Transforming Digital Marketing: Executive's guide to optimization-centric cultures

Forward

In this digital age, consumers can engage with your brand, products, and services in more ways than you could have possibly imagined just 10 years ago. Social channels, like Facebook and Twitter, appeared on the horizon one day and became mainstream marketing channels almost overnight. Everyone started doing email marketing. Product pages on websites began offering related products. Mobile took off like a wildfire. These milestones just scratch the surface of how consumers engage with companies today.

Companies understand that they must completely reinvent themselves to thrive in this digital age. As consumers engage with your brand, they provide clues about what they want to experience on each channel—but only if you listen and adapt that experience accordingly. Optimization is the process and tool set used to listen, evaluate, and deliver highly relevant experiences on any channel in which the consumer engages with your brand. It lets you take action on rich data and content to maximize the return on your marketing spend and efforts.

To be successful, optimization must go beyond the tools or processes. It must become a company culture in which the goal is to optimally tune every channel for every voice, image, and text that leaves the corporate firewall: social, email, mobile, web pages, in-store, video games, call center—everything. Everyone from the leadership on down must fundamentally change how he or she works.

At Adobe, we also felt the pressure to embrace and benefit from these fast-paced changes. We had to change how we approached our work as a company. We had a big stake in it, because we also needed to verify that our digital marketing solutions, now our Adobe Marketing Cloud solutions, really did support companies in both the practice of optimization and building a culture around it.

In 2012, we launched our Adobe-on-Adobe initiative and transformed our culture to one of optimization using our Adobe Marketing Cloud solutions—Adobe Analytics, Adobe Target, Adobe Experience Manager, Adobe Campaign, Adobe Media Optimizer, and Adobe Social. We discovered that by leveraging our own solutions, our marketing team achieved an annual revenue lift of $40 million, lifted conversion from 2.5% to 12%, and increased ROI by 24%.

At Adobe, our research shows similar successes for companies that invest more in optimization. The *Adobe 2014 Digital Marketing Optimization Survey Results* show that companies with conversion rates in the top 20% are 54% more likely to devote more than 5% of their marketing budget on optimization activities. This presents a major opportunity for marketers because 44% of companies spent less than 5% of their budget on optimization activities. This online survey, found in step 1 below, collects your information and dynamically updates a personalized report with the latest benchmarks.

These successes are in line with those experienced by other marketers who have already helped their companies make notable progress with optimization. The recently released case study by the Patricia Seybold Group, *Marketing in a Digital World: Learnings and Success Stories in Digital Transformation of the Customer Experience*, found that several leading companies experienced successes using optimization. For example, a major retail organization experienced online and multichannel sales growth of 10% per year, and a major financial institution quadrupled online sales in one of its markets by improving the customer experience with optimization.

Similarly, Wunderman, a global digital agency that helps organizations build digital optimization programs using Adobe Marketing Cloud, has seen its clients reap tremendous rewards. One of the agency's larger B2B clients gained a 27% lift in incremental online sale leads through optimization. The client also saved 20% of its digital marketing budget through avoiding less effective online experiences.

The majority of companies I encounter see optimization as an imperative. However, many express the need for guidance to start or grow their optimization practice and build a culture of optimization. Companies have a constantly growing body of technical guidance on using optimization tools. Yet all the tools in the world won't lead to successful optimization initiatives if the company doesn't simultaneously establish an institutional culture of optimization.

In this guide, we've tapped into our experiences at Adobe, the work of agencies like Wunderman, and the learnings from companies who have already made notable progress in optimization to identify key activities and requirements for building that culture. We'd like to share those learnings, along with a multitude of resources and tools that we, partners like Wunderman, and our customers find valuable in building that culture.

David Welch
Vice President, Marketing Insights and Operations
Adobe Systems, Inc.

