INTEGRATING TO TRANSFORM

THE CMO'S ROADMAP TO PEOPLE-BASED MARKETING

MERKLE

FOREWORD

INTEGRATING TO TRANSFORM

2019 MARKETING IMPERATIVES

Over the years, Merkle's Marketing Imperatives series has examined the rapid evolution of the foremost marketing movement of our time — one that places people at the heart of the business strategy. It is my pleasure to welcome you to the seventh installment of the Imperatives, building upon our ongoing study around this philosophy. From its beginnings in Connected CRM to establishing the distinct competencies of the Platform Marketer, today's approach has evolved into a full-scale, customer-centric business strategy known as people-based marketing.

People-based marketing is about knowing your customers and marketing to them as individual people, not proxies or personas. It is rooted in the knowledge that when customer needs and expectations are met, the result is an affinity that leads to loyalty, and even advocacy. The ultimate goal is to create more relevant and personalized experiences that drive incremental sales and lifetime value. It is not just a marketing strategy, it is a growth

strategy, and the companies that have committed to it at all levels – especially at the top – are making the most progress.

This is evidenced by the fact that the smaller, direct-to-consumer brands (think Dollar Shave Club, Warby Parker, Casper) are causing major disruption by nimbly leveraging new digital platforms and ecosystems. Larger brands that are slow to adapt have experienced stalled growth. The days when brands could focus solely on building a great product, only to turn it over to others for distribution, are waning. Brands need more control. A customer-centric business strategy requires visibility into their customers' needs and preferences – a visibility that is only possible with a more closely managed relationship.

This strategy is not easy to implement, as marketers must find ways to work both within the brand and alongside a partner community to make it happen. The lines between in-house and outsourced functions are becoming more blurred every day. What's important to know is that the competencies themselves, no matter who performs them, must work seamlessly together in support of the brand's overall customer strategy. The organization's commitment to people-based marketing can't be delegated or outsourced.

I invite you to dive into the 2019 Marketing Imperatives to learn about the magnitude of integration that is required to transform your business into a people-based marketing powerhouse. The integration of your strategy, your technology, and your organizational approach will drive you closer to a true enterprise-level customer strategy that will differentiate your business and ultimately drive competitive advantage.

DAVID WILLIAMS
Chairman & CEO
Merkle

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EXECUTIVE SUMMARY

INTEGRATING TO TRANSFORM:
The CMO's Roadmap to People-Based Marketing

After decades of evolution in the use of consumer data for marketing, it is a generally accepted rule that the only way companies can be successful in this age of consumer choice is to place the customer at the center of the business strategy.

In today's marketplace, this people-based marketing approach is the most important opportunity for creating competitive advantage. It's accomplished by leveraging media to serve addressable advertising, inbound channels to deliver personalized experiences, and CRM and loyalty programs to build strong and lasting customer relationships.

But even given the consensus in this thinking, the ability to fully realize the promise of people-based marketing continues to elude most organizations. Part of the problem is that, as the marketplace evolves, marketers underestimate the level of integration and transformation required, both inside the organization and in tandem with partner organizations, to really capitalize on people-based marketing.

WORKING FROM **A SINGLE PLAYBOOK**

People-based marketing will create greater business outcomes by driving you closer to the true enterprise-level customer strategy that will differentiate your business from your competition. The core focus must be on integration. To be successful, you must have the ability to link the customer experience to data sourcing, data management, data insights, and data activation. You must coordinate your approach to customer acquisition and development, your agency relationships, media planning

process, communication design, audience strategy, technology platforms, data resources, analytic strategy, CRM and loyalty, and media and channel distribution. In short, you have to nail the integration, within and across your **customer strategy**, your **technology stack**, and your **execution**.

INTEGRATE YOUR
CUSTOMER STRATEGY
Aligning the master plan across your business

The purpose of the strategy is to drive closer relationships with your customers. And becoming people-first in your approach is a fundamental shift in your decision-making process. You will be able to identify the right customers who are likely to be receptive to your message; you will better understand customer needs and expectations; and you will be able to focus on responding to those needs on their terms. In a nutshell, this transformation will help you evolve your marketing strategy into a 360-degree customer strategy.

To prepare your organization for a people-based marketing transformation, a foundation of planning will be the basis of your customer strategy. It will help you build a picture of your desired audience, by studying your own customer data in conjunction with third-party data and customer-provided data. By understanding behaviors of those who already have a relationship with your brand, you can personalize your engagements in ways that will not only enhance the customer experience, but also create a roadmap for change that will improve your marketing results.

INTEGRATE YOUR
TECHNOLOGY STACK
Enabling the insight and execution

Often, organizations look at their technology stack simply as a set of components and platforms that are stitched together to execute campaigns. They may share some data, but their connections are not seamless, and their processes can be clunky. Each technology's

functionality is dependent upon every other component's successful execution, which can expose the stack to risks of inefficiency and poor performance.

To build an effectively integrated technology stack, you must have three primary components in place. The first is a platform for enterprise integration and access to data, which will bring multiple different signals together for a singular identity. The second is a facility for the real-time receipt and distribution of the customer profile, which will enable marketing agility and innovation. And the third component is a singular platform that leverages intelligence to guide the orchestration of your marketing strategy across channels and media.

INTEGRATE YOUR
EXECUTION
Taking your customer-based strategy to market

Organizational silos are counterproductive to a people-based marketing approach, as competing goals and success metrics lead to a disjointed and dysfunctional customer experience. But silos are inevitable, as is the temptation to jump into "fixing" mode. Before you do, make sure your team is grounded in a clear vision of the integrated customer experience and the enabling data and technology platform. This forms the basis of your plan, from which you can layer in the requisite people and process enablers. It's not as much about the organizational structure, or the technology you have, it's about how your teams work together.

