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Usage shifts towards online world

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New Technology Briefing

Online customers, digital marketing: *The CMO-CIO connection*

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Abstract

Media consumers are rushing online in record numbers, and
corporate marketers must go there too. Done right, online
marketing holds the promise of higher profits and greater
accountability, but it requires a sophisticated, strongly aligned
blend of marketing savvy and technological expertise. CIOs and
CMOs must work together to develop a marketing technology
architecture that combines the ability to analyse consumer
behaviour, help make marketing decisions, and automate customer
interaction, content management and publishing processes. While
some of this technology is already available, the solution market is
in flux, and far-sighted caution is a must.

Going digital

Consumers of media have seen the digital light, and they are shifting
in ever-growing numbers to all kinds of digital media channels — the
internet, electronic messaging, online search, the social web, blogs,
podcasts, mobile communications and gaming platforms. Given the
shift, it's no surprise that marketers are hot on their heels, abandoning
traditional media at a shocking rate. Online and mobile are the only
advertising segments expected to grow in the near future, despite — or
perhaps because of — the current economic crisis. This is because
digital marketing promises intelligent, individualized consumer
targeting at a far lower cost than traditional media.

In a web 2.0 world, however, taking part in this market isn't simply
a matter of throwing some banner ads against a few likely web sites
and seeing what sticks. The many virtues of digital marketing — its
speed, flexibility, interactivity and accountability — require a whole
new set of marketing strategies and skills to make it work. And it
demands a close collaboration between CMOs and CIOs to build the

Profit-driven marketing strategy is key

technology to automate new marketing processes and provide real-time decision support.

The goal of every marketing effort is to drive profits, and digital marketing holds the promise not just of increased profitability, but of better understanding where those profits come from, and why. Profit-driven marketing strategy rests on four pillars:[1]

- Building an *analytical understanding* of individual consumers' behaviour, needs and communication/media usage patterns.
- Leveraging *decision-support tools* that let marketers target customers 24/7 via the right channel, at the right time and with the right message.
- Building *embedded processes* that can orchestrate marketing messages and offers across channels, setting relevant targets and measuring results.
- Creating an *aligned organization* that develops leadership, structures, skill sets and incentive systems geared towards the digital world.

CIOs face marketing architecture challenge

Given those needs, CIOs face a daunting task. They must create a single view of all their customers out of a bewildering variety of constantly updated data sources, from legacy systems to online customer interaction data. They must use this information to make specific offers to individual customers based on their value to the company — both in the past and to come. They must construct a digital marketing architecture and workflows that not only integrate every off- and online channel, but also orchestrate how and when to communicate with individual customers, both outbound and inbound. And they must build a marketing platform that can help automate the process of publishing a consistent set of marketing messages and content through every marketing channel, from classic TV spot to Facebook app to YouTube video to Google AdWord to blog entry. Figure 1 lays out the dimensions of a comprehensive marketing IT architecture design, from the data architecture and the content management platform to the individual online and offline channel platforms.

Creating such an architecture is a complex task, especially since the solution market for many of its components is far from mature. CIOs should tread carefully when evaluating channel and content management platforms: the technology is going through rapid innovation cycles as vendors try to integrate online and offline offerings, and consolidation of the vendor arena is only a matter of time. To reduce risk, consider flexible best-of-breed options, including systems offered on an on-demand basis.

Need to devise flexible IT sourcing approach

The process automation layer is a safer bet, as many such modules are available as part of integrated marketing or CRM suites. Finally, look for a consistent, flexible, open platform for the channel-, workflow-, and data-integration layers. These elements form the vital backbone of a robust service-oriented architecture, and this is key to remaining flexible as ongoing innovation forces CIOs to reconsider their component choices — and it will!
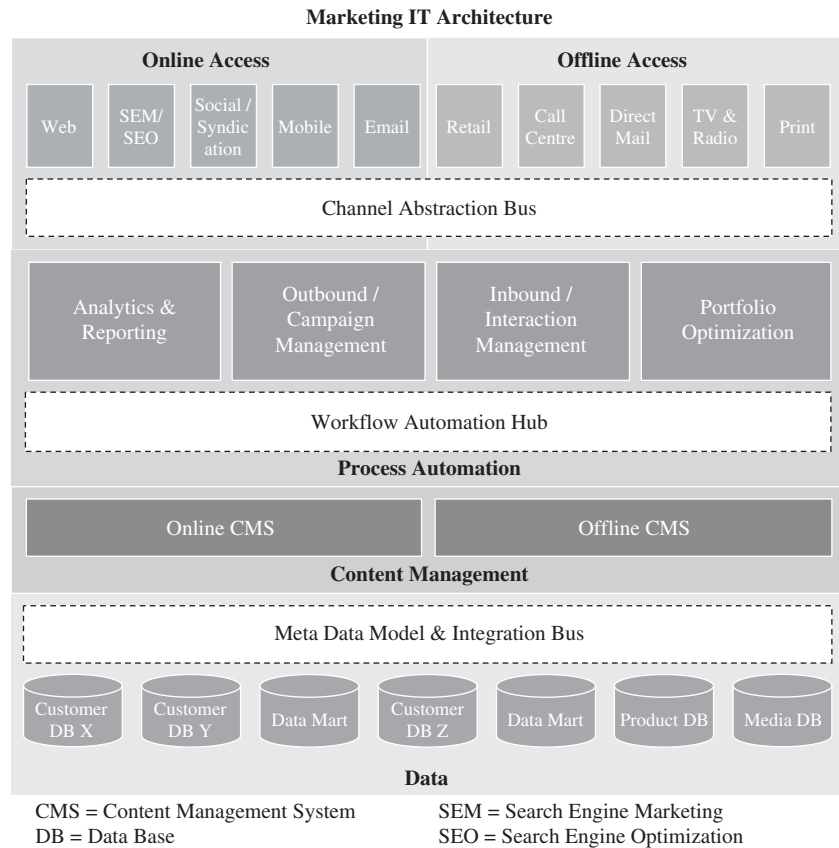
Marketing IT Architecture

CMS = Content Management System   SEM = Search Engine Marketing
DB = Data Base   SEO = Search Engine Optimization

Figure 1: Building a better marketing IT architecture
Source: Booz & Company analysis.

Marketing and IT organizations must be aligned

Implementing the marketing technology needed to drive profits and track results involves a significant amount of work. And this doesn't include managing all the technology vendors, ad agencies, online agencies, marketing boutiques and media partners involved in a successful digital marketing effort. The best solution: a 'digital marketing office' that can act as intermediary between the business and the marketing and IT organizations to manage the demand for added marketing functionality, while orchestrating critical relationships with partners and suppliers.

It isn't enough to follow your customers into the Digital Age. You need to go there with them.

Reference

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