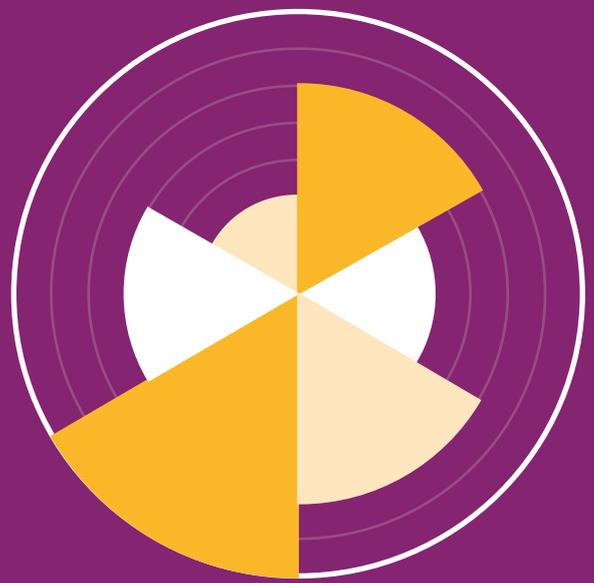


Marketing in 2020 – How marketing will drive business innovation and strategy



Foreword

Beyond here be dragons; set sail for Marketing 2020.

Transforming Australian businesses into truly agile, customer centric organisations will take time; it's a journey rather than a destination.

It is also a journey to be started without a map. But just as the great explorers weren't dissuaded by markings on parchment warning that 'beyond here be dragons', today's enterprise explorers must be willing to begin the journey knowing that there are significant rewards for those businesses that get started soon and get this right.

Experian's in-depth survey of more than 100 leading marketing executives has reinforced the importance of customer centricity both to the bottom line and to business sustainability. Although there is a cohort of customer centric front runners, the majority of organisations see this as an ongoing journey that will likely take five years or more.

It's time to get started.

And while one telecommunications sector CMO we spoke with rued the fact that; 'there's no customer centricity strategy document for our business', there are signposts to success, and over the next five years savvy marketers will follow them as they position their enterprises to be primed for Marketing 2020.

The following collection of insights is the second part in our exploration into how Australian CMOs are driving customer centric transformation. We trust you will enjoy reading it as much as we have enjoyed creating it.

Suzanne Steele
Managing Director,
Experian Australia & New Zealand

The journey begins

When Experian surveyed more than 100 marketing professionals and interviewed 20 – plus leading CMOs, the analysis revealed the journey that forward thinking organisations were on to make themselves more customer centric.

The research showed that over 60 per cent of organisations place a very high priority on customer centricity, and the majority understand that they ignore the concept at their peril.

Successful CMOs are adopting a fluid and flexible approach, recognising this is an evolving field – but all are fixed on the prize, which is to deliver customers with a better experience, and in return establish a point of difference for the business, enhanced loyalty and retention, and ultimately greater shareholder returns.

‘It’s putting the customer at the centre of everything we do.’

– Financial Services CMO

The survey revealed that even with legacy thinking, structure and technology are often an impediment to progress: only one in 50 believed that the pace of migration to a customer centric environment was proceeding too fast. More than 40 per cent felt the pace of change was too slow, reflecting the challenges that still need to be overcome (Fig. 1).

But they were all on the journey.

Emerging from the research was Experian’s Customer Centricity Maturity Index which provides an important progress benchmark. Four distinct groups of enterprises were identified using the CCMI; Progressives; Challengers; Followers and Beginners.

It’s interesting to note that among the Beginners, 73 per cent said that progress was too slow. It’s clearly time to push ahead.

Over the next five years each of these four groups will make significant progress and no doubt lift their CCMI rankings. Organisations that leverage technology and insight are likely to leapfrog peers, while the current cohort of Progressives have the opportunity to build on their industry leading position through more sophisticated and complex use of data and technology, setting a new high watermark for customer centric marketing by 2020.

‘You’re not going to become customer centric in 2 – 3 years or even 5 – 6 years. You need to think of it as a ten year exercise.’

