

THE 2020 STATE OF DIGITAL MARKETING

Identifying Trends,
Best Practices
and Key Capabilities for
Digital Marketing Excellence

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EXECUTIVE SUMMARY

Altimeter's *2020 State of Digital Marketing* report gives marketers the latest data on how companies are using digital marketing to drive business results. It identifies and quantifies the key practices being used by companies to achieve digital marketing excellence.

Based on a survey of 476 senior digital marketers across North America, Europe, and China, the report provides key insights into what strategies, channels, and practices perform best, including how these vary across industries and regions. It also identifies trends in innovation, current technology adoption, and key metrics for measuring digital marketing success. Major insights include:

- Practices once considered innovative are now mainstream, such as personalization, testing and optimizing, and multi-factor segmentation. The next phase will be to enhance these practices with the use of artificial intelligence.
- Digital marketing continues to shift towards becoming a revenue generator, in addition to being a brand builder. Top priorities for marketers include acquiring new customers and increasing share-of-spend from existing customers.
- Digital marketers are willing to invest in capability improvements, especially in areas such as personalization and data analysis. However, they are less likely to work on structural changes such as reorganizing the marketing team or creating processes for knowledge sharing. This directly contributes to the challenge of scaling digital practices to other parts of the marketing function or lines of business. If the right organization structure and platforms for knowledge sharing are not in place, scaling innovation can stall, despite the improvements in capabilities.
- Purchasing and integrating the right software continues to be a top challenge for marketers. This directly affects their ability to collaborate with other functions effectively, as well as the rate at which they can implement and master innovative digital practices.
- Marketing transformation plans are continuing and even accelerating in the wake of the COVID-19 pandemic. However spending on digital has become polarized in 2020, with some companies sharply reducing spend and other increasing budgets in response to the pandemic.
- Marketing collaboration with sales has steadily improved and is expected to increase even more in the next few years. Other areas of increased collaboration are with the product and comms teams. This means collaborating on designing campaigns, sharing customer data and creating unified goals for the customer-facing part of the organization.

KEY FINDINGS

1. Acquiring new customers (40%) and increasing revenue from current customers (39%) are the top objectives for digital marketers.
2. Top improvement priorities for digital marketers are more effective personalization (52%), better segmentation (42%) and optimized owned channel performance (37%).
3. Fifty-two percent of companies rated technology integration as their top digital marketing challenge, followed by hiring the right talent (51%) and scaling innovation to other parts of the organization (49%).
4. Despite the impact of the COVID-19 pandemic, most marketers (56%) are continuing transformation plans, with 22% even accelerating them in response to the pandemic.
5. Ninety-five percent of companies are able to personalize messaging and experiences in some form based on customer data, with almost a fifth utilizing AI-driven predictive analytics to do so.
6. Data analysis (42%) and marketing automation expertise (39%) are the most desired skills for new hires.
7. Microsoft (26%) narrowly beat Salesforce (25%), Oracle (13%) and Adobe (10%) as the leading primary martech platform for most marketing teams.



GOALS, RESOURCES AND CHALLENGES

Digital marketers are now tasked with an ever increasing number of goals that span the entire length of the marketing funnel. Thankfully, as the demands on digital marketers have grown, so have their resources, with companies increasingly diverting their budgets towards digital skills, technologies and processes. The key challenge then becomes determining how to use those resources, and apply them to the digital marketing priorities that will have the biggest impact on the chosen goals.

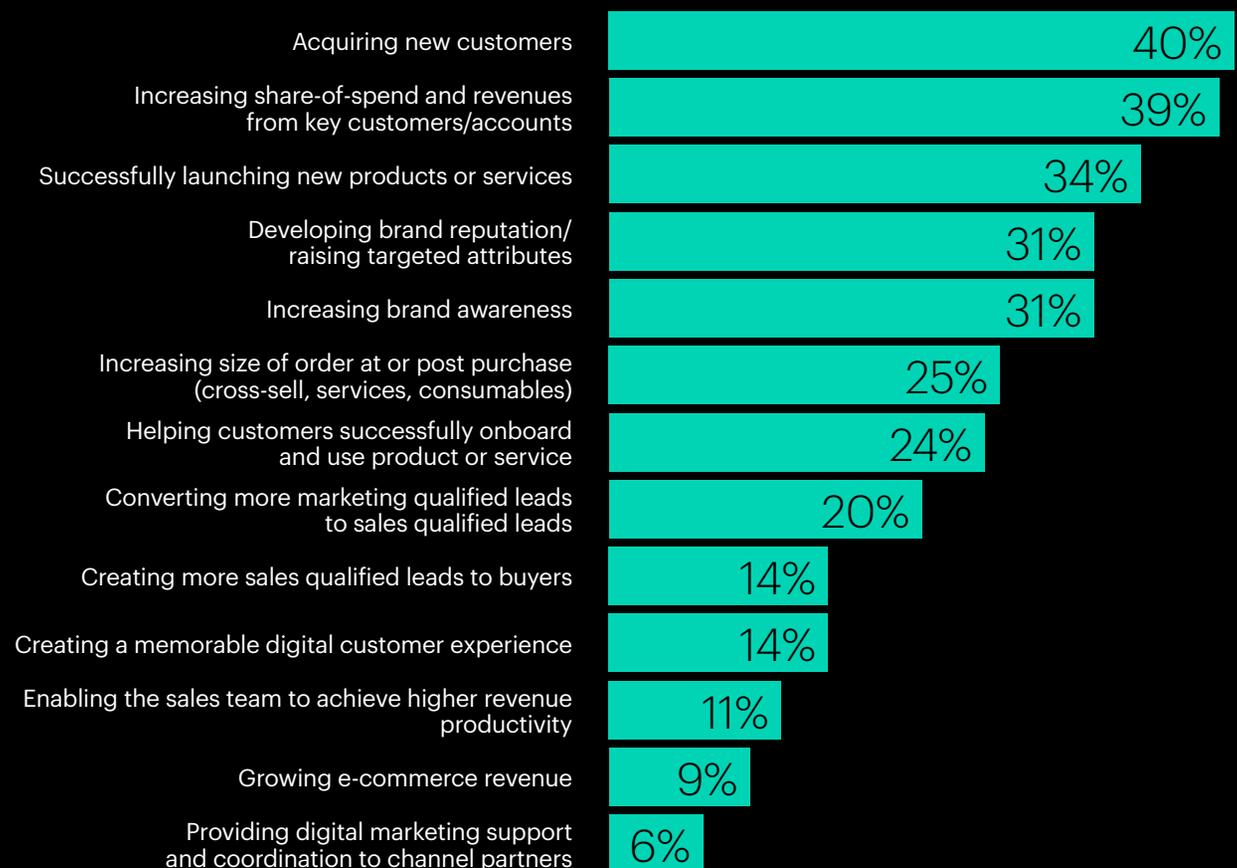
ACQUIRING NEW CUSTOMERS AND INCREASING REVENUE FROM CURRENT CUSTOMERS ARE THE TOP OBJECTIVES

As we look at the range of digital marketing objectives, it's no surprise that the ones positively impacting revenue are the top priorities. Acquiring new customers (40%), and increasing revenue from existing customers (39%) have a direct, measurable impact on a company's bottom line, and marketers are increasingly being measured on their ability to deliver on both.

A third of respondents still include traditional objectives such as brand and product awareness, showing that these priorities are still relevant and haven't been replaced. Instead, marketers are simply being tasked with more.

Interestingly, only 14% prioritized customer experience as a top objective. This suggests that ownership of CX may lie elsewhere in the organization, and marketing is a contributor, rather than a leader in this space.

FIG 1: Which of the following business impact objectives are the top priorities for your firm's digital marketing efforts in the next 12 months? (Choose 3)



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

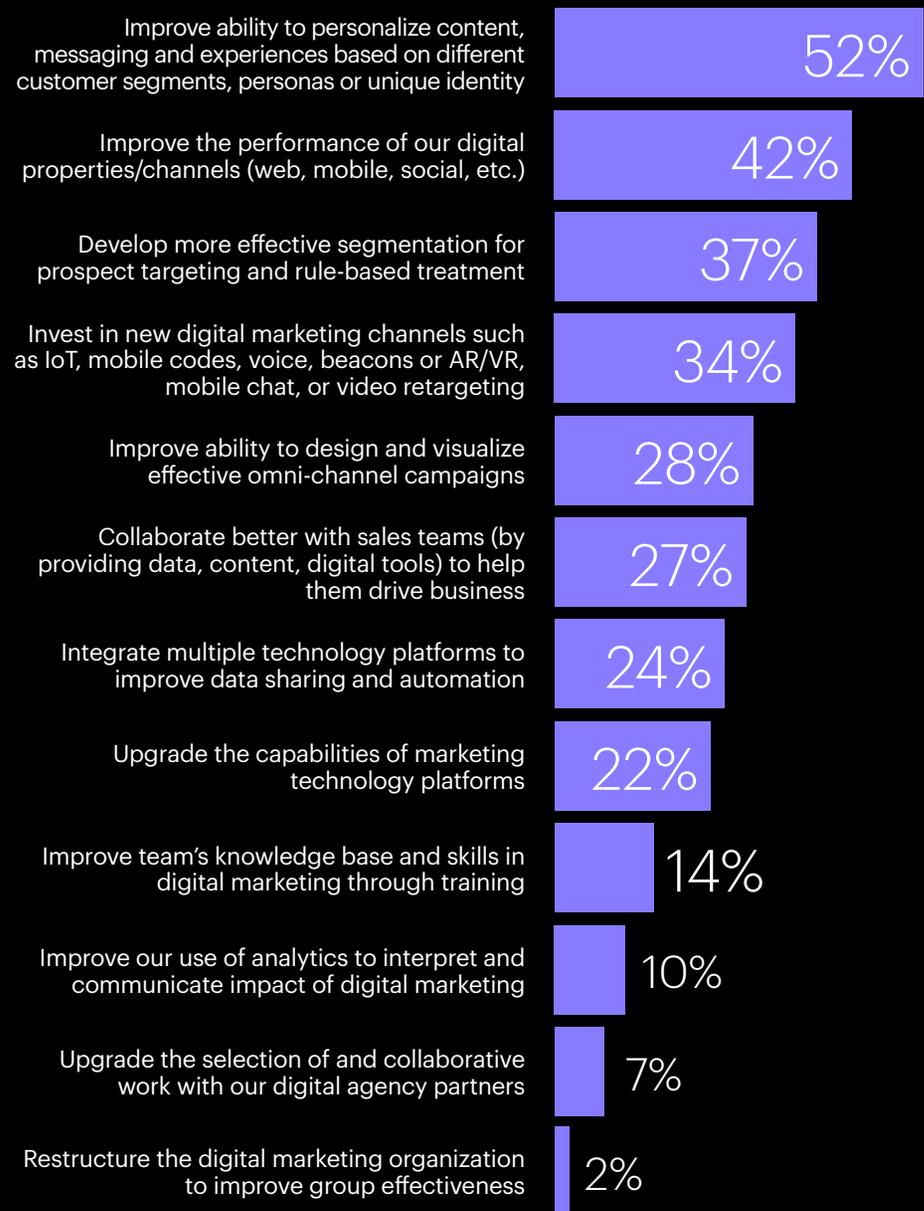
SEGMENTATION, PERSONALIZATION AND OWNED CHANNEL PERFORMANCE ARE TOP IMPROVEMENT PRIORITIES

Digital marketers have placed their bets on personalization as the key success factor for meeting their goals. Fifty-two percent of respondents chose personalization as their top capability to improve, while 37% prioritized improving segmentation—a direct input into personalization.