On the journey to establishing a culture of digital optimization

Digital technology is everywhere. It's affordable and accessible—from the first world to the third. And it puts customers in the driver's seat of their digital experience. They know that the information and technology needed to deliver that customer-centric experience is available, ready, and willing to be used.

Delivering that experience does indeed require data and technology, but that alone only takes you so far. You also need to change your company's culture to one that embraces digital optimization. That's a culture that makes data-driven decisions, tests marketing ideas before launching them wholesale, and makes iterative improvements to digital channels based on testing. It's also one that accepts that the price of progress means occasionally taking the wrong turn—but only if they learn from it and course correct.

For the past decade, executive-level individuals, including CEOs, have been on the journey to establishing a culture of optimization at their company. Partner agencies, like Wunderman, have also helped companies do this. In their travels, they've recognized key steps required to build that culture.

This is your guide to building a culture of optimization at your company. We highlight the steps your peers recognize as necessary for building it. We also point to valuable resources and tools available right now that can help you take a more direct path toward institutionalizing that culture.

Why a culture of optimization?

You don't have to dig too deeply to understand the benefits of embracing digital optimization. Of course, delivering a highly relevant, personalized experience to customers makes all the difference in your success at acquiring and retaining them. A few benefits might not immediately come to mind, though. For example, optimization helps you:

· Gain efficiencies and improved employee performance and productivity

· Increase revenue and results related to bottom-line business objectives

· Reduce costs and eliminate waste on ineffective experiences, products, and services

· Move the company forward by making business decisions based on data, not gut feeling

· Manage business-process change more effectively

A recent Forrester study, *Focus on Customer Value to Grow Organizational Maturity* (Derek Miers, January 2, 2014) outlines a maturity model in which the final "Optimized" level requires "institutionalizing a culture of optimization." The study found that mature organizations manage change more successfully, particularly when they had mature business architecture practices, as evidenced by strong project governance.

From a digital perspective, higher conversion rates represent the most direct benefit of optimization. The *Adobe 2014 Digital Optimization Survey Results* howed that companies with a culture of optimization had conversion rates of 3.6% compared to less mature firms that reported 1.8% conversion. Firms that targeted more than 20% of visitors had conversion rates of 5% compared to average firms reporting 2.6% conversion. At first glance, that shift might seem minor, but even an increase of fraction of a percent in conversion rate can mean millions of dollars of additional revenue.

Many organizations view optimization as a project rather than an ongoing activity and programmatic way of thinking. They place someone in charge of focusing on a few quick optimization wins, perhaps to revamp a banner, the home page, or some product landing pages. Unfortunately, all the benefits and competitive advantages can fail in the long run with this approach.

Reaching the full potential of optimization requires someone at the top level—a CEO or other executive-level individual—to sponsor optimization and align it with corporate vision, strategy, and culture. As an executive, do you buy into the idea that to succeed with optimization, you have to establish an enterprise-wide culture around it?

Steps for establishing your culture of optimization

If you answered "yes" to the previous question, you understand and buy into why you need to establish that culture. That's critical because, as with all major initiatives and culture changes, establishing a culture of optimization requires a top-down approach that starts with executive level buy-in.

However, just because you buy into optimization doesn't mean you know how to make it happen. Fortunately, partner agencies have developed deep knowledge of optimization from helping clients establish successful optimization programs.

Many organizations have turned to Wunderman to jump-start their efforts. Early on, Wunderman observed the emergence of a new type of marketer as digital technology became prevalent and available. These marketers were attempting to embark on the optimization journey, but did not know how to begin and effectively leverage the technology.

Wunderman developed a rigorous process for guiding its clients through their optimization efforts to help them adopt the technology and effectively use it for big business impact. The agency developed a framework that helped clients institutionalize optimization at an enterprise level. Wunderman now works with its clients to identify their key strategic business objectives, create a central optimization function, and help them internally drive demand for that function.

