

Expert Group

# Online Marketing Maturity

Online Marketing Maturity Scan 2.0

# Takeaways

1. In order to make technology work for you without your business collapsing under the pressure, you have to choose your investments carefully.
2. To reach online marketing maturity, you have to know exactly how much your efforts are worth to the organization and be able to prove it.
3. A mature customer-engagement strategy should spend time and resources on qualified in-house teams that initiate improvements through a process of measurement, testing and prediction, and implement them in the customer experience.

Host



Chair

**ORTEC** | DataScience

# The Positive Effect of a Data-Driven Approach

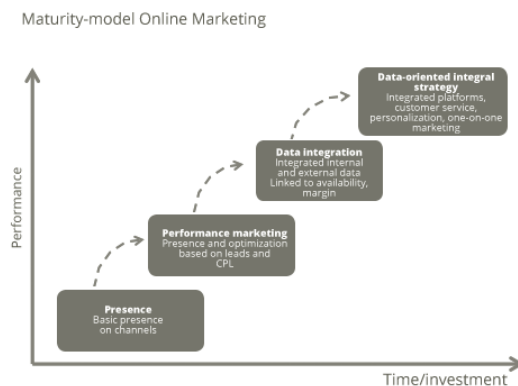
The 2018 GfK Consumer Survey shows that the online share of B2C sales is currently 25%, ranging from 57% in the media & entertainment segment to 4% in food/nearfood. These figures are expected to continue to grow in the coming years.<sup>1</sup> Even when transactions do not take place online, the internet remains an important channel for customer interaction for the purposes of orientation and advice. The importance of online is also on the rise in B2B, but how can companies go along with this development without getting lost in a jungle of initiatives? What are your goals? How can you achieve them? How can you measure whether you are successful?

At the Webwinkel Vakdagen in January 2018, a Dutch event for online retailers, the Online Marketing Maturity Expert Group launched the first version of the Online Marketing Maturity Scan. This scan was developed to give retailers, commercial decision-makers and online marketers a tool to help determine their own vision for the future and their priorities, as well as allocate time and resources.

## 1. The Scan: Four Stages in Four Dimensions

### 1.1 Stages of Maturity

Different organizations are in different stages of maturity and have different ambitions. The scan distinguishes between four stages of maturity.



*The Outperformance Marketing Maturity Scan<sup>2</sup>*

<sup>1</sup> GfK 2018 | THE FUTURE OF RETAIL ACCORDING TO SHOPPERS AND EXPERTS, JEROEN BLANK, SHOPPINGTIME 14 NOVEMBER 2018

<sup>2</sup> OOGST, A MERKLE COMPANY, ONLINE MARKETING MATURITY EXPERT GROUP, SHOPPINGTOMORROW BLUE PAPER, 2017

- **Presence:** The organization has a presence on one or more online marketing channels, but does not yet assess and manage them based on KPIs such as sales, costs per sale or engagement.
- **Performance:** The organization manages its online marketing channels based on specific KPIs (such as conversions, costs per conversion, and ROI) and results.
- **Data integration:** The organization has automated processes in place to integrate data (whether this be internal or external data) in campaigns. For example, CRM data is used to show different online marketing content to existing customers versus non-customers (the use of *custom audiences* in AdWords is an example of this), or existing customers are excluded from sales campaigns. Margins and stock levels are integrated into the sales strategy for online marketing channels, as is external data, such as the weather. Airline Corendon, for instance, automatically adjusts the price per click based on the seat occupancy rate and capacity, while Calvé steps up the promotion of barbecue sauce the moment the temperature rises above 25 degrees Celsius.
- **Data-oriented integrated strategy:** The use of online marketing channels is based on a 360-degree view of the customer, allowing for one-on-one communications. The integration of offline and online data, such as offline shopping behavior, call-centre and CRM data, is used to finetune the content shown on the website. *Data science* techniques, such as machine learning, are used to create predictive models that are used to optimize the customer experience in the customer journey. Amazon, for instance, allocates specific inventory to warehouses based on the predicted demand of customers who live close by.

