

Introduction to Martech

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1. What Is Martech?

Martech, also known as marketing technology, is a term used to refer to the set of software tools and other tech assets which organizations use to optimize the planning, implementation, and measurement of marketing campaigns and/or to efficiently manage their customers.

This concept emerged from the shift in consumer behavior in the new digital age. Millennials and Gen-Z are hyperconnected consumers with an increasing purchasing power who shop in any situation on the go. The importance of real time in customer consumption journeys has risen due to the massive availability of data. Innovation is generating new ways of creating experiences and digital business models by designing digital products with a mobile-first mindset. Furthermore, consumers' expectations have increased in omnichannel journeys with no barriers between the physical and digital worlds. This entire explosion of data and increased management complexity has led the majority of modern marketing departments to need new technologies in order to successfully compete.

Business-to-consumer (B2C) companies are adapting their marketing and migrating their customer relations to the digital environment. And business-to-business (B2B) companies are not being left behind: they are increasingly focusing on digitalizing their customer relations. B2B and B2C companies are witnessing how their customer relations are unlikely going to take place via the traditional channels. Increasing omnichannel requires a different way of using information and making decisions, sometimes much more automated.

As mentioned above, the customer journey has evolved in the digital age (see **Figure 1**) from a traditional, linear funnel to a circular one that is personalized for each user, managed via martech tools based on the data collected.

This technical note was prepared by Luis Ferrándiz, lecturer, Professor Julián Villanueva, Carmen Balmaseda, research assistant, and Alberto Sánchez, external collaborator. March 2021.

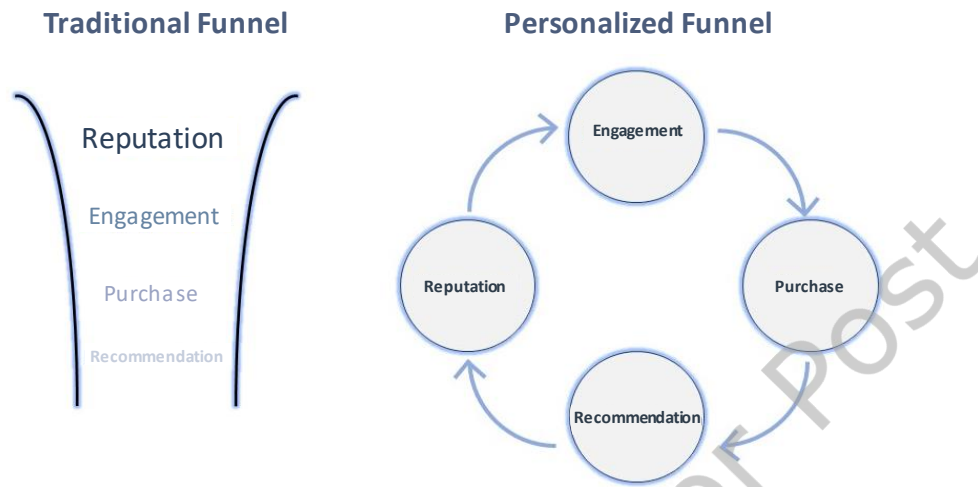
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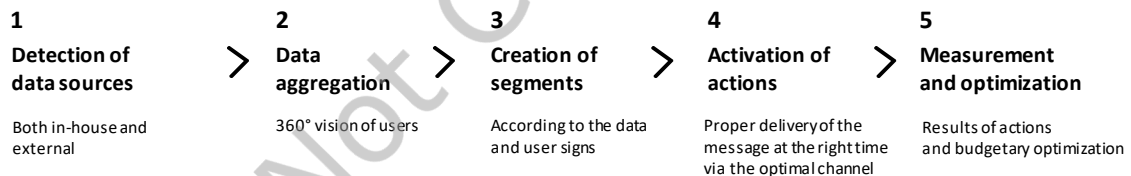
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Figure 1
Change in Customer Journey



An integrated martech stack (see **Figure 2**) is essential in taking advantage of data for commercial purposes and customer management.

Figure 2
Integrated Martech Stack



First, the data are collected from different sources and compiled in a container to have aggregate data on the customer. Secondly, customer segments are created, and then audiences based on these segments. They are activated with specific messages. Next, data are again collected to be measured and optimized.

Entering this world can be overwhelming because of the broad range of tools found on the market; in the past nine years alone, the field has gone from 150 companies to over 7,000. Plus, they are joined by regional options, vertical options, and more.

Given this vast conglomerate, there are different ways to classify the tools with a business approach in order to distinguish, interpret, and apply them wisely, since the same tool shouldn't be used for marketing automation, programming, or search building, or at least they shouldn't be used in the same way. In addition to all the difficulty this entails, there is yet another hitch: the lack of specialized professionals. Therefore, companies end up buying things they shouldn't, whose potential they don't know how to exploit and whose profitability they aren't sure how to measure.



2. Building Blocks

It is important to be familiar with the building blocks used to build a martech that meets expectations; that is, you have to know how to organize all the software and digital components so they can be activated from a business standpoint. There has to be a technician who supervises the operation of the tools, as well as a business professional who knows what the technician is talking about, what tools they are, what they are good for, and how they work on a basic level. As described in another article,¹ the alignment between IT and business is critical.

There are five building blocks used to manage martech, described below, and we would add a sixth one, which we will call enablers.

- **Digital assets.** This includes your websites, apps, mobile websites, Smart TV, etc. Everything that is a point of contact in the customer's own digital environments.
- **External campaigns.** They include the campaigns you conduct in media that are not your own, such as newspapers, online search engines, social media, etc.
- **Internal campaigns.** Campaigns you conduct via in-house channels for up-selling, cross-selling, customer retention, or lead nurturing. They include email, text messages, push notifications via an app, etc.
- **Analytics and measurement.** This involves measuring the results of actions, drawing insights, and continuously improving the customer experience; that is, tools related to analytically measuring everything that happens in the first three areas. Here we would include all the models and algorithms that use data.
- **Data storage and management.** Data compilation, access, and mining for marketing and sales actions.

As mentioned above, we would add a sixth, or +1, building block, focused on enablers:

- **Operating model and capacities.** Definition of the organization, processes, governance, and capacities needed to coordinate martech. Companies tend to tiptoe past this point; that is, there are many companies whose marketing stack, or the package of martech tools they are using, are neither poorly executed nor established, but the staff at the helm of these tools do not have the capacity to exploit them. For this reason, we so often find duplicated, obsolete, or simply underused tools.

¹ Julián Villanueva and Luis Ferrándiz, "Tres pasos para acometer con éxito la transformación digital. La escalera de la digitalización," *IESE Insight* 32, (2017): 15-22.