– CMO

Accelerate the pace of change

What was clear from the research was that the more progressive organisations were accelerating the pace of change by using agile methodologies.

They were adept at developing and testing customer centric initiatives while still running 'business as usual'. One CMO aptly described it; 'We're rebuilding the plane while we're flying it.'

In all, 42 per cent of Progressives have adopted this approach, while just 11 per cent of Beginners are actively using agile methodologies (Fig. 2). As digital disruptors appear and new technology emerges, successful organisations will need to be able to adapt quickly and efficiently.

As we move forward to 2020 the explosion in channels will have a dramatic effect on how consumers interact with brands, requiring brands to react and work on timelines that match cultures and changing consumers.

Fig. 1 – Pace of change toward customer centricity

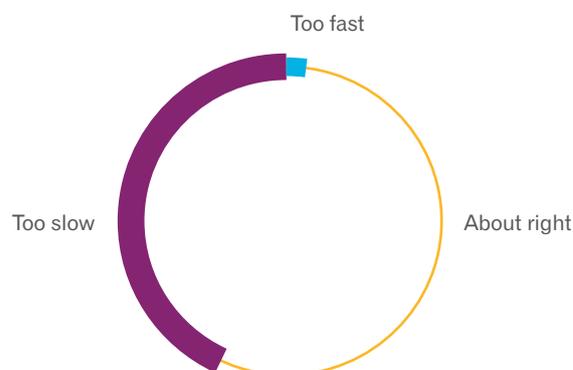
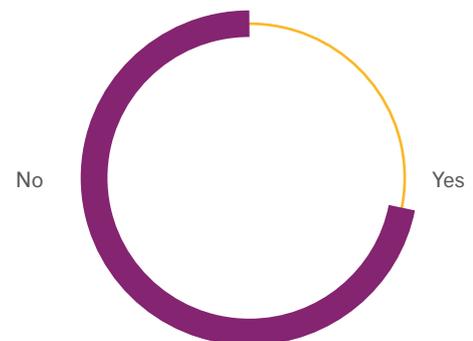


Fig. 2 – Adoption of agile methodologies in customer centric initiatives



Deliver on the core elements

Success comes from establishing the right leadership, developing the skills, insights and analytics to support customer centricity, rolling out important business processes that reflect this new approach, and measuring progress with a view to continual improvement.

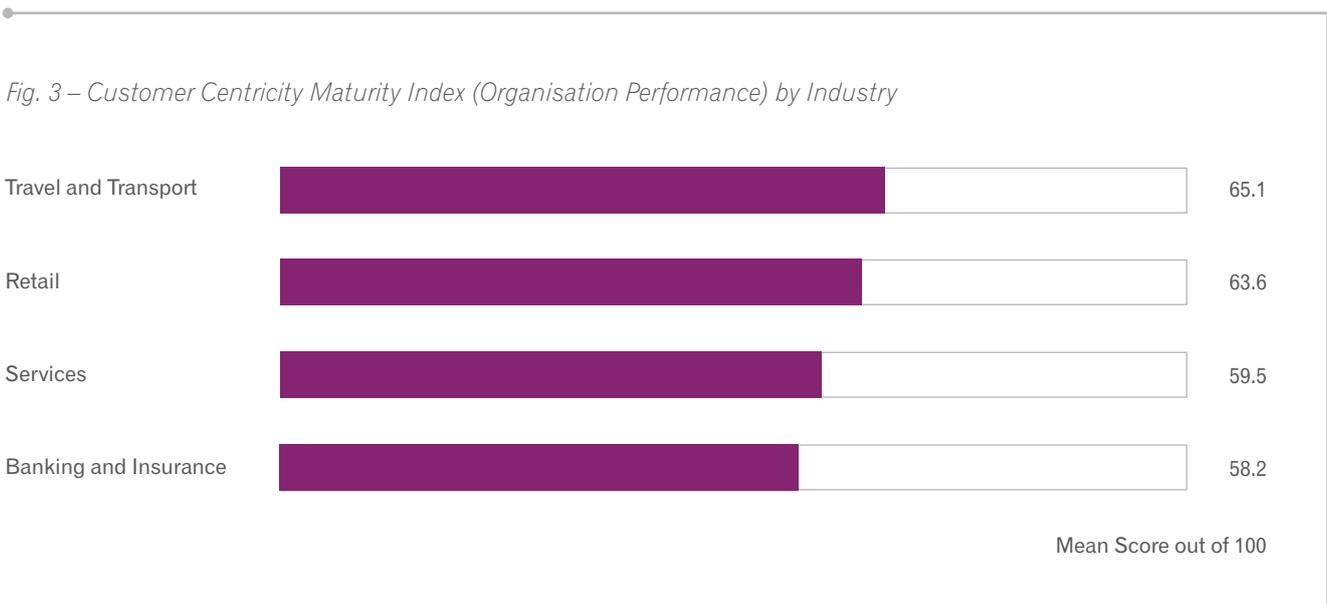
It was clear from the research that Progressive organisations were the most effective in terms of delivering core elements of customer centricity, with them rating high in all categories.

