

THE NEW DISRUPTORS

Marketing is in a state of flux. Both vendor and customer are seeking the new and the unexpected, while fresh consumer habits, needs and trends have changed the game. Disruption is no longer a goal, it's a constant reality. How, and where, should marketers seize the initiative in changing times?

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Disrupt, or be disrupted, is the message writ large. Start-ups as diverse as Uber, Airbnb and Dollar Shave Club have transformed, respectively, the way many consumers order their taxis, book accommodation and buy their toiletries. Dollar Shave Club turned the industry's traditional business model on its head by offering a low-cost subscription service – so successfully that Unilever bought it for a cool \$1bn and is now looking at how such new models can be leveraged across its business. That's true disruption. But behind the headlines are a set of drivers that are transforming marketing in many different types of business – from mobile moments and personalisation to customer-first strategy and a commitment to 'experience' over 'use'. Welcome to the changing world.

Meet your customers in the mobile moment

Deloitte's September 2016 UK Mobile Consumer survey reveals that we are near peak smartphone penetration, only nine years after the launch of the first full touchscreen device. "No other personal device has had the same commercial and societal impact as the smartphone, and no other device seems likely to," it states. Almost half of 18-24-year-olds check their phone in the middle of the night, the report found, while 31 per cent of smartphone users made no traditional voice calls in a given week, up from a quarter in 2015 and from just 4 per cent in 2012. Mobile is now the most popular way Brits get online. Most traffic is through mobile apps, however, rather than the mobile web – and, increasingly, advertisers need to reach new customers via these platforms. It's a game changer.

Next-generation bank Monzo, for example, is not only pursuing a mobile-first strategy, but an app-first one, as it looks to launch an intelligent banking solution. Fintech firm ClearScore, meanwhile, reports that 70 per cent of its users access its services via mobile devices. Little wonder that Google says mobile has utterly changed what consumers expect of brands and organisations, fracturing the consumer journey into hundreds of real-time, intent-driven 'micro-moments'. Each of these delivers an opportunity for marketing to shape decisions and preferences, and each can be targeted by marketers. Global figures from the Internet Advertising Bureau (IAB) show a third of purchases are now made on mobile devices, while figures from retargeting firm Criteo show that 55 per cent of all fashion and luxury transactions in the UK take place on mobile devices.

Burberry and Tom Ford announced in 2016 that they would adopt a 'see now, buy now' model, so consumers watching fashion shows on their phones could buy items immediately. Showing a collection months before it was available to buy, said Ford, was an "antiquated idea" that no longer made sense. McDonald's is also turning to mobile to help disrupt its business, incorporating geofencing technology to help avoid queues and keep food hot. Starbucks is to roll out a mobile order and payment system, and it is also incorporating geofencing. In the US, such location-tracking technology has been pioneered by smaller restaurant chains, such as Chicago's Eastman Egg Co, but has previously been considered too complex to roll out to larger operations. Not any more.

Amidst the move to mobile, at ClearScore, chief executive Justin Basini has said it's vital that businesses know difference between the "signal versus the noise" and "what's valuable versus what's not valuable". Most of all, they must move fast.

Why it matters

The prevalence of mobile devices has generated 'see now, buy now' consumer demand. Combined with customer geolocation data, brands must deliver in-the-moment opportunities for engagement and purchases. >





Commit to personalisation

The rise of mobile – that most personal of devices – is linked to another trend that is a pioneering force of disruption: personalisation. It has been triggered by the use of big data and enabling technologies such as the programmatic delivery of adverts. Meanwhile, artificial intelligence (AI), or augmented intelligence – where machine-learning is coupled more closely to human endeavour and insights – will take it to the next level.

Personalisation and data-driven marketing are two of the top three crucial trends that marketers are prioritising in the year ahead, according to a recent CIM survey. Yet, in the US at least, research from Boston Retail Partners (BRP) and Manhattan Associates shows that, while 70 per cent of those surveyed understood the importance of personalisation, many didn't have any plans to be able to achieve it. This must change.

Start-ups sometimes have the edge over established competitors, with their legacy systems and hardwired practices. At ClearScore, for example, personalisation has been central from day one. Its dashboard backgrounds are personalised to an individual's credit score and this has been extended into personalised product recommendations, chatbots and email marketing. More than two-thirds (70 per cent) of users interact with the site through a mobile device, so it was imperative that experiences were optimised for mobile and took advantage of the unique visual and interactive qualities of a touchscreen environment.

Personalisation and optimisation are the pillars behind the success of platform-based business models such as Uber, which leverages huge amounts of what might be termed 'micro data', using behavioural and profile data to customise each user's experience. Spotify, meanwhile, has used its listener data to playful use in global out-of-home advertising campaigns. In a 2016

campaign, it highlighted some quirky user habits it had noticed during the year. The campaign ads used aggregate and individual data to generate headlines, including: 'Dear person who played *Sorry* 42 times on Valentine's Day, what did you do?' and 'Dear 3,719 people who streamed *It's the End of the World as We Know It* the day of the Brexit vote, hang in there.'

