

The Ongoing Digital Revolution, Mobile Transformation, MarTech Applications, and Retraining



Ioan Matei PURCĂREA

Abstract

Facing the current mix of consumer trends, marketers really need a more holistic view of the customer journey, thinking and operating differently with the help of new technology, better understanding that mobile is already the main channel for consumers, and also taking into account the potential guest-posting content generated by them, and the next big thing in consumer technology. Going on this way, marketers must consider critical priorities within the new born world of digital ecosystems and make digital transformation the first priority, not forgetting consumers' preference for a blend of digital and physical. And while facing the most common and concrete change in martech, martech applications, marketers constantly need retraining.

Keywords: Digital Revolution, Mobile Transformation, MarTech Applications, Retraining

JEL Classification: D83; L86; M15; M31; M37; O33

Facing the mix of consumer trends, a more holistic view of the customer journey

In our last issue we showed that digital marketing is more important now than ever in this era of digital transformation in which organizations' multi-disciplinary teams within are integrating technology stack so as to deliver a more immersive CX, deploying digital marketing

talent with agility. (Purcarea, 2019) By keeping pace with the likes of Amazon, Facebook and Google (as underlined by MarketingProfs), for example, organizations can anticipate – as demonstrated recently by the ChannelAdvisor’s e-commerce experts – what it will take to survive and thrive in the field of e-commerce, better understanding gradually developing trends and adequately prioritizing essential tools and technologies. (ChannelAdvisor, 2019) On the other hand, beyond the necessary technology to approach the Big Data phenomenon organizations really need vision and great management, as it was shown also recently by Jonathan Byrnes, a senior lecturer at MIT, and the founding partner and chairman of Profit Isle, a profit-acceleration solutions company. (Byrnes, 2019)

Within this context it was not surprising to witness in November 2019 a McKinsey’s “BLINK” conference (gathering in London more than 1,000 CEOs and senior executives) on the digital revolution that creates both opportunities and challenges in the blink of an eye. Of the many aspects highlighted within that framework, allow us to remember a few showing how: the winners will be the ones having the smartest engineers (not the most data); to catch up to new tech; to think and operate differently with the help of new tech; to learn what customers truly value, and so on. (McKinsey, 2019) Also in November 2019: McKinsey’s representatives underlined that in an economy where digital savvy is at a premium greater success can be obtained by CEOs who actively influence and shape their companies’ technology functions so as to fit for the digital age; (Hjartar, et al., 2019) the leading low-code, process automation and CRM company Creatio, formerly bpm’online, underlined that digital leaders will need in 2020 to shift their strategies to both serve rapidly changing customer preferences and enhance operational efficiency. (Creatio, 2019)

Very recently, in December this year, the EVP of marketing at Digital Remedy attracted the attention on the mix of consumer trends (such as consistently shifting interests, short attention spans, demand for convenience and ultra-personalization, and sheer laziness) impacting for instance the subscription and direct-to-consumer (DTC) market, the social-driven economy, consumer demand for convenience, and the culture of instant gratification (“I want it now”) fueling the booming of e-commerce on this market. (Coletti Kaiser, 2019) On the other hand, with regard to e-tailers (retail businesses which sell goods online over the Internet from a website), it is interesting to note that in spite of the fact that consumers spend more time accessing the internet on smartphones (compared to any other device), this type of retail business, as shown by Business Insider Intelligence, isn’t able to maximize that value. And this within the context in which according to their Mobile Checkout Benchmark Report, (Business Insider, 2019) more and more e-commerce it is absorbed by mobile commerce (which will account for nearly 40% of US online sales by 2023, totaling \$447 billion, according to Business Insider Intelligence projects).