Another priority is improving performance on existing digital channels (42%), while investing in new ones (34%). This also goes hand-in-hand with personalization, since improving performance on these channels is directly related to how relevant the messaging and experiences on them are to the target audiences.

While marketers are willing to invest in improving tactical capabilities, they're less likely to take on larger structural improvements. Only 2% would prioritize restructuring the digital marketing organization, an endeavor that may have greater impact improving performance than specific digital marketing capabilities.

FIG 2: Which of the following capability improvements are the top priorities for your firm's digital marketing leadership over the next 12 months? (Choose 3)



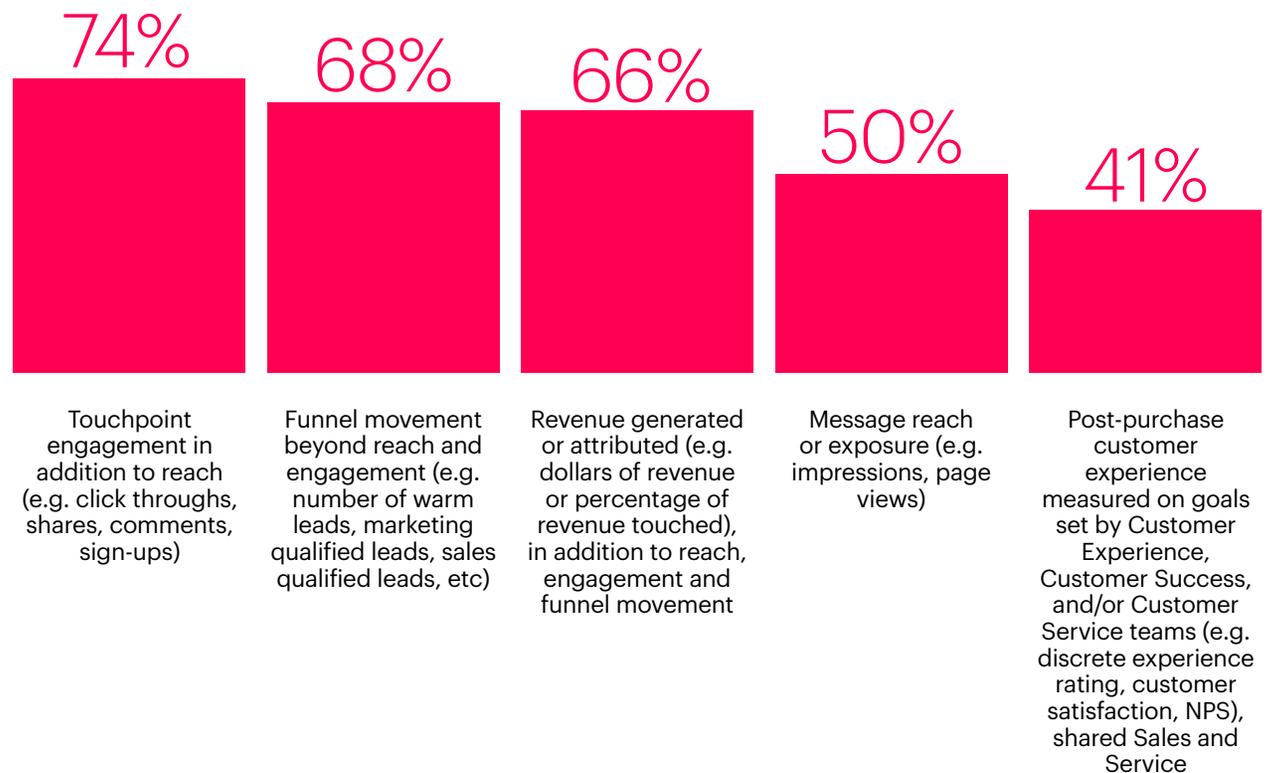
SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

DIGITAL INTERACTIONS AND REVENUE GENERATED ARE THE PRIMARY METRICS FOR MEASURING DIGITAL MARKETING SUCCESS

It's encouraging to see digital marketers embrace a wide variety of metrics when it comes to measuring success. While the majority still rely on digital touchpoint engagement as a primary metric (74%), almost as many marketers are tracking revenue attribution (66%) and funnel movement (68%). This is another sign of the shift from brand-centric to business-centric metrics for digital marketers.

A healthy percentage of marketers (41%) have shared goals with other customer-facing teams who might not be within the marketing department. This includes customer experience, customer success and service/support team, underscoring the increased efforts to deliver a great customer experience across all touchpoints.

FIG 3: Which metrics are you most likely to use to measure the success of your digital marketing campaigns? (Choose 3)



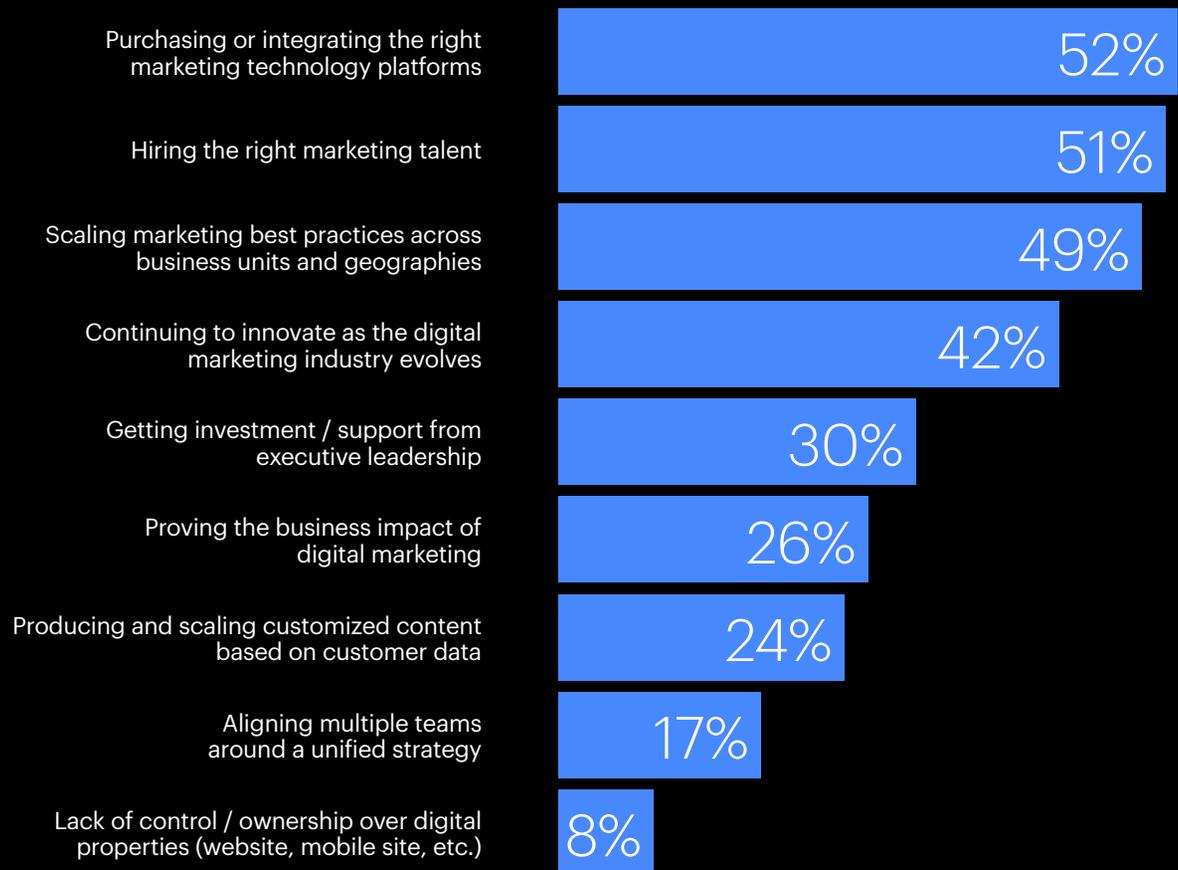
SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

INTEGRATING TECH PLATFORMS AND SCALING INNOVATION ARE MARKETERS' BIGGEST CHALLENGES

Digital marketers have made a lot of progress in adopting new and innovative practices, and their top challenge now is to scale that innovation to the rest of the marketing organization, and even beyond marketing. Forty-nine percent of digital marketers said scaling best practices across business units and geographies was their biggest challenge. This is understandable, since it would require not only better processes for training and knowledge transfer, but a better organizational structure. As we know from our previous data point, this isn't something marketers are prioritizing yet.

The top challenge however, remains purchasing and integrating the right martech platforms. Purchasing and upgrading technology is a difficult process on its own, and as digital marketing starts to integrate with other functions, it becomes and even more complicated, and slow process.

