OMNICHANNEL MARKETING

FACTS & FIGURES

Denmark 2017

A snapshot of the status of omnichannel marketing efforts in pursuing customer centric communication

• Resume: State of the Nation
• Best in Class Performers
• Strengths and Weaknesses
• Observations, Conclusions & Perspectives
  - Is bigger really better?
  - Who is planning to invest?
  - Is B2C really better than B2B?
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Introduction:

This NBI Omnichannel Facts and Figures report highlights the central findings from the NBI Omnichannel capability benchmarking tool, based on data collected in 2015 and 2016.

The insights shared here provide an understanding of the way companies and marketing departments are working to deliver on-and adapt to-the challenges and opportunities related to the customer-centric, omnichannel experience.

View this report as a data-freeze and analysis on the status of omnichannel in Denmark as of 2017.

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When I first started working with marketing and digital communication a couple of decades ago, it was all about attracting people to your own platform and keeping them there as long as possible. That way of thinking actually stuck with most brands for many years before finally reaching a state we could call ‘deportalisation’. Meaning; leaving behind the notion that the only thing worth celebrating in a marketing perspective is the amount of traffic on your site.

Instead, we started acknowledging that brands need to move off of their own platforms and start meeting the customers where they are. So omnichannel marketing means allowing customers to experience your brand - not your channel.

Peter Svarre has been working with digital communications, user experience and social media for the last 14 years, helping large organisations such as Novo Nordisk, Danish Cancer Society, Saxo Bank, and Danish Church Aid unfold their digital strategies. Today he is the director of marketing in Bang & Olufsen, world renowned for its distinctive range of quality televisions, music systems and high-performance loudspeakers.

The greatest challenge about this movement is that brands are now moving out of their ‘platform comfort zones’. Entering the customers “spaces” requires a deep understanding of every platform in order to use it as a natural and value adding way of meeting the customer – without being the bull in the china shop.

Sound complicated? Well, not really. It just requires some good old research. And if you manage to do it right; speak the language of the consumers, touch on their interests, and tap into their conversations, then reaching out to (the right) customers can be easier than ever before.

Today, as director of marketing in one of Denmark’s legendary companies, B&O, it is crucial to me that B&O is present on multiple platforms in order to meet the customer. In my experience, this is also the case for many other companies. But where I seem to notice a gap in the omnichannel strategy is that very often there is no actual strategy. Or at least it is not specific enough as to the purpose with which we are on each platform, and how it all makes sense in relation to the brand. This is actually the hardest part, much harder than just being present on Facebook, mobile etc.

So this is where we are: We, the brands, are out there meeting the customers in this sea of platforms. Now we just need to be perfectly clear about why we are present, where we are present, and how it makes a difference to the customer and to the business.
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Omnichannel is a cross-channel approach to sales and marketing/communication that seeks to provide the customer with a seamless shopping- and brand experience across time and space, whether the customer is shopping online from a desktop or mobile device, by telephone, or in a bricks-and-mortar store.

As you will see in this report, Danish companies have an average score of 1.44 out of 3.0. In the graph below, we see that this score places them near the middle, or, somewhere in between “multi-channel” and “cross-channel”, with quite a bit of distance before reaching true “omnichannel.”

One of the distinguishing features of the omnichannel customer experience from the multichannel customer experience is that omnichannel includes a true integration between channels and communication on the back-end.

“The main challenges organizations face in moving forward from multichannel to omnichannel include: integration of backoffice systems and processes, using and integrating data, and aligning data and processes as the basis for a seamless customer experiences across channels and time.”

- Jan Futtrup Kjær, Chief Organizer, NBI

State of the Nation 2017

Denmark

Single Channel

“Past” most often only had one channel, e.g. a shop or only catalogues (mail orders).

Multi-Channel

Channels are standalone. Customer is confronted with different assortment, prices, deals, etc. 
Ecommerce is separated, systems are siloed

Cross-Channel

Alignment in brand experience, Assortment, Prices, etc. 
Backoffice (organisation, system) however not integrated

Omnichannel

Personalized, consistent experience across all channels. Marketing not scattered. Systems integrated. Customer has seamless experience moving across channels
Danish companies who wish to build a competitive advantage, and reap the business benefits of running a customer-centric marketing and service program, must in particular learn to tackle the three lowest scoring omnichannel master disciplines (data collection, data discovery, customer recognition and permission).

