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How digital marketing operations can transform business

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Struggling to keep up with rapidly evolving consumer behavior? Digital marketing operations can bridge the divide between what customers expect and what they get.

Marketing operations is certainly not the sexiest part of marketing, but it is becoming the most important one. With businesses unable to keep pace with evolving consumer behavior and the marketing landscape, the pressure is on to put marketing operations—skilled people, efficient processes, and supportive technology—in a position to enable brands to not just connect with customers but also shape their interactions.

When done well, we've seen marketing operations provide a 15 to 25 percent improvement in marketing effectiveness, as measured by return on investment and customer-engagement metrics. Yet achieving that level of improvement is elusive for many. While marketers are embarking on a wide array of "digital transformations" to reshape their operations and business models, many of these efforts are stymied by marketing's difficulty in delivering on its aspirations. For example, one recent survey found an astonishing 84 percent of marketers do not have a formal content strategy or distribution process to feed their growing bevy of marketing channels, and they lack any kind of formally managed content supply chain.¹ Despite this, content budgets continue to increase.

This situation played out at one global consumer-products company, which saw year-over-year content spending rise by more than 25 percent as a result of its efforts to become more customer-centric. There was, however, no unifying strategy, governance, or system to create cohesion, reuse assets, or measure effectiveness across the company's complex supply chain, which consisted of dozens of agencies, production companies, and media partners, producing material for websites, blogs, YouTube, social media, mobile, and customer-relationship management.

¹ Association of National Advertisers (ANA) survey, "Marketing's moment: Leading the disruption," conducted online in August and September 2014. The 374 respondents were drawn from the ANA Survey Community, ANA membership, and supporting partners, and they self-qualified in roles of marketing director, vice president, and chief marketing officer or marketing leadership. For more insight, see David Edelman and Jason Heller, "Marketing disruption: Five blind spots on the road to marketing's potential," October 2014, mckinseyonmarketingandsales.com.

Establishing a center-of-excellence function to develop and manage a consistent content operating model across divisions resulted in transparency, new governance, and improved processes. That cut the time to generate content, stopped the growth in costs, and brought new discipline into managing the impact of content. As a result, marketing return on investment has improved by more than 20 percent.

Five steps to bring marketing operations into the digital era

Digital marketing operations involves the application of capabilities, processes, structures, and technologies to cost-effectively exploit and scale the interactivity, targeting, personalization, and optimization of digital channels. As the example of the consumer-products company shows, marketing operations has a critical role in driving bottom-line growth. That capability directly enables the speed, agility, iterative development, experimentation, and responsiveness that successful companies need to react to and shape the marketplace.

Marketers are aware of what needs to be done, and many are taking action. But that often boils down to implementing new technology platforms, adding head count, or increasing digital allocations within the marketing-spending mix. While these are important steps, they won't solve the challenge. Fundamentally, modern marketing operations calls for the thoughtful, deliberate development of new processes, coordination, and governance. We've identified five attributes of effective marketing operations (exhibit).

1. Truly understanding customers

Like any meaningful relationship, getting to know your customers well is a commitment. Tracking, analyzing, and interpreting customer behavior and attitudes should be an ongoing, often moment-to-moment undertaking that is critical not only to targeting and shaping relevant content and experiences but also to optimizing how they're delivered—an important capability, given that during the buying process consumers add an average of 1.7 brands to those they are considering.² This requires a wide range of data and sophisticated tools to analyze specific customer segments and their behavior to spot opportunities and predict future actions. Companies should map detailed customer decision journeys for their most valuable segments, using technologies such as ClickFox,³ which track customers across channels to not only determine their cross-channel behavior but also isolate those moments where companies can influence the journey.

Feeding these insights into marketing operations requires processes and teams that focus on collecting and making sense of the data, as well as quickly delivering the analysis in a digestible form to the right decision makers—often continuously. Scaling this capability means organizations need to automate processes that don't require human intervention, for example, personalizing web pages, delivering e-mail, or generating dashboards for managers to track customer behavior.

² David Edelman, "It's all about the journey," *Financial Times* Future of Marketing Summit, New York, September 12, 2013.