FIG 4: What are the top obstacles to progress for your digital marketing organization? (Choose 3)



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

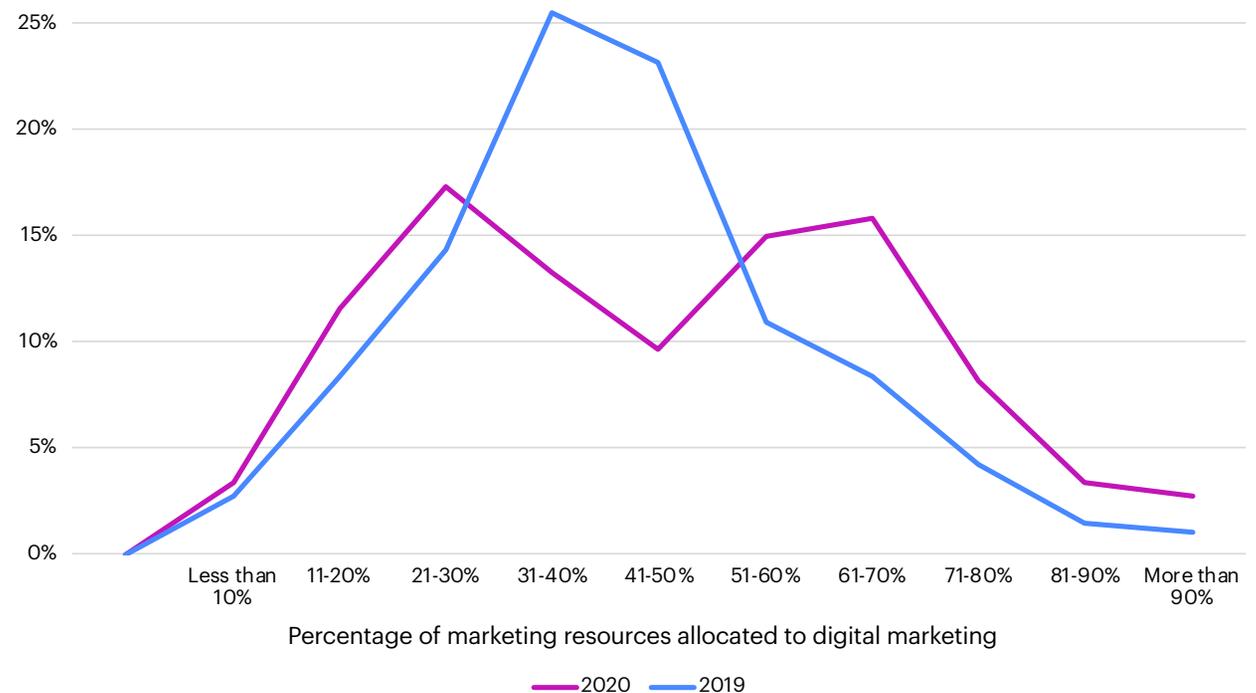
IN 2020, DIGITAL MARKETING SPENDING HAS BECOME MORE POLARIZED IN RESPONSE TO THE COVID-19 PANDEMIC

In 2019, we saw a normal distribution curve for digital marketing spending, with the majority of companies spending between 30% and 50% of marketing resources on digital.

However, in 2020, the curve has flattened in the middle and pushed out to opposite ends. The proportion of marketers who spend between 11 and 30 percent of the total marketing budget on digital has increased. So has the proportion of marketers who spend 60 to 90 percent of the marketing budget on digital.

This highlights how companies have responded to the COVID-19 pandemic, with some decreasing spending on digital, most likely as part of an overall reduction in spending to keep costs down. Other companies have stepped up their spending on digital, perhaps recognizing the need to accelerate their digital investments to reach customers who are even more likely to engage online than in-person.

FIG 5: What percentage of marketing resources would you estimate are spent in 2020 on digital marketing? How might that compare to 2019 resource allocations to digital marketing?



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

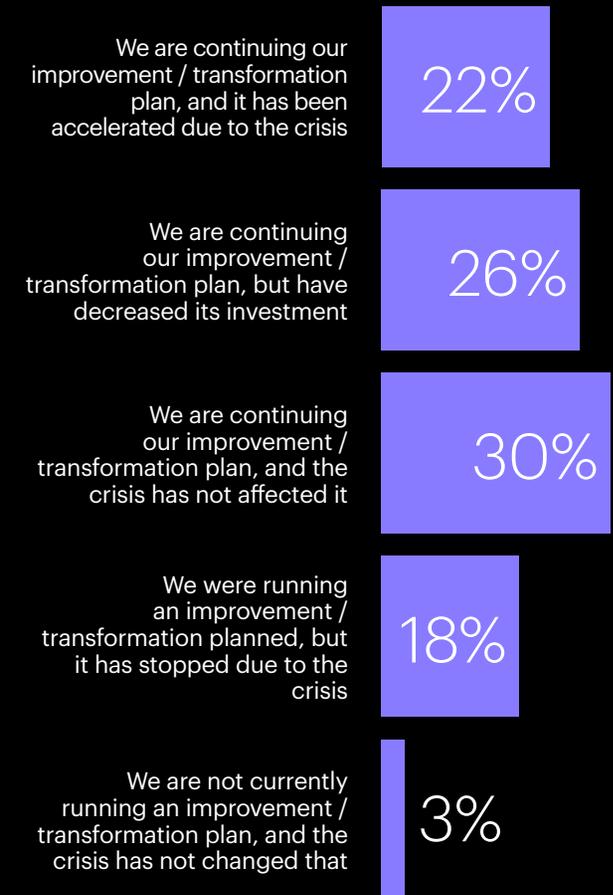
MARKETING TRANSFORMATION PLANS ARE CONTINUING AND EVEN ACCELERATING DURING THE COVID-19 PANDEMIC

The majority of companies (30%) are continuing their transformation plans for marketing, unaffected by the COVID-19 pandemic, with 22% even accelerating their transformation programs.

This potentially means COVID-19 is exposing the digital marketing maturity gaps in companies, and evolving their technologies and practices is their direct response to coping with the impact of the pandemic. It makes sense to accelerate the development of key practices, such as optimized web, mobile and e-commerce channels, personalized digital outreach, and virtual selling which are crucial in the pandemic caused absence of physical stores, or in-person selling.

However, just over a quarter of companies were continuing their marketing transformation, but with decreased investment due to the pandemic, implying that they now have to do more, with less resources.

FIG 6: What impact has the COVID-19 crisis had on your plans to improve or transform your marketing operations?



ORGANIZATION, SKILLS AND PROCESSES

The way a digital marketing team is organized (both internally and with respect to the rest of the organization) directly impacts the customer experience and the ability to collaborate effectively. We found that marketing teams were increasing their collaboration with other functions, especially sales and product teams, but when it came to organization, the majority adopted a distributed model that can be challenging to that kind of collaboration. Additionally, we found that technical skills such as data analysis and marketing automation expertise were in high demand, compared to traditional marketing skills such as copywriting or design, highlighting the increased shift towards data-driven digital tactics.

MOST COMPANIES USE A DISTRIBUTED ORGANIZATION MODEL FOR DIGITAL MARKETING

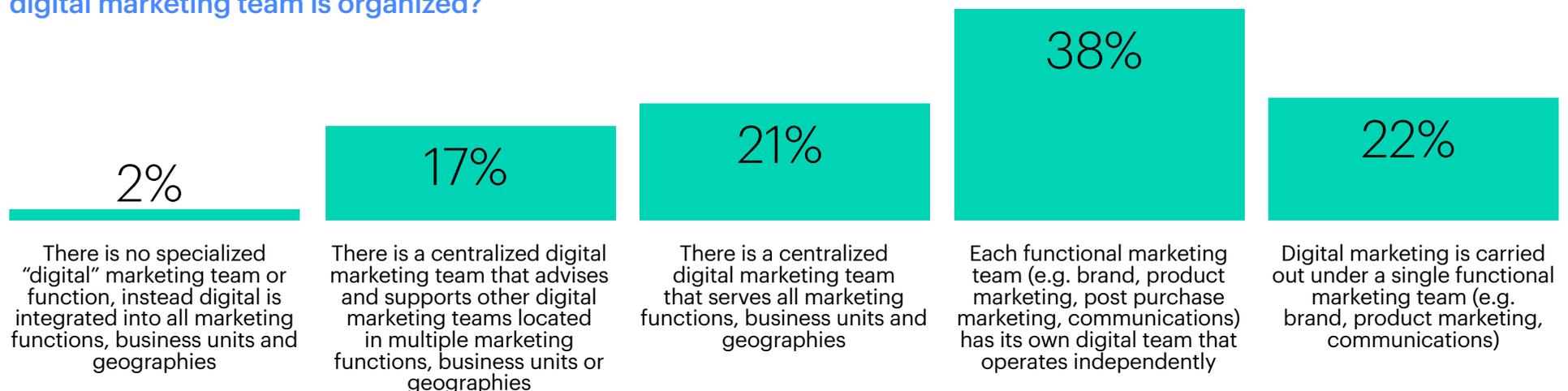
In past years, it was common for “digital” to serve only one type of marketing function, usually the brand marketing or comms teams. Twenty-six percent of companies still operate this way.

As more parts of the company look to use digital for their own functions, companies have a few options for how they want to set up the digital marketing team. Thirty-six percent use a distributed model, where each functional marketing team has their own digital component, who may or may not coordinate with each other. Most companies use this model since it allows each marketing function to tailor digital teams to their own goals as well as operate campaigns at a faster speed.

However, in order to provide a more consistent digital experience and better use customer data, some companies go for a centralized model (18 percent) where every function has to use the central digital team. A hybrid of the centralized and distributed models is a central advisory digital group (17 percent) that allows the flexibility of the distributed model, along with the consistent management of the centralized model.

A tiny percentage of companies (2%) don’t consider “digital” to be a separate function or team at all, and instead utilize digital tactics and tools in everything they do. Ultimately, we believe most companies will move towards this model, but in the short term, digital will continue to be a specialized function.

FIG 7: Which model best describes the way your digital marketing team is organized?



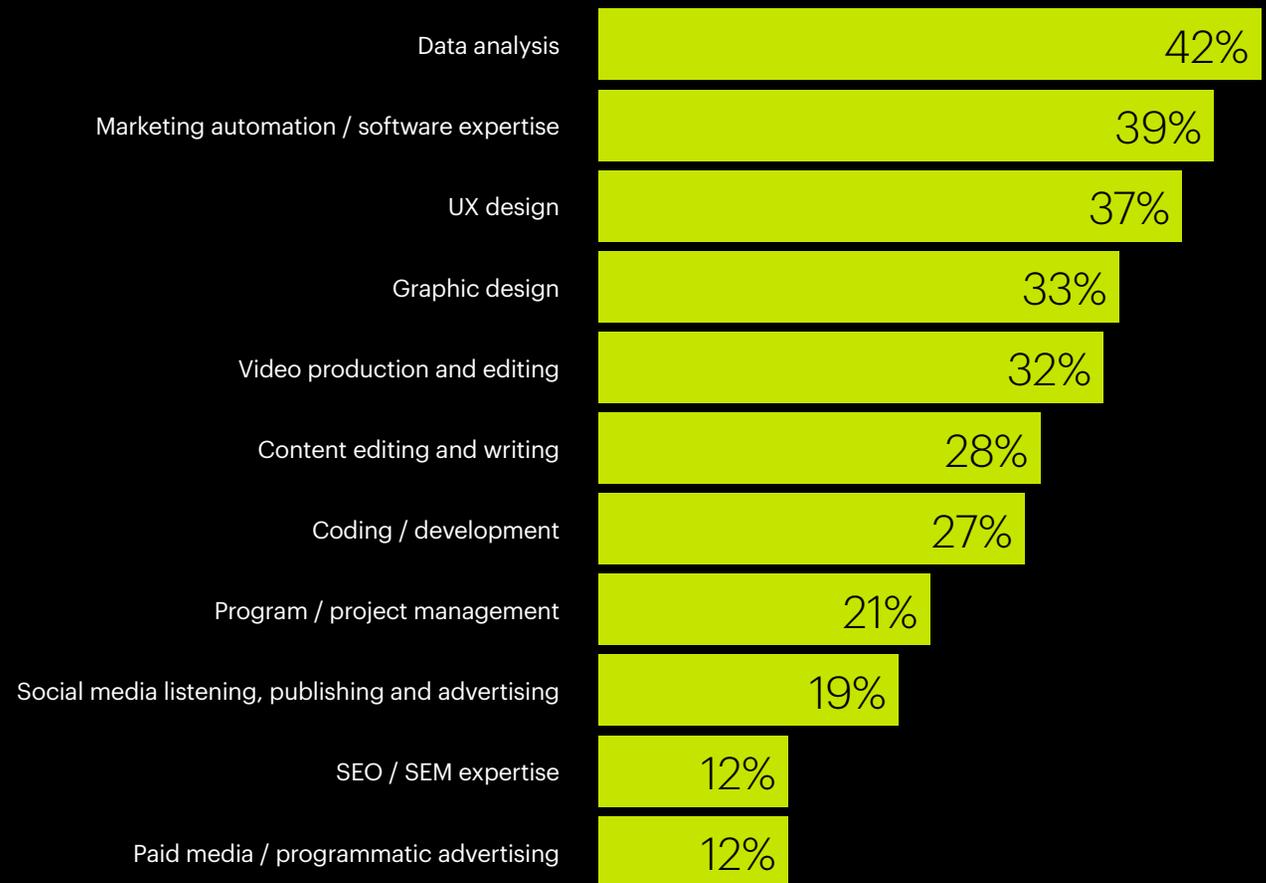
SOURCE: Altimeter “The 2020 State of Digital Marketing” n= 476

