

Chapter One: The State of Digital Marketing Nation

So, when you look around, talk to your customers and review your current marketing initiatives, where do you think we are today in the practice of marketing? The vast majority of marketing professionals out there, especially those who are reading this book, have a good read on the current state of digital marketing, so I'll provide a cursory overview. But I do think its important to set up the wider discussion and layout the current state of things so we can have some context and a starting point for everything else that follows in the upcoming chapters of *Future Marketing*. As the saying goes, how can we know where we're going if we don't know where we've been?

Keeping in mind the historical context will be important as we move forward in the coming years with such massive change to the status quo. And that is what's so important to understand: *that things will change faster now* and we need to think of the *larger picture and overall strategy* in addition to the tactical stuff. It wont be, "hey, Snap Chat looks really cool, lets see how we can integrate it into our marketing mix!" It will be: "My god, we have a hundred customers who want to create content for us in the next week, how do we manage that?" and other, even larger marketing related concerns.

The Foundational Principles of Modern Marketing

Before I discuss the current state, lets go back fifty-three years to the release of Philip Kotler's *Principles of Marketing*, the landmark book that for all intents and purposes, was the foundation of all "marketing" to come. Many of Kotler's concepts have become such an integral part of modern marketing that we have forgotten that they were ever revolutionary.

And here's the other thing: I'm guessing that half of the folks out there aren't even aware of Philip Kotler and his remarkable contribution to the study and practice of marketing. Here are a few of the marketing concepts that we all take for granted, but were first introduced by "Mr. Marketing" in 1963:

1. The idea that you need to attract customers with powerful promotional messages;
2. The idea that you should show your customers that the use of your product or service is a rational choice for them;
3. The idea that marketing research and statistics should drive all business decisions;

4. The idea that marketing is all about “the big idea;”
5. The idea that brands are king.

In 2003, the Financial Times cited Kotler's three major contributions to marketing and to management:

First, he has done more than any other writer or scholar to promote the importance of marketing, transforming it from a peripheral activity, bolted on to the more "important" work of production. Second, he continued a trend started by Peter Drucker, shifting emphasis away from price and distribution to a greater focus on meeting customers' needs and on the benefits received from a product or service. Third, he has broadened the concept of marketing from mere selling to a more general process of communication and exchange, and has shown how marketing can be extended and applied to charities, political parties and many other non-commercial situations.ⁱ

As you make your way through the chapters of *Future Marketing*, keep this all in mind. Besides the fact that Kotler’s teachings are important to know just for general marketing knowledge and to understand the context, I’ll show how the coming years of change will upend some of what he taught in *Principles of Marketing*.

The fact is, things will be changing so fast and there will be so many decisions to consider, that the idea of “principles” really goes away. Instead, it will be “options” or “choices”. In fact, his next edition of the book should maybe be titled, *Exploration of Marketing Decisions for a Changing World*. Of course, there will be some key tenants or principles in the future marketing practice, but the jury is out on what those will be exactly. My personal feeling is there will be lots of dependencies on the principles. Are you B2B or B2C or P2P? Are you a startup, SMB or large enterprise? Are you for profit or non-profit? You get the idea.

2016 Benchmarks, Budgets & Trends – B2B Content Marketing

Every year, Content Marketing Institute (CMI) and Marketing Profs combine forces for their “Benchmarks, Budgets & Trends – B2B Content Marketing” Reportⁱⁱ. It always provides a wealth of great information and insight and this years report is no exception. A total of 3,714 recipients from around the globe—representing a full range of industries, functional areas, and company sizes—completed the survey during July and August 2015.

As I believe that content marketing *is* digital marketing, it’s important to include the latest information here in *Future Marketing*. As well, according to a recent Gartner surveyⁱⁱⁱ, 98% of marketers no longer see digital as a distinct approach from other marketing practices. Digital marketing is now the context for *all* marketing.

In addition, the majority of my readers are in the B2B area, so I wanted to provide relevant data that's pertinent to your day-to-day operations. As B2C folks will see, there is quite a bit of overlap and applicable points in this report. I encourage you to read the full study on the CMI website.

As with the inclusion of Philip Kotler's major messages in *Principles of Marketing*, the CMI-Marketing Profs study is foundational information and will positively inform the rest of the discussion in this book.

Here are the key takeaways for 2016:

- Only 30% of B2B marketers say their organizations are effective at content marketing, down from 38% last year. Effectiveness levels are greater among respondents with documentation, clarity around success, good communication, and experience.
- 44% of B2B marketers say their organization is clear on what content marketing success or effectiveness looks like; 55% are unclear or unsure.
- 44% of B2B marketers meet daily or weekly—either in person or virtually—to discuss the progress of their content marketing program; however, the more effective the organization is at content marketing, the more often they meet.
- Fewer B2B marketers have a documented content marketing strategy compared with last year (32% vs. 35%), even though the research consistently shows that those who document their strategy are more effective in nearly all areas of content marketing.
- Respondents' content marketing maturity levels were roughly equally apportioned: approximately one-third were in the early stages; one-third, in the adolescent stage; and one-third, in the sophisticated/mature stage. In general, marketers become more effective as they gain experience, the findings show.
- B2B marketers allocate 28% of their total marketing budget, on average, to content marketing—the same percentage as last year. The most effective allocate 42%, and the most sophisticated/mature allocate 46%.
- Lead generation (85%) and sales (84%) will be the most important goals for B2B content marketers over the next 12 months.
- Over the last six years, B2B marketers have consistently cited website traffic as their most often used metric. This year, however, we also asked them to rate metrics by importance. The most important metrics are sales lead quality (87%), sales (84%), and higher conversion rates (82%).