Personalisation, then, has many uses, but at ClearScore, Basini also advises marketers not to overlook traditional channels or the power of a more broad-based marketing message. "We're big believers in TV," he says, "and have used the medium from day one to scale our proposition across the nation. The risk has paid off, and has helped us reach 40 per cent awareness in a short space of time."

David Billing, partner and chief creative officer of agency Above+Beyond, concurs, saying marketers must mind the apparent dichotomy between the need to personalise more and the need to be universal. "The world is moving to truly customer-first strategies," he says. "It's the age of the audience. The audience is empowered as never before, and it's already transformed industries such as music, publishing and film." These early adopters will be followed by many more, and personalisation will be one of the pillars their success will be built on.

Why it matters

Personalised offerings and marketing messages are a perfect fit for the mobile consumer, but the true take-out is the power of being customer-first. ➤



Ensure your strategy is customer-first

We have, says research firm Forrester, moved from the age of information to the age of the customer.

Brands who know and serve those customers the best stand to gain the most. This is particularly apparent in the retail space, according to Tony Maile, European retail leader at IBM Cognitive Solutions. "Retailers are under considerable pressure today, with new entrants – particularly in digital – and an environment where the customer has more choice than ever." Many companies, he says, are still operating under a 'market trader' model, and many will be forced to re-evaluate that position. The disruption here is customer-powered.

"Today, the customer is absolutely at the centre," he says. "And the customer is influenced not only by what people are doing in retail, for example, but also by other parts of their life, such as ordering a cab or streaming entertainment on demand. Retailers are struggling to catch up and meet these customers' expectations, and the customers are more choosy and selective than ever."

Almost half (49 per cent) of the marketers polled in the CIM survey said they were under greater pressure this year to reinvent the customer experience as a result of tech disruptors, such as Uber and Amazon, raising the bar on customer expectation.

Coffee brand Pact was launched to solve a 'problem' that founder Stephen Rapoport had – namely, how to avoid running out of good-quality, premium coffee. He wanted to solve "that pain" and see if anyone else shared it. "What I needed was a subscription and I needed it to be flexible, because if I ran out of coffee I needed to invest time or money to solve the problem."

For Pact, flexibility is key. It allows its subscribers total control over their accounts – so they never have too much or too little coffee on hand – and helps suggest the products and service best suited to them and their lifestyle. "We are enabling people to drink better coffee than they ever had before," says Rapoport. That's an aspirational outcome, but placing the customer at the centre of the service proposition has made it possible.

Why it matters

Disruptors such as Uber and Spotify have handed control to customers – and consumers now expect it from other services and products, too. Flexibility of service is becoming a minimum requirement.



"Retailers are under pressure. The customer has more choice than ever"

TONY MAILE, EUROPEAN RETAIL LEADER, IBM COGNITIVE SOLUTIONS

Use bleeding-edge tech for real-world results

When Dunnhumby Ventures invested in a company called Msg.ai in late 2015, it was one of just a handful to have developed a bot for the Facebook Messenger platform. Billed as an AI platform for 'conversational commerce', it was at the vanguard of how AI was being used in marketing or customer-service applications. Now there are hundreds of companies emerging into the same AI-powered space, as brands look to leverage intelligent solutions to offer better consumer experiences. Others are looking at how they can catch the new wave of voice technologies, after the recent success of Amazon Echo and Google Home connected devices.

If AI hasn't disrupted a business yet, it's likely that it soon will. Previously, it was limited to large corporations with vast innovation budgets, but the major platforms, such as Amazon and Facebook, are opening up to developers. Others, such as IBM, make their own tools available to companies in the form of application program interfaces (APIs), which developers can use to integrate its flagship natural-language processing device, Watson, with their own software and apps.

Start-up VineSleuth is one such example. It launched on the premise that the way the wine market provides information to consumers is flawed – marketed by grape variety and region, when all consumers want to know is how it tastes. VineSleuth is using data and machine learning to deliver a better experience. A panel of expert wine tasters assess every major aspect of each wine's taste profile, and the results are fed into VineSleuth's proprietary algorithms to map out the similarities and differences between wines. IBM Watson cognitive technologies are then used to help communicate the results to end users – including winemakers, retailers and consumers – using natural language. Here, the technology is helping customers seek out new and surprising products and experiences, but the bottom line is that it's the customer service offered that counts.

Why it matters

New technology is best harnessed for practical purpose, such as resolving problems for customers. Marketers should ask 'how would AI benefit our customers?', rather than 'when are we getting some?' ➤

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