Whether you work with an agency or take on building a culture of optimization in house, you can benefit from the following steps that organizations like Wunderman, Adobe, and their customers have taken to establish a culture of optimization.

Step 1. Benchmark your current performance (0 to 1 month)

A key requirement for making progress is determining your current state. You need to establish a baseline of your current state of optimization centered on key performance indicators (KPIs), such as revenue per visitor and visitor conversions. Because KPI numbers can vary between different groups within a company, all stakeholders should weigh in on and agree to the selected baseline numbers.

Many vendors and analysts have conducted optimization benchmark studies that measure your current state and let you compare your results against industry and cross-industry benchmarks. Adobe launched the *Adobe 2014 Digital Marketing Optimization Benchmark Survey* expressly for this purpose. The survey, which will remain live for the entire year, continually updates its benchmark measures as additional survey responses are completed.

ACTION: Complete the *Adobe 2014 Digital Marketing Optimization Benchmark Survey*
Review the report the survey produces based on your input. See how you measure up against others in your industry and across industries. Are you best-in-class, in the middle of the pack, or lagging behind?

The stronger your current performance, the more established your culture of optimization and the fewer steps left to formalize and lock in that culture as a long-term competitive advantage.

ACTION: Review the survey results with your key stakeholders
Determine which of the study's KPIs will be most relevant to your business for the next 12 to 18 months, and prioritize optimization efforts around them.

Sometimes you learn from what works; other times you learn from what doesn't work. Here's what Wunderman learned from its clients.

- Optimization has to be a business strategy, not a tactic.
- You have to acquire a new attitude in the organization.
- Acquiring new skills and the technology is table stakes.
- Organizational readiness is imperative to take optimization to the next level.
- You must have organizational alignment around optimization.
- Stakeholder compromise is key for organizational alignment, so early stakeholder buy-in is a must.

Step 2. Perform an organizational strengths and weakness assessment (1 to 2 months)

In this step, you're not measuring yourself against your peers but against industry best practices—indicators of your company's maturity level with optimization. Before creating a formal plan for building or improving your optimization efforts, you have to identify your strengths and weaknesses.

Adobe consultants identified the six key dimensions of optimization maturity based on almost a decade of work helping Adobe clients build successful optimization programs. The key dimensions, which have now been used to create the *Optimization Maturity Model*, include:

- **Culture**—How the organization decides on consumer experience improvements
- **Strategy**—The combined level of talent, technology, processes, and knowledge of the organization's optimization practice
- **Leadership**—The commitment to and influence on your optimization program that the key leaders in the organization provide
- **Organization**—The people that work on your optimization team
- **Execution**—The manner in which your organization runs an optimization activity from conception to reporting
- **Reach**—The extent to which your optimization program utilizes technology and spans your digital properties

Adobe has developed the *Optimization Maturity Self-Assessment*, a comprehensive interactive tool that lets companies evaluate their optimization maturity across the model's six dimensions. A personalized report shows the organization's strengths and weaknesses in each dimension and recommended ways to improve weak areas.

ACTION: Complete the self-assessment

Review your results and report, including the scores and recommendations across the spectrum of activities viewed as best practices for building and fostering a culture of optimization. Weaknesses indicate the gaps that need to be filled. As you create your formal optimization plan, use the survey results, particularly any gaps, to prioritize resource use and focus your development efforts.

