

Content: The New Marketing Equation

Why Organizations Must Rebalance

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Includes input from 56 ecosystem contributors



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Executive Summary

Content marketing, or creating and publishing media rather than "renting" advertising time and space, has always existed. Emerging digital technologies, platforms, and channels now enable any brand to function as a media company with very real advantages: building branding, awareness, trust, purchase intent, and word-of-mouth, as well as lowering acquisition costs and increasing engagement with target audiences. Customers are tuning out advertising as they go online to research purchases; interact with brands; and seek out news, entertainment, and inspiration. Marketers can serve customers and prospects with content through every phase of awareness, branding, intent, conversion, and customer service. Yet, unlike advertising, content initiatives are continual rather than episodic, placing new demands not just on marketing organizations, but also across the enterprise as a whole.

Content marketing requires a shift in company culture, resources, budgets, partners, and strategy. Rebalancing is critical to achieve these goals. The choice is whether to rebalance now or wait until later, when the battle for attention may become even more difficult than it is today.

There are five stages that organizations evolve through in their quest to market efficiently with content. Not every company will reach every stage; the pinnacle is more aspirational than real for most. Yet to effectively market with content, organizational change and transformation must be driven from the top level of the organization. Left to the marketing department alone, success is limited. New skills must be developed and training offered — both in digital technologies and in job functions — that are more aligned with the responsibilities found at a newspaper, magazine, or broadcaster than in classic marketing functions. Content requires more speed and agility than does marketing, yet at the same time it must be aligned with metrics that conform to the business' strategic marketing goals.

Methodology

This report is based upon 56 qualitative responses from people who are actively engaged in the evolution of content strategy as it applies to marketing. The qualitative interviews were conducted with representatives from B2B and B2C companies between October and December 2011.

Of the 56 interview subjects, 25 (45%) represented 19 brands, eight of which are included in the American or Global Fortune 500. Thirty-one (55%) agency employees, consultants, and thought leaders from 23 content service providers were also interviewed. Additional information about interview questions is available on the Altimeter Group blog, at http://blog.altimetergroup.com. The link to the blog post is http://www.altimetergroup.com/?p=6717.

Ecosystem Input

This report could not have been produced without the generous input from thought leaders in content strategy, influencers, and solution vendors who have a vested interest in the evolution of content marketing. Input into this document does not represent a complete endorsement of the report by the vendors or individuals listed below. Not all interviewees are disclosed due to confidentiality constraints.

To develop this report, Altimeter Group gleaned input from the following leaders:

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Marketers Are Unbalanced as They Shift from 'Push' to 'Pull'

Marketers are reeling from the enormous demands that continually creating and publishing media places not only on marketing departments, but also on the enterprise as a whole. Due to shifts in consumer attention, companies are challenged to move beyond episodic, short duration "push" campaign initiatives into longer-term, often continual "pull" content marketing initiatives that require new strategic approaches. Altimeter defines content marketing as the following:

Content marketing is a term that refers to the creation and sharing of content for marketing purposes. In digital channels, it refers to content that resides on properties the brand or marketer owns (e.g., a website) or largely controls from a content perspective (social media channels, syndication). Content marketing differs from advertising in that, unlike advertising, a media buy is never part of the equation.

To continually attract and engage consumers requires companies to develop new skills. They must learn to think and function as publishers, producers, and — often — as community managers. Content creation and distribution places new and continual demands on the enterprise as a whole, not just the marketing department. And frequently, content necessitates operating in real-time environments, including evenings, weekends, and holidays.

Organizations Must Rebalance

Marketers must evolve from advertisers into storytellers. Advertisers interrupt consumers with messaging that are overwhelmingly "me" oriented: my product, my service. Storytellers attract, beguile, entertain, and inform. They are sought out and revisited. Often, they'll enter into dialogue with their audience. They're attuned to nuanced reactions and will adjust their narratives accordingly, whether a shift in tone of voice or a deeper dive into what was originally just a backstory.

Rebalancing, or realigning resources, budgets, staffing, company culture, and agency and service provider relationships, will make marketing organizations both more effective and prepared to meet ever-changing digital challenges. Organizations that rebalance now will enhance and improve their marketing initiatives, spend more effectively, and align to meet changing consumer expectations.

For this report, marketers from 38 companies were interviewed. Marketers at all the companies interviewed are currently undertaking initiatives to significantly shift their focus to content creation and dissemination.