- B2B marketers, as in years past, continue to be heavily focused on creating engaging content (72%), citing it as the top priority for their internal content creators over the next year.

The Current State of Digital Marketing

The other critical marketing report in the industry is the Salesforce “State of Marketing” report^{iv}. This is a more all-encompassing review that also includes B2C companies. For the third annual version, Salesforce Research surveyed nearly 4,000 marketing leaders worldwide to discover:

- Overall trends changing the role of marketing
- How high-performing marketing teams approach marketing intelligence and customer experience
- Key insights on primary digital marketing channels

As with *Principles of Marketing* and the CMI-MarketingProfs report, this is the final piece of the puzzle that will provide you with the current landscape overview you’ll need to get the most out of *Future Marketing*. It’s my hope that by providing the current situation, the future possibilities and a potential action plan for how you can start thinking about how your organization can begin to find a place in the future view, you’ll have all the tools you need to achieve your future objectives.

So, here are the nine key takeaways from the Salesforce *State of Marketing* report. I encourage you to read the entire study on the Salesforce website.

1. Top marketing teams win with a customer journey strategy. High-performing marketing teams are 8.8x more likely than underperformers to strongly agree that they’ve adopted a customer journey strategy as part of their overall business strategy. Successful marketers are connecting with customers in new ways across mobile, email, social, and the Web. Seventy-three percent say that a customer journey strategy has positively impacted overall customer engagement — the second biggest priority for marketers this year.

2. Top marketing teams are integrating the customer experience. Successful marketing leaders are crossing the boundaries of business units to create a single view of the customer. High-performing marketing teams are 7.7x more likely than underperformers to strongly agree they’re leading customer experience initiatives across the business — bridging the gap between marketing, sales, and service. Sixty-four percent of top teams also say they are excellent at creating a single view of the customer, versus only 4% of underperformers.

3. Top marketing teams get smart with tech adoption. To keep pace with a dynamic industry and continually make marketing communications smarter, 72% of top teams will increase

spending on marketing tools and tech in the next two years. Fifty-three percent of high performers qualify as heavy tech adopters, compared to only 7% of underperformers. Top teams are more likely to extensively use marketing analytics and predictive intelligence, among other tools.

4. Top marketing teams align with business leadership. The world's best marketing teams have buy-in from company leaders. As such, marketing budgets are more likely to be prioritized. Eighty-three percent of high performers say their executive team is completely committed to supporting the overall marketing strategy, compared to only 31% of underperformers.

5. Real-time channel orchestration strikes a chord. Leading marketers understand the value of a cross-channel approach. In fact, top teams are 3.2x more likely than underperformers to strongly agree they've integrated their social media activity into their overall marketing strategy (3.4x more likely for integrating email marketing and 5x more likely for mobile marketing). Among high performers who have integrated their digital marketing channels with their overall marketing, at least 95% rate the integrations as very effective or effective.

6. Mobile momentum hits a tipping point. From 2015 to 2016, every aspect of mobile covered in the research has risen significantly in usage. This growth encompasses both mobile as a marketing platform (such as mobile apps) and mobile as a marketing channel (such as SMS). With 98% growth in mobile app usage and 111% growth in SMS usage, a majority of marketers are now using these mainstream mobile tactics to engage customers.

7. Intelligent email is driving higher revenue. As email personalization capabilities grow more sophisticated, the channel becomes even more integral for marketers to deliver a holistic customer journey. Top teams are 4.2x more likely than underperformers to leverage predictive intelligence or data science to create personalized emails. Forty-nine percent of marketers say email is directly linked to their business' primary revenue source — a notable jump from the 20% of marketers who said the same in 2015.

8. Social sees massive ROI growth. Last year, three of the top five areas where marketers planned to increase their spending involved social outlets. Now, those investments appear to be paying off; 75% of marketing leaders report that social is generating ROI. Top teams are also 1.7x more likely than underperformers to align their social media marketing strategy with other social activities such as customer service, pursuing a more unified customer view.

9. Advertising accelerates on social platforms. Nearly two-thirds of marketers are boosting budgets for advertising on social platforms in 2016, making it the third largest area for increased investment. Among high performers, 80% will increase spending on advertising on social platforms. In order to create a unique experience based on real customer identity, 83% of top teams use customer data (e.g., email or phone data) to segment or target ads.

So there you go, an overview of the current digital marketing landscape in the fall of 2016. From real data coming from actual organizations around the world, to the trends that are positively impacting the marketing practice and creating new audiences for these organizations, you now know what's going on out there in the "real world". What's interesting for me as I've researched and written *Future Marketing*, is the stark difference between what's been discussed in this chapter and what the future holds for marketers. It's a massive – and very encouraging and exciting – difference. The opportunities for all of us are simply breathtaking.

But before we get into what marketing will be like five years and fifteen years from now, let's continue setting the stage by looking at what the current cultural, economic and societal mega trends are telling us as well as how the most popular predictions from a group of widely respected Futurists are informing the coming years of marketing.

i <http://www.business2community.com/marketing/next-ten-years-will-marketing-change-0665616#QD0EwDDslMqWfWf7.99>, 2003

ii http://contentmarketinginstitute.com/wp-content/uploads/2015/09/2016_B2B_Report_Final.pdf, 2016

iii <http://www.gartner.com/newsroom/id/3170017>, 2015

iv <https://secure2.sfdcstatic.com/assets/pdf/misc/state-of-marketing-report-2016.pdf>, 2016