

**2018 LEADERSHIP PERSPECTIVES**

# Leveraging Data and Technology to Drive Marketing Success

# THE LEADERSHIP CHALLENGE

## How will marketing leaders navigate the next wave of tech?

In a few short years, technology has transformed the marketing function. For organizations of every size and in every sector, automation, digital communications, and powerful data analytics have placed incredible capabilities within reach.

In 2018, marketing data and technology, once so new and untested, have reached a level of maturity. The excitement of that first wave of innovations has subsided, and marketing automation and data-driven decision making are now table stakes for virtually any marketing department.

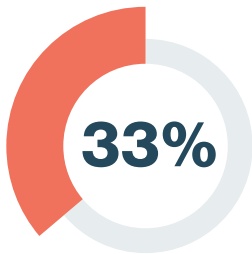
On the horizon, the next wave of innovation is gathering speed, and standing still is not an option. Predictive analytics, AI, and data lakes are now part of the conversation, and marketers must once again gear up to make tough choices about where to dedicate their energies.

The prospect is likely to arouse both apprehension and exhilaration. But marketers who are ready to step up and embrace change will reap significant rewards as they lead not only their own department but the entire organization in becoming truly customer-centric.

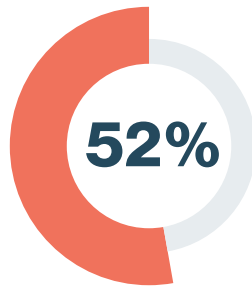
### Are today's marketing leaders prepared to tackle the challenge?

In partnership with Ascend2, DemandLab surveyed 96 marketing decision makers to explore their perspectives on marketing data and technology, examine their top priorities, and uncover some of the transformative opportunities that may be hiding in plain sight.

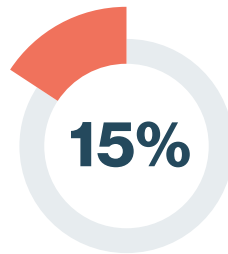
## WHO PARTICIPATED:



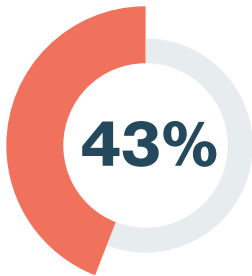
**Enterprise**  
(500+ employees)



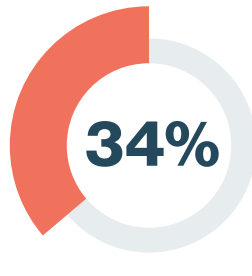
**SMB**  
(50 - 500 employees)



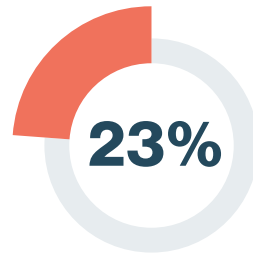
**Micro-Business**  
(50- employees)



**B2B**



**B2C**



**B2B/B2C**



**Manager/Director/VP**

## KEY TAKEAWAYS:

**DATA DRIVES DECISIONS.** 53% cite using data analytics for decision making as a top priority.

**OPTIMISM IS HIGH.** 76% consider their marketing data and technology strategy to be somewhat or very successful.

**INTEGRATION LAGS.** 50% identify integrating data across more technologies as their biggest challenge.

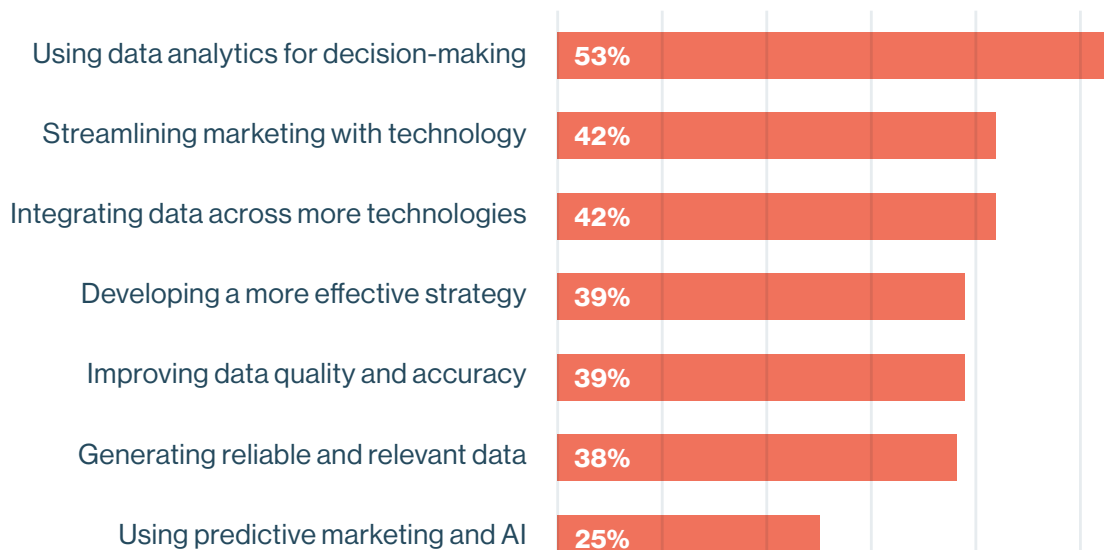
**THE MOOD IS CAUTIOUS.** Only 25% are focused on next-wave innovations such as predictive marketing and AI.

