Omnichannel Marketing Management: course introduction and framework

Debora Bettiga & Matteo Lorandi

Who we are

Debora Bettiga, Assistant Professor
- Ph.D. In Management Engineering @Politecnico di Milano
- Researcher @ PHEEL (Physiology, Emotions, Experience Lab)
- Research interests: analysis of the consumer behavior along the purchase process and in interaction with companies. Main research fields are neuro- and biomarketing, co-creation and crowdsourcing.

Matteo Lorandi, PhD Candidate
- Ph.D. candidate in Management Engineering @Politecnico di Milano
- Researcher @ PHEEL (Physiology, Emotions, Experience Lab)
- Research interests: immersive technologies in the field of tourism; customer value creation through immersive technologies; neuromarketing

Today's agenda

- Course objectives

- Course program & scheduling

- Practicalities

- Exam

- The starting point: customer centricity

- Omnichannel customer experience

Course objectives

To understand the challenges of approaching today's markets

To develop the skills for designing and managing an omnichannel marketing plan

To embrace the concept of customer centricity and its implications on marketing, CRM, sales and accountability

Course program

The marketing process

Market analysis

Segmentation, Targeting & Positioning

Product

Price

Promotion

Place

Implementation

Continuous improvement

Our focus

- Evolution in buying behaviors
- Evolution in business models

- Insights & Personas
- Customer journey analysis

- Customer experience design and management

- Omnichannel communication
- Campaign design

- eCommerce
- Omnichannel distribution & channel conflict

- CRM Process & strategy
- Marketing planning
- Martketing ecosystem

- Applied neuroscience & neuromarketing
- Metaverse marketing

Preliminary competences suited to the course

- Strategy (strategic planning, segmentation)

- Marketing (marketing process, marketing strategy and marketing decisions, branding basics)

- Basic accounting (investment analysis, costing)

Course scheduling

- **Monday**: 10.30 a.m. – 1.45 p.m. room B8.01

- All lectures recordings will be available on the course platform

- Complete scheduling: on WeBeep

Tentative calendar

Date	Content
16 September 2024	Course introduction and framework. What is customer centric marketing and why is an omnichannel approach needed
23 September 2024	Customer experience management: consumer behaviors, customer experience and customer insights
30 September 2024	Customer experience management: customer journey
7 October 2024	Managing marketing channels: advertising and new media
14 October 2024	Campaign design in an omnichannel world. Course assignment launch
21 October 2024	Omnichannel marketing planning: metrics for the omnichannel framework Testimonial
28 October 2024	Omnichannel metrics exercise
4 November 2024	Customer relationship management and co-creation with the consumer
11 November 2024	NO CLASS
18 November 2024	Managing marketing channels: eCommerce and channel conflicts; Salesforce: tools for customer service and CRM
25 November 2024	Salesforce: marketing automation
2 December 2024	Frontiers in marketing: applied neuroscience and metaverse marketing
9 December 2024	Project reviews

Didactic approach

- **Ex-cathedra** lectures (always with strongly encouraged interaction)

- **Case studies** and **exercises**, to favor a direct understanding of the operational implications of the concepts

- **Seminars** by businessmen about specific topics to present good practices

- **Partnership with Salesforce.com**, with practical exercises on their tools

Textbooks

Main books:

- Palmatier, Sivadas, Stern, El-Ansary, **Marketing Channel Strategy: An Omni-Channel Approach**, Routledge, 2019

- Kotler, Kartajava, Setiawan, Marketing 5.0: Technology for Humanity, Wiley, 2021

Other book of interest:

- Egan, J. **Marketing Communications** – 3° Edition (2020). Sage

- Fader, Toms.**The Customer Centricity Playbook: Implement a Winning Strategy Driven by Customer Lifetime Value.** Wharton School Press (2018)

Detailed references shall be provided for each class

Contacts and support

We receive by appointment. To fix an appointment:

- debora.bettiga@polimi.it
- matteo.lorandi@polimi.it

A **forum** is available on WeBeep where you can post questions, comments, readings etc..

Exam

Assignment (in spontaneous groups of 4-5 people)

Kick-off: mid-October

Course assignment (50%)

Design and plan of a omnichannel campaign for a given business case

+ oral exam on the topics of the course (50%)

The mark of the assignment will be considered for all the calls of the year (i.e. 2 calls in Jan/Feb 2025 + 2 calls in July 2025 + 1 call in Sept 2025)

Q&A

Course introduction: customer centricity and omnichannel marketing

The underlying assumption

<mark>When demand exceeds supply,</mark> there is (relatively) no need to be customer oriented. <mark>Efficiency is enough</mark>

Any customer can have a car painted any color that he wants so long as it is black.

— Henry Ford —

AZ QUOTES
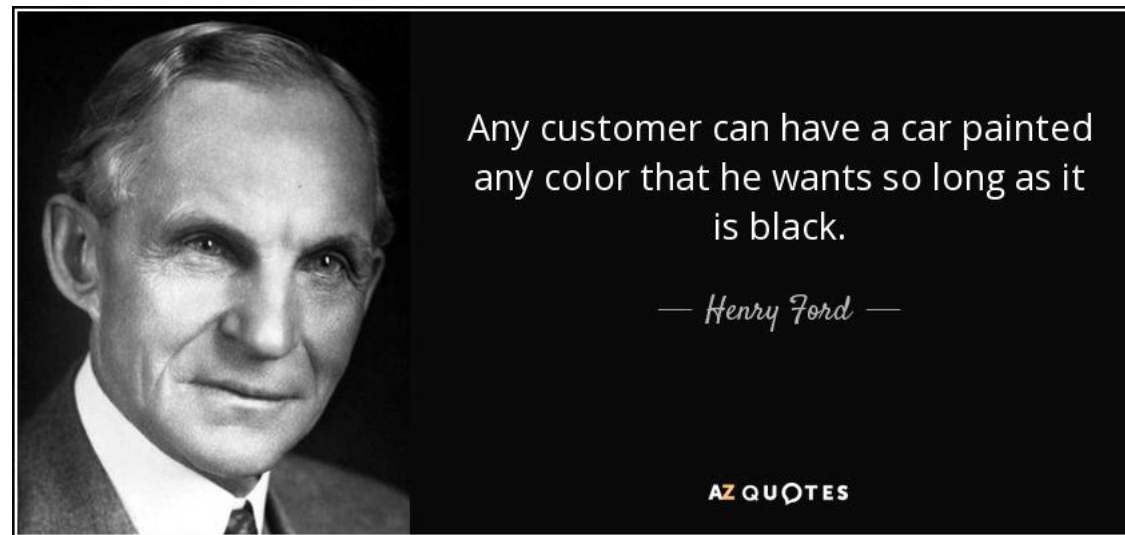
When supply exceeds demand, the situation changes we need marketing activities.

Back to basics

- Imagine a world where nobody produces t-shirts

- You have the first intuition and start producing a white t-shirt. Your market explodes.

What is it likely to occur?

Competition

Back to basics

How can a competitor put you in trouble?

Costs ■ Margin
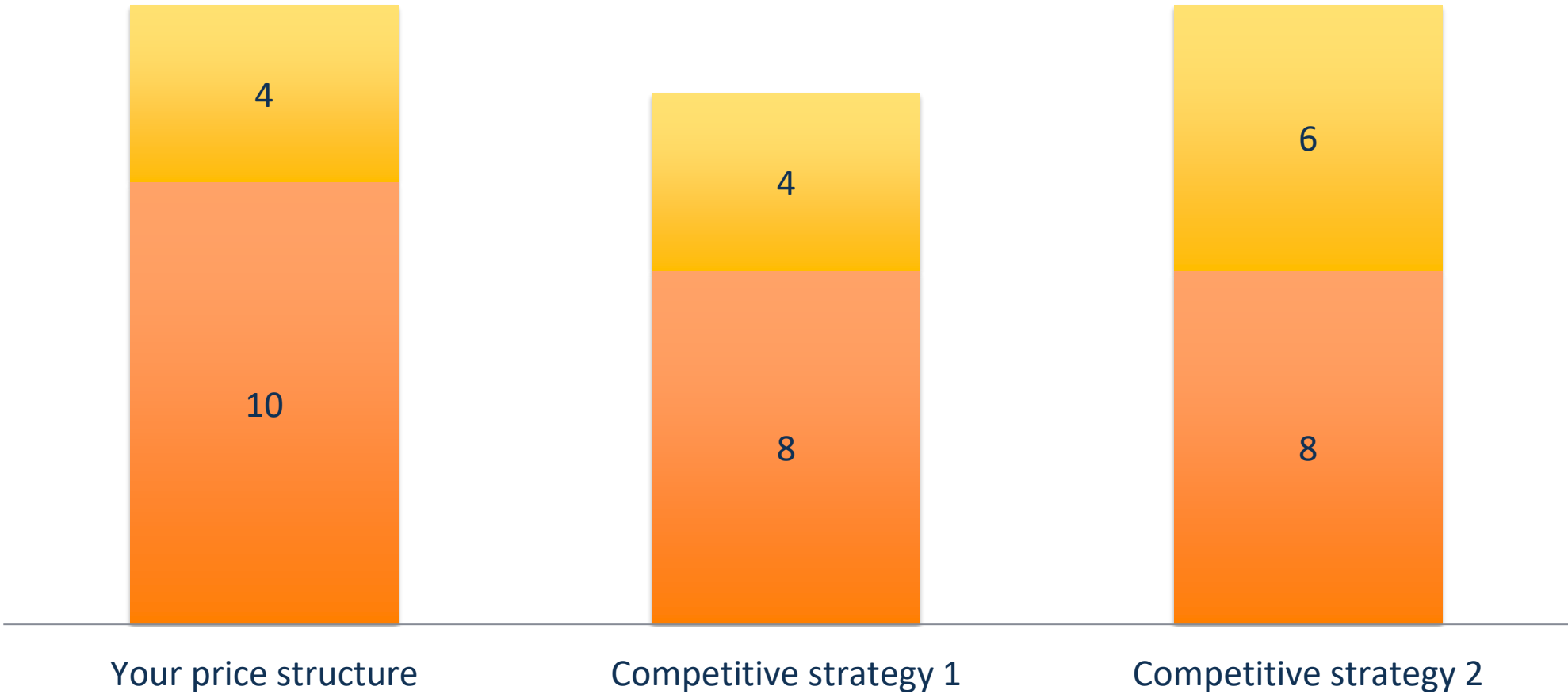
Back to basics

What can you do to defend your position, then?