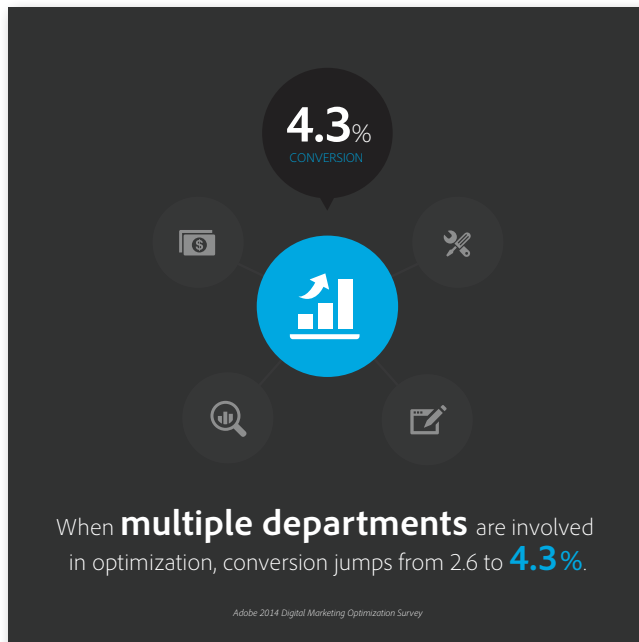*Sample Optimization Culture Development Plan*
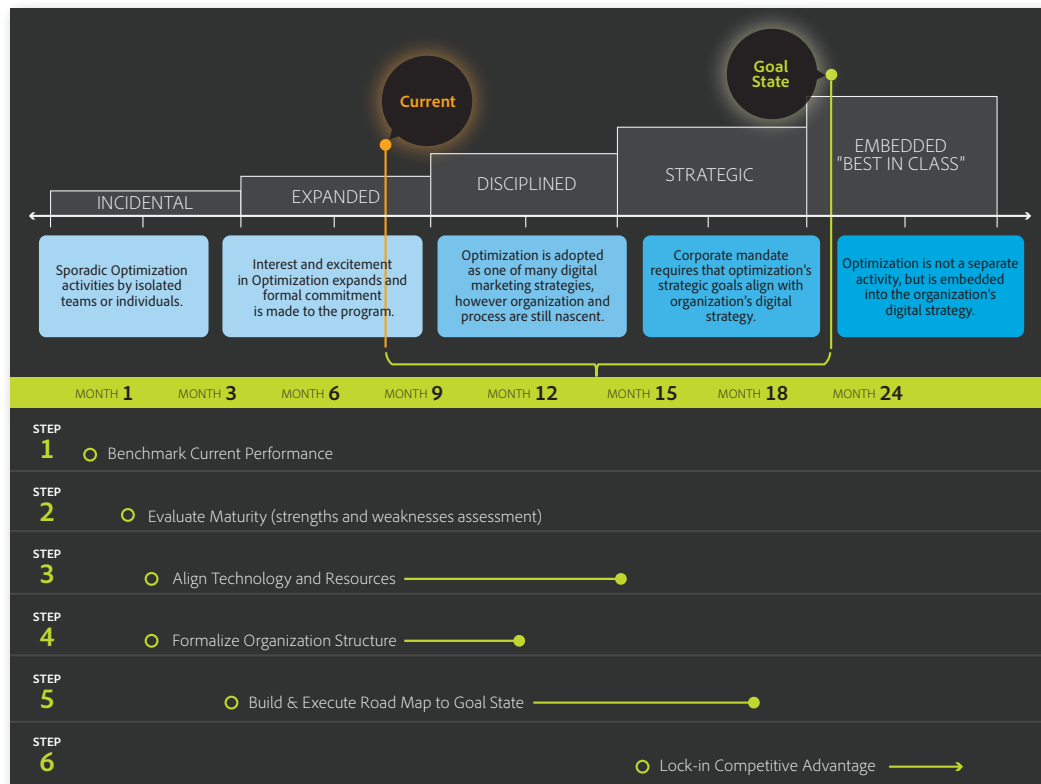
Step 3. Align organization resources and technology (2 to 6 months)

Views differ on the model required to align organizational resources with optimization. Some believe that a centralized optimization program or team is necessary; otherwise, you end up having optimization for the sake of testing and optimization, not for driving business outcomes. Others believe that a centralized optimization program cannot scale through an entire business, believing instead that a decentralized model or combined centralized and decentralized model can be more viable for scaling. Regardless of the model used, organizational alignment with optimization requires executive-level sponsorship, enterprise-wide buy-in, broad participation, and investment in enabling technology.

