

The *Lytics* State of
Marketing Report 2015

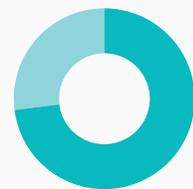
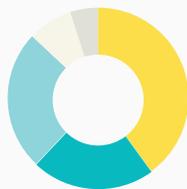
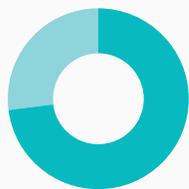
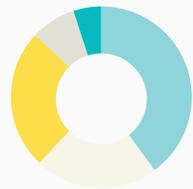
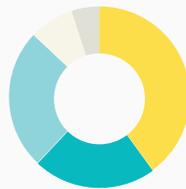
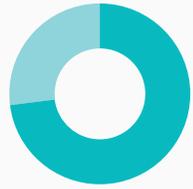
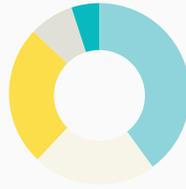


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01.

EXECUTIVE SUMMARY

2014 was a big year for marketers. There were acquisitions, a fresh wave of marketing tech startups, and the “cloud marketing wars.” Adding to the confusion was the rapidly shifting role of the CMO, who is now more frequently being called on to deliver optimal customer experiences, analyze data and influence IT purchase decisions.

Lytics conducted its first State of Digital Marketing Survey to better understand how technology impacted marketing in 2014, identify challenges marketers need to overcome and recommend goals for 2015 and beyond. **The survey included responses from 152 professionals employed in digital marketing and related positions and 477 consumers from across the U.S.**

The survey revealed a number of salient observations, but we didn't stop at just reporting what we discovered. To make the findings actionable, this report also provides in depth analysis and guidance designed to help marketers:

- Deliver outstanding customer experiences
- Build customer-centric organizations
- Integrate and own useful behavioral data
- Predict consumers' next moves

02.

KEY FINDINGS & TAKEAWAYS

The survey results demonstrate that today's marketers have a very wide array of technologies available to choose from and have deployed many of them. They are actively utilizing email, social, mobile and Web and are fully aware of all digital engagement channels.

Despite the proliferation of technologies and touchpoints now available to marketers, the research reveals that they have yet to deliver outstanding customer experiences that are contextualized, personalized and timed appropriately.

Our report yielded insights to support these key findings:

1

Outstanding Customer Experiences Aren't Being Delivered

- 80 percent of consumers say brands are not familiar or at best are only somewhat familiar with their needs.
- 47 percent of marketers report that they are not delivering coordinated and personalized messages across all marketing channels

TAKE ACTION

Map out Your Customer Experience. Best-in-class companies build a working model of the entire customer experience, including steps before and after the typical sales funnel. This includes driving stronger brand awareness and nurturing advocacy.

This gives the organization a better look at all opportunities to engage with the customer. It also provides a visual means of determining if messaging is consistent across media.

2

Technology Integration Remains Challenging

- Nearly two-thirds of marketers have not been able to integrate marketing technologies and data to provide a single view of the consumer.
- 57 percent of marketers say integration requires medium to heavy effort.
- 20 percent say their marketing technologies do not integrate at all.

TAKE ACTION

Seek marketing technology tools that connect disparate data and don't require a rip-and-replace. Ideal tools and technology should connect existing information to identify actionable insights.

3

Marketers Are Banking on Technology to Solve Problems

- The highest percentage (48%) of marketers say budgets will be aimed at technology in 2015.
- 49 percent of consumers report that Amazon is the best at providing personalized recommendations that are useful and engaging.

TAKE ACTION

Achieving an Amazon-level of customer intuitiveness requires investment in the right technology to cross-segment data, as well as the customer understanding to develop a remarkable customer experience.

4

Several Marketing Tactics Are Deemed Key for Winning Customers 2015

- 100 percent of marketers ranked initiatives that can predict customers' "next move" as extremely important.
- Consumers report that email is still the No. 1 way to reach and engage with them, but social and site promotion channels are also effective.