## PLAYING IT SAFE

### Marketing leaders' priorities reflect a conservative risk profile.

When asked about their top strategic priorities, more than half of marketing leaders cited the use of data analytics for decision making. Using technology to streamline marketing operations and integrating data across more technologies also topped the list. Advanced applications of marketing data and technology, such as predictive marketing and AI, were far less frequently cited, with only 25% of marketing leaders identifying these areas as a top priority.

#### What are the top priorities for a marketing data and technology strategy?



### What does this tell us?

“The response suggests that marketing leaders are playing it safe with their marketing strategies. Using data to drive better decisions, leveraging technology to streamline operations, and focusing on data integration are all good plays, but they’re also safe plays. There’s nothing wrong with playing it safe, but **ideally, marketers will also be taking calculated risks by rolling out proof of concepts to explore the value and impact of new technologies**—something more and more of our clients are asking us to help them with.”

A 2017 study conducted by EY and Forbes corroborates this analysis. The study found that organizations that have maximized the potential of advanced analytics, such as predictive analytics and AI, tend to be top performers, yet many organizations have yet to implement these strategies.<sup>1</sup>

<sup>1</sup> Forbes Insights, [Data & Advanced Analytics: High Stakes, High Rewards](#), 2017.

# THE TALENT GAP

## Technology-driven marketing needs a new approach to talent.

Marketing leaders recognize that technology is a priority, but to realize the potential, they may need to rethink their talent requirements.

The 2017 EY/Forbes study demonstrated that top-performing organizations were those that were leading the way in advanced martech, but it also showed that CMOs lagged behind their executive peers in their approach to data: only 54% of CMOs reported that their teams were effective at designing data and analytics initiatives, compared to 71% of CIOs and CTOs, 67% of CEOs and COOs, and 56% of Chief Data Officers.<sup>2</sup>

This suggests that marketing leaders need to focus on acquiring technology skills as much as acquiring technologies. The role of “marketing technologist” didn’t even exist five years ago, and the people who combine marketing savvy with technical acumen are still few and far between.

To leverage technology successfully, marketing leaders need to actively seek out ways to enhance their access to technology talent, including martech solutions engineers, data scientists, and systems architects. For tips on how to strengthen the tech talent on your team, download DemandLab’s complimentary ebook, *Change Agents: The Radical Role of Tomorrow’s CMO*.

**78% of marketers say understanding marketing technology is a critical skill for senior marketers**

**70% of marketers have a person on their team who focuses on marketing technology**

**Only 8% of marketers think a dedicated martech staffer is unnecessary<sup>3</sup>**

“ We have so many different pieces of technology and they seem to be bought off as one-offs to fix individual problems. ”

- Director, Interactive Marketing, Logistics

<sup>2</sup> Forbes Insights, *Data & Advanced Analytics: High Stakes, High Rewards*, 2017.

