Deep Dive

The New Rules of Digital Engagement

As 2012 comes to a close, it’s a great time to take stock of lessons learned and emerging best practices in marketing – especially with respect to digital engagement. Emerging channels, data proliferation, and changing consumer preferences leave many marketers overwhelmed. It’s hard enough to stop and reflect on what is and isn’t working in your own marketing department, much less benchmark performance among competitors. This Deep Dive takes a closer look at the most notable trends and lessons learned in 2012, and the implications for 2013 marketing strategy. We will explore best practices in the context of Top Performing organizations to identify exactly how industry leaders are positioned for success in 2013, and where the average organization typically falls short in digital engagement.

Lessons Learned from 2012

Digital channels have forever changed marketing. Today we don’t tell – we guide, engage, and contribute to earn share of wallet. Competition is fierce, informed target audiences are bombarded with messaging, and yesterday’s tactics have reached diminishing returns (and can even have a negative impact on top line success). The new rules of digital engagement demand a customer-centric, channel-agnostic approach to marketing communications. But let’s face it, nothing really changed significantly in 2012. The goals are largely the same – revenue growth, market share, customer satisfaction, etc. These are all great goals, but without a strategy every path seems equally likely to lead to a successful outcome.

At the end of the day, what differentiates a Top Performing organization from...
Top Performers Defined

Gleanster uses 2-3 key performance indicators (KPIs) to distinguish “Top Performers” from all other companies (“Everyone Else”) within a given data set, thereby establishing a basis for benchmarking best practices. By definition, Top Performers are comprised of the top quartile of qualified survey respondents (QSRs).

The KPIs used for distinguishing Top Performers focus on performance metrics that speak to year-over-year improvement in relevant, measurable areas. Not all KPIs are weighted equally. The KPIs used for this Gleansight are:

• 12-month change in revenue
• 12-month change in lead-to-sales ratio
• Growth in new customer acquisition

Everyone Else is strategy. At times this strategy is informed by best practices, but many times Top Performers are early adopters of emerging technologies, tactics, and processes, so they have to learn the hard way. As Ernest Hemingway once said, “It is good to have an end to journey toward; but it is the journey that matters, in the end.” Gleanster conducted over 30 marketing surveys in the second half of 2012, and the results continue to highlight the fact that old habits die hard. Indeed, the bar is actually quite low for Top Performers to achieve a competitive advantage.

Most organizations have yet to embrace a channel-agnostic preference engine for customers. Most organizations still don’t do a great job segmenting target audiences or developing targeted communications. Most organizations don’t rely on campaign ROI to inform future strategy. As a result, there is a window of opportunity in 2013. Despite years of talk about personalization, relevance, and customer dialog, the average organization does a poor job with digital engagement.

That said, there are a number of new and emerging areas that marketers should take stock of in 2012. The proceeding sections highlight some of the key lessons learned in 2012, and the implications for 2013.

Validation for Marketing Automation

2012 was a great year for marketing automation. Adoption of marketing automation tools grew at an estimated rate of 25-30% in 2012. Research indicates that Top Performing organizations are 4x more likely to invest in marketing automation tools than Everyone Else. Top Performers use marketing automation to automate relevant and timely engagement and meet today’s exceedingly high expectations for personalization among decision makers. Having said that, marketing automation is still an emerging technology, and the volume of companies that have invested in marketing automation is still very low. As a result, early adopters are setting the bar with respect to personalization, leaving a window of opportunity that gives them an advantage while competitors catch up. Over time, marketing automation will likely become a competitive parity, especially for B2B marketers.

Despite continued growth in marketing automation adoption, research also suggests old habits die hard. Diminishing returns on generic messaging and batch-and-blast campaigns often form the basis for justifying marketing automation investments. Some organizations reported click-through rates on mass email campaigns as low as 0.3 to 0.5 percent. Rented lists are just not effective any longer. It’s about earning the right to communicate with prospects through opt-in or even double opt-in tactics. But research shows that 85% of all respondents continue to rely on generic messaging tactics, even after implementing marketing automation (see Figure 1).

Figure 1: Using Marketing Automation - Sending Batch Emails

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In fact, only 23% of all respondents actually engage in trigger-based communications initiated by prospect or customer behavior.

Further analysis reveals that two primary challenges impede best practice adoption of marketing automation: general knowledge of lead nurturing tactics, and finding the time to manage the tool on an ongoing basis. One common mistake organizations make when investing in marketing automation is over-engineering the implementation process. There's no need to create complicated and highly customized communication strategies.

