

5 Marketing in the digital era

Adapting to the new consumer

Marketing is evolving in the digital age, just as consumers are. The supremacy of mobile phones and video in an attention economy changes the way that brands connect to customers, through content platforms, seeking to capture “micro-moments”, and by making full use of new data analysis tools.

Changes in the general landscape

Digital technologies, the widespread use of connected devices such as mobile phones and tablets and the predominance of social media, video and instant messaging platforms are transforming the way in which people consume information and therefore the way that companies need to target them to get their attention.

Today we are used to getting information simultaneously on a number of screens – watching TV with a tablet in your hand and the ever-present phone by your side. TV adverts have to compete with other digital content, meaning that these devices should also be targeted for advertising (the so-called inbound marketing).

‘Attention economy’ considers information as a subject that consumes our attention, something that is a scarce commodity in an environment where there is an excess of information. The time we dedicate to each piece of content is ever-shorter, and the battle for these micro-moments is a key factor for the new generation of advertisers.

Traditional media share the current stage with digital marketing tools, albeit with a different focus. Marketing via digital media has a greater capacity to better measure results and directly connect with consumer needs through the exploitation of data, unlike mass marketing through traditional media. The focus given to the two types of promotion should therefore be different, even within the same company.

The percentage spent on digital marketing has increased 24% in 2014 to 30% in 2016. The forecast for 2019 is that it will reach 35% of total expenditure for this area⁶ in the U.S. Advertisements are the main source of revenue for search engines. The best tools in terms of positioning – SEO – were one of the most important new developments in the field of digital marketing. Nevertheless, this focus is not enough in a world of apps and social media, where the aim is to establish a conversation with customers and find out about their consumer habits.

The evolution of the consumer has led companies to focus on content marketing and brand positioning. Rather than design campaigns to promote specific products, currently the aim is to capture the consumers’ attention with content that might interest them, which relate the brand to an experience and not to a particular product. The advertising that best highlights brand reputation should be integrated into the customer experience and adapted to their needs at any specific time and moment.

Achieving a correct measure of the conversion rate of digital campaigns is what allows optimisation of the budget. Today, instead of the traditional concept of ROI – return on investment, what have we spent and how much have we made? – what counts is ROMI – return on marketing investment. This takes into account the overall value that marketing adds to the organisation, including elements such as mentions on social media.

The attribution of the conversion rate to the correct channel is important in valuing a purchasing experience (known as the customer journey), which is developed through a range of channels. The most common situation is still the attribution of the conversion rate to the final channel, without taking into account the relevance of the other steps in the process. Although the tools used to measure the impact of campaigns are

6: VanBoskirk, Shar, *US Digital marketing forecast, 2014 to 2019*, Forrester, 2014.

evolving with the advances made through the analysis of big data, they are still anchored in ideas that stem from traditional marketing, which do not consider multiple channels or attribution as key factors.

The utilization of data has another evident use in achieving personalised attitudinal and behavioural segmentation compared to the traditional segmentation based on age and income level. Personalisation moves away from the use of mass campaigns that do not capture the consumer's attention, focusing instead on launching contextually relevant messages for a specific consumer in the place and at the time which is most likely to have the most impact.

The current **challenges** facing marketing managers are:

- Ensuring better use of **big data and advanced analysis** to improve measurement of results from campaigns and the deployment of information in the development of products which are increasingly personalised, replacing the current customer segmentation model and mass campaigns.
- The latest **technological advances**, which are changing the market, are mobile phone **ad blockers**. These programmes offer protection from intrusive or simply unwanted advertising, although they call into question the digital marketing business model.
- **Video consumption** is displacing an important part of companies' advertising budgets to platforms such as YouTube and the generation of viral content, which is shared exponentially via social media.
- The battle to attract consumer attention, which is increasingly fragmented into **micro-moments** and access to information through **mobile platforms**, requiring the generation of native content for this device which is easily shared through social media and messaging apps.

Marketing in the financial services industry

Spending on marketing represents an important part of the budget of financial institutions. Some relevant information, based on recent research into the American market⁷:

- In 2019, financial institutions will spend more than a billion dollars on digital advertising, while reducing expenditure on more traditional marketing media.
- Spending by type of device continues to focus on the computer, with 51.5% of the total budget, with mobile platforms accounting for the remaining 48.5%.
- The aim of campaigns is, above all, ensuring an increase in market share, loan growth and attracting new customers.
- In most of the financial institutions analysed, marketing is seen as a strategic priority, with the measurement of ROI considered to be of critical importance.

It is clear that the financial sector reflects general trends, although it continues to focus on campaigns aimed at specific products and not the brand. However, banks are adapting their apps and websites with a vision that centres on customer needs ("buy a car") than generic product blocks ("car loans").

As a reputation-building strategy, financial institutions can improve the financial education of your customers with content that is both relevant and highlights the brand. Digital campaigns, which seek brand positioning through marketing and the creation of content of interest to consumers, and also reflect the ideas of the institution but which are not direct product advertisements are becoming increasingly adopted by a number of financial institutions.

7: "2016 State of Financial Marketing", *Digital Banking Report*, 241, February 2016.

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