Optimization also increases the amount of creative that must be developed and the testing velocity. To handle this increased workload, the organization must carve out time for and give flexibility to IT and designers for optimization activities. A relationship to optimization must be defined, with these resources being members of the optimization team or remaining in their departments but having a dotted line relationship with and time dedicated to the optimization program.

Broadening optimization to the enterprise level requires cross-departmental collaboration and cooperation, with business units taking some ownership of optimization. Ideally, business units would incorporate optimization activities in all their digital experiences. This will require them to develop new skills, redefine roles, and restructure as needed—something that usually happens gradually through successive campaigns. To encourage collaboration, also align incentives with digital marketing KPIs. When business units and the optimization team are all motivated to hit the same targets, you have a far healthier, more functional organization and greatly increase your chances for success.

4.3%
CONVERSION

When **multiple departments** are involved in optimization, conversion jumps from 2.6 to **4.3**%.

Adobe 2014 Digital Marketing Optimization Survey

ACTION: Identify an executive sponsor
Before you can create a centralized optimization function, you must get a senior-level executive sponsor onboard who wants to own and invest in testing across the entire enterprise. The ideal executive-level sponsor has these characteristics:

- Tech-savvy and data-driven
- Profit and loss (P&L) responsibility
- Influential in the organization
- Recognizes the personal and business opportunity that optimization offers
- Change agent and risk taker
- In the marketing organization
- Responsible for online and offline marketing

ACTION: Identify stakeholders
The executive sponsor helps identify other key stakeholders, which include the key owners (executive and senior level) of:

- Business units
- Services
- Products
- IT

ACTION: Conduct stakeholder requirements gathering
This key change management process, best driven from the CEO, involves interviewing stakeholders to get their input on how they envision the optimization program functioning within their group. This important action generates buy-in from the stakeholders as they define the process for submitting tests into the pipeline and for prioritizing what gets optimized.

Change does not happen easily, so helping establish a process, especially when it changes how people work, ensures that they have some skin in the game. For example, if a new process changes how frequently staff has to develop marketing content—perhaps moving from a quarterly basis to a real-time basis—they're far more likely to make that shift if they helped establish the rules.

Requirements-gathering serves as a temperature check of organizational readiness. If you can't make the case within that step, you won't move forward.

ACTION: Prioritize required investments in systems, program development efforts, and key areas for testing
The results of the strengths and weaknesses analysis in Step 2 helped identify where your organization might need additional or alternative digital marketing solutions. Adobe developed an online tool, the *Adobe Target Value Navigator*, that helps identify the potential conversion lift and ROI you can gain with different investments in optimization technologies. Use the tool to prioritize your technology investments and to determine where within your digital channels to focus your testing for the best returns.

Step 4. Launch the central optimization program or team (6 to 12 months)
In this step, formalize the processes for optimization, build the support teams, choose a leader for your optimization program, and select the technology you'll use.

ACTION: Identify the optimization functional leader
One of the most critical roles is the person with day-to-day responsibility for running the optimization initiative. These people will have titles like Optimization Director or Director of Conversion Optimization.

The ideal people for this role think strategically, but also creatively, and are data-driven. They must balance creative exploration of experiences to offer customers with those that pay off. They must understand the role of technology as an enabler and the importance of leveraging data to drive optimization. They have to really get optimization. They must be good communicators and presenters, because they will often have to deliver presentations about the program, promote the program's initiatives, and hold learning sessions.

ACTION: Formally define the processes
You have to define how people submit ideas, how those ideas are prioritized and executed, and how the results are evaluated. You define what the testing objectives are and how they're measured.

A useful tool for prioritizing tests is a two-dimensional grid with ROI in one dimension versus ease of implementation in the other. Tests with high ROI and easy implementation are obviously addressed first.