What is your favourite T-shirt color?
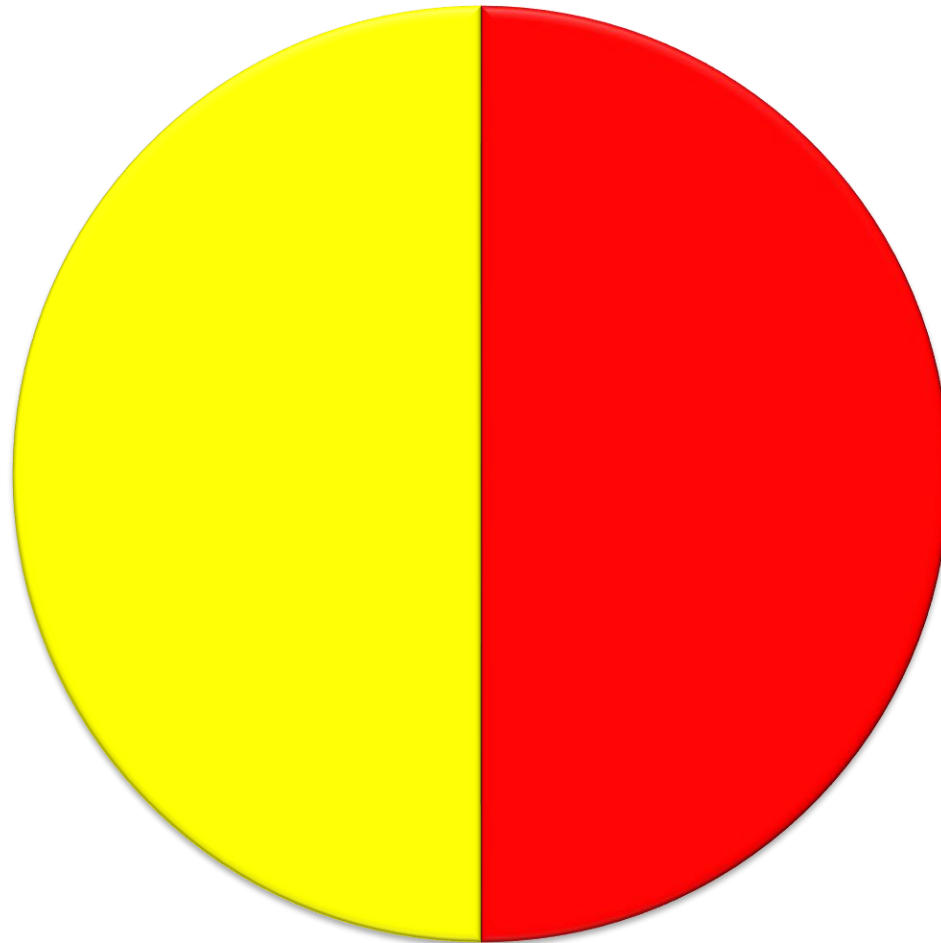
Back to basics

Which alternatives?

Pros: all the targeted customers should be more satisfied
(hence willing to pay more) than with white t-shirts

Cons: you lose 50% of the market

Pros: at the beginning, you will
probably get 100% of the customers

Cons: you will not fully satisfy
anybody

segmentation and survive the competition in the market.

Back to basics

So what?

- <mark>Competition</mark> leads to <mark>segmentation</mark>

- Segmentation leads to hyper-segmentation → one to one marketing   when you cannot segment more, reached at extereme   direct relationship with customers

- Meanwhile, basic needs are reasonably satisfied

    Like Nike customization platform (MASS Customization, Not personalization)

First 3 session on understanding customers! that's really important.

Marketing strategy starts from understanding the customer

The evolution in the offer

How to differentitate a product? we'll reach at a blocking level, we go to next tier.

Experiences
- Intimate
- Co-created

Services
- Intangible
- Flexible

Products
changing product
- Tangible

From commodities to experiences

A Case from Product to Experience ...

we need to know our customer to provide an experience.

The Progression of Value

An evolution in the approach

Customers

Company

Product

Product centricity

Products
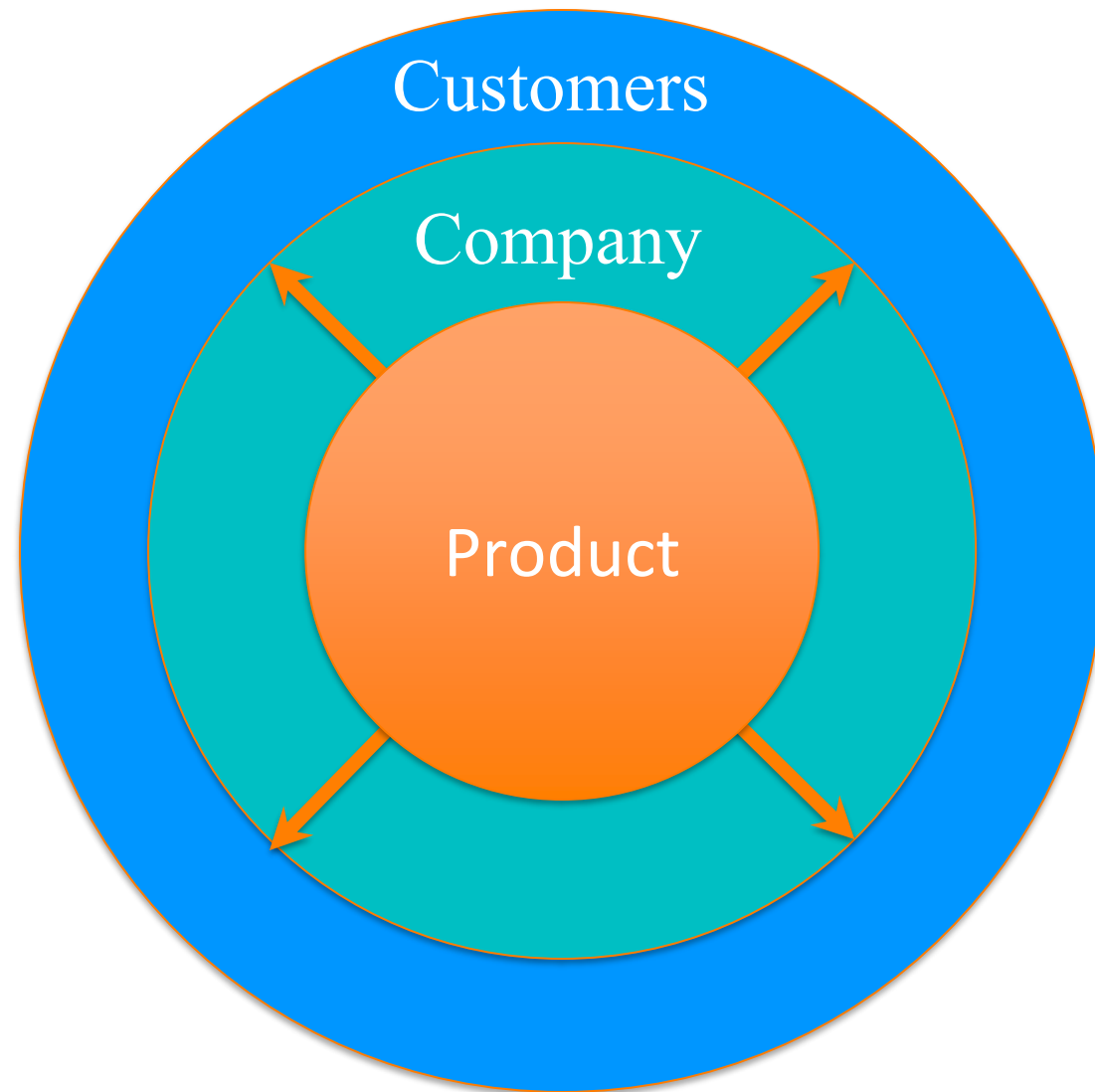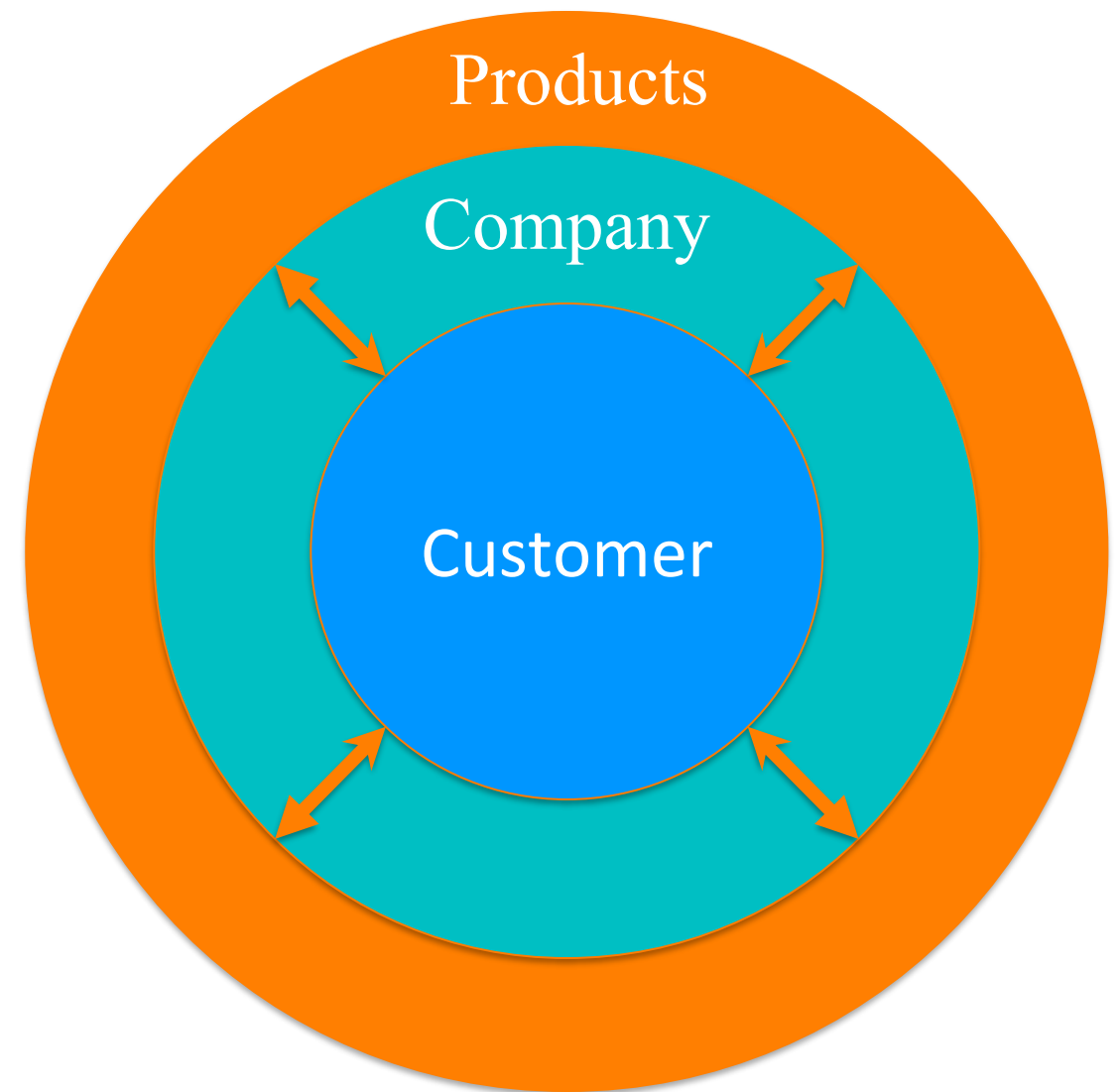
Company