DATA ANALYSIS AND MARKETING AUTOMATION EXPERTISE ARE THE MOST DESIRED SKILLS FOR NEW HIRES

Data analysis and marketing automation expertise continue to be the most desired skills in 2020-2021, a result unchanged from when we did the survey last year. These are the two skills that underpin the “digital” in “digital marketing” and it’s hard to imagine any company progressing to maturity without them.

However, more mainstream marketing skills such as UX design and graphic design continue to be in demand, especially as digital marketing becomes more customer centric and more consideration is given to providing the right visual and experiential elements across digital interactions.

FIG 8: What are the most desired skills for your digital marketing hires in 2020-2021? (Choose 3)



SOURCE: Altimeter “The 2020 State of Digital Marketing” n= 476

DIGITAL MARKETING IS INCREASING COLLABORATION WITH SALES AND PRODUCT TEAMS

FIG 9: Has digital marketing increased, decreased, or kept the same level of collaboration with the following business functions over the 2018-2020 time frame?

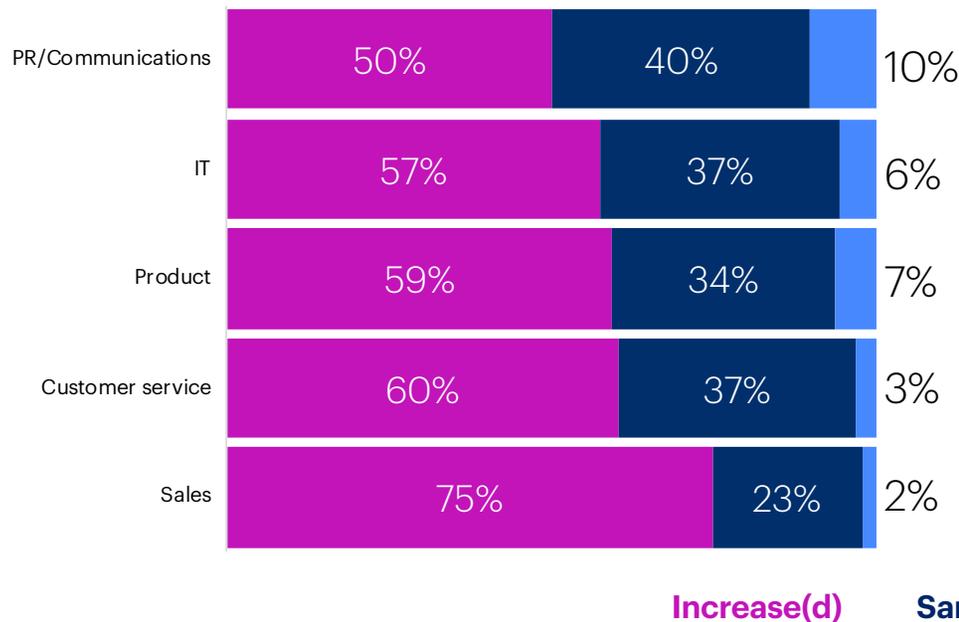
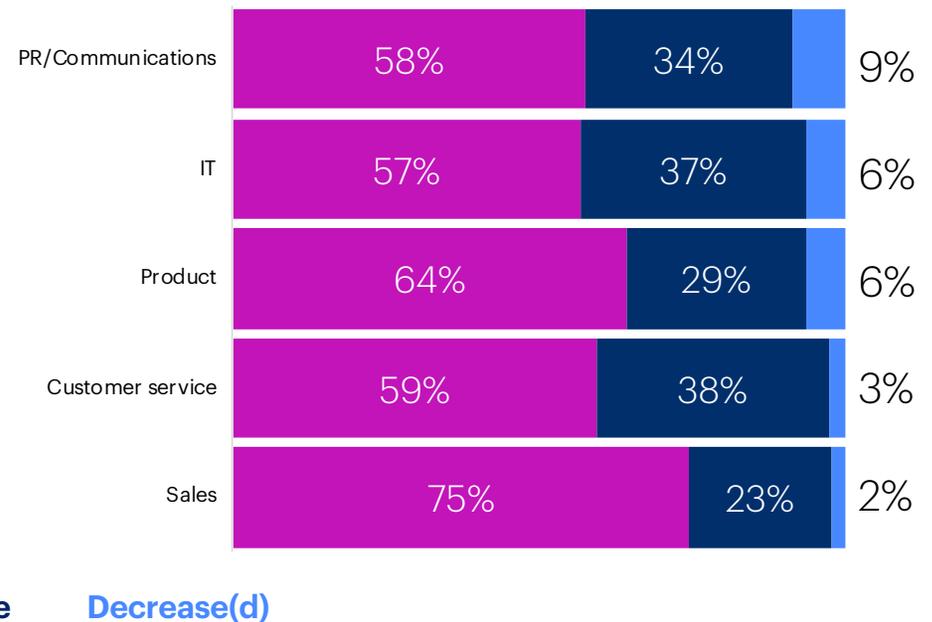


FIG 10: Looking forward, do you expect digital marketing to increase, decrease, or keep the same level of collaboration with the following business functions over the 2020-2022 time frame?



Although digital marketing teams have increased their collaboration with other departments across the board, there has been a notable increase in collaboration with sales, with 75% increasing collaboration in the last two years, and 75% aiming to increase collaboration in the next two years. On the face of it, this result seems predictable, given how marketing and sales are both working on the same goal of attracting and converting a prospect into a customer. However, the increased digital collaboration is evidence of more technical integrations with sales, with both teams sharing customer data, content and targeting/segmentation schemes to deliver on shared goals.

SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

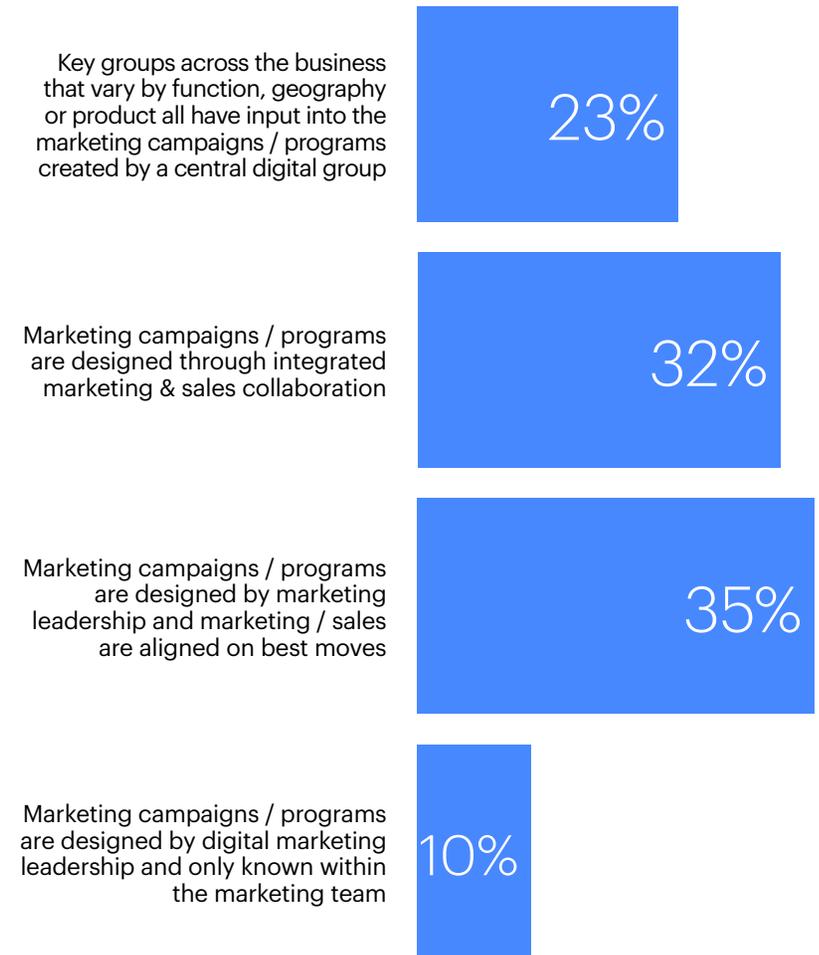
MARKETING CAMPAIGNS ARE BEING DESIGNED BY CROSS-FUNCTIONAL GROUPS INSTEAD OF SILOED DEPARTMENTS

For the majority of digital marketers, campaign design is a collaborative effort with different functional teams outside of marketing. Only 10% of digital marketing teams design their campaigns in isolation, that is, without any input or feedback from other stakeholder departments, such as sales.

The other 90% collaborate to varying degrees. Thirty-five percent of marketers design the campaign, but will accommodate feedback from the sales team, whereas 32% will collaborate with sales on designing the campaign from the start. Almost a quarter of respondents will go beyond sales and get input from other customer facing and product teams to design a marketing campaign that delivers on the needs of the business, rather than any one department.

This highlights the increased expectation of digital marketing to be a team that drives collaboration across the business, and the need for companies to consider transforming not just the digital practices, but the setup of the organization and the way they collaborate.

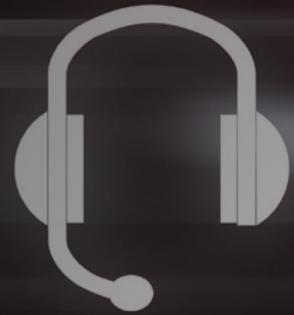
FIG 11: What teams or groups are involved in designing marketing campaigns or programs?



