

Marketing 5.0, Society 5.0, Leading-Edge Technologies, New CX, and New Engagement Capacity within the Digital Transformation

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Abstract

Marketers are under pressure of better understanding and implementing new concepts, increasing their contribution to the individual happiness and humanity. In approaching customer engagement as a key competitive differentiator, and logistics as the new customer engagement, marketers are working with CIAM, CDP, turning data to action, while paying attention to the new trend of Engagement Capacity Gap. They are also trying to adopt a holistic view of CX, identifying and addressing durable emerging customer needs, considering the connection between customer perception and customer engagement, and cultivating consumer engagement with the help of mobile loyalty. Marketers must work hard on this path from better understanding current value-generation patterns, until ensuring the necessary improvement of customer engagement through personalized offers, doing entirely different things in accordance with the changing customer needs, data-derived insights, and referrals as a measure of happy customers.

Keywords: Marketing 5.0, Society 5.0, New Technologies, New CX, Engagement Capacity Gap
Digital Transformation

JEL Classification: D83; L81; L86; M15; M31; O32; O33; Q01

Marketing 5.0, Society 5.0, Next Tech, New CX,

Individual Happiness and Humanity

In our last HMM issue we talked about “Marketing transformation under the pressure of the new technologies and emotions impact on decision making”, taking into account the imperative of improving marketers’ contribution to organizational adaptation and resilience within the context of the evolution of COVID-19 pandemic (Purcarea, 2020). *Ten years ago, the inspiring Professor Ion Smedescu was quoted in the first HMM issue: “Our thoughts are turning to Professor Ion Smedescu, the Founder of the Romanian American University, whose words are still with us: marketing strategy means drift refusal”* (Purcarea, 2011).

Before the emergence of the new coronavirus crisis, there were two significant moments (from the point of view of our today’s approach, while advancing on the way compounded by multiple stages: the product-centric Marketing 1.0, the consumer-oriented Marketing 2.0, the values-driven Marketing 3.0, Marketing 4.0, Marketing 5.0): in 2018, when Philip Kotler, Hermawan Kartajaya, Iwan Setiawan argued that: *“Moving towards marketing 4.0 requires balancing our use of machines and devices with human contact to strengthen customer engagement”* – M2M with H2H, considering the fast-changing technological developments within the digital economy boom (Kotler, Kartajaya and Setiawan, 2018); in 2019, when Christian Sarkar and Philip Kotler underlined the significance of the “Ecosystem Marketing” (Company, Competitor, Category, and Customer being considered four distinct yet interrelated ecosystems) as “The Future of Competition”, seen as being defined by the right positioning of the proper idea, message or product in the before mentioned ecosystems, on the basis of discovering, analyzing, understanding, and taking marketing actions accordingly (Sarkar and Kotler, 2019).

At the beginning of 2021, Philip Kotler, Hermawan Kartajaya and Iwan Setiawan brought to our attention a new valuable book: “Marketing 5.0: Technology for Humanity” (Kotler, Kartajaya and Setiawan, 2021). And on February 3, 2021, Hermawan Kartajaya and Iwan Setiawan, explained in an interview for the reputed “The Marketing Journal” that: *“Marketing 5.0, by definition, is the application of human-mimicking technologies to create, communicate, deliver, and enhance value across the customer journey. One of the critical themes in Marketing 5.0 is what we call the next tech, which is a group of technologies that aim to emulate the capabilities of human marketers. It includes AI, NLP, sensors, robotics, augmented reality (AR), virtual reality (VR), IoT, and blockchain. A combination of these technologies is the enabler of Marketing 5.0”* (Kartajaya and Setiawan, 2021). They underlined from the very beginning not only that this book was partly inspired by the Japan’s initiative known as “Society 5.0” (in which the smart technologies will support the sustainable development), but also marketers’ imperative to solve the digitalization challenges so as to create a frictionless and compelling customer experience (CX), harmonizing machines (the “next technology” accelerating marketing execution, from data-driven marketing to predictive marketing & contextual marketing &

augmented marketing to agile marketing) and people (values, attitude, behavior) in delivering the most value across the customer journey (the “next CX”, see the figure below), with marketers’ right agile attitude and mindset allowing an optimized symbiosis with the digital technologies.

