

RESEARCH REPORT

Key Elements of a Next-Gen Digital Marketing Strategy

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EXECUTIVE SUMMARY

Digital marketing has come a long way from simply putting banner ads on the internet. It has evolved from mass messaging, to personalized messaging, and finally to integrated communications on blended physical and digital environments.

In addition to the traditional goals of creating awareness about the brand, marketers can now choose from a new range of goals, ranging from demand generation, driving digital commerce, and optimizing the customer experience of products and services.

In order to deliver on these new goals, marketers need a next-gen digital marketing strategy, one that goes beyond the scope of what marketers could traditionally achieve and harnesses the power and complexity of today's marketing technology and data platforms.

This report defines the key characteristics of a next-gen strategy, and identifies 6 drivers of its successful implementation to help you evaluate your team's readiness for the next phase of its digital evolution.





WHAT DEFINES A NEXT-GEN DIGITAL MARKETING STRATEGY?

A digital marketing strategy is a series of actions a company or team takes across a set of carefully selected online channels to achieve a defined marketing goal.

Over the last 10 years, the increasing sophistication of marketing tools and technologies have not only expanded the online channels available to marketers, they've also extended the number of goals that are attainable by them.

In the early stages of digital marketing, strategies were focused on creating brand awareness or equity, with the goal of getting as large of a digitally-oriented audience as possible to view marketing content, (mostly in the form of banner ads and websites). In the second phase, the focus shifted to personalization, where the goal was to deliver content and messages personalized by audience demographics, location, needs and attitudes. Most companies are arguably still in this phase. The third, or next-gen phase of digital marketing will be defined by company operational integration and new-channel expansion.

In this phase, marketing teams collaborate with other departments and extend their efforts across multiple digital channels, to achieve goals far beyond the traditional areas where marketing was allowed to play. They can optimize any kind of communication, ranging from targeted promotional ads on social media, to personalized relevant content on the website, and post-sale emails that introduce other products or customer service information.

As a result of this evolution, three key features define modern digital marketing strategies:

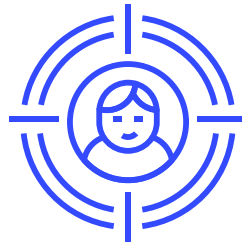
- 1) The ability to accelerate the movement of a customer along the progressive stages of the buying funnel, (not just the top of the funnel)
- 2) The ability to optimize each digital interaction using behavioral, demographic and propensity data to deliver personalized content/messaging.
- 3) The ability to communicate with the customer in new, innovative channels, such as blended digital and physical environments.

Figure 1: The Three Defining Features of A Next-Gen Digital Marketing Strategy

THREE OUTCOMES CHARACTERIZE DIGITAL MARKETING & CUSTOMER ENGAGEMENT EXCELLENCE



The **velocity of commercial customer movement** through all stages of the customer journey



The **quality of personalized customer relationship** that the digital brand develops throughout the journey

ACROSS



The **breadth and integration of channels and environments** across which excellence can occur

While this evolution has raised marketing's profile to be a hub of digital innovation and transformation for many companies, it's also created tremendous pressure on marketing to deliver on almost every digitally related business goal. Put simply, next-gen digital marketing strategies can (and are expected to) achieve much more than the traditional goals of brand/product awareness and brand health. The use-cases now include areas such as e-commerce, customer loyalty, customer experience and even non-promotional messaging and communication (that typically comes from sales or service departments..)

This expanded marketing worldview requires a more robust set of building blocks for a successful digital marketing campaign. In this report, we define what these more robust elements are, and their roles in driving digital marketing success .

Success Driver 1: Clarity of goals, and the use cases that achieve them

The first, and most important driver of success is the selection and prioritization of the right digital marketing goals, and corresponding use-cases. As I mentioned earlier, there many more use-cases available to marketers beyond the traditional "brand-building". The key to success is to identify which business goal is most important at a given point in time, and then evaluate the digital marketing use-cases that will have the biggest chance of delivering those goals.

These goals are on a scale of increasing digital sophistication, ranging from the fairly basic use case of brand building to achieve awareness, to the very sophisticated practice of offering digital marketing data and content services to resellers and retailers in order to achieve growth and economies of scale.