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

OMNICHANNEL DESIGN AND PERSONALIZATION

The fundamentals of omni-channel design include charting a holistic customer journey, and a clear map of all the tactics or “best moves” that dictate the responses for every customer action. These steps ensure the customer receives a positive experience and continues to move towards purchase at each stage. We are seeing more companies personalize customer experiences (using a combination of data sources), and the use of a holistic customer journey (one that spans across multiple company functions) to serve as a blueprint for coordinated customer engagement. We are also increasingly seeing the adoption of AI, especially when it comes to generating insights from customer data, and using that to dynamically alter experiences or messaging. By deploying AI to do the hard work of decisioning, companies can afford to get very granular in the levels of personalization they can offer, achieving true customer- centricity in their content, messaging, experiences and products.



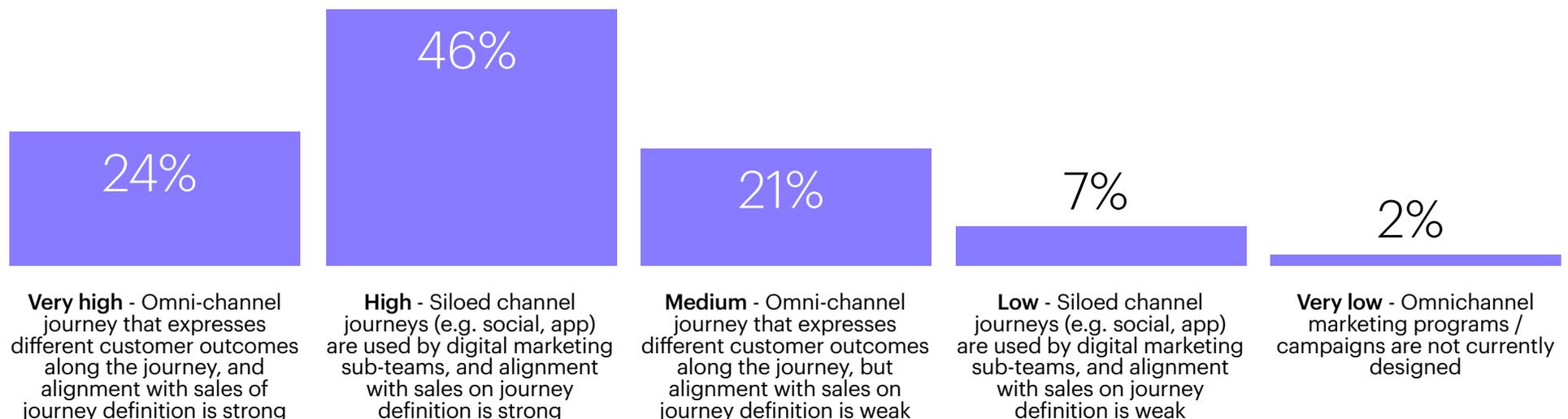
MAJORITY OF COMPANIES HIGHLY RATE THEIR ABILITY TO DESIGN OMNI-CHANNEL DIGITAL MARKETING CAMPAIGNS

In 2020, there are two indicators for high maturity in designing an omni-channel digital marketing campaign. The team should be able to design and express different customer outcomes across a journey that spans multiple digital channels, and there should be strong alignment with the sales team on the definition of that journey.

By these standards, 46 percent of respondents said they had high ability to design a digital marketing campaign, designing omnichannel campaigns that had strong alignment with sales, even if the omni-channel journey was represented as separate journeys across each digital channel.

This shows that integrating with sales is a key success factor for digital marketing, and teams are prioritizing integration across functions, rather than channels.

FIG 12: How would you rate your team's ability to design an omnichannel digital marketing campaign?



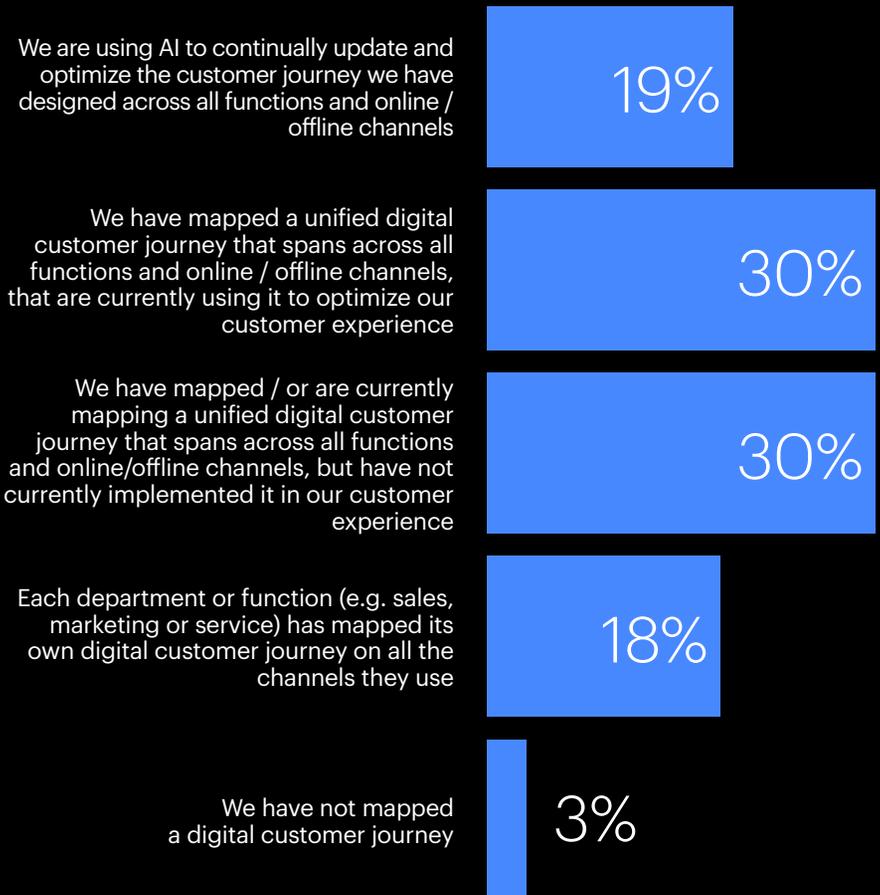
SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

MAJORITY OF COMPANIES HAVE MAPPED A UNIFIED CUSTOMER JOURNEY TO DESIGN THE BEST CUSTOMER EXPERIENCE

A great majority of respondents (79%) have mapped a unified digital customer journey, which means a customer journey that spans different functions and is inclusive of different channels and departments. This type of customer journey is the most challenging to create as it requires continuous coordination and alignment between all customer facing departments and channels, as well as access to a common source of data and insights about the customer.

Despite the majority, there were differences in implementation. Thirty-percent of respondents have created the customer journey, but are still in the process of utilizing it to improve the customer experience, while an equivalent number have already started doing so. And 19% of respondents have progressed to using AI to gain actionable insights from the journey data to continually optimize the customer experience.

FIG 13: To what extent has your company mapped and used a digital customer journey to design or improve your customer experience?

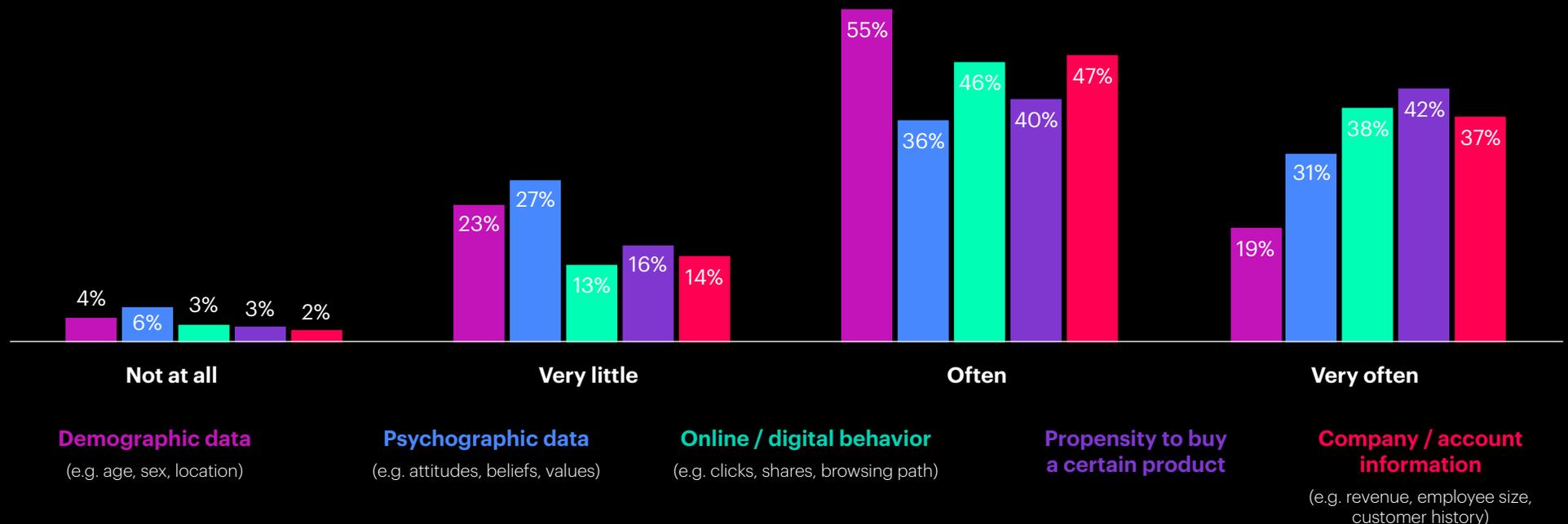


COMPANIES ARE INCREASINGLY USING MULTI-SOURCE DATA TO CREATE CUSTOMER SEGMENTATION SCHEMES

Marketers are continuing to shift away from mostly relying on demographic data to incorporating data from multiple sources for customer segmentation. Teams have gotten better at using digital data to not only track customer’s digital behaviors, but also combine it with data that may come from non-digital sources, such as surveys, market research or buying history.

As a result, the majority of respondents responded “often” or “very often” when it came to quantifying their use of multiple sources of data. This means digital marketing teams are investing in specialized platforms such as CDPs or enhanced CRMs for this kind of multi-source data analysis, along with hiring data experts and setting up dedicated teams to provide continuous access to data driven insights.

FIG 14: How often do you use each of the below segmentation schemes in order to customize messaging and experiences for your target audience?



