Digital Transformation Journey:

Brands' Secret Weapon to Combat Marketing Disruption

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Edelman **Digital**

How the Digital Transformation Began

Consumer, customer and employee behaviors continue to evolve along with technology while marketing remains in the crosshairs of disruption. The evolution started with the internet, but has accelerated due to social, mobile and the promise and perils of automation. To understand where a brand's Digital Transformation goes next, we must take a moment to review how we got here.

Web: Organizations Grapple with a Worldwide Network

The internet evolved by organizing the Worldwide Web via browsers and search engines. Businesses began migrating services and products online while updating their internal tech infrastructure (CRM, CMS etc.) to compete. As technologies and infrastructure improved, such as WiFi, and friction/barriers were removed via cost, this stage gradually went from experimental (pre-dotcom bust) to mainstream. As new digital behaviors emerged, brands and organizations had to "stake their claim" on the Worldwide Web.

Social: Brands Pivot to Connected Customers

With the infrastructure and technology of the internet in place, the stage was set for social. Chat rooms expanded beyond early providers such as AOL, and a phenomenon known as the "blogosphere" gained traction allowing anyone to publish. Early social networks such as MySpace and Friendster helped Facebook and Twitter gain traction through the proliferation and acceleration of mobile technology. "Social" proved to be disruptive, as anyone could have a voice and opinion and brands were challenged to be relevant on platforms where people spend their time and attention. Expectations of customer response have also become part of the social era taking place of private e-mail or phone interactions with customers. The result? A revolution of the customer experience and modern communications.

Mobile: The Always-On Consumer, Customer & Employee

One of the most powerful shifts of our time is the mainstreaming of mobile technologies and behaviors, resulting in supercharged connectivity and mobility for anyone with a handheld device. As organizations continue to operationalize business functions based on a workforce, changes must be implemented across people, process and technology. Facebook notoriously re-positioned their business functions to operate as a "mobile first" company. Today's organizations find themselves solving similar problems despite not being a technology company.

The Next Phase of the Digital Transformation

We're now seeing the next wave of Digital Transformation take shape. Already, companies which have transformed their business models to meet the needs of digitally empowered customers now find themselves in competition with new business models built upon marketplaces. Three new disruptions are forcing brands to undertake the next phase of their Digital Transformation:

The On-Demand Expectations of Consumers

Apps, automation, artificial intelligence, mobile connectivity and a mature tech infrastructure allows consumers to get what they want, when they want it and how they want it like never before. These elevated expectations are highly disruptive for brands who are now dealing with loyalty based on responsiveness, convenience and a customer experience that feels frictionless and on-demand.

The Complete Fragmentation of Media

With ad blockers, false reporting bots, a decline in traditional television viewing, the rise of digital video and influencers in play—marketing has finally been hit by the meteor it always knew was coming. Media is completely fragmented and programmatic solutions have resulted in unfortunate ad placements that put a brand's reputation at risk. The benefits of data driven insights have yet to deliver on its potential. Marketers must adapt or die in the pursuit of finding new ways to reach and engage audiences at scale.

The Activist Economy

On the cultural front—consumers are not only empowered to behave as activists thanks to social media—they are now polarized and motivated to do so and no brand is immune. Millennials in concert with today's polarized environment are causing brands to anticipate and respond to consumer's needs in ways that transcend transactions and even emotions. Brands increasingly find themselves associated with societal issues where consumers, employees and even media demand to know their stance. In this economy, brands will be forced to re-examine and re-align their societal values and not just the value proposition of their products.
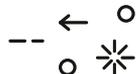
Transformation Imperatives: Speed, Personalization & Always-On

Speed
53% of customers expect a social customer service response in 1 hour or less.

Personalization
53% of customers expect responses to be tailored to their needs and issues. Customers do not want to re-explain the issue.

Always-On
57% of customers expect a social customer service response in 1 hour or less.

Fig 1.0: *Speed, personalization and always-on dynamics dominate the evolution of customer expectation*

Consumers now expect immediate response (speed) to customer service requests on social media and they would rather engage digitally as opposed to pick up the phone. While viewing video on "traditional television" is on the decline—digital video viewership and engagement is exploding thanks to social apps and players ranging from YouTube to Facebook to Netflix. As digital video demand and consumption explodes—the pace for advertisers to monetize this has not kept up.