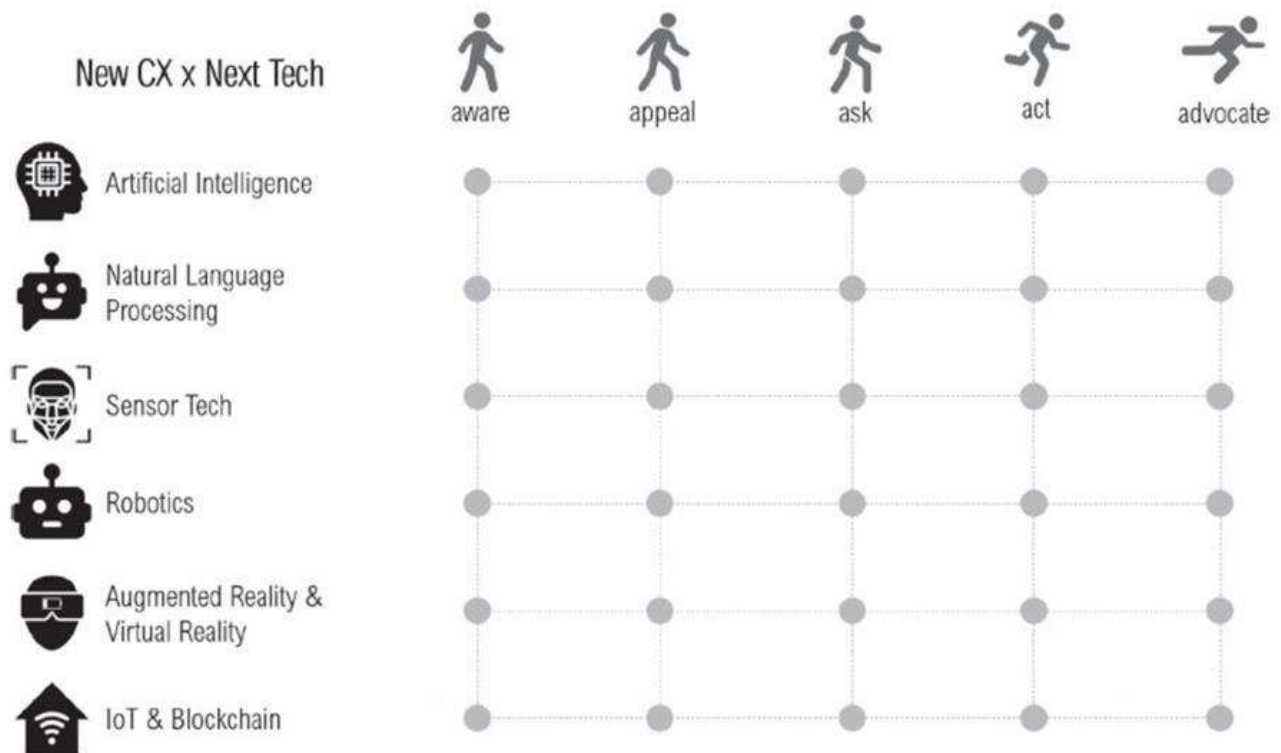


Figure no. 1: The Next Tech Across the New Customer Experience (CX)

Source: Kartajaya, H. and Setiawan, I., 2021. *Marketing 5.0: Technology for Humanity – An Interview with Hermawan Kartajaya and Iwan Setiawan*, *The Marketing Journal*, February 3 (work cited)

This thinking is seen by the distinguished authors as expressing a more inclusive and sustainable marketing (aligned with the United Nations’ Sustainable Development Goals), which makes possible to reduce the polarization (of jobs, ideologies, lifestyles and markets) of today’s society facing significant risks (such as political uncertainty, social instability, and economic collapse).

Coming back to that special highlighting of the 2021 book entitled “Marketing 5.0: Technology for Humanity” as being partly inspired by the Japan’s initiative known as “Society 5.0”, it is also worth mentioning some significant aspects, such as:

- Proposed in the 5th Science and Technology Basic Plan – endorsed by a Japan’s Cabinet Decision on January 22, 2016, and covering the 5-year period between FY2016-FY2021; the Science and Technology Basic Law has been enacted in November 1995 (MEXT, 2016) – as a future society that Japan should aspire to, the *Society 5.0* has been defined as “*A human-centered society that balances economic advancement with the resolution of social*

problems by a system that highly integrates cyberspace and physical space” (Cabinet Office, 2021);

