



Valuable Advice from Workshop I

New Strategies for Communicating, Client Relationships, marketing and Sales for the 2020s. Where will your customers be and will they hear you?

Held on Tuesday 11 April 2017

Executive Summary

Everyone knows that the world of marketing has fundamentally changed. Social media, the rise of consumer power, Big Data and more have seen to that.

We're in an age where a presidential tweet can send a share price plummeting or soaring. Where a single incident can gain international attention within hours and wipe hundreds of millions off a company's value. And where no marketer can feel they've got their hands completely around the challenges facing them.

Of course it's one thing to know things are different, and another to know what to do about that. In our first Valuable Advice Workshop for 2017, we brought together three digital marketing experts to hear their views not only on how things have changed and will continue to change, but also on how companies can effectively communicate with their customers in an uncertain world.



(L-R) Ryf Quail, Tim Pointer and Richard Boyd with Greg France (Chair)

The Speakers

Ryf Quail: CEO, Avalon Group

Ryf's career spans 20+ years across publishing, media, marketing, data, tech and digital. He has started digital media agencies and successfully sold them, run local branches of global media agencies, headed digital marketing and CRM for Deloitte across Asia Pacific and recently founded his own global ventures group – The Avalon Group.

Tim Pointer: Co-founder and Managing Director, Uprise

In just over seven years, Tim has helped digital performance agency Uprise grow from a two man band to a team of 19, with offices in Wellington and Auckland. With 100% year-on-year growth since its inception, Uprise has been recognised as a Deloitte Fast 500 Asia Pacific company for the last three years. Last year Tim was also honoured to be one of two Kiwis that made the Forbes 30 Under 30 list for Asia Pacific.

Richard Boyd: Digital Strategist

Having worked with underfunded NGOs, government departments and, most recently, for OfficeMax and 2 Degrees Mobile, Rich has fought for change in some of the most change resistant organisations in New Zealand. He is passionate about the digital customer experience, and taking geeky acronyms like CRO, SEO, UX, PPC and turning them into initiatives that delight customers while having a positive impact on the bottom line.

CHAIR

Greg France: Principal, Lowndes

Greg is a member of Lowndes' corporate and commercial team. With more than 15 years' experience in legal practice, Greg has particular expertise in technology and the protection and commercialisation of intellectual property.

What They Said

Ryf Quail

Digital media advertising is booming. At the same, traditional media is in “structural decline,” said Ryf.

When he says digital marketing that increasingly means Facebook and Google. UK figures show these companies currently control 57.6% of the digital ad market, and by 2020, it's estimated that 70c of every ad dollar spent will go to them. The position is little different here in New Zealand.



Now here's the thing. Unlike your daily newspaper or preferred TV channel, neither of those channels is a content provider. They're algorithms. And that raises a big question: As traditional media declines, who is going to pay for New Zealand content?

In Ryf's view, NZME and Fairfax must merge – otherwise there simply won't be any meaningful New Zealand news.

Ryf also addressed Sky's predicament. Having lost 20% of its subscription base after the 2015 Rugby World Cup, it's also facing an uncertain future. And if it failed, what would happen to the All Blacks? (The New Zealand

Rugby Union gets almost three quarters of its income from commercial contracts, including broadcast and sponsorship deals.)

Local media is under threat from the ability of large global players such as Netflix to deliver content on demand directly to smart TVs and other devices in New Zealand homes. Some of local media's problems are of their own making, however. While TV in many other countries track audience numbers by the minute, TVNZ and MediaWorks operate on a 15-minute slice. This lack of transparency is a turnoff for advertisers.

After many years of closing the gap on desktop advertising, mobile ad revenue will finally overtake it this year. But the trend won't stop there – we're heading towards a mobile first world into a world of mobile only.

As that world emerges, a looming threat is that Amazon may shortly disrupt retailing as we know it. Amazon has announced that it will establish in Australia using an EBIT zero approach to quickly win market share, and it is likely to view New Zealand as just another part of Australia. How should traditional retailers respond to this global giant entering local markets and making a wide range of products easily available at a low cost?

One approach that Ryf admires is that taken by Hallenstein Brothers who introduced an “Urgent Tonight” delivery option for online orders. Rather than waiting the usual 1-3 working days, for an extra \$10 you can have your order delivered that evening. While the service has certain restrictions (it's not available everywhere and only operates on weeknights), it's nonetheless a smart move. The question local retailers should be asking, said Ryf, is “what can we do that Amazon can't replicate?”

Tim Pointer

Tim began by echoing a point that Ryf had made. As digital advertising begins to dominate the landscape, who wins? It's neither the business nor the consumer, but Google and Facebook. If an advertiser has bought clicks and you enter the wrong keyword, he said, Google still gets paid even though no one else has gained a thing.