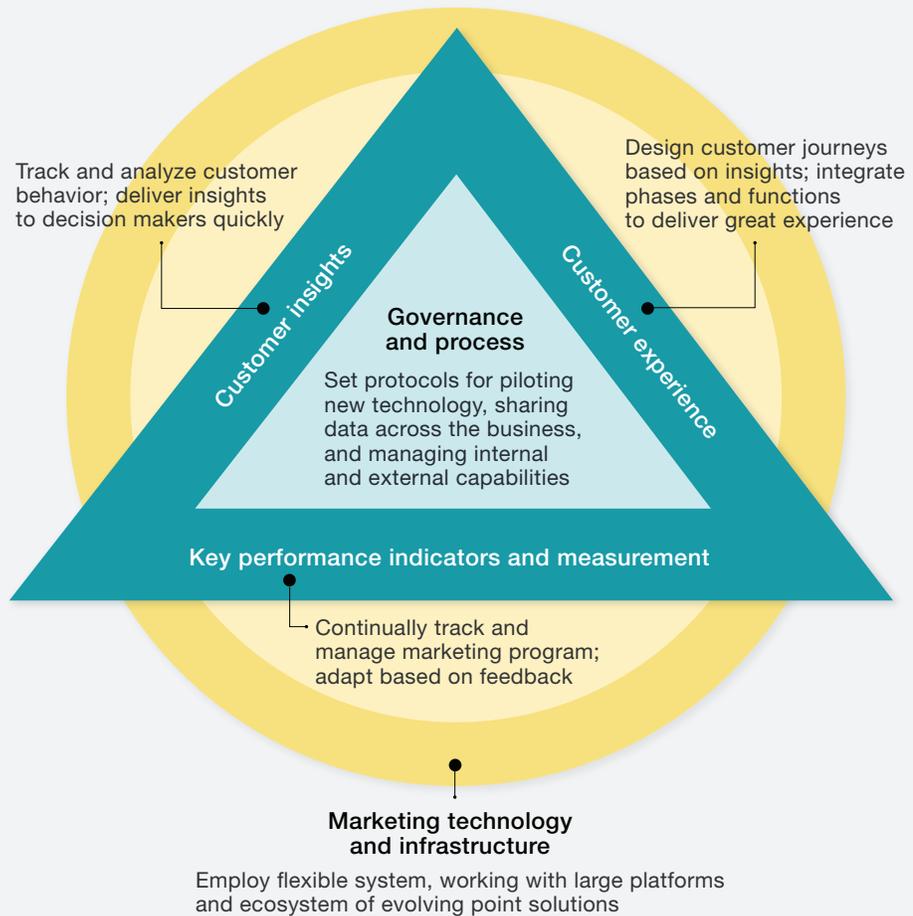
³ McKinsey has a relationship with ClickFox through its McKinsey-ClickFox Solution.

Exhibit

In the digital era, marketing operations must know how to exploit and scale the capabilities of digital channels cost effectively.

THE BIG FIVE

Capabilities to support digital marketing operations



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Most companies are only at the beginning of creating comprehensive customer-insights programs. While establishing “war rooms” to monitor and react to social-media conversations is a good example of how companies are moving in that direction, what’s needed are organizations that integrate and make sense of all sources of customer insights. One global hotel chain, for example, has combined its customer-research group and marketing-analytics group in an effort to better understand its customers—specifically, those who engage with their marketing, stay in their different hotels, and spend their money once there. These two groups have been combined into one insights team that reports directly to the chief marketing officer.

2. Delivering a superior experience

What happens when customers have a bad experience? They stop doing business with a company. And a souring of the customer experience can take place at any point, which is why getting the consumer journey right requires getting everything right. Meeting customer

expectations calls for mapping out each of the steps that define the entire customer experience, highlighting not only the technologies and processes needed to enable a smooth journey but also the various functions across the organization that must coordinate to deliver it.

Marketing, sales, support, service, and operations play key roles in many customer journeys, of course. But there are other functions that are critical as well, such as order management and fulfillment. Those are not typically top of mind for marketers, but the experiences enabled by these back-end systems are instrumental to the way a customer perceives a brand's ability to deliver on expectations.

Consider the technology and operations required for L'Oreal's Makeup Genius app, which uses webcams to enable customers to virtually try on different shades and styles of makeup. To the customer, it is an easy, seamless, and enjoyable experience. But it is enabled by complex technology that involves coding dozens of makeup shades, matching them to a near infinite variety of skin tones, and collecting data on which types of customers try on which shades, then tracking their satisfaction levels after purchase—all of which are analyzed to further refine the matching process and improve the customer experience.

