

# White Paper



## Digital Marketing

### Opportunities Abound for the CPG Industry

---

Anoop Jain / Lorenzo Pagani

#### Abstract

The possibilities for innovative marketing have exploded in the Digital Age and companies are considering alternate ways to maximize their investment and drive business. Organizations seeking to effectively promote their products and services need to employ digital marketing effectively to access the increasing number of online users.

This document provides a point of view on digital marketing usage, its implications in the consumer packaged goods industry and IT solutions available to support its implementation

## Overview

With new technologies creating new modes of marketing, companies striving to maximize their marketing impact must keep pace with the increasing options available. Thus, devising and implementing marketing strategies has not only become more complicated but also effort-intensive. Often unable to ascertain the specific outcome of individual channels, most companies also face the challenge of accurately tracking the result of their marketing campaigns. Moreover, the systems that facilitate the changing business models that support these marketing strategies are also evolving at a fast pace.

What lacks today is maturity of the systems to handle end to end process of marketing functions in one single application and ability to provide the right information at right time at right place to enable right decision making in marketing. In such a scenario, the introduction of digital media as a marketing tool creates further confusion and complexity. Companies seeking to leverage digital capabilities are faced with the challenge of seamlessly integrating traditional and online systems.

Deciding the right combination of digital and traditional channels and their optimum utilization is a difficult and time-consuming process. The absence of proper and complete information only makes these decisions more perplexing.

Deploying the best-fit IT systems and implementing the most suitable processes therefore become crucial in improving marketing efficiency. However, this is easier said than done. In the fairly young and constantly evolving area that is digital marketing, systems and applications supporting the digital marketing endeavor are still trying to catch up with ever-changing demands.

What companies need is an IT system with the maturity to handle the marketing process end-to-end in a single application and able to provide the right information at the right time and place to enable proper decision-making in marketing. Applications/ solutions supporting end-to-end process for digital marketing are critical to its faster adoption by companies.

In the Consumer Packaged Goods (CPG) industry effectively functioning marketing channels are critical to business success. Here, digital marketing is poised to become a key driver in reducing cost and increasing marketing potency. The boundaries between retail and CPG are fast blurring and CPG companies are seeking new ways to build and maintain a loyal customer base. Further, CPG marketing processes are changing with the convergence of digital channels and the evolution of related processes.

This document provides a point of view on digital marketing usage, its impact in the CPG industry and on IT solutions available to support its deployment.

## Digital Marketing: What Is It?

Digital marketing involves the promotion of products and services using digital distribution channels that reach consumers in a timely, relevant, personal, and cost-effective manner.

At a high level, digital channels can have several categories, such as the internet, mobile, digital outdoors, and any form of interactive digital media. Each category has multiple digital tools/ sub-channels that can support digital marketing. These include:

- Internet – Email, banner ads, dedicated websites, pop-up ads, sponsored content, paid keyword search, podcasts, etc. Newer channels comprise social networks, blogs, wikis, widgets, virtual worlds, online gaming and RSS
- Mobile – SMS, MMS, mobile web, mobile applications, and mobile video
- Digital outdoors – Still/ video digital display, interactive kiosks
- Interactive digital medium – interactive television channels

Any combination of the above channels can be used to gain maximum visibility with utmost impact among targeted customers, thereby enabling more business at a reasonable cost.

While digital channels empower marketers with a tremendous advantage in terms of their extensive reach, leveraging their potential requires effective management of multiple channels with complex variables to realize optimal value.

Digital marketing uses pull and push or combination of both mechanisms to access customers. It needs to be supported by an accurate reporting engine that gathers the required information, which is used to design current and future marketing campaigns. Any successful marketing campaign that employs digital marketing channels requires efficient data gathering, tracking, reporting, and leveraging processes.

## Measuring the Effectiveness of Digital Channels

At present, the most widely used criteria measure the level of customer response i.e., the response level of the potential audience in taking the most desired action as compared against the incurred costs.

Some examples of customer responses are:

- Clicks – The number of times an internet or mobile user clicks an advertisement (banner or text link) or any other actionable link
- Click to call – The number of times a mobile user initiates a phone call by clicking on a link
- Click Through Rate (CTR) – The number of users (or unique users<sup>1</sup>) who have clicked on an advertisement compared to the number of impressions<sup>2</sup>
- Cost for Thousand of impression (CPM) – The cost an advertiser pays for 1,000 impressions of an on-line advertisement
- Cost Per Click (CPC) – The cost an advertiser pays every time the user clicks on the advertisement (banner or text link) or any other actionable link

Digital marketing is becoming a critical component in industries dealing with financial services, computer, communication and automobiles.