## 1.2 Four Dimensions of Online Maturity

In order to implement a data-oriented, integrated strategy, companies have to set up a comprehensive e-commerce infrastructure, which is built on four pillars:

- **Marketing:** customer segmentation, designing customer journeys, and optimizing the customer experience at the various touchpoints on the basis of performance measurements.
- **Technology:** the full range of tools used to facilitate customer insights, orientation, purchases, delivery, contact and dialog.
- **Employees and team:** having in-house access to the required digital and analytics skills; organizing teams based on deliverables in the customer journey and the ability and mentality required for continuous optimization.
- **Data and privacy:** the extent to which the knowledge about, and integrity of, data collection and data usage is safeguarded through monitoring and training within the context of the General Data Protection Regulation (*i.e. 'privacy by design'*).

## 1.3 Scan 2.0: The Improvements

Completing the scan allows you to see your company's score in each dimension of maturity. In the second version of the scan, the questions have been optimized by grouping them by theme, and now that we have added information about the online market, you can see how you compare with the rest of your sector and with other organizations of the same size that have the same type of end customer. There are distinct focal points within each dimension, such as advertising, customer behavior, conversion and engagement within the 'marketing' dimension, and the purchase process, the platform, dialog and content management within the 'technology' dimension. This makes it easier to prioritize and identify the *next best actions*, both at a general and a more specific level. If, for example, you do have *mature* technology at your disposal, but your methods and skills are still based on traditional sales processes, you will find your next best actions in the 'employees and team' dimension. You will be able to concretely define your next best actions by referring to the focal points.

The scan has developed into a useful monitor and benchmark, because it

- identifies focal points for each individual dimension;
- can be completed and repeated with a focus on a single dimension.

## 2. What Are Your Goals?

All commercial organizations, regardless of their size, want profitable, long-term relationships with their customers. In our presentation at the Shopping Today conference, Jerome Orlemans, Head of E-Commerce at Marlies Dekkers, did not mince words: “Enhance consumer engagement, create more loyal customers and build more valuable relationships.”<sup>13</sup> The extent to which organizations succeed in doing so can be derived from the *customer lifetime value* (CLV) and the efforts to link this to the *costs per acquisition* (CPA). Ultimately, this is reflected in the growth of sales in relation to capital expenditure (CAPEX) and operational expenditure (OPEX).

For Marlies Dekkers, focusing on online has worked out well. According to the LE2018, sales grew by a factor of approximately 2.5 compared to 2014, whereas OPEX increased by a factor of about 1.5 over that same period.

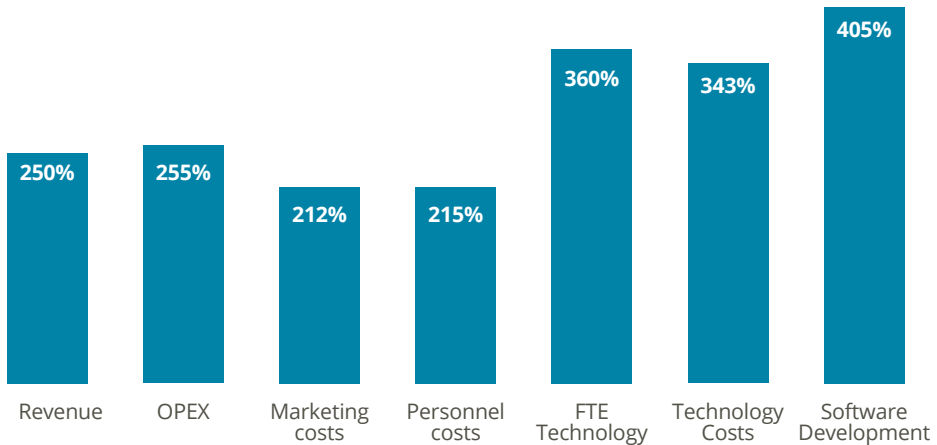


In its annual report for 2016, ASOS, a major online fashion and beauty retailer, clearly stated the priorities the company is choosing to focus on in order to retain its leading market position:

“In our market, standing still is not an option. Everyone at ASOS knows that to stay ahead we need to make life even harder for our competitors and better for our customers. They will only engage with and commit to us if we commit to them. That’s very exciting and must continue. If we’re to become the world’s no. 1 fashion destination for 20-somethings, as we fully intend to, our products need to be at the forefront of fashion, the price needs to be right for the market and we have to make it as convenient as possible for people to shop with us.”