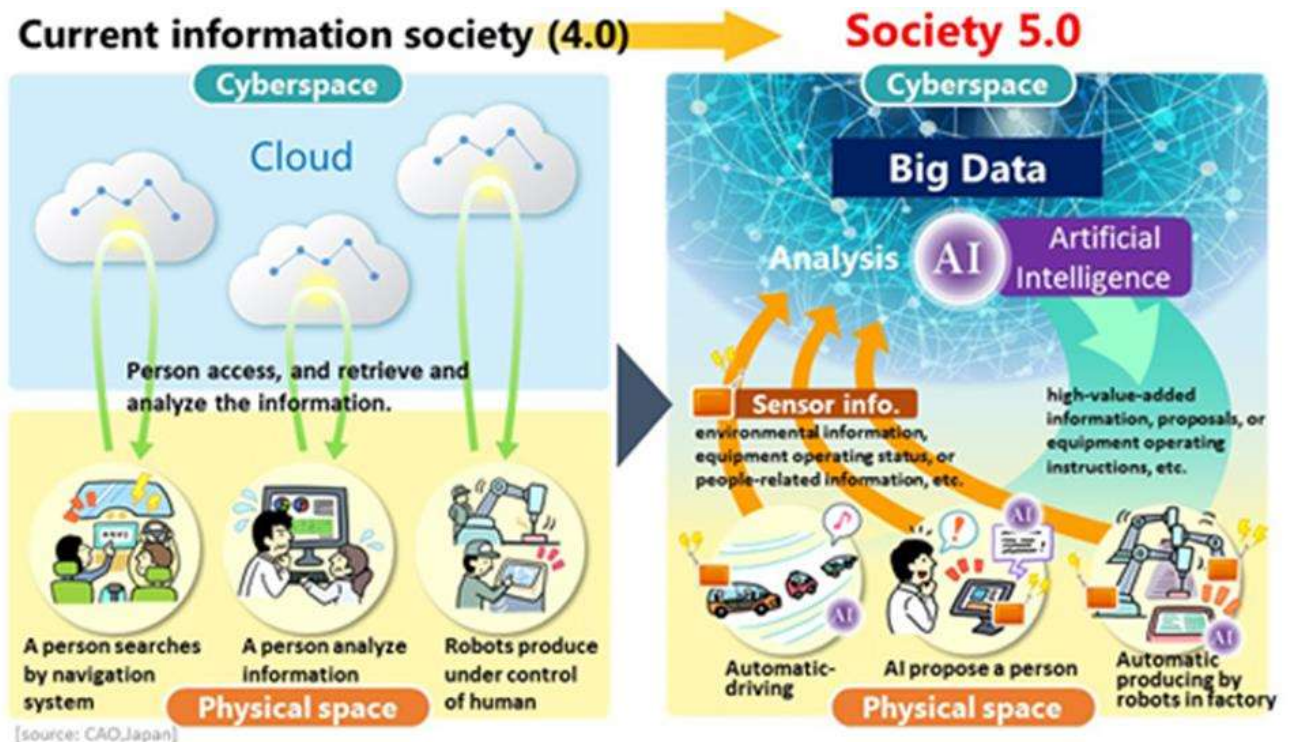


Figure no. 2: How Society 5.0 works

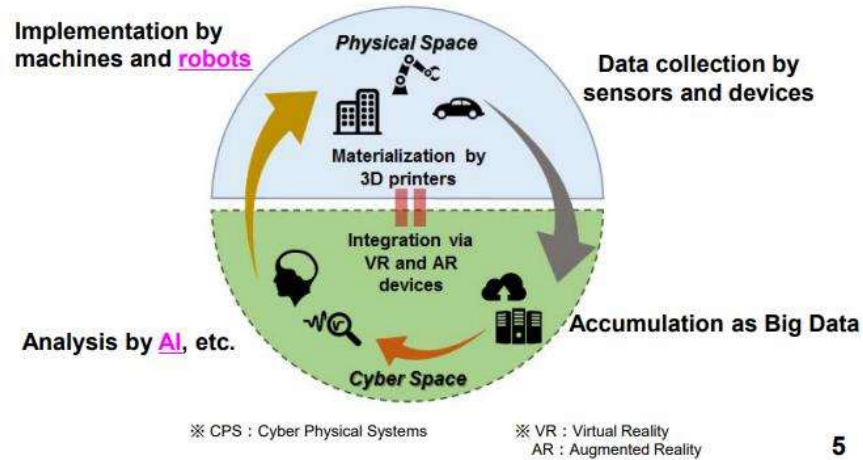
Source: Cabinet Office, 2021. Society 5.0, What is Society 5.0? Government of Japan (work cited)

- An April 19, 2016 position paper (policy recommendations) of the Japan Business Federation (Keidanren) described the evolution until the above-mentioned Society 5.0 (from the hunting society – Society 1.0, to the agricultural society – Society 2.0, to the industrial society – Society 3.0, to the information society – Society 4.0, until this Society 5.0), and underlined both (see the two figures below) the technological background, and the imperative to break through the so-called “five walls”, as described below. With regard to the fifth wall, “Wall of social acceptance”, for instance, the Keidanren’s position paper insisted, among other aspects, on the fact that: *“The examination must cover from the relationship between humans and machines (AI and robots) to philosophical issues such as definition of individual happiness and humanity”*. (Keidanren, 2016);

Technological background

Keidanren
Policy & Action

- ❑ The foundation to underpin the reform is a creation of new values by integration of cyber space and physical space (CPS) with rapid evolution of ICT as a background.
- ❑ Value creation is also accelerated by AI and robots based on CPS.



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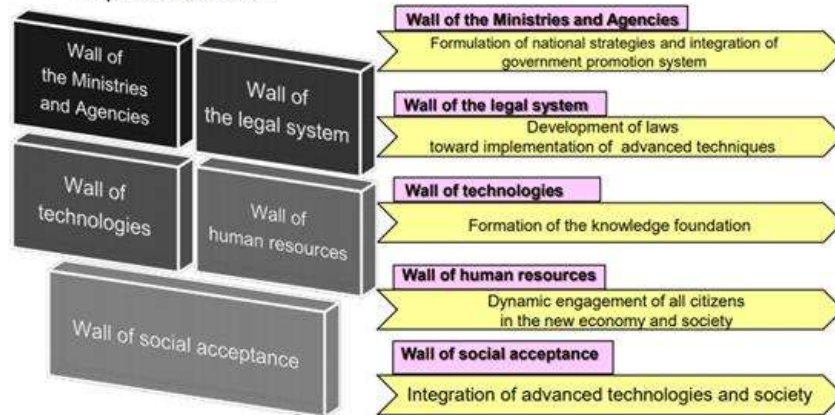
Figure no. 3: Technological background, Society 5.0

Source: Keidanren, 2016. Toward realization of the new economy and society. [pdf] Japan Business Federation, Outline, April 19, Reform of the economy and society by the deepening of "Society 5.0", p. 5 (work cited)

Breakthrough of the "Five Walls"

Keidanren
Policy & Action

- ❑ It is imperative to break through the "five walls" to realize the new economy and society in which discontinuous and disruptive changes are expected to occur.



14

Figure no. 4: Breakthrough of the "Five Walls", Society 5.0

Source: Keidanren, 2016. Toward realization of the new economy and society. [pdf] Japan Business Federation, Outline, April 19, Reform of the economy and society by the deepening of "Society 5.0", p. 14 (work cited)

• In 2017, Yuko Harayama, Ph.D., Executive Member, Council for Science, Technology and Innovation, Cabinet Office, Japan, has been interviewed, for Hitachi Review, by Mayumi Fukuyama, General Manager and CIO Technology Management Center, Technology Strategy Office, Research & Development Group, Hitachi, Ltd., and within this framework was also presented a so-called “Constructing a Platform for Society 5.0”, as shown in the figure below (Harayama, 2017);

