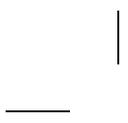


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Moving Out of the Dark Ages

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More and more, the C-suite feels like a goat rodeo, a chaotic arena of business executives talking over and past one another. In fact, this pandemonium of different agenda and perceptions is now the spectator sport characterizing the Dark Ages of business. Even worse, it often takes only two of us to get the rodeo started.

I've seen this firsthand. One afternoon, while I was working as a chief marketing officer (CMO) at a Silicon Valley technology start-up, I seized the opportunity to talk to the CEO about how we could improve our demand creation and solution adoption. After briefly explaining that more resources would help us segment our market and buyers, I began to lay out my strategy for developing different content and engagement strategies for each unique persona, but, just as I was hitting my stride, the CEO interrupted me.

He was operationally focused, and already, he had heard enough. He looked me straight in the eye. "We don't need to segment the market," he said. "We just need to market."

Instantly, I knew I had failed. I hadn't effectively communicated *why* improving connections and conversations with customers and prospects would add value to the business. Clearly, the CEO didn't understand that messages and offers targeted to different buying personas would yield more eyeballs, more conversions to free trials, and ultimately, more paid subscriptions of software. And since I couldn't provide quantitative proof of the returns from my suggested plan, he certainly wasn't willing to devote any more resources. I knew we needed to invest in data analysis to better understand the market and advance our overall strategy and marketing techniques, but, to this CEO, that request was out of the question.

At the time, I was frustrated. Why didn't he *get it*? Worse, I wasn't sure how—and even *if*—I could help him understand.

Unfortunately, clashes and fly-bys like this happen every day in C-suites and boardrooms around the globe. They're all too common,

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and they're indicative of the chasm now separating marketing from the rest of the enterprise. On one side, there are the marketers who understand the intrinsic value of heightened customer engagement. On the other, there are the C-level execs who need to secure funding, drive change, and ease the organization's growing pains—the very aches caused by fragmented data, fragmented systems, and disconnected interaction channels.

Of course, marketers have been envisioning one-to-one relationships with customers for decades. They've always been the consumers' champions, advocating within the C-suite not only for better customer service and support, but also for product developments. When *The One to One Future*, a book by Don Peppers and Martha Rogers, was first published in 1993, it captivated the industry by focusing on the individual customer rather than the market as a whole. This book became the marketer's bible, inspiring new customer relationship strategies and insights into ways to better engage through true one-to-one experiences.

Since then, however, marketers have struggled to make the relevant, targeted, and value-based conversations they have promised real for most brands and their buyers. Even though consumers are clamoring for a more modern approach, the majority of companies continue to deliver just the opposite. From my perspective, that's no surprise. Outdated, ineffective, and ad hoc internal marketing processes, coupled with fragmented and missing data, can only lead to flat, one-size-fits-all messaging and interactions. And these lackluster experiences, in turn, are creating another gap, one that's particularly perilous because it separates brands from their customers at a time when consumer patience is growing thin. How much wider will these chasms grow? How much longer can we stand at the edge of the cliff, secretly hoping the disconnects will somehow resolve themselves?

The Threat of Digital Disruption

We can't wait anymore. A new vision of customer engagement, one that's grounded in personalized, relevant, and consistent communication, must materialize. I'm not talking about simply segmenting markets and targeting messages. I'm appealing to brands to begin true one-to-one interactions with their buyers and prospects. We must market like we communicate in our everyday lives, as one individual to another, as well as to groups or segments. We have to embrace a two-pronged approach that drives

highly relevant, individualized engagements, while also leveraging broader segmentations when it is cost effective and *good enough*. We have to imagine how a personalized experience with our brand, product, or service will benefit and add value to our customers. We have to build that experience, and we have to deliver it—*now*.

Why the urgency? Because companies are facing continued consumer pressure to step-up with compelling experiences *now*—before the competition does—and because today, digital disruption threatens virtually all business models, physical products, and value chain relationships. But what exactly is digital disruption?

Just like most of you, I've been trying to wrap my head around the concept. It's multifaceted, all-encompassing, and difficult to distill into a single sound bite. But, I'll do my best to explain. Here's my definition of digital disruption and what it means to business today: Just as the word "disruption" describes throwing convention into confusion, "digital disruption" describes how technology and data are changing our culture, throwing communication and the physical world of processes and goods into disorder, across all industries.

Every board, every CEO, every CMO—essentially every business executive I talk to—dreads the threat of digital disruption. I've even heard some Fortune 100 executives say they avoid using the term "disruption" when trying to drive change within their companies because the word alone ends up instilling fear rather than motivation.

But, won't validating this fear by ignoring digital disruption cause even more damage? Yes, it will.

