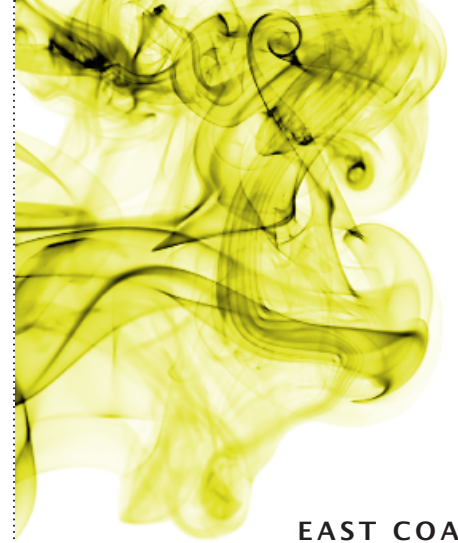


Using An Audit to Inform Digital Strategy

Do you know your company's digital marketing budget, how those dollars are being allocated across the interactive ecosystem, and the associated ROI on those investments? If you don't have a sound understanding of this increasingly complex environment, don't fret - not yet, anyways - since you're not alone.



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Background

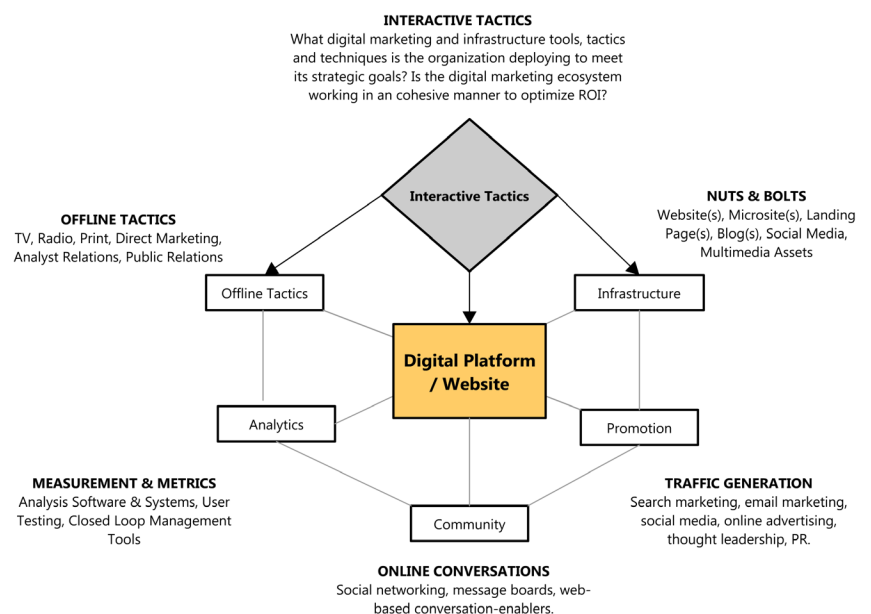
Digital marketing infrastructures at even small organizations have become sprawling over the past decade as companies have aggressively invested in online marketing and sales initiatives. To facilitate understanding and prepare for strategic planning, a digital marketing audit can be an important first step in the process.

The potential benefits of an audit are many, with the most obvious being a detailed snapshot of the various web-based tools and techniques at work within the organization - along with their associated costs, and their relationships with complementary online and offline programs (e.g., how paid listings activities are aligned with website maintenance). Less obvious benefits include the identification of under-performing digital assets, opportunities for competitive differentiation, and an empirical case to support increased digital marketing budgets.

Complex Digital Operations Are The Norm Nowadays

Most organizations have invested furiously in web-based initiatives over the past 10 years, and most have done so in a mostly reactive manner, with little or no "strategy" incorporated into the process. It's not a knock against management; the market has moved so rapidly that it's hardly allowed for any strategic planning to occur. However, as a result, it's now common for organizations to find themselves with unwieldy digital infrastructures that are difficult to understand, tricky to measure, and impossible to plan for.

