

# INITIALS LABS

# OK COMPUTER?

*Why marketing technology needs to be  
100% brand-led, and how to achieve it.*





## Introduction from Dom

I've worked in digital for over 20 years, and if I've learned one thing, it's that the sector's awash with mystification. There's too little clarity, too many vague promises... frankly, too much bulls\*\*t. At Initials, we want to help cut through this confusion.

Marketing technology can help any business improve performance, but only if it's used in the right way. It's a reality that too many organisations are still seduced by technology-driven solutions that fail to address real consumer needs. This is wasteful.

The true power of MarTech is that it allows companies to radically improve both quality of service and consistency of messaging. By providing customers with more relevant answers at the time and place of their choosing, it drives loyalty and positive word-of-mouth. In short: it can play a key role in increasing brand love.

To make all of this happen, marketing technology must be 100% brand-led. It must be aimed squarely at the particular needs of your customers and it must be deployed in ways that feel integral to and ownable by your brand.

It's also crucial that you start from the right place. That's why we've developed a Health Check tool that enables any company to evaluate how it is using technology today and how it can get more out of it tomorrow. We share our research findings in the section entitled "The health of the nation".

MarTech represents an extraordinary opportunity, but it's not easy to unlock its full potential. This paper will help you and your company to identify the challenges, smash through the barriers and bring technology to heel.

I hope you enjoy the read.

**Dominic Murray**  
Digital Director, Initials Labs

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# EXPERT CON- TRIBU- TORS

*In preparing this paper, we conducted both quantitative and qualitative research. We would like to thank our contributors for their time and valuable insights.*



**KATIE DULAKE**

Katie Dulake has worked client side in marketing for more years than she cares to think about. Priding herself in leading change, she has developed and led brands for organisations as diverse as the contemporary arts centre, Arnolfini, Lloyds Banking Group, TSB, Boots and the British Army. She made the move to the automotive sector earlier this year where she heads up the marketing function for Mitsubishi Motors in the UK.

**AMIT SINGH**

Amit has a wealth of experience having worked on large brands across emerging and developed markets. He started out at Mondelez India where he led the successful repositioning of their flagship brand, Bournvita, driving unprecedented growth. His penchant for learning saw him move to the UK, where he led some memorable campaigns on Walkers Crisps for PepsiCo. His current role is to drive the Lay's agenda across Western Europe where he leads strategy and comms for the largest brand in the portfolio, having overseen a period of sustained growth.



**SAHER SIDHOM**

Described as one of the world's 'best strategy minds' in Heather Le Fevre's Brain Surfing book. Saher set up HACKMASTERS as an emerging-technology design network focussed on future industries, products and scenario planning. HACKMASTERS simulates future eco-systems to understand what future markets would/could look like. HACKMASTERS' methodology ensures that diverse international teams work at speed with focus, eliminating time wasted in innovating inside the system by working with those at the cutting edge. HACKMASTERS hacks are critical and practical ways of evaluating and defining future markets and the products that will win within them.

**ZOE HAYWARD**

Former Head of Clothing, Home & Beauty Marketing at M&S. Zoe has over 18 years marketing experience across Global & UK Retail & FMCG brands. An award-winning marketer, accountable for developing consumer driven, digital-first growth strategies, new product development and brand communication for some of the UK's biggest and most loved brands.



# OK COMPUTER?

**1** Today, consumers expect more of brands than ever before. They demand authenticity, transparency and purpose. They're looking for brands to feed their cultural and social passions 24/7; mere product utility is no longer enough. Above all, they expect brands to provide them with exceptional experiences however and whenever they choose to engage; experiences that are perfectly tailored to channel, contextually relevant and appropriately personalised. **This poses a huge challenge: consumers' expectations have risen faster than brands' ability to meet them.**

**2** Brands need technology to help them get back on the front foot. Whilst AR, VR, 3D printing and mass customisation all have potential, the key opportunity centres around data. Data allows brands to anticipate where the market is going and respond with greater insight. It empowers them to identify 'signals of intent' and resolve consumers' needs in the moment and it allows them to cut through the noise by providing more relevant solutions to micro customer segments.

**3** Organisations understand that technology is critical: 93% of business leaders say that improving their customer-facing technology is a competitive necessity. However, **most companies are struggling to turn their hopes into reality.** 60% of marketers believe they're missing out on significant sales and revenue opportunities because of their current marketing technology. ▶



**4** There are multiple reasons for this. Many companies are hamstrung by legacy issues: systems that aren't properly integrated and may no longer be fully fit for purpose. They also struggle with structural and personnel challenges, lacking the right processes and skills to act quickly and effectively. In combination, this often makes it difficult to demonstrate ROI which acts as a block on further investment. **Perhaps most significantly, the way many organisations are using marketing technology is failing to positively differentiate their brands.**

**5** Initials commissioned proprietary research to investigate the root causes of the problem. **The MarTech Health Check examines how companies are approaching, developing and deploying technology**, and identifies specific points of strength and weakness. The first wave of research has established working benchmarks across 10 key areas. We are opening up the methodology to any company interested in gauging its own performance against these benchmarks.

