

Engineering the Digital Transformation of Marketing

Dr. Costel Iliuță NEGRICEA

Ioan Matei PURCĂREA

Abstract

In full process of continuous identifying digital opportunities throughout the whole value chain, marketing must better understand the difference between change and transformation, integrating people, technology and best practices, considering the social interaction accelerated by social media, and the already set triggers of the digital transformation, achieving step by step better customer engagement and improving customer experience while integrating it across channels. Under the continuous pressure of improving their company's digital marketing efforts by using the adequate digital marketing techniques, they must follow the trends, including the emergent ones, doing the right thing about them, integrating digital and traditional marketing, enhancing knowledge of their customers' needs, wants and attitudes, achieving a complete customer view, and delivering real-time experiences accordingly.

Keywords: Digital transformation; Digital marketing; Digital marketing techniques; Customer journey; Customer experience

JEL Classification: L86; M15; M31; O33

Better understanding the difference between change and transformation

According to McKinsey's representatives, (Booth, Mohr, and Peters, 2016) the value in digitization is greater than anyone predicted, this being already demonstrated by digital-forward sectors such as retail and financial services. As throughout the whole value chain digital opportunities can be identified (so as to improve operations and increase flexibility), companies must first identify the position they want to occupy on their digital terrain, then begin with the end user and work backward, digital transformations being dependent on adoption and usage. They also must set clear targets (requiring concrete budgets) for their digitization efforts (for instance, to earn a certain share of revenue through digital channels in a fixed amount of time).

When it comes to the control or direction of digital transformation of marketing, it's not so much what you do, it's how you do, but it's not easy. Because first of all companies have to try to better understand the difference (Ashkenas, 2015) between change (implementing finite initiatives, by executing a well-defined shift in the way things work) and transformation (beyond a defined change, by reinventing the organization and discovering a new or revised business

model based on a vision for the future; calling for a new set of cultural principles and a revised performance management approach). What presupposes execution, reinvention, discovery, and experimentation, that is why it's not easy.

Marketers need today to integrate people, technology and best practices, creating unbreakable bonds between their brands and customers, developing values-based personas, better interacting with customers on a one-to-one basis on social media, proving a better understanding of the direct link between customer experience and profitability. (Purcarea, 2015) Indeed, being in sync and ready to meet customers' needs is a continuous challenge today when the marketplaces have shifted to digital, the bionic buyers (made stronger or more capable by special electronic devices) having immediate access to any type of information about any type of good or service at any time. (Zhivago, 2016) An updated version of the well-known "the customer is always right" may be "the customer and the customer's preferred time and channel of engagement are always right", (Schneider, 2016) as showed recently by vice-president of Growth at Conversocial (a social customer care solution).

In the opinion of the Conversocial's representative, social media is enabling and facilitating relationships on a massive scale, accelerating social interaction, and in the wake of social-based customer care *the new standard is "VSAT"* (Very Satisfied), beyond the familiar metrics CSAT (Customer Satisfaction Score, indicating how satisfied your current customers are with a good or service), what better shows the shift from response to resolution and from interaction to delight (customers are delighted by prompt, friendly, real-talk, productive experiences). It is significant that 42% of people – according to American Express Global Customer Service Barometer, cited within this context – will tell their friends about a good customer experience on social, while 53% will talk about a bad one.

Triggers of digital transformation along the whole value chain.

Engaging and delivering strong content accordingly

Apple, Facebook, Google, Amazon, Netflix, Tesla, Uber, and Airbnb, for example, are just some significant buzzword names in today's digital marketing landscape. On the other hand, the changing customer demands, the new or changed competition, and the technological advances could be already considered a set triggers of this digital transformation, (Wieberneit, 2016) which continuously provides the business with a competitive edge, while going step by step (starting with small initiatives that deliver measurable gains) on the business way of gaining efficiency, achieving better customer engagement and improving customer experience. And this transformation must support business flexibility and agility, so as to deliver benefits by: having a customer centric strategy (focusing on customer experience throughout the business); designing a digital transformation strategy; positioning IT as an enabler of the business (and preventing this way isolated departmental point solutions); thinking big, and acting small

(measuring, creating a roadmap and a plan revised frequently taking into account business and IT priorities, implementing tactical priorities while following the overall strategy); delivering often.