	<i>Progressives</i>	<i>Beginners</i>
<i>Leadership</i>	100%	16%
<i>Insights and analytics</i>	85%	13%
<i>Resources</i>	87%	8%
<i>Core processes</i>	85%	4%
<i>Performance</i>	85%	8%

This isn't set and forget though; successful customer centric businesses will ensure they are prepared to pivot, to respond rapidly to changing customer expectations, pervasive consumer technologies and the emergence of fresh disruptors.

They benefit also from staying abreast of emerging technology solutions that leverage data to deliver the marketing insights to drive business strategy and plan for future consumers and markets. There is already evidence of sectoral difference in terms of maturity with regard to customer centricity. Travel and transport (think Uber and Airbnb as examples of disruptors forcing a customer centric view on a sector) lead the pack followed by retail, services and banking and insurance (Fig. 3).

But there will never be an end to the journey, no matter how advanced a sector might be today, as the nuance of what a customer centric organisation will look like and the tools and techniques available to deliver that will continue to shift in the future. Enterprises need to constantly review the signposts they are following to the future and determine if they are still valid.



'All the signs suggest that we are entering a new golden age for marketers willing and able to harness the technology and processes that can deliver the insights and analysis to the right people at the right time to allow them to really meet – even anticipate – the needs of customers.'

Melissa Wong, Managing Director
Experian Marketing Services



Charting a course

The promised marketing treasure associated with the journey to customer centricity comes from developing the systems and smarts so that an enterprise can, as one CMO says, 'provide customers with exactly what they need before they recognise that they need it themselves'.

This not only helps an enterprise hone its strategy to match shifting customer desires and expectations, but also flows directly to the bottom line in terms of increased revenues, enhanced customer loyalty and improved net promoter scores.

The opportunities have been recognised within the C-suite already. In most organisations the CEO is driving the customer centric push (68%) by setting the roadmap and philosophy of customer centricity.

In effective organisations other C-level executives then stress the importance of customer centric thinking to their teams and reflect that in their actions.

This might require organisations to mandate their managers to spend time in the contact centre to better understand customer issues, or 'adopt' a customer to really get a deep insight regarding coal face concerns.

'Get the basics right, start with online offerings. Train all your staff, especially those who may have customer contact at any time. Put in place effective backend processes where any issues can be tracked, resolved and measured effectively.'

– Progressives, Retail

Acquire a broad and deep knowledge of the customer

Having secured the critical cross enterprise understanding of, and enthusiasm for customer centricity, it's up to the CMO to turn the CEO's vision into reality through strategic and tactical initiatives, often working with specialist service providers to deliver robust solutions swiftly.

The research showed that progressive CMOs are far more active in using customer insights and analytics (customer feedback, customer co-creation and design, data analytics and big data) to drive change across their businesses; what sets them apart is their deep and broad knowledge about the customer.