Survey results from Top Performers shows that within the first 30 days, Top Performers are capable of using more features and benefits from marketing automation than most other organizations accomplish after the first year of adoption. It turns out that Top Performers simplify adoption by limiting configuration and customization on a new implementation. Figure 2 identifies the top five milestones Top Performers accomplish in the first 30 days with marketing automation (see Figure 2).

Gleanster survey results also reveal a year-over-year increase in the number of survey respondents indicating their company had used more than one marketing automation solution. On one hand, the fact that organizations seek to replace the capabilities marketing automation brings to the table by trying new and different solutions is another testament to the value of these solutions. On the other hand, this suggests that ease of use and the user interface (an otherwise subjective criteria) are increasingly playing a role in how organizations evaluate the success of marketing automation investments and/or embrace the tools altogether. Today, the landscape for marketing automation includes robust tools that meet the most sophisticated requirements of a large enterprise as well as the basic capabilities needed by small and midsize businesses.

Figure 2: Key Milestones for the First 30 Days with Marketing Automation (According to Top Performers)

1. **INTEGRATE**
   Add tracking code to website HTML. Configure integration with CRM.

2. **TEMPLATIZE**
   Create 1-2 templates for email campaigns and landing pages. That’s it.

3. **AUDIT CONTENT**
   Audit your existing content. Map it to the appropriate buying stage and use it.

4. **1-2 NURTURE CAMPAIGNS**
   Configure a few lead nurture campaigns using trigger marketing tactics.

5. **STANDARDIZE METRICS**
   Define metrics like MQL, SAL, SQL. Be sure to benchmark before and after MA.

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Fragmented Systems Reach a Breaking Point

The average organization supports marketing with two or more marketing technologies. One of the biggest challenges cited by CMOs in 2012 was the proliferation of data and the complexity of managing disparate solutions. One of the key takeaways from 2012 regarding the new rules of digital engagement is the idea that customers are channel agnostic. Customers don’t evaluate each interaction in the confines of a marketing channel; it’s the holistic customer experience that matters. Fragmented marketing technology investments (such as web analytics, email marketing, landing page hosting, social media marketing, list management, etc.) ultimately leave marketers with disparate sources of customer data. While these disparate offerings were a necessity a decade ago, today the need for consolidation has never been greater.

Over the last five years, Top Performers displayed a clear affinity for centralizing all customer data within CRM solutions. As such, organizations turned to pre-configured modules that integrated with CRM rather than custom APIs and configuration. From a data management standpoint, this is the right approach because CRM becomes the core system of record for customer data (and both marketing and sales). As such, modules and pre-configured integration have been a common differentiator for marketing technology providers. But integrating multiple separate marketing technologies within CRM still doesn’t entirely address the problem. Meanwhile, in many cases the level of out-of-the-box integration from pre-configured modules may not be as robust as desired.

In the age of the empowered customer, the only way to rise above the marketing noise and capture mindshare is through relevance and personalization. As such, what is actually needed is a multi-channel digital platform that can engage customers based on business rules and customer preference management. Marketing automation grew in popularity because it largely integrates email, web analytics, landing page hosting, webinars, events, social media, and mobile data and makes that data actionable through automated business rules. It’s not about executing separate campaigns on separate channels, it’s about orchestrating a communication strategy and engaging prospects based on customer preference. That’s just not possible with multiple fragmented systems. Research from the Q2’12 Campaign Management survey revealed that 85% of Top Performers are currently engaging in or planning on a system consolidation initiative in marketing (versus 44% of Everyone Else). That makes Top Performers almost twice as likely as Everyone Else to start positioning marketing communication infrastructure around the channel-agnostic customer.

Big Data Is Not a Fad

A quick check on Google Trends reveals the term “big data” saw exponential growth in search results from 2011 to 2012 (see Figure 3). While it may not be a key line item on the 2013 marketing strategy, big data has the potential to profoundly impact the way marketers justify investments in technology and optimize marketing execution. Today customer data is the number one catalyst for big data initiatives, and marketers have the most to gain from better use of customer data. When you think about the massive volume of data the average organization collects on a daily basis, and how much of that...
Data goes largely untapped, it’s not hard to understand why the term “big data” became popular. Web analytics data, customer purchase data, social media interactions, customer segments, behavioral attributes and demographics – all of it grows exponentially over time, particularly with repeat purchases from loyal customers, new products, etc. It’s a problem that has reached epic proportions in 2012, and it will only continue to expand.