**6** Not surprisingly, we found that **MarTech is very high on the agenda**. Most companies are actively pursuing the opportunity and have put the basics in place. New technology is championed across the business, research is being undertaken into consumers' usage of and attitudes towards technology and many have a clear, effectively communicated digital roadmap. In general, there appears to be a healthy and productive partnership between Marketing and IT/Tech.

**7** However, we also uncovered some significant problems. Too often, marketing requirements were not fully considered when technology was being commissioned. Worse, only 1 in 4 of our sample believed digital solutions were always developed purely on the basis of their relevance to customers. **Most worryingly, very few people thought their organisation would invest in third parties to develop truly bespoke solutions.** This is highly likely to be creating a 'wind tunnel' effect where most companies are using very similar technologies to deliver very similar experiences.

**8** These may feel like technology problems, but they're actually brand ones. The brands that matter most to people are the ones that have done the best job in terms of meeting their needs over time. Going forward, it will be impossible for brands to adequately identify, create or satisfy demand unless they are using the right technology in the right way. But the relationship is Master/Servant: **technology must always serve the needs of the brand rather than vice-versa.**

**9** **Technology allows you to unleash the Art of the Possible... but only if it is brand-led.** To ensure you're maximising the competitive opportunity, ask yourself four questions:

- A.** How can technology help accelerate the changes my brand requires?
- B.** How can technology help me measure precisely how my brand is performing at any given point in time?
- C.** How can technology help me create or drive home a key point of difference for my brand?
- D.** How do I ensure my technology is sufficiently agile to meet my brand's full needs as markets and consumers evolve?

**10** Initials Labs has developed a **6 Step Process** to help you find the right answers to these questions:

- A. Brand & Technology Audit** – the starting point that identifies where you are today and where you need to get to tomorrow.
- B. Audience Insight** – using in-depth research to uncover major friction points for your brand and category.
- C. Technology Blueprint** – learnings from the audit and audience insights inform a specification that will be both achievable and effective.
- D. Creative Development** – this stage ensures the technology fits your brand perfectly and will create positive differentiation.
- E. MVP Development** – involves producing a prototype that can be 'tested to destruction' under both lab conditions and through controlled release.
- F. Agile Deployment methodology** – finally, the solution is exposed to a wider audience. This ensures the technology is only scaled once pre-determined performance milestones are reached.

**“The relationship is Master/Servant: technology must always serve the needs of the brand rather than vice-versa.”**



# CREATING 'NEW WORLD' BRANDS

***If you work in marketing,  
you might want to look away now.***

*The brutal truth is... that the vast majority of  
people don't care about your brand. In fact,  
**81% of the brands sold across Europe  
could disappear overnight and consumers  
wouldn't be concerned.**<sup>1</sup>*

*They probably wouldn't even notice.*

## Creating 'new world' brands

**Various dynamics are at play here:**

### **ABUNDANCE**

With up to 30,000 new products being launched every year, we're all spoilt for choice. With so much variety on offer, very few brands feel truly indispensable.

### **UNBRANDS**

We're increasingly exposed to no-name brands from the likes of Amazon, Aldi and Lidl. When these perform well, it undercuts the perceived value of traditional brands.

### **LOSS OF TRUST**

It doesn't take many rotten apples to spoil the brand barrel and there have been lots of examples recently of world-famous brands apparently acting in bad faith.

*These are all significant, but there's one factor that's even more important...*

**PEOPLE'S EXPECTATIONS  
OF BRANDS HAVE RISEN  
FASTER THAN BRANDS'  
ABILITY TO MEET THOSE  
EXPECTATIONS**



# THINGS PEOPLE WANT FROM 'NEW WORLD' BRANDS



## CLARITY OF PURPOSE

This isn't necessarily about 'doing good' for society. It's more about any brand being crystal clear on the role it wants to play in people's lives.



## TRANSPARENCY

People demand that brands be authentic and consistent in their behaviour. When they ask questions, they want the brand to respond quickly and honestly.



## ACTIVE CONTRIBUTION

Increasingly, people want brands to help them do or experience more. They expect brands to go beyond providing mere product utility.



## PERMANENCE

Thanks to social media, people are 'always on' and they want the same from brands. They're looking for brands to be working 365 days a year, constantly feeding their social and cultural passions.



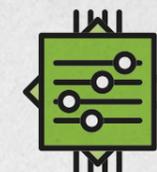
## DEMONSTRABLY NATIVE

People are highly attuned to the codes and customs of individual media channels. For brands to be welcomed in these spaces, they must act in a way that is perfectly tailored to the environment.



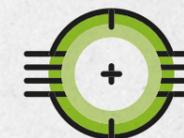
## EXCEPTIONAL EXPERIENCES

It's never been truer that the customer is always right. Consumers drive the agenda and they expect brands to deliver excellence however and whenever they engage.



## CONTEXTUAL RELEVANCE

'Good enough' isn't good enough. People want brands to provide solutions that specifically resolve their needs in the moment.



## APPROPRIATE PERSONALISATION

People don't see themselves as part of the crowd and they don't want to be treated as such, especially if they're current customers. If it's dangerous for brands to be overly familiar, it's even more dangerous when they appear blind to existing relationships.