At the beginning of December this year, a senior market insights manager at App Annie (a global provider of mobile data and analytics) underlined the need for mobile transformation, key to marketing success being today a holistic mobile strategy (consisting of Web and app),

mobile being truly the first screen. (Sydow, 2019) If in 2018 on average consumers already spent nearly three hours daily on their mobile devices, in 2020 the first digitally native populations (Millennials and Gen Z, set to account for 40% of consumers) will increase their impact on the relevant market, with mobile already being the main channel for consumers (accordingly, the effective mobile strategy involving the working together of mobile app and mobile Web, so as to ensure the proper connected experiences, thanks to the marketers' more holistic view of the user experience, of his customer journey and meeting him where he is in that journey).

And while approaching this more holistic view of their mobile customers, marketers could not allow themselves to ignore the potential guest-posting content generated by such customers, taking into account that this type of posting was revealed by recent research from SEMrush (report based on data from a survey of 850 SEO and digital marketing specialists) as the most effective way to grow a website's backlink portfolio (see the figure below): (Nanji, 2019)



Figure no. 1: The most effective link building strategies, SEMrush

Source: Nanji, A. (2019). The Most Effective Link-Building Strategies According to SEO Experts, MarketingProfs, December 4 (work cited)

Taking a look at the next big thing in consumer technology

The next big thing in consumer technology according to a Juniper Research forecast will be mixed reality apps (mapping interactive digital content over the physical world on a device screen, such as a smartphone, smart glasses or a headset), which at this point were installed by users an estimated 3 billion times, Juniper's prediction indicating an increase to 10 billion by 2024. Beyond Pokemon Go-mania in Summer 2016, and some commitments next year to the idea that smart glasses or headsets etc. will replace the smartphone entirely (AR and related technologies becoming present everywhere), the free desktop app Snapchat Lens Studio launched in December 2017, the 2.0 version announced by Snapchat this year, the on June 20, 2019 launched Harry Potter: Wizards Unite (a location-based augmented reality game inspired by the Wizarding World and the Harry Potter franchise) etc., there are opinions according to which it may be reached that moment of user's immersion in mixed reality thanks to the adoption of smart glasses and/or other devices in the next few years, considering the spectacular evolutions at the level of notorious brands such as Apple, Nike, 7-Eleven, Sephora, L'Oreal, Ulta Beauty and so on. (Stern, 2019)

It is worth remembering that eMarketer report entitled "Mobile App Installs 2019: Marketers Innovate to Land Coveted Home Screen Placement" showed from the very beginning that as consumer demand for apps is rising (app experiences being preferred, and most apps being downloaded organically; according to App Annie there were 1.8 million apps in the Apple App Store and 3.1 million apps in the Google Play Store in June 2019), app install advertisers are now taking post-install actions into account (i.e., in-app purchases or registrations), not only the number of installs produced. (Wurmser, 2019) According to this report as more apps are fighting for a relatively fixed set of users in the developed world, app install marketing is gaining importance (the supply of apps increasing more quickly than the consumer demand for apps), also very important remaining app store optimization, while app install fraud continuing to be a problem.

Considering critical priorities within the new born world of digital ecosystems and making digital transformation the first priority, not forgetting the preference for a blend of digital and physical

Two years and half ago, McKinsey's representatives *showed* how customer expectations are reshaped and sectors' borders are redrawn by combining forces (such as increases in electronic data, the ubiquity of mobile interfaces, and the growing power of artificial intelligence), *and* within this acceleration of the ongoing digital revolution they *expressed* their belief with regard to the new born world of digital ecosystems comprising diverse players who provide digitally accessed multi-industry solutions and are making it possible to better meet

rising customer expectations, offering a truly integrated end-to-end digital experience. (Atluri, et al., 2017) And in this borderless economy McKinsey's representatives underline some critical priorities such as: to adopt an ecosystem mind-set (refining your "self-vision" concerning where and how your company needs to compete on an expanding field); to follow the data (collecting, storing, processing, and translating them into actionable business insights); to build emotional ties to customers (by adequately using: data, to customize offerings; content, to capture the attention of customers; digital engagement models, to create seamless customer journeys solving customer pain points); to change your partnership paradigm (more and different kinds of partners considering the opportunities for specialization).