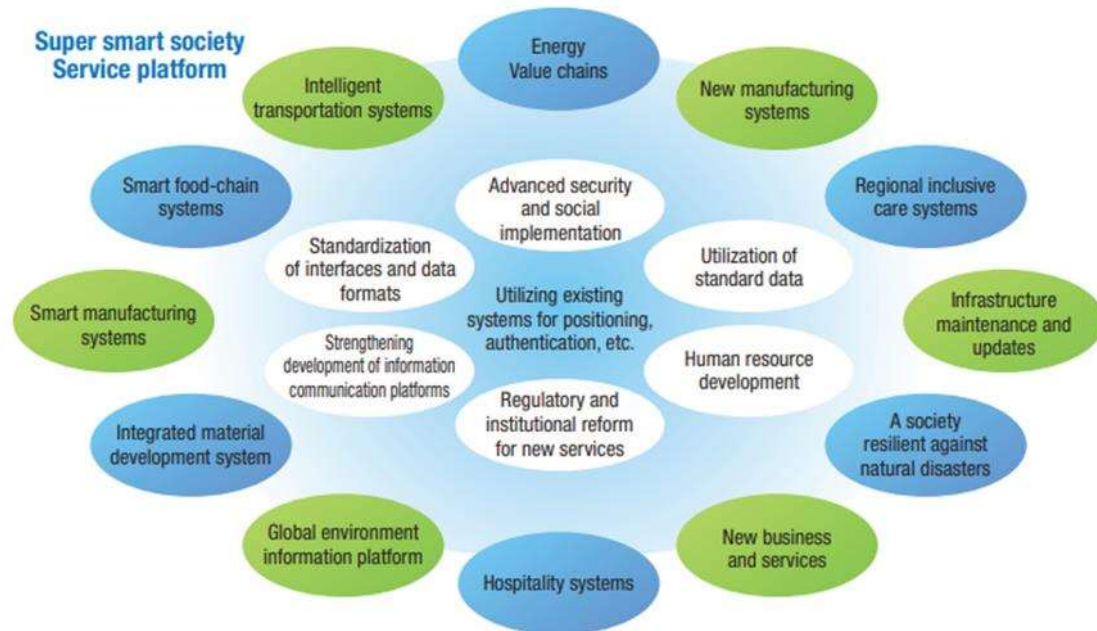


Figure no. 5: Constructing a Platform for Society 5.0

Source: Harayama, Y., 2017. Society 5.0: Aiming for a New Human-centered Society. Japan's Science and Technology Policies for Addressing Global Social Challenges. [pdf] Hitachi Review Vol. 66, No. 6, pp. 554–555, p. 13 (work cited)

• On the occasion of a dialog (reproduced in a 2018 book by Hitachi and The University of Tokyo Joint Research Laboratory entitled “Society 5.0” and translated in English in 2020, Springer Open) between Makoto Gonokami, President of the University of Tokyo and Hiroaki Nakanishi, Chairman of Hitachi, Nakanish stated as follows: “*You and I were involved in drafting this plan (the above mentioned 5th Science and Technology Basic Plan, approved by the Cabinet on January 22, 2016) as members of the Council for Science, Technology, and Innovation... The (Society 5.0) concept allows us to share a common goal, to create a new society together. We use the term “supersmart society” because we set our sights beyond a technologically driven society, to a more human-oriented society. In designing the architecture for such a society, we should not dictate from the outset what Society 5.0 should look like. As we develop the concept, we must give room for creative and innovative ideas to grow and allow new values to emerge*”; and the final part of this book by Hitachi and The University of Tokyo Joint

Research Laboratory (Chapter 8, Issues and Outlook, written by Atsushi Deguchi and Kaori Karasawa) “discusses the goals and the issues in the process of realizing Society 5.0 from the view of happiness of human being in harmonizing with the society, and concludes by overviewing the significance of Society 5.0 and its outlook as a policy for the data-driven society promoted by digital revolution”;

- In February 2019, News brought by UNESCO made reference to the Professor Yasushi Sato from Niigata University (author of the chapter on Japan in the well-known 2015 UNESCO Science Report; his position, expressed together with Tateo Arimoto, can also be found in the Second revised edition 2016, pp. 642-659), who explained, among other aspects, that: “*The transition to Society 5.0 is deemed similar to the ‘Fourth Industrial Revolution’, in that both concepts refer to the current fundamental shift of our economic world towards a new paradigm. However, Society 5.0 is a more far-reaching concept, as it envisions a complete transformation of our way of life*” (UNESCO, 2019);

- Being invited in 2020 to join Hitachi researchers in exploring the future of life solutions (following an invitation from Hitachi Review; Hitachi Ltd is also well-known for its preoccupation with regard to the ways of anticipating how people’s values might change in the future) the Head of the World Economic Forum (WEF) Centre for the Fourth Industrial Revolution Japan (C4IR Japan), Chizuru Suga (who he gained an MBA at the reputed Wharton School, University of Pennsylvania, USA) showed among other aspects how to build a global consensus on what should be done concerning data represents an urgent task, the success of Society 5.0 depending on the good use of data on the basis of the proper infrastructure for data exchange, within the uncertain future trust being vital for the human-centric society (Suga, et al. 2020);

- According to Hitachi’s experts there is a clear need in the coming era of collaboration between various organizations in order to solve problems, valorizing for example the social consensus on the achievement of the Sustainable Development Goals (SDGs) and the quality of life (QoL) improvement, as it is the case of Hitachi’s enterprise-grade IoT core platform Lumada (the Digital Innovation Platform being a general-purpose software platform which is not depending on individual business domains) that allows to link existing systems (Waterfall culture), bridging different cultures, with new systems (Agile culture) for artificial intelligence (AI) and Internet of Things (IoT) applications (Iwasaki and Nakamura, 2020);

Customer Engagement, a key competitive differentiator, and Logistics as the new customer engagement. CIAM, CDP, turning Data to Action, CX platform, and Engagement Capacity Gap

The reputed CRM practitioner Thomas Wieberneit reiterated recently companies’ imperative of having (both at any given relevant point in time, and via any channel) a

contextually relevant and actionable view of the customer, based on both collected and maintained data by companies, and on information provided voluntarily and explicitly by incentivized customers (Wieberneit, 2021). Wieberneit brings to our attention the relation between the necessary systems of engagement and a Customer Data Platform (CDP functionality ranging from data collection to data activation and usage), and highlights that: the building of a customer profile starts from the Customer Identity and Access Management (CIAM) system forming the foundation or precondition of a CDP from which can get derived the business value (as shown in the first figure below); Customer Journey Orchestration (CJO), Real-Time Interaction Management (RTIM), Personalization, Segmentation are analyzing customer data, and can be used as the core of a CDP turning Data to Action (as shown in the next figure below).

