

**Digital marketing challenged by delivering value
in the flux business environment**

Dr. Costel Iliuță NEGRICEA

Ioan Matei PURCĂREA

Abstract Today's companies' success is depending on the digital transformation on the way of delivering improved experiences, considering digital which has changed the nature of growth, analytics, cloud, the reimagining of core systems, and the partnership between marketing and IT. It is imperative for companies to respond to the identified changes, interacting accordingly with technology, also looking at the new environments created by the virtual and real worlds coming together. B2B marketers need to develop new skills of using marketing technologies, being also need to learn more about optimizing content for revenue growth, considering the central role of customer journeys within the context of B2B relationships' complexity and of the confirmation of the viability of McKinsey's Marketing Operating Model.

Keywords: Digital transformation; Digital customer experience; Digital customer journeys;

Marketing Operating Model

JEL Classification: L86; M15; M31; O33

**Staying relevant in the future with the help of digital transformation. The prime mover in
reshaping CX is to deliver digital services and operations**

Experience is everything in a world becoming more digital, smarter, more mobile and hyper-connected, as argued by Avaya (a leading, global provider of customer and team engagement solutions and services available in a variety of flexible on-premise and cloud deployment options; Avaya Oceana, a digital customer engagement platform, offers a range of tools and resources to create individualized customer experiences based on a contextual, 360-degree view of a company's customers' journeys). In the opinion of Avaya, (Avaya Inc., 2017) there are three equally important components of a customer experience (CX) strategy: customer journey mapping, channel alignment, and routing. Digital commerce, digital entertainment and digital communications represent opportunities created today thanks to the global transformation to digital, this digital transformation being considered as the foundation of how successful organizations will stay relevant in the future.

As reminded recently by Mc Kinsey's representatives, in order to deliver real benefits to companies that successfully execute customer-centric strategies it is necessary to improve CX. (Ehrlich, O., Fanderl, H., and Habrich, 2017) And the prime mover in reshaping CX in almost every sector (see, for example, Amazon, Apple, Uber etc.) is to deliver digital services and operations within the context of the dynamic of value creation and durable competitive advantage. New levels of speed, agility, efficiency, and precision can be sustained by companies' customer-centric strategies through the proper combination of digital technologies and operating capabilities. *There are four key success factors* (identified by the Mc Kinsey's representatives while building a next-generation operating model that is putting the customer's needs and wants at the center of a digital transformation strategy, this model being enabled by redesigned customer journeys and agile delivery of insights and services) *in delivering superior digital experiences*: designing and digitizing customer journeys, increasing speed and agility in insight generation, achieving customer adoption of digital customer journeys (by informing the customer, making the digital journey relevant, and guiding the customer), and developing agility in delivering journey transformations.

The “mixed reality” and the future of engagement

Last time we underlined the significant role of digital intelligence as a continuous initiative transforming businesses and customer experiences. (Negricea & Purcarea, 2017) There is no doubt about this necessary “ability to transform digital data into real-time, actionable, customer-centric insights.” (atinternet.com) As shown recently by Deloitte Consulting LLP's representatives, (Deloitte University Press, 2017) disruption and transformation in today's always in flux business environment are driven by the already known (from 2010) macro forces (digital, analytics, cloud, the reimagining of core systems, the changing role of IT within the enterprise), for companies being imperative to respond to the identified changes (such as: user engagement, digital identities, cognitive analytics, blockchain), and to act accordingly for turning business potential into kinetic energy. The way we interact with technology, for example, will be changed by advances in augmented reality (AR) and virtual reality (VR), and thanks to the “mixed reality” (MR, the controlled collision of the AR/VR and IoT trends) digital and physical objects (and their data) will coexist and interact with one another in new environments created by the virtual and real worlds coming together this way. Specifically leveraging VR capabilities, MR can provide challenging experiences in marketing and customer service field, (Matia, 2016) and mixed-reality capabilities could enhance shopping, (Booth, 2016) on the shop floor AR meeting the IoT. MR, which is requiring an entirely new set of digital content and context, adds intelligence (physics, gravity, dimension, even personality) to the digital content relative to the space around us announcing the future of engagement.