This year we find out also thanks to McKinsey that successful digital transformations are confirmed by embedding advanced digital technologies (Cloud-based services, Mobile internet technologies, Internet of Things, Artificial intelligence tools) in organizations' operations and modifying standard operating procedures to do so: (McKinsey, 2019)

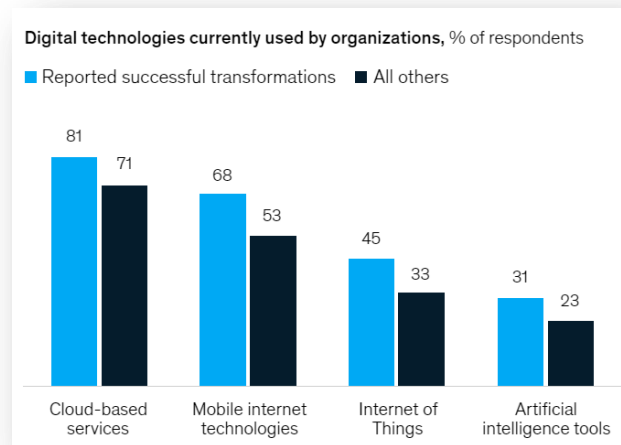


Figure no. 2: Digital technologies currently used by organizations, % of respondents (McKinsey)

Source: *How top companies excel with digital and analytics. Six key areas to help senior executives manage a tech-enabled transformation*, McKinsey, November 2019 (work cited)

According to McKinsey research, by creating the necessary many digital solutions to both boost efficiency and improve CX across the organization, and redesigning organization's processes to capture the value of advanced technologies, while guiding workers toward these new patterns of operating, substantial value from technology can be realized, to this value adding that value created with analytics by embedding it across the organization (on the basis of not only defining strategic opportunities and increasing investment, but also of strengthening data-management practices and authorizing more people to make analytics-guided decisions).

There is no doubt that for companies in all industries digital transformation is already the first priority, a recent example being McDonald's which isn't just talking up digital and technology on its earnings calls (as shown by CB Insights in the figure below), but it has acquired this year 2 Artificial Intelligence (AI) companies – the AI-driven personalization company Dynamic Yield for \$300M (making possible drive-thru menus changing based on the weather, current trending menu items, wait times at the location etc.); the conversational AI company Apprento (which can reportedly handle orders via voice) – making also a minority investment in another personalization company that can be seen in the investments section of its profile. (CB Insights, 2019)

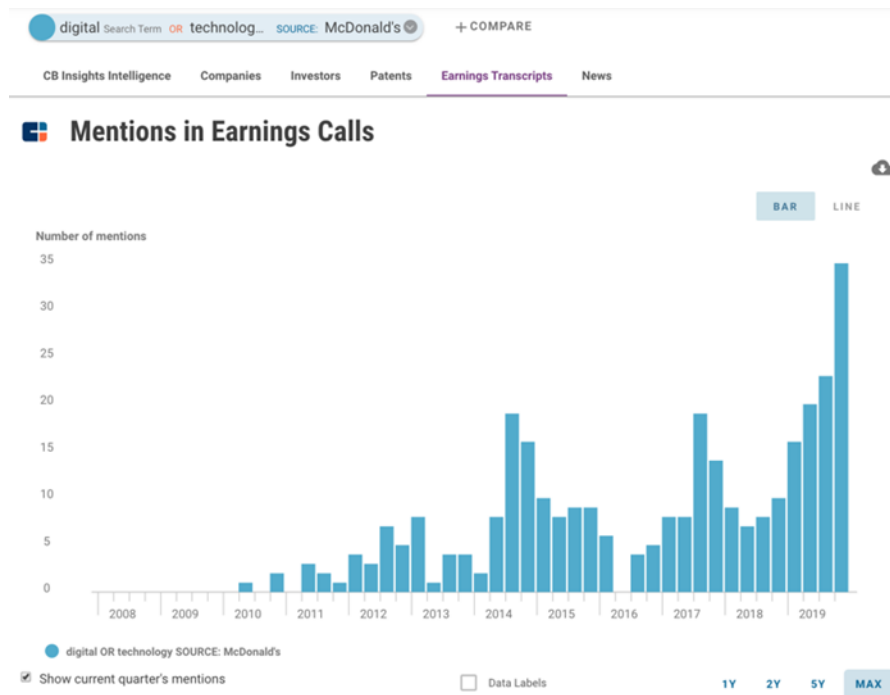


Figure no. 3: McDonald's talking up digital and technology on its earnings calls, CB Insights earnings transcript search engine