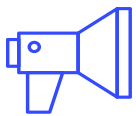
Figure 2 has the major digital marketing use-cases that are available to marketers, and the types of goals they can achieve. Prioritize the use cases and goals that will have the most positive impact on your business needs.

Figure 2: Digital Marketing Use and Archetypes Cases

← INCREASING LEVEL OF DIGITAL SOPHISTICATION →					
Use Case	Brand-building (awareness and equity)	Go-to-Market (new product)	Product ramp or Product Growth	New customer acquisitions	Customer value growth
Definition	Create awareness or influence perception of the brand	Create awareness and positive perception of a new product or service	Increase purchase volume of an in-market product	Convert prospects to leads; convert again to new customers	Increase existing customer revenue through on-sell, up-sell and cross-sell
Goals	Awareness, equity shift	Awareness, consideration, purchase intent	Awareness, consideration, purchase intent	Awareness, consideration,	Awareness, consideration, purchase intent, loyalty
Tactical Examples	Digital TV video advertising campaign	Paid social media and native advertising campaign	Targeted social media advertising campaign about product features or value	Lead capture campaign using thought leadership whitepaper or webinar	Account-based marketing display ads, and targeted email campaign
	Sales force and channel enablement	Digital Commerce	Digital Experience Innovation	In-use marketing	
Definition	Increase efficiency and win rate of salesforce and channel partners	Increase efficiency and win rate of salesforce and channel partners	Increase direct sales through digital properties	Support resellers or retailer ecosystem with digital marketing services	
Goals	Efficiency/ Enablement	Efficiency/ Enablement	Efficiency, Revenue	Efficiency/ Revenue	
Tactical Examples	Automated delivery of sales material, digital brochures to supplement in-person meeting	Automated delivery of sales material, digital brochures to supplement in-person meeting	Dynamic website that personalizes images, messages and structure to visitor needs	Mobile app that helps resellers to access manufacturers customer data or product content	

We can further group these use-cases into four broader use-case “archetypes.” These archetypes help define your next priority business advancement levers, which in turn can make it easier to focus and invest in the tools, skills and strategies most relevant to your advancement goals.

The four digital marketing use-case archetypes are:



“The Brandvertisers”

Use Cases:

- Brand-building
- Go-to-Market (new product)
- Product ramp/growth

These use cases are for generating brand or product awareness and perception shift. They require delivering the right messages about the brand and its products/ services at scale to a large, digitally engaged audience. Success factors include the ability to customize messages at scale according to demographic information, create highly engaging content, and a sizeable budget for advertising on many different channels. Think of Coca-Cola or Red Bull campaigns, which might focus the bulk of their marketing activities on creating and delivering attractive, brand-focused messages at scale to maintain awareness and relevance of the brand.



“Relationship Builders”

Use Cases:

- New customer acquisition
- Customer value growth
- Sales force and channel enablement

These are use cases that require a gradual building of a relationship between the brand and its prospects/customers. The focus is less on audience scale and more on one-to-

one messaging and nurturing along a funnel (relatively few key customers might generate a high concentration of revenue). It’s also what makes these use cases very relevant to B2B companies, although they are not exclusive to them. Since sales cycles are long, there are plenty of opportunities for digital marketing to capture data, deliver customized content and even communicate through in-product messaging to upsell or cross-sell existing customers, once a strong relationship has already been built.



“Inbound Optimizers”

Use Cases:

- Digital Commerce

This archetype spikes for the digital commerce use case, where the goal is to drive traffic to brand-owned channels and optimize the experiences on them in order to drive direct sales. This approach requires significant investment in website/mobile experience management platforms because they are responsible for most of the customer engagement and experience delivery. It also requires the use of other channels such as social media, advertising and email to generate demand and drive traffic to the commerce channel. Companies who focus here include e-commerce firms like Amazon or mobile-app-centric businesses such as Uber.



"Constant Communicators"

Use Cases

- Digital Experience innovation
- In-use marketing

The hallmark of this archetype is real-time messaging that gives a customer relevant information exactly when she or he needs it. It works for companies that must optimize its total customer experience, for example, by delivering product or service status updates, such as shipping information from FedEx or fraud resolution from TransUnion.. It can also include extra-product experiences, such as user groups or engagement communities. To operate at this level, Constant Communicators must have a strong presence on many different digital channels, access to many types of customer data, (both historical and real-time, and not just within marketing) and the ability to deliver a consistent experience of the brand across many moving parts.

