Stepping Up to the Challenges of Digital Marketing

With the rise of digital, companies must continually review and refine their brand, ensure they keep customers engaged and loyal, and manage an increasingly intricate web of partners, processes and technologies.

Executive Summary
The advent of digital has had a huge impact on marketing organizations, which must work harder than ever to keep pace with digital transformation in virtually every sector. Marketing has always been about attracting and retaining customers through various communications channels. Yet today, the easy availability of new, low-cost technologies has created seismic shifts across communication mediums. Consumers are more connected, more informed and increasingly vocal about their choices and opinions. This sea change has directly impacted the way marketers approach their consumers, as well as the way they run their operations.

This white paper outlines the processes, business models and technologies that can be employed by marketing organizations throughout industries in today’s digitally-intensive business environments. This involves identifying the broad shifts in the digital landscape, key stakeholders in the marketing ecosystem, primary focus areas of CMOs, and the attributes they look for in their partners. We conclude by highlighting the best practices that can lead to and sustain success.

How Digital has Raised the Marketing Stakes
The digital marketing terrain can be summarized by examining four shifts:

- **Devices**: Consumers are no longer restricted to desktops and laptops for accessing and experiencing content. Today, they expect a consistent, multichannel experience spanning an increasing number of mobile devices.

- **Communications**: Historically, marketing communications were one-way, and broadcast as advertisements or promotions. This led to content marketing, where discoverability was the key, and where Google Search played a major role. While these formats remain popular, a growing number of consumers now demand two-way communications with brands via social channels.

- **Content**: In the past, brand content was generalized, and bundled to appeal to the masses all at once. This gave way to more specific demographic targeting and fragmented communications before evolving into contextually relevant content based on a user’s digital footprint, or Code HaloTM.\(^1\)
• **Data:** Deriving insights from consumer data was traditionally a reactive process that took time to influence product differentiation. Predicting consumer behavior based on available data and creating scenarios around where markets were headed was popularized by born-digital companies that utilized Code Halos – the digital information that surrounds people, organizations and devices.

With digital marketing firmly entrenched in the hearts and minds of consumers and consumer-facing companies, managing the mix of digital and traditional channels (i.e., print, radio and television) has become highly complex – and at times unmanageable – given the range of stakeholders who have skin in the game.

**Key Stakeholders in the Digital Marketing Ecosystem**

A consumer-facing organization seeking its true north – an absolute reference point for its direction, objectives and values – must first understand the stewards of digital marketing. These key stakeholders include:

- **The CMO:** The CMO organization is the core of the marketing operations structure – responsible for the marketing budgets and activities that drive sales in an organization. Stakeholders must be innovative, and generate ideas that help clear clutter in the digital space. Taking note of best practices and arriving at efficient solutions is the best way to determine where to focus their energies and marketing spends. Though CMOs primarily play strategic and creative roles, it is imperative for their team to work closely with their IT counterparts to arrive at and deliver the most cost-effective digital solutions.

- **CIO:** The CIO and IT teams hold the technology reins. As marketing ascends into an essential enterprise system that delivers better customer experiences, the lines between the CMO and the CIO organizations are blurring. Consequently, CIOs are quickly adapting to the need to blend the science of technology with the art of marketing.

- **Creative agencies:** These are the teams that develop the compelling stories, designs and imagery that are key elements of any marketing campaign. They can be part of the client organization or standalone entities working with multiple brands and campaigns simultaneously. They are typically involved in the strategy and execution of a campaign, or outsource portions of their work to production studios that can deliver at scale and at lower costs.

- **Digital production studios:** These large-scale, factory-style studios churn out and manage large quantities of creative output at short notice, and provide the scale and breadth that a small agency cannot. They have become a key element of marketing plans, since they help reduce costs and enable brands to take products and experiences to the market faster.

- **Technology/software integrators:** These are specialized teams that offer specific technologies or software services to aid the marketing function. Players such as Adobe and Salesforce are two prime examples in this area. Their services range from e-mail integration, to analytics to marketing services, which require specific software or platform expertise and tools. These integrators provide the nuts and bolts on which campaigns are built.

- **Third-party vendors:** Typically, these companies deal with various sources to aggregate data or provide training in specific skills or expertise. While they don’t own any products, they work with different platforms and tools on which their services are based. Media planning and buying, analytics, social listening and other such activities are areas where third-party vendors can help to extend marketing operations.

