

SCOTT BRINKER

HACKING MARKETING

**AGILE PRACTICES TO
MAKE MARKETING
SMARTER, FASTER,
AND MORE INNOVATIVE**

WILEY

Praise for Hacking Marketing

“We’ve long talked about how marketing success is based on the experience it delivers, and now Scott Brinker lays out a terrific manifesto about how to rethink the operations underlying it. He uses his encyclopedic knowledge of the marketing technology world to nail the parallels between marketing and the emerging practices in software development—agile, fast, open, iterative—and translates them in practical approaches to driving change in one’s own company. *Hacking Marketing* lays out the implicit principles that have been guiding much of our own work at McKinsey with clients on piloting new marketing operations techniques—storytelling, scrum masters, product management discipline, and especially relentless A/B testing—and makes the logic for doing so incredibly clear. In many ways, Scott is not just talking about hacking ‘marketing,’ but also addressing the changes to come across most business functions.”

—**David C. Edelman**, global co-leader, McKinsey Digital, Marketing and Sales, McKinsey & Company

“*Hacking Marketing* not only creates a compelling model for how to think about the intersection of marketing and our digital world; it helped me rethink the way I approach my role as a CMO. I’ve asked my entire team to read it.”

—**John L. Kennedy**, CMO, Xerox Corporation

“Marketing is going through a seismic change. The change is driven by consumers who are no longer passive in their relationship with brands, technology, and data. *Hacking Marketing* provides a brilliant road map on how to evolve the capability and culture of marketing practices using parallels from the most disruptive industry in the world, the software industry.”

—**Ram Krishnan**, SVP and CMO, PepsiCo

“No business function today is more dynamic than marketing. *Hacking Marketing* is a must-read operating manual for CMOs who want to lead in the digital age.”

—**Ajay Agarwal**, managing director, Bain Capital Ventures

“We are all digital now. Scott makes it easier than ever for smart marketers to ask the right questions and to discover what they need to know now.”

—**Seth Godin**, author, *All Marketers Are Liars*

“An original take on how the management of marketing must transform to keep pace with our increasingly digital world. It’s a must-read for anyone looking to stay relevant in this modern marketing era.”

—**Ann Handley**, chief content officer, MarketingProfs

“An inspiring read for anyone who wants to master the art and science of modern marketing management, from the practice of lean and agile marketing to the design of a scalable engine for marketing innovation.”

—**Mayur Gupta**, SVP and head of Digital, Healthgrades

“The CMOs of tomorrow will be very different from the ones of yesterday. Scott shows how great marketing management today is closer to modern software development than the marketing of yesterday and helps marketers understand how to incorporate those principles to succeed.”

—**Rishi Dave**, CMO, Dun & Bradstreet

“The truth is that marketing has changed, more than almost any other profession, and the majority of marketers have no idea how to effectively manage the process. *Hacking Marketing* gives you a flashlight and shows you the truth so you never have to look back again.”

—**Joe Pulizzi**, founder, Content Marketing Institute

“I am a strong believer that Agile has to be the foundation of any successful marketing team. Agile will allow marketing executives to have more visibility, increased productivity, and higher profitability. Scott’s book provides timely insight into how to make a shift to agile marketing.”

—**Joe Staples**, CMO, Workfront

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For Jordan:

Let your imagination always lift you beyond the limits of labels.

And for my parents,

*who ran a Mad Men-era marketing agency and encouraged me
to study computer science.*

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Introduction

It's a fascinating time to work in marketing.

It's also a somewhat dizzying time, with so much change happening around us.

The world is becoming more digital every day, steadily reshaping relationships between customers and businesses in the process. Buyers have more information, more options, and more leverage in when, where, and how they engage with sellers. And their expectations are rising, as state-of-the-art, digitally native companies—from [Amazon.com](https://www.amazon.com) to Uber—push the limits of what is possible into what is desired and then demanded.

For some businesses, that may still seem like a far-off, foreign realm. Not many of us aim to compete with those digital wunderkinder. Yet every day, we see more signs of digital dynamics infiltrating the space between us and our customers, disrupting sales and marketing in a thousand small ways—and not-so-small ways. We feel the tremors of our competitive landscape shifting.