These disciplines roughly correspond to the following three operational challenges. These three identified challenges can be seen as roadmap stepping stones towards improving your organization’s omnichannel execution.

**Central challenges - moving towards omnichannel**

The data summarized in this report shows that Danish companies face a number of hurdles they must work to overcome in order to get closer to realizing the omnichannel vision of customer-centric communication and seamless customer experiences. These central challenges have been boiled into a roadmap of focus areas.

**Roadmap: stepping stones towards omnichannel**

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Integrate

1. Integrate siloed data, back-office systems, and processes in order to get a single, real-time view of the customer. Includes: data collection

Analyze

2. Analyze: Exploring and using this pool of integrated data to discover new insights into the traits and needs of individual customers – through strong data analytic capabilities. Includes: data discovery

Execute

3. Execute: Build stronger relationships with these customers – by improving communication and service with them in a more personalized and contextual manner across all touchpoints and channels, ultimately, giving the customer a better service and brand experience. Includes: Customer Recognition & Permission, Communication & Service
The data for this report is extracted from the NBI omnichannel capability benchmarking tool, and is based on data from the 306 respondents who had participated in the research and utilized the benchmarking tool in 2015 and 2016.

The NBI omnichannel tool is based on the book “Make it all about me - and I’ll buy it,” by Rasmus Houlind, and maps omnichannel initiatives in each company within each of the six omnichannel master disciplines:

- Customer Recognition & Permission
- Data Collection
- Data Ciscovery
- Communication & Service
- Performance Analysis
- Organizing & Management

The model places the customer in the middle, and within each of the six disciplines there are three steps, or levels of maturity, in the journey towards the ultimate customer-centric experience. Score are assigned on a scale of 0 to 3.0.

The closer you are to the middle (3.0), the closer you are to your customer and to giving the customer a seamless, personalized experience across channels. The middle, “omnichannel nirvana” is the ultimate customer-centric organization.

The score and the mapping helps the individual company get a general understanding of the 6 omnichannel master disciplines as well their performance in regards to each of these disciplines. In other words: where they show strength, where they show weakness, and where they have potential for improvement.
9 Central Findings

1. Barely halfway to omnichannel nirvana
   The average score for Danish companies is just 1.44 out of 3.0

2. Digirati (top 25%) score 64% higher than the average
   The average score for the best-in-class (the top 25%) is 2.25

3. We're best at Performance Analysis
   Areas of strength include the master disciplines Performance Analysis (average 1.61) and Organizing and Management (1.53)

4. Everyone struggles with Data
   Areas of weakness include the master disciplines Data Collection (1.17) and Data Discovery (1.32)

5. Omnichannel isn’t just for retail
   Arts, entertainment & recreation, and financial services and information sectors clearly outperform others.

6. Data, Communication, and customer recognition make the big difference
   Data Collection, Communication & Service and Customer Recognition & Permission are the three dimensions that actually differentiate the top performing industries from the bottom ones.

7. Size definitely matters: Smaller companies lag behind
   - Organizations with less than 50 employees average a score of 1.31
   - Larger enterprises (1000 & above employees) perform 18% better than small ones (Less than 50 employees). Companies with 250 to 999 employees fare 7% better
   - Data Collection, Data Discovery and Performance Analysis are the omnichannel dimensions that make the difference for Large companies.

8. Larger companies are planning to invest
   The larger the organisation, the higher the plans for future investments in omnichannel initiatives

   Companies with at least some B2C market focus clearly outperform B2B, especially in the areas of Customer recognition & permission and Performance Analysis.
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Omnichannel is inevitable

Meeting the modern consumer means embracing omnichannel marketing: a term that refers to providing a seamless shopping- and brand experience no matter where the customer meets the brand.

The habit of browsing and comparing before purchasing goods and services (when it comes to both B2B and B2C) has increased, and with that, the need to meet the customer at all times and on all types of platforms, with the right offers and services.