*Meeting these expectations consistently is an extraordinarily high bar, but that's what it takes to be a successful 'new world' brand.*

**How do you rise to the challenge?**

# “IT’S THE TECHNOLOGY, STUPID”

*In designing the strategy for Bill Clinton's successful presidential run in 1992, James Carville knew exactly where to focus. As he memorably put it:*  
**“It’s the economy, stupid.”**

*When it comes to modern marketing, we can replace ‘economy’ with ‘technology’.*

*Technology allows brands to do things that simply weren't possible before. AR, VR, 3D printing, customisation at scale, interactive or real-time outdoor; the list goes on. It's easy to focus on some of these jaw-dropping techniques, but they're really just the icing on the cake.*

*Brands exist to answer consumer needs in ways that build preference and margin. The real power of technology is that it empowers them to do this better. First and foremost, this comes down to data: collecting it, understanding it and using it to deliver more relevant solutions to micro customer segments.*

All our expert contributors zeroed in on how technology and data can lead to more acute insights, more accurate messaging and more rewarding customer experiences:

#### **ANTICIPATING THE MARKET**

The onus is on 'new world' brands to be incredibly agile. They must identify significant trends early and act on them before the competition. For Amit from PepsiCo, it's about "having eyes on constantly. Technology lets us know what the 1% is saying. Even more importantly, it helps us understand what the 50% are thinking and doing."

#### **RESPECTING YOUR CUSTOMER**

People know their time and money are valuable to brands, and they expect something back. As Katie from Mitsubishi put it: "There's increasing demand from customers to 'show me you know me'. If they give you their custom, they absolutely want it recognised in how you interact with them from that point on. You can't do that adequately without technology."

#### **UNDERSTANDING INTENT**

Saher from HACKMASTERS talked about how technology helps brands spot 'signals of need' based on context, and therefore make sharper recommendations. "For me, it's absolutely about understanding customers better – especially in terms of deciphering behavioural patterns. If you can spot the right signals and respond to them smartly, you're going to be ahead of the game in predicting needs."

#### **GETTING NOTICED**

Speaking about her time at M&S, Zoe emphasised the difference between means and ends: "It was important for customers that we embraced new technology to stay modern, relevant and inspirational, but what mattered most and what got them engaged, was that by using this technology we could deliver new customer benefits that were much more relevant to them and made their lives more convenient." Amit underlined the point: "It's noisy out there. Relevance is the only way you can cut through." Technology enables brands to get more things right more often. But it's a high stakes game and you have to pick the right horse to back.

*As Dominic Murray, Digital Director at Initials Labs, says:* "Timing is everything. The sector has evolved massively over the past 10 years, and it's now moving faster than ever. There are two golden rules. First, you need to be able to identify

those tipping points where technologies move from niche to mainstream acceptance. Second, and just as important, you need to ensure the organisation is 'ready to go'. It's not just about the technology; it's about implementing it swiftly, effectively and in ways that impact every corner of the business."

**"It's not just about the technology; it's about implementing it effectively and in ways that impact every corner of the business."**

**Dominic Murray**  
Initials Labs



# ***GHOSTS IN THE MACHINE***

*Unless you've been living under a rock for the last 5 years, **you'll already know that technology is crucial...***

There's a plethora of statistics out there, but consider these:

**93%**

of business leaders say improving their customer-facing technology is a competitive necessity.<sup>2</sup>

**83%**

of CMOs intend to increase their investment in digital technology in 2020.<sup>3</sup>

**61%**

of top marketers believe technology is essential to long-term brand health.<sup>4</sup>

**31%**

of senior executives expect digital initiatives to yield significant profit enhancement over the next three years. A further 43% think they'll have at least some positive impact.<sup>5</sup>

Slam-dunk, right? Well... maybe.

Technology's potential may be clear, but realising the potential can be a whole different can of worms:

**16%**

of marketers are confident their marketing technology is up to date and sufficient.<sup>6</sup>

**84%**

of CMOs recognise the importance of using data and analytics for insight – just 49% think their company does this well today.<sup>7</sup>

**14%**

of companies believe they're able to track audiences through the entire customer journey.<sup>8</sup>

**60%**

of marketers believe they're missing out on significant revenue and sales opportunities because of their organisation's current marketing technology.<sup>9</sup>



**“Many organisations never get the best out of their technology investments because they fail to stay the course.”**

**Why such a glaring gap between hope and reality?**

Dominic Murray puts his finger on some of the key issues: “A lot of systems simply don't deliver what the sales pitch promised. This isn't always about the technology itself. Sometimes, the solution companies pick just isn't right for their brand or business, but I also see a lot of impatience. Many organisations never get the best out of their technology

investments because they fail to stay the course. They start implementing new techniques and services, then the world moves on and they chase after the next shiny new thing. No wonder CFOs are becoming increasingly pessimistic.”

Let's look at these points in more detail. ▶

<sup>2</sup> 'State of Marketing', Salesforce 2018. <sup>3</sup> 'Global Digital Enterprise Survey', DXC Technology 2019. <sup>4</sup> 'Market Trends Survey', Masergy 2019. <sup>5</sup> 'Global Digital Enterprise Survey', DXC Technology 2019. <sup>6</sup> 'Marketing Technology Report', Walker Sands 2018. <sup>7</sup> 'Network CMO Survey', Dentsu Aegis 2019. <sup>8</sup> 'Tune & Forrester Research, 2018. <sup>9</sup> 'Maximising Your Martech Investment', Avanade & Sitecore 2018.

