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Briefing: An Audience of Individuals

How leading brands are investing in a first-party future

Part of the *Driving Business Growth Series* in association with Google



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Econsultancy London

4th Floor, Wells Point
79 Wells Street
London W1T 3QN
United Kingdom

Telephone:
+44 207 269 1450

<http://econsultancy.com>
help@econsultancy.com

Econsultancy New York

350 7th Avenue, Suite 307
New York, NY 10001
United States

Telephone:
+1 212 971 0630

Econsultancy Singapore

20 Collyer Quay
#23-01
Singapore
049319

Telephone:
+65 6653 1911

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Foreword by Google

Mobile and search technology have changed the way people consume. The modern shopper lives in an age of instant gratification: they want it *now*, and they want it personalized. And if a brand doesn't deliver a tailored experience immediately, consumers will find a brand that does.

The reality is that brands are no longer in control—today's consumers are calling the shots, demanding fast, customized experiences that exceed their expectations. For marketers, being able to meet those expectations at every point of the purchase journey is increasingly critical. It's how your brand will keep consumers engaged and how you will drive real business growth.

Yet, while most marketers understand the strong correlation between digital investment and revenue growth, putting strategy into practice is the big challenge many brands are facing, and it's the big issue we explore in this report.

So, what do the world's best marketers know that others don't?

First, these marketers recognize the need to have a deep understanding of their consumers—which means taking every opportunity to measure and analyze first-party data across the whole customer journey. Understanding how, when, where, and why people are interacting with your brand helps you build an accurate picture of your consumers, anticipate their needs, and deliver above their expectations.

Second, these industry leaders understand that investing in automation is critical to their future success. Dramatic progress in AI and machine learning is having a significant impact on brands' access to and understanding of consumer needs in real time, and at scale.

At Google, we know your consumers expect increasingly personalized experiences in their brand interactions. As this report shows, the more effectively your brand connects and understands data from different sources to anticipate consumer needs, the better those expectations can be met—and the more effectively business goals can be achieved. Making this happen requires the development of an internal culture rooted in innovation and experimentation. It's a challenge, but marketers who get this right will reach new consumers in the moments that matter and continue to build loyalty with existing ones.



Methodology

This report is based on an online survey conducted in the first quarter of 2017, using primarily third-party providers for distribution. Respondents from third parties were offered an incentive to complete the survey. It closed on March 3rd with 514 total responses.

The sample was comprised of marketing executives in North America. They qualified for the sample based on revenue, sector and seniority.

- Any respondent below the ‘manager’ level was disqualified. Forty-seven percent describe their role as “executive management” in marketing, with an additional 7% in corporate management.
- The study represented a wide range of consumer-facing sectors. The most heavily represented industries were healthcare/pharma (21%), retail (19%) and consumer goods (13%).
- All qualifying organizations reported annual revenues above \$250 million, with 23% reporting over \$1 billion in 2016.

About Econsultancy

Econsultancy’s mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 600,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises improve their marketing.

The subscription is supported by digital transformation services including digital capability programs, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

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Key Takeaways

- The extraordinary shift of power from brand to consumer is driving new priorities in personalization and its ability to affect the customer journey.
- The industry has reached a consensus that there is a direct connection between brands' financial growth and the ability to anticipate and assist customers along their journey.
- Leading marketing organizations differentiate themselves with an emphasis on investment in the capabilities and technologies necessary to understand and act on customer data. Specifically, leaders are focused on first-party data and automation.
- Leaders see machine learning as essential to increasing the efficacy of personalization.
- Technology opens the door to higher margins based on relationship marketing that emphasizes value, treats the best customers accordingly and encourages retention.

Introduction

This briefing is part of the [***Driving Business Growth Series***](#), based on a multiple surveys of over 1,000 enterprise brands, conducted in partnership with Google. Beginning with a report called [***Driving Growth with Measurement in Mobile World***](#), the series explores how marketers are developing an understanding of users who move effortlessly across media and devices.