On closer inspection, that realm is not so far-off after all.

The fact is that in a digital world, inherently, *we are all entangled in digital dynamics*.

“How did my business go digital?” With apologies to Ernest Hemingway, “Two ways. Gradually, then suddenly.” Regardless of size, geography, or industry, the digital age is upon us.

The accelerating tempo and growing complexity that this brings—especially to marketing—is both exhilarating and exasperating. It is a whirlwind of obstacles and opportunities.

Marketing Management for a Digital World

My goal is to help you harness that digital whirlwind.

Many wonderful books have been published about the many new strategies and tactics of digital marketing—inbound marketing, content marketing, social media marketing, and so on.

But there's a common thread connecting all of them that has received far less attention, yet is crucial to their success: How should *marketing management* evolve to best leverage these modern marketing methods?

Management is the orchestration of *all* those different strategies and tactics. It's how we weave them together into a cohesive organization with a mission and the methods to achieve it.

The trouble is that traditional approaches to marketing management—classic marketing plans, designed and enforced in a siloed, top-down structure—are buckling under the pressures of the digital world. There are too many moving parts, spinning too quickly. Strange interaction effects abound. It can feel like you're driving at high speed with a broken steering wheel and failed brakes. At night. With no headlights.

But there is a bright, shining way forward.

Marketing is not the first profession to struggle with digital dynamics. Before any other discipline found itself roiled by digital turbulence, software development teams ran into many of these issues first. Continuously changing requirements. Rapidly evolving technology. Mounting complexity. And demanding stakeholders who had little appreciation for those difficulties.

Software developers have been the canaries in this coal mine. Through trial and error in millions of software projects, successes and failures, they have discerned some of the underlying patterns of what works and what doesn't—and why—when wrangling the digital dragon. As a result, the art and science of managing software has matured tremendously.

So what does this have to do with marketing?

More than you might think.

The challenges of creating great software and the challenges of creating great marketing share increasing similarities in a digital world. They're both juggling an explosion of digitally powered interactions in a tornado of constant change and innovation. They're both creative and intellectual disciplines that rely on human insight and inspiration, and a new kind of teamwork, to produce remarkable experiences in highly competitive environments. And as the world has grown more digital, the scale and scope of their responsibilities and influence have grown too—but at the cost of mushrooming complexity.

Given those parallels—and the head start that software leaders have had wrestling with these challenges—are there successful, digitally native management concepts from the software community that modern marketers could borrow and adapt to conquer their own digital dragons?

I believe the answer is yes.

Hacking Marketing

This is not a technical book. It assumes no knowledge, or even interest, in software development. All it requires is an open mind to look at marketing management from a different perspective.

Don't be alarmed by the title, *Hacking Marketing*.

As we'll discuss in the first chapter, hacking has a very different meaning in the software community than it does in the media. It's not about *breaking*. It's about *making*.

The bad kind of hacking breaks into systems.

The good kind makes new inventions—in fast, fluid, and fun ways. It imagines what's possible, figures out clever ways to realize those ideas within the tangle of real-world constraints, and above all, celebrates the courage to try, tinker, and learn.

Cross-pollinating management concepts between the realms of software and marketing is that good kind of hacking

but on an organizational level. And in championing that, we'll strive to bring a touch of kinetic hacker spirit to everything marketing does.

This book is organized into five parts:

- I. An orientation on digital dynamics and the parallels between marketing and software
- II. An in-depth examination of agile and lean management methods applied to marketing
- III. An exploration of opportunities and techniques for innovation in modern marketing
- IV. A collection of ideas to tame digital complexity and achieve new kinds of scalability in marketing
- V. A closing chapter on managing marketing talent in this digital environment

Part II on agile marketing is the most comprehensive, because that is the foundation on which digitally savvy marketing management must be built. We'll thoroughly cover the rationale and key practices of agile management, specifically in the context of marketing.

Parts III, IV, and V cast a wider net, providing a helicopter tour of a variety of other concepts and frameworks from the field of software management that have become surprisingly relevant to the challenges of modern marketing. We'll approach each of them in a pragmatic and nontechnical way through the lens of how they directly benefit marketing today.

