

MODERN MARKETING PLAYBOOK:

THREE KEY TACTICS FOR ENGAGING CUSTOMERS IN A POST-COVID, POST-COOKIE WORLD



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SPECIAL REPORT



INTRODUCTION

There is a dizzying amount of change taking place right now in the world of marketing. The third-party cookies and other tracking tools that marketers have depended on for years are going by the wayside, placing an **increased focus on first-party data**. Meanwhile, powerful new technologies now allow for **personalization and segmentation on levels that were previously impossible**, all of them reliant on quality data. And all of this is happening in the context of COVID-19, which drove **huge behavior shifts** not only in the way people shop, but how and where they are engaging with brands.

Today's marketers are being asked to take all of this in stride while at the same time rapidly adapting to their changing role in the sales ecosystem.

A chaotic customer journey — driven by the rise of what the CMO Council calls **“the self-reliant buyer”** — has flipped much of the sales action to the top of the funnel. Close to **80%** of buying consideration now happens before anyone speaks to a salesperson, according to a **Cisco** study cited in a **new report** from the **CMO Council**. And who's talking to consumers mulling those purchases? Marketers. In fact, the CMO Council found that marketers are now responsible for **44%** of revenue on average, compared to a little more than **10%** in the mid-2000s.

“More and more now the sales action is happening at the front of the funnel,” explained Tom Kaneshige, Chief Content Officer at the CMO Council in an interview with *Retail TouchPoints*. “It's slowly been moving there, but the pandemic just shot it through because now everything's digital. And because of this upended customer journey, there's a huge opportunity for marketers because they're the new sales organization. They're closer to the revenue than they've ever been.”

A new opportunity, yes, but also a new challenge, as marketers must now find ways to engage with these increasingly autonomous consumers who demand both authenticity and a soft touch:

- Marketers need to shift the focus of their messaging from immediate product sales to a more **long-view approach of building relationships**;
- As consumers increasingly are driving online interactions, marketers must find ways to **join the conversation without attempting to control it**; and
- Bigger is not always better — research shows that **engaging with smaller, more targeted groups** offers better ROI than generic, broad-brush tactics.



‘SPEAKING TO THE MIND SPACE, NOT THE SHELF SPACE’

Much of what is currently happening in the marketing landscape is seen by many as **a necessary course correction after years of over-reliance on third-party customer data**, which was often gathered without concern for consumer privacy or, in some cases, quality.

“We all know that first-party data is significantly more valuable than third-party,” said Suketu Gandhi, Partner in the Digital Transformation practice of **Kearney** in an interview with *Retail TouchPoints*. “So why did they use third-party data? There was a classic quote — ‘*They were looking for a needle in a haystack. They couldn’t find the needle, so they decided to throw some more hay.*’ Everyone just kept throwing hay and hoped something would hit.”

But such methods are not only ineffective and expensive; they also have the potential to backfire in a world of increasingly savvy digital consumers. Instead, Gandhi said that **marketers need to shift their attention and their budget spend toward campaigns and messaging that have “a genuine psychological impact.”**

This means targeting less around generic assumptions of what consumers might want and focusing more on their “need state.” Those targeted need states should be very specifically defined as well, with marketers using past insights to zero in on proven conversion drivers.

“What we used to do was go after every need state within a segment of age or a cohort,” explained Gandhi. “Gen X, Gen Y, Baby Boomers, those are all inventions of marketers, and that worked for a long period of time, but it has stopped working. Now we have enough data at a high-segment level and we can combine that with first party to go after the need states that matter. **Go after the mind space, not the shelf space.**”

“Five years ago, doing this was insanely expensive in terms of data, the algorithms against that and the ability to deploy it,” he added. “Now all that has been solved. We have plenty of data, the algorithms are there and the computing power is cheap. And we have the ability to actually execute on it.”



“There’s still a tremendous amount of first-party data that is stuck in silos, so there’s a lot of work to do on data governance. The important thing is getting a handle on the data you do have right now.”