This two-way flow of information is an important aspect of modern marketing operations. As an experience is delivered to the customer, there needs to be a system to capture how that shopper responds and feeds that information back into the organization, which then adjusts its offer or message accordingly. And this feedback loop is not just about optimizing the customer experience. It also helps decision makers adjust campaign spending based on trends and opportunities, for example, or direct salespeople to stores where product inventory is low. We've found that best-in-class companies reallocate up to 80 percent of digital-campaign budgets during a campaign.⁴

3. Selecting the right marketing technology

Delivering on omnichannel customer experiences requires marketing technology that can automate processes, personalize interactions, and coordinate actions. Marketing technologists, in particular, have a critical role in navigating the ecosystem of more than 2,000 marketing-technology providers to create solutions that deliver the most effective customer experiences.⁵ They effectively act as a bridge between the customer experience and marketing operations.

An important element of managing a capable marketing-operations function is building a system that has the flexibility to work with large platforms that are becoming more dominant, such as Adobe or Oracle, as well as point solutions that are constantly introducing innovations. That requires developing a thoughtful application-programming-interface strategy to make sure your system has enough flexibility to hook into both current and emerging technologies, which will only become more important as the Internet of Things moves mainstream.

⁴ Edelman, "It's all about the journey."

⁵ *Chief Marketing Technologist Blog*, "The system dynamics of 2,000+ marketing technology vendors," blog entry by Scott Brinker, January 29, 2015, chiefmartec.com.

Yet the “best” marketing technology isn’t necessarily what’s best for an organization. For example, an overriding consideration may be how well a particular solution integrates with legacy systems or how well it meets specific requirements. One global technology original-equipment manufacturer, for instance, set out to create a personalized content-delivery system across all touchpoints. Beginning with a clear vision of its ideal customer-delivery needs, it defined key performance indicators, outputs, and levels of personalization, and then it set out to assemble the technology that could do it. But it also needed a solution that could play nicely with the company’s many legacy systems and would also be easy for a large group of global marketers to implement and manage day to day. The company wound up combining off-the-shelf data, content, and analytics platforms with a personalization engine.

4. Implementing processes and governance

Technology enables the customer experience, but it requires people, processes, and governance to ensure technology does what it’s supposed to do. The failure to establish guidelines for how business units might pilot new technologies, how data will be shared across the organization, or which capabilities will be managed in-house versus by external agencies and partners could result in a patchwork of efforts across the enterprise that sow confusion and hamper attempts to scale.

To address this challenge, one global consumer-packaged-goods company rethought its entire approach to bringing a new product to market, beginning with a complete overhaul of the marketing brief. The existing briefing process was not standardized, which resulted in varying levels of input, lack of clarity around the insights that were driving the campaign, loose definitions of the goals of the campaign, and inconsistencies regarding the specific role of each agency, as well as that of the internal team. As would be expected, much time was wasted as both the briefs and campaign development underwent multiple iterations.

The new approach required every agency involved in the product launch to participate in the creation of the briefs. Having everyone at the table formalized responsibilities, while aligning roles and resources ahead of time helped to mitigate the “land grabs” that can occur among competing agencies. In addition, bringing everyone together at the beginning made for stronger briefs, as it generated healthy debate on such key issues as which agencies would take the lead in the launch, which key performance indicators should be measured, and how and where to incorporate feedback loops that would allow teams to tweak and iterate after launch. The new approach paid off: the time spent writing a marketing brief and rolling out a new product dropped from four months to just one.

Establishing such clarity up front requires the client to be a strong orchestrator and the agencies to stick to their defined roles. Rather than being restrictive, this level of governance can enhance creativity, as it frees people to focus on their responsibilities instead of wasting time and energy jockeying for position with other agencies.

5. Using the best metrics to drive success

Technology is now catching up to the holy grail of marketing: the ability to monitor, track, and manage the effectiveness of marketing investments. Measures of marketing effectiveness need to move beyond what has often been limited to a narrow set of metrics. As companies become more customer-centric, for example, metrics should focus on customer activity rather than simply product or regional activity, as is often the case. Metrics should also reinforce new behaviors and processes, such as how fast a product is launched or how quickly lessons from the field can successfully be integrated into the next marketing offer.

To be most effective, however, metrics need to deliver insights quickly—often in real time—so the business can actually act. They need to be delivered in a way that is easy for decision makers to understand, and they need to be forward looking to identify future opportunities rather than focus on reporting what has already happened.



It's sad but true: marketing operations has traditionally been overshadowed by sexier marketing tactics. Yet as consumers become increasingly empowered and sophisticated in the way they make purchasing decisions, it's never been more important to use data to map customers' DNA, understand exactly what they want, and then take those insights to develop and deliver a superior (and flawless) customer experience. As outcomes go, we think that's pretty sexy indeed. □

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