Your first order of business is to assess your current level of maturity on a continuum from a non-integrated, tactical level to a fully integrated customer level. Next, you must address organizational considerations, by breaking down the barriers between silos, while leveraging the specialization and expertise they foster. The roles and responsibilities required to execute this new strategic approach, as well as the metrics for success, must be clearly defined and communicated and constantly measured.
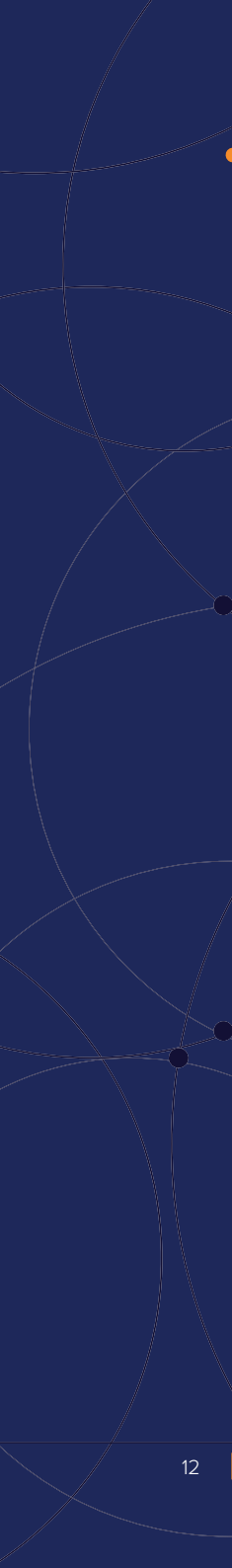
IMPERATIVE ONE

Integrate Your **Customer Strategy**

ALIGNING THE MASTER PLAN
ACROSS YOUR BUSINESS

As you start to think about your strategy to adopt a people-based marketing philosophy, you should challenge yourself to fully understand why.

People-based marketing is no small feat. It requires a fundamental shift across many areas of your marketing. That shift most often does not happen with one sweeping transformation, as ambitious minds once believed. But even the more common incremental approach takes time, budget, and buy-in. When your plan is backed by an integrated strategy that addresses real business challenges, your team is already set up for impactful success. The fact is that becoming people-first in your thought process, your organization, and your marketing will ultimately change how you make decisions. Focusing on people will make you more adept at responding to your customers' needs in a manner that they want versus the manner that you have wanted in the past. It will allow you to better understand their expectations by giving you information that you need about what matters to them. It will allow you to build informed interactions with customers who are responsive. Every organization that seeks this transformation needs to view it as a change from developing a **marketing strategy** to developing a **customer strategy**.

To get started on a people-focused transformation, you must take three important preliminary steps to prepare your organization for the journey. These efforts will inform the technology approach and organizational considerations discussed later in this book. They will ultimately represent the foundation of your customer strategy:

Build a picture of your desired audience

Understand your audience relationships and how you would like to change them

Create a flexible roadmap for change

BUILD A PICTURE OF YOUR DESIRED AUDIENCE.

The largest areas of opportunity for people-based marketing come from the ability to talk to individuals as if you know who they are and what value you can provide to them. In October 2017, Forbes magazine published a study of 1,000 shoppers and found that 49 percent of respondents bought items that they never intended to buy, because of a personalized recommendation that was made to them during their shopping experience. Of those who made purchases, only 5 percent later returned those purchases and 85 percent of those who made a purchase were happy with the item they bought and held positive feelings toward the store for making the recommendation. This is a real-life example of what having a customer strategy can do for your business. The net result here is not only positive from a sales perspective, but it also shows an increase in customer loyalty and a likelihood to repeat shop at the same store. This study proves that the more you know about the person and the more personalized the engagement, the better it will be for both parties. When you start to plan your customer strategy, the first step must be about defining the audience and unpacking what you know about them.

Understanding an audience requires that you have access not only to the information that belongs to you, but also to the information that others can provide. You need to source data that is relevant to your industry and product but also gives insight into the lives of your customers outside their relationship with you. You should look at things like their household profile (marital status, children, employment, homeownership, income, even where they spend their disposable income); online behaviors (the emphasis they place on their online social presence, the retail sites they frequent, any specialist online groups they belong to, the media content consumed, etc.); where they move about in the world throughout the day; and how they engage with other companies – your competitors, in particular. These are all examples of data that are readily available to marketers today but weren't as recently as

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49 percent of respondents **bought items** that they never intended to buy, **because of a personalized recommendation**

–October 2017, Forbes magazine

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five years ago. Take a responsible approach to data sourcing by performing the necessary due diligence when selecting suppliers. This will help you understand where the data was collected and ensure your application of it remains acceptable within the terms of use. Next, you need to develop an approach for filling in the gaps of data on customers that you would like to know better. Many marketers plan campaigns around customer acquisition or retention, but very few plan around a central view of customer insights. In order to build a customer strategy, you need to think about your relationship with your customers in a different way and start to build marketing programs that will provide increased insight into the things that matter to them. Consumers are often willing to

provide more insights into their personal information if they see value in what they get from the company in exchange. This can be something as small as a contest entry or something as valuable as cash back, travel rewards, or event access. The easiest place to recognize this type of exchange is in short-term promotions, where you ask the customer to give you some information in a value exchange for an offer or reward. For example, you may ask when they plan to buy a new car, what type of college their children are planning to attend, whether they need ideas for planning a home remodel, or whether they prefer beach or ski vacations. Each of these information-seeking interactions needs to be deliberate and, in EMEA, permissioned to fill in the parts of an audience profile that you currently don't have. Most importantly, each of these initiatives needs to be funded based on the value that data adds to your long-term relationship with the customer. As customer needs evolve, you should continually revisit the data that you are capturing and explore what new offerings could be important to your audiences. Think about how much has changed in the way consumers engage with retailers online and offline over the past 10 years. What was once a nice-to-have, like free shipping or buy online pick up in store (BOPIS) is now a necessity, and those brands that recognized this phenomenon early and built it into their customer strategy are the ones that have stayed ahead of the market.

In knowing your audience, you need to also realize that in the fast-paced world of incremental one-to-one conversations, you are not the only one trying to have conversations with them. In order to create more relevant dialog, you need to know who else is part of the conversation and what they are saying. You must incorporate into your decision making the full customer experience across your relationship as well as the relationship that a customer might have with your competitors. You have to stand out among the crowd, but at the same time, to be truly customer centric, you need to become a seamless part of the customer experience.