Omnichannel: moving beyond retail

Over the past few years, we have seen the retail industry in particular has turned towards omnichannel marketing, but several other industries are now following suit. Though omnichannel marketing is still at a nascent stage, it seems both promising and inevitable, and has therefore become an area of focus for a whole range of industries, B2B and B2C alike.

The image below shows the industry distribution of the respondents who had mapped their omnichannel initiatives in 2015 and 2016.

- While retail is still heavily represented, we see that interest in omnichannel now transcends into all industries
- Omnichannel marketing has also become relevant in other industries, such as finance, entertainment, communications, manufacturing, and construction
- The spread of respondents include 28% B2B, 35% B2C and 34% equally B2B and B2C, showing that omnichannel has become an area of focus for a whole range of industries.
General performance

Much more to come: Denmark scores 1.44 out of 3.0

The score 1.44 out of 3.0 indicates that omnichannel has made its entry as a discipline into Danish marketing departments, but - arguably - with a long way to go the finish line. The score of 1.44 can be seen as an indication that there is much more to come: we have yet to realize the full potential of omnichannel marketing in Denmark.

The overall omnichannel performance score for Danish businesses is 1.44. This graphic shows the distribution of scores within each master discipline.

B2C outperforms B2B

Splitting up the data we see that the spread between disciplines is actually small (lowest score: 1.17 highest score 1.61), especially in the middle scoring disciplines, scoring 1.47, 1.52 and 1.53 respectively. Data collection (1.17) is the outlier.

We also see differences across market focus: B2C and organizations with both B2B and B2C average 1.46 and 1.47, outperforming B2B (averaging 1.40) by about 5%. These differences become clearer when looking at specific disciplines later.

However, omnichannel marketing is a relatively new phenomenon that requires new systems, processes, and technology, and often also organizational changes. Getting the systems and processes in place that will help us "go the last mile" (reaching the perfect 3) is not going to happen over night.

We estimate that reaching an average of more than 2.5 out of 3 will take up to 4-5 years. While this might not be the best news for customers, it could be a great opportunity, and a real differentiating factor, for those companies striving for best-in-class performance in the field.
Looking at how the data is spread across the 6 disciplines in the omnichannel hexagon, we see that Danish companies perform better in some disciplines, mainly within Organizing & Management (1.53), Communication & Service (1.52) and Performance Analysis (1.61).

Communication & Service (1.52) and Performance Analysis (1.61)
These numbers indicate that companies are working on reaching out to a growing amount of customers across channels and campaigns. What is missing in order to reach level 3 is being better at engaging the customers 1:1 based on data insights and customer metrics. The next step towards omnichannel success is for organizations to move toward making each customer feel like focal point of communication.

Organizing & Management
The score of 1.53 indicates that companies are moving from being product-oriented to being more sales-orientated. In order to get closer to level 3, companies must move closer to being customer-oriented.
Weaknesses: Worst performing master disciplines

1. Data Collection (score 1.17)
2. Data Discovery (score 1.32)
3. Customer Recognitions and Permission (score 1.47)

The areas of the hexagon slim significantly when looking at the areas Data Collection, Data Discovery, and Communication & Service. Especially for the first there is a significant lack of performance with a score of only 1.17.

Data Collection (score 1.17) and Data Discovery (1.32)

The score for Data Collection indicates that many organizations are still at a level where they are primarily collecting basic billing data. But data is the prerequisite for using data discovery to know more about customer behavior and hence moving towards becoming more relevant to the customer.

So moving forward, the goal should be collecting data on several platforms and then integrating this data, and using data from multiple sources for behavioral segmentation and realtime predictions of customer behavior.

Customer Recognition and Permission (1.47)

The 1.47 score for Customer recognition indicates that companies are learning to master identification of customer and starting to shift their focus on volume. Moving to a higher level requires a shift in focus from volume to engagement with individual customers, systemic integration for collections of permissions and data, and ability to recognize customer across physical and digital channels. Mastering this discipline is a key prerequisite for mastering the disciplines related to data collection and data discovery.
Looking at the best - and the worst

Using the 25% filters in the tool gives us an idea of how “best-in-class” companies are performing compared to the average performers and the lowest performers.

