Driving Marketing Relevance in Today’s Digital World

Insights from an American Marketing Association webcast presented by SAS

Featuring:

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Table of Contents

A Massive Explosion of Data: How Do Channel and Data Silos Respond? ... 1
Are Organizations Ready to Change? .......................................................... 2
The Best Customers: Lifetime Value and Wider Influence ....................... 4
Everyone Becomes a Marketer ................................................................. 5
Listening to the Data ............................................................................... 5
Technology Trends .................................................................................. 7
Conclusion: Getting from Here to There .................................................. 7
About SAS ............................................................................................... 8
About Altimeter Group ............................................................................ 8
About the American Marketing Association ............................................. 8
Breaking down organizational silos, encouraging and celebrating risk-taking, and recognizing every employee and customer as a potential marketer are some of the strategies that will drive the relevance of marketing in a digital world, panelists Charlene Li and Jonathan Hornby told participants in an AMA webinar sponsored by SAS.

“Marketing is about more than just campaign management, data warehousing and social media. It's really more about connecting everything to do with revenue,” said Hornby, SAS Worldwide Marketing Director, kicking off a wide-ranging conversation on marketing leadership, social media and innovation.

“It's about finding our best growth opportunities, not just the relevant dialogue. It's about finding and making the right moves with all your marketing investments, not just running better campaigns. And it's about taking that knowledge across lots of different channels and to every corner of a company, rather than just creating another silo of data.”

A Massive Explosion of Data: How Do Channel and Data Silos Respond?

Leadership and social media consultant Charlene Li, founder of Altimeter Group and best-selling author of Open Leadership, pointed to the explosion of data reaching organizations by multiple means, including social media, websites and retail channels.

“The people managing those channels have a good idea of what’s happening,” according to Li, and can manage relationships within their own silos. But a segmented approach leads to disconnects with customers who might approach a company in different ways at different times, sometimes relying on social networks or other information sources the company can’t easily control or track.

“Oftentimes, when you go from one place to another, the company doesn’t even know that you’re the same customer,” she said. Many companies “would love to have a 360-degree view of their customers and to have master data on what that person looks like. The reality today is that we aren’t even close to that.”

Hornby recalled one company that was “absolutely paranoid about understanding what was said on the Web, what was said on a phone the previous day, when somebody walked into a shop, making sure that each of the employees had access to that information so they could continue the conversation. They really wanted to put the customers first, but they were at the very beginning.”

Li said the challenge for retailers can be as simple as getting customers to self-identify when they walk into the store, rather than recognizing them at the check-out and showering them with coupons.
“It starts with those baby steps,” she said, but applications like Foursquare and Facebook Places make it easy for customers to disclose their locations. “We always have to walk a line between privacy and personalization, but people will give up a lot of privacy if they get something in return.”

Hornby noted that the growing volume and transparency of data is forcing organizations to react and adapt much more quickly. Li said the impact comes not only from the pace of the technology, but from the momentum it can create.

“A lot more people can get behind a change, positive or negative,” she said. “It’s being able to respond and manage strategically. Can you harness these tools to be able to move people quickly on your behalf, rather than just reacting?”

Are Organizations Ready to Change?

Many organizations work very well within traditional silos, but are not built to be cross-functional, Li said. “They have different reporting situations, different metrics,” and any effort to collaborate across channels will run into questions about what the effort will cost and who will pay.

Walking the talk on risk is one of the biggest challenges. Many organizations have the right language about risk-taking, but their measurement and incentives don’t necessarily reward it. “If you dig down deeper, what are the risks they will tolerate?” Li asked. “Do they actually identify what those risks are?”

Organizations are often slow to change, “and that’s not surprising,” she said. “Change is very hard. It requires a tremendous amount of energy, and the biggest concern is that you lose momentum on your current trajectory,” which may be good enough for the foreseeable future.

“The most progressive companies are the ones that can see change coming, stay ahead of it, and institute a culture that says people are free to fail” and needn’t fear the consequences.

Li said organizations that really embrace risk “love the outcomes,” whichever way they go. “This person is taking a risk, and that’s a good thing. You can’t just celebrate the successes. You have to celebrate the failures in order to be ready for change.”
The audience was asked: How ready is your marketing organization in terms of adapting to change? The bar graph shows how they responded.