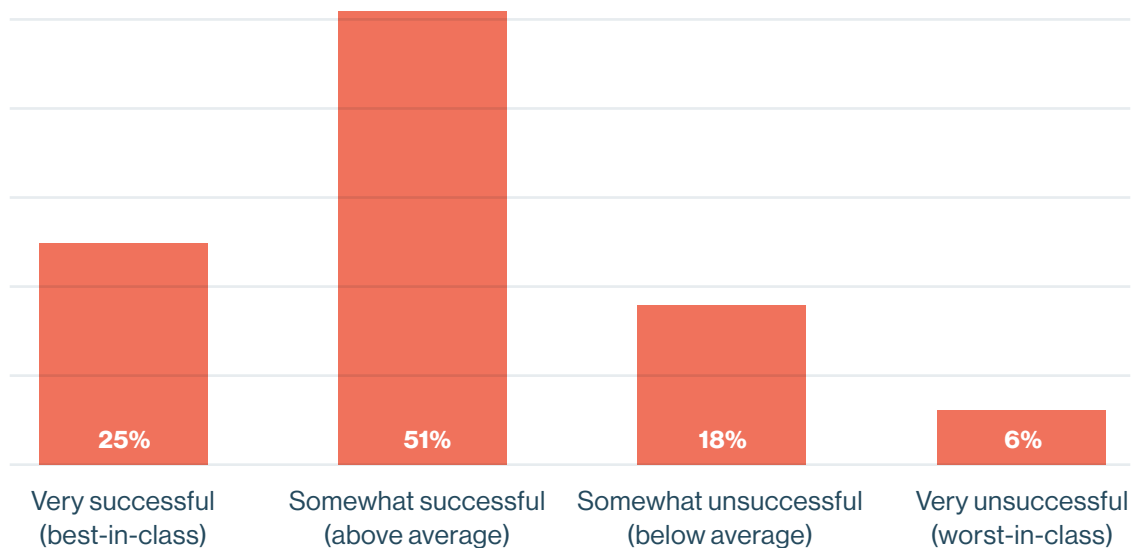
<sup>3</sup> DataXu, *Modernizing the Mix: Transforming Marketing Through Technology and Analytics*, 2016.

## MARTECH MATURES

### As technology matures, complacency is the greatest risk.

While more than three-quarters of marketing decision makers reported that their marketing data and technology strategy was performing above the industry average, only 24% of respondents considered themselves to be very successful.

#### How successful is your marketing data and technology strategy at achieving the top priorities?



### What does this tell us?

"These numbers reflect a martech landscape that has matured significantly over the past few years. We're seeing the playing field level out as a critical mass of marketers have now integrated marketing data and technology into their core operations. **However, marketing leaders need to challenge complacency to stay ahead of the next wave of innovation.**"

In *Crossing the Chasm*, Geoffrey A. Moore examined the technology adoption lifecycle and identified the "chasm" that stretches between early adopters and the mainstream. In our view, martech has now crossed the chasm and reached market maturity, with all but the most laggardly marketing departments now actively building—and benefiting from—standard marketing technologies such as CRMs and marketing automation.

Automation and analytics were once a sign of true marketing innovation: now they are simply business as usual. Similarly, prospects and customers used to be dazzled by personalization and interactivity: now these experiences are part of the baseline expectation.

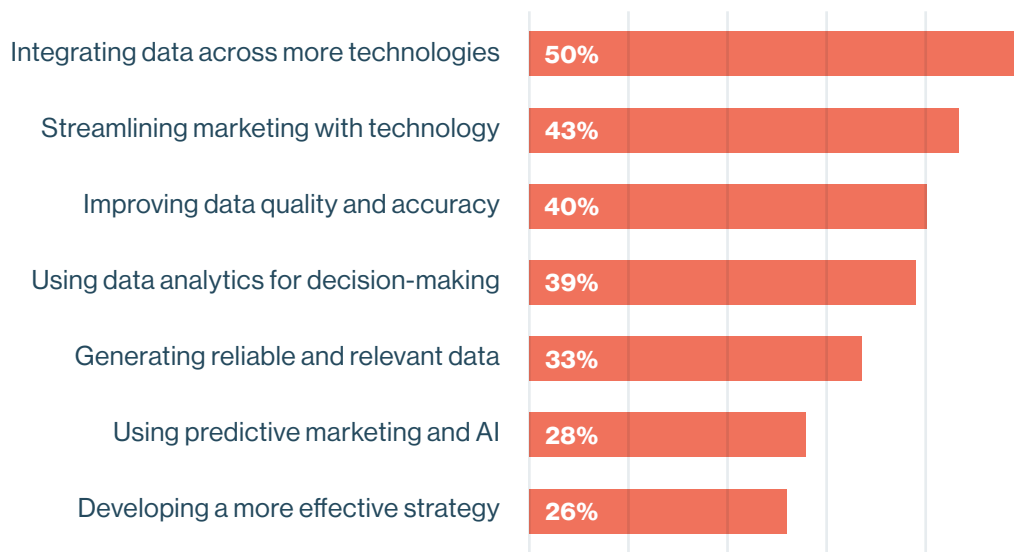
To continue building on their market advantage, businesses need to ensure that they stay ahead of the curve by exploring predictive analytics and AI, building data lakes, and tackling data governance. This constitutes the next wave of martech, and it will reach us sooner than we think.