Four Fundamental Steps Toward Content Marketing Maturity

Shifting to effective and sustainable content marketing requires far more than pinpointing (or hiring) someone with writing skills and tasking them with producing content. It must be deeply integrated with broader marketing strategy and initiatives, including advertising, and it must become ingrained in company culture. Even if a company is dedicated enough to make the effort to shift, Altimeter has found there are significant obstacles to rebalancing, including:

1. Understanding That Content Marketing Is Not Free

Certainly, content marketing can reduce the media spend associated with advertising, but the more mature a company's content marketing efforts, the better it's understood that effective content initiatives require significant investment in internal staff, production and distribution resources, and often new sources of strategic support.

2. Implementing Broad Cultural Integration Around Content Marketing

Rebalancing requires deep departmental integration and cultural shifts across the enterprise, as well as education, training, and new digital skill sets for staff within and beyond the marketing organization.

3. Integrating Content Marketing with Advertising

Increasing confidence in and reliance on content marketing is causing marketers to reevaluate, and often to cut back, on advertising and shift those dollars to content production and distribution. For optimal impact and maximum success, content and advertising should be integrated — or at least interrelated. In tandem, the two can more fully express a brand story.

4. Avoiding Bright, Shiny Objects

In their enthusiasm for marketing with content, we found that many marketers who we interviewed for this report are distracted by channels and technologies at the expense of strategy and marketing fundamentals.

We believe that over the next five years, content marketing will permeate the organization. Led by the marketing department, finding, producing, and disseminating content both internal and external to the organization will become a core marketing function, but it will require cross-departmental support, primarily in the form of input and creation from senior management, sales, and product teams. To seek out stories, trends, questions, and the other "raw materials" of content marketing, shoe leather is a requirement. Like beat reporters, those charged with creating content must continually travel throughout their companies and, indeed, their industries, to keep a finger on its pulse and to find the stories and ideas that can be turned into content.

Gauging Progress Toward Rebalancing

If content marketing requires marketers to become publishers and producers, it also requires staff outside of the marketing department to assume marketing responsibilities. Creating content and supplying raw material for content creation cannot be accommodated by marketing alone. Management buy-in, cultural change, and acquisition of new skills are at the core of achieving competency, and eventually excellence, in content marketing.

Key Components of Rebalancing

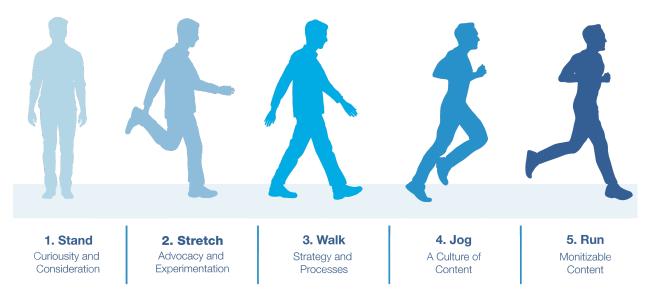
Each organization faces its own challenges in making progress toward rebalancing. Altimeter has identified five key components of rebalancing. Each component is critical to moving an organization toward becoming more content marketing focused. These five components are: organizational structure, internal resources, external resources, measurement, and education. Within each of these five components are different levels of execution. To understand why these components are critical and how organizations mature within each, we've broken each one down:

- Organizational Structure: The infrastructure that allows content creation and distribution to be fostered and encouraged within both the marketing department and beyond it.
- Internal Resources: Staff roles, teams, and leadership that support and create content marketing.
- External Resources: The extent to which the organization works with outside vendors and service providers, including agencies, creative resources, and technology vendors.
- **Measurement:** Creating meaningful metrics around content marketing, including tying them to overall marketing and sales goals.
- Education, including:
 - New Skills and Capabilities: Fostering understanding of content marketing; executive buy-in; and ensuring staff can manage, create, and publish content.
 - New Mindsets and Approaches: Content marketing is almost never a 9-to-5 undertaking. Creating, managing, and monitoring content outside of normal business hours, often in real time, is essential.

Altimeter's Content Marketing Maturity Model

Based upon an analysis of maturity across the five organizational components, Altimeter has identified five phases in Altimeter's Content Marketing Maturity Model. They are: Stand, Stretch, Walk, Jog, and Run (Figure 1). Different companies will achieve these stages at different rates. Marketers need to ask themselves where they are on this journey and how advanced they want to be. To determine where your company is at on its journey, marketers need to assess their own progress on Altimeter's Content Marketing Maturity Model.