A full profile of your audiences will include a detailed understanding of how consumers are interacting with other companies in your field. In our addressable world, it has become increasingly

As customer needs evolve, you should continually revisit the data that you are capturing and **explore what new offerings could be important** to your audiences.

difficult to obtain detailed information about how competitors are approaching the market. Therefore, you need to think differently about your approach to collecting and analyzing competitive marketing efforts. Consider the forms of media your competitors are using to deliver their message. Answer the following questions: Are your competitors going broad or deep in their targeting? Are they spending more on personalized addressable media or more traditional forms? Do they treat all markets equally? Do they treat all audience segments equally? How does their messaging evolve when a consumer engages with them? These are the starting points of understanding your market more at a one-to-one level and filling in the picture of what else your audiences are seeing.

Taking a myopic view of your own marketing and customer relationships will almost certainly lead to failure. The more complete your picture of the full customer journey, the more effectively you can guide your plan. You will better understand how quickly you need to change, how personal your messaging can be without going too far, and how the overall customer journey is

UNDERSTAND YOUR AUDIENCE RELATIONSHIPS AND HOW YOU WOULD LIKE TO CHANGE THEM

According to Forrester Research, 94 percent of marketers are focusing on building better, more personalized customer experiences.[1] The conversation in this area over the past few years has focused mainly on assembling the technology required to enable the execution of people-based marketing. But technology alone will not solve the challenges of personalization. The nuances of personalization reach beyond capability; you should be focused on strategy. Consumers want brands to understand them better – to know when and WHEN NOT to approach them. Understanding this relationship with your customer goes well beyond personalization and gets to the point of an ongoing dialog. To establish this dialog, you need to set up processes that facilitate it:

[1]Betts, Andy. "A New Era of Personalization: The Hyperconnected Customer Experience." MarTech Today. November 16, 2018. Accessed January 15, 2019. https://martechtoday.com/new-era-personalization-hyper-connected-customer-experience-209529.

ASK your customers how they want you to talk to them.

FOCUS your planning around being responsive to customer actions.

BE FLEXIBLE in how and when you deliver messages and offers.

INTERACT with people in a prescribed manner that allows them to define their own path to your relationship.

REWARD that relationship with better experiences.

As you start to change your organization, you need to think about who your customers are and whether they are the right ones to help make your business successful. Too many companies focus on the short-term interaction and not enough on the long-term relationship. Of course, every CMO needs to be worried about how to drive success today, but people-based marketing and customer centricity are about both achieving incremental goals and understanding when to make the decision to focus on the quick hit versus the long haul. In concept, this means thinking about the types of customers you acquire and valuing them based on their overall potential relationship with your organization, not just the current transaction. Companies that take this type of approach continue to understand and focus on the full customer journey and report on the value of the long-term relationship along with the short-term success. This allows you to shift marketing dollars in a new manner that allows you to achieve the same short-term profit while reducing cost over time with repeat sales to the newly acquired customers. In other words, if you can acquire a single customer who will spend $100 with you today versus acquiring five customers who will spend $20 today but will come back time and time again over an extended period, you would certainly be better off as a business with the five customers than you would be with the one.

Develop a roadmap of the appropriate conversation points with each type of customer **(Figure 1.1**). Some customers take a long time to make a decision and still, in the end, make their choice based on price. However, some customers make very quick decisions, and price is the last thing on their minds. Build a messaging plan that informs your understanding of the following questions: Does quality matter to the person? Does she want to build a relationship or have a quick exchange? How will he make his decision? By understanding what both parties want out of the relationship, you can better plan the message you deliver, the value you place on the interaction, and its return to your bottom line.

Figure 1.1: Conversation Points Roadmap

CONVERSATION INITIATION

Brand Media

Customer LTV Model

Addressable Media

Define your audiences

Prescribe your messages

Optimize for engagement

RELATIONSHIP MATURITY

What is the customer asking?

How do we engage?

Where is the conversation?

Are we progressing the dialog?

When do we stop engaging?

Activate responsive media

Customize messaging based on environment

Value data and insight in relation to the audience

RELATIONSHIP ENGAGEMENT

Conversion Messaging

Life Cycle Investment

Addressable Media

Prescribe messaging by audience for each point

Become personal (not just personalized)

Identify the questions that will drive future interaction

CREATE A FLEXIBLE ROADMAP FOR CHANGE.

The last piece of developing an integrated strategy for the change you are undertaking is understanding what can/should be done now versus later. The degree of granularity you should employ in planning out your customer segmentation and journey-based messaging is dependent on factors such as the type of business you are in (retail loyalty or consumer packaged goods, B-to-B sales or B-to-C recruitment, nonprofit fundraising or patient services, etc.), the level of comfort your customers have in sharing data about themselves with you, and the level of change that is needed within your organization.

As you go down the path of change, you will find that it is better to move more deliberately and to allow your customers to provide you with the roadmap through their actions. Make sure the information you ask your customers to share is in alignment with what you can manage as a company. Ensure it focuses on areas where you have struggled to make choices about how to talk to people. Ask about how they want to engage with you (what platforms, what media, how often), what is important to them about the product, what would be helpful to them as they make their decisions, and then start to prompt them to provide the answers that you want to know. An operational decision tree **(Figure 1.2)** can be a helpful guide in this process.