Source: Mickey D's goes all in on AI, CB Insights, anand.sanwal@cbinsights.com, November 13, 2019 (work cited)

On November 13, this year, European Supermarket Magazine made reference to the partnership – to re-invent in-store personalization through the introduction of AI-driven retail recommendations – announced by Intouch.com (whose award winning patented technology is the leading Retail Personalization Platform) and Re-Vision (global leader in self-scanning solutions for retail), seen as an exciting opportunity for retailers to personalize the shopping experience in the grocery retail sector, allowing retailers to use AI to inspire their customers with relevant products and promotions in real-time as they shop in-store (up to now this real-time personalization platform was only available to online players). (Das, 2019) The system has the capability of self-improvement based on successful recommendations (being equipped with self-learning capabilities), the right products, to the right customer, at the right time being showed

thanks to real-time behavioral data and other factors (demographics, weather, store location, time of day, day of week).

We are witnessing the rise of AI in the fields of experience management (XM) and marketing research, the use of AI allowing: to analyze secondary research rapidly and identify key trends and themes in the data; to unlock and process ignored operational data and combine it with more recent experience data; to remove subconscious human bias both from respondents and from study design etc. (Haney, 2019)

At the same time, one has to take into account consumers' preference for a blend of digital and physical regardless of age, as revealed by the findings from the CMO Council study. The study surveyed 2,000 consumers across five generations (as shown in the figure below): (Pellow, 2019)



Figure no. 4: Regardless of Age: A Preference for a Blend of Digital and Physical

Source: Pellow, A.B. (2019). Omnichannel Marketing Is Preferred by 85% of Consumers, Target Marketing, October 22 (work cited)

Conclusions: *Facing the most common and concrete change in martech – martech applications, there is a real need of retraining*

A year and half ago, BCG's representatives argued that in order to create digital solutions that work companies need to treat employee-users like customers, digital transformation being no longer an option, but such transformation needing to be understood as about both people and processes, one hand and about technologies, on the other hand, businesses needing applications which are "just right" for users. (Lyon and Ruaud, 2018) Also in October last year, the reputed Scott Brinker, the president & CTO of ion interactive, showed that in order to bring tremendous leverage to the modern marketing organization it is necessary to effectively cover the grid of five forces (the new rules of marketing technology and operations): centralize everything you can, automate everything you can, decentralize everything you can, humanize everything you can, embrace continuous change.

As demonstrated recently by McKinsey's representatives, there is clear evidence on successful digital transformations thanks (beyond laying out clear priorities revisited and rearranged, having highly talented people and with strong digital and analytics capabilities, having sufficient time and funds) to clear roles and responsibilities for organization's people, people hold accountable for meeting their individual given goals, and to the necessary balance between individuals' set expectations one hand, and larger groups' and organization's as a whole set expectations, on the other hand. (Bughin, et al., 2019) Of course, there are continuous challenges, the ascent of voice technology, for example, being recognized as one of the important market disruptions taking place today, as highlighted by the European Business Review. (Minsky, et al., 2019) The competition for making voice a competitive advantage for business is already fierce, business leaders being under the pressure of taking key steps (*understanding voice, identifying the right uses for their employees, studying up on the latest available technologies for business, developing a compelling pilot-able business case, determining how they want their company to sound to their employees, leveraging experienced voice design talent, assigning a cross-functional team to champion voice, keeping abreast of the changes*) regarding voice technology.