CMOs are taking a 'back to basics' approach when it comes to collecting and leveraging insights. To get the clearest understanding of customers they are using a raft of tools including:

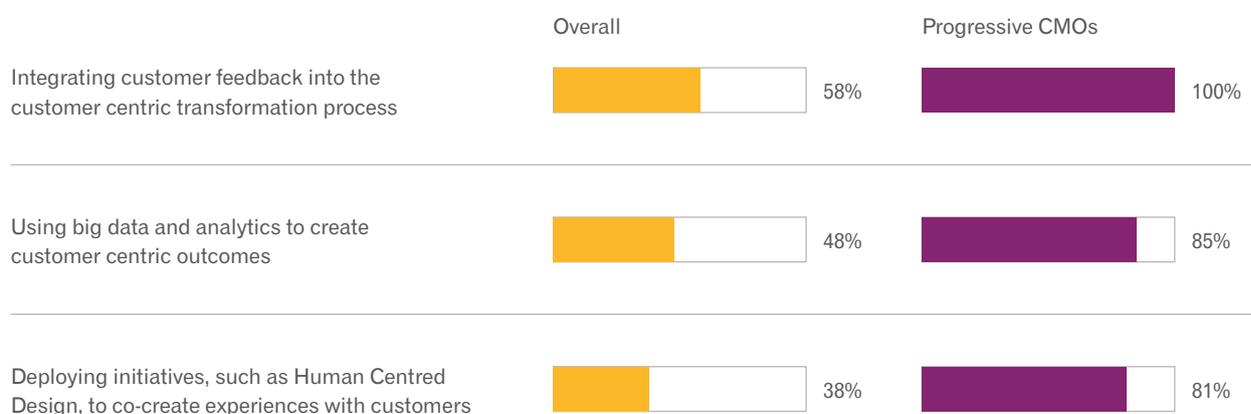
- Ethnographic research
- Journey mapping / touch point analysis
- Market segmentation
- Product service testing focus group
- AB testing

In concert these can turn the marketing suite into the centre of customer centric insight and excellence that can be leveraged by the rest of the organisation, boosting marketing's overall strategic input and enterprise status.

'Get the right systems in place at the right capture points with respect to what the business needs, not what IT want it to be.'

– Marketing Professional, Retail

Fig. 4 – CMO vs. Progressive CMO Performance on Customer Centricity



New techniques drive new thinking

Besides using data and analytics to directly meet current customer needs, there is the opportunity to integrate customer feedback into the customer centric transformation process – using feedback as fresh signposts for enterprise strategy.

Further, by harnessing human-centred design techniques, forward thinking businesses may be able to begin to co-create products and services with customers.

Data analytics offers marketers a significant opportunity to better understand customers. While CMOs are embracing analytics, they are doing so with varying levels of sophistication.

Some are merging sales, research and third party data in order to provide a platform for predictive modelling about customer behaviour in order to drive more targeted marketing and improve conversion rates. New data driven marketing functions are emerging to support more personalised marketing and enhance the opportunity for cross selling. Forward thinking marketers are also looking to external providers, including Experian, to further define and segment their customer base.

Progressive CMOs understand that data capture, data accessibility and data analytics need to be embraced and continually enhanced in order to optimise the opportunity of customer centric marketing and to deliver an authentic and enduring relationship between supplier and customer.

‘To adopt the Google philosophy of prototyping... come up with small concepts and test them in a small market. Learn from it, change it and implement it across the board. Not big broad untested solutions.’

– Marketing Executive, Travel and Transport

Measure your progress

Embarking on the journey, stocking up on the skills and smarts, and following the signposts are important. But for marketers to arrive in 2020 and find they and their enterprises have been following the right signposts also requires a matrix of intelligent metrics to be developed and deployed.

Many CMOs report that they are already measured against customer centric KPIs, including – in more progressive organisations – net promoter score and customer effort measurement.

In the most progressive organisations these metrics are being linked to enterprise financial performance in order to crystallise the ROI associated with the journey toward customer centricity.

While 92 per cent of Progressive CMOs rate themselves highly in terms of creating a framework for measuring the ROI from customer centric activities, overall the figure is a much lower 48 per cent. What was evident from the research was that Progressives were not only more effective at creating measurement frameworks they are also in a better position to understand ROI on customer centric initiatives and hence are more successful at securing budget and resources for ongoing transformation.

Over the next five years crafting the right metrics matrix will be extremely important. Organisations will need to review and determine the appropriate mix of fiscal measurements, operational measures and customer centric benchmarks that will deliver maximum transparency and insight for their needs.