In retail business, for instance, as customers' engagement is not so simple today (because consumers are distracted from every angle with numerous digital offers and propositions), retailers are challenged to develop the right forward-looking digital transformation strategy, better understanding their customers, offering them the "right thing" so as to keep their attention. One of the approaches working best is the digital storytelling based on strong content (delivered in the short form many digital natives demand), downloadable apps, ecosystems of financial rewards for those influencers posting popular content, and so on. (Lister, 2016) But before adjusting digital content workflows to support new propositions it is essential that brands take the time to listen, understand, respond to and then validate their customer/consumer/user needs. That is why the Chief Digital Officer of Ness Software Engineering Services (a provider of custom software product engineering services) recommends the following "journey": respond to micro-interactions (the key to starting two-way digital communication between the retailer and their customers); boost company's street cred with consumer-generated content (enhancing the perception of authenticity around companies' content by encouraging sharing viral videos with brand moments in non-staged environments); embrace the wheel (scrolling as a natural way to discover more); show me you know me (rather than hide it now and trick me later – confirming honesty in the interactions with consumers); incorporate new technologies and features (humanizing and personalizing the interaction in all Omni channel touchpoints, learning from the usage patterns of the customers through their journey of discovery, impulse, purchase and sharing). One very good example of leader in this kind of approach is the case of Starbucks, which added in April in the U.S. 280000 new "Rewards" members during one week.

The most effective digital marketing tactics and challenges for enterprise-level company

According to a recent report (Nanji, 2016) from Act-On Software and Ascend2 (based on data from a survey of 73 owners, partners, and C-level executives at companies in the U.S., 68% B2B-focused, 15% B2C, 16% mixed), respondents (business leaders) say that their company's digital marketing efforts are: somewhat or very successful - 78% ; somewhat successful - 56%; very successful - 22%; not successful - 22%. Other findings looked at: *effectiveness* (58% of respondents say the effectiveness of their company's digital marketing efforts is increasing marginally over time; *top tactics* (email - 60% list as a top channel, and websites - 60%); *challenges* (an inadequate budget - 47%, a lack of internal skills/training - 44%, and a lack of an effective strategy - 44%).

Always interested to enhance his thinking on marketing innovation, the experimented Dave Chaffey asked readers (within the framework of a poll launched in the Autumn of 2015) to give their views on *which digital marketing techniques will matter most to their businesses in*

2016, and received over 1500 answers. *Survey results* (as of 8 February 2016) showed the following situations (in alphabetical order): Big Data (including market and customer insight and predictive analytics) – 17% of respondents; content marketing – 22%; Communities (branded niche or vertical communities) – 3%; conversion rate optimization (CRO) / improving website experiences – 5%; Display (banners on publishers, ad networks social media including retargeting and programmatic) – 2%; Internet of Things (IoT) marketing applications – 4%; Marketing Automation (including CRM, behavioral Email marketing and web personalization) – 13%; Mobile marketing (mobile advertising, site development and apps) – 12%; Paid search marketing, e.g. Google AdWords Pay Per Click Online PR (including influencer outreach) – 2%; Partnerships including affiliate and co-marketing – 1%; Search Engine Optimization (SEO) – 3%; Social media marketing including Social CRM and Social Customer Care – 8%; Wearables (e.g. Apple Watch, activity trackers, augmented reality) – 6%. (Chaffey, 2016)