Figure 1. Altimeter Group Content Marketing Maturity Model



Source: Altimeter Group

1. Stand

Characterized by: Curiosity and Consideration

Description: An organization that hasn't yet realized the value of content marketing starts in the Stand stage. This organization may have dabbled in social media or created a blog, but activity is infrequent and not generally viewed as important within the organization. The marketing department relies almost wholly on "push" communications, such as e-mail marketing, direct mail, and advertising.

While organizations in this initial stage may have discussed elements of content marketing, no internal stakeholder has made a case for content. These organizations require a catalyst to demonstrate the value that content can have on their marketing, communication, and sales teams before they can move into the second maturity stage and begin developing strategy to quide their efforts.

2. Stretch: Taking the First Steps While Scanning the Horizon

Characterized by: Advocacy and Experimentation

Description: An organization at the Stretch stage realizes the value of content marketing and begins to build the strategy and support necessary to create and publish content. Understanding develops that — while many of the tools and media are free — content requires an investment of resources. An executive sponsor is necessary to lead the program and communicate its value and reach to the organization. This executive sponsor is also tasked with identifying team members to engage with early channels, building basic forms of content, and evaluating potential agency relationships.

Content is driven by the understanding that its focus must be *around* the company's products or services, but very often not specifically *about* them. Content tends to be directed to one or two discrete channels (e.g., a blog, whitepapers, or articles; a Facebook page; or a YouTube channel).

Case Study: Indium Corporation, a privately held manufacturer of chemical compounds for the global soldering industry, has a bold content marketing champion. Director of Marketing Communications Rick Short recognized his colleagues' passion for their work. The company employs highly skilled engineers who possess detailed domain knowledge. Instead of starting slowly with a corporate blog, Short created a stunning 73 blogs for Indium.

Seventy-three blogs on soldering supplies may initially seem crazy, but Short's approach was both strategic and effective. He began by researching what drove traffic to Indium's website and learned that visitors found the site using 73 different keywords. Rather than creating a single blog that could reach the audience for all of those keywords, he created a blog for each individual keyword. The approach would not have succeeded without his colleagues' passion and expertise. Short knew no one he could hire would be able to write more intelligently or authentically than his own engineering team. Indium's blog has won awards, individual bloggers have achieved celebrity within their industry, and offerings have been expanded to include a free online knowledge base and YouTube series of interviews, titled "What 'From One Engineer to Another' Means to Me" In just one quarter, Indium increased customer contacts 600%.

In the Stretch stage of maturity, first identify what the target audience is interested in, then assess internal capabilities to create content — before engaging with external agencies or service providers.

3. Walk: Ambition and Forward Momentum

Characterized by: Strategy and Processes

Description: In this stage, content creation and production get a solid strategic foundation organizationally. From channel specific (e.g., "we blog"), content begins to become channel agnostic and is distributed across a variety of channels and platforms. Processes are formalized. This is the stage at which a team begins to take shape, strategy is more fully refined and tweaked, and the team begins to establish governance to scale and shape content processes.

Existing content, as well as potential sources of content, are identified and unified across the organization. Content is then formally audited and assessed, often with a formal scoring or grading process. Content is optimized for digital and social distribution, and efforts are made to identify repeatable, sustainable content modules and practices. The leader of the content group makes a more concerted effort to connect content development with all parts of the organization's communication teams.

Case Study: Eloqua is a privately held company that sells digital marketing automation software. The company was already creating some content when Joe Chernov was promoted to the newly created role of vice president of content marketing. Given the metrics-driven nature of the company's products and services, Chernov knew he would have to prove the value of his own marketing efforts while creating content that positioned Eloqua as a thought leader in the marketing industry. Chernov launched a corporate blog and worked on a series of free e-book guides, white papers, webinars, infographics, and other educational content. He also hired a former journalist as a full-time corporate reporter.