Customer

Customer centricity

Customer centricity vs product centricity

Product centricity

The company's goal is to ==sell== as many units of product/service to the market

==Customer centricity==

The company's goal is to ==identify the customers== that are more ==suited== to ==create value== and ==manage== the ==relationship== with them in order ==to create value for/with them==

cost of acquistion a new customer is greater than keeping current customers

Customer centricity vs product centricity

Product centricity

- All the customers are the ==same==
- The goal is to extract value from the next transaction
- Focus on ==volumes== (revenues)
- ==Sales== as the KPI of commercial success
- There are clear organizational roles on ==offer-related processes== (e.g., product manager, brand manager, etc.)

Customer centricity

- Each customer is (ideally) ==unique==
- The goal is to ==build long-termed relationships==
- Focus on ==margin and value==
- Successful commercial strategy is expressed through ==cross==-selling and ==up==-selling
- There are clear organizational roles to ==manage customer satisfaction and relations== (e.g., customer experience officer, customer manager, etc.)

Customer centricity vs product centricity

From .....

Product centricity

- Segments
- Sales
- Product income statement
- Product-centric NPV

to .....

Customer centricity

- Personas
- Customer journey
- Customer income statement
- Customer lifetime value

Customer centricity vs product centricity: avoiding MUDA

Waiting time
- Waiting time for proposals/quotations/replies

Brain waste
- Senior professionals engaged in non value-adding activities
- Absence of a nurture of talents

Useless processes
- Excess of authorizations before action
- Double processing
- Development of plan without prior needs analysis

Over production
- Inefficient/ineffective data processing
- Useless reports and meetings
- Excess of information provided to customers

Defects
- Errors in collecting data
- "Casual" demand forecasts
- Mistakes in order processing

Customer centricity vs product centricity: people and processes

Empowerment	• Develop relationship responsiveness
Interaction orientation	• Dialogue approach
Employee branding	• Employees are able to influence the brand image

Customer centricity vs product centricity: implementation & control

X

Value-driven accountability
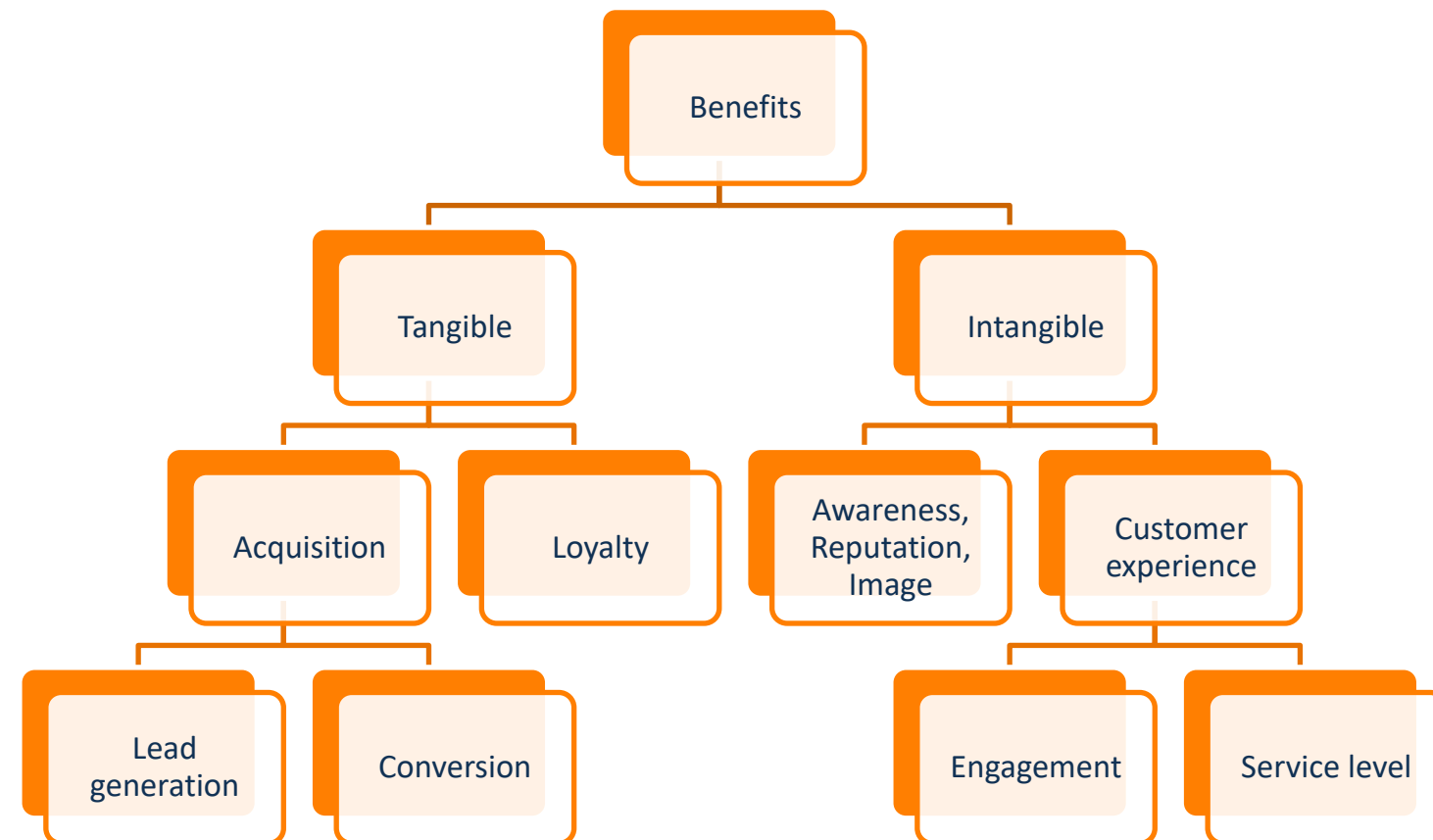
Customer Relationship Management
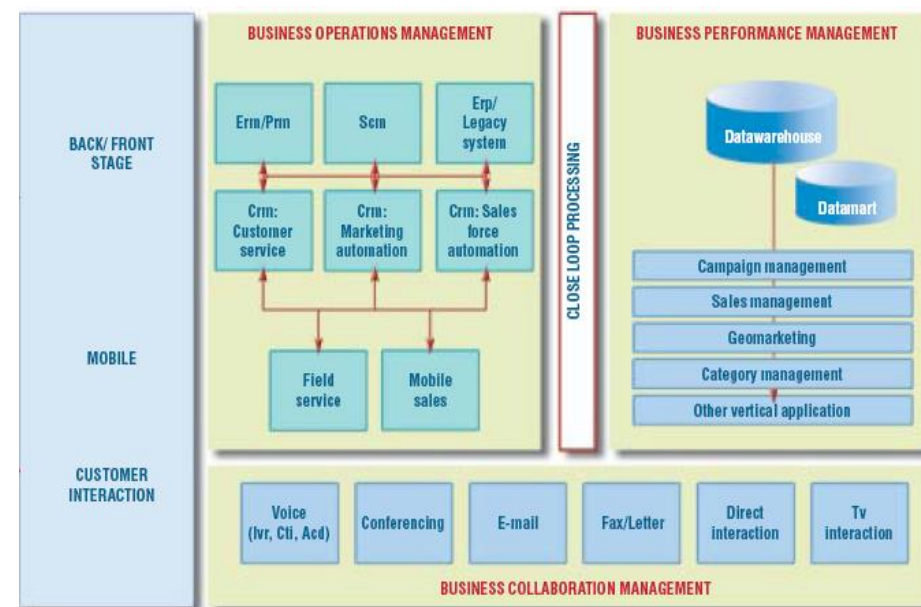
Customer experience