## Digital Marketing in the CPG Industry

While the CPG industry has a high advertising spend, it has utilized traditional media as its main channel for marketing campaigns. There are several reasons why digital marketing channels are only a minor component of the overall CPG industry marketing strategy. These include:

*1 Unique users: Individuals visiting a website or an advertising in a given time period. It is different from clicks because even if a user clicks many times, it is considered only once.*

*2 Impressions: The number of times an internet advertisement is displayed.*

**Absence of targeted online consumers** – Traditionally, CPG consumers did not have any strong reason to go online and search for a product, thereby they kept CPG companies from creating dedicated advertising messages.

**Lack of online knowledge and skills** – Low understanding of digital media, poor skills in using digital channels and lack of accurate metrics to measure the success of these channels also contributed to the slow adoption of digital marketing.

However, with the increasing number of internet and mobile channel users, CPG companies are seriously considering adopting new initiatives in digital marketing. Leveraging the available digital channels, CPG companies can reduce advertising expenditure, access more customers and drive business. Examples of some digital initiatives are product launches, repositioning existing products and brand awareness campaigns.

The main objectives of these initiatives are:

- To provide optimum brand exposure to the audience
- To execute intensive and frequent campaigns targeted toward specific consumer groups
- To elicit an action or response from the consumer

Companies seeking to leverage digital marketing must have clearly defined business goals since the digital marketing strategy employed depends on the campaign objective. The digital tool and technique employed and the metrics used to evaluate effectiveness must be tailored to specific marketing objectives.

Some examples of relevant initiatives undertaken by CPG companies are:

### Dedicated Website

- KitKat – Designed a branded website for the consumer who “works like a machine” to take a digital “break” with a range of interactive and entertaining content and partake in prize-fetching promotional contests
- M&M’s – Designed a branded website of M&M candies. Users can browse different products, play games, become a

fan of the M&M racing team, avail of promotions and buy merchandising products

## Social media

- Sprite – Created a branded web reality series played on YouTube under the product banner to provide a message about the freedom to pursue one's passions
- Fanta – Created an interactive application on Facebook that allows users to play music from the mycokemusic site

## Mobile marketing

- Coca Cola Mobile brand campaign – Customers can use a 3G telecom operator portal to build and send branded cards to friends for free
- Kraft iFood Assistant – This application software for iPhone required consumers to pay a one-time fee of 99 cents to access the application, which would then allow the customer to connect to a mobile portal, obtain food recipes, create a shopping list, and obtain directions to the nearest stores

The recent advances in online technology and software have opened up new avenues for innovative initiatives, such as:

- Social media – Can be used for marketing initiatives that are focused on establishing and maintaining a trusting relationship with consumers (e.g., by creating an community, forum, and/ or blog)
- Mobile marketing – Leveraging the cellular mobile to:
  - Distribute advertising content related to a particular place (e.g., delivering promotions and personalized offers to a customer when s/he is in the store)
  - Function as a loyalty tool instead of a physical card
  - Provide functionalities to locate any store in a specific area that has the product in stock
- E-commerce and e-retailing – Integrate digital marketing campaigns with e-commerce sites for immediate product purchase or product promotion on the retailer's website.

## Impact on CPG Processes and Systems

As the CPG industry increases its digital marketing expenditure, companies must conduct an enterprise-wide review of the organization, its processes and systems to sustain growth and effectively manage digital marketing initiatives with traditional advertising.

In the above scenario, the main challenges faced are:

- Multichannel campaign planning, management and optimization – Companies need a framework and platform that enables them to evaluate and determine the optimum channel mix on the basis of costs and potential returns. It must also manage campaign execution across different channels (digital and traditional)
- Consumer data management and personalized communication management – The nature, quality and quantity of information available for consumer demographic and lifestyle attributes are ever-increasing and therefore require a robust customer data management system. Further, direct and personalized communication with the consumer (i.e., emails, newsletters, digital content) increases as digital marketing campaigns intensify
- Digital content creation and management – Digital marketing requires the creation of digital content, such as a dedicated website, videos, e-coupons, e-sampling, etc.
- Measurement of effectiveness – Companies need to determine measurement criteria that can enable them to assess the effectiveness of the digital campaign at different levels, such as consumer awareness, grade of persuasion and dimension of purchases generated

From an organizational and process viewpoint these challenges can lead to a review of and innovation in the marketing function. Some CPG companies integrate digital teams with traditional, offline marketing methods to create a unique approach.

