1 in 3 agencies admit difficulty thinking strategically.

Here’s why.

CMOs want more strategic thinking from their agency partners.

Why aren’t they getting it?
Marketing managers are tired of waiting for their agency partners to step up strategically.

A recent Data & Marketing Association (DMA) report has confirmed a disturbing trend that may be adversely affecting your marketing results.

The DMA surveyed marketing agencies nationwide and made a surprising discovery: nearly one-third of them **openly admit** that they have difficulty thinking strategically.

That’s quite an admission. And it poses quite a problem for marketers.

In a 2017 survey of CMOs, marketing managers revealed that one of their greatest concerns is “the inability of their agency partners to provide good, long-term strategic thinking.”

**Strategic thinking links tactical marketing to business objectives.**

The ability to think strategically is at the very core of data-driven marketing. Strategy connects data to message, message to tactics. It identifies market opportunities. Matches products to personas. And links marketing goals to business objectives. It is the overarching blueprint that brings together a wide array of multichannel tactics.

In short, strategic thinking is what your agency partners are hired to do. So why do one in three have difficulty doing it? (And how many more agencies lack strategic bench strength but won’t say so?)
Three factors contribute to this strategic deficit:

1. **TACTICAL TUNNEL VISION.** Today’s marketing agencies have abdicated strategic leadership in favor of tactical specialization. Web design shops. Content agencies. Programmatic media buyers. Direct marketing specialists. Social media experts. The list goes on and on. As a result of this tactical tunnel vision, more than 60% of surveyed CMOs state that they are unable to effectively orchestrate cross-channel marketing strategies. So who’s providing the strategic thinking needed to develop a cohesive, multichannel strategy?

2. **DATA-DEFICIENT DECISION MAKING.** When it comes to utilizing data to make strategic decisions, most agencies talk the talk, but don’t walk the walk. In fact, 3 out of 4 agencies confess that they don’t use data to make marketing decisions. Hard to believe that agencies in this day and age can get away with that. But agencies aren’t alone. CMOs admit that 70% of their marketing decisions aren’t based on data-driven insights.

3. **ABSENCE OF ACCOUNTABILITY.** Seventy percent of CEOs believe that revenue generation is the #1 goal of marketing. And yet, today’s agencies are not holding themselves accountable for results that impact business goals. They depend on “soft” metrics to measure program success, rather than tying their marketing efforts to revenue generation. Is it any wonder that 31% of marketing managers believe that their campaigns have absolutely no impact on the company’s business goals?

It’s time for marketing agencies to step up strategically. It’s time for CMOs to demand strategic bench strength from their agency partners.
Marketing managers today rely on teams of tactical agencies, each a specialist in a specific area of expertise. Content agencies. Digital agencies. PR firms. Creative boutiques. Direct marketers. Website designers. Social media experts. The list of hyper-specialized tactical agencies goes on and on.

The benefits of tactical agencies are obvious: access to talent, enhanced resources and in-depth channel-specific knowledge. But what marketers gain in channel-specific expertise, they lose in critical strategic thinking. By nature, these tactical agencies have tunnel vision when it comes to solving marketing problems. The old adage has never been more relevant: “When all you have is a hammer, everything looks like a nail.”

Consumers utilize an overpowering array of communication channels to make marketing decisions. They fully expect brands to be able to connect the dots from one channel to the next to provide a cohesive, consistent brand message. This is the essence of omnichannel marketing: providing a single brand experience across all channels, all tactics.

By its very nature, an omnichannel marketing strategy cannot be executed by a tactical agency. Take a close look at the 12 channel tactics most often used by CMOs listed below. How many tactical agencies are required to execute across all of these channels? And how do you execute an omnichannel strategy that binds all of these tactics under one umbrella?

It’s an almost impossible task.
CMOs are feeling the effects of tactical tunnel vision.

The buyer journey is no longer a linear path. It extends across many channels, often engaging channels simultaneously, leaping from channel to channel in no particular sequence, refusing to be herded into a traditional sales funnel.

In this environment, the ability of a brand to provide a coordinated, omnichannel communications strategy is absolutely critical. And yet, more than 60% of CMOs surveyed stated that they were unable to orchestrate cross-channel delivery of consistent marketing messages to the degree they’d like.***

Tactical agencies by nature aren’t designed to provide omnichannel solutions to marketing problems. A true strategic agency is consumer-centric and channel-agnostic. Its expertise lies not in tactical execution, but in a global understanding of the buyer journey. It is fully versed in the way different channels interact with each other and the consumer to drive purchase decisions. Strategic agencies are committed to using data-driven insights to craft brand messaging and channel decisions. The result is a cohesive message executed across a variety of channels to drive well-defined goals. Strategic agencies offer CMOs the omnichannel view they need so badly, and have been unable to get out of their tactical agencies.

60% of CMOs are unable to coordinate an omnichannel strategy across multiple tactical partners.
DATA-DEFICIENT DECISION MAKING

Data drives strategic thinking, but most agencies don’t use it.

When it comes to marketing, data is everything. Strategies are built around it. Audiences are targeted through it. Success is measured by it. And yet, three out of four marketing agencies admit that they don’t use data to make marketing decisions.*

Yes, you read that right. An astounding 75% of all agencies surveyed nationwide confessed that they don’t rely on any type of data to make decisions that dramatically affect your marketing performance.

