

Marketing in a **digital world**

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DIGITAL
Customer Experience

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How is marketing affected by digital trends?

The rise of mobile commerce

Mobile is rapidly becoming the platform of choice for e-commerce. IMRG research shows that all e-commerce growth in the UK now comes from mobile platforms.



Convergence of digital viewing

In 2013, US adults spent more time using digital devices than watching TV². Often, they access content through multiple devices simultaneously: for example, watching the big game on TV while browsing on an iPad. This is a major global trend as more and more people turn to devices to access digital content.

Convergence of digital media and commerce

Direct relationships between media companies and online retailers are emerging as a means of using digital to capture customers' attention. One of the earliest examples was an article on the Daily Mail website about Lady Gaga's latest shoes, where, if customers hovered over a photograph, they saw a range of similar shoes, complete with pricing and a direct link into the checkout process of online retailer Polyvore.

Advertising challenges and opportunities from digital

Growth in mobile access presents problems for digital advertisers, as the space available for adverts around or

across content is limited. This issue is coupled with the rapidly diminishing click-through rates on adverts, as users avoid or skip them. In-line advertising is an option, but in a time-lapsed world where little content is viewed live, these ads too can be skipped. Two responses to these issues are emerging: native advertising and programmatic buying.

With native advertising, adverts are designed together with content that provides a context for them. To succeed, this approach requires creative content in the adverts themselves. This necessitates creative capabilities, supported by tools to automate the production and dynamic distribution of content.

Programmatic buying is essentially spot buying of micro slots that are available for placement at a given moment, with the cost varying as a function of the audience. This approach is driven by platforms that can process a wide range of rules for targeting adverts, and that are accessed directly by the advertisers. This creates a huge demand for micro content to satisfy wide-ranging slots.

What behaviours lead to success in digital marketing?

Coordinating activities across channels, brands and functions

When digital marketing is just an afterthought – an extension of a TV or press campaign – it cannot take full advantage of the digital context. Digital needs to be at the core of the campaign planning process in order to reap the benefit of multiple channels for campaign activation.

More importantly, several brands are often targeting the same customer. Since an overload of campaign activity is likely to put potential customers off, content and offers need to be relevant and timely. Marketers must look for opportunities to engage with customers on a category, lifestyle or top-level brand basis, and prioritise the messages that are most likely to drive the next best action.

As marketing activity scales and becomes more analytical, marketing automation technologies can add significant value. They don't just measure campaign effectiveness and spend, but, used correctly, can also help with campaign planning, segmentation and prioritisation of media communications to customers.

As well as brand and marketing teams, sales teams may also be competing for the customer's attention as they push the latest promotion and try to drive up conversion. This competition for a share of the customer's mind can be destructive.

Careful management of brand and promotional activity is therefore needed to create the right three-way relationship between marketing, sales and the customer. In the consumer goods markets, some organisations are considering a new commercial function where marketing and sales are brought together under the banner of consumer experience. In high-end retail, brand and category teams collaborate closely to strike the right balance between brand activity from marketing and promotional activity within merchandising. Data and analytics are fundamental to managing this three-way relationship and determining the next best action.