Figure 1.2: Operational Decision Tree

Each audience will create its own path

AUDIENCE 1

FIRST ACTION

Type of action will determine your response

VISITS SITE

CALLS THE CALL CENTER

SECOND ACTION

Measure the interactions and build responses in accordance with audience behavior

CONTENT REVIEW

TIME SPENT

ACTIONS TAKEN

INQUIRES ABOUT PRODUCT PROPERTIES

REQUESTS INFORMATION

BUYS

SPECIFIC PRODUCTS

NEW PRODUCTS

IMMEDIATE ABANDONMENT

SHORT/LONG

REQUESTS INFORMATION

MAKES A PURCHASE

SIGNS UP FOR FUTURE COMMUNICATION

REVIEWS SPECIFIC NEEDS

DISCUSSES OTHER PRODUCTS

EVALUATES FITNESS

DROPS COMMUNICATION

RE-ENGAGES DIALOG

Determine the key influence points to success and build those into your Agile marketing sprints to test new responses

The largest concern here is that you try to go faster than your company can manage. The second concern is that you change too quickly for your customers to adapt. The point is to make a plan that has the flexibility to move at the pace that allows you to achieve small wins, change, and grow, but limits your risk of trying to become too familiar too fast. The best roadmaps for change are built with three-month cycles that gradually build to a long-term vision **(Figure 1.3)**. During those cycles, you identify three to five key learning objectives that are evaluated, and then you cycle with new objectives in the next three-month block. Think of it like Agile development for marketing.

Figure 1.3: Roadmap for Change

DAY 1
Define and prioritize a set of objectives
• Review current campaigns
• Analyze data gaps
• Create 30, 90, and 120 day goals

DAY 2-5
Establish teams and measurement
• Establish KPIs
• Define team needs
• Define learning agenda

DAY 6-12
Sprint initiation
• Activate project plans
• Create review cycles with key stakeholders
• Outline strategic roadmap and hypothesis

MONTHS 1-6
Run Sprint
• Implement strategies
• Report on results
• Adjust plans

MONTHS 2-7
Review learnings
• Evaluate hypothesis
• Report on results
• Identify new practices
* Identify new sprints

Implementation
• Build new standard practices
• Implement learnings
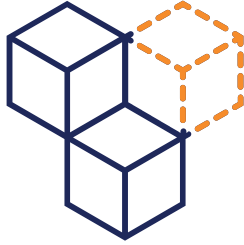• Create ongoing review cycles and reports

Integrate Your **Technology Stack**

ENABLING THE INSIGHT AND EXECUTION

# WHAT DOES IT MEAN TO INTEGRATE YOUR TECHNOLOGY STACK?

Many organizations tend to think myopically about integration. **"We have a group of technology components that we must wire together to create an integrated technology stack."** Each component is linked to another component, becoming infinitely more complicated with each connection made. In the end, they have a set of technologies that share some data but are highly dependent on every part of the stack to be successful. Any breakage limits the whole capability.

Truthfully, most organizations are even more simplistic. They move data through a series of manual, or partially automated, processes; it makes them *feel* like they are integrated. The latency of data and insights caused by this method of "integration" means they will be unsuccessful in staying ahead of their competitors. When organizations are focused on integration, they should be thinking about three primary components: a platform for enterprise integration and access to data, a facility for the real-time receipt and distribution of the customer profile and state, and a singular platform for the orchestration of the marketing strategy across channels and media. These components will ultimately be the key to enabling a people-based marketing strategy.

THE LINCHPIN TO INTEGRATION IS IDENTITY.

Before any organization embarks on a journey to integrate its marketing technology capabilities, it must have a strategy to manage and connect identity in any form. A person can be represented by many different signals: name, cookie, email, mobile number, device ID, and virtually countless others. The organization must contemplate how it will bring these different signals together to represent a singular person. This strategy will become one of the core drivers of success in your integrated platform. It will determine how successful you are at identifying the right people to engage, finding them to deliver a message, and determining the success of your engagement. Any weakness in the identity strategy will manifest itself in all your marketing efforts. In addition to improving or limiting your success in marketing, it is the vehicle to operational compliance across a myriad of existing and future data privacy and security regulations.

The identity strategy goes much further than the accumulation of customer identifiers on people that transact with or engage your brand. Your identity strategy, and ultimately capability, must consider the relationship of all your first-party identifiers to the wider ecosystem, through connections to second- and third-party players. You must also deploy indirect strategies that will extend the number of connections that can be made. Without them, many organizations fail to understand the impact of their decisions. An identity strategy must be built with a privacy-by-design approach in order to address potential privacy and data protection concerns. Placing individuals at the center of the strategy and
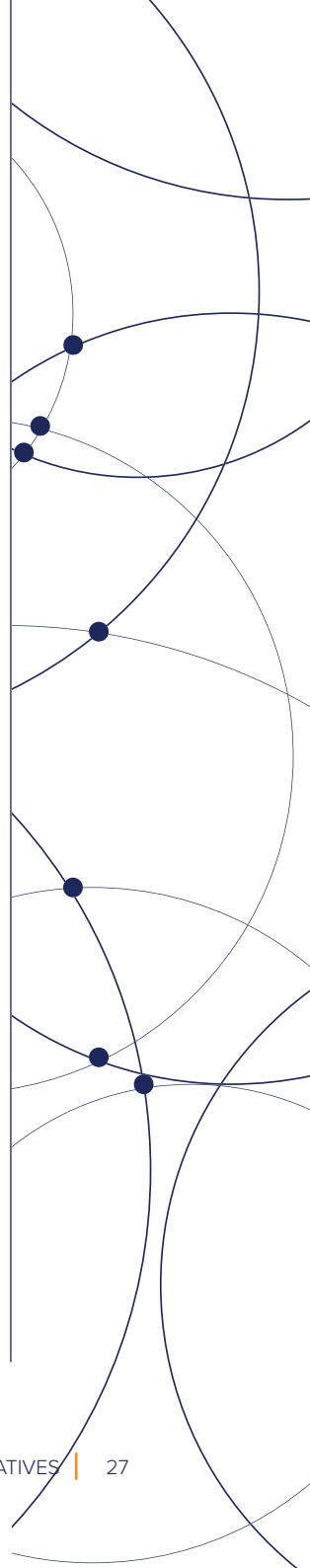
respecting principles of transparency, notice, choice, and control will minimize the risk of reputational and regulatory damage to your brand. One example is the use of a common publisher for all mobile apps to ensure commonality of the identifier for vendors (IDFV) on iPhones. Provide individuals with easy-to-understand information, up front and in advance of collection or processing. In addition, give them appropriately granular choices relating to the potential marketing activities. This will not only support meeting regulatory requirements, but it will also build trust with your audiences. If you get your identity strategy right, it will enable the widest leverage of your data and insights to power engagements on and off property. It will also enable you to connect all the disparate engagements into a singular journey to create relevance with the consumer and to measure the efficacy and efficiency of your marketing.