But his main points were around the pace of change. Internal teams – marketing departments, for example – are struggling to keep up with the explosion of new channels and technologies available. It's not for lack of trying, but simply that the complexity and speed of change is so great.

One of the most significant changes is the ability to measure the impact of virtually every dollar spent on online advertising.

But the traditional metrics – impressions, for example – aren't worth much, he said. The problem is they don't tell you anything about the impact on the business itself (you could triple your number of impressions but not make a single extra sale).

Tim's company uses two frameworks that can be used to assess any new technology. One is an inverted pyramid that will be familiar to pre-digital marketers. It assumes that most buyers will go through three stages on their way to purchase: Awareness, Consideration and, finally, Conversion.



An important step is to assess what online activity will produce the best results at each stage (eg, banner advertising, social media posts) and decide which channels to use for activity. Above all, said Tim, set one meaningful KPI – and one only – for each activity. If, for example, you're using Adwords to promote Conversion, you would probably measure success on the number of new customers generated. Don't then also measure click through rates – besides being a weak measure, it will simply complicate your results, making it difficult to assess what changes to make to your campaign next time to produce better outcomes.

An important question then becomes “which channels are most appropriate at each stage of that journey?” By researching that question, and developing advertising that's appropriate at each stage, Uprise has seen at least one client achieve a 20x return on their advertising spend.

The testing methodology that Tim proposed is straightforward. State what you already know, based on both quantitative and qualitative data. Then, based on that, state what you believe any given “lever” will likely contribute towards a given goal (eg, “Facebook will attract x number of 18-30 year old prospects to our website within y days.”).

Every business needs a testing culture, said Tim. And qualitative and quantitative measures still reign supreme: you need to know who your audience is, what your KPIs are, and how long your timeframe for measuring success is.

Then you take what you've learned, massage it, and test again. How often you test depends on the volume of data – you must have enough to generate statistically significant results. Tim cited the Obama 2008 presidential campaign which was funded largely from individual donations. Because of the large number of donors, his team tested day in and day out – and we all know what they achieved.

Richard Boyd

Rich is a digital experience evangelist. For him, a non-negotiable aim of any serious organisation with digital ambitions must be to deliver a delightful customer experience through digital technology.

Rich cited the example of Uber versus traditional taxis. Uber's success is not to do with price, but its success in delivering a great experience through an app. Consider the traditional taxi, he said. You call it, then wait for it arrive, with no idea where it is, how long it'll take to reach you, and not even certain it's got the right address.

When it does arrive, you have to tell the driver where you're going and, once you get there, fiddle around with your credit card to complete the transaction.

Uber eliminates all those issues, except the wait. And even that is cushioned by being able to see where your Uber driver is before they arrive.

While the customer obviously wins here, so too does the business. In fact, said Rich, digital transformation is using digital technology to provide better customer experiences *that grow revenues and decrease costs* (emphasis ours).

So how does an organisation achieve this? In five steps.

First, you form a digital transformation team drawing on smart people from throughout the company.

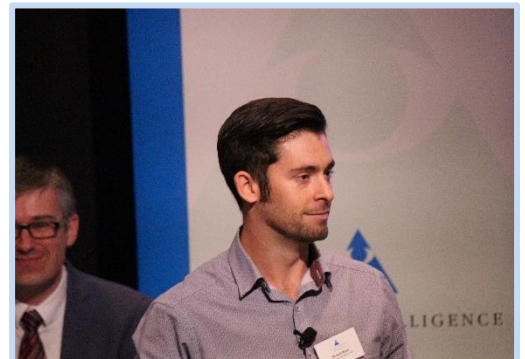
Second, research your customers. If you have data, use it. Whether you have data or not, talk to your customers. A major stationery supplier recently set up kiosks instore to help parents buy their children's school stationery, which provided useful insight into parents' wants and needs for the retailer's website. Traditional research still has a place.

Third, design your customers' ideal experience, preferably using human-centred design. This approach usually involves closely working with your customers, generating a lot of ideas, trying and rejecting ideas quickly, and eventually putting new solutions out in the world. Your design team should also include people with varied skills and backgrounds. By doing this work alongside your customers, you give yourself the best chance of success.

Four, plan your infrastructure. Many organisations' digital infrastructure has been built around the needs of the organisation itself, without great regard to creating powerful, personalised customer experiences. That approach is now too limited, and companies would do well to engage an external provider to help them design a new model.

Finally, build your infrastructure.

If that sounds easier than it probably is, you're right. Anyone championing this approach in their organisation should expect a range of not-so-positive responses from decision makers, ranging from puzzlement to bemusement to outright resistance.



Don't be surprised or upset by this, advised Rich. You'll be dealing with people to whom this is new and, possibly, even a little threatening. Before taking your recommendations to the Board, he suggests you develop some empathy for the people who have to get their heads around your ideas. Remember to drop the acronyms and state everything in plain English. And above all, he said, make it commercially viable.



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