"The benefits of data driven insights have yet to deliver on its potential. Marketers must adapt or die in the pursuit of finding new ways to reach and engage audiences at scale."

It's Not a Map, It's a Journey

To meet today's newest dynamics in combination with yesterday's continued evolution—brands must prioritize and view change as a Digital Transformation Journey ("DTJ") and understand how it will help them reach tangible goals. There is no one single roadmap for an organization looking to tackle change through Digital Transformation. Each organization's unique culture, goals, hierarchy, technology infrastructure etc. play a role in how their organization will evolve over time. For some, the transformation will be rapid and bold and for others gradual. Our experience has been that the most Successful Digital Transformation Journeys are just that—a longer term commitment, driven by a vision and supported by empowered executives across the organization. Viewing Digital Transformation as journey (in some cases never-ending) mirrors the pace of change caused by digital itself. And every organization will navigate that change differently.
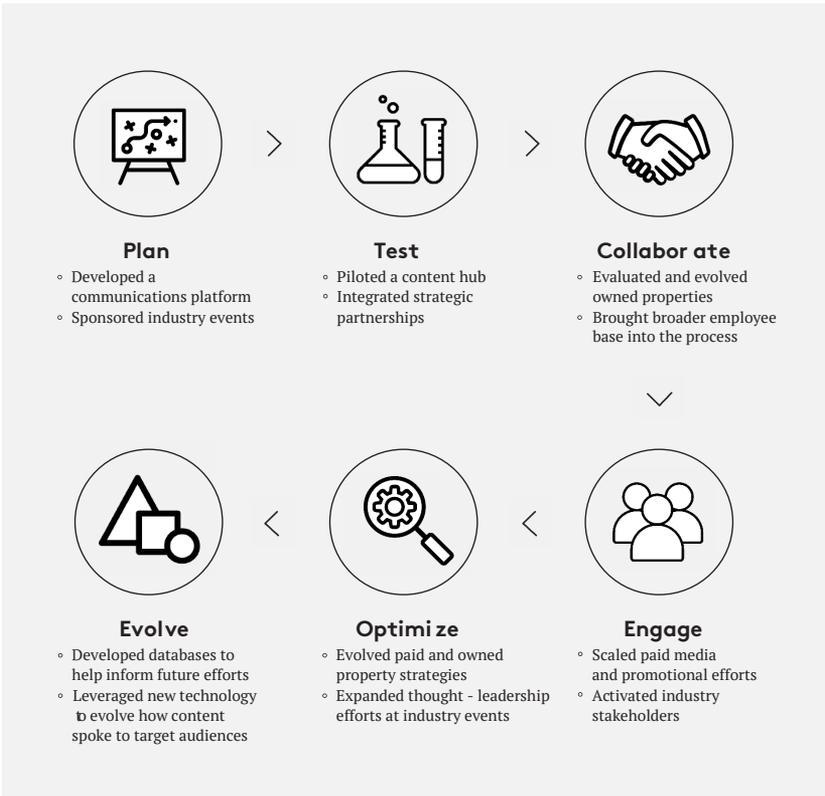
Fig 1.1: *An example of how a Digital Transformation Journey evolves an organization's marketing and communications responsiveness.*

Plan
- Developed a communications platform
- Sponsored industry events

Test
- Piloted a content hub
- Integrated strategic partnerships

Collabor ate
- Evaluated and evolved owned properties
- Brought broader employee base into the process

Evolve
- Developed databases to help inform future efforts
- Leveraged new technology to evolve how content spoke to target audiences

Optimi ze
- Evolved paid and owned property strategies
- Expanded thought - leadership efforts at industry events

Engage
- Scaled paid media and promotional efforts
- Activated industry stakeholders

"There is no one single roadmap for an organization looking to tackle change through Digital Transformation."

Navigating the Journey:
People, Process and Platforms

At Edelman, we've seen our clients grappling with Digital Transformation in a variety of ways—from new marketing processes needed due to shifting ad dollars, to operations optimized to perform influencer marketing at scale, to the social customer experience and generally executing marketing at the speed of digital. We advocate for a "three Ps" model that puts people at the center of the solution and addressing specific wants and needs whether those people be the end consumer or an employee. Our assessment is that large marketing operations often look to new technology solutions or process before understanding the needs of the people and culture of the organization. With people at the center—Digital Transformation can take root in ways that evolve marketing operations and integration across the organization.