Choosing the right use cases and identifying your archetype provides clarity of ambition, and a clear set of required resources, in terms of skills, technologies and investments. The success of every step after that is directly related to how closely it follows the goals and objectives of the chosen use cases.





Success Driver 2: Sophisticated customer data analysis and a “next best move” strategy

Traditional marketing relied solely on demographic customer data, but in the digital age anonymous site visitors or prospects are harder to segment according to their physical characteristics. As a result, modern digital marketing has developed the ability to collect and use data points beyond demographics, which can be applied in a variety of ways. These data points include psychographics, geo-location, digital activity, historical behavior and product propensities.

Using this wealth of available data, digital marketers can design campaigns that focus on delivering personalized messaging and products at the individual and segment level. The key is to determine exactly the data they need, which is usually dictated by the archetype of use cases they seek to advance. Brandvertiser use cases operate mostly using demographic data, while Relationship-Builders operate mostly off a combination of personal information and digital activity. The most sophisticated data usage is by Inbound

Optimizer and Constant Communicator use cases which use a combination of behavioral, preference, and demographic data collected from many (often disparate) sources, in order to deliver the most relevant messages at the right time, on the right channel.

Creating a customer journey is the best way to put customer data to work. A data-based map of the different stages of a customer journey provides a space to conceptualize and automate digital marketing tactics, based on their actions. This enables the design of “next-best moves,” or of tactical moves that dictate automated tactics, e.g. when to send a personalized email, or what to do if the customer abandons a cart.

These tactics are designed to provide the best possible experience to a customer or prospect on the digital channels of communication, while also moving them faster along the funnel to purchase. The key is to understand which data signal is relevant at which point in the journey, and program the technology to call on the right data source at the right time.

Success Driver 3: High quality, customized, digital content

To bring the next-best-move strategy to life, content must be created that is both high quality, but also highly relevant to the customer, depending on the state of mind they are in. Messaging and visuals need to reflect the immediate need of the customer at the moment they receive the content, which means tapping the right sources of data to inform personalization.

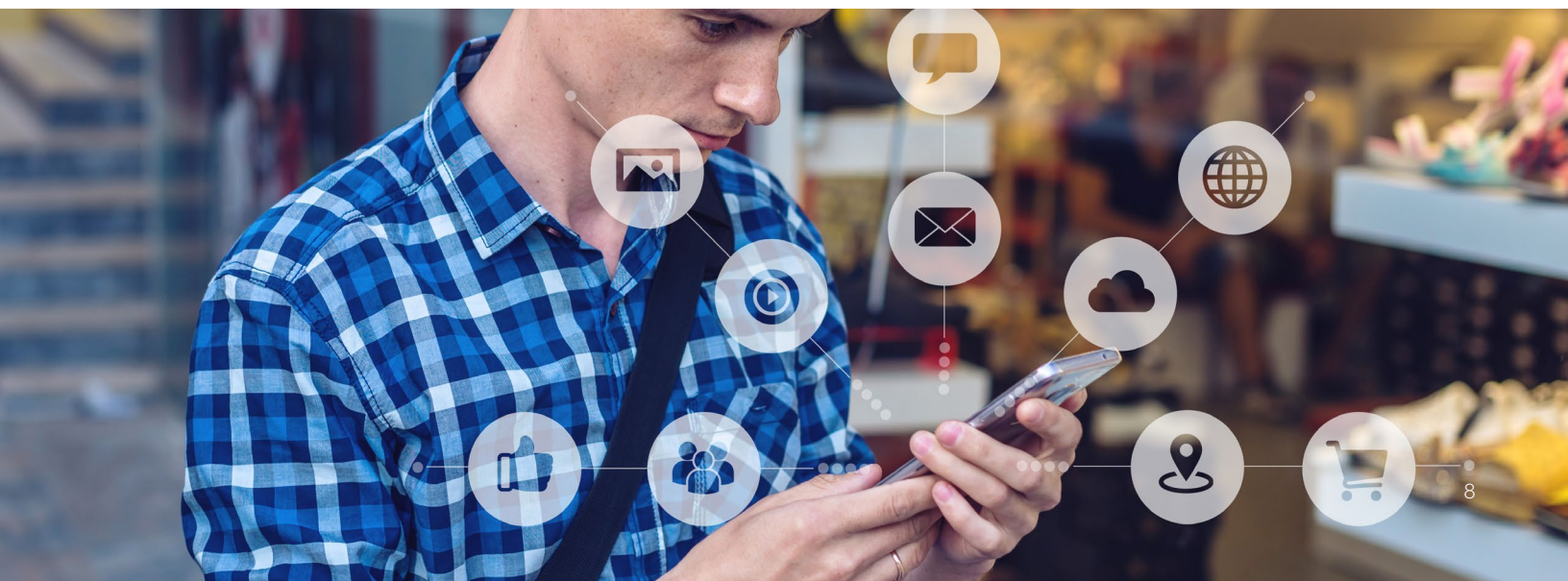
In Brandvertiser use cases, this content can be customized according to the different demographic groups they are designed to reach, but for Relationship Builders, the content needs to be provide value specific to the customer's needs. The Inbound Optimizer use case can experience success by customizing content according to historical buying or browsing behavior, while Constant Communicators must be able to create personalized content in real-time, based on data that changes from minute to minute.