SOURCE: Altimeter “The 2020 State of Digital Marketing” n= 476

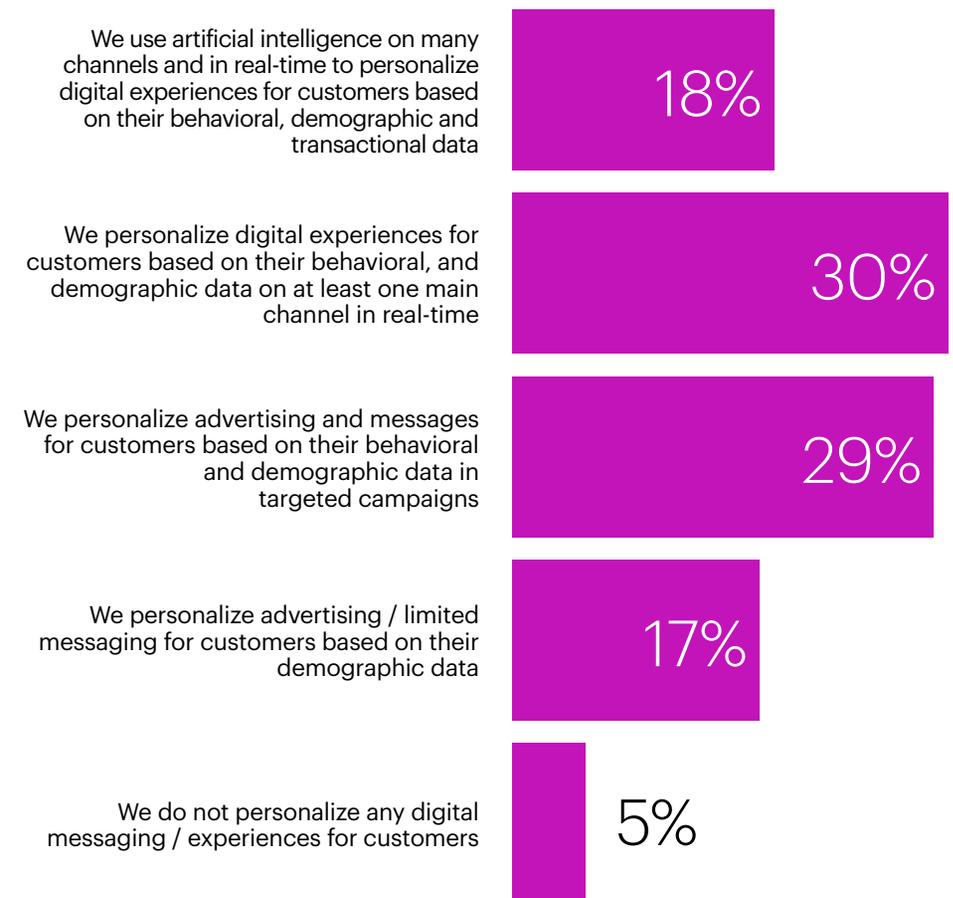
PERSONALIZATION BASED ON CUSTOMER DATA IS MAINSTREAM, INCREASINGLY DONE WITH AI

Personalization has arguably been the most prominent marker of digital marketing maturity in the last five years, and it continues to be the top priority for digital marketing improvement projects.

The vast majority (95%) of companies are able to personalize customer experiences based on some form of customer data. Less digitally mature companies are able to do limited personalization based on static demographic data (17%) whereas more mature companies can personalize experiences based on customer data from multiple sources (29%) and on multiple channels in real time (30%).

The most sophisticated respondents (18%) use AI to enhance all of the processes for personalization, including segmentation, content creation and delivery. However, it's important to note that implementing AI on its own is not a contributor to digital maturity. It is imperative that companies first invest in developing effective processes for creating the right segments, customizing content for those segments and then delivering that content to the targeted segments.

FIG 15: Which of these statements best describes your ability to personalize customer experiences using data?



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

MAJORITY OF COMPANIES USE SOME FORM OF DIGITAL “TEST AND LEARN” TO OPTIMIZE CAMPAIGNS OR TACTICS

Another hallmark of digital marketing maturity is the ability to test, learn and optimize digital tactics, interactions or content. With access to advanced technology, and improved processes for data analysis, marketers can continually tweak tactics, messaging and timing to see what works best for each type of customer.

The majority of respondents (75%) are able to do some form of digital testing and optimizing, rather than relying on the slower, manual process of hypothesis-based testing (18%) or not testing at all (6%). Out of that group, 27% are able to use testing to optimize broadly across their audience, while 29% can test and optimize for specific customer segments.

Nineteen percent of respondents have progressed to using AI to enhance their testing and optimizing. These marketers use insights from predictive analytics platforms that can simulate outcomes for different tactics, as well as suggest which points of the journey are best for testing.

FIG 16: How do you currently test and optimize the “moments that matter” or key marketing tactics within a campaign or program?



SOURCE: Altimeter “The 2020 State of Digital Marketing” n= 476

CONTENT, CHANNELS AND MEDIA

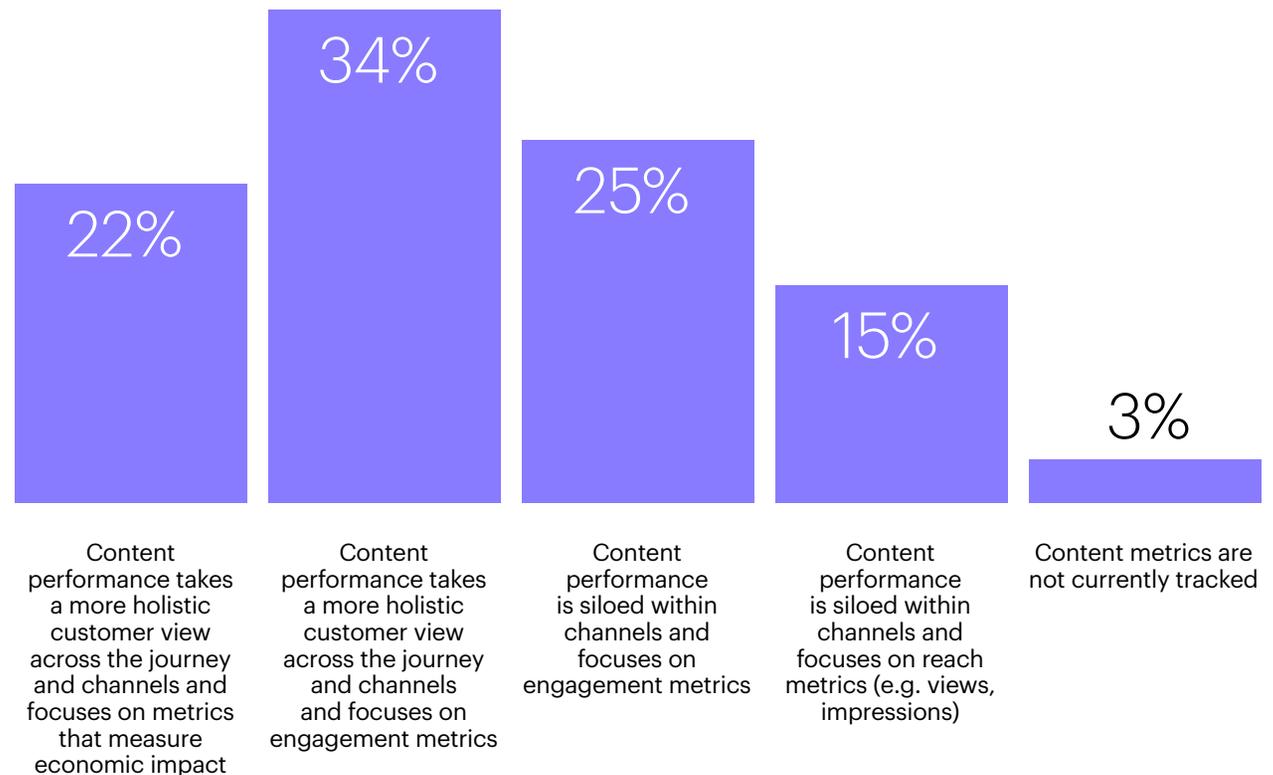
Content, media and channels are the heart of any digital marketing campaign. With the increased focus on personalization, marketers have had to transform key elements in each area. More companies are able to enact dynamic personalization on social media ads, as well as owned channel experiences. However, this has created more pressure on the content producing parts of the organization, who now have to access customer data, create customized content, and scale production of it in order for effective personalization to occur on digital channels.

CONTENT METRICS HAVE SHIFTED FROM VIEWS AND ENGAGEMENT TO BUSINESS IMPACT

Much like digital marketing goals, the way companies measure content has shifted from views and engagement to impact on revenue. In addition, content is being evaluated on how it delivers on the goals of multiple departments and stakeholders, instead of just one.

Only 15% of respondents still primarily use “reach” metrics, or metrics that measure how many times a piece of content was viewed. The majority of respondents (34%) take a more holistic view of content success, by measuring its impact on the overall customer journey and tracking interactions, in addition to views. And 22% of companies are able to directly tie content performance to economic impact, a practice that requires integrated platforms, shared goals across functions and dedicated tracking of customer movement.

FIG 17: How do you currently measure the success/effectiveness of each piece of content?



SOURCE: Altimeter “The 2020 State of Digital Marketing” n= 476

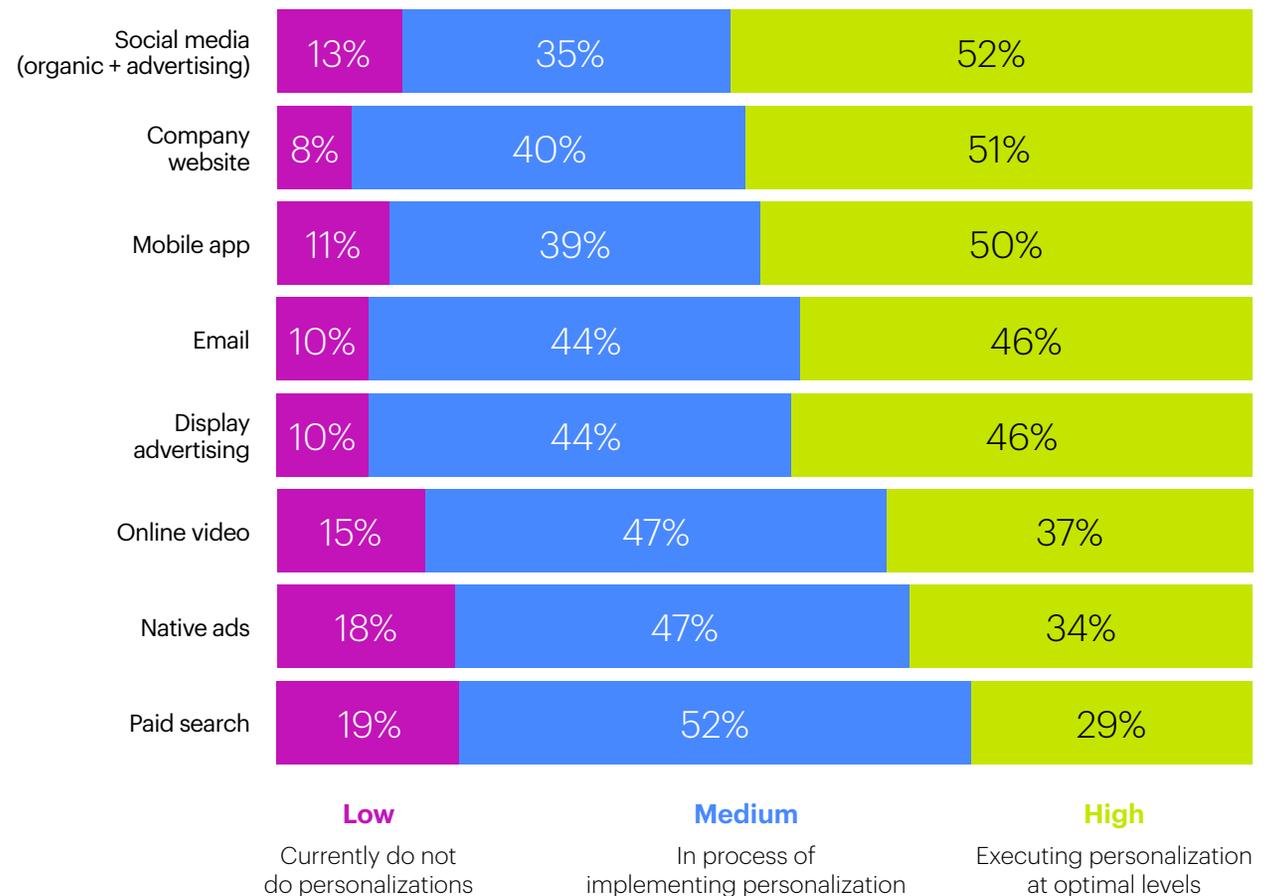
THE HIGHEST LEVEL OF DYNAMIC PERSONALIZATION OCCURS IN OWNED CHANNELS AND SOCIAL MEDIA