Leveraging a range of data sources to engage effectively

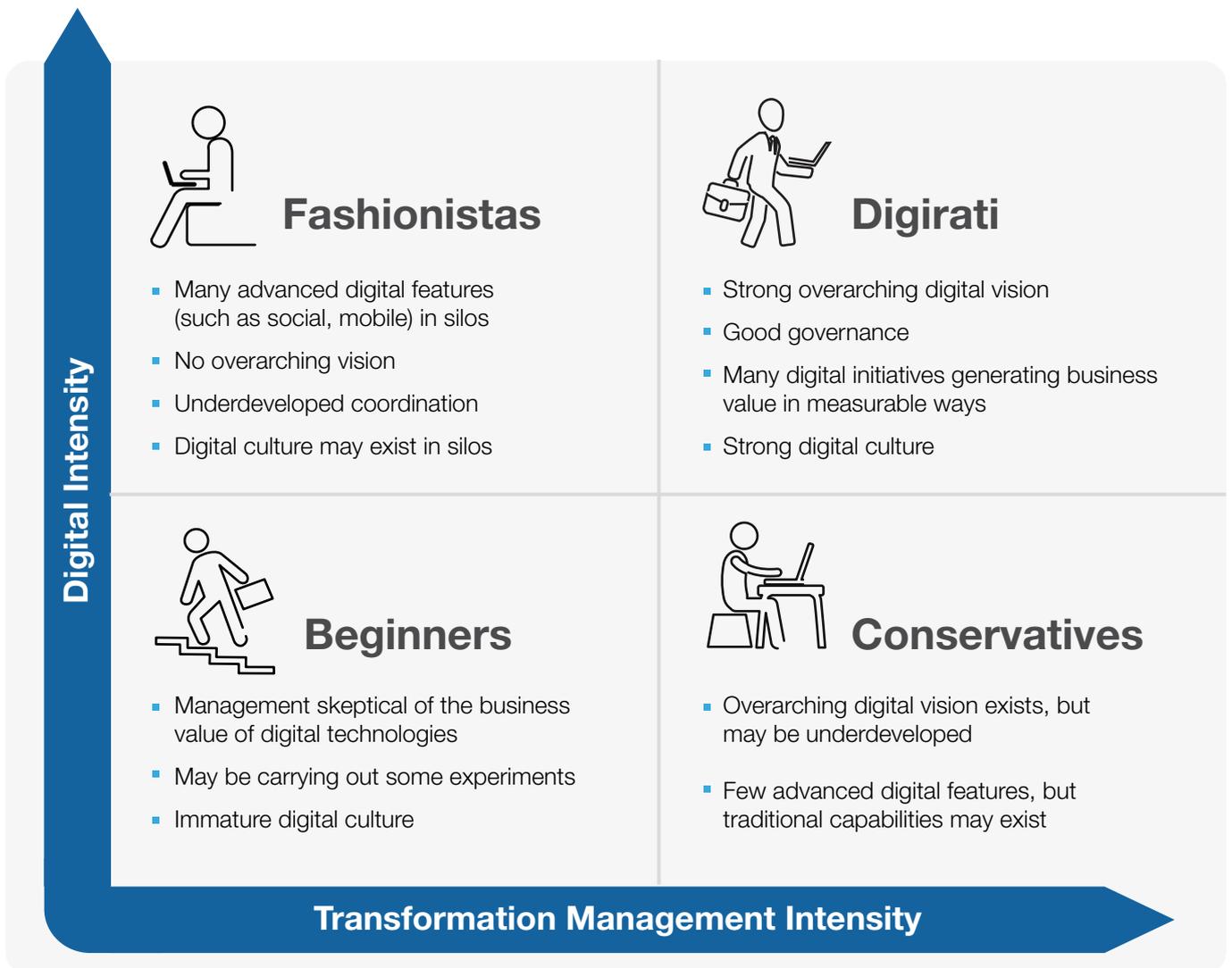
Determining the next best action can be complex. To understand when a customer's propensity to buy is at its highest, you need to take into account factors like real-time context, purchase history, behaviour, channel performance and trends.

Big data technology allows you to collate and sift through vast amounts of digital data to determine what's relevant and identify the "golden nuggets" that drive your next best action. In practice, however, companies often try to collect every piece of data about the customer – an expensive approach that yields little return. In addition, data, particularly digital data, has a shelf life: when it is no longer valuable, it should be discarded. Unfortunately it can be difficult to understand what's relevant as data is usually spread across many different sources – agency reports, spreadsheets, databases or even pieces of paper.

What does work is to establish a data framework that helps you understand the landscape before you start, and that can evolve and grow with your needs and capabilities. This framework should define standards for capturing customer data, web traffic, social insight and competitive data, as well as the time value of the data. You can then start filtering and aggregating your digital data, later adding in third-party data, and finally including transactional data to quantify the effectiveness of your marketing spend.