Just under half of the companies (42%) surveyed in a study on digital content say they can create personalized content based on customer data, and they are using a variety of data sources to do it. Web analytics is the most popular source, but other sources such as CRM platforms and third-party databases are also being increasingly used in the content creation process.¹

Success Driver 4: Ability to operate on next-gen digital channels

The digital channels once considered “next-gen” (i.e. websites, social media and mobile) are now considered basic, and marketing teams must evolve to communicate on the digital communication channels of the future. These include chatbots, smart voice devices such as Alexa, virtual reality headsets, and connected products, i.e. the Internet of Things. It also includes blended physical and digital environments, such as Beacon devices in stores, digital billboards and “smart” shopping aisles.

This need for channel innovation is especially true for Inbound Optimizer and Constant Communicator use cases, which are more likely to have customers communicating and using next-gen channels, and hence, must adapt their content formats, back-end technology, and data harnessing capabilities to operate in these new environments.



Success Driver 5: An integrated data and marketing tools stack

Another piece of the puzzle is having the right technology tools and data architecture in place to execute on types of use cases that have been identified through strategy. Here is where clustering use-cases into archetypes is especially helpful, as each archetype emphasizes a somewhat different toolset needed for effective execution.

Broadly speaking, every modern digital marketing stack should be able to perform the following four actions:

- Engage customers on multiple digital channels
- Store data generated by those interactions in a central place
- Generate insights from the interaction data
- Create and deliver relevant content/ experiences based on data insights

While the basic requirements remain the same, the components of the stack vary somewhat by use-case archetype. The final selection is dictated by how many channels will be used, and how many data sources will be tapped for insights.

Figure 3 shows the different martech tools recommended for each archetype.

Figure 3: Tool Recommendations by Archetype

← INCREASING LEVEL OF DIGITAL SOPHISTICATION →				
Archetype	Brandvertiser	Relationship Builder	Inbound Optimizer	Constant Communicator
Use Cases	<ul style="list-style-type: none"> • Brand building • Go-to-Market (new product) • Product ramp/growth 	<ul style="list-style-type: none"> • New customer acquisition • Customer value growth • Sales force and channel enablement 	<ul style="list-style-type: none"> • Digital Commerce 	<ul style="list-style-type: none"> • Digital Experience • Digital Marketing Services
Success Factors	<ul style="list-style-type: none"> • Budget for paid messaging at scale • Scaled production of engaging content • Demographic data • Budget for paid messaging at scale • Scaled production of engaging content • Demographic data 	<ul style="list-style-type: none"> • Prospect persona, scoring and journey data • Digital customization of content • In-product messaging capability • Product usage data • Marketing and sales software and teams collaboration • Automated content delivery and availability to sales team 	<ul style="list-style-type: none"> • Personalization of content and experience on commerce platforms • Recording of customer historical behavior, product preferences and real-time activity 	<ul style="list-style-type: none"> • Ability to collect, store and analyze data beyond owned channels and marketing department • Ability to message customers on marketing channels as well as products. • Data sharing capabilities outside marketing
Key martech tools	<ul style="list-style-type: none"> • Programmatic advertising • Digital asset management • Social media listening, publishing and advertising • Third party customer database 	<ul style="list-style-type: none"> • Email marketing/ marketing automation platform • CRM system • Digital asset management • Social media listening, publishing and advertising 	<ul style="list-style-type: none"> • Web/Mobile CMS • Web/Mobile analytics • Web/Mobile experience personalization • Social media listening, publishing and advertising • Email marketing • Web commerce 	<ul style="list-style-type: none"> • Multi-channel customer data platform • Multi-channel marketing suite (Email, mobile, social, web, IoT) • Real-time messaging and notifications • Commerce and marketing integration platform