# REASONS MARTECH DELIVERS LESS THAN IT PROMISES

## Corrosive Complexity

Recent research by Mulesoft<sup>10</sup> found that 43% of global enterprises were running 1,000 or more separate applications. Well over half were running 800+.

With such a big spaghetti bowl of solutions, it's no wonder 59% of companies find it difficult to introduce new technologies or change old ones.

Legacy issues, patches, inadequate integration... and that's just the IT challenge. As Zoe Hayward points out, the issue goes much wider than that: "It's just a fact that introducing new technology is more difficult in larger, more complex organisations. You need to consider every possible knock-on effect."

## Structural Incoherence

It's not just complexity that slows things down. Many companies are struggling to perfect their ways of working.

75% of CMOs believe internal collaboration needs to get better.<sup>11</sup> And their IT colleagues aren't blind to the problem either. 29% think they need to work more closely with Sales & Marketing; with 25% planning to embed staff within customer-facing divisions.<sup>12</sup>

Cracking this challenge is paramount. Amit from PepsiCo summed it up well: "It's not just about your technology infrastructure; it's about your whole organisational structure. You need to act quickly enough to make a difference and that means building more agile teams and processes".

## Skills Shortages

Process can only get you so far. Ultimately you need to have the right people in the right places.

Marketing technology is still relatively young, and recruitment in many companies has yet to catch up with need. It's not easy; it's hard enough to find people with the necessary skills, harder yet to evolve the structure to leverage their talents fully.

But as Saher from HACKMASTERS says: "Acquiring and acting on data at scale needs to be a core capability. Every organisation needs a marketing sciences team to inform and support decisions. How many do?"

## CFO Scepticism

There's a lot of money being spent on MarTech; but there can still be resistance.

In these pressured times, CFOs are naturally cautious. Any investment needs to demonstrate clear payback; which is why marketers who use technology to drive headlines rather than the bottom-line aren't helping anyone in the long run.

Katie from Mitsubishi also talked about a hangover from the broken promises of the mid 2000s: "A lot of companies spent huge sums on state-of-the-art CRM systems. Most didn't really deliver. That technology is now out of date, but nobody wants to write off the cost. This can be a real block on investment."



### Failure to Differentiate

Forrester's research shows that in many categories customer experience scores are flat or falling.<sup>13</sup> This translates directly into pounds and pence: it calculates that a 1% decrease in CX equates to a 2% drop in returns.

The company believes technology is actually commoditising customer experience, mostly because it's being used in ways that fail to spark an emotional connection with consumers. Amit from PepsiCo made a similar point, talking about how "technology has shrunk the gap between well-established and new brands, and between larger and smaller organisations. Everyone's able to do pretty much the same thing."

Brand value only exists when they bring something distinctive to the table. Marketing technology has to be more than simply a hygiene factor; it has to drive home your key point of difference.

<sup>13</sup> 'Customer Experience Index', Forrester 2018.

### ONE FINAL WORD ON THIS... AND IT'S ABOUT WORDS, BECAUSE LANGUAGE MATTERS.

All our expert partners talked about receiving an 'avalanche of approaches' that makes it hard to separate the wheat from the chaff. What makes it even more difficult is the way many of these approaches are phrased.

MarTech can be inherently complex, but the onus is on solutions providers to articulate the benefits clearly and precisely. Too many seem intent on mystifying what they do, promising powerful magic, but keeping the curtains closed. Often, there's a distinct whiff of bullshit in the air: look at the number of vendors wildly over-claiming in their efforts to ride the AI train.

This helps nobody. If marketers don't fully understand what they're buying, it's hardly surprising if they end up with something that's not fit for purpose.

### Spotlight on the Financial Sector

Few organisations know more about us than the banks we use. But the category in general is woefully poor at turning that data into relevant, individualised benefits. Why is this?

Privacy is obviously a particularly sensitive issue in Financial Services. But the problem runs deeper than that.

A lot of it is down to technology. Saher from HACKMASTERS was emphatic on this point: "Why do traditional banks fail so badly? It's because their systems architecture consists of patch upon patch upon patch. This is the real advantage the Fintechs have. They've started with the marketing job to be done, and designed their tech infrastructure accordingly."

Katie from Mitsubishi made exactly the same point: "The systems within the high street banks make it impossible for them to capitalise on the data they hold.

That's why they're scared stiff of open banking. They know that if customers share data with new entrants, they'll be blown out of the water."

Technological shortcomings also breed a negative mindset. Katie worked in Financial Services when the sector was gearing up for GDPR and remembers how "most banks were totally defensive. It always felt like a huge missed opportunity. That was the moment the sector should have got on the front foot and said to their customers: 'Look; the more permission you give us in terms of your data, the more relevant the service we'll be able to provide'. But they preferred to bury their heads in the sand."