Among other aspects Deloitte Consulting LLP's representatives highlighted that:

- “Everything-as-a-service” – XaaS, a strategic and operational blueprint that will redefine soon the fundamental goals of core modernization systems in order to create greater efficiencies and engage customers, employees, and business partners in new ways – is a new business imperative today;
- The shared-ledger technology “Blockchain” (still maturing, may lead to even greater disruption; it is well-known its starring role in the Bitcoin hype cycle) is assuming the new role of gatekeeper of reputation and identity in the emerging “trust economy” (in which what digital information is recorded in a blockchain, and how that information will be used is determined by the individual), also making it possible to proffer digital contracts, this way transforming reputation into a manageable attribute; as shown in the figure below there are three levels of blockchain:

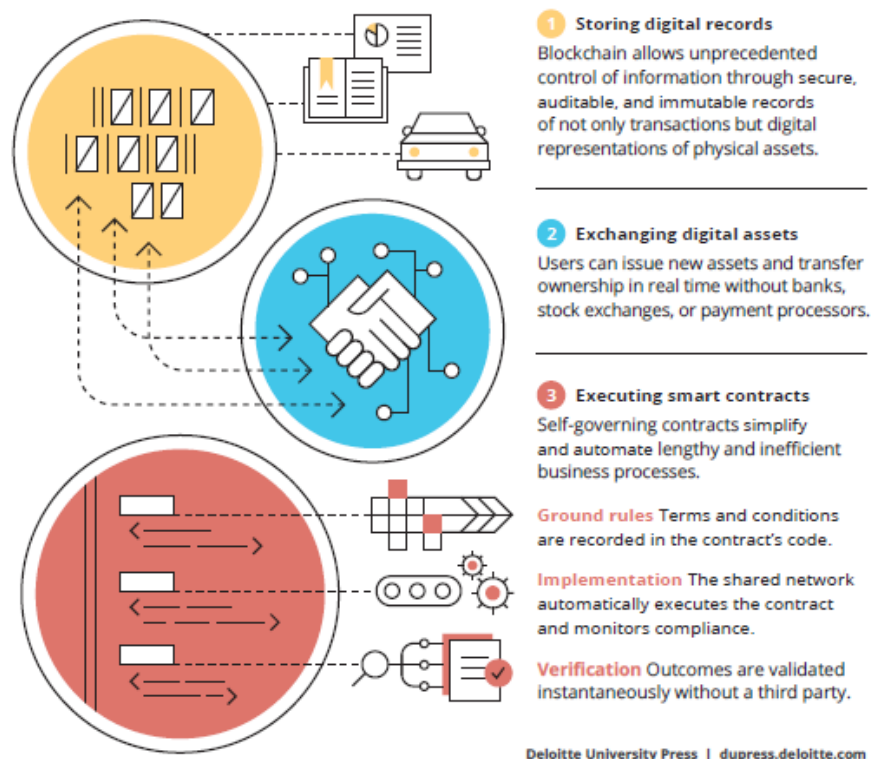


Figure 1: Three levels of blockchain

Source: *Tech Trends 2017: The kinetic enterprise*, Deloitte University Press, 2017 Deloitte Development LLC, p. 94

Strong confidence in digital channels at the level of B2B digital marketing

The sixth annual State of Digital Marketing Report of DemandWave (a premier B2B digital marketing agency helping its clients drive leads and revenue with its data-driven approach

to SEO, SEM, Display Advertising, Content, and Account-Based Marketing) revealed (DemandWave, 2017) the various findings from a survey about 200 B2B marketing professionals based in the U.S (from marketing managers to C-level executives, representing software, manufacturing, telecommunications, healthcare, and more), such as:

- delivering quality leads remains (32%) the greatest challenge facing B2B marketers (within the ongoing mission to grow and accelerate pipeline revenue), followed by measuring and proving ROI (24%), generating enough leads (16%), producing quality content (14%), securing staff and budget (8%);
- a tie between SEO and email is the top channel for revenue growth;
- 55% of B2B marketers dedicate 41% or more of marketing spend to digital channels;
- the number one metric used to measure digital marketing performance: conversion rate/ from lead to customer (31%, making sense as it ties to B2B marketers' top goal), lead volume (25%), ROI (22%), website traffic (12%), cost per lead (7%);
- channels which are a part of companies' digital marketing mix: social media (95%), email (93%), organic search (91%), paid search (71%), display advertising (55%);
- 53% of B2B marketers stick with content creation in-house teams, 42% use a mix of both agency and in-house content sources, and 48% invest in agency-created content; while content types produced is as follows: blogs (82%), videos (82%), white papers (73%), case studies (68%), infographics (68%), webinars (60%), other (23%), mobile apps (15%);
- content types driving revenue (still having a long way to go in terms of optimizing content strategy for revenue): white papers (40%), webinars (37%), case studies (34%), videos (30%), blogs (28%), not sure (22%), infographics (17%), other (15%), none of the above (13%), mobile apps (6%);
- social media channels which are a part of companies' digital marketing mix: LinkedIn (89%), Twitter (86%), Facebook (82%), You Tube (67%), Instagram (30%), Pinterest (12%), Other (11%), Snapchat (6%);
- 39% of B2B marketers see 21-40% of their website traffic come from mobile, and 49% of B2B marketers use between one and three software platforms as part of their marketing tech stack, for 69% of marketers that tech stack including a marketing automation system;
- sales-marketing alignment: aligned - 57%, feeling a disconnect - 36%, still unsure - 7%; 58% of B2B marketers are now responsible for a sales-qualified lead goal;
- 37% of respondents have tried or currently use Account-Based Marketing (ABM); 42% of ABM users are finding success, and 40% are unsure.

