Redefining the CPG Digital Marketing Landscape

Abstract

Marketers are discovering that digital channels are significantly more effective than traditional offline media for reaching out to consumers. However, marketing in the digital age is fraught with complexity. Agencies and system integrators not only need to execute marketing activities in a digital environment, but also radically transform consumer experience.

System integrators are actively building digital marketing competencies in an attempt to break free from the stereotype built by their long-established service lines. As a result, a host of CPG brand–agency–system integrator collaboration models have sprung up.

Some CPG enterprises are also moving their marketing efforts in-house to gain better control over this arena and to address emerging marketing requirements to realize the goal of omni-channel marketing effectiveness.

This paper discusses how technology trends like programmatic media buying systems and digital marketing hubs are changing the dynamics of the CPG brand and agency collaboration.

The New Face of Digital Marketing

Consumers typically follow a non-linear purchase path, spanning multiple online and offline channels, platforms, and devices. They expect a seamless interaction with the brand across all touchpoints. The marketing process has become much more intricate, with developments captured in near real-time, which makes one-off campaigns insufficient to accomplish all business objectives. With increasing online consumer presence, CPG enterprises are stepping up their digital advertising efforts leading to new avenues for both marketing agencies and IT system integrators.

However, in most companies, digital marketing activities are executed in silos, hampering the effectiveness of an omni-channel marketing strategy. Even though CPG enterprises aim to engage consumers with a diverse digital marketing strategy mix, most marketing agencies are still to shed their age-old, promo-driven advertising practices. This is where system integrators — with their extensive technological expertise — can step in.

Bridging the Gaps in the Digital Marketing Landscape with System Integrators

The essence of digital marketing is to deliver a highly personalized enriched consumer experience through interactive web portals and targeted advertising. This necessitates traditional agencies to hire people with technical as well as creative skills. Agencies also need to adopt responsive designs for their digital marketing strategy, leveraging technologies like marketing automation and social listening platforms for seamless brand experience and advanced consumer insights.

CPG enterprises and marketing agencies need to adopt an efficient collaborative model (depending on the nature of the digital marketing campaign) to ensure effective management and tracking of ongoing campaigns. System integrators are leveraging their integrated IT and digital content capabilities to build scalable solutions that can cater to the diverse digital marketing needs of CPG enterprises. Many large technology consulting firms are acquiring design firms and other specialty agencies to boost their creative services, and position them as one of their core offerings.

With strong technological and analytical expertise, system integrators are able to complement the creative capabilities of the existing agency partners of a CPG brand, forming a partner ecosystem that can execute marketing campaigns effectively.

System integrators have also started partnering with multiple marketing technology vendors to meet with the evolving digital marketing requirements of CPG enterprises worldwide. With this, they are better equipped to offer strong consulting expertise in identifying the optimal mix of technology platforms for CPG enterprises to facilitate seamless agency collaboration and effective digital marketing.

The Rise of Technology-Powered Marketing

Traditionally, brand teams of CPG companies have relied on external agencies for procuring media and consumer insights. Marketing technologies like digital marketing hubs, programmatic media buying platforms, and marketing analytics tools have the potential to change the face of CPG brand–agency collaboration.

Many of these new technologies have reduced marketers' dependency on external agencies. Marketing software suites with embedded analytics capabilities are making it possible for CPG companies to track trending topics on social media forums, define target consumer segments and their personas, identify optimal media mix for campaigns, perform A/B and multivariate testing of landing pages, evaluate overall campaign performance, and more. Content management systems allow lithe and consistent dissemination and organization of brand assets by internal and external stakeholders with features like blogging, voting, and commenting on online forums.

In a nutshell, the executional aspect of marketing can be moved in-house in the near future, giving CPG companies enhanced control on their campaigns and budgets. This calls for digital agencies and system integrators to outdo themselves in terms of providing creative services and technology support respectively, to survive the disruptions caused by a continuously evolving technology ecosystem. Here are some technology developments to watch out for.