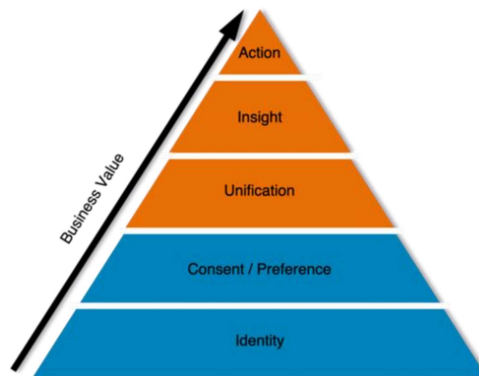


Figure no. 6: The business value that can get derived from a CDP increases from the bottom to the top of the pyramid

Source: Wieberneit, T., 2021. You Need Engagement, Not Necessarily a Customer Data Platform (CDP), CustomerThink, March 17 (work cited)

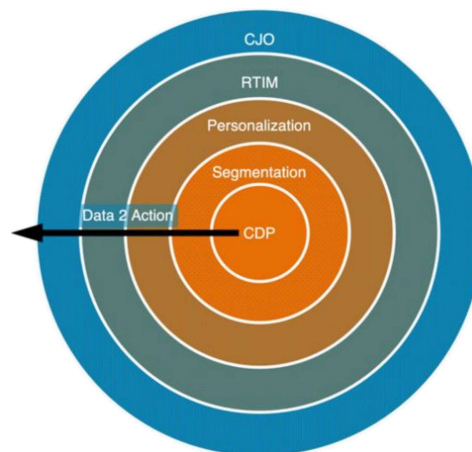


Figure no. 7: Customer Journey Orchestration (CJO), Real-Time Interaction Management (RTIM), Personalization, Segmentation are analyzing customer data, and can be used as the core of a CDP turning Data to Action

Source: Wieberneit, T., 2021. You Need Engagement, Not Necessarily a Customer Data Platform (CDP), CustomerThink, March 17 (work cited)

And allow us to also remember what Thomas Wieberneit underlined a year ago, in May 2020, while approaching the building blocks of a CX platform: *“Insight, i.e., actionable information with the objective of achieving an outcome. Insight is what enables companies or individuals to turn raw data into actions that yield positive results for customers and therefore for themselves. This data may be structured or unstructured, transactional or behavioural, etc. Data may be first party, second party, or third-party data. Through the use of analytics, data can be turned into information and through the use of advanced analytics and AI into insight. The services to enable this are delivered via the technology platform”* (Wieberneit, 2020).

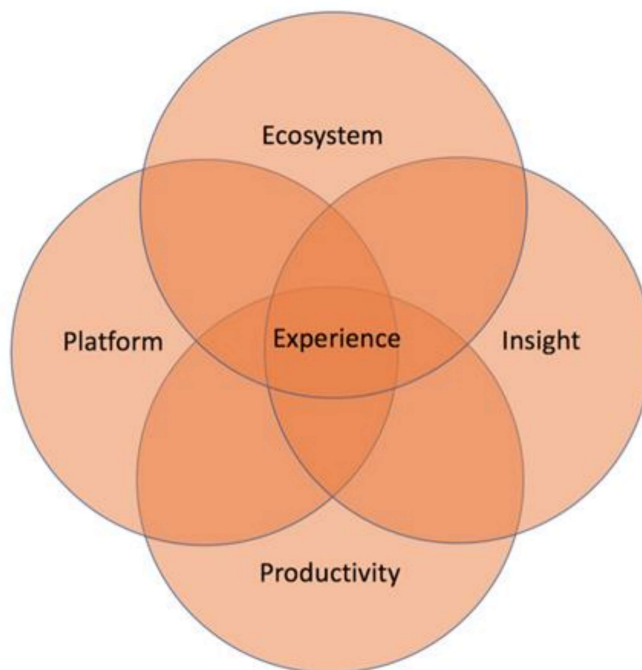


Figure no. 8: The building blocks of a customer experience platform

Source: Wieberneit, T., 2021. *You Need Engagement, Not Necessarily a Customer Data Platform (CDP)*, CustomerThink, March 17 (work cited)

Also recently, Nancy Porte, the Vice President of Global Customer Experience for Verint, and a Certified CX Professional, highlighted that in 2021 the so-called “Engagement Capacity Gap™” (see the figure below) needs to be a first concern for business leaders and CX professionals, customer engagement being a key competitive differentiator in 2021, and being imperative to right manage with a limited budget and resources this current widening gap (caused by three factors: new workforce dynamics, ever-expanding customer engagement channels, and exponentially more consumer interactions). Porte showed that considering the impact of the COVID-19 pandemic organizations facing shifting top concerns and business priorities need to better prepare in order to navigate both massive digital disruption, and increased customer expectations, keeping up with the new trend of “Engagement Capacity Gap™” (Porte, 2021).



Figure no. 9: Engagement Capacity Gap, Verint

Source: Porte, N., 2021. 2021 is the Year to Close the Engagement Capacity Gap, CustomerThink, March 10 (work cited)

According to Airship's 2021 Insights & Predictions in Customer Engagement (Airship was founded in 2009, and is recognized as delivering orchestrated messages on any channel, being the #1 customer engagement platform for enterprise brands), the face of customer engagement has been changed within the global pandemic (the last year confirming unprecedented shifts in consumer behavior and digital adoption driven by COVID-19). With mobile at the center of consumers' lives marketers must ensure better omnichannel experiences (being already recorded a jump of the number of companies investing in the omnichannel experience from 20% to more than 80%), whenever and wherever people choose to engage. Within this framework Emil Davityan, Cofounder and CEO, Bluedot, was quoted as saying: *"Logistics is the new customer engagement. With the rise of mobile ordering, in-store/curbside pickup and third-party delivery, businesses will need to actively build well-thought-out branded experiences for the handoff of food and goods. As the pandemic has changed consumer behaviors, this very last step may be the only physical interaction with the end customer"* (Airship a, 2021).