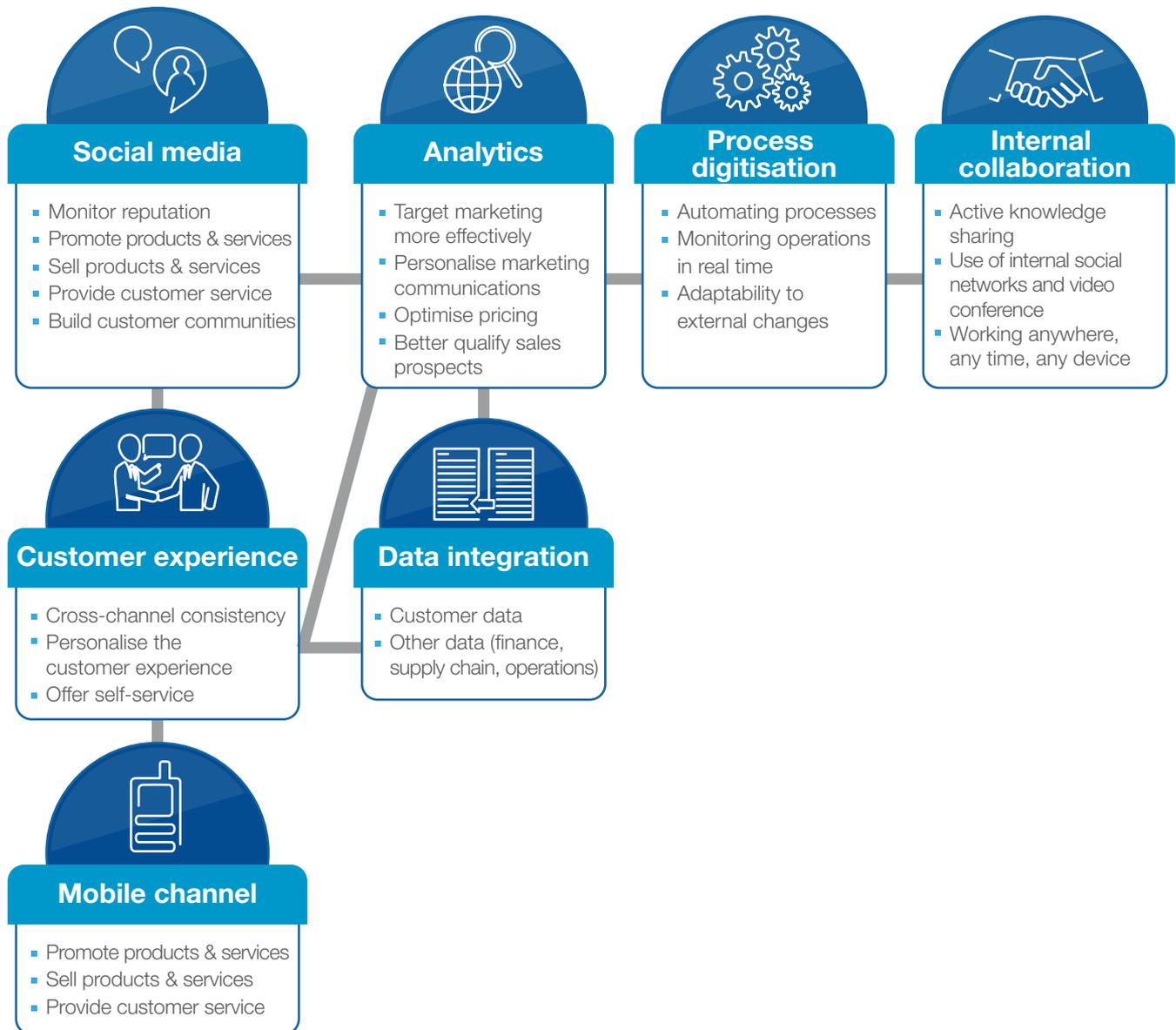
Combining digital innovation with data-driven engagement

Capgemini and MIT have carried out a wide-ranging study³ that established the core characteristics of the “Digirati” or digital leaders, and demonstrated the improved business performance these organisations achieve as a result. The marketing function, as much as any other, needs these critical characteristics: a combination of digital intensity and transformational effectiveness.