DemandWave's report concluded that B2B marketers have made significant progress in measuring digital ROI, and there is a fresh sense of confidence in digital thanks to the ability to better track marketing efforts. On the other hand, among other aspects: B2B marketers should expect an even more competitive SEO battleground moving forward; few of the marketers using marketing technologies (like predictive lead scoring and website personalization) had strong confidence in their current strategies, but confidence will increase as B2B marketers develop these new skills; only 40% or less of B2B marketers can attribute revenue for any given content type, being necessary to learn more about optimizing content for revenue growth.

There is no doubt that digital has changed the nature of growth, and with the rise of technology and advanced analytics the way of capturing growth has changed drastically, being a real need – as argued this Spring by McKinsey's representatives (Ahuja, Perrey, and Hilton Segel, 2017) – of mastering the three dimensions of growth in the digital age: invest, create, perform.

The necessary deepen collaboration between CMOs and CIOs.

Digitizing customer journeys and processes

In May 2017, (Lucey, 2017) a representative of Avaya (article first appeared in CIO Review, May 2017) pledged for harmonizing the work of CMOs (which should operate as major influencers of IT spend) and CIOs (which should work alongside CMOs) in order to amplify the customer communications experience. Starting from raising two questions (how can CIOs support CMOs to make their best marketing technology investments, and how can CIOs empower CMOs to operate at maximum potential each day), *five things CMOs want CIOs to know* were identified *to help marketing teams do what they do best*: the imperative of moving at the speed of the consumer, and flexibly responding to digital change; the need of quickly connecting off-the-shelf applications available (which can be instantly cloud-deployed) and securely for immediate use; the imperative of understanding how marketing is working to create a better experience for external customers; the need of having the right infrastructure and tools to work as securely as possible; the need of a true business partner in driving the best possible business outcomes and customer experiences.

Digitizing customer journeys and processes is today a rapidly developing field, and within this framework it is very important to make customers aware of a new model and of the launch of the (often overlooked or neglected) digital-adoption campaigns. In the opinion of McKinsey's representatives, (Asif, Hiraoka, Jones, and Vohra, 2017) successful customer adoption of new goods or services rests on *five pillars providing a firm foundation for any customer-adoption campaign* (of course, specific tactics varying by company and context): CX,

marketing and communications, incentives and promotions, legacy channels (encouraging slow adopters to migrate and demonstrate commitment to a new digital solution), and policy (avoiding disruptive conflicts between leaders on: strategy, targets, compensation, or mind-sets).

Other recent McKinsey's research (Maechler, Poenaru, von Collenberg, and Schulze, 2017) has revealed that efforts to serve customers better by companies' investment in developing customer portals or apps often fail to create significant improvements in CX, because of different issues (such as: bad data which remain unsolved; the functionality of the technology which proves to be too limited or complex to be useful). It is well-known that to both B2B and B2C the role of customer journeys is central, but the incidence and importance of these customer journeys (in 2009, McKinsey underlined the importance of aligning marketing with the "consumer decision journey", introducing this more sophisticated approach which replaced the funnel metaphor; more recently, in the November 2015 Issue of Harvard Business Review, McKinsey's representatives reminded why journeys are becoming central to the customer's experience of a brand, also explaining "The New Journey Management Organization", and revealing the major shift lead by thinking about the customer journey as a product) is different for B2B, where: relationships often go deeper, journeys involve more individuals, customization is more widespread, and deals' stakes are usually higher. This recent McKinsey's research concluded that - within the context of B2B relationships' complexity - among the keys to success are the following: *"carefully parsing those complex customer relationships, striking the right balance of human and digital interactions, and maintaining an agile approach to navigating intricate customer networks."*

Conclusions

Digital transformation remains the main ongoing marketing management trend, marketers (enabled by technology to meet customers' expectations) trying to better understand what is happening at the confluence between humans and technology, enhancing the customer journey (digital customer engagement is already a top strategic priority) with the help of the digital tools, choosing the right channels/strategies and digital marketing tactics.

