



Alpha Digital.

How the pandemic has
forced us to *reimagine*
marketing.

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How the pandemic has forced us to reimagine marketing.

Marketers experienced ten years of digital advancement in 2020 and COVID-19 has sparked one of the greatest periods of forced improvisation we have lived through. The State of the CMO 2021 Report recently revealed that perceptions of resilience and adaptability are higher than ever across Australia's marketing leadership fraternity, as we have been in a position where we can't really plan for a year, a quarter, a month, or sometimes a week in advance for an extended period of time.

The global pandemic has brought out the best in marketers. It has changed the way that people interact with brands and digital transformation and customer-centricity have come back to the fore. The strategies that were effective yesterday can quickly lose their relevance and marketers have been learning how to adjust to the unpredictability of border closures, delayed vaccine rollouts, and lockdowns.

The 2021 Digital Trends Report from Adobe has also called out 2020 as the most innovative period in marketing's history. Trends that were already on the horizon were accelerated and 92% of senior executives agreed that the lockdown period increased the priority of digital transformation. Marketers have learned to be malleable. It hasn't been easy and many of us have had to throw the rule book out of the window (or at least rip out a few pages). But at the same time, the pressure cooker has forced new marketing innovations to emerge. We are also refocusing on traditional, yet incredibly effective customer-centric practices, rather than relying on the push of a button to reach our audience on a single platform.

The day and age calls for fluidity and flexibility - a degree of acceptance and tonnes of adaptability. Resilience is setting successful marketers apart and it's important to celebrate the innovations that have emerged while imagining a bigger and brighter future.

Steadfast vision meets fluid improvisation.

COVID-19 accelerated eCommerce growth by four to six years.

Miriam Hernandez-Kakol, the Head of Management Consulting at McKinsey couldn't have said it better. "The pace and the degree of digital transformation is accelerating in the wake of COVID-19, with ever greater pressure to meet customers wherever they are. This calls for flexible, 'commerce everywhere' business models, and a renewed focus on employee experience to drive an enhanced customer experience."

COVID-19 has also accelerated the digitisation of customer interactions by several years. It is such a fast acceleration that it's difficult for brands to keep up and the scenario was a little daunting when 65% of marketers expected their annual marketing budget to lower after COVID-19 started.

It no longer matters which category customers are shopping in. The ease of online innovations has raised customer expectations for convenience across the board. Brands that are bridging the gap between digital and physical experiences, and doubling down on relevance across all touchpoints are seeing success, as they make customer interactions as seamless as possible.

“ **The pace and the degree of digital transformation is accelerating in the wake of COVID-19, with ever greater pressure to meet customers wherever they are.** ”



The rise in customer expectations is driving a return to one-to-one relationships.

Customers can get used to convenience pretty quickly and are now more demanding than ever. Accustomed to the convenience of online shopping during lockdowns, they are now expecting brands to provide a smoother and efficient customer experience across all digital channels.

In the face of this challenge, marketers have learned how to increase cross-department collaboration to achieve their goals quickly and 69% say that they have accelerated their digital transformation strategy as a result of COVID-19.

Lockdowns have also caused huge shifts in how people move and spend their time. Google's mobility reports only validate our reality and in August 2021 in Australia, retail and recreation visits were down 30%, time spent residentially was up by 13%, and time spent in workplaces was down by 20% compared to baseline.

This means that brands need to be accessible from multiple touchpoints 24/7, as the timelines and geographical transitions that used to break up our days have become blurred. Marketers are learning to take an outside-in perspective, scan the marketplace, pick out their desired customer segments, and structure the entire organisation around them.

Retail and recreation visits

-30%

Time spent residentially

+13%

Time spent in workplaces

-20%



Marketers are transforming their strategies with a steadfast vision and fluid improvisation.