## INTEGRATION IS ELUSIVE

### The proliferation of technologies makes integration a top pain point.

Integrating data across more technologies has created a barrier to success for half of all marketing leaders surveyed. Streamlining marketing and improving data quality and accuracy round out the top three challenges that marketers face.

#### What are the most challenging barriers to marketing data and technology success?



### What does this tell us?

“Streamlined operations, together with data integration, quality, and accuracy, are the fundamentals of a healthy marketing data and technology strategy. They’re not easy goals to achieve, but the fact that so many **marketers still struggle in these areas suggests that marketing maturity levels may not be as advanced as we think.**”

Without the ability to fully integrate customer data, no organization can become truly customer-centric. When data is fragmented across multiple platforms and business units, it’s impossible to develop a 360-degree view of the customer and support that customer’s journey.

For example, a Forrester study (gated) that was commissioned by Google in 2016 found that marketers with integrated tools were more likely to outperform revenue goals, and those with a complete marketing analytics stack of five or more tools were 39% more likely to see improvement in the overall performance of their marketing programs.<sup>5</sup>

<sup>5</sup> Google/Forrester, [Discover How Marketing Analytics Increases Business Performance](#), 2016.

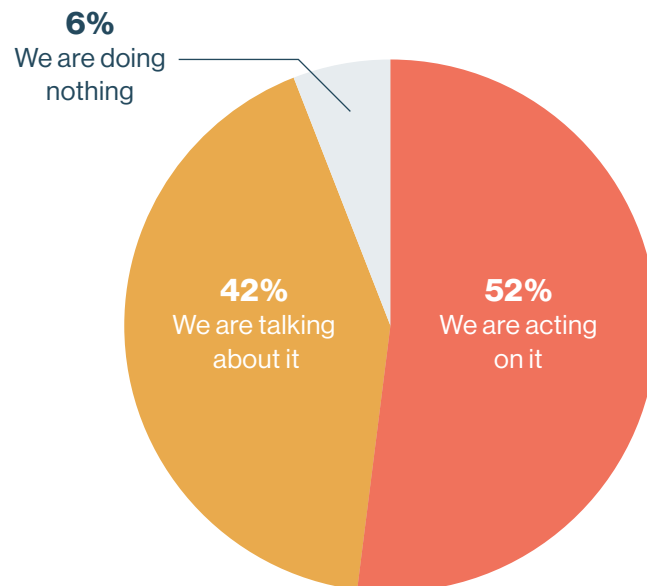
## LESS TALK, MORE ACTION

### Nearly half of marketing leaders have yet to tackle integration.

While data integration is at the top of the priority list for marketing, a surprisingly large number of marketing leaders have yet to take action.

Survey results showed that only 52% of marketing leaders are currently taking action to address their top barrier to success, while 48% are either talking about it or doing nothing about it.

### Which best describes how integrating data across marketing technologies is occurring?



### What does this tell us?

**“Not enough marketing leaders are aligning their actions with their top priorities.** Using data analytics for decision making was identified as the top priority for 53% of respondents, yet close to half of them still don’t have a plan in place for enhancing data integration.”

Integrating data may be a top challenge, but the longer marketers delay, the more difficult the situation will become. As the marketing stack grows, so does the pain, and the speed of technology adoption and proliferation is accelerating.

The solution is to **think in terms of lakes, not bridges.** The reality is that today’s rapidly evolving, multi-vendor stack is unlikely to integrate perfectly any time soon. But in the meantime, building a **data lake** can help marketers sidestep the lack of integration across marketing platforms by consolidating siloed data into a single source that is cleaned, tagged, and schematized to enable cross-platform analytics and insight.

