Multi-channel Marketing Ecosystems

Creating connected customer experiences

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Introduction to the multichannel marketing ecosystem

01

MARKUS STÅHLBERG

Markus Ståhlberg is the CEO of .PROMO Inc, the app-based marketing automation platform that makes campaign execution as easy as using the App Store. As a leading expert in interaction mechanisms, Markus has helped big brands such as Pepsico, Danone and Nestlé internationally in reaching their marketing objectives. Markus is the editor and co-author of the book *Shopper Marketing* (Kogan Page, 2009, 2012).

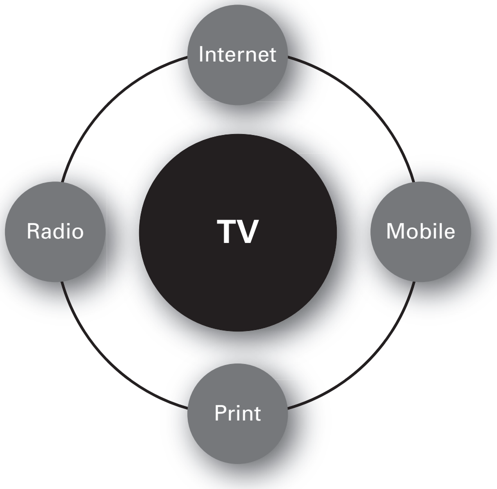
Paradigm change

Marketing can be extracted into a fairly simple equation: how do marketers reach consumers and how do the marketing messages impact the consumer behaviour? Both variables in this equation have changed dramatically in recent years due to the rapid fragmentation of consumer media consumption and the emergence of online and mobile interactive media as ubiquitous channels.

To really see the fundamental nature of this change, it is worth taking a look at how the world has changed since 1993. The way consumers communicate has changed dramatically, with 4.5 billion internet users, including more than a billion Facebook users and over 7 billion mobile phones (including more than a billion smartphones). Within the same period, the distribution of content has shifted away from media such as cassettes, VHSs and the newspaper *New York Times* to Spotify, Netflix and **www.nytimes.com** the online edition. Moreover, the shopping and distribution of physical goods is reaching a tipping point, with shares of online sales breaking records in every consecutive season.

Yet during this period the fundamentals of marketing have not been revised dramatically. TV still dominates the core of marketing strategy for most marketers, while other media, including online and mobile systems, are typically considered as having a supporting or even experimental role.

FIGURE 1.1 A typical 360° approach to marketing



However, we are at the brink of a fundamental change. Marketers must start endorsing what is happening around them and completely rethink their approaches. The change means that consumers can no longer be taken simply as passive receivers of marketing communications through a predominantly TV-centric set of channels. Instead, consumers' interactions within a complex marketing ecosystem consisting of various channels and operators must be built into to the very fundamentals of marketing.

The interactive consumer

The interactive consumer is not a new concept. This was one of the buzz-concepts of the late 1990s internet bubble when many strategists were predicting the demise of old ways of marketing in the advent of the ‘new media’. At the time, however, this was a theoretical approach that was not reflected by actual consumer behaviour and this is why many marketers, shifting their focus to ‘cyberspace’, ended up bankrupt or losing a great deal of money and customers. Thus it is understandable that many marketers are cautious about making radical moves and expect concrete proofs of results before revising their strategies.

On the other hand, it may not be very clear what kind of actions marketers should take – do they need to shift spending from TV to other media, or to transfer the brand lead-role form the current above-the-line agency to an interactive agency? The answer: neither might be necessary; TV and the moving image format will maintain or increase their importance, and there is no reason to change the agency’s focus as long as they agree with the revised approach. The crucial thing is to adapt your overall marketing strategy to the current behaviour of the target audience before it’s too late and they jump on the competition’s boat.