Dynamic personalization is defined as the real-time delivery of content, messaging or experiences to a person based on their unique traits or behaviors. It requires the ability to recognize a person present on the digital channel, call on a database to recognize which traits or behaviors are most relevant, and then deliver the content or message that would be most effective to engage that person, in that moment.

This kind of dynamic personalization is easiest for companies to do on social media platforms (52%) such as Facebook, Twitter and LinkedIn. These platforms provide effective and easy-to-use features for targeting and re-targeting audiences with highly relevant, tailored ads.

Companies are also getting better at dynamic personalization on their owned channels, namely the company website (51%) and mobile app (50%). Personalization platforms that integrate with CRMs or other customer data platforms can now power personalization on these owned channels, which ultimately delivers a better experience, and better data than social media.

FIG 18: Please rate your ability to do real-time personalization in each of the following channels.



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

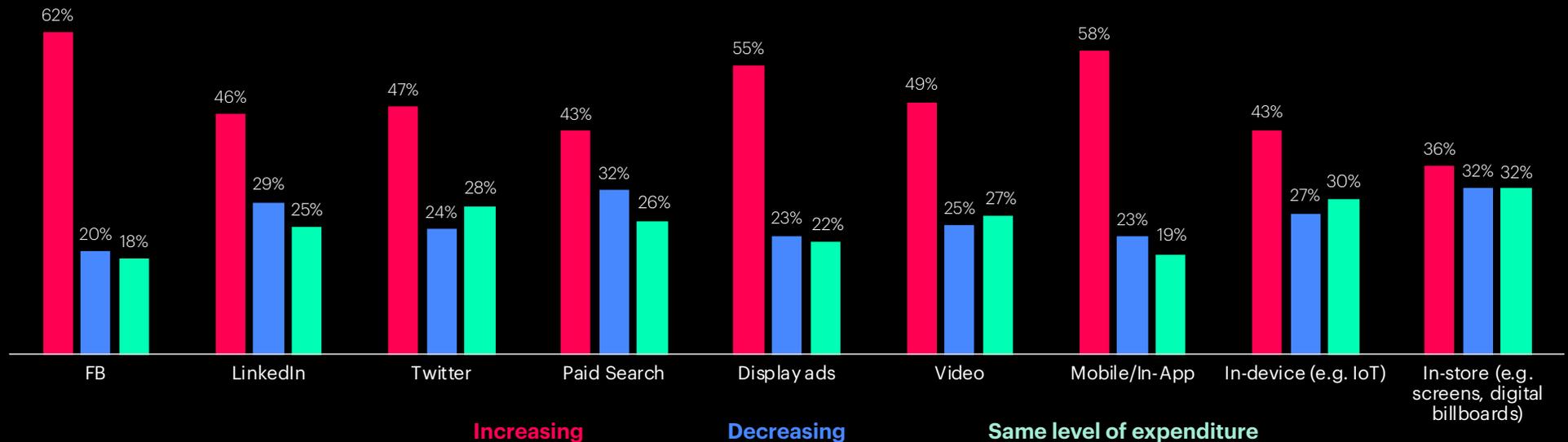
SPENDING HAS INCREASED MOST ON SOCIAL MEDIA AND IN-APP ADVERTISING

Spending on digital channels has increased across the board, and in most cases, this translates to increased spending on digital ads. Among these channels, Facebook had the highest percentage of respondents who were increasing spending, followed closely by mobile/in-app (58%) ads and regular display ads (55%).

Despite the many controversies surrounding it, Facebook continues to be the premier advertising platform, providing best-in-class targeting and personalization tools to marketers.

Mobile/in-app ads aren't far behind when it comes to highly effective targeted ads, with the added advantage of being able to deliver messaging in more interactive and engaging ad formats than just images or full length video.

FIG 19: For each of the following digital channels, please indicate if you are increasing, decreasing, or keeping the same level of expenditure in 2020-2021



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

MARKETING AND SALES COLLABORATION

Marketing and sales are collaborating more than ever, and are expected to increase levels of collaboration in coming years. This means greater sharing of customer data, aligning on common goals and integrating platforms. With digital tools widely becoming available, we're seeing sales teams inch towards the traditional marketing job of prospecting, while marketing teams are slowly becoming accountable for e-commerce and other digital sales actions. The new challenge then becomes to clearly designate governance and responsibilities, while still maintaining close coordination between the two teams.

COLLABORATION WITH SALES IS BECOMING MORE STRUCTURED AND DEPENDENT ON SHARING PLATFORMS

In order for digital marketing to start delivering on goals beyond awareness and reach, integration and collaboration with the sales team is crucial. In this case, integration means technological integration of data platforms, aligning on goals, sharing of content and customer needs.

The majority of digital marketers (34%) say they have periodic collaborations with the sales team through both in-person interactions and communications through shared digital platforms, such as a CRM.

The next level up (23%) is to turn periodic collaboration into regular, scheduled collaboration, with greater assistance from technology. This might look like automated alerts, algorithmic lead scoring shared between the teams and real-time updates on campaign performance.

FIG 20: How would you describe the level of collaboration your marketing team has with the sales team?



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

TECHNOLOGY AND DATA



Despite the advances made in improving personalization capabilities, technology and data remain challenges for marketers on a number of fronts. Purchasing and integrating the right technology in particular has consistently been one of the top digital marketing challenges, due to the difficulty in evaluating software and integrating it into the existing systems. In addition, the demand for martech and data skills well exceeds the supply, and martech teams can't move at the pace they'd like to without having the right operating skills in place.

MICROSOFT AND SALESFORCE ARE THE LEADING INTEGRATED DIGITAL MARKETING PLATFORMS

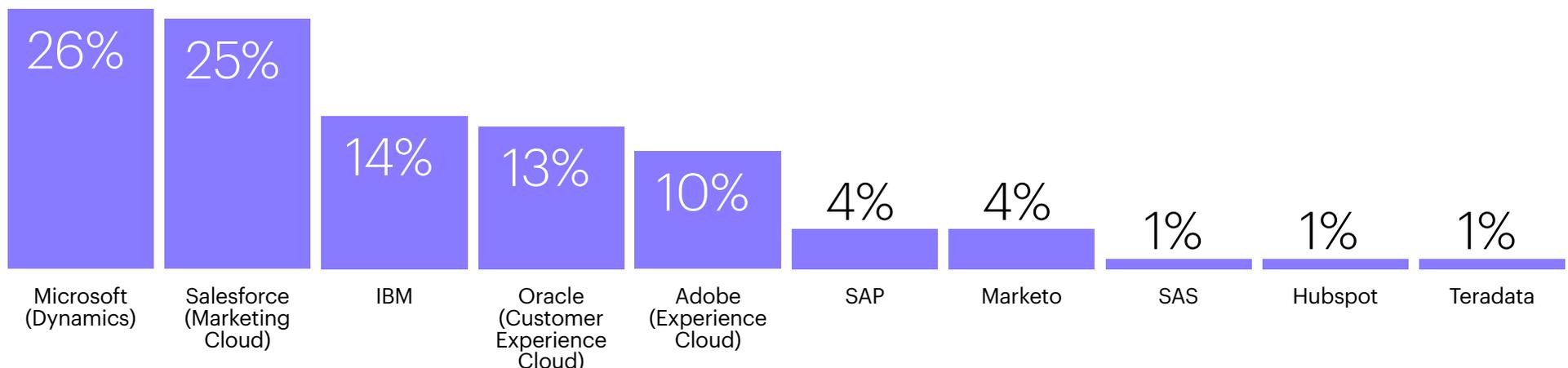
Most companies rely on a primary digital marketing platform or suite to orchestrate the majority of their digital marketing strategies. These platforms usually have a core application (typically email or web management) with integrated add-ons for managing other channels such as web publishing, advertising and analytics.

This year, Microsoft shot to the top as the most popular primary martech platform (26%) marginally ahead of Salesforce (25%) and Adobe (10%) the previous year's leader. Microsoft has quietly been rolling out martech platforms for marketing automation and customer insights to partner with its already popular Dynamics CRM. With its sizeable foothold in other business tech (productivity, work suite etc, cloud storage) it makes sense that Microsoft could capture a huge chunk of the market with its sheer scale.

However, it should be noted that in the US, Salesforce (39%) was clearly the top choice, followed by Adobe (19%) and it was only in Europe (specifically the UK, France and Germany) where Microsoft was the leader, highlighting the specific regional strengths of each platform.

Given how digitally mature US companies are compared to other countries, it's worth considering that past leaders like Adobe and Salesforce are offering more innovative features, whereas Microsoft has the established footprint to easily capture the market, even if its features aren't as innovative.

FIG 21: Which one of the following martech platforms is the primary software for your digital marketing strategy?