Tom Kaneshige, CMO Council

That ability comes in large part from new **AI** and **machine learning technologies** that allow marketers to slice and dice data at a pace and scale not previously possible. These technologies allow for more nuanced targeting, enabling marketers to home in on hyper-specific consumer sets with more relevant potential and intent.

But, to quote Spider-Man and paraphrase Gandhi, with great power comes great responsibility, which is why Gandhi warns against misuse of these tools: “**With AI and machine learning you should be 120% vigilant not to use them as a weapon of mass destruction.** Any wrong targeting, any improper presentation of products or solutions or language should be protected against. Now is the time for marketers to take a leadership role in how [organizations] send messages and personalize for the consumer.”

The first step — before any of this is possible — is getting your data in order. That can mean centralizing and cleaning existing data, or for those without significant first-party data sources, going out and getting it.

While retailers are often in the enviable position of having more data than they know what to do with, others, such as many CPG brands, must come up with **loyalty and promotion strategies** to gather their own first-party data, or **seek out collaborative relationships** with partners like retailers to access new data sources. “There’s still a tremendous amount of first-party data that is stuck in silos, so there’s a lot of work to do on **data governance**,” said Kaneshige. “The important thing is getting a handle on the data you do have right now.”



CASE STUDY

FROM JUDY TO JENNY: WHY RITE AID IS ZEROING IN ON A NEW KIND OF CONSUMER

While the concept of wellness has been around for decades, these days consumers view wellness through a broader lens — one that encompasses much more than just diet and exercise. In a recent survey by **McKinsey & Co**, **79%** of respondents said wellness was important to them, and **42%** consider it a top priority. With the global wellness market estimated to top **\$1.5 trillion** in sales this year, **Rite Aid** realized an evolution was necessary to maintain its leadership position in the space.

“Over the past couple of years we’ve been really focusing on how we evolve as an organization, how we separate ourselves from our competitors,” said Joseph Tertel, Director of Digital Marketing at Rite Aid, speaking at the **2021 Adobe Summit**. “We’ve focused on what we call the **Rx Evolution**. It’s a focus on everyday whole-being health and the fusion of traditional and alternative health solutions.”

Part of this evolution at Rite Aid has been **recalibrating its target customer profile**.

“We would always talk about Judy,” Tertel said. “Judy was a **65-year-old** woman who came into our store several times a week. She was really one of our best customers. But with our new leadership, we took a step back and said, so that’s our current customer, but who do we want to be? Who is this person that we want to speak to moving forward?”

That person is Jenny. Jenny is a woman aged **25 to 54**. Her defining characteristic is that she’s a caregiver — she takes care of her husband, her kids, her parents and her pets and, when she has time, she takes care of herself. “By targeting Jenny and this new segment, we’re able to not only go after one individual who has a long lifetime with us, but all the individuals that she impacts in her life,” explained Tertel.

To find Jenny, Tertel said he and his team held focus groups and dove into a lot of data — both Rite Aid’s own data and broader consumer research.

Now this **very specific, well-defined customer segment** is driving much of Rite Aid’s strategy and evolution — everything from website experiences and marketing messaging to the design of the company’s new logo. “Everything that we’ve done with the new brand here at Rite Aid is focused on Jenny, while still remembering Judy and not leaving her behind,” said Tertel.



JOIN THE CONVERSATION WITHOUT TRYING TO CONTROL IT

Going after the mind space of consumers is a tricky task that must be navigated with finesse. **In addition to being more self-reliant, consumers also are more vocal.** Marketers can't afford not to be a part of these interactions, but it requires a mind shift in more ways than one.

"A lot of marketers tend to go toward product, but a discussion isn't always about product," said Kaneshige. "It's worth it for marketers to think beyond product and get into the conversation. The goal now is relationship building.

"Customers own the conversation; they're talking to each other," he added. "Marketers tried to become part of that conversation and they weren't very good at it, because their tradition is that they own the conversation. A conversation requires both parties listening, and marketers do a poor job of listening."