Source: [www.asosplc.com/~/\\_media/Files/A/Asos-V2/2016-in-review/financial-review/28-10-2016-ar.pdf](http://www.asosplc.com/~/_media/Files/A/Asos-V2/2016-in-review/financial-review/28-10-2016-ar.pdf)

Thanks to continued investment in the customer experience through improvements in technology, marketing and the team, ASOS saw its revenue grow by a factor of 2.5 between 2013 and 2017. OPEX also rose, primarily due to continuous investments and expenditure in technology.



Index ASOS 2013-2017

In 2017, the number of active ASOS customers grew by 24%, climbing to 15.4 million. ASOS says the following on the subject: *“Engaging content and investments in the technology platform have helped drive this growth.”* About its marketing expenses, which did not grow proportionally, ASOS says: *“Marketing costs decreased by 80bps to 4.5% of sales as a result of digital marketing efficiencies and a higher return on advertising spend.”*<sup>4</sup>

If you want to use the scan as a monitor, it can be useful to link your efforts in the various dimensions to internal KPIs, such as revenue growth, CLV, marketing expenses and investments in technology, team and capabilities. Other KPIs, however, such as awareness and competence with regard to data and privacy (“Are we GDPR-compliant?”) and the speed at which the customer feedback and the results of performance measurements are implemented to improve the customer experience are also important factors if you want to monitor the costs and benefits of increasing online maturity.

## 3. The Dimensions of Online Marketing Maturity

### 3.1 Marketing

Successful commerce is all about customer lifetime value (CLV), and e-commerce is no exception. How much do customers spend on their first purchase and on subsequent purchases, and how much do they spend in the first month or in the first six months? It is very important to have a good sense of this, because it allows you to determine the acceptable costs per acquisition (CPA), as well as CLV.

Marlies Dekkers segments its customer base on the basis of order frequency and time since last order, distinguishing between four categories: royals, loyals, promising and sleepers.<sup>5</sup> By tailoring its approach to the different customer journeys, using predictive models to forecast customer behavior, and automating campaigns, the company seeks to strike a balance between CPA and CLV.

In stage 4 of the scan (data-driven integrated strategy), focal points include the use of algorithms to automate campaigns. Examples of this are the use of dynamic content personalization, the use of data-driven predictive models to manage online and offline channels, the use of a single, central customer database, and the use of fully or partially automated cross-medium dialog/interaction with customers.

### **3.2 Technology**

A strong, reliable platform is essential if you are to get a better picture of your customers and their behavior, improve user experience and boost the efficiency of your sales and marketing processes. The ultimate goal is to personalize your customer's experience regardless of their location and device. Ideally speaking, store employees should have access to all the customer data that is available in the online environment in order to facilitate this personalized experience.

Two of the focal points in the scan are content management and tracking, for instance. You can increase your maturity by replacing your web analytics package and cookie-based tracking with a data management platform that allows for cross-channel analytics and, ultimately, allows you to target customers on all channels.

### **3.3 Employees and Team**

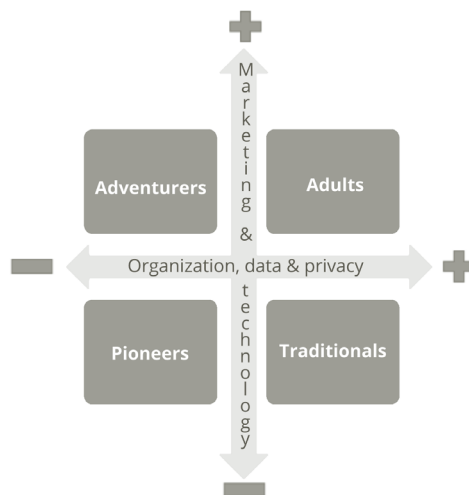
The second you shift your focus from offline to online, the diversity, continuity and intensity of customer interactions will increase. This requires a team of more specialized employees organized around the touchpoints in the customer journey, as well as an agile approach to optimizing the user experience. Whereas companies in stage 1 of the scan have a select number of jacks-of-all-trade taking care of all of the organization's online activities, working separately from the other departments and possibly assisted by external parties, a mature, stage 4 organization has its own qualified teams that use measurements, tests and predictions to initiate and implement improvements.

