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# Online Customers, Digital Marketing *The CMO–CIO Connection*

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Media consumers are rushing online in record numbers, and corporate marketers must go there too. Done right, online marketing holds the promise of higher profits and greater accountability, but it requires a sophisticated, strongly aligned blend of marketing savvy and technological expertise. CIOs and CMOs must work together to develop a marketing architecture that can analyze consumer behavior, help make marketing decisions, and automate customer interaction, content management, and publishing processes. While some of this technology is already available, the solution market is in flux, and farsighted caution is a must.

# GOING DIGITAL

Consumers of media have seen the digital light, and they are shifting in ever-growing numbers to all kinds of digital media channels—the Internet, electronic messaging, online search, the social Web, blogs, podcasts, mobile communications, and gaming platforms. Given the shift, it's no surprise that marketers are hot on their heels, abandoning traditional media at a shocking rate. Online and mobile are the only advertising seg-

ments expected to grow in the near future, despite—or perhaps because of—the current economic crisis. That's because digital marketing promises intelligent, individualized consumer targeting at a far lower cost than traditional media.

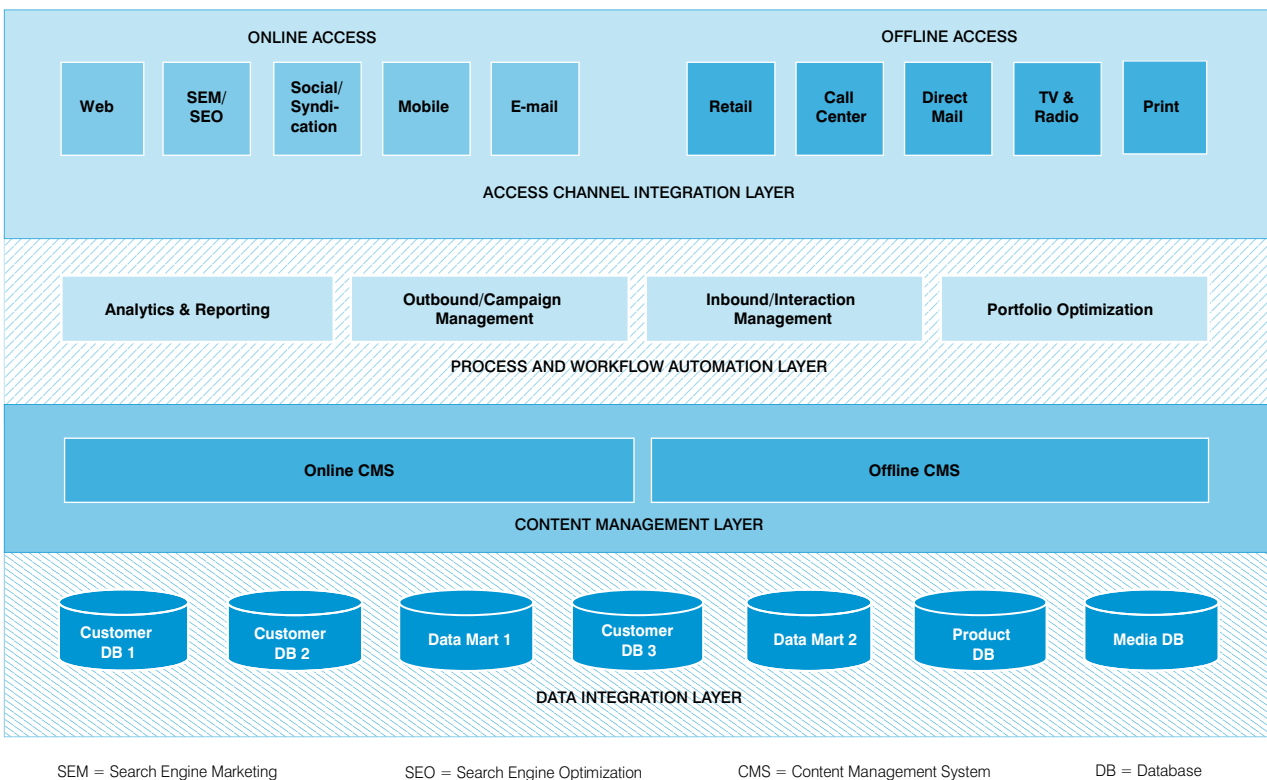
In a Web 2.0 world, however, taking part in that market isn't simply a matter of throwing some banner ads against a few likely Web sites and seeing what sticks. The many virtues of digital marketing—its speed, flexibility, interactivity, and accountability—require a whole new set of marketing strategies and skills to make it work. And it demands a close collaboration between CMOs and

CIOs to build the technology to automate new marketing processes and provide real-time decision support.