Hacking Marketing aims to expand your mental models as a marketer and a manager for leading marketing in a digital world where everything—especially marketing—now flows with the speed and adaptability of software.

Scott Brinker
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Marketing $\approx$ Digital $\approx$ Software

1

Hacking Is a Good Thing

When most people hear the word *hacking*, they think of something bad.

They picture cybercriminals who break into computer systems to steal credit cards or deface people's websites. They recall sensational news stories, such as the hacking of Sony Pictures Entertainment in 2014, which resulted in the studio's private, internal e-mails being published all over the Internet—to the horrified embarrassment of many Hollywood elites. Or even more serious hacking of government systems by foreign spies.

Hackers, the perpetrators of such digital mischief and mayhem, have frequently been the villains in movies themselves. In *Live Free or Die Hard*—the fourth movie in that storied Bruce Willis franchise—hero cop John McClane battles a hacker bent on bringing the United States to financial ruin by wreaking havoc on the stock market, the power grid, the transportation grid, and other key, computer-controlled components of the nation's infrastructure.

At this point, you may be wondering whether you've mistakenly purchased a book that intends to teach you how to electronically steal your competitors' marketing plans or knock out their marketing systems. Is that what is meant by "hacking marketing"?

Rest assured, no.

There's actually another much more positive meaning of the word *hacking*.

In software development circles, hacking is the art of invention. When a programmer creates a particularly cool piece of software, especially in an inspired burst of coding, that is hacking. When an engineer devises a novel solution to a supposedly intractable problem, that is hacking. When a maker—someone who builds do-it-yourself robots, electronics, and other cool gadgets—fabricates a new homemade design, improvised from ordinary components into a functional work of art, that is hacking.

Picture Mark Zuckerberg, up late at night in his Harvard University dorm room, madly cranking away on building the first version of Facebook. He imagined new ways for people to connect with each other through a website, unconstrained by prior conventions—and launched the golden age of social media.

That is hacking.

In fact, Facebook would take hacking to a whole new level in business management.

Facebook and the Hacker Way

Facebook was founded on the principles of hacking—the good kind of hacking. And that approach to getting things done helped propel it into a \$200 billion company.

Indeed, when Facebook filed for its initial public offering in 2012, Zuckerberg wrote an open letter to prospective shareholders, in the S-1 registration statement that the company filed with the Securities and Exchange Commission, describing his vision for the firm.¹ It famously included a section, on pages 69–70, under the heading “The Hacker Way” that explained the company’s unique culture—and why it was such a powerful source of competitive advantage.

Zuckerberg countered the negative connotations of hacking as typically portrayed in the media. “Hacking just means building something quickly or testing the boundaries of what can be done.” In a little more than 800 words, Zuckerberg described the essence of hacking as a creative force and how it was embedded into the culture and management principles of his company.

“The Hacker Way is an approach to building that involves continuous improvement and iteration. Hackers believe that something can always be better, and that nothing is ever complete. They just have to go fix it—often in the face of people who say it’s impossible or are content with the status quo.”

He repeatedly emphasized the importance of rapid iterations. “Hackers try to build the best services over the long term by quickly releasing and learning from smaller iterations rather than trying to get everything right all at once.”

He championed a software-empowered bias for action. “Instead of debating for days whether a new idea is possible or what the best way to build something is, hackers would rather just prototype something and see what works.”

He defined the company’s hacker-inspired values around being fast, bold, and open.

For Zuckerberg, being open meant instilling a high level of transparency in the way the company was managed internally, stating a firm belief that the more information people have, the better decisions they can make—and the greater impact they can have. “We work hard to make sure everyone at Facebook has access to as much information as possible about every part of the company so they can make the best decisions and have the greatest impact.”

Although Zuckerberg wasn’t the first person to champion the hacker ethos—hacking emerged at Massachusetts Institute of Technology (MIT) in the 1960s, 20 years before he was born²—this letter to investors, traditionally conservative Wall Street types, was remarkable in presenting it as a mainstream business philosophy. It was a brilliant piece of marketing, positioning the

company as an exciting innovator in the digital world. But it was also a management manifesto, declaring that Facebook intended to run its whole business—not just product development—with a hacker mentality.