Strategy normally relies on careful deliberation and the maximum amount of available information. But today's volatility and ambiguity have forced strategy to become more fluid, with two new concepts emerging: vision and improvisation. Harvard Business Review defines vision as the long-term purpose and principles of a company and improvisation is flexible at the tactical level. If marketers can incorporate both into strategic thinking, the process becomes transformative rather than rigid. Marketers are learning to hold onto their north star tightly, but are also willing to explore, experiment, and iterate. A great example of this is Petbarn, which was recently awarded Inside Retail's Omni Channel Retailer of the Year after they upheld their vision to offer a seamless customer experience throughout the pandemic. By engaging its online supply chain, IT, and in-store operations, and forging a new partnership with Uber and Zoom2u, Petbarn introduced zero contact click and collect in 60 minutes and guaranteed same-day delivery, 7 days a week. The innovation was an industry first and a perfect example of fluid innovation and transformative strategy.



Costantino Marotta, the Head of Digital Performance at Greencross Limited explains that, “as a retailer, convenience and ease of access for our customers have become a key focus throughout the pandemic. Petbarn has a network of over 200 retail stores, and up until the pandemic, you could only shop in-store, or online via home delivery and click and collect. Within the first six weeks of the pandemic in Australia, we quickly rolled out a same-day delivery service which many of our customers now consider an essential offering. Shifting our communications strategy to focus on convenience as a USP has been incredibly successful, especially at a time where Australia Post is struggling to meet demand. We have shifted how we talk to customers, from a value to a convenience perspective and we have seen so much success from giving customers the ability to receive their products on the same day. The ability to partner with Uber and Zoom2u was key to our success, but we also found that amid the pandemic, our teams were accountable and started to support each other in new ways. Even though we were isolated by lockdowns, the retail, customer support, supply chain, and digital teams started working together like never before. At the same time, we sharpened our pencil on how our budget is orchestrated across traditional and digital. We shifted portions of our budget from traditional to digital as a result of lockdowns and are continuing to see incredible results from that transition. We’re not just using digital to drive eCommerce sales, it’s also a measurable avenue that we can use to help in-store sales perform.”

Multi-channel brands will take the lead.

The businesses that have consistently performed well throughout the coronavirus pandemic were those that combined their physical and digital worlds, to create a fluid, channel-agnostic experience that prioritised the customer. Adyen data has revealed that ‘unified commerce’ will be critical in driving success throughout the pandemic, helping businesses to stabilise sales by offsetting lost in-store transactions with an increase in eCommerce.

Google’s latest Holiday Shopping online survey also found that Australian Christmas shoppers who researched and bought across five or more channels reported that they purchased four times as much and spent more than double compared to shoppers who used two or fewer channels. Their Continuous Connection also found that a combined physical and digital presence drives a 32% increase in sales revenue and 67% of consumers feel positive towards brands that connect with them both online and offline.

We have moved past the online versus offline effectiveness debate. It's well known that people switch between the digital and physical realms, and marketers are taking off their blinkers and transcending tunnel vision. In their continuous connection study, Google also found that a combined physical and digital presence drives a 32% increase in sales revenue and 67% of consumers feel positive towards brands that connect with them both online and offline.

Madison Wappett, the QLD Sales Director at MiQ highlights that agility across digital and traditional channels is a key focus for marketers.

“One of our product solutions that came out of the pandemic was expedited development and growth of our programmatic digital out of home product (DOOH). Traditional buying methods meant that a lot of clients had budgets that were stuck in outdoor buys that were ineffective during the initial lockdown. It had a major negative effect on sentiment towards outdoor advertising from marketers who felt the channel had them hamstrung, and risk aversion meant outdoor was dropped by a lot of advertisers. The nature of programmatic meant that clients were able to confidently invest in DOOH with the knowledge that there were no lock in contracts, and campaigns could be paused same-day, with no cost implication. It allowed marketers to continue to plan for the best case scenario, and be prepared for the worst. This also fostered growth in our offline to online DOOH

measurement that allowed us to link out of home exposure to online action. For industries like retail, who weren't able to keep their stores open, we could target out of home to essential services, such as grocery stores, push an eCommerce call to action, and then use expose and control groups from those out of home placements to measure online uplift post-exposure, and optimise towards the most influential out of home locations. The necessity to measure and optimise these placements in lockdown to validate channel investment resulted in our overall process for in-flight optimisation of programmatic digital out of home becoming much more efficient, scalable and transparent to meet the needs of advertisers.”





