

Editorial: *Digital Channels, Budgeting Decisions, and Marketing Metrics*



In our last HMM Editorial we made reference to various point of views regarding the way of dealing with uncertainty, better understanding and responding to the emotional needs of customers, within the context of both the changes caused by COVID-19 pandemic, and the digital disruption as a transformation caused by emerging digital technologies and business models, considering marketers' priorities and actions while learning from those doing their best to stay ahead of the trends, rethinking the marketing technology ecosystem and enabling continuous change so as to deliver real-time, personalized CX, improving organizations' connection with customers, succeeding and thriving accordingly (Purcarea, T., 2021).

According to Gartner (a, 2021), within the context of the accelerated adoption of digital channels by consumers (while increasing their demand for greater ownership over their digital identities) and of still in progress data privacy disruptions, which are both upending traditional advertising placements, there is an obvious pressure on digital marketing leaders to manage the advancements of data privacy for internet users which prevent the success of marketers' digital advertising efforts. Consequently, as Google, Facebook (Meta) and Amazon represent, for instance, nearly 2/3 of total US digital advertising revenue (11.2% of marketing budgets being already captured by digital advertising), marketers need to consider their complete dependence on how the closed ecosystems (having plenty of owned and constantly updated first-party data)

of the so-called walled gardens of YouTube, Amazon and Facebook (Meta) measure and interpret advertising performance (while preserving the integrity of their users' privacy). Hence the challenge to agilely adapt across their media mix of walled gardens and publishers, including by experimenting the ads' placement with emerging platforms, and being ready for data clean rooms' future (within and outside of the so-called walled gardens). Insights from Gartner's 2021 Annual CMO Spend Survey confirmed the importance for the resilient brands (managed by agile marketers) to remain agile not only in their channel and program mix, but also in their media mix.

It is well-known that companies' budget discussions should treat marketing and advertising as an investment in a company's future, always remembering the wise words of Henry Ford: "Stopping advertising to save money is like stopping your watch to save time" (WordPress VIP, 2021). Budgeting decisions (guided by companies' clear goals converted into marketing goals that connect with the comprehensive companies' goals, marketing goals depending on content's success) are informed and validated by solid strategic plans creating a return on technology investments.

To adopt marketing analytics and attribution solutions (which are giving marketers insight into shifting consumer preferences in real time), companies' primary roadblock is typically the budget (Wilson, 2021). Marketers can take advantage of marketing analytics tools (like identity resolution and cross-channel measurement) to establish and monitor KPIs for customer acquisitions, conversions etc.

As shown by Nielsen (2021) COVID-19 pandemic highlighted the need for both efficient, and effective spending (top priorities being customer acquisition and brand awareness) within the framework of the continuous critical examination of the marketing budgets, the importance of accurate and holistic measurement being intensified with the rising usage of new platforms and channels by brands' marketing efforts. According to Nielsen, trust, comparability and adaptability are the three pillars all the brands should focus on, the facilitation of de-duplicated measurement (and also of the comparable metrics' production) across all channels (including walled gardens) requiring marketers to use solutions to maximum advantage, by embracing the duality of needing near-term sales and brand awareness based on Marketing Mix Modeling (MMM for short- and long-term ROI) and Multi Touch Attribution (MTA, ensuring responsive MTA platforms to the prevailing trends in the market regarding data availability) to better understand the effectiveness of their marketing.

Coming back to Gartner, it is worth mentioning that they are recommending:

- To map content marketing metrics to business outcomes, as shown in figure below (Gartner b, 2021):

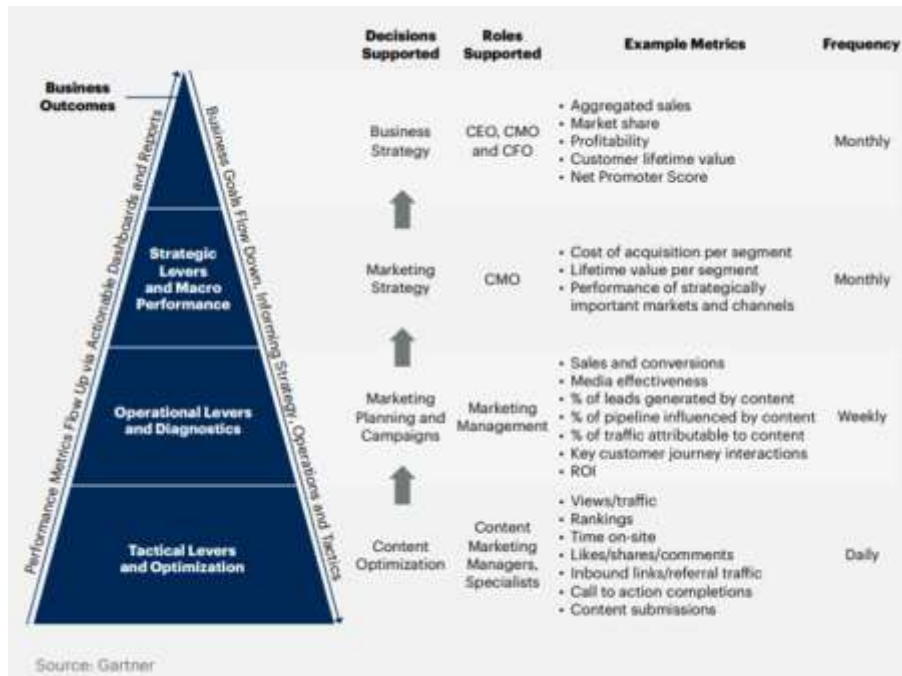


Figure no. 1: Map Content Marketing Metrics to Business Outcomes

Source: Gartner b, 2021. How to Measure Content Marketing in 3 Steps. [pdf] Gartner for Marketers, October 2021, p. 14 (work cited)

- The preparation for the future of hybrid marketing, redefining the Chief Marketing Officer's (CMO's) role as the organization's "Chief Connecting Officer" (CCO, who connects Customers, Employees, Brand, Partners, and Channels), and building holistic marketing measurement on the basis of a hierarchy of marketing metrics (as described in the below figure), focusing on both return on investment, and return on objectives (Gartner c, 2021).



Figure no. 2: Building Holistic Marketing Measurement

Source: Arora, A., Hjartar, K., McGuire, J., Villareal, O. and Zimmel, R., 2021. Open-source e-commerce: The next wave of value for the enterprise. [pdf] McKinsey & Company, McKinsey Digital, October 2021, p. 3 (work cited)

According to Gartner's CMO Spend Survey 2021 (Virzi, 2021), in order to advance brand strategy, innovation and overall strategy development CMOs must recruit and retain talent, adapting accordingly to these new priorities (in contrast with the list of tactical and technical capabilities brought in-house in 2020: social marketing, creative production/content marketing, and video/ podcast/photography studio production).

Of course, we all have to keep in mind that talent without work, as highlighted by our great Constantin Brancusi, is nothing more than raw unfinished material.

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