As an example, Kaneshige points to **Victoria's Secret**, which he believes could have avoided many of its **current woes** had it done a better job of social listening. While consumers were talking about active lifestyles, comfort and performance, Victoria's Secret was pushing lace. Of course, part of the problem is silos within many organizations — for example, marketers aren't typically involved in product development. Kaneshige suggests that companies might want to **view the role of marketers today more broadly, seeing them not just as lead generators but also as consumer "listening posts."**

The first step to effectively listening on social is **identifying who to listen to.** In this regard, social media is a boon to marketers, because it's where niche communities and authentic, influential personalities abound.

"These groups form on social because they're passionate about something, there's a lot of emotion in that," said Kaneshige. "And marketers' greatest value is their ability to tap into those emotions to engage people. You really do need to get tactical with it though, it's not something that you can kind of feel your way through."



FOCUSING ON SMALL SEGMENTS TO CREATE BIG RESULTS

For many years, the focus of many marketing campaigns has been on casting a wide net. But in today's content-saturated world, **focused, personalized outreach** can actually be more effective and lucrative (Super Bowl ads notwithstanding).

"I'm seeing CEOs push back quite aggressively against blanket models versus models that prove the ROI with granular information and small-batch, first-party data," said Gandhi. "Don't throw more hay, look for the needle. That model works better."

Take influencer marketing for example. While prevailing opinion (both consumer and professional) in this space holds that more followers is better, Gandhi said that's not actually the case. **"Data is pointing out now that smaller groups affect buying decisions much better,"** he said. "The moment you take on a **community-minded model** you don't need a million followers, you only need 1,000 or 5,000 or 10,000. This messes with the cost of acquisition in a positive way, because you're not targeting a **million** to find 1,000 that work. Focus on the **10,000** that has the right 100."

Influencers who have reached celebrity-level status in the form of millions of followers are often now speaking to broad, less focused swaths of consumers. By zeroing in on smaller yet still powerful voices in communities that have a higher propensity toward your brand proposition, you can actually have a much greater impact on the outcome. The same holds true for other kinds of targeting. Marketers should focus on small-batch segments of consumers with attributes and behavior patterns that they know, from lookalike customer groups, will have an affinity for their offering.

Connecting with these communities requires a combination of authenticity and artfulness. "Netflix and **Amazon Prime** and Disney and Hulu have rewired our brains. A flat, non-moving screen, anything that doesn't entertain, is dying quickly," said Gandhi. Kaneshige agreed, saying that **marketers must rethink their content to be more interactive.**



“Target small batch, get influencers in that space and then livestream around that. The key is to use livestreaming as a tool versus viewing it as a channel.”

Suketu Gandhi, *Kearney*

Enter **livestreaming**. While not yet a mainstay like it is in China, livestreaming is clearly **the wave of the future** when it comes to interactive content, because it taps into all the facets that matter to today’s consumer — **authenticity, community** and **immediacy**, to name a few.

“Livestreaming is great for having a small-batch conversation to show your product and affiliated services in a really compelling way,” explained Gandhi. “It’s the next step up, an accelerant for your platform.”

The most powerful livestreaming intersects with the influencer realm. According to Gandhi, one brand that is getting it right in the West is **Peloton**. “Every fitness coach on Peloton is livestreaming a business, and the affinity of those coaches is massive with a particular group,” he noted. “For example, if you stick with Ben Alldis out of the UK for more than **five** sessions, there’s a guarantee that you’re going to listen to what he says for the next **five**, which is amazing. It’s like Joy from the original days of the **Home Shopping Network**. **Target small batch, get influencers in that space and then livestream around that. The key is to use livestreaming as a tool versus viewing it as a channel.**”

With all the new tools and tech available to today’s marketers, it can be easy to be overwhelmed. Kaneshige advises brands and retailers to tailor their strategy to their consumers rather than trying to do it all. “There are so many things you can do, and too many marketers get caught trying to boil the ocean,” he said. “What they need to do is focus on certain things like digital experience, content strategy or personalization. You can’t do everything.”

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