Realigning with the customer.

Customer-centricity is a competitive advantage.

We now crave the flexibility to shop when and where we want and 70 per cent of Australians say that they would like retailers to remain online, even as they reopen stores. Customers want to be able to interact with brands from their living rooms and are craving meaningful interactions. With that said, marketers are recognising that digital maturity is no longer a nice to have or an outlying concept. It's a huge opportunity for enhancing performance, as it drives improved customer experiences, cost savings, and revenue increases.

In their 2020 Digital Marketing Maturity Growth Report, Datisan identified marketing technology and data activation as two key growth pillars for digital maturity and customer-centricity. The report highlighted that personalised customer messaging is only achievable if brands can link online and offline customer data, while aligning culture, people, structure, and goals across the organisation. However, the report also found that for the third year in a row, Australian businesses are still emerging in their digital maturity. They are using some owned data in automated media buying, tapping into enterprise analytics tools, and using single-channel optimisation only, with limited integration with CRMs and offline data sources. With much room to grow, brands that mature quickly to keep up with customer expectations can achieve a huge competitive advantage.

XPON Technologies' CEO - Australia and New Zealand, Chris Rozic believes that, "2020 showed everyone just how important it is to have confidence in your data and analytics. It demonstrated the consequences of not investing in business-critical foundations that drive your business reporting and customer activations. The ability to combine advertising and analytics means that brands can personalise more marketing messaging for customers, allowing for better customer experiences."

Head of Commercial, Mike Cornwell, agrees that, the increasing breadth and volume of data points available to advertisers (particularly retailers) provides the opportunity to develop customer understanding and build more distinct and unique target audiences. "There is also an increasing focus on building more complete customer journeys (linking online and offline) to provide a clearer view of attribution, return on advertising spend, and campaign performance. An example of this is to have a single view of a customer who may have started their action online but completed it offline, say in a store or at a showroom. Using data points it can be possible to understand the full customer journey and learn more about the marketing touchpoints along the way that were valuable to the end result. Without utilising a cloud-based warehouse or similar, the data between the offline and online may never have been joined."

Seeing things from another point of view.

Customer-centricity isn't just about better technology. Marketers are also fostering empathy within their own teams so that it extends outwards to their customers. Verizon Media's director of brand innovation and marketing A/NZ, Anny Havercroft is a big believer in empathy as a superpower. "There aren't many moments in history where humanity is facing the same dilemma simultaneously, yet our personal situations are all so different. My team comes from diverse backgrounds and a major learning from COVID-19 was navigating and recalibrating expectations of each other when we started remote working."



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As privacy requirements increase, marketers will have to find new ways to capture customer data and think much harder about the experience or proposition they will offer in that value exchange. Every interaction will count and audience insights need to be leveraged in more creative ways.

To date, empathy has been an underutilised differentiator, but by understanding the areas of friction in the customer journey and customer motivations, marketers can drastically improve the customer experience. In the [2021 Adobe Digital Trends Report](#), Adobe vice-president of marketing APAC, Duncan Egan highlights that “in many ways, the pandemic proved the customer experience proposition. Companies that were already exploring and investing in new tools and processes for optimising customer experience prior to the pandemic were in a more advantageous position than those who hadn’t. They were able to adapt more quickly to remote work and digital service delivery and rapidly innovate to redesign the customer journey.”

This has also been a focus for Adam Loakim, the Managing Director APAC at Emarsys. “We’ve held true to our core company values – including “We Always Innovate” – more authentically post-pandemic than before it. Our global marketing team has long embraced a flexible work policy, but we now have more people working remotely than in our worldwide offices, and productivity has become better as a result. As long as work gets completed and clients are happy, it doesn’t matter when or where our teams get their work done. Our clients have also benefitted: 60 brands piloting new features have saved 443 hours of work since February 2020. Although paradoxical, it’s not surprising at all that forward-looking brands are increasing time-to-value, decreasing customer acquisition costs, and continuing to drive revenue with minimal disruption.”



