Tech Trends 2014
Digital engagement

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Digital engagement
Context + content for marketing ... and beyond

Content and assets are increasingly digital – with audio, video, and interactive elements – and consumed across multiple channels, including not only mobile, social, and the web, but also in store, on location, or in the field. Whether for customers, employees, or business partners, digital engagement is about creating a consistent, compelling, and contextual way of personalising, delivering, and sometimes even monetising the user's overall experience – especially as core products become augmented or replaced with digital intellectual property.

DIGITAL is at the heart of business – reshaping customer interaction, rewiring how work gets done, and potentially rewriting the nature of competition in some markets. Today's digital technologies include mobile, social, and the web, but wearables[1] and the Internet of Things could dramatically expand the definition in the years ahead. The underlying intent is simple: using technology to design more compelling, personally relevant, engrossing experiences that lead to lasting, productive relationships, higher levels of satisfaction, and new sources of revenue. Driving digital *engagement*.

First stop: Sales and marketing

Tapping digital channels to advertise, market, sell, and provide customer care is far from new terrain for many companies. Early efforts have focused on coverage and consistency: Do I have a digital presence where my customers are spending time?[2] Do the various channels provide consistent information, services, and brand experience? Even as some companies struggle with these foundational elements, customers expect new levels of digital engagement.

Today's markets demand intimacy and synchronisation across channels – providing seamless, personalised experiences to customers who are time-, place-, and context-aware. Customers want to be able to connect via mobile, web, call centres, kiosks, and emerging technologies– and they expect the experience to pick up where the last interaction left off. Second-screening (providing synchronised, complementary content simultaneously across two channels) has gained popularity in media and entertainment, with other industries following suit. And it doesn't stop with digital. Sometimes dubbed *omnichannel*, digital engagement also looks to connect the digital experience with physical interactions – in-store, on-site, and via customer and field service personnel.

Digital engagement requires a commitment to content as a discipline, backed by a technical and operational backbone. This backbone enables the rapid creation, delivery, and curation of assets, personalised to the individual according to location, activity, historical behaviour, and device or service. This enables personally relevant and timely interactions that are "just right" in their level of detail, utility, and privacy.
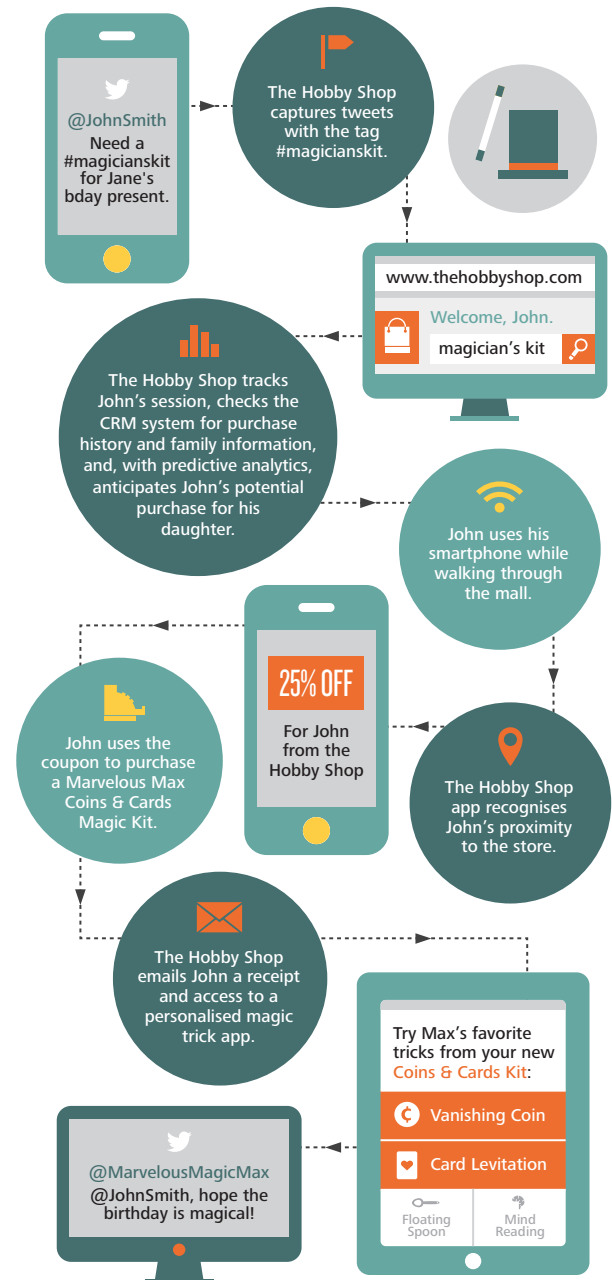
For CIOs, many of the foundational moves in digital engagement may be happening outside of their direct control. Chief marketing officers and newly minted chief digital officers are likely defining the roadmap for big parts of the digital backbone – content management, web analytics, campaign management, search engine optimisation, email optimisation, and social listening. Realising the full potential may require hooks into customer relationship management (CRM), sales force automation, e-commerce, and back-office processes such as order, inventory, pricing, and fulfillment management – areas IT is well-prepared to help drive. The CIO can also provide guidance and stewardship for responsible adoption of these digital technologies, preserving the "-ities" of security, reliability, scalability, interoperability, maintainability, and capacity.

