



THE **new** **face** OF MARKETING

Quarterly review
N°4 — 2022

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FOR TOMORROW



PETE MARKEY
CMO, Boots UK



CREATING VALUE THROUGH DATA ECOSYSTEMS



Boots is UK's number one health and beauty retailer with 2,263 stores and employing 51,000 people.*

Pete Markey is responsible for branding, marketing, data, loyalty, and omni-media planning and communications at Boots UK, a health and beauty retailer and pharmacy chain. He was instrumental in making Boots a recognized "Superbrand," awarded by Superbrands worldwide, global and independent arbiter of branding in 2021.

A Fellow of the Marketing Society and the Chartered Institute of Marketing, Pete has been recognized as a Marketer of the Year four times. He has held marketing leadership roles at TSB Bank, Aviva, the Post Office, and RSA Insurance Group.

The Capgemini Research Institute spoke to Pete about how Boots UK is redefining marketing operating models and making its own marketing data available to its suppliers.

*"Boots at a glance factsheet," Boots UK website, accessed 22 April 2022

WHAT CMOs WANT

What are the top priorities of the modern CMO?

— The modern CMO needs to be three things at once: an artist, a scientist, and a champion.

The artist is a creative thinker, able to interpret concepts and to work with creative agencies; they also have to recognize the essence of great creative ideas.

The scientist has a highly analytical approach; they understand the numbers that drive the business, they are attuned to the results; and they have a deep understanding of the data.

The champion role often gets forgotten but it is extremely important. You have to tell the narrative of what the marketing function is there for and how it is planning to achieve its goals, with the help and for the benefit of the rest of the business.



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CMO, Boots UK

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A DELICATE BALANCE: LONG-TERM VS SHORT-TERM MARKETING

As CMO, how do you strike the right balance between long-term and short-term marketing priorities?

— There needs to be a balance between what I call “trading” and “transformation” opportunities. Trading implies marketing tactics: How are we performing overall? How are we performing today on our dotcom platforms or in stores? And what is marketing contributing toward that? These are table stakes: if we’re not performing in these metrics, we don’t really have permission to do much more than that.

At the same time, we need to keep “transformation” in sight. We’re now quite advanced in rolling out our new marketing-technology (MarTech) suite, in collaboration with Adobe. We intend to use a lot more first-party data, collected directly from customers. Our loyalty program has 10 million members in the UK. That membership offers a huge opportunity for high-quality data collection, which we believe we can harness through our MarTech platform.



Also, we are moving to an Agile Squad (cross-functional, autonomous teams), which has made us more effective and efficient. We have created squads around product categories: we have a beauty squad, a value squad, a gifting squad, and a wellness squad. We have roles such as scrum master, product owner, team leader, and a variety of different skills within each team.

How do you ensure smooth collaboration between marketing and finance or IT teams?

— We have a marketing-transformation steering group that feeds into various other forums to keep different teams on track and coordinated.

With IT or MarTech teams, we align at goal level; this is often challenging when you have senior executives with distinct, competing objectives.

With finance, for example, we don't treat them just as a bank to fund our marketing projects. Our conversations are not just about financial metrics but a collaborative development of structured plans to achieve our objectives for each project. The finance team really wants to be involved and to understand what we're working towards in marketing, and the relationship is so much more productive if you invest the time to achieve that.

IN OR OUT?

What is your team's current operating model in terms of in-house or outsourcing?

— We have an internal studio called B-Hive that does a lot of our creative work such as banners and emails. Our external agency handles the bulk of the larger, more branded creative and media-buying work. Other companies, such as Merkle and Adobe, have supported us on MarTech implementation. It's a healthy mix. I think there's more work to do to get that balance right, though; I'm keen to have as much on our side as possible in terms of MarTech and data analysis.

Also, we recently launched our own full-service marketing agency, Boots Media Group, for beauty brands, to support marketing campaigns for our suppliers.

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of the media we buy uses first-party data, compared with around 8% two years ago

Executive Conversations

BOOTS MEDIA GROUP: SHARING THE WEALTH

What is the intent behind launching your own marketing service?

— At Boots, we have unparalleled insight into our customers' needs and shopping habits. About 30% of the media we buy uses first-party data, compared with around 8% two years ago. Using first-party data helps us drive effective customer relationships and is a better way to reach our target audience. Around 40% of Boots' media budget is now spent advertising to our own customers, based on taking a single view of combined loyalty-card and website data.

We have decided to unlock our first-party data and give our brand suppliers access to our marketing channels – in compliance with data ethics and regulations, naturally. So, we launched the Boots Media Group, a full-service advertising agency. It benefits both the brands, by helping them to invest in marketing more effectively, with better returns, and the customer, by giving them the products and experiences they want.

What are the key offerings of the Boots Media Group for supplier brands?

— We offer brands connected co-marketing campaigns: media opportunities to engage Boots shoppers across digital and physical paths to purchase. We also offer AI-based optimization and personalization of campaigns to deliver experiences that are meaningful to our customers. In sum, we have a full-service advertising offering with dedicated experts. Brands will be able to seamlessly merge consumer and trade activity, which was previously siloed.

On a similar note, we partnered with data platform InfoSum to help it target audiences in privacy-safe ways across the platform's media ecosystem. Using InfoSum's decentralized technology, its platform connects first-party data between companies, finding audience matches without sharing or moving data. Boots can now utilize its own consumer data to target audiences across TV platforms such as Channel 4 and ITV.

How has your digital offering evolved?

— Boots.com continues to perform well, with digital sales in the first quarter of our fiscal 2022 (ended November 2021) almost double those in the equivalent quarter pre-COVID-19 (1Q20). Boots.com sales now account for more than 15% of total retail sales.

We are also developing Boots online healthcare services; Boots offers over 100 healthcare services online or in store, including acne treatment, period-pain relief, and mental health support. Boots Online Doctor launched 45 new services in 2021 to provide quick and easy healthcare advice and prescription medication, without the need for a visit to a general physician.

We have become better at targeting the customer and tailoring the digital offering and we've seen a corresponding rise in customer engagement. Our traditional digital marketing channels, such as email, continue to be effective, too. Things like our £10 Tuesdays and month-end deals are all highly successful. Customer relationship management (CRM) programs pull really well for us, and we continue to optimize those.



Executive Conversations

The Boots Advantage Card loyalty program recently completed 25 years since its launch. How do you ensure you keep it relevant to today's customer?

— The Boots Advantage Card has been a pillar for customer loyalty for a long time and is one of the best-known loyalty cards in the UK. Value never goes out of fashion. With rising inflation, customers find deep value in our promotions or deals. This year, we brought back our Price Advantage initiative, under which Advantage Card holders get exclusive discounts on around 150 products each month. We expect to drive better customer acquisition and retention through this scheme.

We have digitized the loyalty program, introducing an app that allows the customer to check their points balance and informs them of dedicated promotions. Our digital and physical presences interact really well. We are nearly everywhere in the UK, so it's easy for the customer to act on a digital, data-driven impulse; 85% of UK residents are a 10-minute walk away from a Boots store.

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