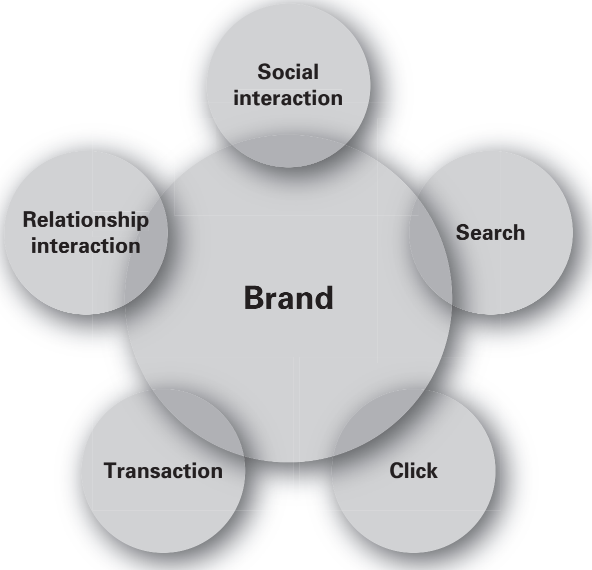
The first step to revising the thinking is to understand what the ‘interactive consumer’ means. To start with, interactive means two-directional: it means the consumer being reactive or proactive in relation to the marketing communications. The key difference from the one-way approach is the positive action the consumer takes within the interactive media, in contrast to a passive ‘between the ears’ effect. Reacting means, for example, the consumer being exposed to brand-sponsored communications and actively discussing it on social media, publishing blog posts or making searches related to the communications. Being proactive means the consumer initiating the cycle without being exposed to any communications sponsored by the brand, for example through reacting a blog post not sponsored by the marketer or to positive or negative feedback related to the brand or product from a friend.

Most marketers are already realizing these changes in consumer behaviour and are taking action to reach the target audience within the various online and mobile environments through being active in social media or using paid online media. This is not enough, however. Instead of simply ‘reaching’ the consumers, the marketers must be able to take the driver’s seat in the entire process of interactions between the brand and the consumer. The process of interaction involves five types of interactions:

- Social interaction:
  A dialogical process, in which the consumer acts as the publisher via social media, forums or e-mail for example.

- Search: The consumer actively searching for something related to the brand, product or service, such as finding product information or making price comparisons, typically by using search engines.
- Click: Consumers click on a hyperlink sponsored by the brand, ranging from text links and online ads to sponsored posts on social media.
- Transaction: The consumer makes a transaction with the brand, product or service, eg making a purchase or giving marketing permission. In contrast to the social interactions and to search and click, the transactions require authentication by the consumer and typically form a relationship between the brand and the consumer. Transactions are sometimes referred to as 'valuable interactions'.
- Relationship interaction: The consumer performs interactions requested by the brand based on an existing relationship, eg providing feedback or inviting friends in response to a request from the brand.

FIGURE 1.2 Categories of interactions



In order to successfully shift the one-directional marketing strategy into an interactive one, brands must have the facilities in place to reach consumers within the different interactions, monitor and measure these interactions, facilitate them and gain ownership of as big a portion of the interactions as possible. However, since brands don't control the internet and the consumers are physical, not digital, a more holistic approach is necessary.

The ecosystem

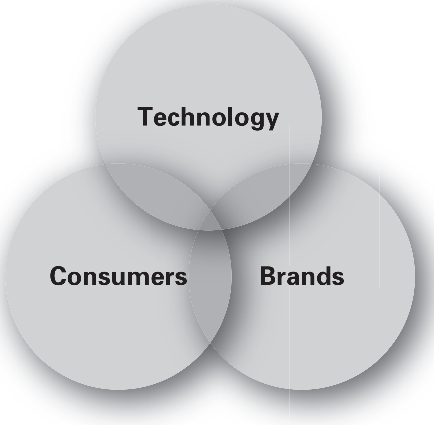
For the past two decades there has been a lot of talk about fragmentation of media, meaning that the increasing variety of media channels used by consumers is making it more difficult for marketers to reach a specific individual or to segment consumers into major groups based on their behaviour. This change calls for a more dynamic and holistic approach to marketing as opposed to the 'one size fits all' strategy. The traditional view of marketing was to think it is sufficient to broadcast a compelling message that would eventually bring about the desired outcome, be it purchase or brand preference for instance. The '360° branding approach' is an evolution of this approach in which the marketers try to make sure the same message is broadcast on all channels, from TV to shop floor and social media. This approach does embrace a more holistic view that acknowledges the fact that consumers are not only watching prime time TV, but it fails to take into account the progressive nature of consumer behaviour from one channel to another.

Previously the way consumers responded to marketing communications could be characterized as a black box until the desired actions took place. The only way to track their behaviour was to conduct consumer research, which could never give marketers a very conclusive view of the processes nor could it provide marketers with control over the behaviour.