The average score on all six areas of the hexagon is 1.44 on average, while the top 25% scores 2.22 and the bottom 25% scores just 0.64.

Below you can see the average overall scores compared to the average top 25% and bottom 25% scores within each of the omnichannel master disciplines.

Communication & Service shows the biggest gap in scores between top and bottom performers: it is the second lowest score for the bottom 25%, while it is the top performing discipline for the top 25%.

Data discovery is again the lowest score across performances.
Arts, entertainment, & finance are catching up with retail

Omnichannel marketing has been growing in popularity for quite some years now, especially in the retail industry, and it is a well-known fact that several big Danish retail companies put a lot of effort into data collection and customer recognition. However, looking at the data, a long list of other industries are catching up with, and even surpassing, the retail industry.

*One reason for this might be attributed to the self-reporting bias; Organisations with more omnichannel history may feel a need to do more in regards to omnichannel investments as compared to newer industries.

The highest score in the mapping is earned in “Arts, entertainment, and recreation” (score 1.64), followed by financial and insurance activities (score 1.58)

- The “Retail and wholesale industry” averages just 1.38, scoring below the national average.
- Lowest performing industry group is construction, manufacturing & transportation group (score 1.32)
- The lowest average score comes in data collection for the wholesale & retail industry group (1.06). The highest average score comes in customer recognition & permissions for the arts, entertainment & recreation industry group (1.84)

Best performing industries

Arts and entertainment (avg score 1.62) performs 27% better than the bottom performer, construction and manufacturing (avg score 1.28), while Financial (avg score 1.58) scores 24% above, and Information & Communication (avg score 1.50) comes in third, scoring 18% above low performer.
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Observations, Conclusions, & Perspectives

What makes the best industries stand out?
When it comes to maturity across industries, a few things stand out:

- Omnichannel isn’t just for retail: Arts, entertainment, recreation, financial services and information sectors clearly outperform other industries.
- Data Collection, Communication & Service, and Customer Recognition & Permission are the three dimensions that differentiate the top performing industries from the bottom ones.

Data disciplines differentiate top from bottom
The graph below shows the distribution of maturity in each master discipline across industries, showing the change in percentage, allowing us to analyze the disciplines that differentiate performance across industries.

We see that Data Collection, Communication & Service, and Customer Recognition & Permission are the three dimensions that differentiate the top performing industries from the bottom ones.

Data discovery, while an overall low performer, also plays an important role in differentiating arts and entertainment from its lowerperforming peers; however, interestingly manufacturing and construction outperform wholesale and trade in this discipline by 12%. On the other hand, Organising & Management, as well as Performance Analysis, do not play a significant role in differentiating industries.

It is interesting to note that the bottom performing master disciplines are also key in differentiating industries, showing that some industries are still struggling with data and permissions, while others are struggling with organisational and cultural challenges, indicating that mastering the data disciplines is essential for future success.
Overall, companies with at least some B2C market focus clearly outperform B2B. There are, however, significant differences across master disciplines.

- B2C scores significantly better than B2B in the areas of Customer Recognition & Permission and Performance Analysis.
- Communication & Service, on the other hand, has the complete opposite relationship; B2C companies actually underperform by 29% as compared to their B2B counterparts. *How much of this difference is due to a self-reporting bias could be probed further.

The graph below shows the change (in %) as we look at maturity across disciplines and market focus. We see that Customer Recognition & Permission and Performance Analysis are the two dimensions that positively and significantly impact the omnichannel maturity of B2C companies (the data shows an increase in maturity for B2C of 17% and 14% respectively).

Data Collection, Data Discovery and Organising & Management also have a positive impact on maturity B2C market focus companies, though the effect is not as significant.

However, considering the dynamics of omnichannel marketing, B2B companies might actually have stronger tradition for working with customers in a personal and omniscient way. As the data shows, we are already seeing that B2B can certainly compete with B2C when it comes to Communication & Service.