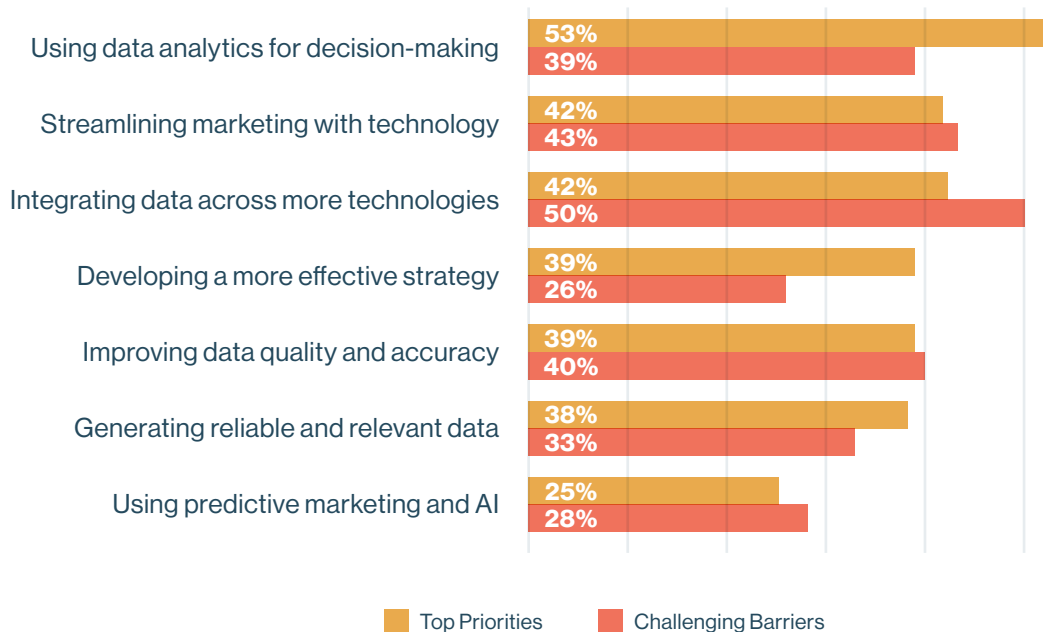


## STRATEGIC “BIG THREE”

### Marketers are focused on data analytics, strategy, and generation.

Survey responses indicate that there are three marketing priorities that are perceived to present the lowest barriers to success: using analytics for decision making, developing a more effective strategy, and generating reliable and relevant data.

#### How do the top priorities and most challenging barriers for marketing data and technology compare?



### What does this tell us?

“The response from marketing leaders suggests that they may be at risk of putting off data integration, and that may come back to haunt them. **To become truly customer-centric, we need to move data integration to the top of the to-do list.**”

Marketing leaders are more likely to undertake a specific marketing data and technology strategy when it offers a higher return and requires a lower level of effort. However, this may not be the most effective path to success.

A sophisticated customer journey takes place across multiple channels and platforms. If we can’t consolidate that data, we are left with a fragmented and incomplete understanding of our customer and a disconnected customer journey. This breaks the promise of “right message, right time, to the right person.”

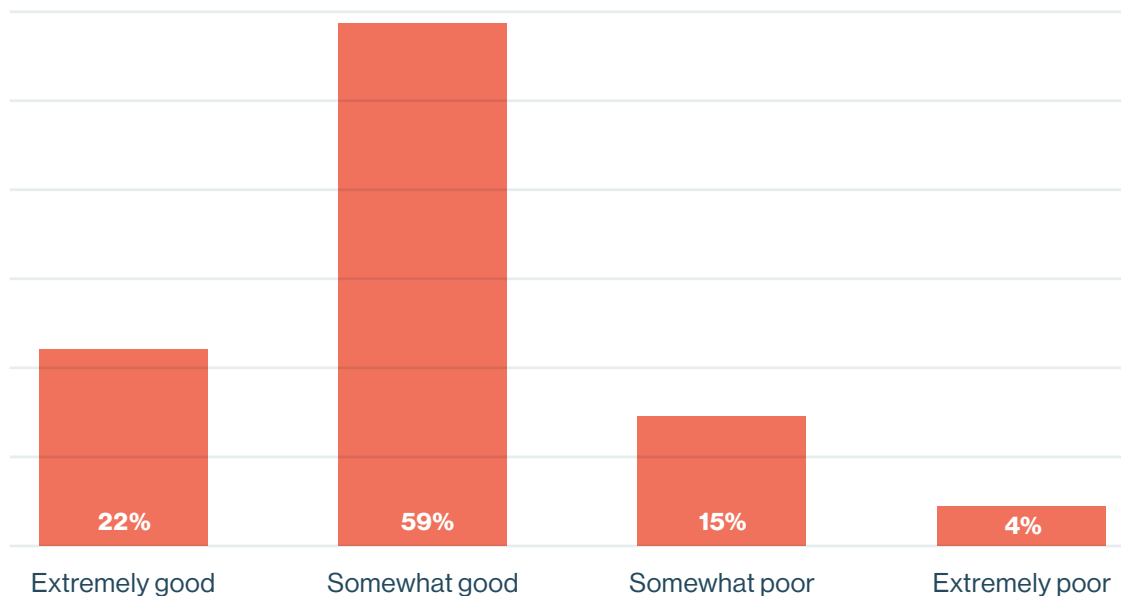
While data integration is seen as the most challenging area, it is also integral to the task of building a 360-degree view of the customer and creating a seamless customer journey.