From a systems viewpoint, the challenges can spur companies to enrich functionalities, increase the scale of, and redefine the platform (e.g., shifting from a local to a global platform to effectively leverage a global digital campaign) for marketing and web systems.

The areas most affected by these challenges are:

- Customer Relationship Management (CRM) – Multichannel management and digital asset management functionalities, and increase of the scale to manage the high volumes of information and types of interaction
- Web design and management – Review of the website design along the criteria of attractiveness and user-friendliness for the end user, optimization for internet search engines, and ability to deliver adequate digital content
- Support for mobile channel – Proper integration of the mobile platform with traditional processes
- Reporting and web analytics – Optimum functionalities to extend web measures and monitor online consumer behavior as well as integration of these measures with traditional marketing indicators

## IT Solutions Supporting Digital Marketing, Specifically SAP

The advent and growth of digital channels require information technology (IT) systems and solutions to evolve to support the new requirements. According to the Gartner report 'Magic Quadrant for CRM Multichannel Campaign Management' (April 2009)<sup>3</sup>: "MMCM (Multichannel Campaign Management System) processes enable companies to communicate offers to customer segments across a multichannel environment such as direct mail, call centers, websites, e-mail and communities."

More in details multichannel campaign management system enables the following features:

- Allow advertising and offers to customer segments across a multichannel environment (direct mail, call centers, web sites, e-mail and communities)
- Integrate marketing offers/ leads with sales for execution
- Manage basic campaigning, such as functionality for segmentation, campaign execution and campaign workflow
- Provide advanced analysis such as predictive analytics and campaign optimization
- Allow advanced execution functionality, such as event triggering and real-time messages
- Provide specialized e-marketing functionalities, such as like Web analytics, social applications/ community marketing, mobile marketing, RSS, and search marketing

Further, SAP has evolved solutions for digital marketing needs as part of the end-to-end marketing process across industries as well as specific to industry requirements.

MySAP CRM application powered with SAP Netweaver provides an end-to-end solution for all digital marketing channels and is also heavily integrated with the MySAP Enterprise Resource Planning (ERP) application. SAP<sup>4</sup> supports digital marketing requirements in the following four areas:

<sup>3</sup> Adam SARNER, *Magic Quadrant for CRM Multichannel Campaign Management*, Gartner RAS Core Research Note G00166621, 24 April 2009.

<sup>4</sup> [www.sap.com](http://www.sap.com)

### 1. Campaign Management

- Executes marketing activities through various interaction channels, such as direct mail, e-mail, phone, web, fax, and SMS
- Leverages online marketing channels to plan, develop and execute e-mail marketing campaigns
- Executes real-time marketing campaigns

### 2. Web Channel Management

- Supports demand generation and customer loyalty processes through the internet
- Personalizes customer interaction on the web with user-friendly online information
- Supports catalog management, content management, campaign execution, customer segmentation, personalization, and a store locator

### 3. Web Channel

- Analytics Performs analysis across the marketing, sales and service functionalities on the online channel i.e., from a web perspective. It tracks and uses online behavior to target customers and drive future marketing activities

#### 4. Digital Asset Management

- Maintains a central repository for digital assets (photos, videos or text documents) to efficiently manage them and secure direct web access

### How Must SAP Evolve to Support Digital Marketing?

Digital marketing functionalities and features are still evolving into better processes. However, they are sufficiently robust to integrate well with any ERP system, thereby making this the best-in-class solution for all companies already using SAP.

Considering the diverse and evolving business processes in the CPG industry, the digital marketing requirements from SAP are:

- Support for the end-to-end process with least number of applications, particularly since most of the current processes involve a host of third-party solutions besides SAP applications of ERP, CRM and Netweaver
- Flexibility to customize applications and scale up or down depending on the requirements at comparatively shorter turnaround times to support changes in strategy. For instance, employing different combinations of channels depends on the strategy, which requires data analysis to evaluate multiple scenarios and accordingly support the required application changes
- Integration of user-friendly front-ends to capture data with a flexible reporting mechanism to provide accurate and timely information to support decision-making and track progress

### Conclusion

Digital marketing is receiving increasing attention as more consumers go online and new technological avenues open up to drive home a marketing advantage of reach and effectiveness at a lower cost. With the CPG companies embracing digital marketing to enhance customer loyalty, they are including websites, social media and mobile marketing – among other channels – in the overall marketing strategy.