A holistic view of CX, identifying and addressing durable emerging customer needs. Customer perception and customer engagement. Cultivating consumer engagement with the help of mobile loyalty

In today's omnichannel world businesses are under pressure to identify and resolve issues across all the channels, responding immediately to customer feedback, the real time access to the customer analytic insights being made possible, for instance, by an analytics platform valorizing AI. And this within the context in which various factors (such as the new technology, the current

events, and the CX provided by competitors) are considerably impacting the shifting customers' sentiments and behaviors (Stratifyd, 2021). An excerpt from Gartner Business Quarterly 4Q2020 made reference to the way in which CHEP Europe, a reputed U.K.-based company from the point of view of its logistics and supply chain expertise, remarkably approached the durable emerging customer needs. This excerpt presented, among other aspects, and as an adaptation from the above mentioned CHEP's approach, a significant figure with regard to the indicators of lasting changes in customer needs and behaviors (and the assessment questions within this CHEP method used on an ongoing basis as new circumstances arise by detecting the environmental shift, clients being again resegmented and messaging being repositioned in order to be aligned with long-term shifts), as shown below (Strome, S. and Kanters, J., 2020):

Assessment Question	Indicators
Does the customer change align with existing, in-progress trends?	Trend acceleration: Changes in observable customer behavior that align with existing, in-progress trends
Is the customer change done frequently or on a regular basis?	(Re)forming habits: Newly observed frequent or repeated customer behaviors that replace customers' previous patterns of action
Do customers prefer the change (for example, due to convenience or ease)?	Preferred adaptations: Shifts in customer preference initiated by their response to new circumstances
Was the change made to address underappreciated risk?	Scalable lessons learned: Changes in customer attitudes that are direct and sustainable responses to a newly appreciated risk(s).

Source: Adapted From CHEP

Figure no. 10: Indicators of Lasting Changes in Customer Needs and Behaviors

Source: Strome, S. and Kanters, J., 2020. *The Secret to Marketing Through Disruption*. [pdf] Excerpt from Gartner Business Quarterly 4Q20, *Proven Guidance for C-Suite Action*, p. 3 (work cited)

According to Gartner's glossary CX is defined as follows: "*the customer's perceptions and related feelings caused by the one-off and cumulative effect of interactions with a supplier's employees, systems, channels or products*". In the recent expressed opinion of a Brightpearl's representative, it is important to gain positive customer perception (which is built on factors such as company's performance, communications, and emotional connection with the customer kept engaged as an ongoing process) by both focusing on strategies adapted to company's customers' needs and wants, and keeping company's customer perception positive (Shaw, 2021). In a recent invitation to participate to an eMarketer Webinar (which will take place on March 31, 2021; sponsored content presented by ActionIQ) it was highlighted what CX is now: "*the determining factor on whether a brand thrives or ceases to exist in 2021 and beyond. Research from the*

American Consumer Satisfaction Index (ACSi) has shown that CX-leaders outperform competitors by 400%, while CX-laggards fall further behind” (eMarketer, 2021).

Allow us to recall that some years ago, a Rosetta Customer Engagement Consumer Survey – which has polled 4,800 U.S. consumers about their experiences with 83 market-leading brands; there were surveyed respondents with regard to their both attitudes (including perceptions, feelings and opinions), and behaviors (including advocacy, interactions and transaction history) – revealed that: *“Engagement is personal... Engagement is driven by experiences and interactions that are simple, consistent, relevant, interactive and trustworthy. Customers want to know that a brand is making an effort to treat them as an individual, and respects the effort they put into being a customer... Engaged customers want to share their experience: advocacy”* (Rosetta Consulting, 2014). Salesforce, which defines *customer engagement* as *how brands connect with customers across all touchpoints and build relationships over time*, showed along the years companies’ need to rethink their customers’ engagement by finding new ways on the continuous path of improving CX, and both increasing customer trust, and building loyalty ultimately (Afshar, 2019). In May 2020, Accenture approached the future of customer engagement, arguing that the COVID-19 crisis will change fundamentally companies’ engagement with customers, recommending companies the creation of forward-thinking engagement models (including real-time channel dashboards, “phygital” experiences etc.), the cultivation of the right workforce mix (based on new standards), and the reevaluation of their physical spaces for value and viability (valorizing the new hygiene standards and integrated technology accordingly). While recently:

- A 2021 Vibes report entitled “Mobile Engagement for Loyalty” highlighted that at the heart of every effective loyalty program is consumer engagement, mobile engagement generating the necessary data to be valorized for personalization (which drives deeper loyalty), ensuring flexible programming, making easier the integration with point-of sale systems and CRM databases etc., allowing consumers’ engagement wherever they are, both their Mobile Wallets (which are becoming a permanent messaging channel), and their SMS (whose messaging’s intimacy is building an emotional connection between them and brands) making a perfect connected pair which confer the most effective mobile loyalty programs. And this within the context in which an innovative and accessible way to cultivate consumer engagement is nothing else but this mobile loyalty, through Mobile Wallet and SMS (text messages) / MMS (messages with a picture or video), as revealed by this recent report (Vibes, 2021);

- Another 2021 Airship report, entitled “Push Notifications & Mobile Engagement: 2021 Benchmarks” (based on a rigorous analysis of customer data from more than 2 billion app users across thousands of apps), underlined among other aspects that in order to keep customers engaged it is necessary to not overwhelming them with too more frequent push notifications (considering the average number of the transactional and promotional push notifications an app sends to its users per month, notifications which vary widely depending on the vertical, as shown

in the figure below) which are usually increasing the app retention rates, but can erode trust (coming off as spam), what presupposes to find the right balance (Airship b, 2021).

Average Monthly Push Notifications Per User: Performance by Vertical

	LOW	MEDIUM	HIGH		LOW	MEDIUM	HIGH
MEDIA	7.8	114.8	284.6	MEDIA	9.1	97.7	297.9
SPORTS & RECREATION	1.8	25.3	200.5	SPORTS & RECREATION	1.9	23.6	237.3
ENTERTAINMENT	0.9	6.3	117.1	SOCIAL	0.9	9.8	108.9
SOCIAL	0.8	3.1	61.5	ENTERTAINMENT	1	5.5	108.5
EDUCATION	0.4	2.9	41.7	EDUCATION	0.9	5.3	91.6
GAMING & GAMBLING	0.5	4	36.3	UTILITY & PRODUCTIVITY	0.3	2.6	54.2
FOOD & DRINK	1.4	4.6	24.8	GAMING & GAMBLING	0.6	4.7	35.7
RETAIL	0.8	5.6	24.7	RETAIL	0.9	6.4	32
UTILITY & PRODUCTIVITY	0.1	1.2	19	MEDICAL, HEALTH & FITNESS	0.2	2.9	17
MEDICAL, HEALTH & FITNESS	0.2	3	17.3	FOOD & DRINK	0.9	2.8	11.4
TRAVEL & TRANSPORTATION	0.2	1.4	9.4	TRAVEL & TRANSPORTATION	0.3	1.5	9
NONPROFIT, CHARITIES & FOUNDATIONS	0.6	2.6	7.7	NONPROFIT, CHARITIES & FOUNDATIONS	0.6	2.7	6.5
FINANCE & INSURANCE	0.2	1.3	7.4	FINANCE & INSURANCE	0.4	1.9	5.9