## THE “SOMEWHAT GOOD” BULGE

### Few marketers fully stand behind their data quality and accuracy.

With 40% of marketing leaders identifying the improvement of data quality and accuracy as one of their top challenges, it's no surprise that only 22% of respondents described their data as “extremely good” in this regard.

#### Which best describes the quality and accuracy of data currently used for marketing purposes?



### What does this tell us?

“These responses indicate that the vast majority of marketers are at a point where the quality and accuracy of their data doesn't significantly hinder their marketing efforts, but it may not be ready to adequately support them. **‘Somewhat good’ is not a good place to be when your competitors are using data to actively expand their market share.**”

In a data-driven world, every marketing leader should be motivated to shift their performance into the top quartile for data quality and accuracy, because these data issues significantly increase marketing costs. According to Experian, 91 percent of respondents believe revenue is affected by inaccurate data in terms of wasted resources, lost productivity, or wasted marketing and communications spend.<sup>6</sup>

Bad data reduces marketing reach and effectiveness, too. An Eloqua report showed that companies with consistent data hygiene processes generate 700% more inquiries and 400% more leads than companies that don't.<sup>7</sup>

<sup>6</sup> Experian, *The Data Quality Benchmark Report*, 2015.

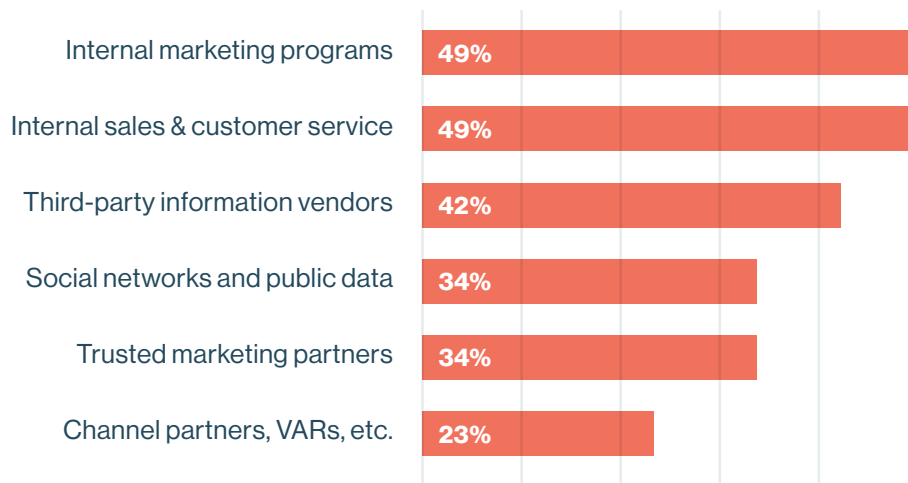
<sup>7</sup> Eloqua, *Marketing Automation Trends, Benchmarks, and Best Practices*, 2011.

## MISSED OPPORTUNITIES

### Marketers need to re-examine the value of external data.

Survey respondents placed internal sources of data highest on the list of effective data sources. Internal marketing programs and internal sales and customer service were each considered to be effective by 49% of marketing leaders. External marketing sources ranked lower on the list, with channel partners and VARs trailing the list at 23%.

#### What are the most effective sources of marketing data used?



### What does this tell us?

“The majority of marketers are relying on internal data to drive strategy, and while that’s valuable, it’s only going to get them so far. **Discontinuous growth—those giant leaps forward—happen when you’re able to tap into the potential of external data sources.**”

Internal systems and the data they generate are ultimately finite, and while there is always room for improvement in the way the data is collected and used, those incremental improvements are likely to yield marginal increases in the effectiveness of marketing operations.

To accelerate the process, re-examine the opportunities that external data sources offer. There is a wealth of customer insight to be gleaned from social networks, Google Analytics, and contact data enrichment solutions.