Customer experience

Defining the concept of customer experience

- ► *Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company* (Meyer and Schwager, 2007)

- ► *Customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical, and spiritual)* (Gentile *et al.*, 2007)

- ► *Customer experience is defined by the direct contact of the customer with the different touchpoints in order to generate, through the five senses, changes that may be functional, cognitive and emotional in nature. Interaction after interaction, the value perceived by the customer in terms of quality of the experiences tends to enhance* (Boaretto *et al.*, 2007)

The brand as an experience proposition

cusomer experience is the front end of two elements:

The relationship between product and brand:

➢ Product: feature

➢ Brand: mindset

The brand is the sum of all communications and experiences received by the consumer and customer resulting in a distinctive image in their "mind set" based on perceived emotional and functional benefits (Timothy D. Ennis, Ennis Associates, Inc)

The brand as an experience proposition

Connects cusotmer and firm sides

Customer side: brand as repository of the expectations about the customer experience the company is able to provide

Firm side: brand as the repository of legacy, features, values, capabilities and resources

Only when the brand perception and the brand proposition are aligned, the customer experience can be memorable (as the experience proposition is aligned to customer needs and expectations)

some paradoxes like premuim brand but giving lots of discounts. it impact the image of brand.
colors impact on perception

price perception is more important than the price.

Designing a branded experience

Holistic experiences

SENSE
FEEL
THINK
ACT
RELATE
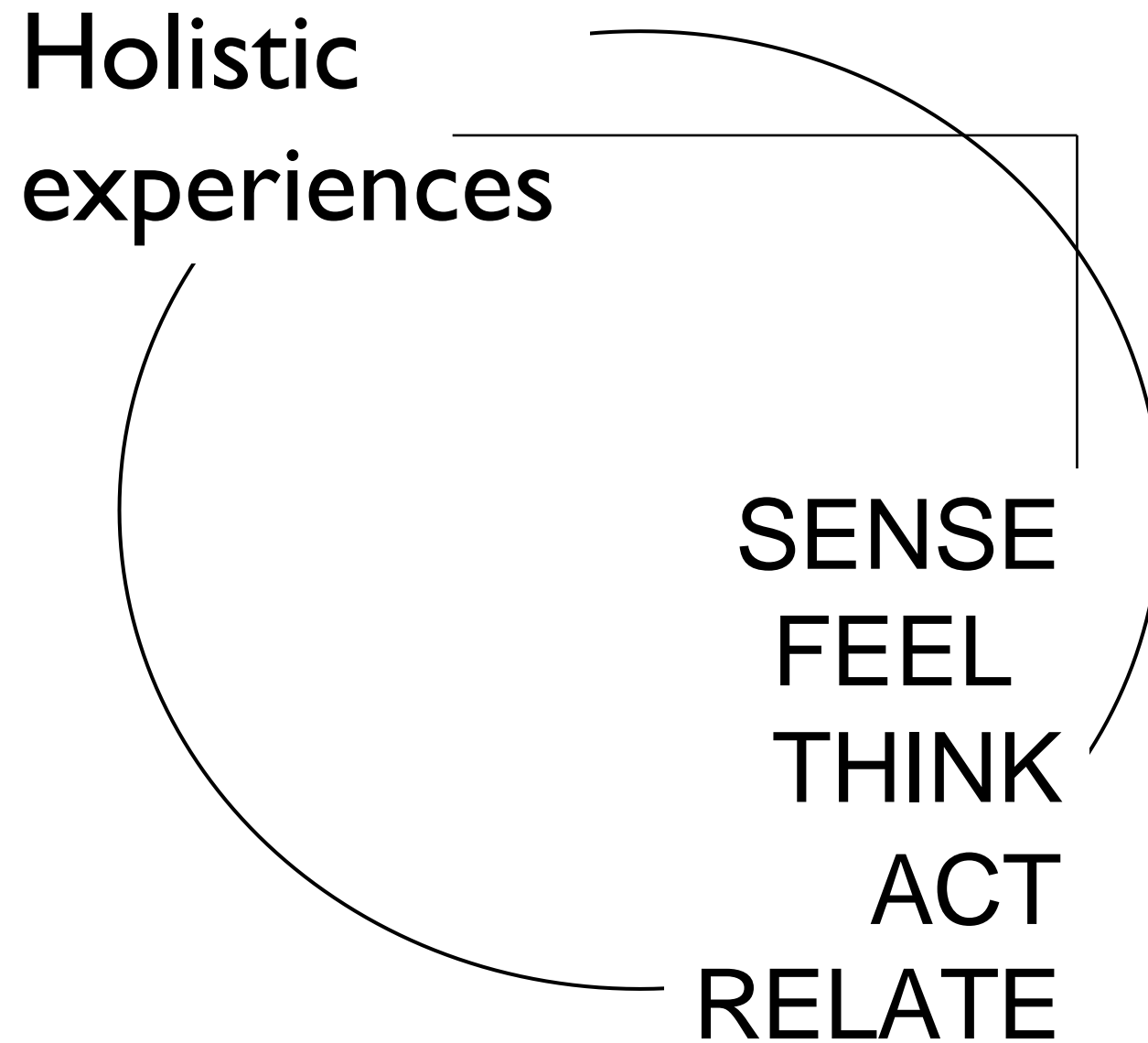
Designing a branded experience

Holistic
experiences

Visceral desig[n]

SENSE
FEEL
THINK
ACT
RELATE
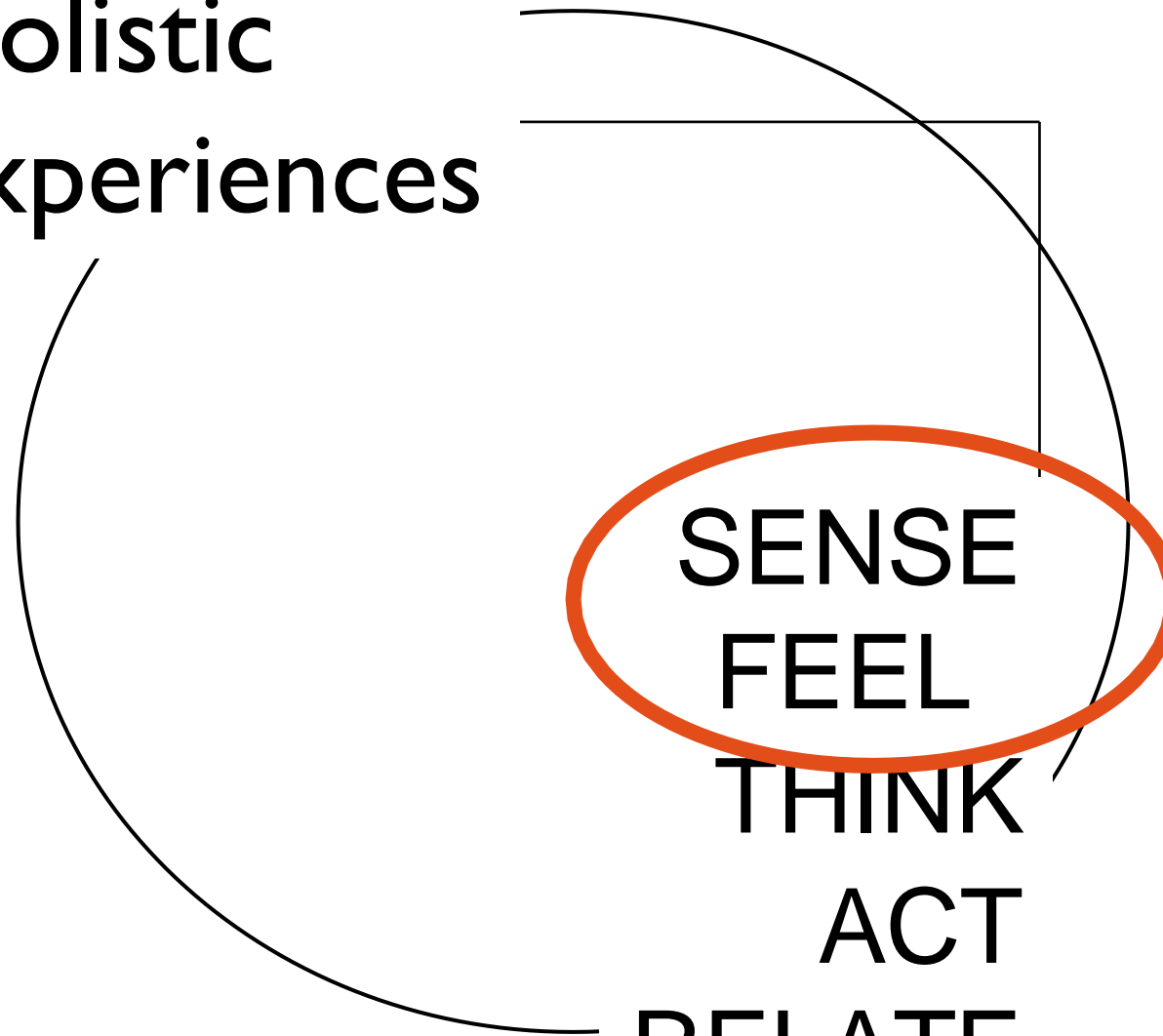
Visceral design