Idealistic? Perhaps.

But you have to acknowledge Facebook's incredible success. It created a new kind of company, a social media juggernaut, that has had far-reaching, global impact. It sprang from a college sophomore's side project into one of the highest-valued public companies in the world, all in less than a decade. Along the way, it fended off intense competition—in a market that disruptive innovation continually roils—from dozens of aggressive start-ups and even the world's other largest Internet company, Google.

Why This Matters to You

However, odds are your business is not a social media platform like Facebook. Hacking probably sounds like something that's meant for companies with tinkering engineers and Silicon Valley code jockeys. How is it relevant to regular businesses? And what does it have to do with marketing?

Those questions inspired this book.

First, Facebook demonstrated that the spirit of hacking could be adapted and applied to general business management, not just technical innovation. It's not just for techies.

Second, Facebook proved that such a management philosophy was scalable, even for a public company with thousands of employees worldwide. It's not just for start-ups.

And third, even if your company isn't a purely digital business like Facebook, you are now operating in a digital world. Marketing, in particular, has become heavily dependent on digital channels and touchpoints to reach and engage customers—in both consumer and business-to-business markets. As a result, you are affected by digital dynamics, regardless of your industry,

size, or location. You have more in common with Facebook than you might think. That might seem like a scary thought at first. But it's really an opportunity.

Digital environments enable far greater agility, innovation, and scalability than were ever possible in just the physical world. But harnessing that potential requires different approaches to management—approaches that leverage digital dynamics instead of fighting them. Luckily, we don't have to figure this out from scratch. We can draw upon more than two decades of management practices that have proved successful in purely digital businesses and professions—particularly in software development—and adapt them for modern marketing management. Modern marketing actually has more similarities with software development management than you might imagine.

This book will show you how to tap those parallels to your advantage.

Hacking marketing is about bringing a little bit of that inventive hacker spirit to the management and practice of marketing. In a digital world, that proves to be a very good thing.

2

Marketing Is a Digital Profession

The central idea of this book—that marketers can benefit by adopting management practices that were forged in the natively digital profession of software development—rests on the premise that marketing has become a digital profession itself.

You may have raised an eyebrow at that assertion. Certainly some elements of marketing are undeniably digital: websites, e-mail, online advertising, search engine marketing, and social media. These are the things that we have labeled as *digital marketing* over the past decade.

But there are still many other facets of marketing that don't appear to be digital in nature. Traditional TV, print, radio, and out-of-home advertising. Trade show events. In-store marketing. Public relations. Brand management. Channel management. Market research. Pricing. How can marketing be considered a digital profession when so many important components of it still operate outside the digital realm?

Marketing in a Digital World

When Clive Sirkin was named the chief marketing officer (CMO) of Kimberly-Clark—the company behind major brands

such as Kleenex tissues, Huggies diapers, and Scott paper products—he remarked that it no longer believed in digital marketing but rather marketing in a digital world.¹

It was a simple yet profound observation.

In most organizations, digital marketing grew up in a silo, separate from the rest of the marketing department. There were usually two reasons for this. First, most businesses didn't rely on digital touchpoints as the primary interface to their prospects and customers. Sure, they had a website, an e-mail subscription list, and maybe some online advertising, but those things weren't seen as the heart of the business. And second, digital marketing required a different set of skills, attracted different kinds of talent to its ranks, and often developed a different subculture from the rest of the marketing team. It was rarely well integrated with other marketing programs, usually had a small budget, and typically wielded little influence on marketing leadership.

But then the world changed.

Smartphones and tablets proliferated, all offering instant, high-speed connectivity to the Internet, wherever you were, whatever you were doing. Search engines, such as Google, became everyone's reflexive go-to source for answers to almost any question. Social media—Facebook, LinkedIn, YouTube, Twitter, Yelp, TripAdvisor, Angie's List, Glassdoor, and hundreds of other specialized sites—triggered a worldwide explosion of information sharing. All kinds of apps, the tiny applications that we download on to our mobile devices, became an ambient part of our lives, at home, work, and school. We became continuously connected to the cloud.

