Digital Intelligence 2019

Key Trends, Best-in-Class Executions for Digital Marketers

16 December 2019
Many Are Called...

Gartner L2 produces two types of analysis that score digital sophistication: Digital IQ Indexes and Intelligence Reports. Digital IQ Indexes rank brands on their overall digital competency, with Genius as the highest designation. In 2018, only 3% of analyzed brands earned the coveted distinction of Genius. These brands represent the leaders in digital media, e-commerce, product innovation and organizational structure.

Intelligence Reports, on the other hand, score brands on their performance in a specific area of competency (omnichannel, mobile, etc.). Gartner L2's Intelligence Reports review an evolving set of major themes, highlighting industry best practices in the areas of emerging focus. In 2019, Intelligence Reports evaluated over 1,100 brands across nine reports, benchmarking brand performances and identifying best-in-class implementation of digital strategies. For each Intelligence study, Gartner L2 plots brands on a quadrant determined by custom methodologies, scoring brands on key areas, including site features and social platform strategies.

The quadrant places brands into four categories, with the strongest brands labeled Leaders and those with the most room for improvement as Laggards. In 2019, across Intelligence Reports, only 15% of brands on average were categorized as Leaders. Within this coveted section, beauty, big box, specialty retail and department store brands were frequent guests. The third annual Gartner L2 Intelligence Report: Digital Intelligence 2019 reviews case studies and key findings to portray best practices across 19 industries in the following areas: personalization & values-based marketing, search & marketplaces and content & commerce.

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### Digital Intelligence: Gartner L2 Digital IQ Class Distribution 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Genius</th>
<th>Gifted</th>
<th>Average</th>
<th>Challenged</th>
<th>Feeble</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>n</strong> = 1,872 Brands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Gartner L2 Intelligence Report: In the Company of Genius 2018

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### Dominant Sectors in Each Intelligence Report’s Leader Quadrant*

<table>
<thead>
<tr>
<th>Customer Service</th>
<th>Mobile</th>
<th>Video</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service</td>
<td>Mobile</td>
<td>Video</td>
<td>Loyalty</td>
</tr>
<tr>
<td>22% Beauty</td>
<td>36% Big Box</td>
<td>20% Consumer Electronics</td>
<td>32% Big Box</td>
</tr>
<tr>
<td>22% Specialty Retail</td>
<td>25% Department Stores</td>
<td>16% Beauty</td>
<td>27% Specialty Retail</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Search</th>
<th>Social Platforms &amp; Influencers</th>
<th>Omnichannel</th>
<th>Data &amp; Targeting</th>
</tr>
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<tr>
<td>Search</td>
<td>Social Platforms &amp; Influencers</td>
<td>Omnichannel</td>
<td>Data &amp; Targeting</td>
</tr>
<tr>
<td>16% Personal Care</td>
<td>28% Specialty Retail</td>
<td>39% Big Box</td>
<td>33% Big Box</td>
</tr>
<tr>
<td>14% Fashion</td>
<td>24% Beauty</td>
<td>26% Department Stores</td>
<td>26% Specialty Retail</td>
</tr>
</tbody>
</table>

*Localization 2019 was not scored.

Source: Gartner L2 Intelligence Report: Digital Intelligence 2019

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Evan Neufeld | MVP, Research & Advisory, Intelligence
Karen Lee | Sr. Specialist, Research, Intelligence
Lili Meng | Sr. Specialist, Research, Intelligence
Lakshmi Kalluri | Specialist, Research, Amazon Intelligence
Evan Bakker | Principal, Research, Intelligence
Adriel Tey | Sr. Specialist, Research, Intelligence

Gartner L2 research is based on data-driven analysis. Our findings, rankings and recommendations are objective, unbiased and independent of membership.
Site Segmentation: Low-Hanging Fruit

Explicit data, such as user supplied names, birthdays and gender, gives brands a chance to refine segmentation among more engaged customers who are willing to provide account data. However, they must balance these data acquisition efforts against risking attrition. While collecting less data can limit future targeting opportunities, form fatigue may result in lower sign-up rates. Over time, brands have retreated from collecting data at the account sign-up stage and instead retrieve data during subsequent account customization. For example, 59% of brands analyzed year over year collected some type of segmenting data during account sign-up in 2019 — down from 62% in 2018 — while 100% of those brands did so during account customization, up from 91%.

Best-in-class brands identify necessary segmentation data points and approximate the rest through other behavioral indicators. Preferences are blurring across demographics of consumers, as inferable data points like gender and age have become less of a priority to collect. For example, just 42% of brands analyzed across all four studies captured gender somewhere on the site, down from 53% in 2016. In fact, all analyzed sectors saw a drop in gender collection with the exception of fashion. 91% of fashion brands captured gender this year, up from 82% in 2016. Meanwhile, only 14% of beauty now collect gender, down from 29% in 2016.

