

Satisfaction with the Role of Data

	How much influence data has over marketing decisions that are made	How easy it is to use the data I have access to	The amount of data I have access to	How directly data points translate to marketing decisions	How much effort I have to put in to gather different types of data
Dissatisfied	43%	44%	46%	49%	57%
Satisfied	57%	56%	54%	51%	43%

■ Satisfied ■ Dissatisfied

Satisfaction with these aspects also correlates with organizational favorability:

Satisfaction with the Role of Data
favorable towards organization structure vs. unfavorable

	How much influence data has over marketing decisions that are made	How easy it is to use the data I have access to	The amount of data I have access to	How directly data points translate to marketing decisions	How much effort I have to put in to gather different types of data
Favorable (light)	33%	35%	35%	42%	50%
Unfavorable (light)	65%	65%	71%	66%	73%
Favorable	67%	65%	65%	58%	50%
Unfavorable	35%	35%	29%	34%	27%

Satisfied *and*
■ Favorable   *towards org structure*
■ Unfavorable

To further explore this issue, 3Q also sought to understand if the amount of access senior marketers have to data sources matches the influence that those data sources have. In other words – do senior marketers have enough access to the data that is most influential?

During the survey, respondents were presented with a series of data sources and asked to rate:

- How much **influence** that data source has over marketing decisions made at their organization (high, moderate, low, no influence)
- How much **access** that the respondent has to that data source (high, moderate, low, no)
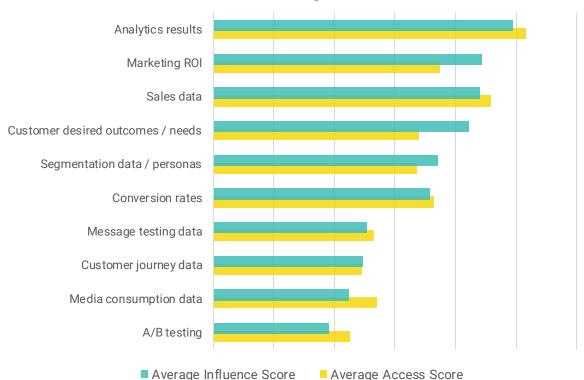
If we then assign a numerical value to each of the responses (3 = high access or influence, 2 = moderate access or influence, 1 = low access or influence, 0 = no access or influence), we can calculate an average for each data source. The average numbers themselves don't mean much (okay, is 2.58 good or bad?), but they do enable us to do two key things. First, we can understand which data sources are more influential than others (higher average = more influential). Second, we can identify where there are gaps between influence and access.

By comparing these averages, we find that senior marketers don't have enough access to marketing ROI and data surrounding the desired outcomes of their customers, given their influence over marketing decisions. As noted earlier, these two data sources are essential for an effective marketing strategy, enabling marketers to make tactical decisions based on knowledge of what works and what doesn't. And yet, **customer desired needs /outcomes and marketing ROI data represent the biggest gaps between influence and access.**

Conversely, senior marketers have more access to media consumption and A/B testing data than is merited by their influence. Access to all data is important – but organizations need to make sure that their priorities are properly aligned to strategy.

Marketing Data - Influence vs. Access

ranked in order of average influence score

■ Average Influence Score   ■ Average Access Score

Agency Challenges for Marketers

Marketing agencies are an extremely common source of marketing efforts – but they're also an extremely common source of underused potential. According to 3Q Digital's survey, 59% of client-side senior marketers are working with at least one marketing agency now, and an additional 25% have worked with one at their current organization. The most common agencies used are creative agencies, followed by advertising and digital agencies.

In terms of general attitudes, senior client-side and agency-side marketers are strikingly similar. They are equally likely to think that their marketing activities and those of their organization are effective (agency respondents answered all questions thinking about their main client). They are equally likely to report that they understand what motivates their target customer. They display no significant differences concerning how they describe their marketing departments (with the exception of agency marketers, who are more likely to describe theirs as "modern").

There are nearly two times as many senior marketers who are somewhat satisfied with the overall experience of working with their agency (41%) as there are senior marketers who are very satisfied (24%).

Client-side senior marketers are largely satisfied with the efforts of their agencies. (For purposes of research clarity, respondents who work with more than one agency were asked to answer questions thinking of the one that they work most closely with). With a digital-focused heritage, 3Q Digital also investigated feelings toward digital/social agencies and found that satisfaction with digital agencies is completely on par with satisfaction with the average marketing agency.