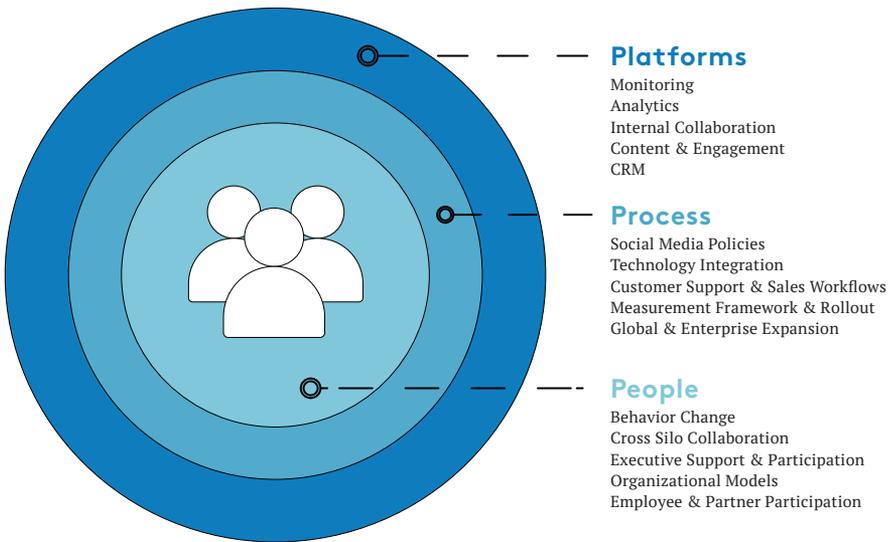## We Start With People. Digital Transformation Follows.

Platforms
Monitoring
Analytics
Internal Collaboration
Content & Engagement
CRM

Process
Social Media Policies
Technology Integration
Customer Support & Sales Workflows
Measurement Framework & Rollout
Global & Enterprise Expansion

People
Behavior Change
Cross Silo Collaboration
Executive Support & Participation
Organizational Models
Employee & Partner Participation

Fig 1.2: *Putting people at the center of Digital Transformation Initiatives helps build a strategic foundation*

People

Digital Transformation From the Inside Out

Digital Transformation is as much an internal initiative as it is an external one. While Digital Transformation is hot on the minds of CMOs, it often involves the participation if not co-leadership of CIOs and CCOs. From intranets, to solutions aimed at targeting the limitations of e-mail—we see signs of Digital Transformation accelerating at both the employee and even front line worker part of the organization. As organizations evolve and begin to operate at the speed of digital, the way employees engage and interact across the organization is, too, evolving. This evolution happens across four key areas:

Education   Information   Distribution   Collaboration
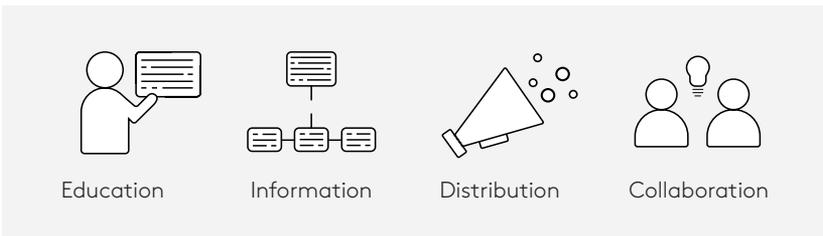
Fig 1.3: *Digital Transformation from the inside out*

To fully engage in the digital transformation journey, employees need to be educated on the change, access information seamlessly, and collaborate across silos. Organizations must find new ways to distribute key content across the workforce as it evolves.

