Understanding the path to digital marketing maturity

Digital Marketing Maturity study - India, Hong Kong & SEA

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

Source: BCG Digital Marketing Maturity study 2018; India, Hong Kong & SEA brands
Global in-depth study to help brands realise the full value of data-driven marketing

Participation from over 30 brands in Asia Pacific, across 7 industries

Entertainment Media & Telco
Travel & Leisure
Financial Services
Education & Training
Retail
Consumer
Automotive

Countries covered: Hong Kong, India, Indonesia, Malaysia and Singapore

Source: BCG Digital Marketing Maturity study 2018; India, Hong Kong & SEA 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; India, Hong Kong & SEA brands
Asia Pacific brands are not yet realising the full potential of data-driven marketing

- **10%** Nascent
- **42%** Emerging
- **48%** Connected
- **0%** Multi-moment

Source: BCG Digital Marketing Maturity study 2018; India, Hong Kong & SEA brands
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>100 Digital Natives, 0 Legacy brands</td>
</tr>
<tr>
<td>Emerging</td>
<td>62 Digital Natives, 38 Legacy brands</td>
</tr>
<tr>
<td>Connected</td>
<td>47 Digital Natives, 53 Legacy brands</td>
</tr>
<tr>
<td>Multi-moment</td>
<td>None in sample</td>
</tr>
</tbody>
</table>

Note: Digital Natives defined as brands with >90% sales online, or >60% of media spend online
Source: BCG Digital Marketing Maturity study 2018; India, Hong Kong & SEA brands
There is a significant range of maturity within industries

Source: BCG Digital Marketing Maturity study 2018; India, Hong Kong & SEA brands
The most mature brands report significant benefits from data driven marketing.

On average 11% incremental revenue

On average 17% cost efficiency

Note: Average reported by surveyed brands in top quartile of maturity.
Source: BCG Digital Marketing Maturity 2018; India, Hong Kong & SEA brands.
There are 6 technical and organisational factors that differentiate success:

- **Strategic partnerships**
- **Automation & integrated tech**
- **Agile teaming & fail fast culture**
- **Connected data**
- **Actionable measurement**
- **Specialist skills**

Source: BCG Digital Marketing Maturity study 2018; India, Hong Kong & SEA 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; India, Hong Kong & SEA brands
Closing remarks

1. Be honest about your maturity

2. It's not just marketing

3. This is a necessity and an opportunity

Source: BCG Digital Marketing Maturity study 2018; India, Hong Kong & SEA brands
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# Appendix | Typical maturity archetypes defined

<table>
<thead>
<tr>
<th>Data-driven Targeting</th>
<th>Automated Activation</th>
<th>Measurement &amp; Attribution</th>
<th>Organization collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nascent</strong></td>
<td><strong>Emerging</strong></td>
<td><strong>Connected</strong></td>
<td><strong>Multi-moment</strong></td>
</tr>
<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>
</tr>
<tr>
<td>Limited 1st party data</td>
<td>Primarily programmatic media buys, using manual bids</td>
<td>Programmatic buys in digital channels, with rules-based bids</td>
<td>Programmatic buys optimized with cross-channel signals</td>
</tr>
<tr>
<td>Most digital media in direct buys and limited use of CRM signals</td>
<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>
</tr>
<tr>
<td>Some mix measurement but lack attribution or testing methods</td>
<td>Use last click attribution, A/B testing and mix measurement</td>
<td>Multiple measurements incl. non-last click attribution</td>
<td>Measurement incl. fractional attribution and frequent testing</td>
</tr>
<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>
</tr>
<tr>
<td>Primarily siloed teams with agencies operating at arms length</td>
<td>Key functions working together to clear objectives</td>
<td>Cross functional teaming with common objectives</td>
<td>Agile teaming and test &amp; learn part of BAU</td>
</tr>
<tr>
<td>Agile activation</td>
<td>Project based test &amp; learn</td>
<td>Multiple test &amp; learn pilots</td>
<td>Key activities insourced complimented by specialist agencies</td>
</tr>
</tbody>
</table>

Source: BCG Digital Marketing Maturity study 2018
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
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

Source: BCG Digital Marketing Maturity study 2018