Leveraging internal experts as bloggers, Eloqua's corporate blog reached the Ad Age Power 150 within its first year. Chernov used the blog to promote the company's free content, made trackable by prompting visitors with the option to provide their name, e-mail, phone number, company, and job title pre-download. This data, coupled with data from distributing that content via an email marketing campaign with a lead generation form, enabled Chernov to connect the dots between revenue and content. Four free guides influenced \$2.5 million in annual recurring revenue, booked in 2010. Not only can Eloqua directly connect revenue with content, it can also evaluate lead quality. On average, 17% of visitors to Eloqua.com are VP or higher, and 25% of visitors who find the site via content pieces are VP or higher.

The Walk stage of Altimeter's Content Marketing Maturity Model requires an organization to implement a measurement framework to demonstrate content value to the organization.

4. Jog: Sustainable, Meaningful, and Scalable Content Initiatives

Characterized by: A Culture of Content

Description: This phase of the maturity model is the goal for most companies seriously committed to content marketing. The organization's strategy is clear, as well as communicated throughout the enterprise at this stage. Focus shifts toward expanding the team and its ability to create experiential, engaging content rather than simply creating and publishing simpler stories and informational pieces. The processes for producing content are also more fully developed and strategic. Content is created with a view toward being reusable or repurposed across multiple media platforms. To achieve this, content must have a life of its own — decoupled from the brand, product, or service — to enable it to travel. Agency relationships are frequently deepened into longer engagements rather than episodic, campaign-based initiatives. Connections between the content team and the rest of the organization's communication groups solidify, but there are still some growing pains/holdovers.

Earned media increases in importance, as the organization's efforts have existed long enough to sustain a constant flow of "earned" media that helps extend reach. Achieving earned content is often expressly a goal of the company's paid advertising, while owned content is created with a view toward sparking conversation and other forms of earned media. A continual challenge is to achieve a resource balance that maintains both growth and equilibrium while remaining cost effective and to scale — and at the same time maintaining a high level of customer

engagement. Yet even these sophisticated marketers can overly focus on "bright shiny objects," the newest, most sophisticated, and technologically advanced digital channels, while overlooking basics such as search and e-mail.

Case Study: Nestlé is the world's largest nutrition, health, and wellness company, with global revenues exceeding CHF 109M. When Pete Blackshaw became global head of digital and social media, one of his first orders of business was fostering a "culture of content" within the executive leadership ranks. While Nestlé had long recognized the importance of content proliferation as part of its global marketing and sales strategy, Blackshaw believed further development was necessary if Nestlé wished to remain top-of-mind with its social-savvy consumers and boost product speed to market.

Blackshaw flew a team of senior managers from company headquarters in Vevey, Switzerland, to visit entrepreneurial and fast-moving digital companies in Silicon Valley, notably Facebook. Nestlé's executives were inspired by the social network's constantly evolving and listening-focused company culture. Blackshaw cites the executive "field trip" as a success in helping the company more quickly adapt to changes in the digital landscape. He plans to continue content marketing training in 2012 with the launch of a company-wide training initiative.

Other companies within the Jog stage of Altimeter Group's Content Marketing Maturity Model may pursue similar executive development opportunities to aid in the adaptation and advancement of their company culture and content strategies on divisional levels, as well as throughout the enterprise.

5. Run: Inspired and Inspirational

Characterized by: Monetizable Content

Description: This is the most aspirational phase of Altimeter's Content Marketing Maturity Model. Only a handful of companies have begun to Run, primarily global CPG brands with a strong commitment to pop-culture marketing initiatives. In this phase, a successful, real-time integration of content marketing and curation is part of the fabric of nearly all aspects of branding. The organization has become a *bona fide* media company, actually able to monetize innovative and highly polished content that is either branded and/or related to the brand proposition. Content is sold and licensed based on its standalone merit, with content divisions having separate P&L responsibility.

Earned media (specifically, consumer-generated content) often significantly outpaces owned media. Media shared between the company and its partners becomes an important asset. Multi-disciplined agency relationships are efficiently producing content that is high in quality, creative, and professional. Production and creative are often a full, standalone business unit. Content opportunities are discovered and leveraged that relate to a brand experience more so than around products or services.

Case Study: Red Bull, the Austria-based energy drink company, with 3.78B euros in annual revenue, has long been recognized as a content powerhouse. It produces high-energy, maximum impact, visually stimulating artifacts that directly tie into its extreme energy drink branding and related sports and aviation sponsorship. Its focus on permeating global culture with its branded and brand-related content has proven so successful that Red Bull continued to soar with the addition of RedBullContentPool.com — an e-commerce website that allows (primarily commercial) users to license clips from the brand's extensive video content library.