Executive Sponsorship & Buy-In Are Key

Digital Transformation is everyone's job in the organization. It takes evaluating roles and responsibilities. It requires both an executive champion in the organization to navigate internal dynamics and a driver who coordinates resources to get it done. In Altimeter's 2016 State of Digital Transformation Survey—34% of participants polled stated that it was CMO that largely leads Digital Transformation efforts. A recent article in The Harvard Business Review stressed that CEOs must prioritize Digital Transformation. Our experience has been that actionable Digital Transformation initiatives reflect the support of the CEO, the sponsorship of the C-Suite and the empowerment of multiple teams working across the organization to realize tangible progress.
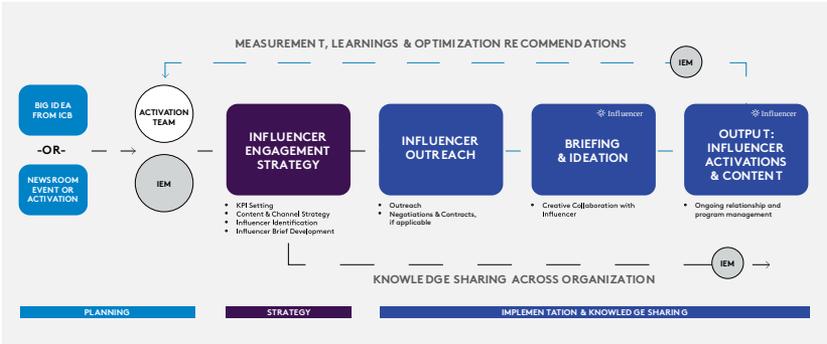
Process

Influencer Engagement Council Oversight

Fig 1.4: *Operations model for influencer marketing workflow*

Process & Structure to Support the Customer Experience

New processes and internal organizational re-structuring may be required to move the organization closer to align with how their customers want to engage. A solid grasp of the customers' non-linear journey is a fundamental starting point for operationalizing Digital Transformation in this area.

Use Data to Inform Actionable Insights

Increasingly, organizations must decipher real time data from search and social channels as part of its broader data ecosystem (CRM, Shopper Marketing, etc.) Data displays, dashboards and algorithms must also be deciphered by human beings who can surface meaningful insights. These insights must then inform activations in order to validate hypothesis. The activations then should be looked at and optimized based on performance. This cycle becomes the operating system for the marketing organization which can evolve over time.

Fig 1.5:* Barilla's "Listening Room" is a global network of specialists who analyze brand and category trend across search, social and media data and work with data specialists through organization to inform decisions.

Platforms

Technology platforms should enable change, not drive it. They must be aligned with the goals, culture and needs of the people who use and benefit from them. Some brands will need to prioritize technology platforms based on legacy systems and compatibility or contracts while others are able to mix, match and build custom solutions. In our work with the U.S. Dairy Industry, it was imperative to develop a social intranet solution built on multiple enterprise technologies. We customized the solution and ensured it could integrate with other platforms to both display data and have the ability to share content outside the system. It not only met technical needs but also combined best in breed functionality and features based on user needs. For example, the solution for supporting both social-threaded interactions as well as searching and archiving documents had to work in both desktop and mobile environments.
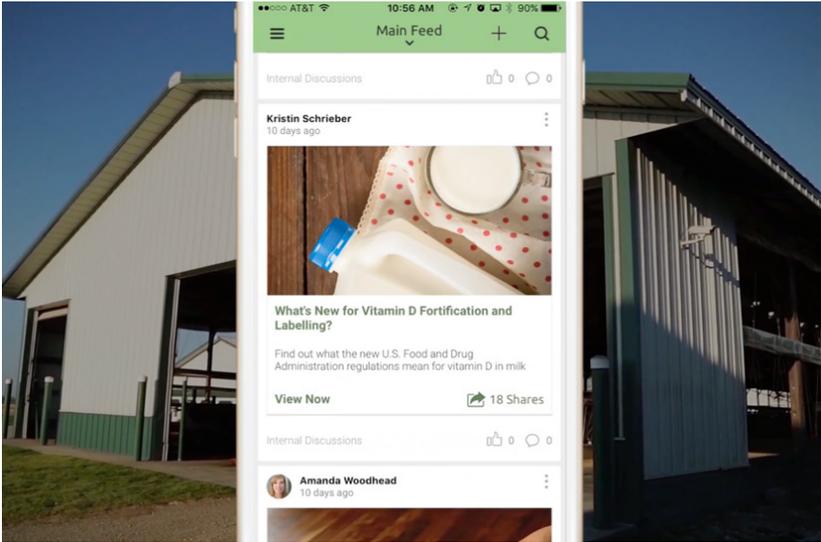
*Fig 1.6:** Dynamic Signal's Voicestream App allows large organizations to manage employee communications internally or social sharing externally even if employees don't have access to e-mail*

"Successes from pilots should be used as proof-points to further build consensus, illustrate business impact and obtain any further investment needs."