MiQ's own marketing strategy became much more customer-centric and targeted throughout the pandemic. According to Madison Wappett, "At the beginning, like many organisations, we saw webinar activations and virtual events as a viable way forward. Webinars seemed to be an easy pivot from planned in-person events, as material remained relatively unchanged. Fast forward to 2021, and we observed that webinar fatigue had set in. Clients and advertisers were no longer attending webinars at the same rate, neither were they as engaged. The industry was saturated with them.

At MiQ we identified the opportunity to tailor our marketing strategy and be more targeted to the individual – to bring back an element of human-touch, or at least the sentiment of it. Cities and states entering lockdown with little to no notice meant our strategy had to be agile. This forced us to adapt our marketing strategy from virtual events to something a bit different – high quality merchandise.

Our merchandise had to not only be relevant to the MiQ brand, but useable in the current climate of limited social gatherings, and negative sentiment around an expanding home office set up and its impact on mental health. Meaning, we didn't want to go down the route of creating home office clutter (i.e. reusable coffee cups or water bottles) – instead we found a way to align to the positive sentiment of the outdoors, while respecting everchanging restrictions and social distancing. This culminated in a promotional merchandise activation in the form of 'self-care' packages, becoming our largest ever activation of its kind for the Australian market."

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This pandemic has provided momentum for us to diversify our marketing strategy, to be more targeted to the individual, at scale to achieve cut-through, while respecting a difficult and everchanging situation with newfound agility.

Privacy is a new avenue for building trust.

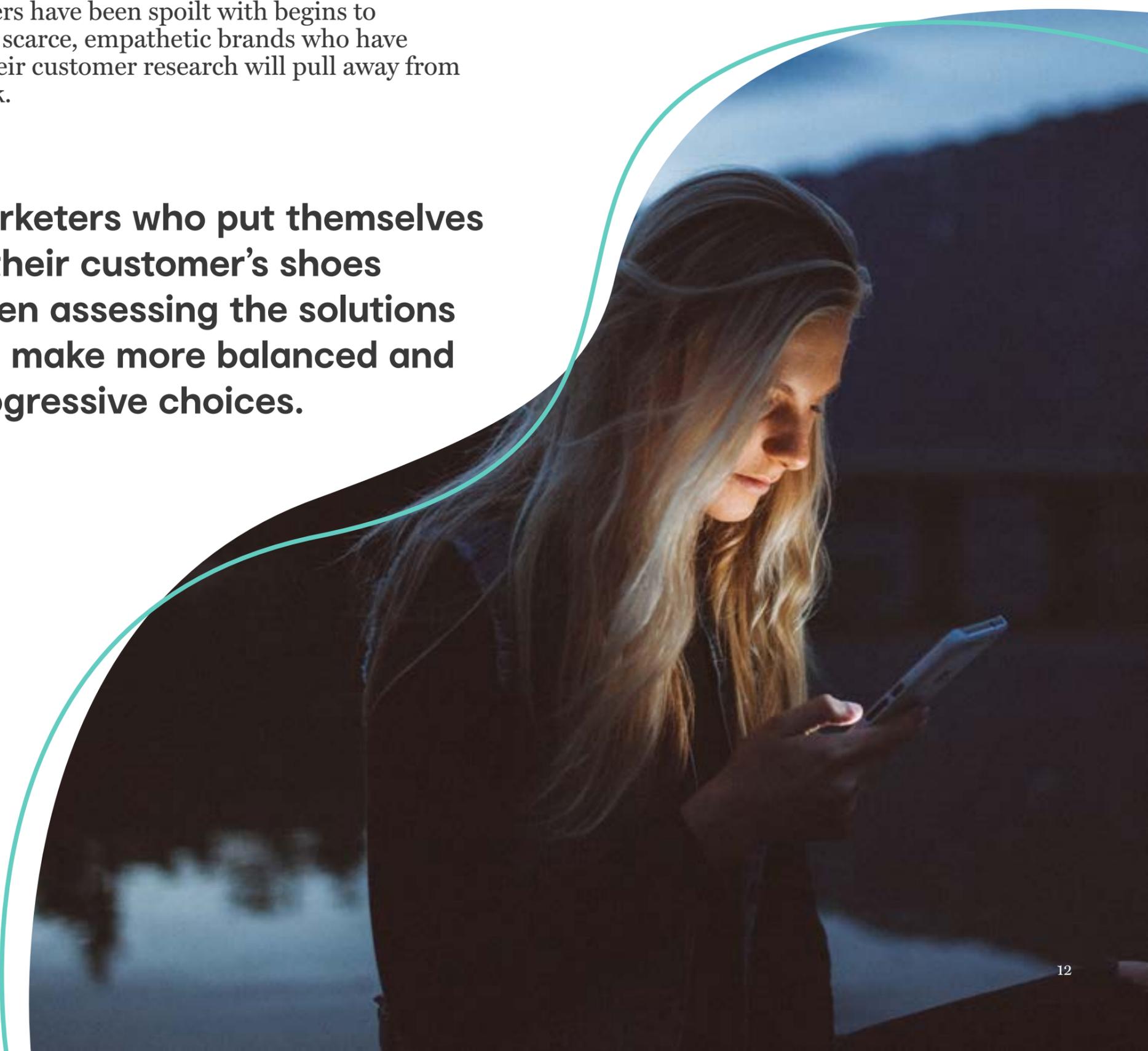
For a long time, marketers have used data to personalise their messaging. Now, we're being forced to come to terms with the fact that there is a groundswell of voices who don't want businesses to capitalise on their data. And those voices are not a minority. Just look at opt-in rates after the Facebook iOS14.5 update alone. Opt-in numbers were just four per cent in the US and 12 per cent of iOS14.5 users globally in the first two weeks from the rollout. Those figures later sat at 10 and 17 per cent.