### **3.4 Data and Privacy**

To be successful in the e-commerce market, it is important that you use dashboards and KPIs to monitor data relating to advertising, customer behavior, conversion and engagement. By systematically combining this information with high-quality insights derived from customer interactions, you will not just stay up-to-date on the effect of your marketing activities, but also on the needs, wishes and opinions of your customers. GDPR compliance is key when collecting and processing data. In stage 1 of the scan – the point at which you have recently launched an online store or are looking to do so – ensuring staff awareness with regard to data and privacy is paramount. In later stages, you can simply check your tools to make sure you are GDPR-compliant. Is the track & trace data stored in your systems or in the systems of service providers such as Buckaroo and PostNL? And what does that mean?

## 4. The Scan: Where Are You?

You can use the Online Marketing Maturity Scan 2.0 to determine how you compare to similar players in the online world. In this context, we have defined four distinct personas – each based on the stages they're in as regards 'marketing' and 'technology' on the one hand, and 'team' and 'data & privacy' on the other. There is a strong link between marketing and technology due to the wide range of software platforms in existence that have been designed especially to help you boost your multi-channel online sales more effectively and automate repetitive tasks. We decided to combine 'team' and 'data & privacy' in the scan, since the two domains should go hand in hand: you need to draw on your knowledge of the business, the data at your disposal and your creativity to continuously improve your proposition and customer experience.



### 4.1 The Four Personas

**Pioneers** respond to growing online demand, but the success of their approach is based more on chance than on a clear focus on results. They do not have a clear understanding of the data they collect, do their online activities 'on the side,' and the organization is still structured in traditional departments and employment positions. The platform is mainly a website that supports transactions, and the various marketing channels are not or barely coordinated. Starting off on the road to marketing maturity requires vision and leadership.

**Traditionals** combine an underdeveloped digital vision and the use of outdated digital tools and systems with professionalism within the individual departments and with regard to risk management. These companies are more efficient than they are effective. They can increase their maturity by identifying customer journeys, segmenting customers, measuring performance at the various touchpoints and adopting new technology in order to engage in a dialog with their customers across all channels with as high a degree of automation as possible.

**Adventurers** combine a strong focus on the use of advanced digital tools with the lack of an overarching vision, coordination and risk management. Online and offline channels are managed on the basis of integrated customer profiles and predictive models. These companies have a well-functioning platform in place to manage the customer dialog (on social media, for instance), customer service, and offline



and online sales. A lack of organization, however, is resulting in relatively high costs, and an insufficient focus on safeguarding privacy means these companies are vulnerable to data risks. These organizations are more effective than they are efficient. By connecting the online marketing teams to one another, these teams can make a coordinated effort and play a leading role, driving the organization to efficiently respond to customer wishes.

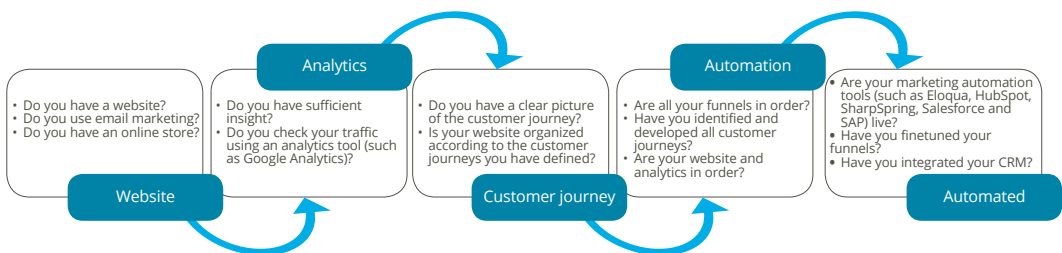
**Adults** are the leaders when it comes to the implementation of a data-driven approach. The customer dialog is synchronized across all channels and media, and performance at all touchpoints in the customer journey can be tracked and measured. Multidisciplinary teams use performance measurements to constantly optimize activities at each touchpoint. A transparent approach to data collection and data usage contributes to customer engagement and loyalty. Thanks to conscious, competent data management, data risks are minimized and the customers' trust is nurtured. The key challenge these companies face is retaining their leading position.

