

A REPORT BY HARVARD BUSINESS REVIEW ANALYTIC SERVICES

The New Marketing: Real-Time, Relevant and Engaged

DIGITAL TECHNOLOGIES HAVE taken the world by storm, and customers will never be the same. With mobile and social technologies, customers are always connected to their own personalized universe of at-the-ready information, opinions, transactions and capabilities. And increasingly, their online and mobile experiences—when shopping, socializing or just being entertained—have raised the bar for what they expect from any interaction, with any brand.

These new customer behaviors and capabilities—as well as the digital trails they leave behind—have uprooted the marketing role. Generic promotions and campaigns have been relegated to the bin of irrelevance. Today, customers want every interaction with a business, regardless of the channel they’re using, to be useful, relevant and personal, in a very in-the-moment way. Suddenly, the core responsibilities of “brand awareness” and “customer loyalty” are more about offering customers something of value and engaging with them in a way that makes them feel “known,” across the Web, mobile device, phone and store.

“Marketing is now the first line of engagement and conversation with the customer,” says Paul Greenberg, managing principal at the 56 Group LLC and author of *CRM at the Speed of Light*. And in this conversation, customers are leading the dialogue. Through their every activity—whether online or in the physical world—customers communicate their intent, needs and preferences. It is marketing’s job to collect that information, relay it across all channels of interaction and analyze it, in real time, to anticipate customers’ ever-shifting needs and desires.

“There’s been huge growth in the number of channels, the volume of data, the breadth of customer expectations,” says David Raab, principal at Raab Associates Inc., a consultancy based in Swarthmore, PA. “They expect the person on the phone will know what [they] did on the Web site two minutes ago and can help.”

Failing to offer this experience can lead to irrelevance. When marketers send customers a promotion for a product they already own or would never be interested in, they send a clear signal: We don’t know much about you, and we don’t much care.

Figure 1

Slow Progress toward Customer Engagement

Few respondents had completed the required actions toward creating a marketing technology foundation.

8%

Have well-developed and fully evolved systems for understanding and meeting the needs of customers

11%

Are highly satisfied with their ability to listen and respond to the needs of the customer

24%

Have a comprehensive view of engagements and interactions across all stages of the customer life cycle

25%

Have conducted a customer experience management audit across all touchpoints, life stages and operational areas

36%

Have a formal customer experience management strategy or program in their organization

SOURCE “MAXIMIZE HOW YOU INDIVIDUALIZE,” CMO COUNCIL, MARCH 2014

This shift in marketing's role calls for a transformation in the processes, culture and technology foundation on which marketing has historically relied. Even as technology becomes increasingly integral to marketing success, only one-third of marketers said they are receiving value from their current marketing technology investments, according to a recent ITSMA study.¹

While CMOs recognize the need for deeper data solutions and customer insights, many do not feel they have the technology capabilities to fulfill these needs, such as a platform that provides a single view of the customer or tools for big data analytics.² The story is similar for marketers around the world. In a CMO Council study, a tiny percentage of marketing executives in the Asia-Pacific region said they have the systems in place to understand and meet the needs of customers. [figure 1](#)

Best Practices for Building the New Marketing Foundation

Increasingly, marketing organizations need to understand the elements necessary for developing the technology foundation that will track and analyze all customer activities throughout the customer journeys; enable real-time interactions; anticipate needs; and relay information across all channels, so that follow-up interactions are relevant and personalized.

Number one is consolidating customer data so that a unified view of the customer is available from a single place. Traditional customer data needs to be augmented with data from nontraditional sources, including unstructured data like email responses, text forms and call center recordings, as well as from social media and third-party data providers.

"In the past, marketing might buy a database and send a bunch of mailers," says Craig Macdonald, managing director for Accenture Interactive. "Now, the state of the art is to append the data from the customer database with data gleaned from Facebook or the mobile channel or social channel. This approach provides an advantage over competitors in understanding what customers are doing." The addition of social media data also provides the context for why the customer is behaving the way he or she is, as well as a better understanding of the motivations behind the behavior.