Marketers have to think about how their targeting and attribution practices might affect their customers. A flurry of solutions that balance targeting and privacy will emerge, and marketers who put themselves in their customer's shoes when assessing the solutions will make more balanced and progressive choices.

We have a small window of opportunity to learn how to balance privacy with accurate attribution and targeting. The customer journey will get a bit more blurry when Apple and Google's new privacy updates roll out and marketers are learning as much as they can about their customers and gathering the available data now while updating their privacy practices.

When the behavioural information that marketers have been spoiled with begins to become scarce, empathetic brands who have done their customer research will pull away from the pack.

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Marketers who put themselves in their customer's shoes when assessing the solutions will make more balanced and progressive choices.





Back to brand purpose.

Successful marketers know their brand and value its loyalists.

At the beginning of the pandemic, a lot of businesses pulled back their marketing spend while a handful doubled down. With marketing budgets threatened to be cut, marketers faced a battle between short-term survival and long-term success. Those that were able to continue investing in brand captured market share and consumer eyeballs when people were stuck in lockdown.

Catch Group's CMO and number 23 on this year's CMO50 list believes that cross-pollinating brand and performance marketing is critical. He has explained that, "we are in an age where brand building, on traditional channels can be viewed as 'old fashioned' by new marketers, there can be a view that 'if you can't explicitly measure it, then how can it be beneficial.' Our team is made of scientists and artists, performance and brand marketers, and I want them to fully comprehend the intersection of these two disciplines and how one serves the other."

Without leveraging the customer affinity and intent created by brand marketing, performance marketing's fate becomes closely tied to consumer spending and economic activity.