Related to look, feel and sound

Linked to the first impressions in the customer touchpoints

Designing a branded experience
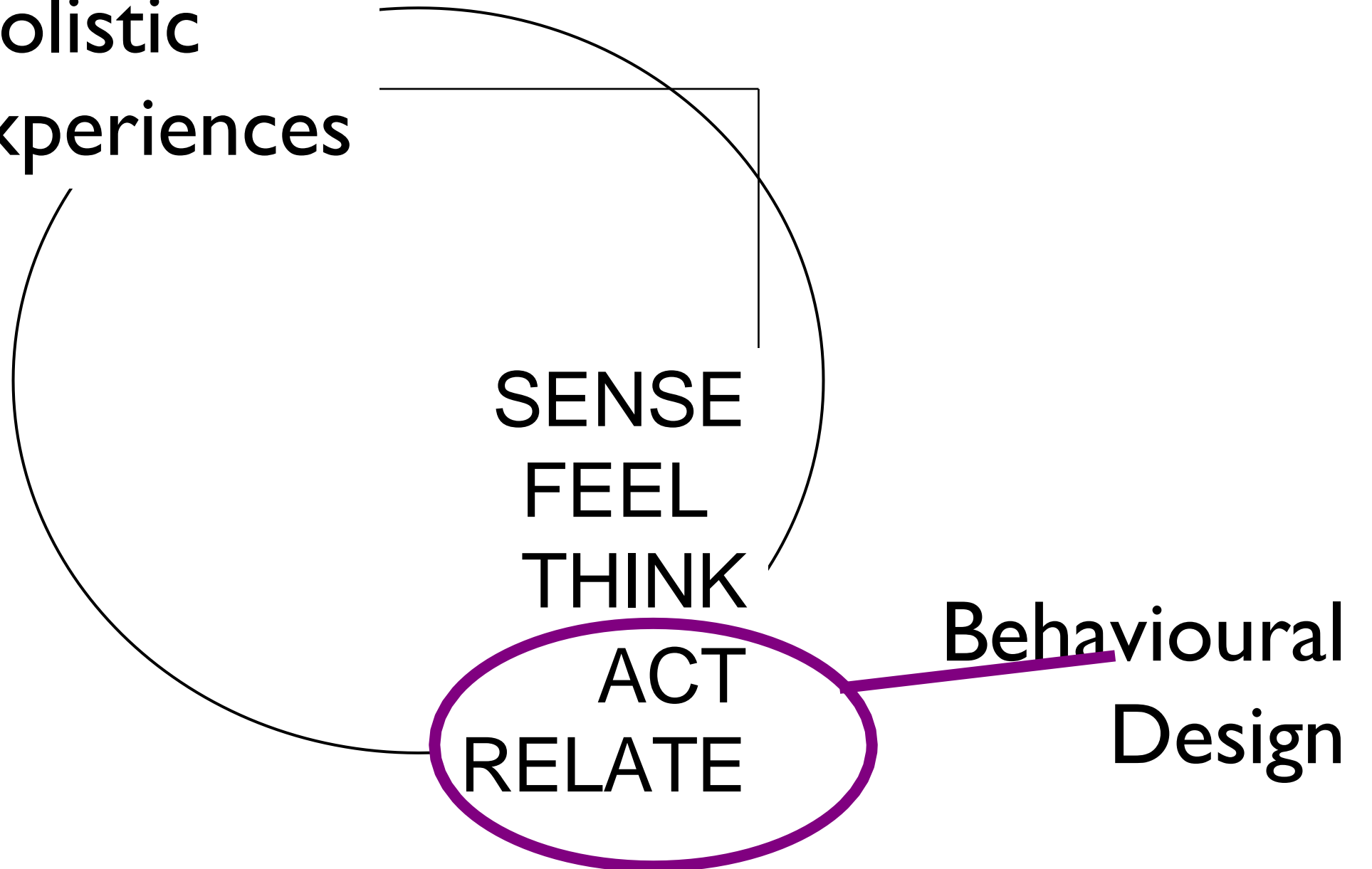
Behavioral design

Linked to the use, the performance

Designing a branded experience

Holistic
experiences

SENSE
FEEL
THINK
ACT
RELATE
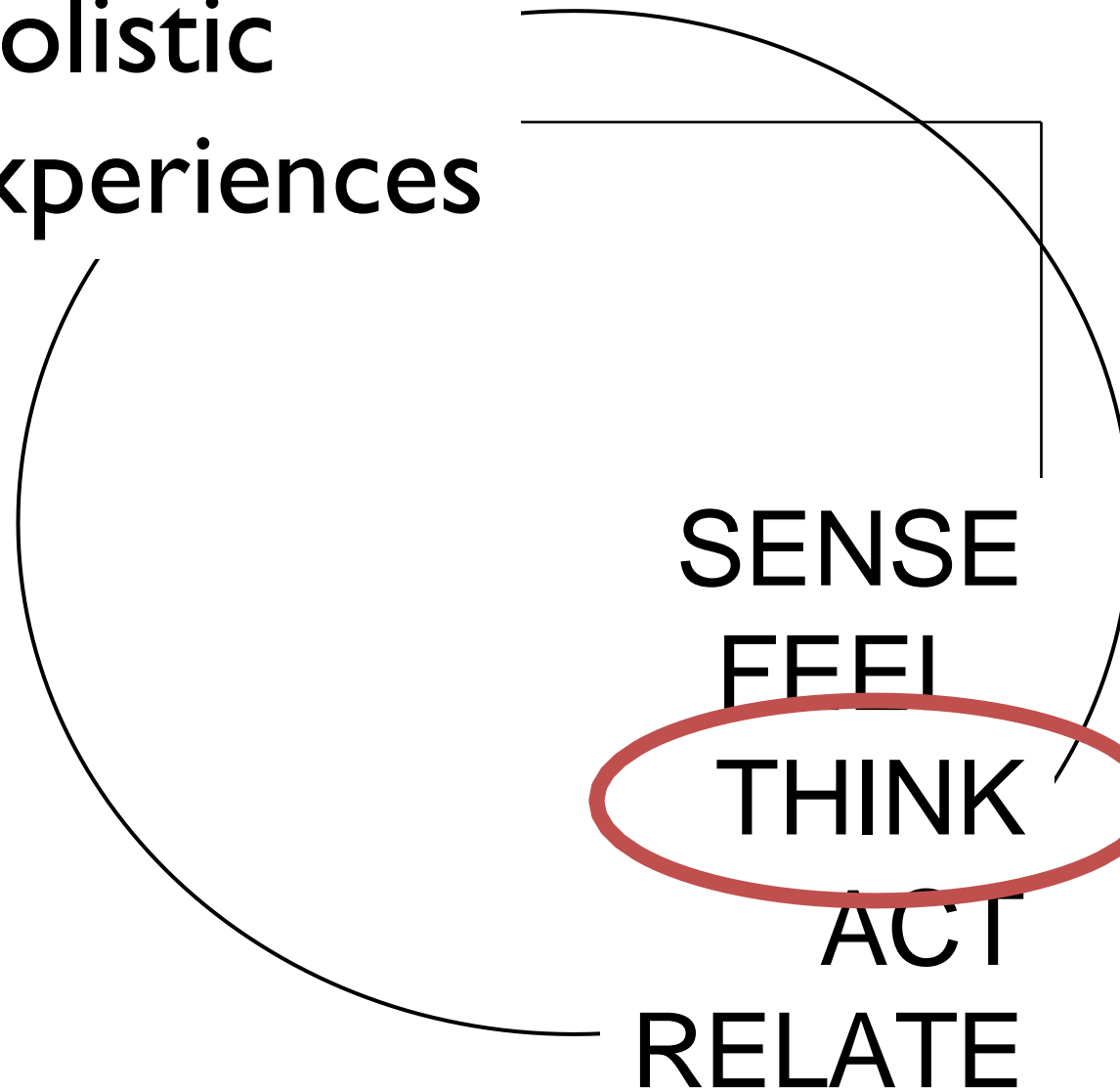
Reflective design

Reflective design

Focus on the messages, the culture, the meaning of a brand or a product

An example of CX: Starbuck's

استارباکس اولش با یه برند دیگه وارد ایتالیا شد که بتونه مارکت رو چک
بکنه به خاطر شخصیت خاصی مارکت ایتالیا ....
بعد برند اصلی رو باز کرد.

خیلی روی شخصی سازی تجربه تمرکز داره ... مثل نوشتن اسم روی
کاپ و ارتباط شخصی باریستا با مشتری
اما این یک مشکل بود به خاطر اینکه نوشیدنیهای متفاوت زمان بر هستند
و یک سگمنت از مشتریها سریعا سفارششون رو میخواستن.

اون ها یک امنی چنل اکپرینس ساختن ... اسلاید بعدی

Store

Web

Social media

Mobile

Omnichannel Customer Experience Starbucks

Store

- The brick-and-mortar stores are (and still will be) indispensable for Starbuck's operation
- In the main markets, it operates a large number of stores in selected areas

Omnichannel Customer Experience Starbucks

Store

- Starbucks features a high variety and highly customizable menu with seasonal offerings

- The customers may either sit down, or take coffee to go

- It has experienced struggles with order accuracy, service speed, different customers' expectation, etc.