Now things are different: with interactive consumers using the internet to search, to engage in dialogue and in many cases also to purchase, it is possible to track the processes (often with absolute accuracy) from the moment consumers get exposed to marketing to the eventual action that they take, which can thus be significantly influenced by marketers. Unfortunately for marketers, however, the consumer interactions don't usually take place within the brand's sphere of influence but include various different technology-driven service providers that affect the consumers on their way to the eventual action. The crucial change that has taken place is that technology, in the form of devices and especially in the form of software is becoming an integral enabler of the relationship between the brand and the consumer.

Understanding this new, complex environment requires a paradigm shift for marketing. The term 'ecosystem' has been recently embraced by many industries in various contexts, from 'supplier ecosystem', to 'app ecosystem' or even 'Amazon ecosystem', and it does seem to provide a good perspective for approaching complex and dynamic systems with many

FIGURE 1.3 Consumer–brand relationship enabled by technology



operators interacting with each other. As defined by Smith and Smith (2012): 'An ecosystem is a community of living organisms (plants, animals and microbes) in conjunction with the non-living components of their environment (things like air, water and mineral soil), interacting as a system.'

A definition for the multichannel marketing ecosystem can be derived: 'A multichannel marketing ecosystem is a community of consumers in conjunction with the brands, products and services they are exposed to, interacting as a system enabled by technology.' Viewing marketing and brands' interactions with the consumer as a dynamic and continuous system that is evolving and is enabled by technology changes the role of marketer from broadcaster of communications into the enabler and sponsor of the ecosystem in which consumers interact with each other and the brands.

Harnessing the multichannel marketing ecosystem

A multichannel marketing ecosystem requires a holistic approach that includes all the touch-points between the brand and consumers, from initial exposure to the communications through to purchase and customer relationship communications. Also, even though it would be tempting to simplify the multichannel marketing ecosystem into a funnel with clearly defined hierarchies and mechanisms between the touch-points, the reality is often more complex. The order in which consumers get exposed will vary greatly – consumers might bounce back and forth in the 'funnel' touch-points and the flow will also be strongly affected by the product or service in question as well as the brand.

The biggest mistake marketers can make when extending their reach to the interactive environment is to shift their focus from mass marketing to individual interactions with consumers. In the age of TV it was not really possible to think of communicating individually to every member of the target group, but the emergence of social media in particular, together with concepts like one-to-one marketing, has created the illusion that this is the optimal approach. This is not to say that interactions with individual consumers would be a bad idea, but in terms of marketing return on investment (ROI) it is rarely the best choice – the most fundamental rule of mass marketing should not be forgotten: in the end, only volume counts. High volume must be the main focus in the multichannel marketing ecosystems – otherwise they are doomed to fail.

The marketers should take the driver's seat on defining how consumers interact within the different touch-points and steer them towards the eventual marketing objective. This requires understanding of where the touch-points are and what their roles are within the big picture.