In such a scenario, CPG companies must not only review the organization from a business perspective, but also transform from an IT viewpoint and redefine the technology landscape for marketing and web systems. A SAP-powered system, with its rich functionalities and varied features, can go a long way in helping the CPG industry meet the marketing challenges of the digital millennium through improved campaign management, web channel management, web channel analytics, and digital asset management.

### About the Authors

Anoop Jain is a principal consultant within the Infosys SAP practice. He has more than 12 years experience in finance and the SAP financial domain. He has worked across multiple industries, such as retail and CPG, petrochemicals and chemicals, agri chemical, manufacturing, high tech, and automotive as a process and application consultant in finance and controlling processes.

Lorenzo Pagani is a principal consultant within the Infosys SAP practice. He has more than 10 years of experience in process and application consulting for huge business transformation and Information Systems implementation programs across different industries, such as CPG, manufacturing, and energy and utilities in the sales, customer service and supply chain areas.

## References

- SAP AG: [www.sap.com](http://www.sap.com)
- Magic Quadrant for CRM Multichannel Campaign Management  
Gartner RAS Core Research Note G00166621  
24 April 2009 Adam Sarner
- Asia Digital Marketing Association ([www.asiadm.com](http://www.asiadm.com))  
ADMA Digital Marketing Yearbook 2009  
ADMA's Annual Asia-Pacific Digital Marketing Survey 2008
- Mobile Marketing Association ([www.mmaglobal.com](http://www.mmaglobal.com))  
Mobile Advertising Overview January 2009  
Mobile Marketing Industry Glossary

Did you know?

## Infosys among the world's top 50 most respected companies

Reputation Institute's Global Reputation Pulse 2009 ranked Infosys among the world's top 50 most respected companies.



## About Infosys

Infosys provides its clients with business and technology consulting services that deliver measurable business value to help you build tomorrow's enterprise. Through a well-integrated end-to-end range of consulting, technology, engineering and outsourcing, Infosys clients derive the business value they've always been requiring from enterprise transformations. Our extensive research teams, including the award-winning SET Labs, ensure Infosys solutions are always cutting-edge and relevant. Our high investment in training – over 10,000 graduates a year pass through our Mysore campus, the world's largest corporate university – ensures our people stay best-in-class. Infosys (NASDAQ:INFY) also believes in giving back to the communities with scholarships, libraries, schools, and many other fields through the Infosys Foundation.

## Global presence

### The Americas

Atlanta  
Bellevue  
Belo Horizonte  
Bentonville  
Boston  
Calgary  
Charlotte  
Chicago  
Detroit  
Fremont  
Hartford  
Houston  
Los Angeles  
Minneapolis  
Monterrey  
New York  
Philadelphia  
Phoenix  
Plano  
Reston  
Toronto

### Europe

Amsterdam  
Brno  
Brussels  
Copenhagen  
Dublin  
Frankfurt  
Geneva  
Helsinki  
Łódź  
London  
Madrid  
Milano  
Milton Keynes  
Oslo  
Paris  
Prague  
Stockholm  
Stuttgart  
Swindon  
Toulouse  
Waldorf  
Zurich

### India

Bangalore  
Bhubaneswar  
Chandigarh  
Chennai  
Gurgaon  
Hyderabad  
Jaipur  
Mangalore  
Mumbai  
Mysore  
New Delhi  
Pune  
Thiruvananthapuram

### Asia Pacific

Brisbane  
Dubai  
Hangzhou  
Hong Kong  
Kuala Lumpur  
Manila  
Melbourne  
Moscow  
Perth  
Shanghai  
Sharjah  
Singapore  
Sydney  
Tokyo  
Wellington

### Africa

Reduit

For more information, contact [askus@infosys.com](mailto:askus@infosys.com)

[www.infosys.com](http://www.infosys.com)

© 2011 Infosys Technologies Limited, Bangalore, India. Infosys believes the information in this publication is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of the trademarks and product names of other companies mentioned in this document.