Somewhere around 2012, we reached a tipping point. Digital channels and touchpoints were influencing people's buying decisions for all kinds of products and services, at every stage of the customer life cycle. Such digital interactions were no longer distinct moments either ("I'll go to my computer to check that out online"). They were interwoven into daily life, with the real

world and digital world spilling into each other, like hot and cold water mixing in a bath.

Digital dynamics increasingly affected the real world.

This was the brilliant insight in Sirkin's statement. Once buyers stopped treating digital as an isolated channel, but rather as a universal source for information, on-demand service, and social validation for almost *any* purchase decision, brands that continued to relegate digital marketing to something separate from their core marketing mission would do so at their peril.

We're now marketers in a digital world.

Why Marketing Is Now a Digital Profession

Against the backdrop of a digital world, marketing has become a digital profession—and not just in the activities previously classified as digital marketing. There are many ways in which digital dynamics now pervade almost every corner of marketing.

First, the activities that we've explicitly thought of as digital marketing continue to grow as a percentage of marketing investment. The global media firm Carat has estimated that digital advertising spending is growing at double-digit rates, fueled mostly by growth in mobile and online video ads.² Forrester Research expects that digital marketing spend will soon exceed TV advertising in the United States.³ According to an Econsultancy study, 77 percent of marketers increased their digital budgets last year.⁴ So obviously, the more purely digital marketing work we do, the more marketing is inherently a digital profession.

Second, marketing touchpoints in the real world are increasingly connected to the digital world. Quick response (QR) codes, one of the first inventions to bridge the digital and the physical, link printed materials to websites. Bluetooth beacons, installed in stores and at live events, automatically trigger offers and other location-based services for people on their mobile devices. Electronic tags attached to tangible goods and physical

installations—using radio-frequency identification (RFID) or near field communication (NFC) technology—make them digitally visible for channel management, point-of-sale promotions, and postsale relationships with customers. Mobile apps produced by airlines, hotels, and retailers act on a consumer's global positioning system (GPS) location to enable special features and benefits. Wi-Fi-enabled appliances and gadgets are even creating new marketing touchpoints embedded in people's lives. A good example is the Amazon Dash Button, a physical button that consumers can press to instantly reorder common household goods, such as a Tide laundry detergent button affixed to their washing machine. So formerly nondigital marketing channels are acquiring digital dimensions for us to manage.

Third, digital business transformation—taking a nondigital business and remaking its offerings and operations to take advantage of digital technologies—now affects nearly every industry. Some of the most fascinating examples of this are digital layers juxtaposed on top of the physical world that have disrupted major markets. For instance, Uber rocked the taxi industry by using mobile apps, location data, and digital payments and profiles to orchestrate drivers and riders in a new kind of transportation network. (Taxis are now fighting back by deploying apps of their own.) But there are plenty of more mundane examples where consumers simply expect to be able to learn detailed information about a business and its offerings, conduct transactions, and resolve customer service issues on the Web or through a mobile app. These digital business features go beyond marketing, of course. But it is—or should be—marketing's responsibility to understand, champion, and promote this new wave of digitally enabled customer experiences.

Fourth, thanks to search engines and social media, even businesses with nothing digital about their actual products or services are affected by the way their companies are represented on the Internet. It's not just about what you officially publish online. It's mostly about what *other* people—customers,

partners, employees, and influencers of all kinds—say about you on their blogs, in online reviews, and across social networks. Opinions of your business, good or bad, can be shared instantly, spread virally, and last forever in a Google search result. Everything you do in marketing today is subject to these digital feedback effects. You can spend months producing a high-end TV advertising campaign, but within minutes, your audience can commend or crucify you for it on social media, with far greater impact than the airtime you purchased. Marketing must be tuned into these digital conversations and be able to engage effectively with them.

And fifth, as Figure 2.1 shows, marketing now relies on a tremendous amount of digital infrastructure behind the scenes to manage its operations. As marketers, we're inundated with software applications in our daily work. Our toolbox has come a long way from containing simply Excel and Photoshop. Today, we use specialized software for analytics, campaign management, content management, digital asset management, programmatic advertising, customer relationship management, marketing resource management, and more. We are a digital profession in no small part because we spend so much of our day working with these digital tools. We're affected by the digital dynamics of those tools themselves—such as the rapid update cycles that software-as-a-service products typically have. But more important, these tools have the potential to give us digital leverage—speed, scale, adaptability, adjacency, and precision—in so many of our back-office processes.