# **THE HEALTH OF THE NATION**

*Companies know that marketing technology is key to enhancing the customer experience, improving reputation and future-proofing the brand. Most are investing heavily and are confident they'll see payback, but **results currently are falling well short of expectations...***

# WHICHEVER WAY YOU LOOK AT IT, IT'S A CONFUSING PICTURE...

**So what's really going on?  
We commissioned  
research to find out...**

**Our goal was to look at how companies are approaching, developing and deploying MarTech in order to identify specific areas of strength and weakness. We were on the hunt for insights that would:**

**1** **Pinpoint the root causes of the problem** at an industry level.

**2** **Reveal marketers' true levels of confidence** in where they're at today.

**3** **Create some simple benchmarks** against which any business can measure its own performance.

## **The MarTech Health Check: Methodology**

We spoke to 150 senior marketers from a wide range of sectors. For each of 10 questions, they were asked to rate their company on a scale of 1-10 (where 1 = Strongly Disagree and 10 = Strongly Agree).

Given our objectives, we focused on finding 'strong positives' and 'strong negatives': which are the areas where the industry feels it is performing well and where is there clear evidence of under delivery?

This methodology allowed us to develop **two key benchmarks:**

**1. A Net Promoter Score** i.e. the difference between the percentage of respondents rating their company at 9 or 10 and the percentage rating their company at 6 or below. Those answering 7 or 8 were deemed 'Passives' and excluded from the calculation. In theory, a Net Promoter Score can be as high as +100. This would be the case if none of the ratings were 6 or below, and at least some were 9 or 10. Equally, it can be as low as -100 if none of the ratings were 9 or 10, and at least some were 6 or below.

**2. A Conviction Score** i.e. the percentage of respondents rating their company at 9 or 10. This figure reveals the areas in which companies are strongly confident in their performance and those in which they are much less certain. The range of possibilities here lies between 100% (i.e. every rating is a 9 or 10) and 0% (i.e. every rating is 8 or below). It is obviously more difficult to achieve a Conviction Score of 100% than a Net Promoter Score of +100, because it would entail every respondent providing a 'strong positive'.

## **HOW TO INTERPRET THE RESULTS**

Our methodology was not designed to spit out a 'magic figure': an absolute definition of what good looks like. Whilst it's tempting to assert that companies should aim for a Net Promoter Score of +25 or a Conviction Score of 50% on every measure, that's too simplistic. For one thing, it ignores the fact that MarTech plays a different role and has a different degree of significance depending upon the category in which you operate.

What the findings do provide is:

### **A READING ON THE OVERALL 'TEMPERATURE'**

If everything in the garden was rosy, one would expect to see notably high scores across the board.

### **A GAP ANALYSIS**

By pulling apart areas of relative strength and weakness (as indicated by higher or lower scores), the research shows where the industry most needs to concentrate its efforts.

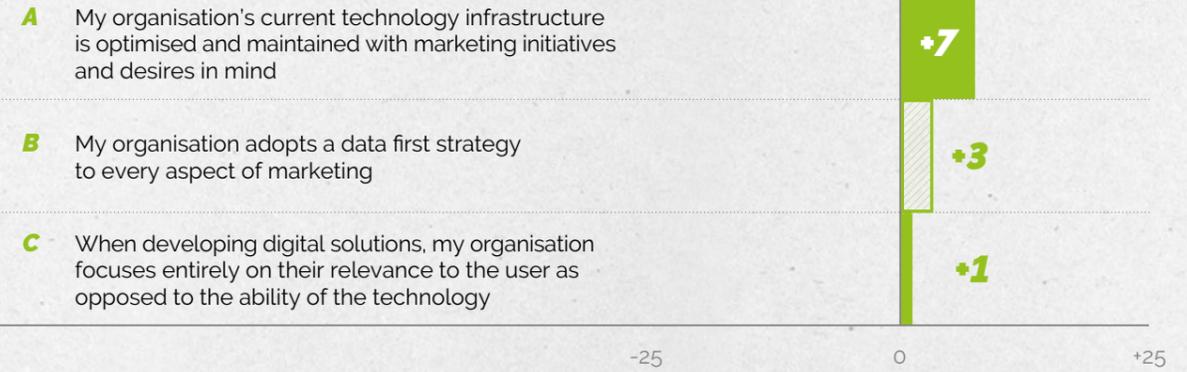
### **WORKING BENCHMARKS**

By conducting your own MarTech Health Check, you'll get a strong initial steer on how your company stacks up. If you find you're consistently beating these benchmarks, that's great. If you're not, you've got some hard thinking to do. You'll find more information on page 39 in the section on 'How you can use the MarTech Health Check'.



# MARTECH ISN'T ALWAYS ABOUT MARKETING

## NPS Benchmark



## Conviction score benchmark



### OUR FINDINGS

The foundations may be in place... but our respondents were unsure they were being built on in the right way. In fact, the NPS benchmark for each of the questions in this section is only just in positive territory.

A good proportion of the companies we surveyed have yet to put marketing at the heart of their technology design. An even higher proportion don't believe they're comprehensively data-driven

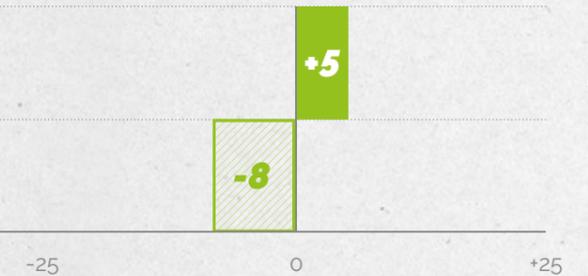
– although it's hard to say whether this is because they don't prioritise data or because they lack the technology to use it effectively.