## 4.2 What Stage Are You in As a Retailer?

Completing the scan will give you insight into your position as a retailer. It will not just tell you how mature your company is, but also which stage(s) you are in and what you could focus on to become even more successful in achieving your online ambitions. But remember to keep it simple!

Let's assume that you have a website. Which steps could you take to attract more visitors, boost conversion and optimize customer interactions?

Here is a brief overview:



### The '0' Stage: The Website

Most companies will have a website, but some do not. In that case, this is where you should start. Do you have tools, such as email marketing, at your disposal, or are you still sending emails with Outlook?

### Step 1: From Website to Analytics

Do you use analytics to see how your website is used? Where do visitors come from and how long do they stay? What do they do on your website? Can you influence their browsing behavior?

### Step 2: From Analytics to Customer Journey

Have you put any thought into which steps visitors have to take before they can do what they came to your website to do? In other words, is there a customer journey? And, if so, has it been mapped out in a step-by-step fashion? Which steps do existing and potential customers take in your online environment? What if customers don't do anything or leave your website? You also need to be clear on how you will re-engage customers in this case (i.e. create a win-back scenario). Calculating your customer value, by the way, is already a goal in and of itself.

### Step 3: From Customer Journey to Automation

This step revolves around using prospect and customer classification to develop *lead funnels*, which enables you to send relevant messages and information to customers to get them to make a purchase. This step is typically supported by the use of marketing automation tools. Which tools are most suitable depends on the size of your company in terms of revenue, visitor count and type of end customer (B2B or B2C), but also on your level of integration with back-end systems, such as CRM and inventory systems.

### Step 4: From Automation to Automated

This is an optimal retail marketing environment. Relevant data is continuously collected and analyzed at all the touchpoints in the customer journey. Your teams are capable of having a positive impact on customer interaction and your CLV with the help of the collected data and the various marketing applications of artificial intelligence in the customer lifecycle, such as lead-scoring models linked to next best actions in order to convert intention to purchase to a first purchase. Other applications include *dynamic pricing* in the purchase phase and the use of chatbots to help guide customers through purchases and provide service. Web and app personalization, of course, is another key example.

#### How do you use the scan?

Paul Aantjes, Marketing & Communications Manager at Ormit, shares some of his own experiences: "In the past year, ORMIT progressed from stage 2 to 3 in the 'marketing' and 'technology' dimensions by adopting a new content management strategy and developing new customer journeys. We have launched a new website and implemented a CMS (Umbrace) to better tailor content to our target audience, but also to allow for improved customer-behavior analysis with Google Studio. The CMS features integrated SEO and SEA checks, which has boosted conversion and increased visit times. Thanks to reviews and calls, our CLV has gone up. The next step is further optimization."

"We have retested our funnels to make sure that visitors proceed to the next step in the customer journey. This is important, because you have to be aware that not everyone goes through all the steps, digital or otherwise, in the customer journey. In some cases, they simply leave your website, never to return. What should you do to re-engage these visitors? This, too, needs to be considered when you develop your strategy and think about what technology to use."

"We have intensified our cooperation with content marketers, online translators and marketing agencies, and have accrued more online expertise. There is a growing need for people who are capable of converting data into usable, commercial content in order to respond to changing customer needs and interactions."

"We paid a lot of attention to GDPR compliance, with the goal of reaching the mature stage. We asked two privacy officers to take stock of the privacy and security situation within the company and to translate their findings into recommendations for our key processes and stakeholders. There are now several process owners, and the survey findings have been translated into specific actions. Drawing up a privacy statement and accepting cookies was easy compared to all the other requirements set by the GDPR. We have also purchased a privacy management system that can be accessed by all process owners, so that they can track all workflows in a digital environment."

## 5. Getting Started

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How mature are you? And, more importantly, how can you take a targeted approach to increasing CLV?

The scan serves as a tool to help you determine your vision for the future and decide how to prioritize investments in the four pillars of online maturity. You can complete the scan [here](#).



*Online Marketing Maturity Scan*

We are also eager to hear your feedback. This scan is a living tool that will be regularly updated based on user input. If you start the scan now, you will receive a link to the online dashboard on completion, where you can view the results as well as a benchmark.

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