Let's get digital: New products (and markets)

The implications of digital engagement are even more interesting when you look beyond sales and marketing. It is a universal opportunity, regardless of whether a company's product or service assets are physical or digital. But as more industries' core products and services are replaced or enhanced by digital offerings, the same commitment to digital content, asset, and intellectual property (IP) management moves from marketing enabler to strategic imperative.

The media and entertainment industry has been leading this charge as a significant percentage of revenue continues to move from physical to digital channels across the industry.[3] Financial services, retail, and health plans are also undergoing transitions to digital. And with the advent of embedded sensors and low-cost connectivity, life sciences, consumer, and industrial products companies are increasingly enhancing their core products with digital services – from turbines to soft drink dispensers to toys.

Digital engagement in action

@JohnSmith
Need a #magicianskit for Jane's bday present.

The Hobby Shop captures tweets with the tag #magicianskit.

www.thehobbyshop.com
Welcome, John.
magician's kit

The Hobby Shop tracks John's session, checks the CRM system for purchase history and family information, and, with predictive analytics, anticipates John's potential purchase for his daughter.

John uses his smartphone while walking through the mall.

The Hobby Shop app recognises John's proximity to the store.

25% OFF
For John from the Hobby Shop

John uses the coupon to purchase a Marvelous Max Coins & Cards Magic Kit.

The Hobby Shop emails John a receipt and access to a personalised magic trick app.

Try Max's favorite tricks from your new Coins & Cards Kit:
Vanishing Coin
Card Levitation
Floating Spoon
Mind Reading

@MarvelousMagicMax
@JohnSmith, hope the birthday is magical!

Pharmaceutical companies are creating companion apps to support patients – creating new value beyond the molecules while inspiring brand loyalty. Ball bearing manufacturers are including on-vehicle sensors to offer adjacent services for fleet management and route optimisation. After impressive consumer adoption, fitness trackers are being endorsed by health plans for wellness programmes. The broader "quantified self" movement has brought new players into hardware and software markets, from consumer apparel companies to retailers. Users are trading their personal information for enhanced experiences, sometimes even paying for the privilege.

Longer term, the progression of 3D printing may cause a fundamental shift in product strategy, bringing a rise in digital-only products in these traditional industries. When a spare part can be downloaded and produced by customers themselves, effectively protecting, managing, and monetising the underlying digital IP may become as critical as managing any other product. At a minimum, new approaches for managing digital assets and rights will probably be needed. But the implications may be far more disruptive – requiring rewired sales structures and incentives, reshaped channel partnerships, and new ways to take orders, provision products, monitor usage, bill, settle, service, and support.