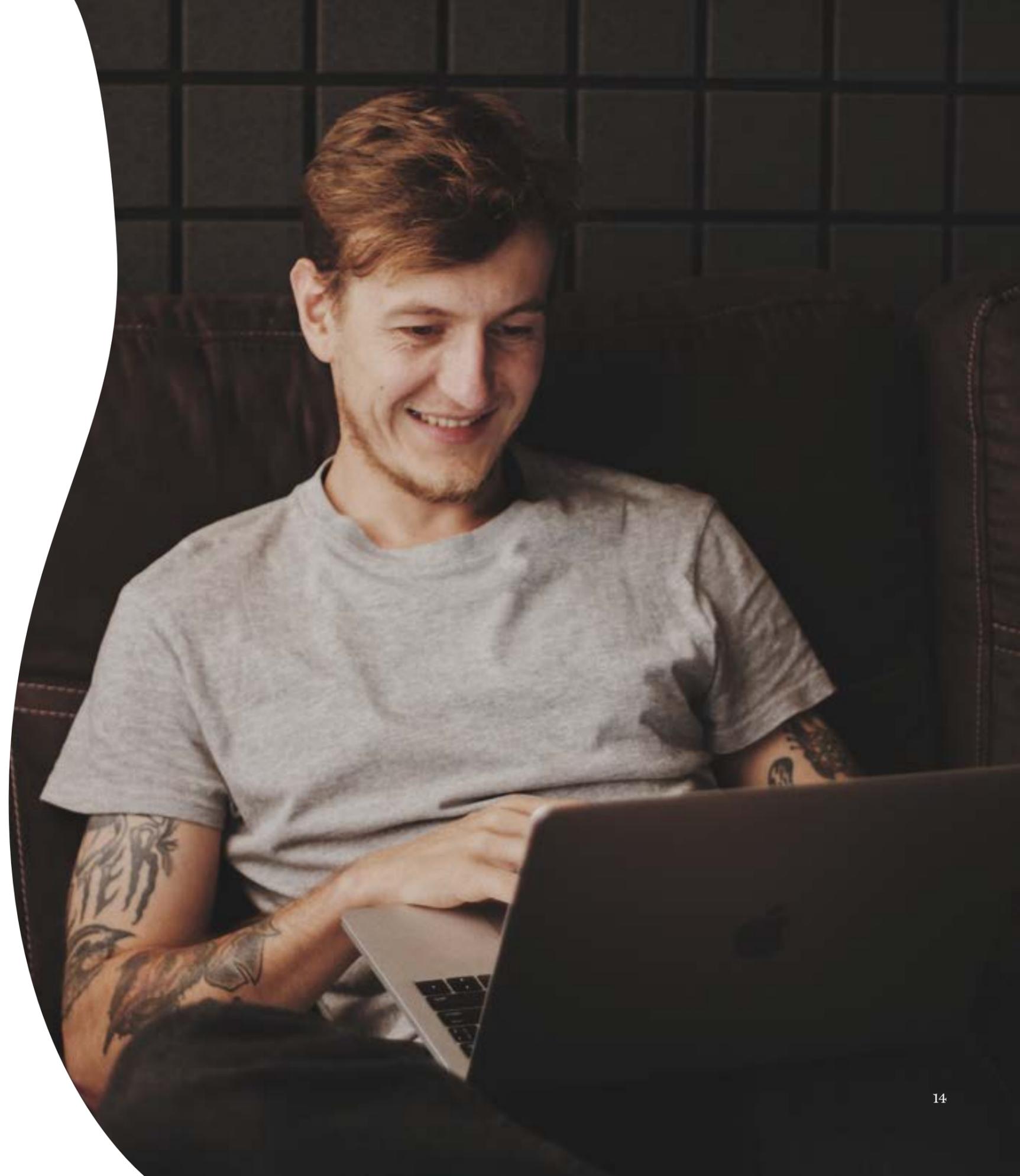
- **Cross-pollinating brand and performance marketing is critical.**

Andrew Waite, the Founder and Managing Director of Convert Digital says that while eCommerce brands have been eager to convert the large volume of new customers and onsite traffic since the pandemic, “outside of increasing onsite conversions, we have also seen a surge in spend on martech to improve retention and encourage repeat purchases for both those existing and newly acquired customers.”

Dane Pitman, the Digital Manager at Stone & Wood agrees. During the pandemic, “we also allocated a huge focus on engaging with our brand loyalists on a deeper level with the launch of our Beer Club and we were strategic with how we managed and grew our drinker database. With this we saw over \$1m in online sales through 2020, our Beer Club community grew to 1600+ members (subscription base), our email database grew 350% (80%+ open rates), with our social engagement and follower growth setting benchmarks in the beer industry. We understood Stone & Wood’s brand value with our online community but the boost of online consumers throughout the pandemic took it to another level.”