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

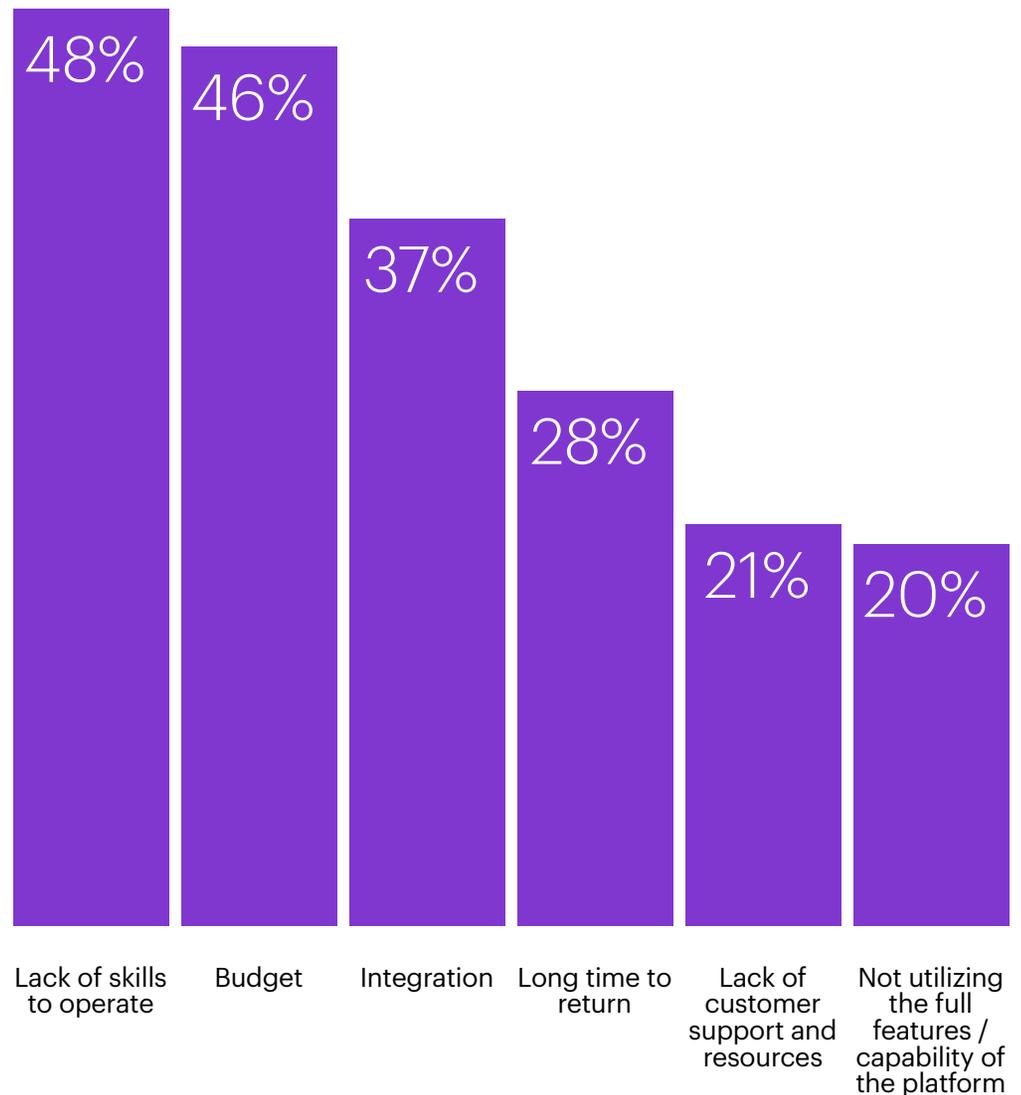
THE LACK OF OPERATING SKILLS IS THE BIGGEST OBSTACLE TO EFFECTIVELY USING MARTECH

In past years, digital marketers have consistently picked “integration” as their top challenge when it comes to technology. However, this year integration (37%) was overtaken by “budget” (46%) and “lack of skills to operate” (48%) as the top technology challenge.

Marketing teams are increasingly in need of people with technical skills to partner with creatives and copywriters. These skills go beyond simply operating the software. They require marketers who can be creative, gain insights from data, operate the software and have enough business sense to collaborate with other marketing functions to positively impact the business.

Another challenge is that marketing automation experts tend to specialize in one of the four major platforms. So an expert in Salesforce’s Marketing Cloud wouldn’t easily be able to make the jump to operate Oracle’s Eloqua within a short time frame. This makes the pool of candidates even smaller for martech expertise as the demand for them continues to grow.

FIG 22: What are the biggest challenges for effectively using marketing technology? (Choose 2)



SOURCE: Altimeter “The 2020 State of Digital Marketing” n= 476

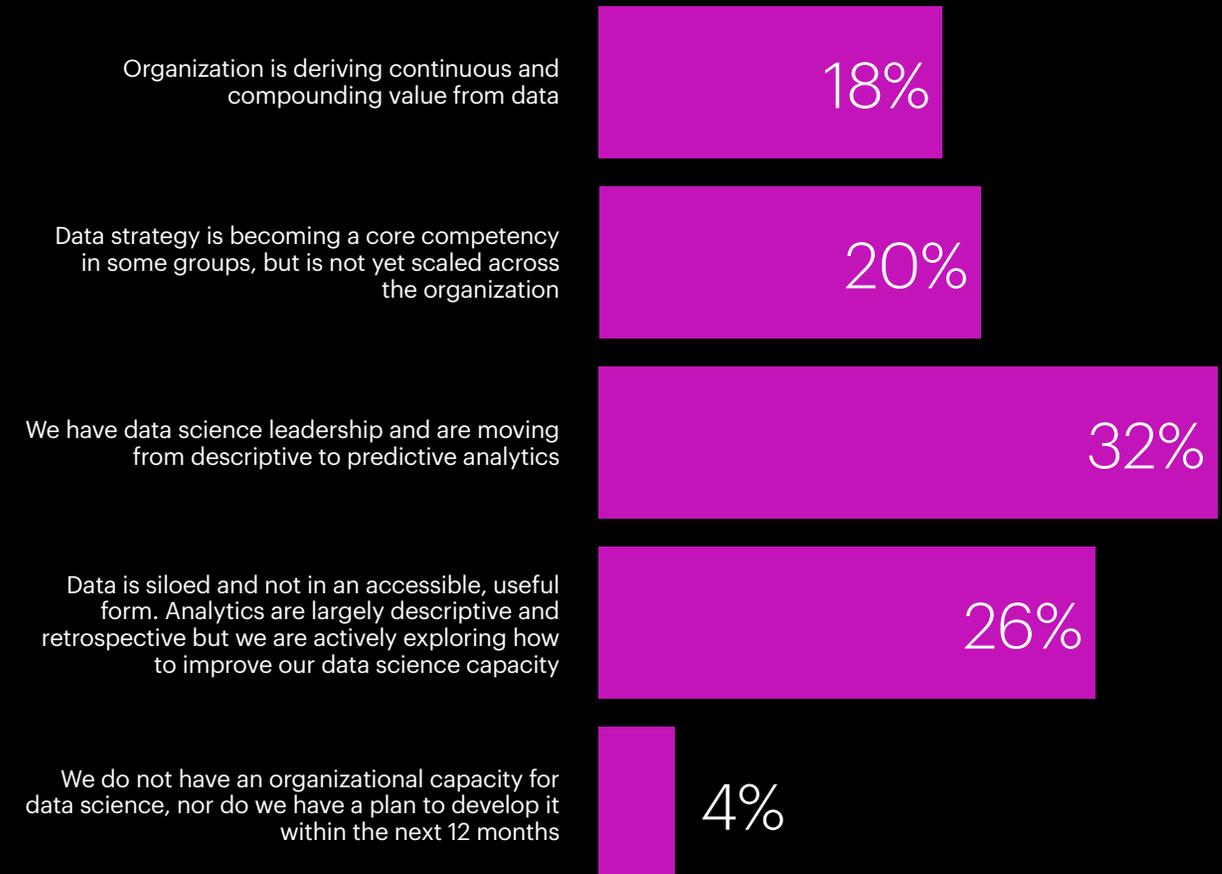
COMPANIES ARE INCREASINGLY ASSIGNING LEADERSHIP FOR DATA STRATEGY AND ADOPTING PREDICTIVE ANALYTICS

A key success factor for effectively accessing and utilizing data is to have a strategy and leadership dedicated to it. Out of all the areas we've benchmarked, this is the area where companies are still in the early stages of progress.

The majority of companies (32%) have assigned leadership for data science and are moving from descriptive or retrospective analytics to adding AI-driven prescriptive analytics. These companies have recognized the need to have a holistic strategy for using data and providing access to relevant stakeholders, even if they haven't fully implemented it yet.

Twenty-percent of companies have made progress in making data strategy a core competency within some groups, and are now focused on scaling that to other parts of the organization, while 18% have achieved this stage and are regularly tapping data for strategic insights.

FIG 23: To what extent do you have clean and accessible data, clear processes, and organizational support for and discipline around data science in your organization?



SOURCE: Altimeter "The 2020 State of Digital Marketing" n= 476

KEY RECOMMENDATIONS

Based on the results of this study, we make the following recommendations to digital marketing leaders and teams planning initiatives and investments in 2020–2021:

1. CONDUCT AN ASSESSMENT AND CREATE A ROADMAP FOR IMPROVEMENT

The first step to an improvement plan is an assessment to determine the current state of the business, identify gaps in capabilities and determine which best practices need to be prioritized for implementation. This report provides a valuable set of benchmarks against which companies can evaluate their capabilities and create a starting point for improvement. By prioritizing the key initiatives identified in the assessment, the team can create a roadmap to excellence, with key milestones set for specific time periods.

The best way to bring the roadmap to life is to identify a series of pilots or in-market demonstrations that can prove impact in the short term, serving as a proof-of-concept for the rest of the roadmap and for other functions who may be stakeholders in it.

2. CREATE PATHWAYS TO COLLABORATION WITH OTHER FUNCTIONS

One of the key themes throughout this report is the increased collaboration needed not just between the different marketing functions, but also non-marketing groups, such as lines of business, geographies and most importantly, other customer facing functions such as sales and service.

This collaboration is in service of providing a more unified customer experience, and a way for marketing to deliver on broader goals of the business, rather than restricting them

to one department. Practical ways to do this include creating processes or integrating platforms to share customer data, aligning on and tracking shared goals and investing in ways to reduce roadblocks.

Once these pathways to collaboration have been created, sharing best practices and knowledge transfer becomes far easier, which in turn facilitates the scaling of innovation through the organization.

3. INVEST IN SYSTEMS FOR SCALING CONTENT AND DATA USAGE FOR EFFECTIVE PERSONALIZATION

The report highlights the growing prevalence of personalization and the degrees to which companies are able to implement it on their digital channels. In the past, implementing personalization was perceived to be a technological feature, but it's really the result of several non-software disciplines working together to power the technology.

This means marketing teams have to invest in creating pathways to access and analyze customer data, build segments, customize content according to those segments and scale their delivery to target audiences. Creating this system of "intelligent content" is a major success factor for advanced personalization, and it makes it much easier to introduce AI-assisted enhancements once a robust system has been built.

METHODOLOGY

We surveyed 476 senior digital marketing executives and practitioners in companies with at least 1,000 employees, across three geographies, North America (US and Canada,) Europe (UK, France and Germany), and China. Additionally, we made sure to include a fixed quota of respondents from five industry verticals: banking / finance, healthcare, manufacturing, retail, and technology. We asked each respondent multiple choice answer questions about how they strategize, produce, deliver, and measure digital content.

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