TAKE ACTION

Marketers can improve their existing cross-channel efforts by utilizing more behavioral-driven insights. Connecting marketing data of various streams is the first step toward using winning insights to fuel personalized experiences.

5

Timing and Context are Everything

- Only 10 percent of consumers always look for products and services they had previously decided they need.
- 55 percent of consumers know what they're looking for about 50 to 75 percent of the time.
- 11 percent know what they're seeking about 25 percent of the time.
- 23 percent of consumers never look for items they had previously planned to purchase.

TAKE ACTION

With the customer as educated about products as ever, marketers should cater to where they are within their buying journey through targeted messaging.

Make this messaging contextual to how they consume content (web, mobile, social, etc.) insights to fuel personalized experiences.

03.

DETAILED INSIGHTS

Understanding the implications of the survey findings is only a first step. Marketers can benefit from this research if they take corrective and proactive steps that will allow them to leverage data to better understand consumers.

A focus on building customer-centric organizations empowers organizations to engage consumers with relevant offers at the right time, i.e., when they are ready to buy. Follow the recommendations throughout the report to take action today.

MEETING CONSUMER NEEDS



- **26%** say offers they receive via email, display ads, social networks and mobile are never relevant to their interests.
- **67%** say offers are relevant sometimes or rarely.
- **7%** say offers are relevant regularly or all of the time.

CUSTOMER EXPERIENCE TRUMPS CHANNEL OF ENGAGEMENT

Brands are generally missing the mark when it comes to meeting consumers' needs:

- 80 percent of consumers say brands are not familiar, or at best, are only somewhat familiar with their needs.
- Two-thirds of consumers say that offers they receive via email, display ads, social networks and mobile devices are sometimes or rarely relevant to their interests.
- 26 percent say offers are never relevant.

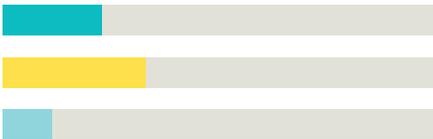
GIVING THE RIGHT MESSAGES AT THE RIGHT TIME MATTERS

Consumers believe that marketers do not understand them



Build an adaptive marketing team by encouraging experimentation with data and various best-in-class tactics. Empower team members with varied skills, backgrounds and perspectives to improve the scope and depth of user understanding and marketing messaging.

Access to proper marketing technology and tools is necessary for these cross-discipline teams to succeed.



Only 11% of consumers always know what they are looking for.

33% know what they are seeking rarely to sometimes.

23% never know what they are looking for.

and fail to deliver desirable offers. This underscores the need for marketers to accelerate efforts to gain deeper and more sophisticated insights into their customers.

Since consumers are active across multiple channels, the channel through which they receive offers is not as important as the relevance of the offer they receive.

PREDICTING CONSUMERS' NEXT MOVE IS CRUCIAL

With 73 percent of consumers making purchases online and 66 percent reporting that they know what they are after at least half of the time, knowing customers' next move is key. Marketers realize the immense value of predictive capabilities, with an overwhelming 100 percent of those surveyed ranking initiatives that can predict customers' "next move" as extremely important.

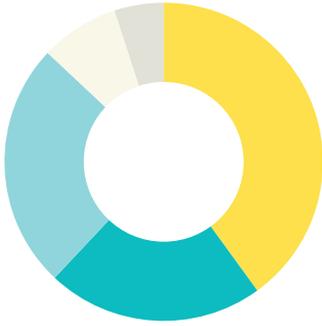
CONTEXT IS EVERYTHING

Marketers have an opportunity to influence consumers' buying decisions in the online arena, if they provide the right offer at the right time. When shopping online: Shoppers' uncertainty can be an opportunity for marketers, but only if they deliver attractive offers at the right moment. Most consumers are not actively seeking offers online: 58 percent of consumers rarely or never browse for interesting offers, and 25 percent sometimes do. Marketers cannot wait for consumers to come to them; they need to be where consumers are with the right offer at the right moment.