The Digirati of today consider digital channels a fundamental part of their campaign planning and execution. To remain Digirati tomorrow, they will need a flexible approach that allows them to embrace emerging tools and technologies and adapt to new ways of engaging with customers. However, they must ensure the tools are connected to the data so that customers receive the right message at the right time in the right location.

Bringing these capabilities together into an integrated framework requires discipline in integrating tools. Engagement channels should always be connected to the data framework, enabling you to close the loop across your channels so as to give your customer a consistent experience across all of them.



Marketing in a digital world:



the state of play in the UK
in 2014

With marketing teams striving to shorten their cycles, there is a real impetus to automate marketing processes and empower marketing with technical skills. To investigate the state of play in this area, we carried out a survey of the marketing functions of 332 large enterprises in the UK between December 2013 and January 2014. Some of the highlights of the survey results are analysed here.

Our digital marketing survey of UK enterprises

In our survey, over 80% of respondents state that digital marketing is important to long-term profitability; 23% say that it will become the lifeblood of the organisation. Why then are 60% of respondents investing less than a third of their budgets in digital marketing?

Addressing mobile channels – a marketing shortfall

Surprisingly, when the survey asked about marketing activities, respondents reported a focus on web and social, with only 30% of participants investing in mobile advertising and mobile application development. In the others, marketers could have problems reaching mobile consumers. Out of 118 organisations regarding themselves as mature digital marketers, only 50 are active in mobile advertising.

Leveraging data and engaging the consumer – a technology and capability shortfall

The rapidly changing digital environment creates opportunities and challenges for marketing. The four Ps of the marketing mix are being replaced by the four Es : Experience, Everyplace, Exchange and Evangelism¹. The focus is on customer motivation and on using digital channels to trigger the right content or offer in the right context.

However, the survey indicates that this is an immature area. Although over 72% of respondents collect data and merge it with CRM data in support of marketing campaigns, few engage in closed loop marketing to make use of the consumer's real-time context. Less than 9% of respondents collate data into a single view of the customer, and less than 3% perform predictive analysis using big data.

Is marketing investing in the right capabilities?

Given the opportunities for engaging consumers with targeted data across social and mobile channels, it is surprising that by far the biggest target for future investment remains the website (58%); only 5% see the single view of the customer or analytics as the priority.

Although respondents generally say they are satisfied with the support from their IT function, a large amount of spend is focused on agencies. There is a clear difference between the shifting demands of customers and companies' investment plans – probably the result of a lack of information about what can be achieved using new technology.

Joining business and technology in one organisation

The survey found that nearly 97% of digital marketing teams are managed within the marketing function. However, 30% of participants claim that the IT function is not helpful in digital marketing activities. Further analysis indicates that IT is simply not involved in digital marketing. That leaves the marketers with two choices: build their own team or use an agency.

The IT function will need new capabilities so that it can become marketing's proactive partner, rather than just a supporter. The acid test will be when the IT function is able to show a new, effective form of consumer engagement that marketing did not previously know about.

Conclusion

The biggest challenge for the marketing function in a dynamic digital environment is to orchestrate teams, processes and skills to embrace digital as a core part of the media planning and consumer engagement processes.

The IT function needs to develop new capabilities and leverage new tools to become the true proactive partner that marketing needs to bridge the business-technology gap.

Some enterprises will successfully evolve agile marketing organisations with flexible tools and a solid commercial environment making use of emerging technologies. These will be the ones that are more efficient, better positioned to react to the market, and ultimately more profitable: the Digirati.

To find out more

Capgemini provides a full portfolio of tools and services to help marketing and IT functions realise the benefits of new digital models and technologies. We work with our trusted technology partners to help our clients accelerate the journey. Microsoft is a strategic alliance partner who can bring a rapidly developing range of next generation digital services, both to address new opportunities and to leverage existing investment.

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Founded in 1975, Microsoft is the worldwide leader in software, services and solutions that help people and businesses realise their full potential. It has long been at the forefront of the personal computing revolution and its products power more than 90 per cent of the world's PCs, transforming business and communications in recent decades. The company is now building on that position by strengthening its focus on the development of an even broader, deeper range of connected devices and services. This holistic strategy will enable Microsoft to give customers everything they need – at home, at work and on the go.



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