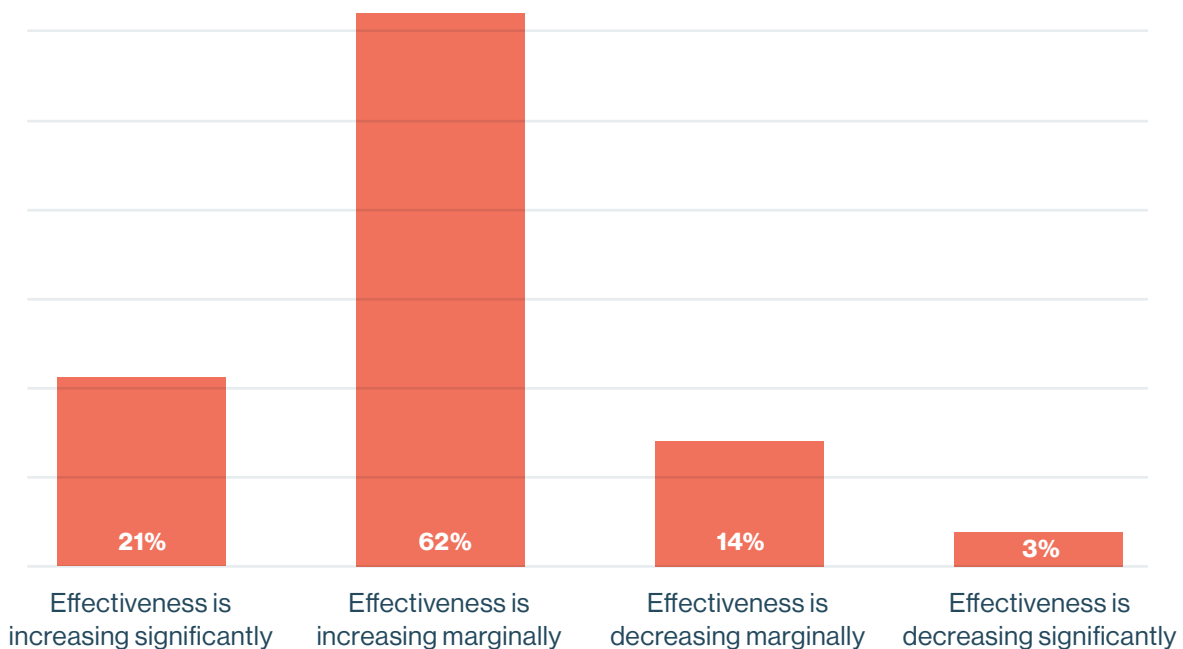
The data sources at the bottom of the list—trusted marketing partners and channel partners and VARs—could present a missed opportunity with enormous potential for database growth and customer insight.

## CALM BEFORE THE STORM

### Data effectiveness is improving, but marketers must stay vigilant.

The vast majority of respondents (83%) reported that the effectiveness of marketing data is increasing. However, only 21% say that the increase is significant.

#### How is effectiveness changing for the marketing data used?



### What does this tell us?

“Clearly, **marketing leaders are seeing returns on their investment in marketing data and technology, and that’s a good-news story.** Now we need to protect that investment with wise stewardship and more stringent data-management practices.”

The same distinctive bulge that characterized the responses around marketing data and technology success is evident in the responses around data effectiveness. The majority of marketing leaders report seeing moderate or incrementally positive results in both areas, with a minority reporting that they are achieving optimal performance levels.

The maturation of marketing automation may be a large part of the reason behind the improvements of effectiveness. The ability to segment communications and deliver real-time personalization has enabled a large contingent of marketers to see a significantly greater return on their investment in this foundational marketing technology.

# TIME IS NOT ON OUR SIDE

## Many marketers overestimate their data's lifespan.

For marketers who are seeing diminishing returns on their data, the issue may be caused by inadequate controls around data quality and control.

According to a DiscoverOrg study, data degrades far more rapidly than many marketers may think.

### Every year...

- 20% of postal addresses change
- 18% of phone numbers change
- 21% of CEOs move on
- 25-33% of email addresses become outdated
- 60% of people change job functions<sup>8</sup>

The key is to develop processes for continually updating the data and protecting it from the issues that can degrade effectiveness over time.

- Do you have data governance processes in place for preventing poor-quality data from entering the system for all of your sources?
- Do you have processes in place for auditing the quality of the data and its distribution?
- Do you have plans in place to ensure that you are able to maintain data quality as your marketing operations scale?
- Do you have a plan to mitigate the impact of turnover on departmental knowledge resources?

“ There are now AI platforms out there that will start to tell you which email to send to which person, when, and why. I think we will soon be executing marketing campaigns through an AI box. ”

- Director, Marketing and Recruitment, Higher Education

<sup>8</sup> DiscoverOrg, [The High Cost of Bad Data](#), 2014.