The second best practice is to leverage powerful advanced analytics to mine the data and gain insights. Indeed, big data analytics is at the heart of the next-generation marketing foundation, Raab says, and this is clearly visible in the investments that marketers are already making today. [figure 2](#) The key is integrating and making sense of all the information associated with the customer (including social, mobile and transactional data), and even predicting what that person will next want or need, based on his life stage. "You want to take this huge swamp of data that

has been pushed together and apply intelligent analytics to make sense of it," says Raab.

By discovering those insights in real time, marketers can understand the unique way each customer interacts with their companies so they can make offers and customize the customers' experience based on that history. "The more data that marketing can procure about its customers, the more granular it can be with promotions," McDonald says.

An example is a customer service rep for a home improvement retailer who receives a customer call. Not only can the rep see the customer's current transactional data (he has just purchased a washing machine), but he also understands the customer's life stage (he has just bought a house) and can use that insight to suggest other offerings (yard equipment or other appliances). Adding in a mobile component, if the customer is a member of the retailer's loyalty program, the company could push relevant new-home-related offers to him on his smartphone as he walks into the store.

Lastly, marketers need to make these insights available on a real-time basis to key businesspeople beyond sales, service and marketing, out to finance, billing, product development, quality control and the product returns department. Doing so empowers everyone in the enterprise to work in concert to ensure a seamless customer experience across the entire organization.

Advanced companies are already reaping the benefits of big data analytics to boost sales and marketing activities. According to a recent McKinsey study, companies that effectively use big data and analytics for sales and marketing enjoy productivity rates and profitability that are 5 percent to 6 percent higher than those of their peers, and companies that put data at the center of their

Figure 2

Analytics Key to New Marketing Foundation

Marketers are increasing investment in analytics.

48%

Managing customer data

40%

Web analytics

39%

Marketing analytics

SOURCE "TURBULENCE FOR THE CMO," ACCENTURE INTERACTIVE, APRIL 2013

marketing and sales decisions improve their marketing return on investment by 15 percent to 20 percent.³

Overcoming Challenges

Of course, developing the platform to enable this marketing transformation involves many challenges. Data management tasks include data integration, cleansing, standardizing, rationalizing and modeling. Adding to the complexity, new data types are appearing almost daily, including video. Companies need to scrutinize their customers' digital footprints—the content they read, email newsletters they click on, forms they fill out, Web searches they conduct, pages they visit, calls they make, events they attend and personal connections they make, says Macdonald.

With all these activities, speed and scale are key. Latency is no longer acceptable, because customer engagement must happen in the moment, and the foundation needs to scale globally in many cases and be able to deal with huge data sets.

Marketers in global organizations face yet more challenges. The data sets and metrics for each region may be different, making it difficult to plan global campaigns, says Macdonald. There may be three different underlying sales systems, for example, making it difficult to compare data and draw useful conclusions.

Compliance with privacy regulations is another big headache for marketers, says Raab. "The European community's regulations can be onerous. And customer expectations may be different there," he says. "You have to ensure your offers are correct for whomever you are sending [them] to, and you have to keep detailed records of the offers you make to consumers."

Even measuring marketing performance is more complex because of the growing channels, interactions, content types and elements being measured. Whereas organizations used to be willing to spend on unproven marketing efforts, that is no longer the case, says Macdonald. "Today, there is a direct line of sight from every dollar spent on marketing to its return," he says.

Clearly, with so many pieces to the puzzle, it is no longer effective to rely on the isolated solutions that are prevalent at many large marketing organizations, each responsible for individual tasks, such as email, social media listening or mobile apps. The next-generation marketing foundation needs to be created at a strategic level, and the solution's architecture is a key consideration. The ideal is to have a single data source for both transactional and analytical data, eliminating batch processing and data quality issues while enabling real-time engagement based on real-time data.