Digital marketing hubs

The current digital marketing value chain involves several stakeholders, both internal and external to a CPG enterprise. Digital marketing spend and efforts are directed to individual channels or stages in the consumer purchase journey, with separate teams and agencies handling them, each employing their own set of technologies and data. This results in inconsistencies in the marketing output across multiple

touchpoints as perceived by the consumer, and the possibility of cannibalization or repetition of marketing effort. As a result, a CPG enterprise ends up incurring significant overheads to ensure coordination across disjoint initiatives.

To ensure consistency in marketing efforts, advertisers need to streamline the operational infrastructure. Investing in digital marketing hubs can facilitate smooth collaboration and hand-offs between various stakeholders. By minimizing the time and effort spent on unproductive tasks, marketing hubs will enable agencies to better utilize resources to innovate and optimize marketing campaigns.

Programmatic media buying

This technology enables CPG companies to know what consumers are looking for based on their previous browsing patterns — videos viewed, online searches, and sites visited. Digital media spots are reserved automatically, in real time, to display ads tailored to what consumers typically search, just in time for them to view it. Programmatic buying technology is essential for personalized marketing, resulting in ROI maximization.

Large advertising agencies have invested heavily in programmatic buying and installed agency trading desks. Programmatic media requires that marketers rapidly generate a large amount of personalized content to target the right consumer segment at the right time. Some CPG enterprises have also invested in programmatic media technologies, like demand side platform (DSP), to purchase ad impressions themselves.

Proposed Approach for CPG Company–Agency–System Integrator Collaboration

As digital marketing grows in complexity, CPG enterprises must redefine their marketing ecosystems and partnership strategies. To execute a digital marketing campaign, CPG enterprises will need to adopt a collaborative model based on an optimal mix of complementary capabilities drawn from both system integrators and marketing agencies (see Figure 1).

Figure 1: Three-way Collaboration for Better Marketing Outcomes

Here are some aspects that merit consideration before such a model is deployed:

Backing marketing with business and consumer insights: To produce content that is meaningful, aligns with emerging trends, and the organization's brand strategy, a CPG enterprise and its partners must have extensive knowledge of the industry on the whole, and its customers in particular. This information when incorporated into a design-thinking based approach will empower the CPG enterprise to improve marketing effectiveness. System integrators can leverage their expertise in data analytics and listening technologies, coupled with domain consulting experience, to derive consumer insights and develop tools for marketing effectiveness measurement that help CPG brands and agencies fine-tune their campaign strategies.

Delivering responsive services: Digital marketing campaigns don't have start and stop buttons; they run in a continuous cycle. This heightens the need for highly responsive and agile systems. Efficient program management founded in Agile methodology, and technologies like programmatic creative platforms that automate parts of the process, should be leveraged. Since this is a core competency of system integrators, they can facilitate smooth collaboration between all

stakeholders to ensure that marketing initiatives are delivered within stipulated timeframes.

Forging an effective strategic partnership: System integrators and agencies should base their success on the marketing returns of the CPG enterprises, with billing systems designed around achievement of KPIs and required performance in a gain-share model. For example, remuneration for a pay-per-click campaign can be a percentage of sales generated from click-throughs of programmatically bought advertisements.

The Way Forward

Digital channels are highly effective for connecting with, and sustaining the attention, of the contemporary consumer. The requirement to deliver hyperpersonalized content in near real-time has compelled CPG brands and partner agencies to rethink marketing execution along multiple dimensions such as partnership and collaboration models, and the enabling technologies. System integrators are now entering the partnership ecosystem to play the critical role of technology and marketing execution enablement.

Since digital marketing is continuously disrupted by evolving consumer preferences and technological innovations, CPG brands and their partners – system integrators and agencies – must adopt an evolving collaboration model that leverages the combined strengths of all players to ensure agile and effective marketing execution.

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