Figure no. 11: Average Monthly Push Notifications Per User: Performance by Vertical

Source: Vibes, 2021. *Mobile Engagement for Loyalty. How mobile engagement impacts consumer loyalty and drives higher ROI. [pdf] Report, p. 16 (work cited)*

From better understanding current value-generation patterns, until ensuring the necessary improvement of customer engagement through personalized offers, doing entirely different things

At the beginning of this year McKinsey's representatives brought to our attention that additional customer value and revenue can be created by companies by considering today's already usual remote channels (telephone and digital), these customer touchpoints already competing with the traditional in-person interactions even before the emergence of the new coronavirus crisis (Borchardt, et al. 2021). And within the current evolution, to convert leads and drive the so-called by them "customer value execution" (CVEx) McKinsey recommends companies:

- Not only a compelling customer engagement (together with the right strategy and excellent operational execution), but also to take into account (as an essential differentiator) the human element of CX, investing (across telephone and digital channels) in a seamless CX;
- Assessing their specific strengths and weaknesses across the lifecycle (considering both certain industries, and certain customer groups), and prioritizing then their capabilities needing to be strengthened, as shown in the figure below:

Convert value strategy into revenue by mastering 18 distinct skills.

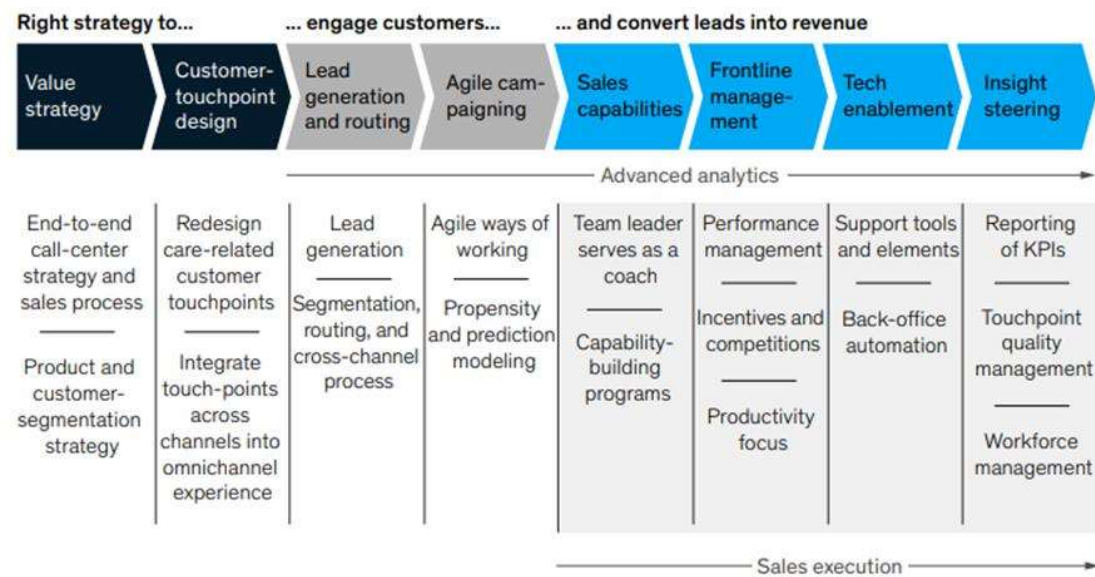


Figure no. 12: Convert value strategy into revenue by mastering 18 distinct skills

Source: Borchardt, L., Daub, M., Meyer, A., Pell, K., Raabe, J. and Rübling, S., 2021. A new growth story: Maximizing value from remote customer interactions, McKinsey & Company, Operations Practice, January. [pdf] Report, p. 6 (work cited)

Today, according to the CMO of Sitecore, assumptions about personas can be problematic within the context in which customers' behaviors and preferences changed dramatically, more of the customer feedback being in the form of digital interactions, and the new digital footprints needing to be read and understood. What involves: a better alignment of Marketing and IT in implementing the necessary organizational changes so as to ensure CX improvement thanks to the digital transformation; adapting continually to the constantly evolving people, markets, processes, and technologies, based on proper measurement of the progress achieved and the right use of the insights obtained accordingly (O'Neill, 2021).

Coming back to Thomas Wieberneit, it is worth recalling what this reputed CRM practitioner showed at the beginning of this year with regard to the digital transformation, starting from Gartner's definition ("digital business transformation is the process of exploiting digital technologies and supporting capabilities to create a robust new business model"): *"What the Gartner definition makes clear is that digital (business) transformation is not about implementing technology but about transforming the whole business: It is a business transformation that is targeted at creating new business models, and being able to adapt to a changing environment. Abstracted away from businesses, the results of a digital transformation are new and different outcomes. To be able to get these new and different outcomes, the transformation builds on the power of computers, algorithms, and data. To be possible, a digital transformation requires an outside-in view, while technology is a mandatory enabler. Digital*

transformation inherently is disruptive” (Wieberneit, 2021). And this within the context in which he underlined the difference between digital transformation (doing entirely different things), one hand, and digitization (doing things better) and digitalization (doing better things), on the other hand, concluding that unfortunately the majority does not understand this digital transformation as a complete reinvention of the business.