'Most important is defining and identifying the relevant metrics and then being able to monitor and track them.'

– Progressives, Retail

Fig. 5 – Creating a framework for measuring ROI from Customer Centric initiatives



Unlocking the treasure

Customer centric organisations benefit in terms of improved revenues, greater customer satisfaction and loyalty. They secure a sustainable competitive advantage over rivals which take a more reactive approach to satisfying customer expectations. They are ready for and able to respond to disruptors by knowing how to pivot to meet changing customer needs.

At the heart of this are forward thinking marketing professionals.

Even in follower organisations the power of the CMO has risen substantially, and in lockstep with the journey to customer centricity.

As one marketing executive in the travel and transport sector noted; 'I am now driving the strategy. I have done a lot of work engaging with the major stakeholders over the last 12 months to be able to do that.'

The journey to Marketing 2020 will be challenging for many organisations and marketing professionals, there will be new technologies to grapple with, new business partnerships to be forged, and new metrics by which to be measured.

Yes, beyond here there may indeed be dragons, but the treasure of Marketing 2020 will make it well worth starting the journey.



8 Effective Practices of Progressive Customer Centric CMOs

Have the ear of the CEO

Executive commitment and support is critical to driving transformation so CMOs need the CEO's buy in.

'If the executive committee isn't aligned about where you are, where you're going and how you're going to get there, then quite frankly, you're stuffed.'

– David Robinson, David Jones¹

1

Be the knowledge champion for the 'everything' consumer

2

As the 'market expert', CMOs must assume an expanded, elevated and more influential role.

'A lot of people have opinions, but little knowledge.' – Retail CMO

Spend at least 50% of your time on customer centricity activities

With a broader remit, the CMO needs to invest significant time into customer centricity activities, but keep a close eye on business as usual.

3

Embrace agile methodologies to get quick wins

4

Look at the big picture, but keep it simple and get some quick wins by using agile methodologies and embracing digital channels.

5

Have a deep understanding of your customer

Leverage insights and analytics to deliver more meaningful and personalised interactions.

'2016 will see brands abandon "campaign marketing" in order to concentrate on interactions based on context. Context based on data and insight.'

– Colin Grieves, Director of Digital Advertising Services at Experian

Experiment with new techniques

Progressive CMOs recognise the value of working with customers to co-create truly differentiated customer experiences. Incorporate customer feedback programs and use data and analytics to differentiate the experience.

'I think great marketing leaders are committed to learning, experimenting and creating that environment around them. You can't rest of knowing because the recipe keeps changing.' – Mark Reinke, Suncorp!

7

Create an environment that accepts failure

Mistakes and failure are a part of business. It's not how one fails; it's how much is learnt from the experience.

Ensure measurement metrics are directly linked to financial performance

When creating a measurement framework the metrics used should be directly linked to financial performance to demonstrate ROI. This will ensure budget and resources for ongoing transformation.

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We are the leading global information services company, providing data and analytical tools to our clients around the world. We help businesses to manage credit risk, prevent fraud, target marketing offers and automate decision making.

About Experian Marketing Services

Experian Marketing Services is a leader in data-driven marketing and cloud-based marketing technology. Experian is the only company in the world to offer a comprehensive Marketing Suite that unites customer insights, analytics, data quality and cross-channel marketing technology into a single platform. Backed by the industry's highest-rated client services team and the world's largest consumer database, we provide more than 10,000 brands in more than 30 countries with unique competitive advantages through marketing services and technology. Our extended legacy in data security, management and consumer privacy has earned the trust of organizations and consumers from around the world for more than three decades.

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Research Methodology

Experian Marketing Services commissioned in-depth, exploratory research, in partnership with ACA Research, an independent research consultancy, to understand how prominent Australian CMOs are undertaking customer centric change.

The research combined in-depth interviews with 20 of the country's most respected CMOs with data from a survey of 103 senior marketers. This report is the second in a series of white papers following the initial exploratory report "Customer-Centric Transformation: How Australian CMO's are Driving Change". To access the first white paper visit our website to download your complimentary copy.