Today's evolution confirm the viability of McKinsey's Marketing Operating Model (MOM, made up of integrated consumer data, decision making, and distribution platforms, all three working together) in driving revenue growth and improving customer experience, (Heller, and Robinson, 2017) including on the basis of the active collaboration between marketing and IT having joint priority lists and action in concert.

References

Ahuja, K., Perrey, J., and Hilton Segel, L., Invest, Create, Perform: Mastering the three dimensions of growth in the digital age, March 2017, retrieved on 30.03.2017, from: <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/invest-create-perform?>

Asif, C., Hiraoka, J., Jones, T., and Vohra, P., Digitizing customer journeys and processes: Stories from the front lines, May 2017, retrieved on 12.05.2017, from: <http://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digitizing-customer-journeys-and-processes>

Booth, J., "How virtual reality will change the way you shop," Time, March 28, 2016, <http://time.com/4273885/virtual-reality-shopping/>, cited in Tech Trends 2017: The kinetic enterprise, Deloitte University Press, 2017 Deloitte Development LLC, Member of Deloitte Touche Tohmatsu Limited, p. 51

Court, D., Elzinga, D., Mulder, S., and Vetvik, O.J., The consumer decision journey, retrieved on 09.06.2017, from: <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey>

Edelman, D.C., Singer, M., Competing on customer journeys, Harvard Business Review, November 2015 Issue, retrieved on 09.06.2017, from: <https://hbr.org/2015/11/competing-on-customer-journeys>

Ehrlich, O., Fanderl, H., and Habrich, C., Mastering the digital advantage in transforming customer experience, May 2017, retrieved on 04.05.2017, from: <http://www.mckinsey.com/business-functions/operations/our-insights/mastering-the-digital-advantage-in-transforming-customer-experience?>

Heller, J., and Robinson, K., Meet your new MOM (Marketing Operating Model) Article - March 2017, retrieved on 10.06.2017, from: <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/meet-your-new-mom?>

Lucey, M., Five Things Every CMO Wants Their CIO to Know, May 30, 2017 (article first appeared in CIO Review, May 2017), retrieved on 09.06.2017, from: <https://www.avaya.com/blogs/archives/2017/03/next-generation-really-look-like.html>

Maechler, N., Poenaru, A., von Collenberg, T.R., and Schulze, P., Finding the right digital balance in B2B customer experience, April 2017, retrieved in 25.05.2017, from: <http://www.mckinsey.com/business-functions/operations/our-insights/finding-the-right-digital-balance-in-b2b-customer-experience?>

Matia, A., "What the rise of virtual reality means for marketers," Convince & Convert, June 17, 2016, www.convinceandconvert.com/digital-marketing/virtual-reality-for-marketers/, accessed January 22, 2017, cited in Tech Trends 2017: The kinetic enterprise, Deloitte University Press, 2017 Deloitte Development LLC, Member of Deloitte Touche Tohmatsu Limited, p. 51

Negricea, C.I. & Purcarea, I.M., Digital intelligence and digital marketing effectiveness, Holistic Marketing Management, Volume 7, Issue 1, 2017, pp. 12-17

*** The fundamentals of digital transformation. Communications solutions that move at the speed of your customer - purpose-built for a smart, digital world, 03/2017 Avaya Inc., retrieved on 09.06.2017, from [Avaya.com/oceana, digital-transformation-ebook.pdf](http://Avaya.com/oceana/digital-transformation-ebook.pdf)

*** <https://www.atinternet.com/en/glossary/digital-intelligence-2/>

*** Tech Trends 2017: The kinetic enterprise, Deloitte University Press, 2017 Deloitte Development LLC, Member of Deloitte Touche Tohmatsu Limited, pp. 2-3, 49-52, 54, 61, 79-80, 93-97, 103, retrieved on 06.04.2017, from DUP_TechTrends2017.pdf

*** DemandWave's State of Digital Marketing Report, retrieved on 20.04.2017, from 2017-State-of-Digital-Marketing-FINAL.pdf