AN INTEGRATED DATA PLATFORM POWERS BUSINESS AGILITY AND INNOVATION.

Marketers tend to look at the integrated data platform as a database. It becomes a singular, monolithic object to store and manage data for the marketing organization, and unfortunately, it also becomes the boat anchor, inhibiting massive leaps forward in marketing efforts. The principle purpose of the integrated data platform should be to enable marketing agility and marketing innovation. The platform should have an integrated data asset encompassing all knowledge about the consumer or business. It should comprise a set of tools that enable the creation of insights and advanced learnings to drive the marketing effort forward. It should be architected in a way that allows for rapid change to data and structures and enables the widest access to data when appropriate.

Today, there are many technologies that allow marketers to achieve this. These technologies help break down IT paradigms of the past, which limited us. With cloud platforms, data redundancy is less of a bad word. You can rapidly stand up and tear down environments to explore, understand, and access data. You can use tactics to create many smaller data objects to support specific use cases.

This, in turn, allows you to slow the accumulation of technical debt through reduced complexity, while spreading any accumulated debt over more objects. Overall, these new principles allow the IT organization to move more nimbly in serving the business. They also allow businesses to innovate and iterate without the burden of long-term costs associated with hard assets. That burden can become heavy if the original business idea fails.

The data platform is not just a container for data. Marketing innovation is rooted in our ability to explore and understand the data, and the platform should have a set of tools and processes that enable data scientists and marketers to harvest the most valuable insights from the data. Such tools allow rapid visualization and understanding of the entire data asset and processes that leverage machine learning (ML) and artificial intelligence (AI) to augment efforts in data exploration. There is a common fallacy when it comes to AI and ML that somehow these will eventually replace the need for data explorers, and it is simply not true. True power in the art and science of data comes from the machine and the human working together to create insights to enable marketing.

UNLOCK THE MARKETING TECHNOLOGY STACK THROUGH CENTRAL DATA FACILITY.

The idea of an integrated suite of marketing technologies to meet all the needs of the marketing organization, delivered by a single

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The data hub comprises three core capabilities: the rapid access to data, the management of identifiers for a person, and a defined set of integrations for easy connection to the ecosystem.

Figure 2.1: Consumer Data Platform

INSIGHT MANAGEMENT
- Insights
- Analytics & Reporting

OPERATIONAL EVENTS
- Events
- Operational Insights

RECEIPT & DISTRIBUTION
Audience Data Hub

DECISION MANAGEMENT
- Inbound Engagement
- Outbound Arbitration

AUDIENCE GENERATION
- Campaign Tool
- Customer Exploration

SINGLE FOCUS POINTS

Identity Resolution
A key ring for all first-party digital identifiers

Journey Tracking
Capture of events associated with each engagement

Customer Profile Distribution
Robust data sharing for profile, segment, and state

Cloud-based, Marketing Controlled
Low IT investment for management and implementation

provider, is a pipe dream. As a result, you must create a structure to integrate a disparate set of components provided by different vendors. The key is that each component of the technology stack must have access to the most up-to-date customer profile and customer state. Access to this information will allow each component to create highly relevant engagements with the consumer. You must have a centralized receipt and distribution facility for customer profiles and states. To accomplish this, a data hub is created to distribute rich profiles and states to the channels and media through which people engage. This data hub enables every part of the marketing technology ecosystem, providing a common understanding of the person to promote relevance and continuity of the message.

The data hub comprises three core capabilities: the rapid access to data, the management of identifiers for a person, and a defined set of integrations for easy connection to the ecosystem. These capabilities allow the hub to receive and distribute data to all components in the ecosystem. Any time there is a change in data or consumer state, the hub is informed. So, when an engagement happens at another point, the hub can provide the data from the previous engagements. The data hub becomes the brand's memory of consumer engagement. This creates greater levels of personalization and relevancy. Interestingly, these hubs also play a role in sharing data across lines of business and companies. The data hub can also support information management obligations and maintain records of how an individual's information may have been processed. They are taking an increasingly prominent position in the stack. In today's technology market, the role of the data hub is being played by consumer data platforms (CDP), illustrated in **Figure 2.1**.

One other important function of the data hub is the management and association of identifiers into a key ring **(Figure 2.2)**. The key ring allows us to select the most appropriate key, or identifier, to exchange data with the data hub. This includes both the receipt and distribution of data from the hub. The hub will manage this

Figure 2.2: The Key Ring

Use native identifiers to send and receive data

Customer ID · Social ID · Device ID · Cookie ID · Email Address

To access and update the customer profile

CONSUMER PROFILE

key ring over time as it receives data from the different parts of the ecosystem. It will maintain the association of the data to the individual identifiers. This allows the data hub to exchange data via a currency that is completely understood by the receiving component. It minimizes the effect of identifier synchronizations and imperfect matches across the ecosystem. A good example of the challenge is the data management platform (DMP). These platforms force you to engage and associate data through the DMP identifier. This, in turn, forces the synchronization of all other identifiers to the DMP, which is difficult and, in many cases, unsuccessful. High value should be placed on the ability of components to use native key exchanges versus forcing a specific identifier. Ultimately, native key exchanges will be much more successful in data sharing.

CREATE INTELLIGENT ENGAGEMENTS WITH A SINGLE DATA OPERATION ENGINE.

Today's marketing technology ecosystem forces organizations to implement the people-based marketing strategy across a disparate set of tools. In implementing this strategy, they hope to create a unified approach that is coherent and continuous, but often it is oblivious and conflicting across channels. To alleviate this problem, you must implement a singular engine to orchestrate the primary strategy and enable channels and media to leverage its intelligence to guide engagement. This engine becomes the platform to operationalize marketing strategy and analytics. In the end, the platform enables a common strategy to arbitrate outbound communications and determine the next best action.

