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Summary

The explosion in availability of new services through digital channels has rapidly changed consumer expectations. Engagement must be timely and relevant, and every industry is judged by the standards of the best. Channels are converging, and there are opportunities to link television, print and in-store channels with digital conversion mechanisms.

Digital provides unparalleled opportunities to understand the unique behaviours of your customers using insights derived from data. Advanced analytics enables real-time optimisation of campaigns, so that you can engage customers via personalised communications in their preferred channel, whether social, web, mobile, television or digital signage.

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 Evangelism. The focus is on customer motivation, and on using digital channels to trigger the right content or offer in the right context.

In a survey of 332 large enterprises in the UK, over 80% 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?

Over 72% merge external data with CRM data, suggesting an awareness of the importance of customer centricity. However, only 7% have developed a single view of the customer across multiple data sources, and just 3% are using big data for predictive analytics.

These results indicate that there is a gap between business and technology in all but a few leading organisations: the marketing function usually recognises the need for a joined-up approach to consumer engagement, but the technology to enable such an approach is not yet in place.

With the use of multiple channels in the purchase process becoming the norm, how can the IT function provide marketing with the insights and tools needed to support seamless engagement? This paper describes proven models that can enable your organisation to bridge the business-technology gap and create competitive advantage from the way you engage with consumers.
Convergence of digital viewing
In 2013, US adults spent more time using digital devices than watching TV. 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.

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.

How is marketing affected by digital trends?

Year on Year Growth: Total e-Retail & e-Retail excluding mobile

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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 study 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.

- **Fashionistas**
  - Many advanced digital features (such as social, mobile) in silos
  - No overarching vision
  - Underdeveloped coordination
  - Digital culture may exist in silos

- **Digirati**
  - Strong overarching digital vision
  - Good governance
  - Many digital initiatives generating business value in measurable ways
  - Strong digital culture

- **Beginners**
  - Management skeptical of the business value of digital technologies
  - May be carrying out some experiments
  - Immature digital culture

- **Conservatives**
  - Overarching digital vision exists, but may be underdeveloped
  - Few advanced digital features, but traditional capabilities may exist
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 Evangelism. 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.
A view of the future digital marketing organisation

Creating an integrated organisation

Digirati recognise the need to bring business and technology together, which implies bringing the marketing and IT functions together. This challenge requires new skills and ways of working, such as:

- Customer experience analysis and design
- Data science and analytics
- Privacy and regulation
- Ecosystem and partner commercial management
- Agile delivery to enable “test and learn” marketing

The Digirati harness IT skills to create integrated capabilities using data frameworks to maximise engagement through social media channels, web and mobile. They make use of everything the business knows about its customers to create and sustain loyal relationships. They also leverage cloud and commodity software to reduce time to market.

The most important aspect of a new digital organisation, however, is that change is driven from the perspective of the customer. An “outside-in” view of technology and services is used iteratively to prioritise and sequence change. The business builds campaigns, tests against the market, learns and then optimises.

Transforming and Integrating Digital

Organisations should consider establishing a team or unit to interact with and coordinate efforts across all functions. For example, this team or unit could take responsibility for a wide-ranging catalogue of digital services including e-commerce platforms, digital marketing, social media, consumer relationships, m-commerce, search engine optimisation, analytics and R&D. It would also have a key role in formulating and implementing digital strategies, developing digital services for business units, brands or countries, facilitating innovation and monetising digital assets by creating new avenues for digital businesses.

IT can play one of three supporting roles:

1) **The elder**, providing best practice on technology design, deployment, customer privacy and security, but with a heavy reliance on third parties and agencies for implementation and development.

2) **The orchestrator**, with marketing technologists to drive innovation, understanding of the implementation, and responsibility for ensuring campaign and customer data is integrated with the data framework.

3) **The chief**, with end-to-end responsibility for innovation, implementation and management of all technology.

Identifying its role helps the IT organisation understand and grow the skills and capabilities it needs, enabling it to take on some of the work that is currently carried out externally.

Collaborating across marketing

Successful companies can take an idea and make it scale. To do this, you need to know about the idea in the first place. Enterprise social networking and collaboration tools like Yammer and SharePoint, are ideal for ideation, innovation and sharing of ideas and success stories. Add in game mechanics, and you can drive healthy competition within teams across the organisation as members strive to be the top thinker or top innovator.

**SALES**

**24h**

**SALES**

**24h**
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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About Capgemini

With more than 130,000 people in over 40 countries, Capgemini is one of the world’s foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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