The enterprise awaits

There is tremendous opportunity to apply digital engagement principles within the enterprise to reengineer how your own employees interact, work, and grow. The same digital backbone put in place for external stakeholders can be used to drive internal engagement across almost every process and domain.[4]

Now is the time for CIOs to help their businesses define a digital vision while helping marketing integrate its activities with those of sales and operations. Perhaps more importantly, the CIO can secure IT's role in helping to drive the company-wide transformation behind enterprise digital adoption and in making a longer-term strategic pivot from physical goods to digital services.

The one-stop digital shop

Adobe, a global software company focused on creativity and digital marketing solutions, had a product marketing website that was one of the most trafficked sites on the Internet, with more than 35 million unique visitors per week (75 million including download users). But the company wasn't capitalising on its site traffic for online purchases, and instead directed customers to alternate sources where they could purchase its products.

Adobe wanted to increase its online direct-to-consumer revenue by transforming its website into a seamless product marketing and e-commerce site – one that would not only be functionally richer, but also engage each customer. In the process, it also wanted to leverage its own digital marketing capabilities, especially its online marketing analytics capabilities – which had been bolstered through its acquisition of online marketing and analytics company Omniture – and its digital experience capabilities, enhanced through its acquisition of Day Software. In parallel, Adobe decided to undergo a strategic shift to move from its traditional model of selling boxed software to a subscription-based, cloud-driven software model – a transformation that prepared the company to be almost completely digital.

In pursuit of those goals, Adobe created an engaging, integrated marketing and e-commerce site to showcase and sell its products. Personalised for each customer based on his or her navigation profile and past purchases, it included a customised product carousel with relevant products for each customer and a recommendation engine that allowed Adobe to push related promotions. Responsive design allowed for a seamless experience across browser, tablet, and smartphone – dynamically rendering high-definition visuals, video content, and contextual product and promotion information based on the user's profile and specific channel. And the site allowed customers to explore Adobe's subscription services, the Creative Cloud for digital media and the Marketing Cloud for digital marketing, alongside traditional products – accelerating awareness and adoption of the new products. The site was built using a combination of Adobe's digital marketing capabilities, including Experience Manager for Content Management, Test&Target for improving site functionality, Recommendations for driving cross-sell and up-sell, and SiteCatalyst for driving online analytics and reporting.

In addition to personalising the customer experience, the website provided an intuitive authoring environment for back-end management of content and workflow – simplifying the process of updating the site and decreasing the time needed to make changes from weeks or months to hours or days. Maintenance complexity dropped as the global page count dropped by 40 percent, and marketing efficiency increased by 78 percent. The self-managed nature of the site also led to decreased operational costs, as built-in intelligence drove promotions and offerings automatically, saving time that would have otherwise been spent on manual intervention.

Adobe achieved significant results from its efforts around digital engagement. Its online revenue has increased 39 percent since the project began three years ago – surpassing the $1 billion mark in 2013. Checkout conversions increased 16 percent, with a 48 percent increase in lead conversion. Revenue per visit increased on targeted content. But perhaps more importantly, Adobe transformed its own digital presence into a leading example of how to put its tool set to use – showcasing the opportunity for digital engagement at a time of dramatic innovation in sales and marketing.

Where do you start?