CONSUMER CHANNEL PREFERENCES

ORGANIZE AROUND THE CUSTOMER'S ENTIRE JOURNEY, NOT JUST EMAIL MARKETING

Consumers prefer to be reached by email, but other channels should not be ignored. Given a choice of online channels to choose from, the highest percentage of consumers said that email is the best way to get their attention (29 percent).



- **40%** of consumers respond best to website promotions.
- **25%** prefer social media such as Twitter and Facebook.
- **22%** react to display ads.
- **Only 8%** of consumers like to be reached via mobile notifications.
- **Only 5%** respond best to physical ads in newspapers and billboards.

Other effective initiatives include recommendations from people they trust (21 percent) and website promotions (17 percent). Though email is the top consumer choice, it is important to reach shoppers through a variety of channels.

When asked in a separate question about the best way for brands to reach them online, besides email:

- 40 percent of consumers respond best to website promotions.
- 25 percent prefer social media such as Twitter and Facebook.
- 22 percent react to display ads.
- Only 8 percent of consumers like to be reached via mobile notifications.
- Only 5 percent respond best to physical ads in newspapers and billboards.

Consumers will respond to the right email offers, and a percentage of consumers will also respond to alternate channels. If consumers do not respond to an email offer:

- 8 percent say it means they would rather be reached via social media sites such as Facebook.
- 7 percent would rather be reached through display advertising.
- 5 percent would prefer a mobile ad.
- 8 percent of consumers would rather be reached via either social media, display or mobile advertising

MARKETERS' CURRENT WORKFLOW

PREDICTIONS AND DATA ACTIVATION ARE MARKETERS' TOP PRIORITIES

With companies reallocating funds from IT to marketing, marketers must take control of their own consumer data. Practitioners who leverage new technology initiatives will be best positioned to deliver an enhanced customer experience.

When asked to rank the importance of several marketing initiatives on a scale of one to five, respondents said they are most concerned with predicting customers' next moves and



Gather behavioral data from customer key indicator purchases, social profiles, and brand interaction data (i.e., email and web engagement).

Connect, intersect, and analyze these channels together to gain a more behavioral-driven understanding of your consumer.

activating data to provide customers with a seamless user experience.

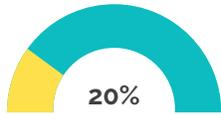
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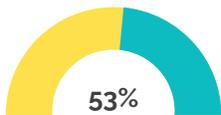
When asked to rank the importance of several marketing initiatives on a scale of one to five, respondents said they are most concerned with predicting customers' next moves and activating data to provide customers with a seamless user experience.

AVERAGE RANKINGS WERE AS FOLLOWS:

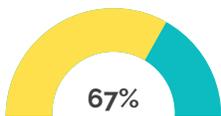
- Activating data to provide customers with a seamless user experience: 2.56
- Predicting customers next move (e.g., likely to churn): 2.56
- Integrating new marketing technologies: 2.4
- Connecting data sources for a single view of the customer: 2.04



of marketers say their technologies don't integrate at all.



of marketers deliver personalized offers across all channels..



of marketers prefer best-of-breed technologies.

INTEGRATING TECHNOLOGY REMAINS A CHALLENGE

- Only 38 percent of marketers have successfully integrated the data from all of their marketing technologies into a single view of the customer.
- 57 percent say integrating their marketing technologies requires medium to heavy effort.
- 20 percent say their technologies don't integrate at all.

TOO FEW MARKETERS ARE DELIVERING PERSONALIZED OFFERS

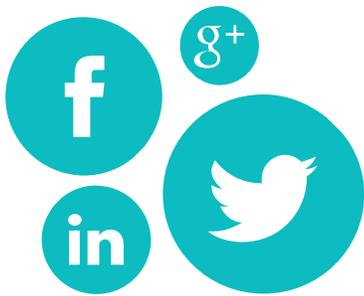
Only 53 percent of marketers are managing to deliver personalized offers across all channels. This finding makes sense given that 63 percent of marketers report not having integrated data. Without a single, unified view of the consumer,

it's no wonder that little more than half can appeal to customers' desires.