How to Accelerate Your Digital Transformation Journey

As mentioned above, each Digital Transformation Journey is specific to the organization, culture, industry and needs—however there are some common ways we've found that are effective in re-invigorating and prioritizing the DTJ across a business:

① Create a Common Vision

If your company has not outlined it's Digital Transformation Journey —it's time to put pen to paper. Even if it's a rough sketch, it's important to document your company's path to transformation. Look at how you should apply the "Three P's" in a way that's unique to your culture and business context. Once you have this sketch, use it as a means to create and refine one common vision with your stakeholders. Talking about DTJ is great, but it all starts with documenting then iterating to create consensus and alignment.

② Make it Tangible: Identify Key Pilots

Nothing beats action and tangible progress. DTJ pilot initiatives should be identified, prioritized and measured with clear outcomes in mind. From these pilots, there should come learnings that expose gaps, validate/invalidate assumptions and identify areas of improvement to inform a full rollout strategy. Successes from pilots should be used as proof-points to further build consensus, illustrate business impact and obtain any further investment needs. The Digital Transformation Journey rarely happens in a silo or because of well-intentioned strategic plans. It requires constant data points generated by strategic bets that the organization prioritizes and measures.

③ Align Across Organization Through Validation & Iteration

Brands who accelerate their DTJ must align internally to avoid creating special "skunkworks" that are siloed within the organization and do not scale. Activations that are the result of accelerated transformation efforts become tangible proof points which can be shared across the organization, serving as both education and validation that the organization is moving in right direction. Pilot programs for example should not only be analyzed and measured for success, but can also help with internal alignment across the marketing organization and beyond. Alignment supported by activations over time will help build credibility and consensus as the journey progresses.
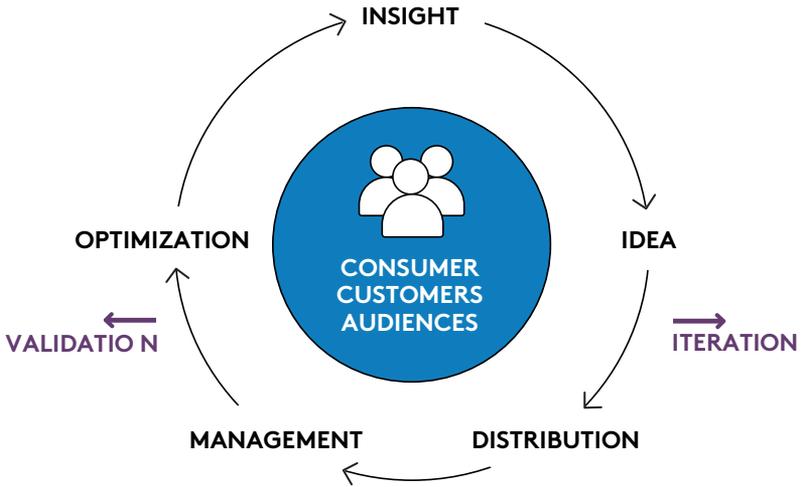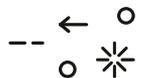
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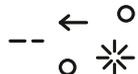
Fig 1.7: *Activation pilots informed by data/ insights can help validate hypothesis and align stakeholders*

"One of the most powerful shifts of our time is the mainstreaming of mobile technologies and behaviors, resulting in supercharged connectivity and mobility for anyone with a handheld device."

About the Author

"We help brands navigate their digital transformation journey so they can successfully adapt to ever changing market dynamics."

David Armano

David Armano has spent over twenty years as a digital practitioner with the last ten focused on helping organizations navigate their digital transformation journeys and the operations needed to meet the evolving needs of customers, consumers and employees. From ushering B2B brands such as Grainger into e-commerce, to helping consumer brands like Barilla interpret data—David leads teams who immerse themselves into our client's business and partners with them to find actionable solutions to today's most complex challenges.

In addition to leading Strategy and Digital Transformation at Edelman, David serves on several advisory boards including Dynamic Signal and is a voting member of the Marketing Hall of Fame.

About Digital Transformation at Edelman

Technology is constantly disrupting how consumers, customers and employees engage with brands. As brands adapt their marketing and communications strategies, they will be forced to look at the operational changes (people, process, technology) necessary to effectively deliver on these new approaches.

To find out more, contact **digitaltransformation@edelmandigital.com**

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