Overall, marketers love to hate the term big data. It’s not really sexy, it’s not clearly defined, and it seems an awful lot like something IT should worry about. However, big data has some implications for marketers moving into 2013, and it makes sense to at least be aware of them.

**Real-time access to marketing analytics.** Big data solutions include software and hardware that align structured and unstructured data from different systems and make it accessible for business users (marketers for example). As we move into 2013, companies are still laser focused on top-line growth, and investments in revenue-generating infrastructure continue to be easier to justify than productivity and operational efficiency. As such, marketers need to be thinking about how consolidated customer data can be used for data-driven decisions and engagement. If the data exists, then business rules can be applied to that data to trigger highly relevant communications. Despite years of research and recommendations on “automating marketing with data,” organizations still struggle to do this effectively; big data could potentially mitigate this challenge for marketers (see Figure 4).

**Shift in marketing expectations.** Big data demands a business justification from the CMO suite, but the CIO will be paramount to execution. As a result, CMOs and CIOs need to start developing a three-five year roadmap for marketing technology investments. Keep in mind that eight out of 10 Top
Performing organizations are already doing just that. Additionally, to the extent big data will make analytics more accessible for marketing, it will demand marketing leaders who seek analytical questions. The demand for marketers who are not only creative but also have analytical skills to validate the effectiveness of creative outputs will continue to rise in 2013. Even for marketers who hate numbers, these trends demand you learn to hire, manage, and work with numerically experienced marketing resources.

**CIOs and CMOs unite.** This year, Gartner released a stat suggesting that over the next five years, CMOs would spend more on technology than CIOs. Naturally, this has some CIOs slightly on edge because the nature of marketing technologies over the last decade has allowed marketers to largely circumvent IT with low-cost on-demand offerings. Since many CMOs are now turning to IT for help with fragmented data, the discussion around the long-term viability of customer data strategies has picked up between CMOs and CIOs. More than anything, CMOs will need to start engaging CIOs with justifiable business requirements for data analytics and access to analytical tools. That means the CMO will need to be comfortable at least understanding some of the nuances of data management and big data solutions.

**The 4Cs augment the 4Ps**

The 4Ps (Product, Price, Place, and Promotion) are foundational elements of the marketing discipline. And while the 4Ps are just as relevant today as they were 50 years ago, the new rules of digital engagement are demanding an augmented approach. Today it’s a good idea to also account for the 4Cs, especially for B2B marketers: Content, Context, Connection, and Conversation.

Inbound marketing strategy generates demand through thought leadership, effectively earning a role for the organization as a trusted advisor and compelling prospects to take action rather than telling prospects to take action. The 4Cs offers a quick and dirty framework to keep marketers focused on the new rules of digital engagement.

**Content:** Content marketing is the new black in B2B marketing. The best way to rise above the noise is to become a trusted advisor during a prospect’s buying cycle. Top Performing organizations are 6x more likely than Everyone Else to utilize nurture marketing triggers that automate engagement based on prospect behavior. It’s worth noting that the number one challenge with respect to nurture marketing in 2012 was finding the time and resources to develop relevant content. However, lack of content and failure to incorporate nurture marketing campaigns in marketing communications is also the number one reason organizations fail to extract value from marketing automation.

**Context:** Content is only half the battle. The type of content and the tone of the content must align to the customer buying cycle to maximize results. If new prospects are pounded over the head with overtly “salesy” materials when all they want to do is research or identify a solution to a problem, they are unlikely to continue to engage. As such, relevance, timeliness, and personalization matter with respect to customer engagement. It’s not about automating any old communication; it’s about automating just the right communication, at just the right time, in just the right channel. While marketers have always been chasing this reality, Top Performers actually do a pretty
good job at this and continued to move away from mass communication techniques in 2012.

**Connection:** The complex sales cycle demands a certain degree of intimacy these days. Automation for the sake of automation comes across as robotic and pandering. In fact, research from Gleanster suggests that communication fatigue is reduced if messages actually resonate as personal and relevant. That’s right: you can actually send more communications if prospects perceive them to be relevant.

**Conversation:** Marketers can no longer afford to push messaging and expect to generate a return. The explosive growth in social channels demands that companies earn a conversation with prospects. It’s a dialog, and the nature of a dialog demands some degree of listening. As such, marketers must actively monitor all marketing channels and make data-driven decisions about how to optimize communication strategies (see Figure 5).