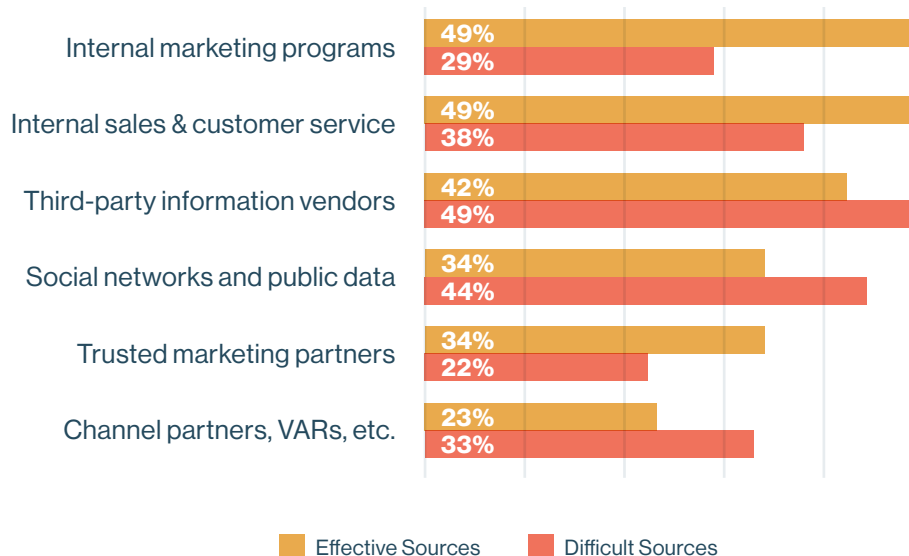
## REACHING THE NEXT LEVEL

### Marketers have clear opportunities to enhance data effectiveness.

Marketing leaders identified the data from internal marketing programs, internal sales and customer service, and trusted marketing partners as having the most positive ratio of effectiveness to accessibility.

Data from third-party information vendors, social networks and public data, and channel partners and VARs were considered to deliver less effectiveness when compared against accessibility.

#### How does data effectiveness and data difficulty compare?



### What does this tell us?

“Internal sources offer low-barrier, high-value data and should be exploited to their full potential. However, **marketers should also be pushing through the pain and tapping into external sources**, with third-party information vendors topping the list.”



**Building a seamless customer journey is something that’s near and dear to me, but I’ve just never been able to crack the code from an organization perspective.**



- VP Marketing, Fintech

# TIME TO LEAD A DIGITAL TRANSFORMATION

## A new era for data-driven, customer-centric marketing leadership.

The first wave of data- and technology-driven marketing has come and gone, as these survey results confirm. The majority of today's marketing leaders are on the path towards confident, data-driven decision making.

As a result, the playing field has leveled, and the competitive advantages enjoyed by early adopters has eroded as first-wave innovations have become business as usual.

### Here comes the second wave.

As recent as that first wave may seem, the second wave of innovation is now gathering speed, and marketing leaders need to brace for impact.

Data analytics and automation—once at the fringes of advanced marketing practice—are now part of every marketer's toolkit.

And while operational competencies, such as the ability to integrate data across platforms and streamline marketing, are essential to marketing's performance today and should top every marketer's priority list, marketers who focus exclusively on these areas risk losing their competitive advantage.

Soon data lakes, AI, and predictive marketing will become part of the toolkit too, and the 25% of marketing leaders who are focused on these vanguard capabilities are most likely to become tomorrow's best-in-class performers.

### Managers optimize. Leaders change.

To lead effectively, marketing leaders must go beyond the "managerial mindset" of optimization and good stewardship to embrace change and accept an element of risk. Now is the time to look beyond the gains accrued during the first wave of martech and focus on the people, processes, technologies, and data required to ride the next wave to success.

### Build a framework for change.

Change isn't easy, but with a structured process in place to guide the journey, it's far from impossible. If you're interested in leading a digital transformation in your organization, we invite you to download **Change Agents: The Radical Role of Tomorrow's CMO**, an ebook designed to provide marketing leaders with the tools they need to achieve success in a customer-centric world.

## RESEARCH PARTNERS



DemandLab is an award-winning, technology-focused marketing consultancy that accelerates revenue for its clients by aligning marketing, sales, and customer success. Our Revenue Ecosystem™ provides a framework to guide the development of digital architectures, data science and analytics, and end-to-end customer journeys.

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