ACTION: Select and implement the technology
You now need to evaluate various vendor solutions available for the technologies identified and prioritized in Step 3. Adobe and Analytics Demystified included a checklist for investing in an optimization solution in the paper, *Choosing an online testing and optimization solution*. Use the checklist to evaluate technology solutions. After you've selected a specific solution, work with the vendor to implement it.

Step 5. Building a transformation roadmap (12 to 24 months)

Now that you've created the centralized optimization program, formalized the processes, and implemented the technology, you need to create roadmaps for the short and relatively long term. Base the roadmaps on previous steps, taking into account:

- The program's goals and dates by which to achieve them
- Required resources, including head count and budget
- Means of capturing and sharing key learnings and best practices
- Methods for communicating results and progress

Many organizations capture key learnings and best practices by documenting the following elements related to the tests they run:

- Hypothesis being tested
- Description of what was tested
- Visitor segments tested
- Before image
- Images of the content and experiences tested
- KPIs used to measure success
- KPIs for the winning experience

Such documents over time point out essential truths that should be captured—for example, the optimal number of fields to include in a web-based form to maximize submission rates. These essential truths can then be applied without further testing. Although, of course, as the digital world changes, such assumptions should eventually be revisited.

Get up and running. Define the strategy and direction for your optimization program, including the solution architecture and how you'll deploy it to meet your business needs. Use your testing prioritization process to determine which test ideas to evaluate and create test plans around them.

Run and operate. Execute the most critical tests to drive superior conversion and impact. Success here depends on enhancing functionality iteratively. At each step, review results and use them to improve your personalization efforts.

Optimize the business. Reassess your personalization roadmap on a regular basis. Use the adjusted roadmap to continue executing tests and optimizing to build a more robust optimization environment within the business.

ACTION: Build your transformation roadmap

Work with stakeholders to define and implement your transformation roadmap. Define the overall direction of the program, the solution architecture, and how you'll deploy it to meet your needs. Prioritize your tests, and create test plans around them. Execute the highest priority tests, review results, and use key learnings to make iterative improvements. Periodically, reassess your personalization roadmap, identifying new areas for improvement to test, prioritizing tests, and continuing to execute the highest priority tests.

Industry consulting teams know the best practices for maximizing program results, and their advice and guidance can accelerate the transformation process. To increase returns on your optimization investments, consider engaging consulting services. For example at Adobe, we offer Target Fundamentals, Target Accelerator, and Target Strategic Advisory Services, which help an organization meet specific business needs, taking into account it's optimization maturity level. Engage with Adobe Consulting Services by contacting your Adobe Engagement Manager or emailing *servmark@adobe.com.*

ACTION: Syndicate your results

Prepare a template that the optimization team can use to capture key learnings and syndicate results. When you find essential truths, document them to avoid testing hypotheses for which you already know the answers.

Step 6. Lock-in a long-term competitive advantage (24 months and ongoing)

To truly build and sustain a culture of optimization, you have to develop deep capabilities within your organization or partner. Such capabilities come from training your key resources to use the technology to execute your testing strategy.

Learning path for key resources

Based on insights Adobe learned from training more than 500 organizations each month, we saw a clear correlation between the level of training and capability.