MANY companies have content management systems to support certain types of information on the web, but few have gone beyond that to tackle the broader range of digital content. That's likely because they're looking at content the wrong way. Content is still isolated or tied to specific business units or geographies when it should be anchored to a customer or product. Complicating matters, the volume of content is out of control – especially with the rise of big data signals. Even the fundamentals need attention. Many companies lack processes and systems to understand the real costs of their activities, and they have no easy way to know which content elements are current, which should be retired, and how they should come together to support business operations. Some companies use third parties to maintain and manage their digital content, thereby delegating what may have easily become a source of competitive advantage. The potential scope is huge, but in practice, attention should be focused on five specific areas:

- **Web, mobile, and social content enablement.** Digital engagement should be seamless across channels. Achieving this will likely require responsive design and digital content that can be dynamically rendered and delivered based on the end user's context – in different formats, with varying granularity, and with different actions exposed. Day-parting, behavioural analytics, and social activation[5] are parts of this drive toward context-rich personalisation. As Yahoo! CEO Marissa Mayer said, "The ultimate search is the one where *you're* the query" – taking into account your history and preferences.[6] That starts with a robust content backbone – technically and operationally.

- **Self-service and governance.** Centralising digital content management can enable more efficient and effective communication. Which tools, skills, and resources are needed to allow the business to create, deliver, and curate the content its customers and other stakeholders need? Managing the platform and campaigns at the core – while allowing for personalisation and activation on the edge – enables a mix of global control and localisation. Some organisations are looking to build in-house digital supply chains to manage the full lifecycle of web, mobile, social, and on-premise content, allowing real-time experimentation and responsiveness.

- **Ease of access.** Instead of holding content captive in a particular repository, unlock it. Make content easily accessible across multiple channels, countries, and stakeholders – potentially including customers and enthusiasts.

- **Digital IP and asset management.** What information assets are you managing? Who controls them? Where are the assets located? How are they protected today? Are there plans to monetise them? Do you have the resources needed to edit and improve them? Which parts of your business will become digital in the next two years? What competencies and practices should be put into place to make that happen? How do you manage rights for IP usage across and beyond the enterprise? What new revenue streams are possible?

- **Cost reduction.** Take time to inventory digital content across the enterprise. At what rate is new content being developed, and how does it break out by function? Streamlining the distribution and management of digital content, regardless of where it resides, is the first step toward containing costs.

Bottom line

Digital engagement is a way to drive new investments in marketing, similar to those that have improved finance, supply chain, and customer relationship management over the past few decades. Beyond efficiency and cost savings, digital engagement presents new ways to enhance customer loyalty and competitive advantage – riding the wave of changing behaviours and preferences for contextual interactions. Organisations should "think Big Mother (relevant, useful services) rather than Big Brother (omnipresent, creepy intrusions)."[7] And with more parts of the business becoming digital, the CIO has the opportunity to build a new legacy for IT – a responsive, forward-looking organisation, an enabler of innovation, and a driver of digital engagement.

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1. Deloitte Consulting LLP, *Tech Trends 2014: Inspiring disruption,* 2014, chapter 5.
2. Note: In 2013, this became predominantly digital; for the first time, US adults spent more time online and on mobile devices than consuming TV, radio, or print (Source: Emarketer, "Digital set to surpass TV in time spent with US media," http://www.emarketer.com/Article/Digital-Set-Surpass-TV-Time-Spent-with-US-Media/1010096#cS7GHCclhaKGYp0k.99, accessed December 19, 2013.
3. Deloitte Development LLC, *2014 outlook on media and entertainment: Interview with Gerald Belson,* http://www.deloitte.com/view/en_US/us/Industries/industry-outlook/9ced365249afa310VgnVCM3000003456f70aRCRD.htm, accessed December 31, 2013.
4. Deloitte Consulting LLP, *Tech Trends 2013: Elements of postdigital,* 2013, chapter 3.
5. Deloitte Consulting LLP, *Tech Trends 2014: Inspiring disruption,* 2014, chapter 7.
6. Anthony Ha, "Marissa Mayer says that she won't read this," *TechCrunch,* September 24, 2013, http://techcrunch.com/2013/09/24/marissa-mayer-wont-read-this/, accessed December 19, 2013.
7. Sarah Rotman Epps, "Smart marketing in a sensor-laden world," *Forbes,* April 18, 2013, http://www.forbes.com/sites/on-marketing/2013/04/18/smart-marketing-in-a-sensor-laden-world/, accessed December 19, 2013.

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