Unfortunately, that satisfaction isn't particularly strong. There are nearly two times as many senior marketers who are *somewhat* satisfied with the overall experience of working with their agency (41%) as there are senior marketers who are *very* satisfied (24%). Similar proportions are true for the marketing strategy, execution, and pushback provided by the agency:

Satisfaction with Agency Relationship

among client–side respondents who have worked with at least one agency at their current organization

Category	Very satisfied	Somewhat satisfied
The expertise exhibited by the agency	30%	35%
The overall experience of working with the agency	24%	41%
The marketing execution provided by the agency	21%	43%
The quality of strategic recommendations provided by the agency	21%	35%
The amount of pushback given by the agency	18%	27%
The marketing strategy set by the agency	16%	34%

■ Very satisfied ■ Somewhat satisfied

Clearly, this state of affairs isn't ideal – but there are reasons to believe that this "softness" in satisfaction ratings isn't necessarily due to shortcomings in ability. Indeed, agency marketers display some strengths over their client-side colleagues; they are more likely to report using modern tactics such as tailored strategies for specific digital marketing channels (80% vs. 59%), to think they have the right KPIs in place (71% vs. 53%), and to state that they understand the unique value of each digital channel used by their organization (90% vs. 75%)

Based on this, the likely issue would be in the relationship, not the expertise. This idea is validated in the survey, perhaps most strikingly surrounding the issue of pushback. Nearly eight in ten (79%) client-side marketers who work with an agency think that marketing agencies should push back on client strategy if they disagree or don't fully agree – but only 45% are satisfied with the amount of pushback provided by their agency.

77%

of senior marketers think that agencies should push back on client strategy if they disagree or don't fully agree.

Of the two statistics, the first is much more troubling to us. A vast majority of senior marketers (82%) think that agencies can provide effective strategic thinking for their clients – so why don't more marketers think of their agencies as strategic partners? Why does that pushback not occur?

Again, the likely culprit is communication; disconnects between client and agency lead to missed opportunities and wasted efforts. A majority of senior marketers believe that marketing agencies often aren't given the strategic direction needed to succeed. It's true of both agency-side senior marketers (71%) and client-side senior marketers (61%).

The answer, as 3Q has found, lies in how that strategy is approached. Clients need to come into the relationship with the willingness to accept pushback and be open to guidance. Agencies need to come into the relationship showing respect for the client strategy, but with the confidence to use their expertise. This is the strategic relationship that will enable both sides to flourish and ultimately drive the business growth that is desired by all.

The Path Forward

Three main sets of challenges – structural challenges, data challenges, and agency challenges – emerged during the course of 3Q's research as obstacles that hinder marketers from moving forward and creating the customer-centric campaigns required to succeed in this changed landscape.

Frustrations with overall organizational structure correspond with lost marketing opportunities; senior marketers who are unfavorable toward their organizational structure are less likely to view their activities as effective, to think that marketing execution aligns with marketing strategy, or to think that their organization's marketing strategy is clearly articulated.

> At 3Q Digital, we believe that the evolution of marketing will be the source of many new opportunities. We just need to ensure that we can build a customer–centric strategy that lets us seize them.

Data-based decision making is the key to effective strategy. But first, marketers need access to that data – and nearly half of senior marketers can't measure ROI and the influence of data types like customer needs and wants outpaces access to that data. And once that data is gathered, it's only effective when it is used – 87% of senior marketers may believe they understand their target customer, but only 54% have seen it translated to activities that are actually tailored to the customer journey.

Marketing agencies are incredibly common, and nearly all senior marketers agree that they can be the source of strategic direction and needed pushback. And yet, clients often miss out on the full strategic counsel that they can provide because of ill-defined relationships.

Marketers today have a lot to be proud of, no doubt, but as an industry, we need to realize that we may not be as modern, nimble, integrated or efficient as we'd like to think. Data-driven targeted customer campaigns are the future of marketing, but nearly half of marketers aren't set up to take advantage of them. At 3Q Digital, we believe that the evolution of marketing will be the source of many new opportunities. We just need to ensure that we can build a customer-centric strategy that lets us seize them.

Appendix

This report is based on a survey designed and analyzed by March Insight, the research arm of March Communications, in conjunction with 3Q Digital. It was fielded online between 3/28/16 and 4/15/16 by ResearchNow.

The full sample size was n=315 senior marketers who:

- Have 8+ years of marketing experience
- Work for an organization with more than 50 employees
- Have some or complete control over marketing strategy and budget allocation
- Work on digital / social marketing efforts.

The margin of error for these results is ± 5.5%.

In several points, responses subgroups of respondents are compared. The base sizes for these comparisons are:

- n=200 client-side marketers, n=51 agency-side marketers
- n=216 who are favorable toward their organizational structure, n=99 who are unfavorable

Unless otherwise noted, agreement, effectiveness, and satisfaction is based on a combined top two box score, taken from a five-point scale.