Each of these stakeholders offer unique competencies, and are an indispensable part of a brand’s marketing strategy and spend.

Since the CMO plays a central role in coordinating all marketing functions, we will next look at areas where that organization should focus when creating a marketing plan.

**CMO Focal Points**

According to a Gartner survey, 51 percent of companies plan to extend their digital marketing budgets in 2015, with an average increase of 17 percent.² Not surprisingly, digital marketing is consuming more of the CMO’s time and resources as more consumer experiences take place online.

As this shift accelerates, key focus areas or pain points for CMOs will include:

- **Cost constraints:** New tools and technologies are quickly emerging across the digital
ecosystem. Along with this trend, the cost of experimental marketing is rising, the outcomes of which are hard to predict. As they seek to remain at the frontline of innovation, CMO organizations are continually exploring ways to simultaneously reduce costs while creating new business capabilities that advance their marketing objectives.

- **Time to market**: Most products take time to materialize, and CMO organizations are always looking for partners that can help speed their time to market. Hence, the need to effectively tap into vendor networks can be a critical motivation.

- **Diverse markets**: While the rise of digital has created a global village, markets differ. Some are at an advanced stage of digital maturity; others are just emerging. The messaging from brands must be customized to cater to the needs and sentiments of various target audiences spread across the world.

While the rise of digital has created a global village, not all markets are the same.

- **Measuring ROI**: Until recently, marketing was relatively unaffected by technology, automation and measurability; it was driven primarily by creativity and ideas, neither of which lent themselves to automation or measurement. However, the emergence of digital as the key marketing channel has changed all that. The level of complexity required to execute a multi-channel marketing campaign, as well as the exponential growth and availability of personalized data, have sharpened the focus on ROI measurements of marketing spend.

As a result of these factors, the CMO organization must work much closer with numerous vendors across the value chain to seamlessly and cost-effectively execute its marketing plans.

**Key Partner Attributes**

Given the need to collaborate faster and better, separating strategic partners from “nice-to-have/nice to know” vendors is critical. Below are the key elements that underpin meaningful liaisons.

- **Trust**: In today’s business world, there is no better place to start than with a trusted partner that can help nurture the company’s brand. The importance of safeguarding the business’s identity during a marketing campaign cannot be overstated.

- **Technical Expertise**: Partners should possess the technical expertise to efficiently execute campaigns and keep pace with technology’s progression.

- **Increased productivity**: Apart from producing engaging campaigns, companies want to heighten the productivity of their workforce to equal the bottom lines of the best in the industry.

- **Reduced operational costs**: Leveraging available resources to provide solutions at a reduced cost of ownership is a primary goal.

- **Global presence**: Most major brands are active in multiple geographical locations, and need partners with a presence equal to or greater than their own.

- **Quality**: Quality draws business and drives revenue, making it a vital element that brands require of their strategic partners.

**Marketing Best Practices**

**Evolving Operating Models**

Over the years, preset operating methodologies have proven ineffective because they do not adapt to the volatility that is the rule, not the exception, in the marketing space. We have defined three key influences that should be considered when developing an operating model.

- **Customer experience**.
- **Cost optimization**.
- **Faster market penetration**.

Figure 1 on the next page describes the rationale behind this model.

**Building a Decoupled Digital Marketing System**

The process of digital decoupling enables key parts of a marketing process to be distributed across vendors – all connected by a marketing operations consulting layer. This is done primarily to drive down costs, improve efficiencies and accelerate time to market for all products and services. The Digital Outsourcing Survey Report 2012 from econsultancy.com found that 57% of responding digital agencies outsourced work to freelancers, other agencies or specialized digital production companies. The research called out the type of projects they typically outsource (see Figure 2 on page 5).
The decoupling of services can create new levels of cost efficiency if the creative and production activities are clearly defined. Figure 3 on the next page offers a seven-step process to help CMOs effectively decouple both activities.

Decoupling helps teams focus on their key competencies:

- **Brand strategy**: Brand managers/custodians primarily focus on brand/product strategy.
- **Creative agencies**: These entities concentrate on the creative development of the campaign.
- **Digital production partners**: These companies direct their efforts on creating, encoding, distributing and managing digital content throughout the campaign.