Within this context, Chaffey underlined some *significant trends* within the management of marketing today: *increasing complexity of the purchase decision* (considering the customer journeys across multiple devices and through time; the huge influence of online channels and of researching online accordingly); *increasing mobile usage* (reaching your audience through mobile search or display; reviewing the new mobile ad formats etc.); *digital transformation: from “digital silos” to integrated teams* (thinking beyond organizational silos; the need of customer journey engineers knowing how to translate abundance of insights on customers into actions; also considering both the reality that many businesses are an early stage of adopting digital marketing techniques, and the necessary perspective of a “Digital Centre of Excellence”); the rise of the Chief Marketing Technologist (the shift in control of marketing technology from IT and Sales to Marketing); *the challenge of integrating digital and traditional marketing*. These are the necessary steps in the opinion of Chaffey: “*start by setting goals for digital marketing, setting an integrated digital strategy and bringing in specialist digital marketing skills, re-skilling existing marketers, then integrate digital to the heart of strategy, investment and marketing campaigns... timely updating about consumer and customer who are “requirement”, and not anymore a “need” ... profit gearing will be the moto, but gain strategically, through communication and studying them.*” Answering to a comment, Chaffey concluded that the emerging trends of digital marketing (search, mobile, social, display and video) will dominate across industries, leading to proven ROI over any other marketing platforms.

Besides the above mentioned study, it is worth mentioning another one – The 2016 Digital Marketer Survey – conducted by Experian Marketing Services in the end of Autumn of 2015 (November 3-23), responses being collected from 1190 marketers from Australia, Brazil, China, France, Germany, India, Indonesia, Japan, New Zealand, Singapore, Spain, Thailand, United Kingdom and United States. This survey results (Experian Marketing Services, 2015) showed that *marketers struggle to truly know their customers’ needs, wants and attitudes* because in our increasingly connected world customers expect real and authentic interactions with brands. *Other challenges* are: making messages relevant/contextual; making analytics

actionable; staying ahead of new marketing trends; overcoming internal silos to center programs on the customer; linking customer data across channels and devices; increasing visibility over competitors; accurately measuring and attributing the results of programs; coordinating campaigns across channels, and integrating multiple marketing technologies/platforms); enterprise marketers prioritize technology to better understand customers. And *marketers' top priorities for 2016* are: enhancing knowledge of customers' needs, wants and attitudes (52%); integrating technology to automate, orchestrate and manage cross-channel customer interactions (43%); collecting, linking and managing data (42%); investing in tools so that can accurately track and allocate revenue to the appropriate marketing channels (40%); delivering real-time, contextually relevant experiences (38%); facilitating more alignment between the departments within organization to center focus around the consumer (38%); investing in analytics to optimize customer interactions (36%).

An interesting result of this last study showed that 59% of the enterprise-level marketers surveyed work in *marketing teams that are broken out by channel*, meaning that different teams control CX for each channel (one marketer covers email, one covers mobile, another covers social and so on). Another interesting result revealed that *in marketing departments* one of the occurring changes is *the addition of already happening responsibilities*: collecting reviews and customer feedback (69%); customer service responses on social media (67%); operational emails, i.e., order confirmation, shipping alert (67%); integrating CX across channels, i.e., ensuring order history or shopping cart experiences stay the same in app or via website (60%); operational mobile messages, i.e., mobile boarding passes, shipping and delivery notifications (56%); loyalty program (56%); Call center (52%). Other findings showed that: in order to gain better access to information and insight around data, the Chief Marketing Officer (CMO) needs to work with a Chief Data Officer (CDO) providing easy access to prepared data for given marketing tasks; the ultimate goal is a complete customer view, which is more critical than ever before (81% of marketers reported having challenges achieving a single customer view, compared with 89% in 2015). And in order to remove the disconnects causing a disjointed customer journey, Matt Tippereiter, Product Strategy Director, Experian Marketing Services, recommends the following steps: asses current strategy, build identity profiles, get organizational buy-in, define value, and implement, test and expand.