There is a convergence happening in the technology market. Campaign management tools for the creation of audiences for outbound messaging are merging with decision management tools for determining the next best action for an inbound engagement. Once the merger completes, you will have a singular engine that takes all engagements across channels and media into consideration when determining the next optimal move to make with a consumer. This engine becomes the single canvas to implement a holistic people-based marketing strategy. Its role in the ecosystem will be much like the data hub. The decision hub will be the central point to which all ecosystem components call back to get the most intelligent decision around the next consumer engagement. It will also be the main point for shared AI and ML processes. Today, the end points have developed AI and ML as separate components to serve a specific need and not as a shared intelligence. The decision hub will not ultimately replace the channel and media-specific capabilities; instead it will make them smarter.

There is a lot of complexity driven into each component of the marketing technology stack, and there is a high degree of grey in understanding the exact role of each component. But in the middle of all this is a subset of capabilities that are becoming the fulcrum

components. Those components are the key ring, data platform, data hub, and decision hub. These pieces will tie the disparate parts of the ecosystem together and allow multi-vendor technology stacks to work in harmony through a common set of data and intelligence. This subset of components is the integration stack, and it should be a key focus of the marketing technologist. The integration stack will unlock the marketing technology ecosystem to drive highly relevant and meaningful engagements with people.

It is also important to note that, while the integration stack plays a key role (it encompasses the internal connections and pipes of the marketing technology stack), you must also have a strategy for the technologies that create the experience at the point of engagement. These technologies are equally important. They are the expresser of your brand and create the connections to the people that engage with your brand.

IMPERATIVE THREE

Integrate Your **Execution**

TAKING YOUR CUSTOMER-BASED STRATEGY TO MARKET

Departmental silos exist, to some degree, in every organization. And silos can be the downfall of a successful people-based marketing approach.

Competing organizational goals and objectives lead to disconnected customer experiences. The inclination is to take action and try to break down the silos. You are tempted to jump hastily into "fixing" mode. Before you do, make sure your team has established a clear vision of the integrated customer experience (Imperative #1) and a basic understanding of the data and technology components that enable it (Imperative #2). This effort also requires an executive sponsor, who is passionate and committed to seeing the transformation through. Sponsorship differs from permission, in that with permission, an executive is passively allowing you to pursue this initiative, while sponsorship means an executive is actively involved in the program and helping you deal with the barriers along the way.

Now you're ready to plan how you will execute. A useful tool to guide this process is a journey map that documents the desired future-state experience across

the customer life cycle and defines the requisite enablers. At each stage of the journey, start with insights about the customer's needs and pain points, and build a description of the desired cross-channel experience. From there, establish the enabling capabilities by filling in the blanks: "In order to deliver **customer experience**, we need to capture, leverage, and store **data elements**, supported by **technology, analytics & measurement**, and **people & processes**." This ensures that enhancements are linked to a specific outcome. The journey map then serves as the foundation of a detailed development roadmap that lays out the supporting workstreams, activities, dependencies, and milestones.

Figure 3.1 – Journey Map and Enablers
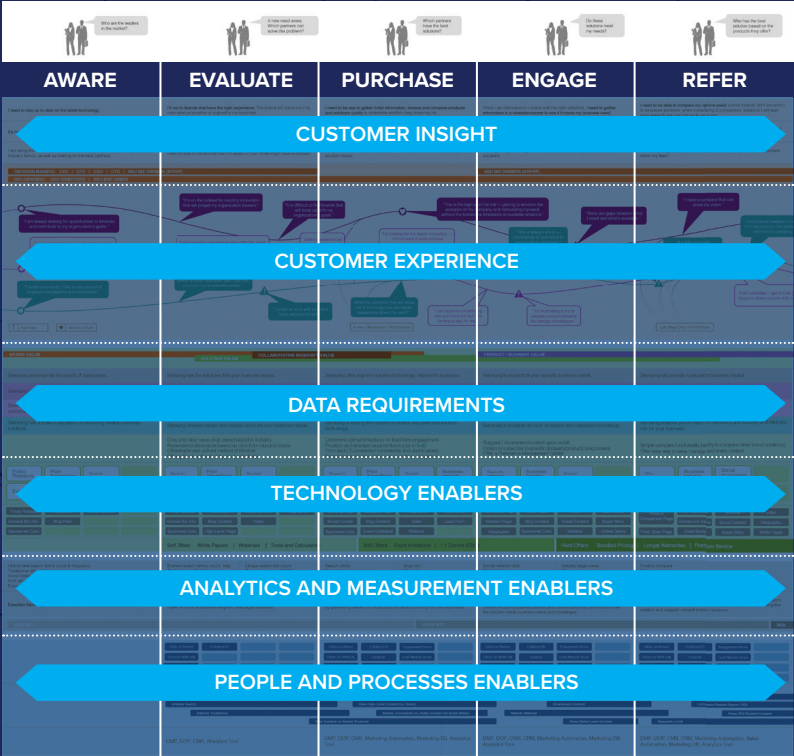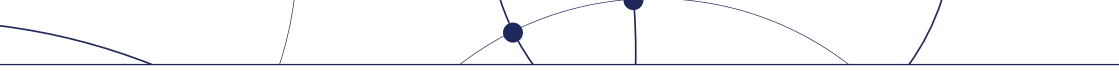
ASSESS YOUR CURRENT STATE OF INTEGRATED MARKETING MATURITY.

Attaining customer centricity is on the mind of every marketer, but most organizations are far from this ideal state, falling into one of five stages of maturity. The maturity model depicted in **Figure 3.2** spans from stage 1, which is an optimized, but non-integrated, state at the tactic level, to stage 5, which is the highest level of maturity with integration at the customer level.