In addition to the ability to license nearly 8,000 videos on RedBullContentPool.com, users interested in Red Bull's photography may visit an alternate site that offers more than 42,000 photos free to anyone using them for editorial purposes. The company also offers specific pieces of content for download via iTunes, owns a record label, and publishes a print magazine, among many other media initiatives. Red Bull's complex distribution model allows it to utilize content to its maximum potential in both revenue generation and impact on global culture.

Other companies within the Run stage of Altimeter Group's Content Marketing Maturity Model may pursue similar commercial media licensing, syndication, and distribution models to grow the reach, impact, and ROI of their content, ultimately creating additional opportunities to generate earned media in the process.

Content Marketing Maturity Model Self-Audit

With an understanding of how companies achieve content marketing maturity, take action and self-diagnose. The self-audit below (Figure 2) is designed to help companies assess where they are on the Altimeter Content Marketing Maturity Model based upon the key components identified above. First, identify which description best describes your organization in each row. Then, enter the score associated with that description in the column to the right.

Score: The average of all five scores indicates the numerical rank of the maturity stage of Altimeter's model. Your numerical rank is determined by adding together all five responses and then dividing the total by five.

Figure 2. Content Marketing Maturity Self-Audit

Score	0 (Stand)	1 (Stretch)	2 (Walk)	3 (Jog)	4 (Run)	Your Score
Organizational Structure	No executive sponsor or formal structure to create and distribute content	Executive sponsor and a small, part- time support team	Executive sponsor leads small team of dedicated content producers	Content managers lead teams focused on different content types and channels	Chief content officer integrates content into all communication groups	
Internal Resources	No internal resources dedicated to content creation or strategy	Assess colleagues' capabilities to produce content and create a small team	Expand responsibilities and size of the content production team	Formalize content team and hire dedicated talent; incentivize creativity and contributions	Content creation is a responsibility of all marketing and communication teams	
External Resources	No external resources engaged to make the case for or create content	Consultants make the case for content marketing	Establish relationships with agencies for content creation and production support	Agencies assume a larger role in creating more advanced types of content, e.g., video and mobile apps	Working with cutting-edge agencies to explore new types of content	
Measurement	Very limited measurement of website traffic; no formal strategy	Form a measurement strategy; begin a basic listening program	Track basic KPIs, such as page views, fans, likes, comments	Connect metrics to meaningful business objectives	Advanced sentiment analysis and ROI calculations	
Education	No educational programs within the company in regard to content strategy.	Executive education to encourage buy-in	Training for content team	Content marketing training incorporated into the overall employee training program	Continual training on emerging content trends and technologies	
					Average Score:	

Source: Altimeter Group

The Content Marketing Channel Roadmap

Understanding marketers' content channel needs and priorities are critical to the process of rebalancing. While determining which channels content should be created for should always be approached strategically, with a view toward overall marketing goals, it cannot be ignored that each channel brings with it new technological and budgetary requirements. In our interviews, Altimeter found marketers are increasingly looking toward channels such as video and mobile. Creating and distributing multimedia and mobile content will require greater investment in terms of budget, technical and production expertise, and measurement than does text-based content, e.g., blogging, articles, and e-mail.

As marketers become more ambitious technologically and, at the same time, less reliant on advertising, the need to ramp skills, hire and budget effectively, and plan for the future become correspondingly more complex. Consumer preferences and trends put increased pressure on this area. Blogs have receded in significance as more social channels and video have risen to the fore. We therefore recommend marketers keep a close watch on channel effectiveness, as well as emerging trends in content marketing channels and technologies.

Channels and Tactics

What content channels do marketers say are effective now, and where will they focus their efforts in the short-term future? To answer this question, we asked organizations what content channels are important now and what types of content they hope to both deploy and deemphasize — or diminish — in the future (see Figure 3).