Instead of a conclusion: *from the digital marketing funnel, to looking at the journeys that will be affected digitally and bringing a right perspective*

Beyond the debate concerning the death of the traditional marketing funnel (within the context of the multi-faceted process than can start and stop in various parts of the funnel, given the numerous key entry and engagement points and possibilities), it is worth remembering the invitation made in March this year (Banner, 2016) to take a look at the image of a *digital marketing funnel*:



Figure 1: The Digital Marketing Funnel

Source: Banner, M. - Today's Digital Marketing Funnel (and How to Optimize Your Conversions), retrieved on 22.03.2016, from: <http://www.marketingprofs.com/articles/2016/29582/todays-digital-marketing-funnel-and-how-to-optimize-your-conversions?adref=nlt032216>

The above mentioned invitation allowed us to recall that:

- seven years ago, in June 2009, McKinsey's representatives showed how marketers (always trying to reach consumers at the moments that most influence their decisions) should respond to the new customer journey, because of consumers' moving outside the marketing funnel by changing the way they research and buy products; (Court, Elzinga, Mulder, and Vetvik) they pledged for the integration of the aligned elements of marketing (strategy, spending, channel management, and message) across the organization with the consumer journey undertake when he makes purchasing decisions, by achieving a comprehensive view of all customer-facing activities; which involves a better understanding of the full scope of the consumer decision journey, which goes beyond the traditional role of CMOs (brand building, advertisements, market research and so on), and also assuming realigning marketing with the current realities of consumer decision making, and building new marketing capabilities;
- according to Genesys, (2014) a "*Customer Journey*" is the set of interactions a customer has with a business to complete different tasks (evaluating, onboarding, getting support, renewing a product or service and so on), while "*Customer Journey Management*" is: an Omni channel customer engagement strategy that takes an outside-in approach from the customer's perspective to improve customer experience (CX) for the most important of your customer's journeys; a subset of Customer Experience Management (CEM) which Gartner defines as "the practice of

designing and reacting to customer interactions to meet or exceed customer expectations and, thus, increase customer satisfaction, loyalty and advocacy;” in the opinion of Genesys, expressed at the end of 2014, companies that focus on journey optimization perform dramatically better, that is why is worth creating *actionable next steps from journey insights: collect* (identify customer and interactions across channels: Website, Voice, Chat, SMS, Back Office, Mobile App, Social), *engage* (analyze in real time to understand customer behavior, intent, engagement profile, opportunities etc.), *optimize* (drive personalized and proactive engagement based on customer context, business rules and predictive next best actions);

- in the opinion of Accenture, also expressed in 2014, the “*New Customer Journey*” (accelerated by technology) is *dynamic, accessible and continuous* (nonstop customer model: capturing new dynamics), *every customer being a digital customer* (different customer: traditional, experimental, transitional, digital savvy; different intensity; different speed). *Digital savvy customers make digital technology part of all dimensions in their life, mobile access being key.* (Accenture, 2014) And as there are more mobile-only consumers than desktop-only consumers, (Jarsky, 2016) marketers will raise technology standards to close the mobile gap (as predicted in a Signal infographic).

Taking into account the very important role of the customer/user, *it is really challenging to look at the journeys that will be affected digitally and bring a perspective on what it really means to serve the customer/user, doing more for him*, on the basis of both, feedback and data points about how customers are using something, getting faster and more directly to actual customer preferences and an understanding of customer behavior, as suggested by McKinsey’s representatives. (Edelman, Dorner, and Seitz)

It is the duty of marketers to connect the initial digital touch points of customer experience with the final ones, evaluating customer interaction with both, realigning marketing with the current identified realities of customer journey, and building new marketing capabilities, by integrating digital marketing with the traditional marketing, enhancing knowledge of customers’ needs, wants and attitudes, and integrating technology to automate, orchestrate and manage cross-channel customer interactions.

References

Ashkenas, R. - We Still Don’t Know the Difference Between Change and Transformation, January 15, 2015, retrieved on 17.06.2016, from: <https://hbr.org/2015/01/we-still-dont-know-the-difference-between-change-and-transformation>

Banner, M. - Today's Digital Marketing Funnel (and How to Optimize Your Conversions), retrieved on 22.03.2016, from: <http://www.marketingprofs.com/articles/2016/29582/todays-digital-marketing-funnel-and-how-to-optimize-your-conversions?adref=nlt032216>