Against this five-stage maturity scale, most companies are operating at a stage 1 or 2, where integrated experiences are restricted

Figure 3.2 – Integrated Marketing Maturity Model

1.
TACTIC
Optimization of single messaging type, across outbound channels

2.
CAMPAIGN
Integrated messaging across channels for a campaign

3.
PRODUCT LIFE CYCLE
Coordinated across the life cycle and across channels for a product

4.
CHANNEL
Prioritization of messaging within a channel, across products

5.
CUSTOMER
Orchestrated across channels, products, at customer level

Enablers to Maturity

Advanced Analytics and Measurement

Integrated Data and Technology Platform

Integrated Data and Technology Platform

Governance and KPIs

to the tactic or campaign level. That's because it's much harder for marketers to expand beyond areas that are not under their direct control or where they do not have significant influence. As aspirations for connectivity move past the campaign level and the limitations of linking a handful of outbound channels, the challenges of coordinating with other channel owners and product owners can become overwhelming.

Moving to the next stage of maturity will demand a focus on enhancements to enabling capabilities. To move from tactic-level to campaign-level integration, you must develop advanced analytics and measurement capabilities that will help you understand the contribution of different channels and refine the channel mix. The next stage is product life cycle integration, which will need to be supported by data and technology platforms to orchestrate different communications across all channels.

The toughest leap will be moving to the channel and customer levels of integration, where business and channel owners will need to come together and drastically change the way they work today. At this point, the foundational capabilities of analytics, data, and technology will need to be well developed, and the focus will shift to organizational factors.

The biggest point of resistance will be at the business level. This is where there will be perceived winners and losers, as the number of potential messaging impressions and campaign universe sizes are redistributed based on enterprise-level prioritization rules. A truly integrated approach will not only require people and process changes, but also the direction of a senior executive-driven governance structure and supporting customer-centric KPIs and incentives. New metrics are essential to this shift and must match the desired behavior; business owners can't simultaneously be held to existing product-level KPIs, while also being expected to execute at the customer level. This isn't just a marketing or IT project; it's about driving change across the organization. The aforementioned leadership of an executive sponsor is required to corral participation across business groups and functional teams.

HOW TO GET THERE: BRIDGING (VS. BREAKING) THE SILOS

Now that the overall strategy is in place, and you understand your current state of maturity and what's required to progress forward, it's time to choose how you will organize for customer centricity. A complete re-org is not a consideration for most companies. Also, while the idea of breaking down silos may sound heroic, keep in mind that your silos originally emerged from a need for specialization and deep expertise. That need doesn't disappear with a people-based marketing strategy. With a mindset of bridging (vs. breaking), you will likely realize that the problem is not with the silos themselves, but the barriers to cross-team coordination and collaboration that they create.

What does an integrated marketing team look like? There are the familiar constituents, including strategy and planning, insights and analytics, which are likely already aligned to or reside within the marketing organization. It should also include channel experience delivery and marketing technology. These functions have typically operated as a service provider to marketing, brought in at the end to execute against a predefined strategy. Now, they need to become integrated into the overall planning and prioritization process from the outset. Finally, there will be a customer interaction management function, which will be new to most companies. The responsibility of this team is to look across channels, guide prioritization of messaging across products, and design marketing programs from the customer's perspective.

One pitfall is that conversations around organization quickly turn into emotional debates about reporting structure and "who owns what." As much as possible, avoid these decisions until there is a clear understanding of what needs to be done. In a perfect world, all the related functions and capabilities would sit under a single, centralized, smoothly functioning team. However, based on existing organizational constructs (e.g., B-to-B vs. B-to-C, geographic areas) and the unwieldiness of a massive, all-in-one organization, the reality is that the groups may wind up under different

leaders. Collaboration will not come naturally and will require the construction of clearly defined roles and processes and an overarching governance framework to drive an integrated approach **(Figure 3.3)**.

Figure 3.3 – Integrated Marketing Team

STRATEGY & PLANNING	Business Objectives and Priorities

- Establish overall marketing objectives
- Determine budgets based on expected business outcome
- Own product life cycle strategy and priorities
- Liaison to the product/line of business owners, "experts" from a business perspective

INSIGHT & ANALYTICS	Customer and Marketing Program Insight

- Understand customers and their behavior
- Provide analysis and insight into success of commercial, audience, and channel KPIs
- Build targeting and propensity models
- Provide recommendations to improve customer strategy effectiveness

CHANNEL EXPERIENCE DELIVERY	Channel Efficiency & Effectiveness

- Ensure capacity and capability exists to successfully execute customer strategies
- Align channel and audience objectives
- Define and recommend incentive models where applicable
- Drive culture change in channels to support customer strategies

MARKETING TECHNOLOGY	Integrated Technology Enablement Platform

- Build and maintain all integrated marketing platforms: data, decisioning, and campaign
- Collaborate with teams to identify new integrated capabilities
- Liaison to enterprise IT team to maintain integration with overall technology platform & plans

CUSTOMER INTERACTION MANAGEMENT	Customer Experience and KPIs

- Define and execute strategies to deliver integrated customer experience and programs
- Maximize customer lifetime value (LTV)
- Responsible for the orchestration and prioritization of communications, across product lines

CASE STUDY

26%
increase in
incremental revenue

66%
reduction in campaign
cycle time

A major regional financial institution wanted to drive greater customer centricity in its marketing programs but had to maintain focus on the goals of its different business lines. Action had to be taken toward integration to support the design and deployment of a decisioning platform that would drive the prioritization of offers and messaging across all products.

To address this gap, a small team of interaction managers was created, responsible for directing the customer experience across channels and products. These managers sit alongside their existing business strategists as part of their overall integrated marketing team. In addition to keeping an eye on the overall experience, interaction managers also collaborate with the analytics team to define and manage rules for the organization's decisioning engines.

This team was assembled in a matter of months, and a year later, the performance of integrated, customer-centric campaigns has driven an increase of 26 percent in incremental revenue, with a reduction in campaign cycle time of up to 66 percent.

REDUCE THE COST AND BARRIERS OF COORDINATION.

Once you understand the roles required to support an integrated marketing organization, it's time to define how the teams should work together. This begins with an evaluation of what is and isn't working in today's processes. This activity benefits from the objectivity of someone outside of your team, such as a trusted external partner with deep executional expertise. This consultant can provide a broader perspective of how other companies have tackled similar challenges, as well as help prepare you for the common pitfalls.