CAPABILITY

No Training · Foundational · Intermediate · Advanced · On-going trainings

LEARNING PATH
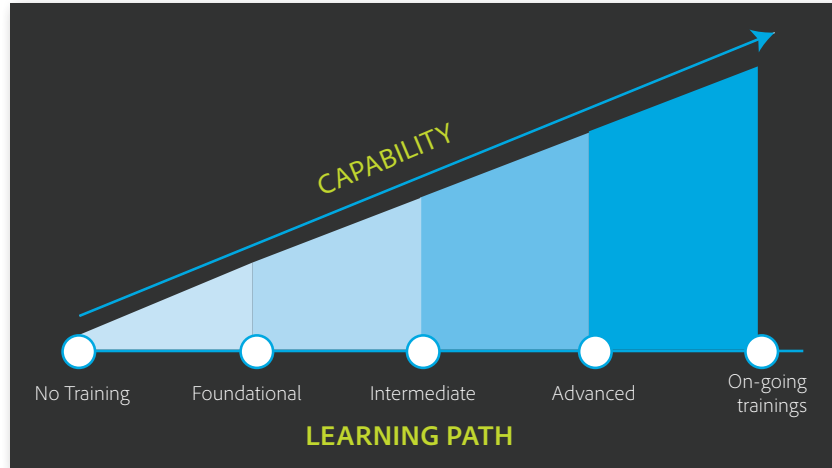
ACTION: Make it last—develop deep capabilities and knowledge

A culture of optimization needs maintenance and a structure to sustain it, such as a means to learn from previous testing successes. It also includes training employees on how to use the optimization program and technology. Adobe offers several training courses that follow a logical learning path to help resources build deep capabilities.

Learn more about Adobe Training at *http://training.adobe.com/training/courses.html#solution=adobeTarget* or talk to an Adobe training counselor to learn which training courses are right for you by requesting a consultation at *https://adobeformscentral.com/?f=hzra9KjYbPLa%2AvouQX1lHQ.*

ACTION: Promote your successes and maintain excitement

Regularly communicating success and generating excitement about optimization throughout the organization is important. Incentivize employees for submitting ideas. At the beginning, this helps people engage with the program.

The Adobe Digital Marketing Academy and the annual Adobe Digital Marketing Summit conference provide two opportunities for training. In addition, you can:

- Review the Top Tips to Optimization Guide to learn testing and targeting best practices.
- Regularly visit CMO.com to get digital marketing insights and information from optimization thought leaders.
- Participate in Adobe Marketing Cloud community groups to share your optimization experiences and learn from those of others.

ACTION: Optimize everywhere by expanding to all digital channels

After you've seen the ROI that optimization provides, expand your optimization efforts to all your channels, including your mobile sites, apps, social channels, email display ads, search, and more. Even consider how you can work with your partners and suppliers to optimize their sites.

ACTION: Sell your investment to shareholders and the board

Ultimately, every CEO is beholden to the board and stakeholders. Without their backing, the program can't even start, much less grow. To gain their support and investment, you need to communicate how each effort you've made has resulted in some level of success.

To gain initial support, you need to provide the board and stakeholders proof that optimization works. Case studies that highlight the successes of other companies using real numbers provide a great proof point. After that, start with some small tests to show proof of concept. From that point forward, regular reports that provide ongoing success ensure their continued investment.

Get started today

Developing a culture of optimization is not an overnight proposition. It's also not a way to fix problems like a home page banner that's not getting clicked as much as you'd like. It's much more than that. As an optimization lead at a major B2B company noted, "If you have the ideology of a culture of optimization, you use innovation to take an approach—a mind shift—that paves the way to ongoing and always-on optimization."

The steps outlined in this guide provide essential guidance for establishing that all-important culture. Along with Adobe and partners like Wunderman, you can gain the benefits of optimization—from increased ROI to more efficient use of budget and resources and greater customer acquisition and retention—why not start building that culture today?

Contact Adobe: 877-722-7088
enterpriseADM@adobe.com

Wunderman: *datainsightsinfo@wunderman.com*

Additional resources

The following articles provide great insight into the topic of building a culture of optimization and what it takes.

Making It Relevant: Optimizing the Digital Marketing Experience. Anatoly Roytman, Accenture Interactive, EMEA and Aseem Chandra, Adobe. February 28, 2013.

How CMOs Must Structure Their Organizations in 2014. Forbes.com. John Copeland and Jason Tabeling. January 13, 2014.

5 Strategic Considerations for Optimization Success. Kevin Lindsay, CMO.com. September 9, 2013.