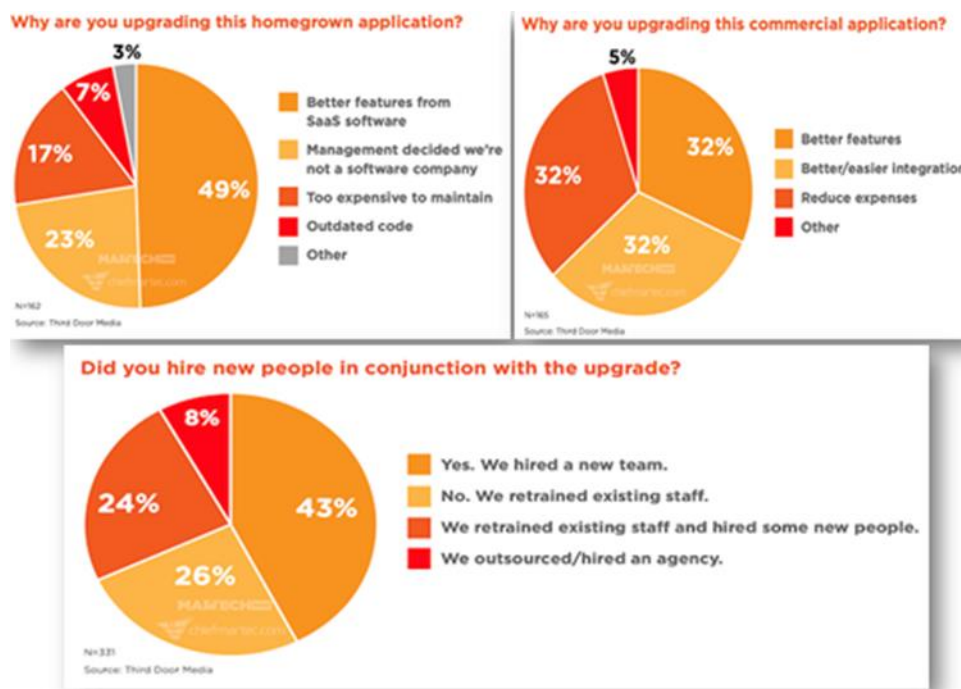


Figure no. 5: Upgrading's cause of homegrown and commercial applications and if new people were hired in conjunction with the upgrade

Source: Adaptation from Brinker, S. (2019). 83% of marketers rip-and-replace a martech app each year — here's why, Chief Marketing Technologist, December 9 (work cited)

Coming back to the opinions expressed by Scott Brinker, it is worth considering his recent focus on *the most common and concrete change in martech – martech applications – a well-known yet not well-quantified phenomenon*. He started from the research study of Chris Elwell and Jennifer Cannon of MarTech Today entitled “Martech Replacement Survey 2020: What Motivates Marketers to Change Applications & Vendors”, (Brinker, 2019) stating that he was surprised (see the above figure) by: how often homegrown systems were being replaced, the top three most likely applications to get replaced, commercial or homegrown, being: Marketing automation (21%); CRM (18%); Analytics/Bi (18%); the fact that there is not greater investment in retraining (making here reference to the Gartner report he shared in November and which identified “*investing in training and upskilling existing martech talent*” as the #1 impediment to marketers achieving their business goals).

All these above mentioned aspects made us also recall: the recent Deloitte’s article entitled “Expected skills needs for the future of work” (underlining that the challenges of upskilling and reskilling could be imminent, and that given the existing digital gap and the consequent risks, increasing preparedness for digital revolution should continue to be a priority in the new Commission); (Moueddene, et al., 2019) the opinion recently expressed by Kristy Bloxham, associate professor and L&D thought leader, with regard to: a list of must-have features for a smart learning system (which has to be, for instance, not only mobile compatible but mobile preferred); the future of work – the top three predictions for 2030 (a significant rise in skill-based certificate programs being accepted within the job market; eLearning will overtake traditional forms of learning; the widespread use of apprenticeship and journeyman programs). (Rallyware, 2019)

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