MARKETERS PREFER BEST-OF-BREED TECHNOLOGIES

When selecting marketing technologies, 67 percent of marketers prefer selecting best-of-breed options, rather than choosing multiple technologies from a single provider.

HOW THE MARKETER WORKFLOW EVOLVES



MARKETERS CONTINUE TO ADOPT SOCIAL

Survey respondents said that social media and site optimization will be important for them in 2015. When asked about which marketing program they expect to deliver the most value in 2015, the highest percentage of marketers said social media (32 percent) and site optimization (30 percent), while only 22 percent expect to derive the most value from email, and only 16 percent see mobile marketing as the greatest opportunity.

Additionally, 28 percent of marketers said they are most likely to use less email marketing in 2015. Nineteen percent are most likely to use less mobile marketing.

MARKETING TECHNOLOGY'S ROLE WILL CONTINUE TO GROW

Technology—and, more specifically, technology integration—will play an increasingly important role in marketers' workflows. Deploying technology represents marketers' highest financial priority.

In terms of 2015 budget allocation:

- 48 percent of marketers plan to invest in technology.
- 29 percent will invest in new programs, such as paid search.
- 23 percent will increase headcount.



48% of marketers plan to invest in technology in 2015.

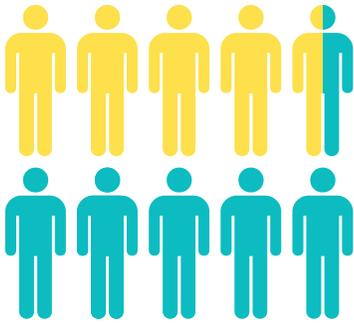


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23% will increase headcount.

INTEGRATION IS AN UPHILL BATTLE



45% of marketers see technology integration as a high priority in 2015.

Marketers who have invested, or plan to invest, in best-of-breed marketing technologies will likely face new challenges with data integration. Current marketing cloud solutions are not going to play nicely with one another. Marketers will require a level of integration that the marketing cloud providers cannot and will not provide. As a result, marketers will need to find innovative new solutions to address the integration problem.

Marketing application integration technology that provides a single view of the customer will become increasingly necessary, and 45 percent of marketers state that this type of integration is a high priority.

Lytics TIP

The modern marketing environment might be changing rapidly. Don't make any marketing technology decisions hastily. The ideal tools that marketers should use will connect existing, historical data across email, web, social, and mobile, to create a holistic, behavioral-driven look at the consumer.

This is the first step toward personalized, intelligent consumer campaigns.

04.

SURVEY METHODOLOGY

Lytics conducted two separate surveys, each with a unique set of questions and respondents.

1. Consumer Survey

A total of 477 General Population respondents in the United States on the Google Consumer Surveys publisher network completed the consumer survey, consisting of 10 multiple choice questions. The study was fielded in December 2014.

2. Marketer Survey

A total of 152 respondents completed the marketer survey, which also consisted of 10 multiple choice questions. The study was fielded in December 2014.

05.

LEARN MORE ABOUT LYTICS

Lytics, the pioneer of adaptive digital marketing, provides a marketing activation platform that integrates all touchpoints, surfaces previously undiscoverable behaviors of customers and prospects, then proactively recommends how to best target audiences across web, mobile, email and social. In a world where connected consumers evolve faster than traditional marketing, Lytics goes beyond the usual analytics and insights to action.

Through machine learning, its cloud-based software predicts new SmartAudience™ segments and suggests opportunities to marketers to adapt their tactics in real time—no matter what combination of marketing applications they're using—to stay ahead of consumer preferences.

By unifying and activating audience data, Lytics anticipates trends and enables creative ideas to come to life, putting an end to generic campaigns. 1:1 marketing is finally within reach. Customer-centric companies including Condé Nast, The Clymb and DIRECTV take advantage of the data science and predictive analytics built into the Lytics platform to supercharge brand loyalty, improve conversion rates, increase customer lifetime value and drive revenue growth. www.getlytics.com.

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