**New Rules of Digital Engagement**

The question remains, as a result of the key trends and lessons learned in 2012, what are the actual implications for 2013? How does your organization stay on top of the fast-paced ever-changing world of marketing?

For one thing, the new rules of digital engagement are purely focused on a customer-centric approach to marketing. Organizations continue to reach diminishing returns on traditional techniques such as mass email and single-channel communication. In fact, two out of three Top Performers indicated their single most compelling source of competitive advantage in 2012 was the digital customer experience. Across the board, from B2B to B2C businesses, the website is considered the most profitable and effective communication channel – followed by email. Email is not dead, and it continues to be the backbone of multi-channel communications for

**Figure 5: Top Performing Best Practices in Social Media Engagement**

![Maximizing Value from Social Media Investments](image)
Top Performers. But it’s important for organizations not to become too focused on just online or just offline communications. In 2013, start to frame marketing communications around the customer experience. What does it look like for the average customer to engage with your organization? Ask them. Find out where your organization might be missing a chance to streamline the sale or make a more compelling value proposition.

The following are key areas of the 2013 marketing plan that should get a little extra attention based on lessons learned in 2012:

**Automate segmentation.** A core system of record for marketing data is essential to ongoing optimization. Many marketers have access to data that could inform more targeted segmentation, but it’s difficult to find the time to do the analysis. Marketing automation tools can help trigger highly relevant communications based on form completions. As such, if you can identify one or two new segments in 2013 and develop a few lead nurturing campaigns for each, you’d be performing at a Top Performer level with respect to lead nurturing.

**Shorten those forms.** There is a direct correlation between the number of fields being requested and the drop-off rate on forms. In fact, Gleanster research estimates that every field after 5 fields increases the drop-off rate by up to 15%. Progressive profiling is starting to find a niche in B2B marketing, mostly because many of the systems are making it easier to incorporate. Progressive profiling allows marketers to ask a smaller number of questions over time through value added engagements. Prospects trade content for small bits of information that eventually aggregate to a complete profile.

**What channel mix?** Customers are channel agnostic, so make it easy to engage with your brand. If multiple marketing technologies are being used to deliver separate campaigns across marketing channels, then there’s a good chance the overall customer experience is suffering. Try orchestrating the same communication across multiple channels. If that’s too difficult, then it might be time to start evaluating a system consolidation initiative.

**Focus on influencers.** Social media is unlikely to generate a justifiable return for B2B marketers unless efforts are focused on a goal. In social media, five influencers are more beneficial than a million followers or likes. Your goal should be to compel a select few individuals to utilize their brand to share your messaging. Doing this effectively is a tremendous amount of work, but the benefits realized by Top Performers suggest this is definitely something to think about in 2013. Eight out of ten Top Performers indicated active engagement with influential customers was a top three value driver for social media marketing (according to research from the Q2’12 Social Media Engagement survey).
Deep Dive Talking Points

• Manual processes can’t scale the way customers are demanding to engage. The new rules of digital engagement demand a customer-centric, channel-agnostic approach to marketing communications.

• 85% of Top Performers are currently engaging in or planning on a system consolidation initiative in marketing (versus 44% of Everyone Else).

• Automation doesn’t have to be complicated. In fact, Top Performers simplify processes by using a handful of standardized templates for email, landing pages, and nurture campaigns. Change the content, don’t change the formatting.

• Top Performers accomplish more within the first 30 days of adopting marketing automation than all other organizations typically accomplish within the first year. The key to success in marketing automation is simplicity. There are 5 common tactics that pave the way to a return on investment in marketing automation.

• Don’t waste time branding on social media channels, focus on value-added interactions: engage, enrich, entertain.
Related Research

Recently published research that may be of interest to senior industry practitioners include:

- Deep Dive: 5 Key Milestones for the First 30 Days with Marketing Automation
- Deep Dive: 5 Marketing Automation Capabilities Top Performers Can’t Live Without
- Deep Dive: A Crash Course on Big Data . . . for Marketers
- Deep Dive: Best Practices for Establishing a Lead Nurturing Roadmap
- Marketing Automation Gleansight
- Deep Dive: Quantifying the Value of Social Media Engagement in B2B Marketing

The Gleanster website also features carefully vetted white papers on these and other topics as well as Success Stories that bring the research to life with real-world case studies. To download Gleanster content, or to view the future research agenda, please visit www.gleanster.com.

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