Omnichannel Customer Experience Starbucks

Mobile

- The mobile app carries a virtual pre-paid card and the loyalty account

- Order (customize) and pay ahead, pick it up in the store

- Map directs the customer to the store where the order is placed

Omnichannel Customer Experience Starbucks

Web – Corporate website

- A classic corporate website
- An information hub
    - Product
    - Corporate
    - Everything about coffee
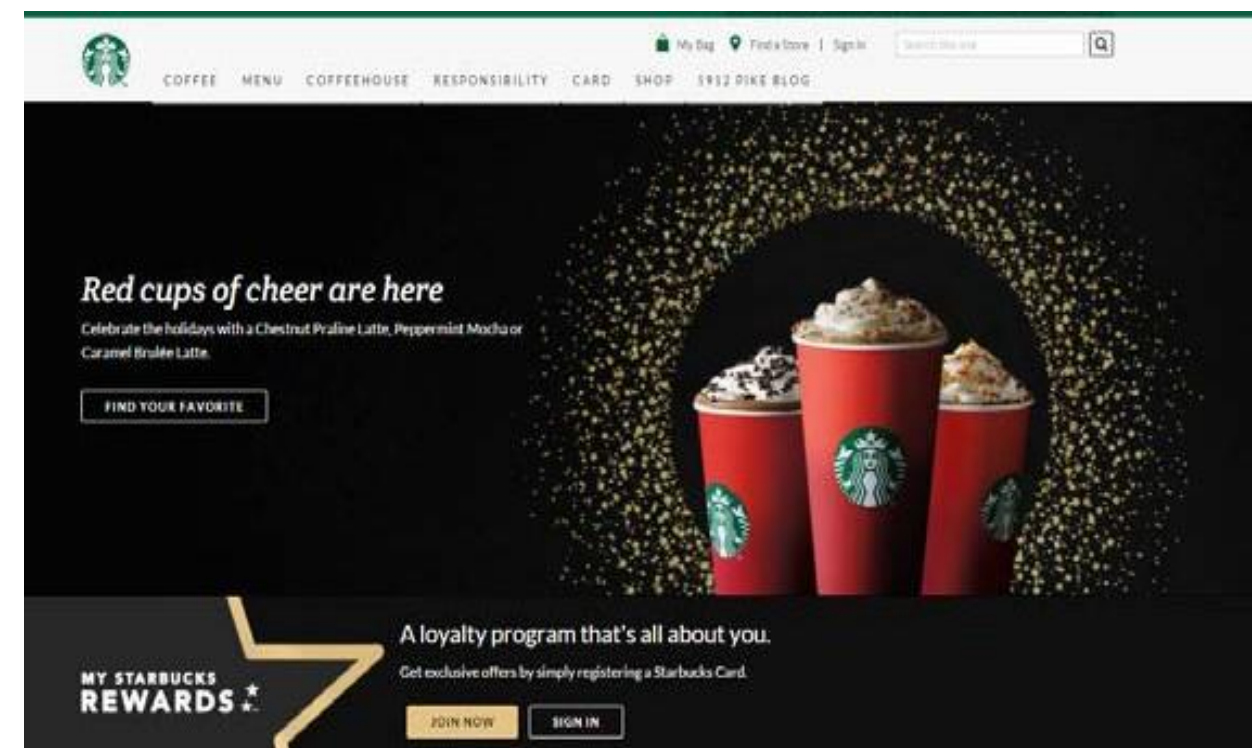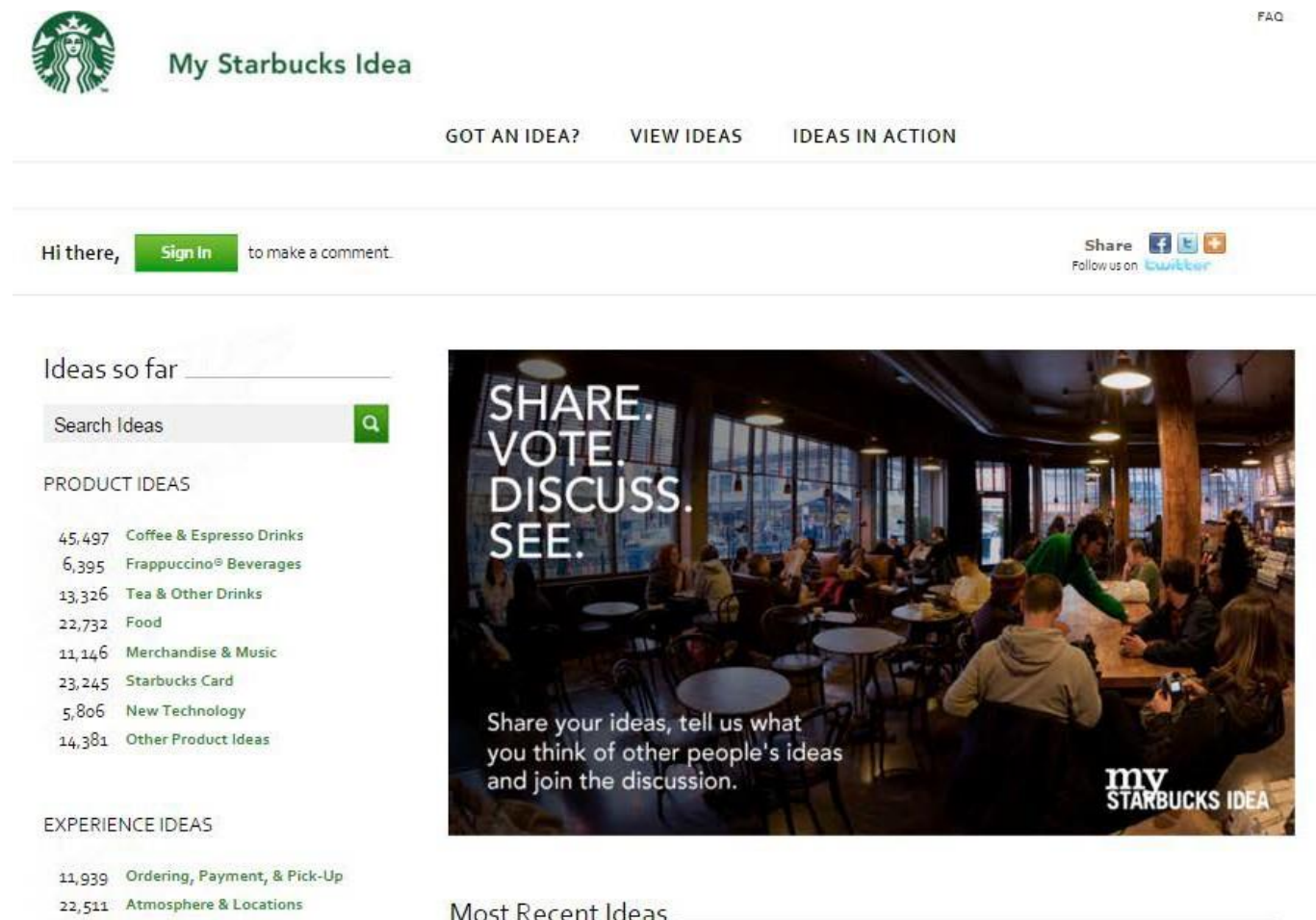
Omnichannel Customer Experience Starbucks

Web – My Starbucks Idea

- A brand-hosted community where customers could suggest to Starbucks their ideas for product, experience, and involvement
- Some ideas do get implemented!

Omnichannel Customer Experience Starbucks

Social Media

- Starbucks is present on various major social media
- Besides the differences in features, the contents on these social media platforms do not fundamentally differ

- The contents are themed mainly on creativity, experience and context, and seasonal topics
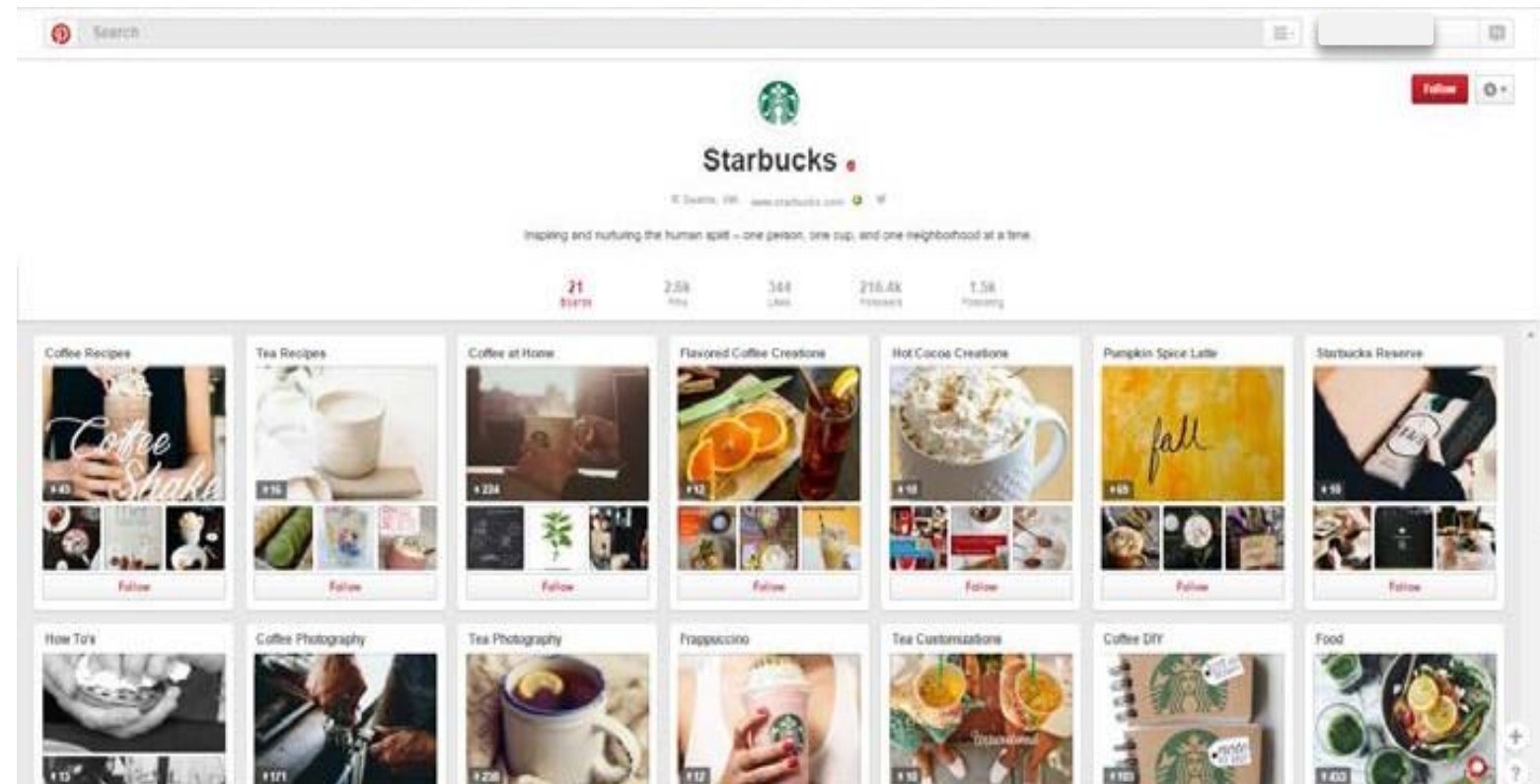
Omnichannel Customer Experience Starbucks

all channels are connected => omni channel

the channels can be ones that are not directly managed by you.