![Bar Graph](image)

**Figure 1: How ready is your marketing organization in terms of adapting to change?**

Li agreed with a participant who identified middle managers as a common barrier to change. Senior executives often see innovation as a strategic imperative, and front-line staff see how it will strengthen customer relationships, but “the hard part is getting the hierarchy to move forward.” She recommended identifying barriers to change within a corporate culture, supporting people who are ready to change, and celebrating every effort.

“Even if it didn’t necessarily result in something mind-bogglingly different, at least they made the effort to make the change, and that should be rewarded.”

The metrics of successful innovation include the number of ideas generated, where they come from, and the percentage that are adopted. A structural marker of success is whether an organization is set up to respond, not just by recognizing a winning idea, but by placing it with a team that can implement it.

“Innovation happens at a very large scale in terms of products, but also in very small ways, every day, at the front lines,” she said. “The key with all of these tools is that you can actually streamline those innovations.”

Hornby said the appointment of a chief innovation officer is one of the best predictors that a company will fail to have individuals be innovative. “You need to put it into everybody’s mindset that they have to innovate, not by policing it, but by making it part of what they do naturally, day in and day out.” Li agreed that an innovation committee can be the beginning of the end for innovation. “It tells people they don’t have to think about it. It’s that committee’s responsibility.”
The Best Customers: Lifetime Value and Wider Influence

Li said marketers are shifting the focus of their customer relationships from short-term transactions to lifetime value, and suppliers of CRM tools are scrambling to catch up. The fundamental challenge for many organizations is to define the relationship, understand its different facets, and put words to the sense of give and take that marks a deeper, more effective interaction.

“One of the biggest red herrings is the way we measure relationships,” Li said. Return on investment (ROI) “is a very specific financial metric,” but measures of lifetime value align better with an organization’s long-term business objectives. Hornby took the conversation one step further, asking whether any organizations had redefined lifetime value to include a customer’s influence on behalf of a company, product or service.

Li said measurement tools are available to track that aspect of a relationship. “You can see how often they talk about [a company or product], who they talk to, how people respond, and whether the members of an extended network go on to buy the product.”

“I may not have that much value to you in dollars and cents. But if I’m influential with a key market segment that you’re trying to reach, I become extremely valuable to you,” she said. “Unless you understand that part of the relationship, you won’t be able to value it.”

The audience was asked: How confident are you in terms of understanding customer behavior and experience? The bar graph shows how they responded.

Figure 2: How confident are you in terms of understanding customer behavior and experience?
Customer influence, in turn, is one of the decisive factors in building a great brand.

“In the end, the brand is not the bible of your colors and fonts,” she said. “The brand is a living, breathing thing that your customers hold. It’s all the experience in their minds when they walk into the store or work with you online.” Agencies might still emphasize the need for organizations to manage and protect their brands, but “the reality is that you can’t control it. The minute you put that brand out there for people to make and shape and do something with, you give up control of it. And that’s when it can potentially explode in value … because other people can take that brand and make it their own.”

Li said the same principles apply to service businesses, where the customer relationship is often “very personal” and its lifetime value is even more important. Engagement markers for the depth of the relationship can translate into value markers based on revenue and referrals, helping service companies to identify the strategic clients “who really help you move forward as a business.”

**Everyone Becomes a Marketer**

Li also pointed to the opportunity for organizations to break down silos and draw marketing value from every employee. “If you cross the different channels and silos, marketing becomes something that isn’t just in the marketing department.” She recalled one company that had involved 2,500 front-line sales staff in answering questions online, based on product knowledge they used every day in retail transactions. With so many more touch points available, the company “is in such a better position to develop and engage and grow those customer relationships.”

When executives from other companies hear the story, they “are either amazed and inspired by the possibilities … or they’re absolutely aghast and terrified by the thought. And that says a lot about an organization,” Li said. She encouraged participants to imagine a future where “that firewall that defines what was inside and outside the company becomes much more porous,” so that product and feature information can spread much farther.

**Listening to the Data**

Hornby asked about the relative importance of social media and word of mouth in carrying product opinions. Li said digital channels are influential when a customer is considering a purchase, but word of mouth is extremely important at the evaluation stage. “You need to have both, but at different points in the buying decision.”

Data from influential networks can actually be counterproductive if it leads to incorrect targeting, she said. “You can promote yourself into a black hole” by listening
to deal-seekers, rather than dedicated customers who love the brand and will pay closer to full price for a product.