Figure 1: The Digital Marketing Environment



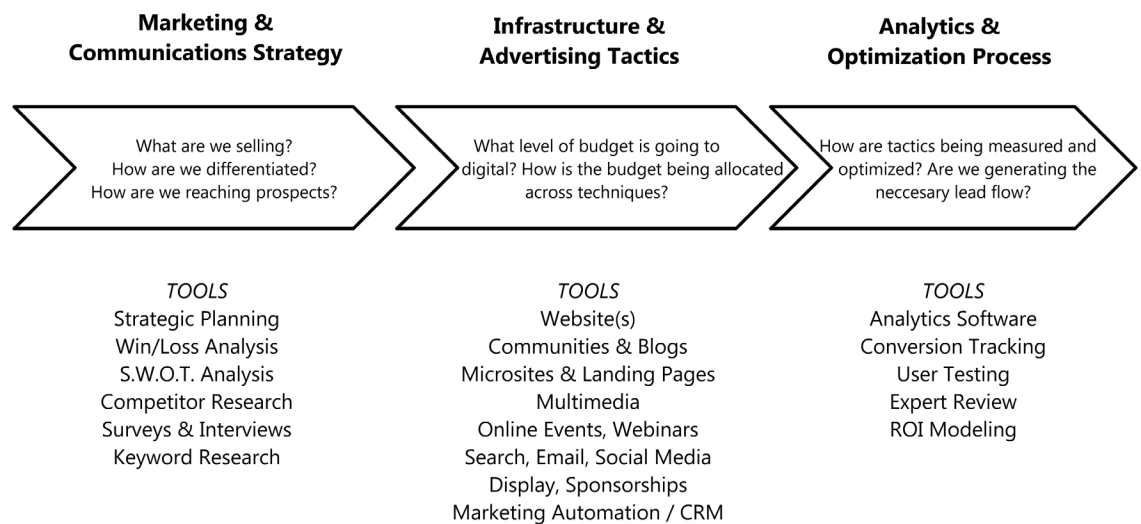
Complex Digital Operations Are The Norm Nowadays (cont'd)

Given the sheer number of interactive options available and the resulting complexity that characterizes most companies' digital infrastructures, most senior managers find a structured, rigorous review of their digital ecosystems appealing. However, few are attracted to the audit concept, because even under the best circumstances, the word 'audit' is daunting. But this is exactly where most organizations should begin their pursuit of a meaningful digital strategy.

One Step Back, Then Two Steps Forward

Before diving into what can potentially be a time-consuming auditing process, it makes sense to step back and consider corporate-level inputs that should be governing digital strategies, and how they relate to online tactics.

Figure 2: The Digital Strategic Planning Continuum



With the digital marketing industry advancing so fast, and analytics so pervasive within the ecosystem, no interactive strategy is ever complete. New tools and techniques are being regularly added to the mix, and governing performance metrics are - at best - a moving target. Leading organizations have little choice but to pursue a plan-design-launch-measure-refine philosophy, and develop their operations to accommodate this approach. Three-year plans for digital marketing strategies are laughable; twelve months plans are aggressive; 3 month plans are realistic.

What You Can Expect During An Audit & How To Prepare

From an auditing process standpoint, regardless of the methodology being used, oversight teams will want to consider the following during the exercise:

Set Expectations. It's human nature to eschew oversight, so an audit - especially in a functional area such as marketing that is more art than science - will create uncomfortable situations. Be prepared to ruffle some feathers, and try to get the necessary senior-level participation and support beforehand to help keep things moving along. (Note: audits can be performed in stealth fashion, but it complicates things.)

What You Can Expect During An Audit & How To Prepare (cont'd)

Prepare to Dig In. The digital category is unique because it impacts every functional area of an organization: marketing, sales, customer service, operations, etc. Half the work associated with an audit involves nitty-gritty data collection activities, and the associated cat-and-mouse games that goes along with acquiring this kind of information.

Keep An Open Mind. Remember that there are no irrefutable laws when it comes to digital marketing, so don't let the loudest voice at the table dictate the conversation when it comes time to analyzing data and performance. Yes, there are experts in specific digital areas - search marketing, social media, email marketing, content management, user experience, etc. - but no one has the formula for making it all work together. This is uncharted territory. For some personality types, that's exciting and invigorating; for others, it's anxiety-inducing.

Get Comfortable in the 'Gray Area'. When it comes times to evaluate the digital ecosystem in a systematic way and use the exercise as an input to inform a digital strategy, concessions will need to be made, and broad assumptions embraced. It's likely the corporate marketing strategy will be in flux; results of competitive analysis may prove to be more confusing than clarifying; and consensus-building among key, powerful executives may be impossible. But, none of these scenarios trumps the need for a digital strategy to be formulated. So, plan to get creative, devise workarounds, and make do - take solace in the fact that you're not alone, and that you're probably working with more tangible data, information and analysis than most (if an audit has been completed).