Perhaps most alarmingly, only 1 in 4 respondents strongly agreed that digital solutions are always developed on the basis of their relevance to customers. The clear implication is that "tech for tech's sake" may live on in more companies than you'd expect.

**‘OFF THE SHELF’  
RATHER THAN  
‘ON THE MARK’**

**NPS Benchmark**

- A** My organisation is eager to develop its own technology in order to deliver better solutions to marketing challenges
- B** My organisation is prepared to co-fund 3rd party partners in developing bespoke new technology solutions (R&D) that would optimise our business



**Conviction score benchmark**



**OUR FINDINGS**

Remember what Forrester said about MarTech appearing to be commoditising the customer experience? The answers to the next two questions shed further light on this.

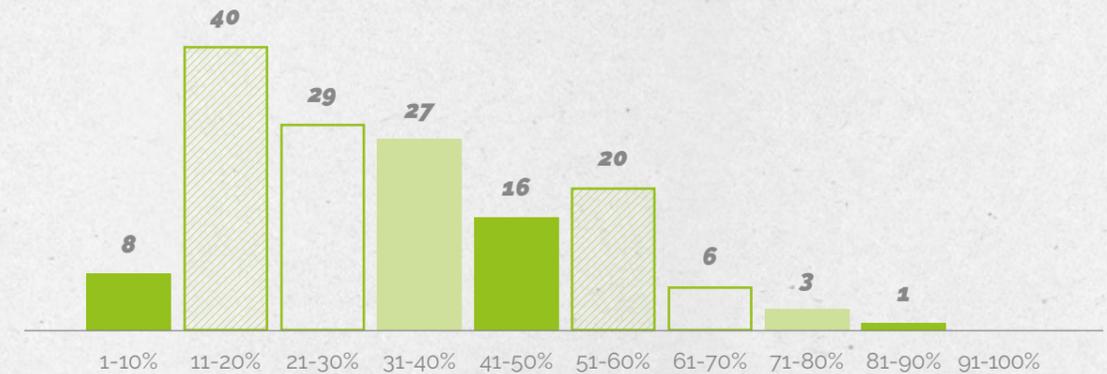
Only 31% of respondents strongly agreed that their company was keen on developing its own technology. And even fewer believed it would work with specialist 3rd parties to create bespoke,

truly differentiating solutions. Indeed, the NPS benchmark here was well into negative territory.

This preference for "buy" over "build" may be understandable, but it inevitably leads to a "wind tunnel" effect where most companies are using very similar technologies to deliver very similar experiences.

**The health of the nation**

We asked respondents what percentage of their total marketing budget was used to buy or build technology solutions. Not surprisingly, the answers varied dramatically. 8 respondents claimed to spend 10% or less. One devotee spent more than 80%!

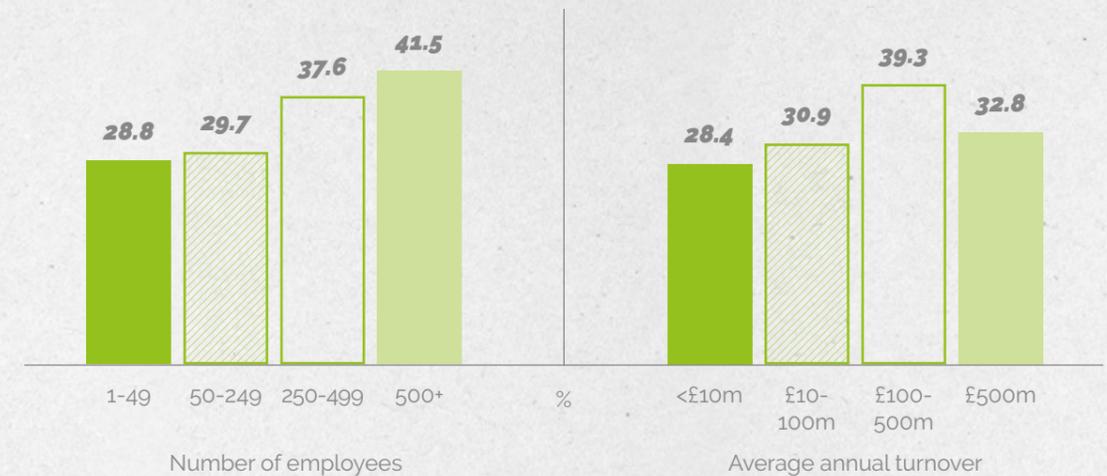


The mean score overall was 32.7%. When Gartner conducted a similar exercise, they found the average was 29.<sup>14</sup> At this stage in the cycle, that feels about right and provides a good yardstick for your own investment decisions. We also found that organisations with more employees

and annual turnover in excess of £100m spend proportionately more than smaller ones. The sweet spot appears to be companies with turnover of £100–£500m; most probably because they're investing heavily in MarTech as they gear up for growth.