Seamless experience

Store

Web

Social media

Mobile

Engagement and advocacy
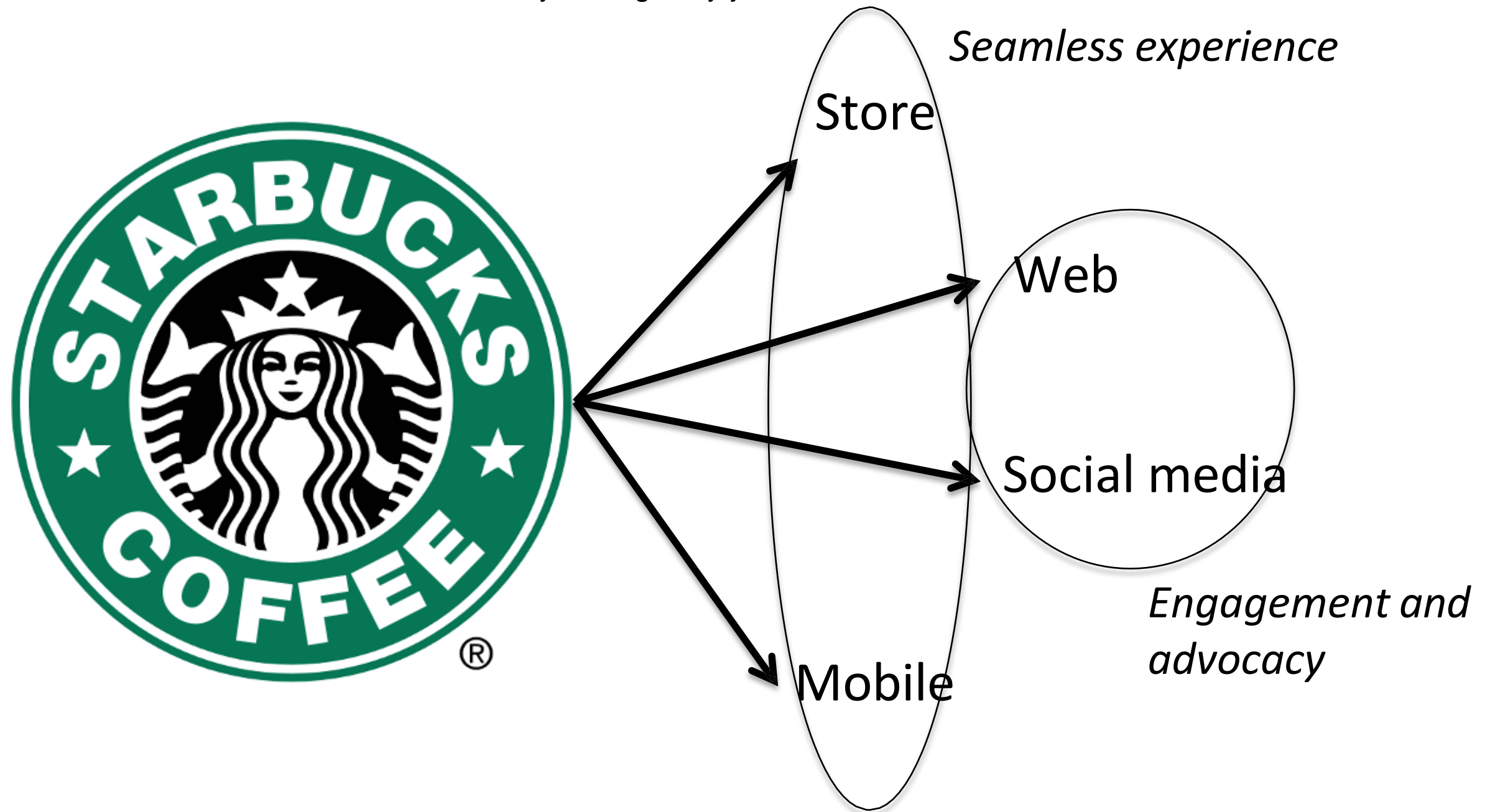
Omnichannel Customer Experience Starbucks

Why Starbucks' works for it?

- Traditionally it serves both hang-around-and-relax customers and on-the-go customers

- Mobile app helps order accuracy and speeds up the service, especially for its frequent customers

- Thus staffs are freed up for better concentrating on those who require in person service

Omnichannel Customer Experience Starbucks

Why Starbucks' works for it?

It has a strong focus and lively activities on social media:

- It has huge and international customer base
- Creativity is a key feature for its products, which is a great source of engaging contents on social media
- It always have seasonal offerings; social media is a great place for trending
- Ambience and social interaction are also among the core concepts of its offerings; social media is the right place for sharing
- It is in fact committed to co-creation

CX: the values star

how to provide the CX?

Functional value
What does the product do?
How does it "work"?

Conditional value
Does the offer arrive at the right time?
offer is avialable when customer needs it.

Cognitive value
Information exchange?
Does the customer understand something better?
Learn from the brand.

Value

Emotional value
How do my customers feel along the purchase process?
What is the impact of the offer on their lives?

IKEA => feel happy to build your stuff

Social value
What is the impact of the purchase on the customers' way to interact with others?
connect to other people with this brand. like nike for running group
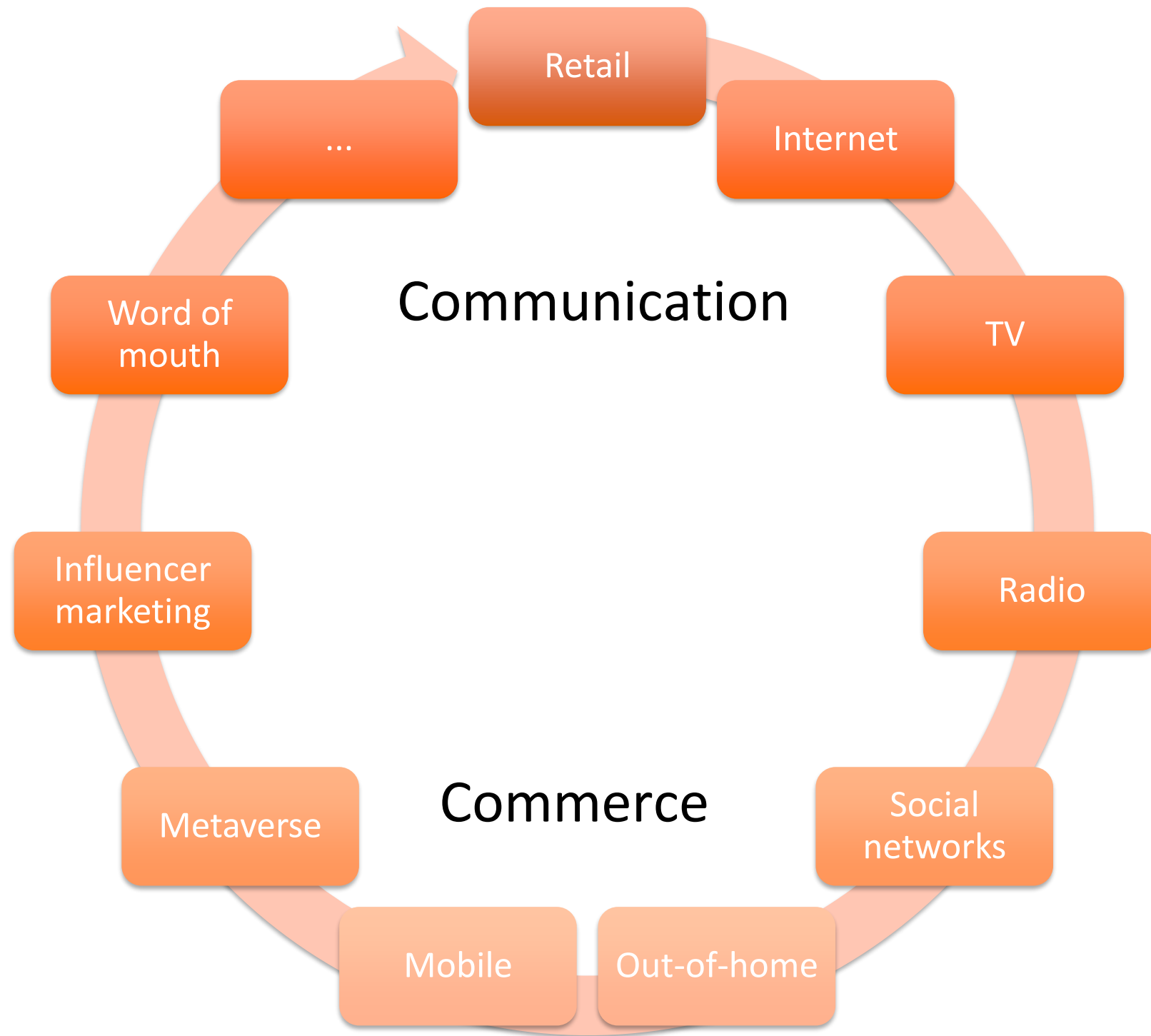Gucci => feelling special, exclusive, luxury

Example of Airbnb 📝

Omnichannel Customer Experience

Ultimately, we seek to provide the customers **seamless**, **enriched**, and **rewarding experience** with any potential **interaction** between them and the brand, with **a variety of channels** at their disposal.