Figure 3. Marketers Confident in Future of Online Video, Social, Mobile



Current Effectiveness
Number of mentions as "effective content"*

Base: 56 marketers; Size of bubbles above reflect marketers' intention to increase/decrease use of that content type over the foreseeable future. * Based on question: What are the most effective types of content you've used to promote your brand? ** Based on question: Which type(s) of content do you plan to phase out, use less of, or have found ineffective?; Source: Altimeter Group

Content Channel Insights

While it's essential not to confuse strategy with tactics, at least some tactical understanding and planning is essential as organizations strive to rebalance. New channels require new investments and a willingness to commit resources to experimentation. At the same time, gap analysis is essential as well. While few interview subjects cited search engine optimization or e-mail as elements of their content marketing initiatives, common sense dictates otherwise. What marketers said in interviews, and to an extent what they did not say, reveals a great deal of what's required to address content requirements going forward.

- Visual information reigns supreme, from video to images to infographics.
 Overwhelmingly, marketers plan to add more video to content marketing initiatives, necessitating increased investment in both technology and production resources.
- Mobile and location-based marketing are the second most-cited area into which marketers want to expand content initiatives. Again, this will call for increased investment and more technological resources.
- Marketers must manage flow and develop the ability to respond in real time in social channels
- Bright, shiny objects, i.e., a fixation on newer channels and technologies, can distract
 from foundational channels (e.g., search; written content, such as blogs; and educational
 content, which is often essential in B2B channels). We believe these less-glamorous
 areas to be essential to content marketing initiatives, even as efforts to expand into
 glitzier channels expand.
- Budgets must increase to accommodate content channels, such as video and mobile, that require larger production and development investment.
- Marketers' confidence in and reliance of content marketing is beginning to diminish their reliance on print and broadcast advertising, as well as public relations.

Recommendations

Build Content Around the Brand/Product/Service, Not About It

Redefine customer relationships based on serving, educating, and entertaining customers with content that is not product- or brand-centric. This necessitates a shift toward communication and away from advertising, as well as away from the "I" of a brand, product, or service and toward the "you" of the customer. Content that is too product- or brand-focused is ill-equipped to travel digitally; it's seldom shared or passed along, whereas content that stands on its own merits as entertainment, storytelling, educational value, or utility will be shared and passed along. First steps in this phase often involve listening, e.g., learning the questions and concerns a target audience might have around a product or service category and then addressing those questions to foster helpful communication.

Drive Organizational Change and Transformation

Create a culture of content throughout the organization, with top-level buy-in. Communicate across silos, and create content creators and advocates across and within corporate divisions to find and maximize content opportunities. The stories content marketing tells, or the customer problems content provides solutions for, do not reside in the marketing department, but rather in a wide variety of corporate divisions. Correspondingly, content creators, thought leaders, and customer advocates also live outside the marketing department. Building bridges to these disparate sources of content and the raw materials that inform its creation require new levels of cooperation and communication through programs and initiatives, such as training (see below), incentives, making content part of a job requirement, incentive programs, and even rewards, such as the fame and recognition that can come with authorship.

Educate and Train

Educate and train management and staff in content strategy and tactics. This will vary depending on the organization, but generally involves three levels of training. First, focus on bigpicture conceptual training for senior executives to foster organizational buy-in to content initiatives and executive-level support for content marketing. Next, implement strategic training for managers and marketing/communications staff who will be tasked with overseeing content marketing initiatives and whose staff is expected to contribute. The third level is tactical training, particularly in digital channels, e.g., social media, community management, SEO, etc., for content creators in the organization — both within and outside the marketing department.

Design Recombinant Content

Strive to create content that can be distributed in multiple formats across numerous platforms and channels to maximize value and minimize the resources dedicated to continually creating content from scratch. Understand how to redistribute and reuse discrete components of longer form content. An executive speech at a conference, for example, might be turned after the fact into a long-form video, short video excerpts, a shared slideshow, one or more blog entries on the topic, an infographic, a podcast, a whitepaper, tweets, etc.

Open Research

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About Us

Altimeter Group is a research-based advisory firm that helps companies and industries leverage disruption to their advantage.

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Zak Kirchner (@Zak_Kirchner) researches the impact disruptive technology has on leadership strategy and the relationship brands have with their customers. He currently focuses on enterprise social strategy and the tools available to brands for managing their presence online. He has worked at market research and consulting companies and is interested in social commerce and entrepreneurial strategy.

About Jaimy Szymanski, Researcher



Jaimy Szymanski (@jaimy_marie) researches how organizations can effectively utilize social media and other disruptive technologies to achieve business advantage. She currently focuses on content marketing and strategy. Jaimy has worked in marketing consulting and social media advisory roles and is interested in location-based and mobile technologies.

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Advisory Opportunities

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