The goal of every marketing effort is to drive profits, and digital marketing holds the promise not just of increased profitability, but of better understanding where those profits come from, and why. As *The Four Pillars of Profit-Driven Marketing*, a Booz & Company book (see "Resources"), discusses in depth, profit-driven marketing consists of four critical elements:

- Building an analytical understanding of individual consumers' behavior, needs, and communication/media usage patterns.

**Exhibit 1**  
**Building a Better Marketing IT Architecture**



Source: Booz & Company analysis

- Leveraging decision-support tools that let marketers target customers 24/7 via the right channel, at the right time, and with the right message.
- Building embedded processes that can orchestrate marketing messages and offers across channels, setting relevant targets, and measuring results.
- Creating an aligned organization that develops leadership, structures, skill sets, and incentive systems geared toward the digital world.

Given those needs, CIOs face a daunting task. They must create a single view of all their customers out of a bewildering variety of constantly updated data sources, from legacy systems to online customer interaction data. They must use that information to make specific offers to individual customers based on their value to the company—both in the past and in the future. They must construct a digital marketing architecture and workflows that not only integrate every off- and online channel but also orchestrate how and when to communicate with individual customers, both outbound and inbound. And they must build a marketing platform that can help automate the process of publishing a consistent set of marketing messages and content through every marketing channel, from classic TV spot to Facebook app to YouTube video to Google AdWords to blog entry. Exhibit 1 suggests the outlines of a comprehensive marketing IT architecture design, beginning with the data architecture and content management platform and leading up to the individual online and offline channel platforms.

Creating such an architecture is a complex task, especially since the solution market for many of its components is far from mature. CIOs should tread carefully when evaluating channel and content management platforms: The technology is going through rapid innovation cycles as vendors try to integrate online and offline offerings, and consolidation of the vendor arena is only a matter of time. To reduce risk, consider flexible best-of-breed options, including systems offered on an on-demand basis.

The process automation layer is a safer bet, as many such modules are available as part of integrated marketing or CRM suites. Finally, look for a consistent, flexible, open platform for the channel, workflow, and data integration layers. These elements form the vital backbone of a robust service-oriented architecture, and that is key to remaining flexible as ongoing innovation forces CIOs to reconsider their component choices—and it will!

Implementing the marketing technology needed to drive profits and track results involves a significant amount of work. And that doesn't include managing all the technology vendors, ad agencies, online agencies, marketing boutiques, and media partners involved in a successful digital marketing effort. The best solution: a "digital marketing office" that can act as an intermediary between the business and the marketing and IT organizations to manage the demand for added marketing functionality, while orchestrating critical relationships with partners and suppliers.

It isn't enough to follow your customers into the Digital Age. You need to go there with them.

## Resources

Leslie H. Moeller and Edward C. Landry, with Theodore Kinni, *The Four Pillars of Profit-Driven Marketing: How to Maximize Creativity, Profitability, and ROI* (McGraw-Hill, 2009)

Christopher Vollmer, *Always On: Advertising, Marketing, and Media in an Era of Consumer Control* (McGraw-Hill, 2008)

Olaf Acker, Florian Gröne, and Klaus Hölbling, "Beyond the Mass Mailing: Next-Generation Campaign Management in an Era of Saturated Markets." <http://www.booz.com/media/uploads/BeyondtheMassMailing.pdf>

Roman Friedrich, Florian Gröne, Klaus Hölbling, and Michael Peterson, "The Rise of Mobile Marketing: New Opportunities for Consumer Companies and Mobile Operators." [http://www.booz.com/media/uploads/Rise\\_Mobile\\_Marketing.pdf](http://www.booz.com/media/uploads/Rise_Mobile_Marketing.pdf)

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