Expect The Unexpected. Just when you think you have a digital ecosystem figured out, an unexpected variable will be introduced into the equation that shakes the foundation of your findings, assumptions, and strategic plans: a competitor will launch a new, game-changing application; a business unit will get acquired and/or forced to use its parent company's web platform; a budget will mysteriously disappear; or, a top executive will 'discover' Twitter and make it a top priority, even though it has little relevance to your marketing strategy.

Translating An Audit To A Strategy

An digital marketing audit, of course, is not a digital strategy. (For more detailing thinking on formulating a digital strategy, see *Defining An Interactive Roadmap*.) But, if done properly, an audit will provide more than enough information to help inform one.

Along with specific direction acquired from higher-level plans (e.g., a marketing strategy), senior managers will see a digital strategy quickly begin to take shape towards the end of an audit. To that end, the following areas will need to be specifically addressed in the digital strategy:

Competitor Vulnerabilities. Are direct competitors over- or under-investing in certain interactive categories (e.g., spending too much on paid listings and not enough on display advertising)? Has the competition placed too much or too little emphasis on a specific industry sector or geographic region?

Only the very largest organizations have the resources to blanket the entire websphere with their messages and programs, and even they can't dominate all interactive channels. Opportunities will become apparent.

Intra-Digital & Cross-Channel Integration. Defining and implementing integrated digital programs is tricky business, but it's also an area where powerful efficiencies can be realized. Make sure that the search marketing point-person is talking with the owner of email marketing and social marketing - and that offline marketing tacticians are included in the conversation as well. Consolidate media purchases to support integrated strategies.

Digital Marketing Spending Mix. The audit will reveal how the organization's spending behavior compares with marketplace averages and best-practice organizations. Plan on spending a good deal of time thinking about digital marketing mix implications and the optimal allocation. Many companies won't want to be in line with industry averages - for good reason - but findings will illuminate areas of weakness and opportunity. If you don't know where you're exposed, you won't be able to mount a defense.

Innovation & Game-Changing Ideas. The digital channel is a powerful, multi-faceted platform that allows companies of all shapes, sizes and types to re-think they way they do business. There are no shortage of examples of organizations using the interactive backbone to change the rules of their industries (e.g., publishing, retail). The audit will highlight examples of competitor innovation that can be considered threatening - or not, in which case there is a glowing opportunity to test new concepts.

Nuts & Bolts Tactics. The digital industry is overflowing with high-profile examples of companies that have revolutionized the way we do business: Amazon, Google, eBay, Salesforce.com, Priceline, Facebook, Twitter, etc. What gets less coverage in the mainstream press, however, is the litany of tools and techniques that provide digital-savvy organizations with competitive advantage; these include email, web-based software, software-as-a-service, and the like. The intelligent application of relevant tactics can make significant contributions to an organization's ability to compete, especially if they compete in so-called "old school" industries, where organizations are loathe to embrace change.

Conclusion

In many ways, the entire notion of a digital marketing audit flies in the face of the excitement and energy that remains a cornerstone of the interactive industry. It's a heckuva lot more fun to say "Hey, Ashton Kutcher has 6,000,000 followers on Twitter - let's start Tweeting!", than it is to convince colleagues that a "digital audit" could help the organization's ability to compete.

And that kind of reactive approach to digital marketing has been the norm for many years. Reactive isn't necessarily always a bad thing; indeed, it's preferable to not responding at all to new techniques permeating the marketing world.

However, with annual digital marketing budgets reaching tens of millions of dollars at many companies nowadays, it stands to reason that an annual check-up to measure and understand performance makes a lot of sense - just as an audit plays an important role in so many other aspects of an organization.

More importantly, an audit should serve as a vital input in the digital strategic planning process. Given the dynamic nature of these complex interactive ecosystems - and the continued increase in spending on "digital" - establishing a baseline and agreed-upon structure for measuring progress and competitive strengths and weaknesses seems like a no-brainer.

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East Coast Catalyst is a digital strategy management consulting firm that works with clients to develop innovative web strategies that drive new business and result in meaningful competitive advantage. Relying on a research-driven methodology to analyze performance and inform effective strategies – and an objective corporate structure devoid of conflict of interest concerns – East Coast Catalyst helps clients sell more products and services, capitalize on new opportunities, create sustainable advantage in evolving markets, and transform their businesses.

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