It can be expected that B2B will catch up with the B2C best performers in the years to come - considering that Omnichannel seems just as relevant and feasible for B2B as for B2C.
Size definitely matters:
Smaller companies lag behind

While bigger companies (50+ employees) on average perform better than small companies (less than 50 employees), there are variations within the master disciplines. A few of the key takeaways when it comes to size:

- The bigger the better:
  Larger enterprises (1000 & above employees) perform 18% better than small ones (Less than 50 employees). Companies with 250 to 999 employees fare 7% better

- Data Collection, Data Discovery and Performance Analysis are the omnichannel dimensions that make the difference for large companies.

- Larger companies are planning to invest: The larger the organisation, the higher the plans for future investments in omnichannel initiatives

The bigger the better?
When looking at the results in the survey it seems imminent that company size does matter when it comes to omnichannel initiatives. There is a very clear indication in the data that large organizations (50+) perform significantly better compared to smaller ones.

Why size matters
Smaller companies perform the worst when it comes to data collection and discovery, whereas size is less relevant when it comes to Organizing & Management. Meanwhile, Data Collection maturity is the highest differentiator in larger organizations, reporting an increase of 38% as compared to smaller ones.

Data collection and data discovery requires resources in terms of technology, knowledge, and time; resources that may not be available or prioritized by smaller companies. Omnichannel marketing success seems to be based on economy of scale, especially when it comes to the disciplines involving data. The more customers, the more orders, the more data to work on. And likely, the more resources.

On the other hand, the larger the company, often, the less agile. Reorganizing, hiring and investing in new systems for omnichannel marketing is not a process that can be completed overnight, and is often a fairly large investment for most companies. Smaller companies have an advantage when it comes to organizing and management, as silos and bureaucracy tend to be more likely in larger organizations.

This means that larger companies, who are taking all the right initiatives within the 6 disciplines, might have to wait longer to see results than smaller companies that are moving faster and can invest in simpler and cheaper systems for reaching and identifying customers.
Who is ready to make omnichannel investments in the coming financial year?

Customer focused B2C companies with greater than 250 employees report the highest priority for investment in omnichannel initiatives in the next year as compared to smaller organisations.

B2C, Arts & Entertainment are ready to invest in Omnichannel

Sorting by industry, Arts & Entertainment, wholesale & retail, and Information & Communication industry clearly prioritise future omnichannel investments over their manufacturing and public service counterparts.

At the same time, we see that the higher the overall current maturity rate, the higher the degree of focus for future investments in omnichannel. In fact, organizations with a high priority outperform others by 17.1%. The correlation is even stronger when it comes to larger organizations (over 1000 employees).

This could be an indicator that investments are paying off enough that organizations are wanting to increase those investments, and/or that more organizations are becoming aware of the competitive gains at stake when it comes to implementing customer-centric, omnichannel principles and systems.
About the research

The data was collected as part of the Networked Business Initiative. Data has been cleansed using statistical methods to ensure validity.

The Omnichannel capability benchmarking tool was developed by Networked Business Initiative and the Danish Chamber of Commerce. The data for this report was collected 2015/2016 in collaboration with the following NBI research partners:

- Omnichannel Institute
- Impact
- Pentia
- Sitecore denmark
- Agillic
- EG
- Magnetix
- Vertica

Demographics and methodology:

http://blog.networkedbusiness.org.ready-for-facts-and-figures-on-omnichannel/

The research will continue

The NBI Omnichannel Capability Benchmarking tool was launched as a Pilot in Denmark in May 2015. Feedback was gathered throughout 2015, and a Beta version 2 was launched in Sweden in February 2016 with a goal of mapping 500 companies in 2016.

The NBI launched version 3 of the Omnichannel Capability Benchmarking tool in Denmark in October 2016.

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Help your clients become smarter and get more leads by becoming a partner
By joining the NBI as a partner you can offer your clients to map themselves in the omnichannel tool. As a partner you get your own launch site branded with the consultancy logo. Via the launch site the clients get access to the survey and ultimately their own dashboard which they can invite you to see, so you can assist them in refining their omnichannel strategy.

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Get started by visiting: blog.networkedbusiness.org/omnichannel