As author and business advisor Shelly Palmer told me, no matter what business you're in, your company needs to think strategically about digital disruption. Its impact can be felt everywhere—business-to-business (B2B), business-to-consumer (B2C), supply side, demand side—no business can escape the relentless pace of technological change.¹ According to Palmer, who wrote *Digital Wisdom: Thought Leadership for a Connected World*, companies need to fail fast, fail cheap, and iterate. Long planning cycles have a place, but given the speed that information travels and the dramatic changes in consumer behaviors empowered by technology, an annual or even quarterly review of strategy and execution may be too stagnant. Companies must adopt more flexible and iterative approaches to planning because, as Palmer points out, "the rate of technological change will never be slower than it is today."

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In other words, we are entering uncharted waters. “It took 30 years to connect the first two billion people to the Internet; it will take about eight years to connect the next two billion,” Palmer said. “This unprecedented level of connectivity will empower new consumer behaviors. Companies and their leaders must adapt, or die!”

Where is digital disruption taking us? The answer will vary from sector to sector. As of this year, 3-D printers can produce a pair of designer sunglasses, an electric guitar body, and even human tissue. This simple example illustrates digital disruption within the manufacturing and durable goods industry where we are moving away from mass production into personalized reproduction. In financial services, digital upstarts and smartphones are challenging the future of banking relationships. Retailers are also navigating disruption as the focus moves from online-only retailers to the impact of omnichannel commerce and the accelerating role of mobile commerce. While some business leaders look to other industries to understand digital disruption, most are wrestling with their own business model threats. Think about it: As consumer power grows, not only are customers controlling the market conversation; they’re bound to demand more control of their personal data, as well. The companies that thrive will be the ones that deliver value by building individual relationships with buyers based on trust and shared experiences. Digital disruption will connect business and consumers in new ways, and the winning companies will be the ones that scale the ability to transact with the individual.

Clearly, it’s time for all of us—especially marketers—to move past the fear so we can confront digital disruption head on. Why especially marketers? Because marketing has been affected most by the explosion of digital channels and changes to consumer behavior. Plus, marketers are among those who stand to benefit the most from understanding the customer better through data analysis.

After all, digital disruption is not, by definition, a negative occurrence; it is a phenomenon that forces change. Companies can use digital disruption as the imperative to engage customers differently with more personalized, tailored, and data-driven messages across all points of interaction.

The Enlightened Age of Data

How is your company reacting to digital disruption? Do you agree that the C-suite needs to move from the Dark Ages into an Enlightened Age of

Data? Do you believe as I do that marketing needs to lead the way? As I mentioned earlier, marketers have long been the voice of customers within the enterprise, and now CEOs and the rest of the C-suite are counting on marketing to find new sources of revenue and differentiation through more compelling customer engagement and experiences. How should marketers respond?

Marketers must respond by using, leveraging, and applying *data*: Data from customers. Data from prospects. Data from warehouses. Partner data. Sensor data from durable goods. Competitive data. Internal data. External data. All of these data insights can be leveraged to create a competitive advantage. First, companies need to create more holistic views of their data. Then, they need to analyze that information for actionable insights. Finally, they need to put the processes and tools in place that enable them to execute based on those insights.

The bottom line? Marketing needs to be data driven. Let me be more precise. I define data-driven marketing as collecting, analyzing, and executing on insights from structured and multi-structured data (that is, big data) across the enterprise to drive customer engagement. Data-driven marketing is the engine behind improved marketing results, and it creates measurable internal accountability as marketers become more effective in planning, executing, and proving the value of their work.

And keep in mind: Using data to guide and inform does more than engage current customers. Data-driven marketing techniques also capture new customers. In 2011, the Information Technology Services Marketing Association's (ITSMA's) survey results showed that 82 percent of data-savvy marketers report greater market share² when using insights to drive marketing. That's proof that more targeted, relevant experiences pay off. Teradata Corporation found similar results in its 2013 survey of more than 1,000 marketers globally. The report, *Global Teradata Data-Driven Marketing Survey, 2013*, concludes that six out of ten marketers (58 percent) believe that a data-driven marketing approach helps them make better decisions.³ (The complete report is available as a supplemental resource to this book at www.teradata.com/big-data-marketing or at www.bigdatamarketingbook.com.) Figure 1.1 shows how data-driven marketing impacts the overall field of marketing.