FIGURE 1.4 Holistic view of the multichannel marketing ecosystem

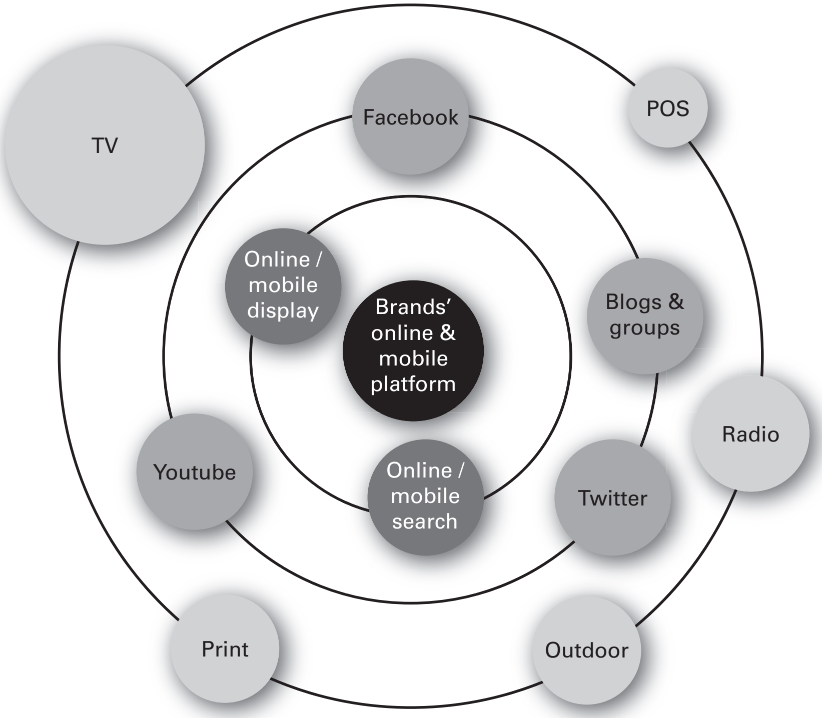


Figure 1.4 depicts a holistic view of the multichannel marketing ecosystem, giving examples of touch-points between the brand and consumer, categorized according to the type of interaction and the brand's capacity to facilitate them. The outer sphere represents traditional broadcast media, based on one-way broadcast-type communications. Understanding the role of this sphere within the ecosystem requires at least basic methods for tracking how consumers are affected by it. This can be done in the traditional way, by using market research, but a more advanced method is to include immediate and channel-specific calls to action, trackable links or QR-codes in the media so that it is possible to track consumers taking the desired action.

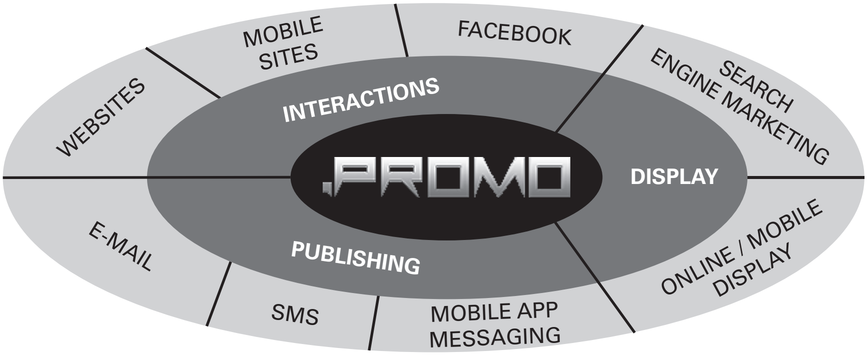
Next is the 'social' sphere, most notably Facebook but also other social media, blogs and discussion groups and other media through which consumers interact with each other by publishing, sharing or commenting on brand communications-related topics. Understanding and harnessing this sphere has been the focus of many marketers in recent years, and various service providers, such as Buddy Media (acquired by Salesforce) or Vitrue (acquired by Oracle), have emerged in order to enable tracking and facilitate the social interactions. Many marketers have decided to put the social sphere at the centre of their ecosystem, for example by focusing the brands' entire online and mobile presence into Facebook. The problem with this approach is that the brand is handing out the ownership of the relationship with the consumer to a third party and losing control over it. The social sphere is essential, but it is only one sphere of interaction touch-points in the big picture.

The third sphere is the 'click' sphere consisting of online display and search. With regards to search, the brand must make sure the overall ecosystem is constructed properly – structurally, content-wise and technologically – so that the phrases consumers use in their search efforts, primarily using search engines, match those in the system and direct the interactions towards the ecosystem's centre. With online display, marketers must consider what messaging and what kind of reward mechanisms maximize the clicks with optimal ROI.

The main enabler of the multichannel marketing ecosystem is the brand's online and mobile platform, which consists of the brand's website and mobile site, the mobile apps and the customer relationship management system. The platform is the enabler of the most valuable interactions, the transactions that can take place online or offline, as well as relationship interactions based on consumer permission.

Building a successful multichannel marketing ecosystem may seem a complex and challenging task – and it definitely is. The best strategy for construction is to first define the purpose of the ecosystem, which would typically be to drive consumers towards repeated transactions and into a close relationship with the brand. After this the brand should consider the most relevant touch-points for each of the spheres, and how the brand can track and activate consumers to interact optimally towards the desired goal. Activation should typically focus on motivating new customers to interactions that lead towards the centre of the ecosystem, and on giving existing members reasons act as ambassadors. Finally you should consider the tools needed to run the ecosystem as well as the communications and reward mechanisms used as its fuel.

FIGURE 1.5 Example of marketing automation platform for a multichannel marketing ecosystem


MOBILE SITES
FACEBOOK
SEARCH ENGINE MARKETING
WEBSITES
INTERACTIONS
.PROMO
DISPLAY
E-MAIL
PUBLISHING
ONLINE / MOBILE DISPLAY
SMS
MOBILE APP MESSAGING

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