Other reports in this series look at customer experience, local and measurement strategy.

Audience in a first-party context

Personalization has always been a core value in digital marketing, but only today is the reality catching up to the promise.

The technologies for one-to-one experiences and marketing are increasingly available to a wide market and, perhaps more importantly, the capability is seen as a strategic advantage in response to the growing power of the consumer.

There is a broad consensus, at least in consumer sectors, that personalization is an essential part of the customer experience, and an important variable in growth. However, businesses are responding with varied degrees of urgency and investment.

Mindset is a key difference of leading marketers. They don't just recognize the shift in power from brand to individual, their values are evolving in response.

This brief looks at the shift toward the customer and the first-party data they produce.

Leaders vs. the Mainstream

To gain a perspective on where marketing is today and where it's headed, respondents have been divided into two groups based on performance. *Leading* companies significantly exceeded their top 2016 business goal and comprise roughly one-fourth of the sample. The remaining seventy-five percent are designated the *mainstream* for comparison.

Throughout the research, the differences between these groups are significant and educational; leaders are consistently further along in building organizations that are data-driven, focused on larger business goals and committed to customer experience as a path to growth.

These companies offer guidance and inspiration for marketers as they work to answer the big questions that will define their future.



With the customer in control...

Thanks to the smartphone and search engine, the last decade brought unprecedented change in customer behavior and expectation. In most sectors, consumers now enjoy a superabundance of choices and low switching costs, thanks to commoditization supported by an efficient global supply chain.

The process by which we discover, research and purchase products has been completely made over and continues to evolve quickly. Its impact on marketing has been powerful and swift. In 2012, the “customer journey” didn’t even appear among marketers’ top priorities.¹

Five years later, 89% of leading marketers say that it is critical to their growth that they anticipate customer needs and provide assistive experiences along the consumer journey.

While the most successful marketing organizations are 39% more likely to strongly believe this, mainstream respondents generally agree. The important differences in the two groups are in the actions they’re taking or failing to take.

The first step is to dissect the implications of this priority. What does it mean to understand the customer journey well enough to provide useful assistance along the way? What is required to provide that assistance in real time and at scale?

All marketing organizations have to confront these essential questions and their answers are unique. How they go about gaining information will help determine their success. Leaders already take a more active, experimental approach than their peers. They are 36% more likely to have both time and budget dedicated to strategic experimentation (56% vs. 41%) – the type that goes beyond optimization to ask larger questions about customers and their needs.

Building a customer-centric business

The variety of data available to marketers is exploding, with a growing number of sources producing an enormous range of explicit and implicit signals. Technology trends in artificial intelligence, natural language processing and the internet of things will push the volume and variety of these signals for the foreseeable future.

The customer information collected by brands themselves, first-party data is the most important; 92% of leading marketers believe that it's critical to their growth to continuously build an understanding of what people want using first-party data.

As marketers now see the world, brands have the ongoing job of adding to their knowledge of every customer and prospect with every interaction.

Leading companies are putting resources into developing this asset - they are 72% more likely than the mainstream to strongly agree that they are investing in improving the quality and/or volume of the first-party data they capture.

Once first-party data is captured, what then? Many companies focus on using it to inform advertising, but fail to go further and extract the full value of their data as customer intelligence.