The audience was asked: When do you believe your organization will truly leverage customer insights to drive actions across multiple business units day in, day out? The bar graph shows how they responded.

![Bar Graph](image)

**Figure 3: When do you believe your organization will truly leverage customer insights to drive actions across multiple business units day in, day out?**

“When it comes to market research, there’s bias in every single sample. So it’s not a matter of getting rid of the bias, but of understanding the bias so you can use that data with the appropriate grain of salt.”

A participant asked what a more productive relationship with retail customers would look like. Li recalled one company that used exit surveys to identify the aspects of the transaction that were most meaningful to its clientele. When the results pointed to the importance of a positive experience in the store, the company shifted its advertising and staff training, to make sure customers felt welcome to visit and browse.

“It changed the relationship in many ways,” she said. “It was interesting to see what they thought was of value to people, and to really understand the psychology of what that experience was like.”

That kind of data-driven strategy can be elusive for many marketers, since the responses available through social media are not always representative of a broader audience. “The biggest problem is that we often do it by gut, by those anecdotes.” And this makes it difficult to design a campaign with confidence. Marketers often feel they have insufficient research to fully understand an audience, she said, but the minimum goal should be to move forward based on data that is good enough.
Li gave a quick overview of recent trends in marketing technology:

- Mobile technologies have been around for a long time, but GPS opens up some interesting opportunities for marketing. Retailers can now use a customer’s location – including knowledge of whether they’re standing inside or outside the store – to provide context for what they’re doing and thinking. Hand-held technologies are also “very, very personal, so if somebody interacts with you through a mobile device, you have the opportunity to link that identity and customize what the experience is like.”

- The trend toward “gameification” could be important for marketing if it leads to social dynamics that are more engaging for customers and prospects. Game formats can also make work more enjoyable and productive, through recognition tools as simple as posting the photo of the employee whose idea or blog post receives the largest number of “likes” from colleagues.

- Augmented reality is not yet ready for prime time. Three-dimensional images of finished products can move some customers closer to a buying decision, “but for the most part it’s really cumbersome and doesn’t add a lot of value,” she said.

Li acknowledged the despair that has begun to take hold in some marketing organizations that have dabbled in social media, only to find themselves deluged with requests that are forcing them into the role of social media help desk.

“If you can give your social media applications a higher sense of purpose by anchoring them to a very strategic goal within the organization, to a relationship you’re trying to build with the customer, that can be the re-energizing focus.”

Li emphasized that the process of breaking down silos and leveraging customer insights across multiple business units takes a lot of time and dedicated effort. She said she was surprised when an audience poll revealed that more than 30 percent of participants believed their organization would complete the shift by the end of the year, and another 28 percent expected to finish the process during the coming year.

Truly transforming the marketing relationship within a company means “having great, innovative data flowing across the organization, available to everybody, so you can put it into action rather than being in static dashboards that executives look at once a week,” she said. “That’s a really hard thing to do when change is happening at a trickling pace.” But the different types of customer experiences are fragmenting and multiplying. A realistic goal for most organizations is to focus on the data that will deliver the greatest immediate value, then build the various relationships from there.
About SAS

SAS is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions delivered within an integrated framework, SAS helps customers at more than 50,000 sites improve performance and deliver value by making better decisions faster. Since 1976 SAS has been giving customers around the world THE POWER TO KNOW®.

About Altimeter Group

Altimeter Group is a research-based advisory firm that helps companies and industries leverage disruption to their advantage. The Altimeter Group hosts regular community events, training and “unconferences” to bring in outside perspectives and provide further opportunities for learning. The business philosophy and values of Altimeter Group are:

- Community is our strength.
- Balance provides perspective.
- Objectivity builds trust.
- Speed is a competitive advantage.
- Excellence is paramount.

About the American Marketing Association

The American Marketing Association (AMA) is the professional association for individuals and organizations who are leading the practice, teaching and development of marketing worldwide. Our principal roles are:

- Connecting – the AMA serves as a conduit to foster knowledge sharing.
- Informing – providing resources, education, career and professional development opportunities.
- Advancing – promoting/supporting marketing practices and thought leadership.

Through relevant information, comprehensive education and targeted networking, the AMA assists marketers in deepening their marketing expertise, elevating their careers, and ultimately achieving better results.