Instead of conclusions: *The changing customer needs, data-derived insights, and referrals as a measure of happy customers*

Twenty years ago, Peter Drucker (2001) stated: “... *there is no doubt that the next society will be with us shortly... The next society will be a knowledge society... what can and should managements do now to be ready for the next society? And what other big changes may lie ahead of which we are as yet unaware?*” Maybe we don’t know yet the answers or maybe it seemed there was never quite enough time to find out the right answers to these questions ... Now, Gartner’s representatives argue, for instance, that the changing customer needs must be represented (based on the use of insight by CMOs to inform and influence) to the broader organization, staying on top of the identified trends (as shown in the figure below) and accelerating business growth, within the context in which “*disruption to the status quo accelerates the need for transformation and, at the same time, threatens the success of transformation efforts*” (Farooqi, 2021).



Figure no. 13: Consumer Trends and multiple conflicting forces

Source: Farooqi, A. A., 2021. *Survival Marketing*, Gartner, Cross-Sector, Feb 10 (work cited)

On the other hand, a recent report from Merkle (entitled “The State of Customer Experience Transformation”), cited on the occasion of a RetailWire’s discussion (having MarketingCharts staff as Guest contributor) highlighted the challenges faced by marketing, information and marketing tech professionals (surveyed in the UK and U.S.) to gaining meaningful insights from data, as shown in the figure below. The lively discussion brought to our attention some interesting ideas, such as: (Venky Ramesh, AVP, Capgemini, Consumer Products, Retail & Distribution:) <<... when we asked the technology executives if their data/analytics aligned with the overall business strategy... We found that successful organizations have moved from “data strategy supports the business strategy” to “data strategy is the business strategy” >>; (Ian Percy, President, The Ian Percy Corporation:) “... My definition of wisdom is knowing what best to do in a situation you haven’t experienced before... Every customer is one you haven’t seen before. Even the repeat ones. Neither technology nor massive amounts of data are going to change that”; (James Tenser, Retail Tech Marketing Strategist, B2B Expert Storytelling™ Guru, President, VSN Media LLC:) << Sure data-derived insights are tough to obtain. Even tougher to apply to business decision-making. There are many wise comments in this thread... I think it comes down to what I call The Marketing Metrics Fallacy... In short, too many organizations suffer from data analytics cowardice... This is a cultural failure that requires intervention from top management... >> (RetailWire, 2021).

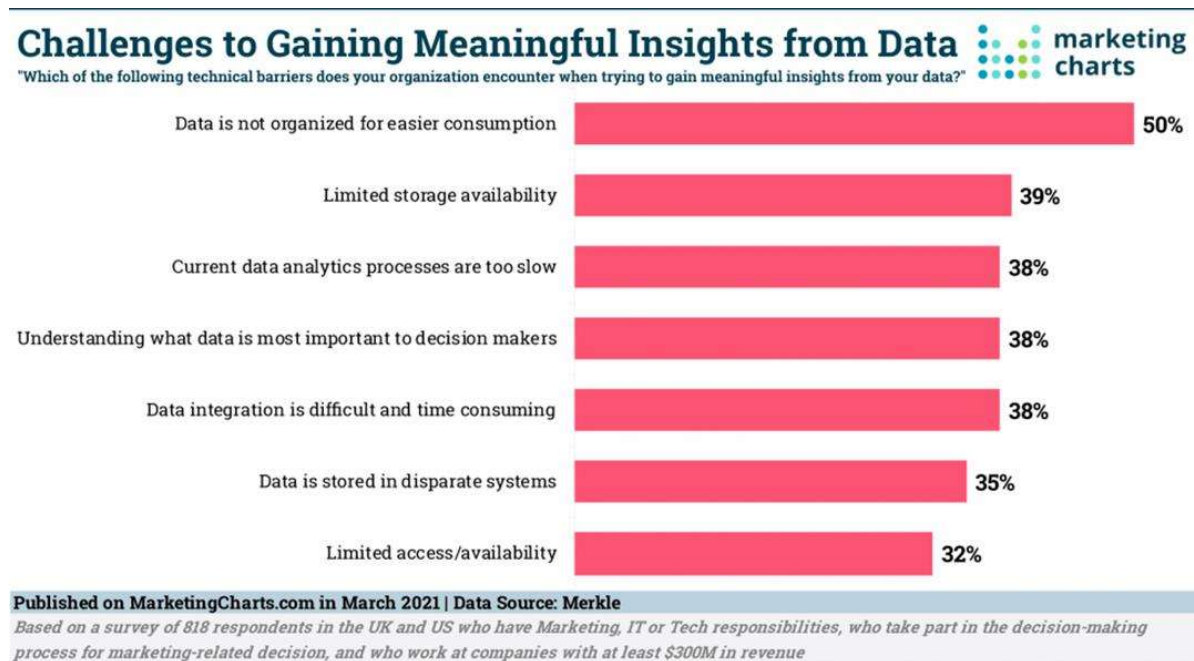


Figure no. 14: Challenges to Gaining Meaningful Insights from Data, MarketingCharts

Source: Farooqi, A. A., 2021. Survival Marketing, Gartner, Cross-Sector, Feb 10 (work cited)

And allow us to end by making reference to the opinion expressed also recently by Michael Barnard from Customology (Melbourne, Australia; specialists in customer lifecycle

management): *“Referrals. This is a fantastic one to share with the c-suite – it’s next level NPS. A lot of brands fail to recognize the impact of referrals... Our recent report ‘The Unspoken Customer’ revealed that 63% of customers believe they should be rewarded for referrals. Stop and think about your cost per acquisition (CPA) which is basically your marketing spend divided by the number of new customers. Referrals come at a significantly lower cost in comparison. It’s also a measure of happy customers. Only happy customers would recommend their friends”* (Barnard, M., 2021).

In other words, the present approach is also confirming what we showed in our last HMM issue concerning the need of the unified customer view and of the digital CX, optimizing the technology stack and its utilization with regard to the data collection, integration and analysis within the context of the evolution of COVID-19 pandemic, better understanding customers.

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