**OTHER FINDINGS**

**TOTAL MARKETING BUDGET USED TO BUY OR BUILD TECHNOLOGY**



**How you can use the MarTech Health Check**

The tool has been designed to make it as easy as possible to take the 'technology temperature' of your own company.

Aim for a minimum of 10 respondents – more if possible. Then ask them to complete the questionnaire online. Initials can supply a link.

The first step is to identify a good cross-section of your colleagues. You'll want people from Marketing and IT/Tech; but you should also get input from other departments like Sales and Customer Service.

Within a week or so, you'll have findings that you can compare to the benchmarks above.

<sup>14</sup> 'CMO Spend Survey', Gartner 2018.

# **BUILDING A BRAND-LED TECHNOLOGY STRATEGY**

**“Brands are a company’s key asset.** *The power of technology is that it makes these assets work harder by being smarter, faster and more accurate in answering consumer needs.”*

**Saheer Sidhom**, HACKMASTERS

Let's recap some of the key issues highlighted by our research:

- Systems that aren't optimised for marketing.
- Solutions that aren't tailored to specific sales or service goals.
- Technology decisions that aren't driven by customer relevance.
- Infrastructure that can't access, analyse or intelligently leverage customer data.
- A reluctance to invest in technology that can create or drive home a genuine point of difference.



**"These may feel like technology problems... but they're actually brand ones."**

**The brands that matter – the 19% that we really don't want to disappear – are the ones that have consistently done the best job in terms of meeting people's needs. Going forward, it will be impossible to maintain that superiority without harnessing technology effectively. For three reasons:**

**IDENTIFYING DEMAND**

Our attitudes and desires are evolving faster than ever before. To win, brands must be equally nimble, which means they need to find insights and intelligence before their competitors. As Amit from PepsiCo says: "It's about staying ahead of what people want and then customising at scale in ways that move the needle for the business. Technology helps us do both."

**CREATING DEMAND**

Relevance is the surest way to get heard and technology helps brands deliver more relevant solutions in more relevant ways. Zoe remembers how M&S jumped on the trial of Instagram Shopping before it officially launched and used it as a key channel for the launch of its partnership with Holly Willoughby: "It created our biggest ever shopping day for Womenswear on .com. We got 60,000 new Instagram followers after the announcement and were selling an item every two seconds on launch day. Of course,

we used traditional comms channels as well, but technology helped us talk to a new audience in a way that was just right for them."

**SATISFYING DEMAND**

It's not just about acquiring customers; it's about keeping them. Whether it's shoppers, consumers, loyalty scheme members or retail partners, technology is fundamental to identifying what people want in the moment, eradicating friction and enhancing every interaction they have with your brand. Saher from HACKMASTERS is right when he says: "Every company will have to become a technology company". But the relationship is Master/Servant; technology must serve the needs of the brand rather than vice-versa.

Dominic Murray, from Initials Labs, emphasises this point: "There is no single silver bullet, no 'Field of Dreams'. That's an outdated and dangerous strategy. Your first, second and last priority needs to be improving the customer experience. The most successful services I've been involved with have all focused on empowering the consumer by adding utility and making it easier for them to get what they need from your brand. Technology

is an incredibly powerful enabler, but its sole purpose is to help you create a closer, richer relationship with your customers. Every facet of its design and deployment needs to be dictated by your marketing strategy."

In other words: **to be effective, your technology strategy must ultimately be brand-led.**

# ASKING THE RIGHT QUESTIONS

*To ensure you're using the right technology in the right way, ask yourself four questions. They'll all be familiar... because they're exactly the same as the ones you'd use to formulate an effective brand plan.*

## **What do I need to change?**

Like yacht racing, brand management is about navigating the most effective course from position X to position Y. You need to identify the opportunity, understand all the factors likely to get in the way, and be willing to make whatever changes are required to achieve your goal.

Once you're clear on each of these points, you'll be much better placed to determine the role for technology.

Listen to Zoe talking about her time at M&S: "We knew we eventually needed to move one-third of our Clothing & Home sales online. To do that, we had to find ways to start new conversations and drive quality traffic to our website, which meant we had to be more innovative and more relevant. We were very clear in defining our marketing objectives and that made it much easier to scope out the technology we needed."

## **How do I measure success?**

Brands don't jump from position X to position Y overnight. Progress is inevitably gradual. Not everything is going to go exactly to plan, and those pesky competitors are entirely likely to throw a spanner in the works.

Unless you can measure where you are at any given point in time, you can't adjust or re-set. This is an area in which technology can make a pivotal contribution.

Saher from HACKMASTERS has an acid test he uses to establish a company's technological capability: "I ask them to build a dashboard with the six to eight most important business metrics. Then I ask which of those they can measure in real-time, which they can analyse in real-time and which they can act upon in real-time. From the answers, it's pretty easy to spot the technology gaps."

## **How do I make my brand different to its competitors?**

Products can be indistinguishable. Brands can't be; they only exist because a sufficient number of consumers believe they offer a meaningful point of difference.

Whilst you'll probably need technology to help with some of the basic hygiene stuff, you can't stop there. You need to examine your brand's core DNA and identify precisely where technology fits in.