These functions provide clarity, and the opportunity to focus on the following areas:

- Assigning accountability for each task.
- Identifying and implementing processes that can help with standardization.
- Scaling up to handle volumes and spikes in market demands.

**From Silos to Systems**

Many marketing organizations are made up of complex structures and processes, which fall under various “centers of excellence” that report to the CMO or CIO groups. This can result in more silos, complex delivery frameworks and different hierarchies, which can lead to confusion and inefficiency.

To combat the fragmentation of hierarchies, we recommend that companies:

- Define marketing organizations around processes, not activities.
- Support marketing processes with collaborative environments that foster greater visibility and coordination among contributors.
- Consolidate diverse marketing roles, process definitions and data structures under a single enterprise system.
- Eliminate organizational “buckets” - social media, Web, advertising, content, partners, analytics, systems admin, etc. - in favor of cross-functional teams responsible for executing the entire campaign.
Central Repositories Across Global Markets

Digital asset management (DAM) solutions can efficiently organize and distribute digital assets. (For more insight, read our white papers, “A Blueprint for DAM, MAM Cost Avoidance and Key Factors when Hosting DAM in the Cloud”). These help in creating and providing user-permission controls and making sure the process of preparing and deploying assets for publication works as seamlessly as possible across markets.

Digital asset management affords numerous advantages:

- **Intelligent workflows**: Organizations can streamline and automate common repetitive tasks, and set up approval cycles or rule-based workflows.
- **Scalable and adaptable**: Extensibility allows marketing teams to address new devices and channels as they emerge, with enough flexibility to grow with the needs of the enterprise.
- **File formats**: Teams have the flexibility to handle existing or future file types of any size—from simple JPEG files to video and any other digital formats.
- **Global access**: Internal and external stakeholders across the world (agencies, partners, customers, etc.) have secure, easy access to digital assets at any time—improving the efficiency of interactions and reducing time to market.
- **Managing multilingual content**: Centralized, global support is provided for all users in multilingual local markets.

These capabilities help brands plan and launch global campaigns quickly, with minimum coor-

Effectively Decoupling Creative and Production Activities

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Figure 3
dination. They also help CMO organizations centralize their digital campaigns worldwide (see Figure 4 above).

**Satellite Studios**

New-age digital agencies and boutique satellite studios are strategically positioned to support key growth markets identified by the brand. The primary focus of these studios is to study consumer behaviors and adapt brand communications to respective local markets. These teams are structured and supported by central shared services that help them plan or scale large campaigns (see Figure 5).

To ensure the fastest possible throughput and leverage learning across business sectors, satellite studios should be supported by factory-type operations in a shared service model, organized by products.

**The Indicative Global Digital Studio Footprint**

Highlighted locations are key digital production hubs that can cater to all markets across the world.

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**Figure 4**

**Figure 5**
These digital factories help CMO organizations focus on certain processes by:

- Deploying case managers who monitor requests coming in, and prioritizing and allocating them according to resource bandwidth, regions and client needs.
- Developing flexible service level agreements (SLAs).
- Proactively managing capacity planning to handle scale and volumes across regional or seasonal campaign spikes.

**Looking Ahead**

To prepare for the new models and better embrace the best practices identified in this paper, CMO organizations can begin by focusing on the following:

- Consolidating duplicate work efforts.
- Standardizing and optimizing processes.
- Building templates for re-usability and automation.
- Improving time to market with quality output.

We have helped numerous organizations transition to a better operating model.

For a leading UK-based pharma giant looking to reduce operating costs and streamline the core competencies of the multiple agencies and supply vendors involved in delivering its marketing material, we designed and delivered a digital decoupling factory. This ensured the production of offline and digital marketing assets, independent of the creative partners. This allowed the creative agencies to focus on ideation and campaign strategy, while freeing the CMO organization to direct its efforts on larger business objectives and goals. This increased cost efficiencies by 35% for the client – helping the company get a bigger return on its marketing spend.

For a major North American healthcare provider, we assembled an extended creative team for the client’s marketing studio, helping bring cost savings to around 45%.

The best practices defined in this document can help marketing organizations better organize and adapt to the rapid changes in the digital marketing ecosystem and in so doing, receive the best returns on their marketing spends.
Footnotes

About the Authors
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