Why omnichannel?

Retail

Internet

TV

Radio

Social networks

Out-of-home

Mobile

Metaverse

Influencer marketing

Word of mouth

…

Communication

Commerce

Omnichannel customer experience: the role of channel mix

- Plenty of alternative channels are available and are actually used
  - By companies in their marketing activities
  - By customers along their purchase process
- The mix of channels «activated» in a given customer experience is the combination of spontaneuous customer behaviors, intentional company decisions (e.g., overprice on counter check-in to favour online check-in) and the specific situation in which the purchase happens
- In a company perspective, channel prerogatives are to be taken into account in order to properly design marketing actions

Online, Offline

Tracking

Targeting

Uninterrupted operation

On-demand

Digital trend

Tangible

Touch and feel

Human interaction

Trust

Old habits

The Challenges
Omni-presence

Advantage of omni-presence

- Maximum exposure to potential audience
- Maximum availability of channels for customers to choose
- To hedge the risk of customer behavior shift

Difficulties of omni-presence

- Companies don't have infinite resource and budget
    - Either you have to spread the resource thin
    - Or you have to multiply the resource
- Not every channel makes sense to a specific business
- Not every channel has justifiable potential for return on the investment
- Failing to meet customers' expectations on any of the channels may negatively impact the overall experience

The Challenges

How consistent do you need to be on omnichannel?

The Same Exp.
The Same Information
...

The Challenges
Consistency

Consistency is important because all channels work together toward the same ultimate goal of the company.

But how should we interpret "consistency"?

Without doubt, there are some aspects could highly benefit from consistency across channels:

- Brand image
- Important information (such as technical specs, pricing, transaction policies, etc.)
- Customer information
- …

COHESIVE through Adoptation

The Challenges
Consistency

However, a narrowly-defined "consistency" which replicates offerings of different channels leads to a loss of opportunity to exploit the advantage of multichannel.

- Different channels have different features
- Customers approach different channels for potentially different purposes

The Challenges

How integrated should you be on omnichannel?

Integration   using a hashtag in socials. integrating offline and online channels.

Benefits of channels integration

- Channel integration is essential for a consistent customer experience across channels

- It provides more flexibility and convenience for customers to switch across channels

- Channel integration allows the companies to fully exploit the rich data in the multichannel environment

Difficulties of channels integration

- Demanding on investment and continuous spending on technical expertise
- It stretches to other functions too (such as logistics)
- It has to be a serious commitment in order to collect, manage, and make use of the data

The new marketing paradigm

From	To
Linear buying process – funnel based	Complex customer journey
Psycho-socio-demo segmentation (Target)	Dynamic Personas
Value creation	Value co-creation
Shopping experience	Branded experience
Multiple channels campaigns	Multichannel assets (POE)
Content declination on multiple channels	Content co-creation in a omnichannel branded and contextual experience

The social funnel
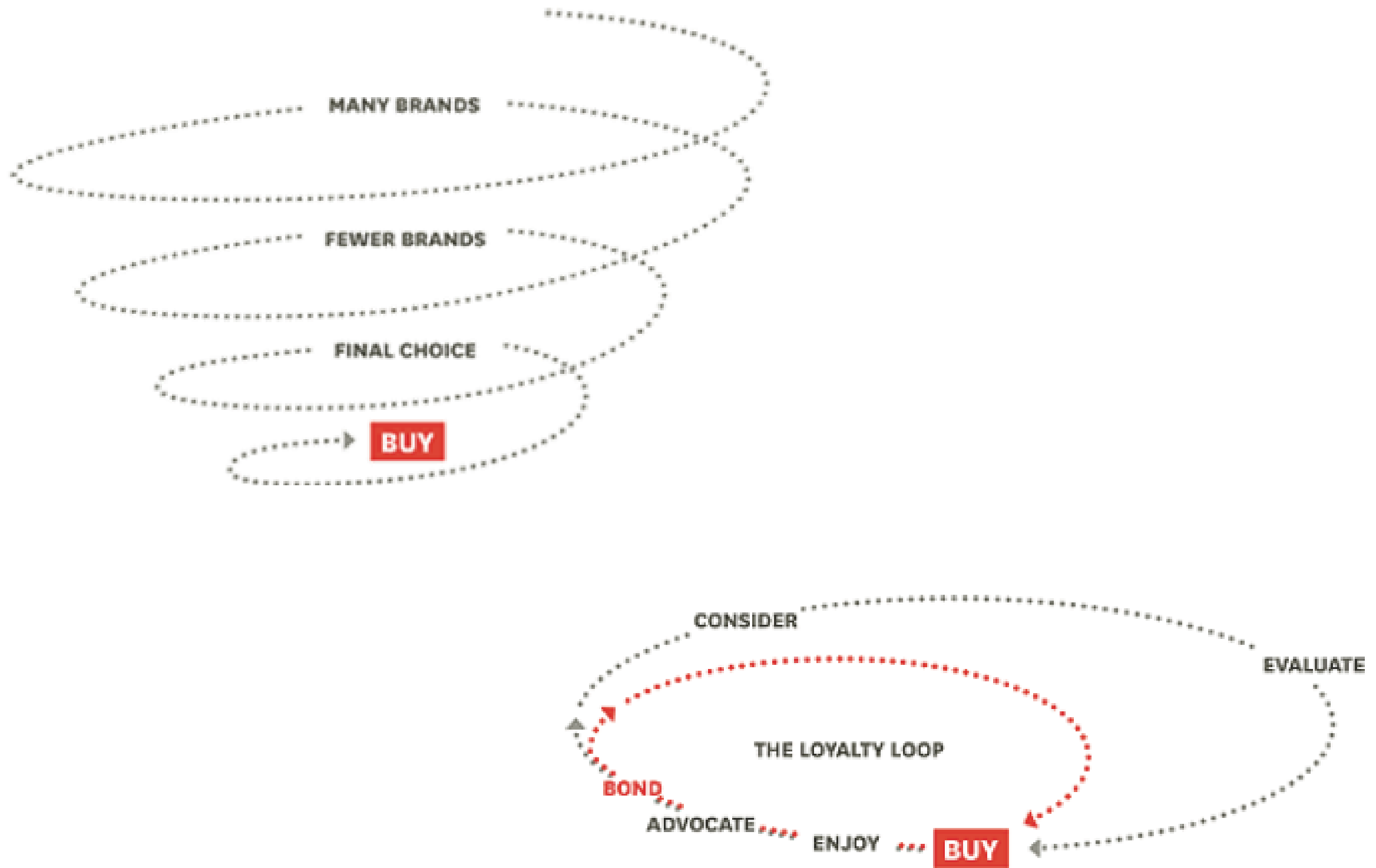
Harvard Business Review

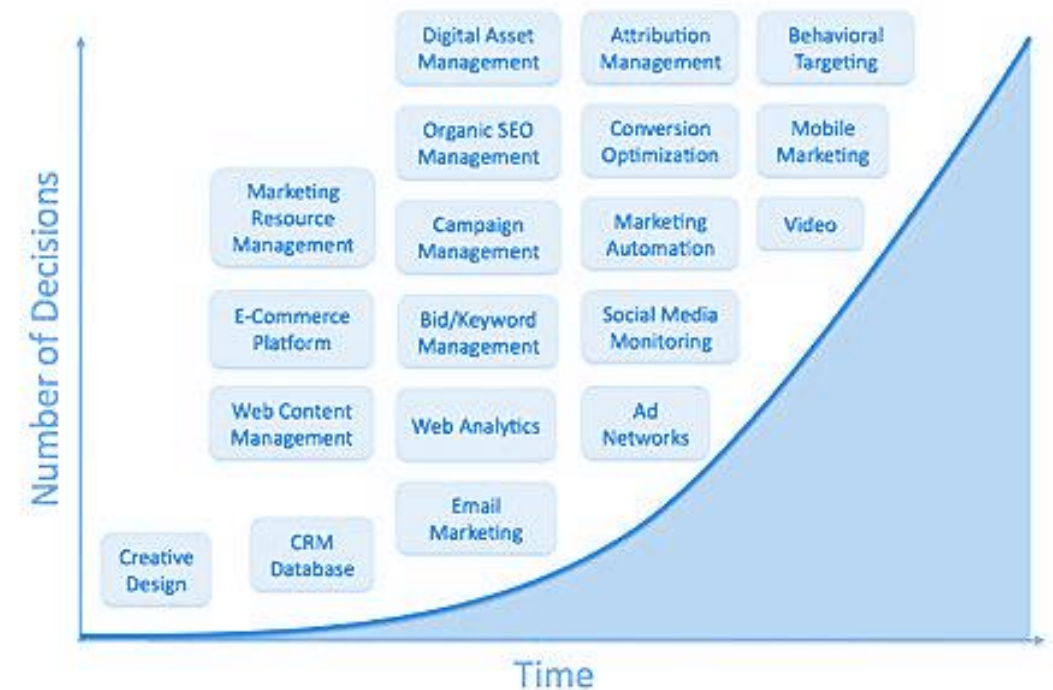**SPOTLIGHT ON THE NEW MARKETING ORGANIZATION**

The Rise of the Chief Marketing Technologist

IT has become central to marketing, and many companies are creating hybrid executives who straddle the two functions. *by Scott Brinker and Laura McLellan*

TECHNOLOGY DECISIONS IN MKTG

CMTO RESPONSABILITIES:

Align marketing technology
with business goals

Facilitate projects and communications
between Mktg and internal IT

Craft technology-enabled
digital business models