Twenty years after the first banner ads popped up online, digital marketing is still in its infancy, according to a recent study from A.T. Kearney and the University of California Berkeley Haas School of Business.

With input from more than 80 marketing executives in an array of industries, our study reveals three compelling insights about the evolution of current challenges in digital marketing:

- Nearly 60 percent of marketers at leading companies say their digital marketing is not well-integrated with their traditional marketing efforts, and an additional 6 percent are unaware of how their digital and traditional marketing strategies work together.
- Almost half do not know how effective their digital strategies are or suspect that traditional media is better (see figure 1). A lack of success metrics is the number one challenge (see figure 2 on reverse).
- 45 percent do not know how their digital marketing execution compares with that of their competitors or believe their own efforts are worse.

Digital media spending will reach $234 billion in 2015, and within two years, it is projected to eat up half of overall marketing budgets. At the same time, the number of ad blockers globally grew by 69 percent last year, suggesting that more consumers are rejecting digital messages. The loss of advertising revenue as a result of ad blocking is estimated to be $22 billion, or about 10 percent of spending. If this trend continues, which is likely given Apple’s recent incorporation of ad-blocking technology in mobile devices, the loss could reach $75 billion in three years. In addition, waste from ad fraud caused by bot networks amounts to $45 billion.

Figure 1
Many marketers say their digital strategies are not effective

How would you rate the effectiveness of your organization’s digital activities?

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somewhat or much higher than traditional marketing and media</td>
<td>46%</td>
</tr>
<tr>
<td>About the same as traditional marketing media</td>
<td>4%</td>
</tr>
<tr>
<td>Somewhat or much lower than traditional marketing and media</td>
<td>34%</td>
</tr>
<tr>
<td>I don’t know or am not sure</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: A.T. Kearney 2015 Digital Marketing Study

1 Advertisers Will Spend Nearly $600 Billion Worldwide in 2015, eMarketer, 10 December 2014
2 The 2015 Ad Blocking Report, PageFair, 10 August 2015
Six moves can help companies reach best in class for digital marketing:

**Move from singular to social.** Social media is too often used in a traditional way. Out of the top 50 global brands, 19 still show consumers a filtered selection of the posts on their Facebook wall, according to our study. While that is an improvement from 44 brands two years ago, a massive opportunity still exists to harness the full potential of social networks to engage hyper-connected consumers.

**Pay for what you get.** Know what you get out of your digital efforts and how that compares to your competition. Then pay only for the impact. In other words, move from pay-for-action to pay-for-result, similar to trends in fields such as law firms and consulting.

**Organize your house.** Although digital moves fast, marketing is on a “fast trigger”—it should be integrated not only with overall brand objectives, but also with sales, aftersales, customer care, and loyalty strategies as consumer interactions across the entire journey become more digital. In most cases, digital marketing is either fast or integrated because of functional silos and a lack of overarching strategies. Having clear accountability, decision-making rights with budget ownerships, and shared objectives across functions can help overcome this.

**Move from centers of excellence to widespread expertise.** More than half of companies plan to hire digital experts from technology start-ups in the next 12 months, according to our study. However, while this burst of new talent and specialized experts may be necessary in the short term, the long-term goal should be to embed digital expertise in brand owners. Digital is not a competence, just like TV isn’t one. Rip off the short-term Band-Aid as soon as possible.

**Experiment but with discipline.** As Twitter and Facebook lose their novelty to newer platforms, continuous and rapid—but structured—experimentation is essential. Don’t give digital a free pass anymore. Establish clear expectations about what to experiment with, pinpoint the right investment, and establish success metrics within a “fail fast, learn fast” culture.

**Exploit digital’s true advantage.** Understanding each consumer’s unique habits is something marketers only dreamed of five years ago. Now, we can turn a consumer’s digital footprint into personalized and engaging interactions. What is lost in depth of message should be replaced with personalization to achieve the holy grail of marketing: one-on-one dialogue between the brand and the buyer-consumer.