For Brandvertiser use cases, the goal is increased reach and awareness, and so the marketing stack needs to create and distribute content at a mass scale, making tools with strong advertising and creative-asset management features essential. However, since the customer data used is mostly demographic, the data analysis doesn't need to be as sophisticated.

For Inbound Optimizer use cases, top priorities include ensuring customers have frictionless interactions and aesthetically-pleasing experiences on its owned channels, namely the website and/or mobile apps. That requires top-notch tools for web/app management, digital asset management, personalization, and analytics. They also must have tight integrations with commerce and service platforms so customer experiences are consistent across sales, service, and marketing-managed activities.

Much like Inbound Optimizer, Relationship Builder use cases need tools to manage content on their website, but also deliver it through channels such as email and social media. Content could include research, whitepapers, community forums, or blogs that need to be housed and accessed in a seamless way through digital tools. Unlike Brandvertiser, the content isn't delivered to a mass audience but is personalized for an individual or a few people in a targeted group, and delivered at a slower pace, with the goal of nurturing prospects, and establishing credibility as a useful partner.

Those focused on Constant Communicator use cases should invest in martech platforms with strengths in real-time messaging or notifications. In particular, the platforms should enable a company to reach customers on the channel they prefer for the context of those interactions. For example, private communications for resolving a case or conflict can happen by email, whereas high-

level customer service can be accomplished through social media. The key is to draw from a single source of customer data so the experience isn't fragmented across different channels. Additionally, that source of customer data must be able to ingest information from other departments outside marketing (such as sales or service) in order to service the full spectrum of customer communication needs.

Success Driver 6: People

Having the right skills and talent is perhaps the most crucial element of success in a digital marketing organization. The previous success drivers cannot be implemented without the right people to execute on them.

The most obvious hires are the people who can actually operate the martech tools and platforms required by the specific use cases. These specialists run the digital marketing engine and monitor day to day results and optimize as needed. But increasingly, we're seeing a need for managers and strategists who can design and orchestrate a campaign across multiple channels. These individuals must build relationships across multiple teams, and working knowledge or analytics, platform capabilities, and creative oversight.

Finally, the importance of the right leadership cannot be overstated. Leaders decide the goals, evaluate the metrics, fund projects and clear obstacles for their teams. Their support, and deep understanding of the new capabilities of marketing is vital to the success of any digital marketing operation.

ENDNOTES

¹ “The 2018 State of Digital Content”, Altimeter, October 2018, <https://marketing.prophet.com/acton/media/33865/altimeter-state-of-digital-content-2018>

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Omar Akhtar is a digital marketing analyst at Altimeter, a Prophet Company, where he publishes research and advises companies on digital marketing innovation.

His research reports include industry benchmarks, maturity models, and guides for content strategy, marketing technology and data-driven personalization.

Omar has frequently served as a moderator and speaker in conferences and panel discussions on the above topics, and has been quoted as a technology expert in leading publications, including *National Public Radio*, *CNET*, *Forbes*, *Digiday*, *TechCrunch*, and the *San Francisco Chronicle*.

Omar holds a masters degree in journalism from Columbia University and was formerly the editor-in-chief of the digital marketing blog The Hub Comms. He was also a writer for Direct Marketing News, PRWeek, Fortune Magazine and The Brooklyn Ink.

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Ted is a senior partner at Prophet in San Francisco. For over 20 years he has helped clients develop and implement profitable growth strategies. Ted’s expertise includes business model innovation, product innovation, marketing, and sales strategies, plus the organizational requirements and implications of growth.

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