Which begs the question: just what criteria are your agencies using as the basis for their critical marketing decisions? Gut feeling? Past experience? Or is it simply the desire to win an award? Agencies, after all, are enamored with the plethora of creative competitions available to them these days — and not a single award will contribute a dime to your bottom line.

The sheer quantity of data available to agencies — first, second and third party — is staggering. In general, marketing data can be divided into four types: targeting, engagement, lead generation and conversion. Targeting data utilizes your own customer database — along with demographic/psychographic/geographic data, first- and third-party research, plus industry and competitive analysis — to identify your best customers and their prospect look-alikes.
Engagement data gives you a view of the way prospects interact with your brand — through clicks, visits, page views, bounce rates, traffic sources, as well as social media likes, shares and comments. Lead generation data allows you to build lists of prospects who’ve demonstrated interest in your brand or offer through phone calls, downloads, forms, email open rates and opt-ins, coupon redemption or physical location traffic. The most valuable data of all may be conversion data — transactional data that can be attributed to specific marketing tactics, allowing you to measure your marketing ROI.

All that data is out there for marketers — and yet 3 out of 4 agencies don’t utilize it.

**CMOs are guilty of data-deficient decisions, as well.**

It’s not just the agencies that are making data-deficient marketing decisions. Twenty-one percent of marketing managers either don’t use data at all or use it only at a very basic level. In fact, CMOs report that nearly 70% of all marketing projects at their firm don’t utilize marketing analytics in the decision-making process.¹

In the age of data-driven marketing, that’s simply unacceptable. A Data & Marketing Association Survey of CMOs nationwide found that 92% of marketing departments have made managing data a priority for 2017, but only 57% of them feel that they have the skills and resources in-house to convert that data into effective marketing strategies. A true, data-driven marketing agency could and should step up to fill the data gap, helping marketers convert raw data into valuable marketing insights, and turning those insights into actionable strategies.

More and more, CMOs are demanding that long-term, data-based strategic thinking from their agencies. And frankly, they’re getting tired of waiting for it.
ABSENCE OF ACCOUNTABILITY

When you’re not accountable for results, anything goes.

Here’s a statistic that should make every CMO cringe: Thirty-one percent of marketing managers believe that their efforts have absolutely no impact on the company’s business.††

That’s right. One out of three marketing managers believe that their marketing campaigns simply don’t work. Hard to believe? Maybe not, when you consider that one out of three advertising agencies admit that they don’t know how to provide their CMO clients with the strategic thinking needed to be successful today.

Coincidence? Or correlation?

Increasingly, marketing departments are being asked to justify their marketing investment by demonstrating a direct contribution to the company’s revenue goals. In fact, 7 out of 10 CEOs believe that revenue growth is the #1 goal of marketing. Sixty-nine percent of CEOs believe that CMOs are too focused on metrics that are interesting, but not critical to the business. And 8 out of 10 CEOs believe that marketers are too disconnected from the financial realities of the company.

No wonder close to 60% of surveyed CMOs report that they are feeling more pressure than ever to prove the value of their marketing efforts. They are hungry for the kind of strategic thinking that generates real business results. And their agency partners aren’t providing it.

IS THERE A CORRELATION?

30% of advertising agencies have difficulty thinking strategically.

31% of marketing managers feel their campaigns have no effect on business goals.
65.5% of CMOs cannot quantitatively demonstrate the business impact of their marketing.

Despite this increased emphasis on accountability, nearly 7 out of 10 CMOs cannot measure the quantitative impact of their marketing efforts on business objectives.

Just over 47% of those CMOs feel that they have a “qualitative sense” of marketing’s impact — but it’s difficult to justify marketing spend to the CEO based on a qualitative sense. Today’s CEOs fully expect marketing to be a revenue growth generator, not a cost of doing business.

And yet, one out of three agencies can’t provide the kind of strategic thinking that enables CMOs to meet the revenue expectations of their CEOs. A good strategic agency knows how to align multichannel marketing tactics to achieve tangible business goals. They hold themselves accountable to the same business metrics to which their CMO clients are held. That’s why the first question a strategic agency will ask a client is “What does success look like? What metrics will you use to measure campaign performance?” A strong strategic agency isn’t afraid to be held accountable to business metrics such as revenue growth. In fact, they embrace it.

Make sure your agency embraces it as well.
CMOs want more strategic thinking from their agencies.
Why aren’t they getting it?

- TACTICAL TUNNEL VISION
- INABILITY TO COORDINATE CROSS-CHANNEL TACTICS
- RELIANCE ON NON-BUSINESS METRICS
- LACK OF ANALYTIC SKILLS
- LACK OF CONFIDENCE IN IMPACT ON BUSINESS GOALS
- INABILITY TO QUANTIFY VALUE
- DATA-POOR DECISION MAKING
- NOT ACCOUNTABLE FOR RESULTS
ABOUT CONVERSION ALLIANCE  Conversion Alliance brings together sophisticated data analytics, advanced marketing technology and multichannel strategic thinking to help our clients turn prospects into customers. We have a passion for delivering better conversion rates, lower cost per sale, and an improved return on marketing investment. Headquartered in Chicago with offices across the United States, we’ve generated hundreds of thousands of quality leads, converted thousands of new customers, and driven millions of dollars in revenue for clients across the nation.

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