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We also allocated a huge focus on engaging with our brand loyalists on a deeper level.





The pressure is on to reconnect with purpose.

The correlation between creativity and diversity is also becoming more widely accepted. At the start of the new decade, Australian's were faced with an intense bushfire season, followed quickly by a global pandemic, and the death of George Floyd from police brutality was a catalyst for people across the globe to protest against racism. In her article for the July/August 2021 edition of AdNews, Paige Murphy explained that “people are rallying for brands to use their platforms to initiate change, and marketers are trying to be representative of society today both internally and externally.”

Paige Murphy also discusses how Victoria's Secret went under a major rebrand after receiving ongoing criticism of its hypersexualised Angels and dropping its market share to 21% in 2020 from 32% in 2015. The Angels were recently replaced with the VS Collective, which is made up of a group of accomplished women from diverse backgrounds and is making plans to put women first again. While it's good news that Victoria's Secret is embarking on a journey to become the world's 'leading advocate for women', their delayed reaction to ongoing criticism had already contributed to a decline in revenue.

Perfection is a fallacy.

There is a lesson here. Instead of waiting until your brand is doing everything right, consumers will happily buy imperfect brands that are trying to achieve a good purpose, and The Guardian's new Ipsos research has shown that growth, customer retention, and CSR credentials are boosted when consumers see brands making an effort. The global brand purpose study found that 90% of Australians agree that corporations will be expected to be more socially and environmentally responsible in the future, consumers also want businesses to behave more responsibly and that impacts how marketers should now position their brands. They don't expect perfection either, and the research revealed that brands live on a purpose continuum. A brand can start being purposeful somewhere as simple as fulfilling a genuine customer need and then progress to delivering meaningful action. Regardless of the stage that a brand is at, consumers just want authenticity, not necessarily perfection.

Focussing on progress.

Patagonia also had a humble beginning in 1973 when Yvon Chouinard, an avid mountain climber, and self-taught blacksmith began making and selling his own climbing pitons. It

took him some time to realise that his pitons were actually destroying natural rockfaces and climbing surfaces, before switching to aluminium chocks which could be wedged in by hand. The company's latest learning is that people don't tend to pass logo's down to their kids, so they have decided to stop putting additional logos on their clothing to extend the lifespan of their garments. This purpose-driven, progress over perfection approach continues to resonate and Patagonia has grown into a strong financial position and can make significant annual contributions to environmental causes and land conservation.

Solutions such as i=change, which make it simple for eCommerce brands to give back with every sale are also being adopted more widely. By enabling customers to choose where a portion of their purchase goes at the checkout, i=change lets customers shop as per usual, while knowing that their purchase with that retailer is making a powerful impact. 100% of donations going to carefully selected NGOs, which are committed to best-practice development and the technology is provides a simple avenue for brands to get started.





Looking forward and future-proofing your brand.

A new power balance.

In just one year, digital adoption has happened at five to ten times the projected rate. The migration has created a new power balance, with customers in more control of their relationship with brands. [Global Web Index's Consumer Trends for 2021 Report](#) hints at the new relationship dynamics.

Due to the outbreak, the following proportions of customers want brand to put more focus on:

- Supporting people during COVID-19: 56%
- Being eco-friendly: 51%
- Offering value for money: 49%
- Producing high-quality products: 49%
- Treating staff fairly: 44%
- Supporting social causes: 41%

The trends are a big opportunity for marketers, but there is no silver bullet solution to future-proofing your brand in the ever-evolving, new normal. What marketers really need is a mindset shift and to stop looking for a state of normal. They need to hold on tight to their north star, but be willing to fluidly adapt their tactics. We have been living through a great period of digitalisation and improvisation, and the most successful marketers are reshuffling their resources and transcending the challenges to imagine a bigger and brighter future.

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Alpha Digital.

Alpha Digital is an independent marketing agency, with offices in Brisbane, Sydney, and Melbourne and a team of 50+ who deliver digitally-led experiences, creative thinking, and media solutions that empower some of Australia's most-loved brands.