Kelly Cook, Senior Vice President of Marketing at Designer Shoe Warehouse (DSW), has seen it happen. When her team needed to reinvigorate the DSW brand and drive growth for shareholders, Cook led

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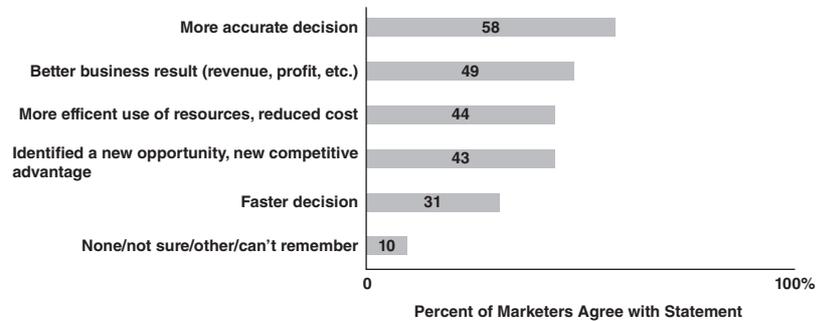


FIGURE 1.1 Benefits of Using Data in Making Decisions

Source: © 2013 “Teradata Data-Driven Marketing Survey, Global” Teradata Corporation.

a data-driven process to chart the consumer journey and deliver more personalized experiences in campaigns, offers, and messages.

“You need a fully integrated strategy being championed from the top of the house,” Cook told *Teradata Magazine*. “Then it’s just a matter of prioritizing all the things you need to do because believe me, customers have no problem telling you everything you could do better. Knowing what you need to do for customers allows you to understand what data is needed, so you’ll know what to attack first.”⁴

I believe all marketers must be open to this kind of reorientation. We’re in the midst of a renaissance, of sorts, because a cultural shift is necessary to unify, understand, and leverage the enterprise and big data insights needed to drive more compelling, relevant customer engagement across all channels in real-time.

Of course, that’s not to say that finding traction amidst all the disruption will be effortless, or even easy. Historians tell us that the Renaissance was a period characterized by inquiry, creativity, and growth juxtaposed with misunderstanding—and even fear—of innovators and their new points of view. I fully expect to see similar dynamics shape the Enlightened Age of Data, as the function of marketing continues to mature. During this renaissance, we’re all bound to face skepticism from other smart and seasoned business leaders. Difficult new questions will force us to rethink the very ways we work to build our brands.

Before we move further ahead into the Enlightened Age of Data, let’s take a closer look at what’s been holding us back.

KEY TERMS

Data-driven marketing: Data-driven marketing is collecting, analyzing, and executing on insights from structured and multi-structured data (for example, big data) across the enterprise to drive customer engagement. Data-driven marketing is the engine behind improved marketing results and creates measurable internal accountability as marketers become more effective in planning, executing, and proving the value of marketing.

Digital disruption: The word “disruption” describes throwing convention into confusion, and “digital disruption” describes how technology and data are changing our culture, throwing communication and the physical world of processes and goods into disorder, across all industries.

Big data: Big data is composed of digital information, including unstructured and multi-structured data, often derived from interactions between people and machines such as web applications, social networks, genomics, and sensors. Big data is a continuous stream of information conducive for ongoing discovery and analysis. Industry leaders, like the global analyst firm Gartner⁵, use adjectives like “velocity, and variety” as a way to frame the big data discussion.

DOs and DON'Ts

Recognize that the world has changed, and therefore the expectations of marketing have changed. For example, social media is here to stay, mobile is exploding in importance, and customers are savvy, smart, and in control.

Learn to leverage tension in the C-suite to inspire change. Healthy tension can identify the obstacles to charting
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a new course and help you discover better ways to approach old problems. Avoid adding to the goat-rodeo dynamic. Instead, use the debates to build buy-in and alignment.

Commit to moving from the Dark Ages into the Enlightened Age of Data. Embrace the journey to a data-driven marketing organization, one that directs programs and spend with insights based on real-time market response. Then, develop a simple plan to move forward.

Don't assume digital disruption is someone else's problem. Engage in active dialogue across your business, get customer insights now, and begin defining a future state and the key success factors you need to get there. Be the leader driving the data-driven marketing culture. This change can't be delegated. Define a vision and get the help you need to turn it into strategies for your business that drive more value.

Don't boil the ocean. Start with small steps and evolve. I've seen too many projects get sidelined by visions that are too big, coupled with steps that are too complex. Maintain a big and compelling vision, but identify low-hanging fruit for individual projects. For example, decide to increase revenue through better relationship marketing, and then identify the key initiatives that will deliver results.

Don't stagnate. Many projects in marketing are currently self-funded and, due to budget cuts and competing priorities, these initiatives often limp along. Complicating matters even more, it takes time to build credibility among the internal cynics needed to support certain projects. Put focus and resources behind strategic customer engagement projects. Then, staff these initiatives with people who can build relationships. You'll need to leverage expertise and manpower from all parts of the company (not just marketing) to create alignment and move forward.