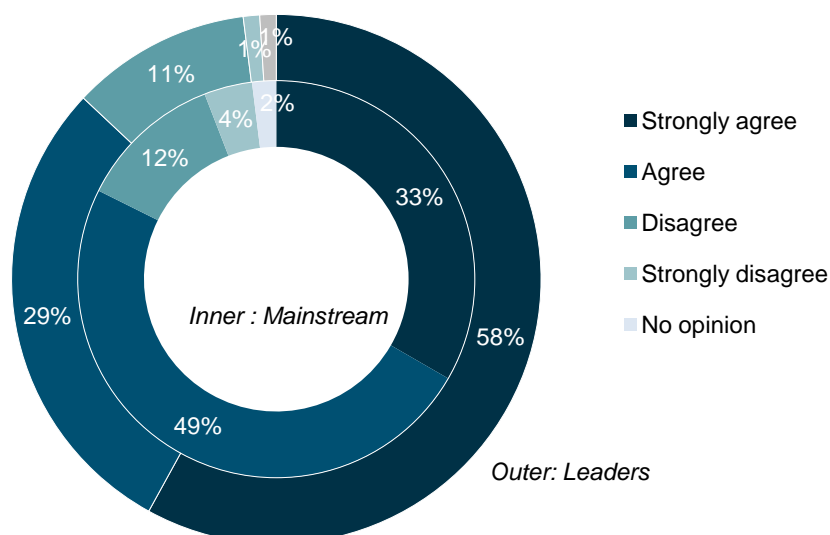
In fact, only 36% of the mainstream strongly agrees that their organization sees first-party data as a strategic asset that informs decision making. However, 57% of leaders see it in that light, another important difference within the context of being a truly data-driven organization.

¹ Econsultancy, [Quarterly Digital Trends Briefing](#), 2012

Mainstream vs. Leaders

Figure 1: Agree or disagree? To what degree do the following apply to your organization?

"We are investing strongly in improving the quality and/or volume of the first-party data we capture."



Respondents: 514

Personal service at any scale

In earlier days, the mantra of digital marketing was “the right ad to the right person at the right time.” The modern emphasis on the whole customer experience is expanding that idea. Today’s goal is individual service at scale, which demands data and automation.

More sophisticated companies have expanded into site customization and personalization within mobile sites and apps, but most marketers feel that they are only scratching the surface.

Due to the number of variables involved, it has taken the industry longer than anticipated to connect automation to positive financial outcomes. Even among leading marketers, the scale has only just tipped, with 51% saying that their organization is confident in its ability to use automation to drive revenue.

Soon, however, the growing capability of artificial intelligence will more easily connect customers with relevant messages and custom services in real-time. Leaders recognize the coming role of smart technologies; over 80% agree that a capability in machine learning will be critical to provide personalized experiences along the consumer journey.

Prediction is the core capability of machine learning and other technologies that enable personalization. We often think of predictive analytics in the context of sales pipelines and inventory activities that can take days, weeks, or even months to show impact, but there is also value in the moment.

Consumer expectations for digital service are exacting, demanding the right thing instantly. The ability to stay ahead of them, even by fractions of a second, will be increasingly critical to customer satisfaction within the constraints of time and space presented by a mobile world.

In Summary

Marketers across industries see a growing need to move beyond traditional notions of audience and segment, to serve customers as individuals. As consumers, our expectations for product customization, personalized service and immediate satisfaction are only growing, thanks to leading brands that push the envelope of easy, fast and valuable experiences.

The end goal is financial. In today's markets, undifferentiated marketing puts brands in a war over price or availability that only a few can win. Technology opens the door to higher margins based on relationship marketing that emphasizes value, treats the best customers accordingly and encourages retention.

Achieving true personalization is challenging. While the necessary technology has advanced, it has overwhelmed many organizations with new data and possibilities. Their difficulty often owes to a traditional marketing structure where channels divide teams and budgets.

The customer journey is complex, interdependent and changeable, but most companies have not adapted, retaining rigid, layered structures. Selling to individuals demands flexibility in marketing and fulfilling with product. Customers should be at the center of this effort, not at the end of a chain of static marketing events.

Bringing together data sources is an important step that should be viewed as an incremental, ongoing process. The desire for "perfect" data and technology stymies progress and belies complex and shifting conditions. Leading companies emphasize the KPIs that correspond to the long-term nature of relationships, such as lifetime value, and this focus helps them emphasize what's most important in their data management.

Advances in artificial intelligence and more specifically machine learning will enable better personalization and raise the stakes for brands that don't take advantage. Leading companies see these technologies as critical to their efforts to serve customers as individuals.

Lagging companies must realize that in the context of modern marketing the words "data" and "the customer" are synonymous. Putting the customer first means putting data first.