Given the level of complexity, it becomes clear why CMOs—and eight out of 10 CIOs—believe they need to work together to enable the foundation for the future of marketing. [figure 3](#) According to

Figure 3

Need for Marketing/IT Alignment

● CIO ● CMO



No need for alignment



Yes, need for alignment

SOURCE "THE CMO-CIO DISCONNECT," ACCENTURE INTERACTIVE, 2013

Accenture Interactive, it's essential for the two functions to collaborate on strategic marketing technology investments, such as data analytics, integrated marketing platforms and multichannel delivery systems.

Front Line of Customer Engagement

Marketers have no choice today but to meet customers on their own terms. That means paying close attention to their desires, needs and preferences—and acting on them when the time is right. The payoff for doing this well can be significant. According to the CMO Council report, 42 percent of respondents who calculated ROI said revenue increased as a result of a greater focus on customer engagement.

"We are entering a world where customer engagement is a primary business strategy," says Greenberg. Companies need to get on board now, building a next-generation, integrated marketing platform that will allow them to build the personalized, relevant, timely interactions customers crave.

ENDNOTES

¹ Realizing the Promise of Marketing Technology," ITSMA, March 2013.

² "CMOs Ramp Up Business and Technology Acumen in 2014," Forrester Research, Inc., March 4, 2014, <http://www.forrester.com/CMOs+Ramp+Up+Business+And+Technology+Acumen+In+2014/-/E-PRE6764>.

³ "Big Data, Analytics and the Future of Marketing and Sales," McKinsey & Co., July 2013, http://www.mckinsey.com/client_service/marketing_and_sales/latest_thinking/big_data_analytics_and_the_future_of_marketing_and_sales.

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Sponsor's Perspective

Building a Modern Foundation for Innovative and Engaging Marketing

Engaging today's empowered customers is a challenge for many marketing organizations. In the following Q&A, SAP executives discuss the role of technology in supporting marketing's necessary transformation.

What is the role of marketers in delivering engaging consumer experience?

Customers today value relevance, and there is only one opportunity to make a first impression. Marketers first need to level the playing field of knowledge by gaining unprecedented customer insights. Next, they need to leverage these insights to engage customers on their terms through real-time, contextualized customer experiences that are personalized and relevant. To do this, they need to be consistent and deliver one experience with every interaction, across all channels, to develop a trusted relationship with consumers and their business partners.

Which emerging technologies can play a role in this transformation?

Most marketers would admit that data is the most underutilized asset in their organization. With the rate at which data is being generated, marketers need a systematic approach to managing it all and also having the tools to gain insights. A modern data platform like SAP HANA can unify all the customer information in a single place, in real time, so that everyone has the most up-to-date information and can answer any question about customer behavior and future needs. With SAP's analytics solutions, businesses can gain unprecedented insight into big data—and leverage it to drive seamless customer engagements across all channels, including social media and mobile. To do all this, they need a solid marketing foundation that unifies the customer view, easily connects key processes and offers the flexibility to grow with their business.

What can companies do in the short term to start their transformation?

Consistently delivering engaging customer experiences first requires a deep understanding of your customers. With these key insights, marketers can orchestrate customer experiences that will engage audiences throughout the buyer's journey.

Technologies like SAP Lumira empower marketers to intuitively analyze, modify, take action and tell their story with self-service BI. Users can mash up marketing data for real-time marketing insights and share outcomes with colleagues. SAP Predictive Analytics helps proactively detect customers who are at risk of leaving and address them with "next-best offers" at the right time and through the preferred channel. SAP Customer Engagement Intelligence enables marketers to gain unprecedented levels of customer insight for targeting and segmentation, and the SAP Social Media Analytics solution provides a deep understanding of social media sentiments on brands, products and promotions. With all that insight, you can create customer engagements across channels using hybris, a commerce software suite to plan and execute all direct selling processes and present a unified view and experience to all customers. These solutions provide robust capabilities that are easy and simple to use and are delivered as cloud-based solutions so you can get up and running quickly.

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