Understanding the path to digital marketing maturity

Digital Marketing Maturity study - Australia & New Zealand

JULY 2018
There is a strong imperative for brands to respond to the rising expectations of their consumers

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
Global in-depth study to help brands realise the full value of data-driven marketing

Participation from over 40 Australian & New Zealand brands, across industries

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
Brands were assessed based on their level of digital marketing maturity...

- **Nascent**: Campaign based execution mainly using external data and direct buys with limited link to sales.
- **Emerging**: Some use of owned data in automated media buying with single-channel optimisation and testing.
- **Connected**: Data integrated and activated across channels with demonstrated link to ROI or sales proxies.
- **Multi-moment**: Dynamic execution optimised toward single-customer business outcomes across channels.

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
Only 2% of Australian & New Zealand brands are realising the full potential of data-driven marketing.
Digital Natives often at higher maturity, but not always

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Participants (%) of each level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nascent</td>
<td>10/0</td>
</tr>
<tr>
<td>Emerging</td>
<td>3/9/61</td>
</tr>
<tr>
<td>Connected</td>
<td>83/1/17</td>
</tr>
<tr>
<td>Multi-moment</td>
<td>10/0</td>
</tr>
</tbody>
</table>

Digital Natives defined as brands with >90% sales online, or >60% of media spend online. Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands.
There is a significant range of maturity within industries

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
The most mature brands report significant benefits from data driven marketing

On average 15% incremental revenue

On average 12% cost efficiency

Note: Average reported by surveyed brands in top quartile of maturity
Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
There are 6 technical and organisational factors that differentiate success

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
There is a clear path brands can follow to achieve full benefits of digital maturity

**Set the foundation**
- Ensure C-suite sponsor
- Leverage partners
- Understand current data
- Implement tags & analytics

**Build connections**
- Co-locate functions
- Develop expert skills
- Define common KPIs
- Combine online data
- Automate message delivery

**Make every moment matter**
- Insource key capabilities
- Embed agile teaming & "fail fast" culture
- Identify signals across online-offline data
- Link objectives to business outcome KPIs
- Optimise value using sophisticated attribution

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
Closing remarks

1. Be honest about your maturity
2. It's everyone's responsibility
3. This is a necessity and an opportunity

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
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# Typical maturity archetypes defined

<table>
<thead>
<tr>
<th>Data-driven Targeting</th>
<th>Nascent</th>
<th>Emerging</th>
<th>Connected</th>
<th>Multi-moment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of 3rd party data targeting awareness with broad audience</td>
<td>1st and 3rd party data targeting awareness and purchase with audiences defined largely by demographics</td>
<td>Range of online &amp; offline data linked to target audiences along purchase funnel, defined largely by demographics and behaviours</td>
<td>Holistic customer view from fully linked online and offline data to target customers along funnel, based on demand spaces</td>
<td></td>
</tr>
<tr>
<td>1st party data</td>
<td></td>
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</tbody>
</table>

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<thead>
<tr>
<th>Automated Activation</th>
<th>Most digital media in direct buys and limited use of CRM signals</th>
<th>Primarily programmatic media buys, using manual bids</th>
<th>Programmatic buys in digital channels, with rules-based bids</th>
<th>Programmatic buys optimized with cross-channel signals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of multiple creatives and signals in some channels</td>
<td>Dynamic creative automated in some channels</td>
<td>Personalised creative co-ordinated &amp; sequenced across channels</td>
<td></td>
<td></td>
</tr>
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</table>

<table>
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<tr>
<th>Measurement &amp; Attribution</th>
<th>Some mix measurement but lack attribution or testing methods</th>
<th>Use last click attribution, A/B testing and mix measurement</th>
<th>Multiple measurements incl. non-last click attribution</th>
<th>Measurement incl. fractional attribution and frequent testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity evaluation based on campaign KPI metrics</td>
<td>Conversion KPIs feedback to campaign planning</td>
<td>Business outcome KPIs feedback to ongoing activity</td>
<td>Business outcome and CLV KPIs optimize in-flight activity</td>
<td></td>
</tr>
</tbody>
</table>

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<tr>
<th>Organization collaboration</th>
<th>Primarily siloed teams with agencies operating at arms length</th>
<th>Key functions working together to clear objectives</th>
<th>Cross functional teaming with common objectives</th>
<th>Agile teaming and test &amp; learn part of BAU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project based test &amp; learn</td>
<td>Project based test &amp; learn pilots</td>
<td>Agile test &amp; learn pilots</td>
<td>Key activities insourced complimented by specialist agencies</td>
<td></td>
</tr>
<tr>
<td>Agencies drive execution but closely integrated</td>
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</tbody>
</table>

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
Appendix | Digital marketing maturity framework across key activities & channels

Data-driven targeting
1. Data strategy
2. Audience definition
3. Targeting techniques

Automated activation
4. Audience maintenance
5. Content development & delivery
6. Media buying

Measurement & attribution
7. Measurement ecosystem
8. KPI setting and optimisation
9. Testing and feedback mechanisms

Organisational collaboration
10. Objective alignment
11. Internal ways of working
12. Partnership ecosystem

Source: BCG Digital Marketing Maturity study 2018, Australia & New Zealand brands
Appendix | Description of success factors

**Technical factors**

**Connected data**
- Use of linked 1st party, 3rd party & contextual data
- Data used to inform content and audiences

**Automation & integrated tech**
- Web Analytics and MarTech in place
- Integrated to support automation of media buying and messaging

**Actionable measurement**
- Measurement incl. sophisticated attribution with KPIs linked to business outcomes and common objectives across channels

**Organizational factors**

**Strategic partnerships**
- Active agency collaboration with key capabilities strategically insourced

**Specialist skills**
- Specialist skills in organization incl. channel specialists, measurement experts & data scientists

**Agile teaming & fail fast culture**
- C-suite sponsorship
- Best practices shared across teams
- Functions involved in activation co-located

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