Attempting to drive integration without a well-designed process and clearly defined roles and responsibilities will exacerbate any existing pain points. The example in Figure 3.4 is a simplified illustration of the output of a workflow evaluation exercise. For each step of the marketing program development process, identify any inefficiencies or bottlenecks and whether they have an impact on total full-time employee (FTE) hours, time to market, and/or potential revenue. If possible, it's worthwhile to take the extra step of quantifying the impact from a cost and revenue perspective. Because organizations gravitate toward the comfort of inaction and staying with the status quo, having numbers to support your case for change can make the difference between action and inaction **(Figure 3.4)**.

Once the pain points are identified and quantified, the next step is to understand the underlying causes. There are different ways to do this. A preferred method is the use of root cause analysis. Simply put, it's about asking "Why" multiple times to drill down to the origin of the issue. From there, you can avoid wasting effort on only addressing the symptoms by rectifying the core cause. Some common root causes from which most pain points stem include: data/technology restrictions, limited resources, misaligned incentives, poor communications, and cultural biases.

Figure 3.4 – Pain Point Identification in Current-State Workflow

STRATEGY	PLANNING	DESIGN	DEVELOPMENT	REVIEW

Channels not engaged in planning

Delays due to conflicting channel execution priorities

Lengthy approval

Inconsistent project management processes and lack of workflow management tool

Frequent execution errors

This example illustrates how inefficiencies might be identified and their possible business impact.

INCREASE FTE HOURS	+ 85 FTE Hours
INCREASE TIME TO MARKET	+ 10.2 Days Time to Market
DECREASE POTENTIAL REVENUE	- 25% Revenue Potential

EXAMPLE

Here's an example of a root cause analysis flow:

Our pain point: Digital campaigns are often delayed.

WHY ARE YOUR CAMPAIGNS DELAYED?

• The site team doesn't get to our requests for creating landing pages in a timely manner.

WHY DON'T THEY GET TO YOUR REQUESTS?

• They have limited resources who are focused on different priorities.

WHY ARE THEIR PRIORITIES DIFFERENT THAN YOURS?

• We're measured by maximizing number of new accounts; they're measured by site engagement, so their focus is on building content.

The natural inclination is to dwell on what's not working, but it's just as important to identify the bright spots. Consider past accomplishments in integrated delivery or customer-centric innovation from which you can learn and build upon. Often these are small wins that might otherwise go unnoticed, but they can become the building blocks of a broader transformation effort. This could be an existing process that's running smoothly, an ad hoc approach that can be formalized and adapted to other situations, or even the involvement of a team member who is a respected influencer and change agent.

EMBRACE NEW WAYS OF WORKING TOGETHER.

It's all too easy to revert to old habits. Success will require the organization to stay on course and commit to new norms by adopting these principles of integration:

1. **People based by design** – Communications are designed as part of a broader customer conversation that spans all touchpoints. Campaigns and experiences are personal, contextual, and aligned to customer-level KPIs.

2. **Insight (not instinct) led** – Personal preferences and opinions are replaced by data-driven, insight-led decisions. Reporting and analysis are timely and readily available to inform communication strategies and investment prioritizations.

3. **Collaborative planning** – Relevant channel and product stakeholders are engaged early in the planning process, with forums for teams to provide input and feedback as well as an escalation process to resolve conflicts.

4. **Streamlined approval** – While teams will provide input, there should ultimately be one clearly designated decision maker based on the respective domain owned by the team. To maximize productivity, meetings should be reserved for issues that require an in-person discussion.

5. **Adaptive mindset** – Operational teams use Agile methods to execute quickly and efficiently, and to review results early and often. Once the overall strategy is defined and agreed to, teams are empowered and expected to make continuing adjustments and optimizations in their areas of responsibility.

CONCLUSION

You've accepted the fact that a people-first approach to marketing is the only way to gain competitive advantage in a market dominated by consumer choice and preference.

But the path to people-based marketing is long and winding, and it's littered with potholes and roadblocks. The prospect of transformation can be daunting, and not knowing where to start can result in paralysis, allowing the rest of the market to pass while you're standing still. It's time to step back and start with the basics. Make incremental progress as you weave together the components of your strategy. Success depends on skillful integration within and among three key aspects of the marketing approach. Start with an **integrated strategy**, where you're constantly honing that 360-degree view of the customer strategy. Next, focus on building a fully unified **technology stack** that will enable the strategy across media and channels, throughout the customer life cycle. Then rally the team to **execute** with a clear vision of the desired customer experience, and clearly define, communicate, and measure every role and goal along the way.

Using data and insights to build that complete customer view, you'll be able to create personalized, informed messaging that differentiates your business and solidifies your most valuable customer relationships for the long haul.

CONTRIBUTORS

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ABOUT MERKLE

Merkle is a leading data-driven, technology-enabled, global
performance marketing agency that specializes in the delivery
of unique, personalized customer experiences across platforms
and devices. For more than 30 years, Fortune 1000 companies
and leading nonprofit organizations have partnered with Merkle
to maximize the value of their customer portfolios. The agency's
heritage in data, technology, and analytics forms the foundation for
its unmatched skills in understanding consumer insights that drive
people-based marketing strategies. Its combined strengths in
performance media, customer experience, customer relationship
management, loyalty, and enterprise marketing technology
drive improved marketing results and competitive advantage.
With 6,800 employees, Merkle is headquartered in Columbia,
Maryland, with 19 additional offices in the US, 21 in EMEA and 12 in
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The Marketing Imperatives have evolved over the years, but the concepts remain relevant today.

2017
The Activation of People-Based Marketing

2016
Conquering People-Based Marketing

2015
Mastering the Addressable Customer Experience

2014
The Rise of the Platform Marketer

2013
Connected CRM

2012
Blueprint for CMOs

INTEGRATING TO TRANSFORM

THE CMO'S ROADMAP TO PEOPLE-BASED MARKETING

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