Conversely, birthdays have increased in popularity, as they represent a simple way to reengage audiences on an annual basis via emails and loyalty-related perks. For instance, two-thirds of activewear brands now collect this information, up from 44% in 2016. Similarly, 73% of fashion brands, which increasingly compete for purchases online, collected it compared to 55% in 2016.

Data & Targeting: Data Collection Rates per Account Stage
2018 vs. 2019  ■ 2018  ■ 2019

<table>
<thead>
<tr>
<th>Data Type</th>
<th>Account Sign-Up</th>
<th>Account Customization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birthday</td>
<td>29% 30% 38% 36%</td>
<td>58% 64% 64% 71%</td>
</tr>
<tr>
<td>Phone Number</td>
<td>18% 14% 22%</td>
<td>6% 7% 7% 10%</td>
</tr>
<tr>
<td>Gender</td>
<td>18% 14% 22%</td>
<td>18% 20% 20% 22%</td>
</tr>
</tbody>
</table>

Excerpt From: Data & Targeting 2019

n = 87 Brands in Both Studies
Source: Gartner L2 Intelligence Report: Data & Targeting 2019

Data & Targeting: Share of Brands Collecting Specific Data Points on the Site

Birthday: 59% 58% 60% 66% 99% 85% 63% 73% 53% 44% 51% 42%
Phone Number: 2016 2017 2018 2019

n = 73 Brands Analyzed in All Four Studies
Source: Gartner L2 Intelligence Report: Data & Targeting 2019
Location-Based Search

Brands increasingly adopt mobile-first search strategies by deploying mobile-specific tactics. These include bidding on branded keywords in conjunction with clear locations, store attributes like popular hours and expanding location details information in Google Maps.

Bidding on location-specific keywords (e.g., "adidas New York City") capitalizes on the 76% of customers who visit businesses after conducting local searches.1 To target larger audiences and augment omnichannel efforts, brands must keep updating their local store profiles, use location extensions on paid text ads (which enables brands to appear on Google Maps searches) and include local store inventory or affiliate store information on Shopping ads. Brands without DTC e-commerce can use similar tactics to boost retail partners’ visibility in ads and Google Maps through affiliate location extensions.

Store profiles within Google Maps are valuable search assets that give brands an opportunity to tout their stores and drive foot traffic through local search. Only 41% of 771 brand searches surfaced a nearest store profile within Google Maps, with less than half of profiles featuring popular times, a community forum, a store-specific search bar and events. Best-in-class brands can effectively structure their site content for Google to aggregate in-store profiles, maintaining distinct pages for product categories, services and events.

1. “I-Want-To-Buy-It Moments: Mobile’s Growing Role in a Shopper’s Purchase Decision,” Think with Google.
Content Breakdown on Platforms

To match the growing prominence of videos on social platforms, brands must focus on tailoring content to fit the users of each platform. Though similar content thrives on pay-to-play platforms like Facebook and YouTube, the rules on Instagram are different, thanks to an ever-shifting algorithm.

While Instagram’s algorithm for who sees what is a mystery known to few, evidence shows that content explicitly related to products does not perform well. Only 42 of the top 100 videos on Instagram focus on exhibiting products, compared to 77 on YouTube and 64 on Facebook. Additionally, fictional and plot-driven advertisements also do not work on Instagram: though 34 and 9 of the top 100 YouTube and Facebook videos respectively employ plot-driven advertisements, none of Instagram’s top videos do.

The content thriving on Instagram mainly centers around inspirational or emotion-inducing real-life footage, such as sports tricks or wedding proposals. In fact, such footage comprises 60 of the top 100 videos on Instagram, while less than a quarter of both YouTube and Facebook videos are. This may be due to Instagram’s primarily visual nature, where users have higher bars for content and shorter attention spans.

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**Video: Share of Video Content Type of Top 100 Performing Videos**

1Q18-1Q19

<table>
<thead>
<tr>
<th>Platform</th>
<th>Product-Related</th>
<th>Plot-Driven Ads</th>
<th>Real-Life Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouTube</td>
<td>77%</td>
<td>34%</td>
<td>18%</td>
</tr>
<tr>
<td>Facebook</td>
<td>64%</td>
<td>9%</td>
<td>24%</td>
</tr>
<tr>
<td>Instagram</td>
<td>42%</td>
<td>0%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: Gartner L2 Intelligence Report: Video 2019

*Does not add up to 100% across platforms because some videos fell under one or more content types.*
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