How can it make you more distinctively 'you'? How can it help you take what your brand already stands for and bring it to life in new and exciting ways? How can it surprise and delight your audience in the moments that matter most to them?

## **How do I build momentum?**

Technology moves fast. People's expectations move even faster.

The most effective brands nowadays are the most agile and your technology strategy must be equally agile. Like the CRM systems of 15 years ago, what's state-of-the-art can quickly become state-of-the-past.

None of us have a crystal ball, but you need to anticipate how your brand's needs might evolve in the mid-term and how you plan to stay at the leading edge. Whatever your conclusions, you'll need to ensure your infrastructure and systems are flexible enough to accommodate all likely changes.

Otherwise, the world will move on without you.

# FINDING THE RIGHT ANSWERS

Technology can be a powerful source of competitive advantage. It allows you to unlock what's possible.

We believe that the most effective technology strategies are always brand-led. Asking the four questions suggested is a good place to start, but knowing what you should do and actually doing it are two different things. So Initials Labs has developed a 6 Step Process to help ensure your technology is 100% right for your brand:

## 1 BRAND & TECHNOLOGY AUDIT

A workshop that examines where you are today, where you want to get to tomorrow, how you stack up against your peer group and how the category is likely to evolve over the next 2-3 years. Inviting a wide cross-section of your company to complete the Martech Health Check provides a useful jumping-off point.

## 2 AUDIENCE INSIGHT

Brands live in peoples' hearts and minds, so audience insight is at the heart of our process. This step uses in-field research to examine your audience's attitudes towards and usage of technology. By zeroing in on the main friction points for your brand and category, it identifies which solutions are likely to be most useful and relevant.

## 3 TECHNOLOGY BLUEPRINT

In this stage, we define what good looks like. This isn't abstract or theoretical; it's based on understanding what your key challenges are from a technological, structural and operational perspective. This allows us to create the specification for a solution that will be both achievable and effective.

## 4 CREATIVE DEVELOPMENT

It is the scientific application of creativity that makes our approach different to others. We believe that your technology must fit your brand exactly; more, it must provide positive differentiation. These are the lenses through which we develop the Information Architecture and the User Interface.

## 5 MVP DEVELOPMENT

Even the smartest solution can benefit hugely from consumer input. In Step 5, we produce a prototype that users can play with under lab conditions. Based on the learnings, we develop a Minimum Viable Product that can be released on a controlled basis. Wherever possible, we A/B test to trial two or more variants.

## 6 AGILE DEPLOYMENT

After further modification, a more robust solution is exposed to a wider audience, but the process remains highly agile. Future iterations are made on the basis of user interaction and feedback, with the solution only being scaled once pre-determined performance milestones are reached.

**"We're happy to work in whatever way suits you best. With some of our clients, our involvement is end-to-end. For others, we only help with one or two stages. It's entirely up to you."**



*“We have been working with Initials Labs for the last 18 months to develop a completely new digital footprint to support our business growth strategy.*

*The collaboration that is baked into their 6 stage process is what has made a real difference for us. The fact that so many of our internal stakeholders have been involved and consulted at every step of the way has meant that we have developed output that is not only future-proofed, but is being readily adopted across the business.*

*The team at Initials Labs have such a great can-do attitude and have never bombarded us with tech-speak, but always explain in relatable terms what things actually mean. The final interpretation and realisation of my vision has been more than I had hoped for and really encourages me and the business to push on to stage 2 and beyond.”*

**Ann Marie Costelloe**  
CMO, The Gap Partnership

TESTIMONIAL



### Thank you from Richard

People expect more of your brand than ever before. Without technology, you simply won't be able to give them what they're looking for. But you need to make sure you're not using technology for technology's sake. One single imperative should drive every decision: will this help me provide better answers to my customers' needs?

We all know this isn't always the case, and our research hammers home the point.

Many marketers still don't feel their company is properly data-driven. They don't think technology is selected solely on the basis of user relevance. And it's clear that a lot more work needs to be done to weave digital solutions into the brand DNA in ways that create real points of difference.

Building a brand-led technology strategy isn't easy, but it is essential if you're going to deliver irresistible customer experiences that supercharge your marketing ambition.

In developing technology solutions, three things too often go missing. Our approach puts them squarely at the heart of the process: brand understanding, audience insight and breakthrough creativity. These are the elements that create marketing magic.

If you'd like to know more about how we work, or how the MarTech Health Check could help get you started, please do get in touch.

In the meantime, I hope you've found this paper useful.

**Richard Barrett**  
Managing Director

# INITIALS

PRECISION UNLEASHED

**We exist to provide elevated thinking for brands aiming to thrive in a challenging and ever-changing world.**

Consumers don't think in channels. This is why we believe a channel agnostic approach is vital. We have five key areas of expertise which are fully interconnected.



If you would like to see our work visit our website:  
[www.initials.co.uk](http://www.initials.co.uk)

**To get in touch, please contact:**



**Richard Barrett**  
Managing Director

rb@initials.co.uk  
0207 7477 400  
0771 293 7540



**Dominic Murray**  
Digital Director

dm@initials.co.uk  
0207 7477 400  
07930 352235

# INITIALS LABS

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