I say “potential” in that last sentence, because to achieve that digital leverage, we often have to rethink the way we work to really take advantage of these new capabilities. We have to adopt digital management practices.



Marketing Technology Landscape

January 2015

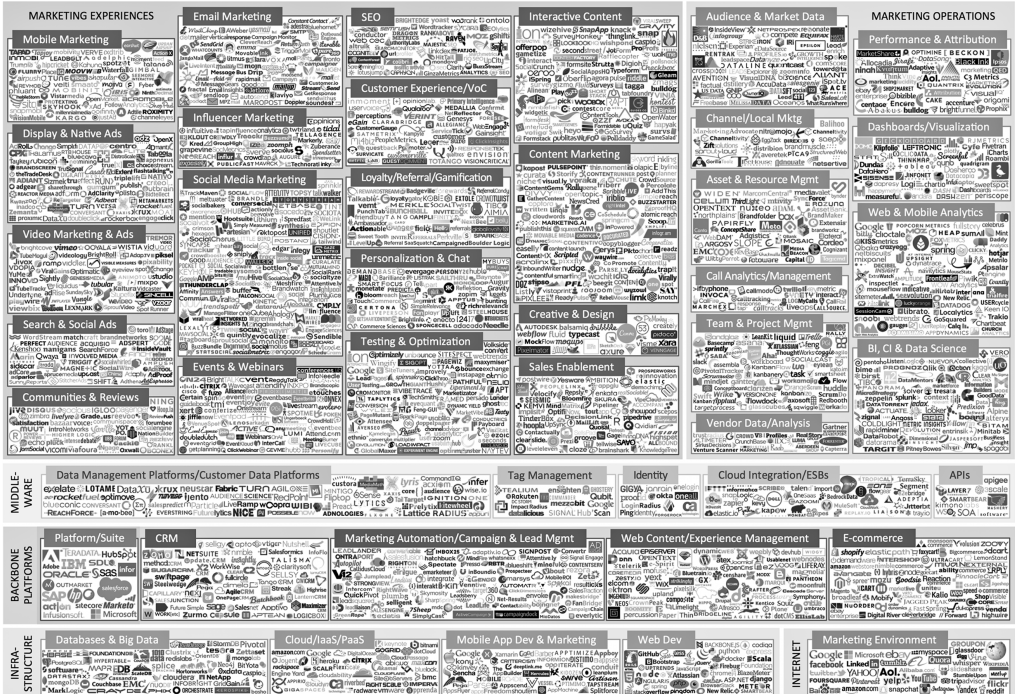
by Scott Brinker @chiefmartec <http://chiefmartec.com>

FIGURE 2.1 Marketing Technology Landscape

Note: *SEO* stands for search engine optimization, *VoC* stands for voice of the customer, *BI* for business intelligence, *CI* for commercial intelligence, *ESB* for enterprise service bus, *API* for application programming interface, *CRM* for customer relationship management, *IaaS* for infrastructure as a service, and *PaaS* for platform as a service.

3

What Exactly Are *Digital Dynamics*?

We've seen that marketing is now a digital profession, and we touched on some of the ways it is affected by digital dynamics. But what exactly are *digital dynamics*?

Five characteristics of the digital world cause it to behave quite differently than the physical world: speed, adaptability, adjacency, scale, and precision. Digital dynamics are the effects these properties generate, and much of the power of digital comes from these features and what they make possible.

But it's difficult to harness that power through management practices that were designed in a predigital world. It's like trying to fly a plane by reading the driver's manual for a car. Yes, they're both transportation, but you're dealing with a different set of levers and gauges—and some very different physics. Running a digital profession by the rules of nondigital management imposes artificial limits on what we can do and leads to organizational dissonance.

Instead, we want management methods that can leverage digital dynamics, rather than struggle against them.

So let us briefly examine each of these five digital characteristics, graphically represented in Figure 3.1, to make sure that we