Booth, A., Mohr, N., and Peters, P. - The digital utility: New opportunities and challenges, May 2016, retrieved on 12.05.2016, from: <http://www.mckinsey.com/industries/electric-power-and-natural-gas/our-insights/the-digital-utility-new-opportunities-and-challenges?cid=digistrat-eml-alt-mip-mck-oth-1605>

Chaffey, D. - Marketing Trends for 2016 – Will we be in a post-digital era? May 13, 2016, retrieved on: 05.04.2016, from: <http://www.smartinsights.com/managing-digital-marketing/marketing-innovation/marketing-trends-2016/>

Court, D., Elzinga, D., Mulder, S. and Vetvik, O. J. - The consumer decision journey, McKinsey Quarterly, June 2009, retrieved on 16.01.2016, from: <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey>

Edelman, D., Dorner, K. AND Seityz, B. - Achieving a digital state of mind, interview with David Edelman (a principal in McKinsey's Boston office), and Karel Dorner (a principal in the Munich office), conducted by McKinsey Digital and Marketing & Sales practices' Barr Seitz, retrieved on 13.02.2016, from: <http://www.mckinsey.com/industries/high-tech/our-insights/achieving-a-digital-state-of-mind>

Jarsky, V. M. - How Digital Marketing Will Change in 2016 [Infographic], January 12, 2016, retrieved on 14.01.2016, from: <http://www.marketingprofs.com/chirp/2016/29125/how-digital-marketing-will-change-in-2016-infographic#ixzz3x2vjWsC4>

Lister, M. - Using Digital Storytelling to Improve Customer Engagement, May 17, 2016, retrieved on 18.05.2016, from: http://www.mytotalretail.com/article/championing-digital-storytelling-the-opportunities-for-retailers-and-how-to-measure-their-success/#utm_source=total-retail-report&utm_medium=newsletter&utm_campaign=2016-05-17&utm_content=using+digital+storytelling+to+improve+customer+engagement-3

Nanji, A. - How Business Leaders View Digital Marketing, May 3, 2016, retrieved on 04.05.2016, from: <http://www.marketingprofs.com/charts/2016/29846/how-business-leaders-view-digital-marketing?adref=nlt050316>

Purcarea, T., 2015. "Marketers, challenged to prove their new skills within the context of the actual trends," Holistic Marketing Management, vol. 5(4), pp. 28-35.

Schneider, M. - Why You Need to Revamp the Customer Experience for Social Consumers, June 16, 2016, retrieved on 16.06.2016, from: <http://www.marketingprofs.com/opinions/2016/30116/why-you-need-to-revamp-the-customer-experience-for-social-consumers?adref=nlt061616>
<http://www.marketingprofs.com/opinions/2016/30116/why-you-need-to-revamp-the-customer-experience-for-social-consumers?adref=nlt061616>

Wieberneit, T. - Digital Transformation. Heck, YES! But why? May 1, 2016, retrieved on 02.05.2016, from: <http://customerthink.com/digital-transformation-heck-yes-but-why/>

Zhivago, K. - Marketing to Today's Bionic Buyer, PRO Seminar MarketingProfs, Jun 9, 2016, http://www.marketingprofs.com/marketing/online-seminars/966?adref=nlsem966&utm_source=mpt&utm_medium=prospot&utm_campaign=pro&utm_term=sales&utm_content=sem

*** <http://www.merriam-webster.com/dictionary/bionic>

*** The 2016 Digital Marketer, retrieved on 22.04.2016, from:
<http://www.experian.com/assets/marketing-services/p/2016-digital-marketer.pdf>

*** Journey Mapping eBook: An Outside-in Approach to Delivering Great Customer Experiences, December 2014, retrieved 16.01.2016, from: http://www.genesys.com/about-genesys/resources/journey-mapping-an-outside-in-approach-to-delivering-great-customer-experiences?utm_medium=social&utm_source=blog&utm_campaign=ebook

*** Customer 2020: Are You Future-Ready or Reliving the Past? Ten Years of Accenture Research Highlights Real Opportunities for Providers to Better Meet Customers' Steadily Rising Expectations, 2014 Accenture, [Accenture-Customer-2020-Future-Ready-Reliving-Past.pdf](#)