



Digital
Marketing
Institute

BUDGET AND RESOURCING

Study Notes

Budget and Resourcing

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LESSON 1: PLANNING A DIGITAL MARKETING BUDGET

BUDGETING OVERVIEW

Why have a budget?

Let's talk about the importance of budgeting. As Joe Biden the VP of the U.S. said, "Don't tell me what you value, show me your budget and I'll tell you what you value." What does that mean? You basically put your money where your mouth is. As an organization, if you have a series of strategic priorities, you want to be ensuring that you're putting money behind the key strategic priorities that you have as a business. One of the most obvious ways to tell how an organization values its priorities is to see where it's spending its money.

Key components

There are some key components as you think about budgeting.

People

Clearly, people are a massive element of that. People is a huge part of the cost of any organization, and having the right people with the right skills is absolutely vital to ensure that you're able to achieve your objectives. And you need to reward those people, you need to compensate those people; there are costs associated with those people, so it's a really important part of any budget process.

IT

As we move into an ever more connected world, as IT demands become ever greater on organizations, as organizations go through digital transformation affecting every aspect of their business, IT becomes an increasingly important component, both in hardware terms, but also in software terms, database management, and so on. Also you've got to think about materials from a budgeting point of view. Not just the unit cost of producing materials, obviously, that's a critical component of budgeting. But also the development cost that's gone into materials over time. Think about pharmaceutical companies – for example, the amount of R&D investment that they're making in the development of a drug – and they need to ensure that their budgeting is reflecting the overall cost of developing that material before they're even actually producing it.

Money

You have to be able to spend money to achieve various things in any budgeting process with external agencies – to buy advertising and so on.

Time

And then finally, and perhaps most importantly, the cost of time. Time is often difficult to quantify from a budgeting point of view, but it's really important to factor in the amount of time that something is going to take, and the cost that's going to have for the organization. Similar to what we talked about with the pharmaceuticals example, maybe 20 years to develop a drug, but also time taken to develop creative materials, time taken to be able to develop a successful marketing implementation. That's also a really important component of budget management.

Contents of budget

A budget is usually made up of four key elements:

- **People:** People are really important component; people having the right skills, people organized in the right way, people spending the right amount of time on something is a key component.
- **Training:** Those people will have a certain set of skills, but inevitably, particularly in today's much more fast-moving world, you're going to want to develop those skills, you're going to want to evolve those skills. So you're going to need to invest time in training, you're going to need to invest money in training to develop the skills of the people that you've got.
- **Technology:** Technology in an increasingly fast-moving, interconnected world is always going to be a significant part of any budget makeup, and it will become ever more so. More hardware, more software. The application of technology in marketing is growing exponentially, and the associated costs are rising with that. So you've got to take a really strong account of the importance of technology.
- **Process:** Process is partly a factor of time, but process can also reflect people cost, process can also reflect a number of different elements of how you go about bringing an idea or a strategic plan into reality. So don't ignore the importance of process in making up a budget.

Key factors in budget setting

You need to consider a number of factors.

Team factors

The number of people on your team, the skills of the people on your team, and the cost of having those people on your team. You can see on the right-hand side a variety of costs of people working in different industries, for example. So there will be certain elements that are factors to take into account in order to ensure that you are paying people the right amount, that you've got the right people in your team. And if you're in a different sector, it's going to cost you more than if you're in an alternative sector.

Product factors

Clearly, you've got to think about product, you've got to think about the unit cost of your product; what it takes to develop that, the complexity of the product that you want to have, whether or not adding greater complexity or adding more features to that product is going to influence your budget, thinking about it both in terms of unit costs, in terms of development costs, in terms of economies of scale that you may be able to realize might be producing more.

Market factors

Market factors include the industry that you're in, the level of competitiveness that exists within that industry, how much are you going to need to budget for, how much are you going to need to spend in order to be competitive versus the other players in that market or in that segment that you're in.

Customer factors

Sometimes in many cases, from a budget point of view, this comes down to price. What are you going to be able to charge for your product or service in this sector? What are our customers willing to pay for? Can you stretch what customers are willing to pay for it?

Determining budgets and costs

When determining budgets, you need to consider lifetime value of a customer and the average cost of customer acquisition.

Lifetime value of a customer

So as we get into an understanding of what is it that we're trying to get back, what is it that we're trying to recover from the money that we're spending in order to be able to achieve our objectives? And the concept of lifetime value of a customer is a really important one that comes into play increasingly. It's the prediction of the net profit that's attributed to the entire future relationship with a customer. So if you are able to bring a customer into your business, how much is that customer going to be worth over the entire duration of their future relationship with you? That's ultimately the money that you're bringing into the business by acquiring that customer.

Average cost of customer acquisition

What do we mean by customer acquisition? Basically, the price of acquiring a new customer is the total costs of acquiring that customer divided by the number of new customers to be acquired. So effectively, how much money are you spending per customer in order to bring them into your business? How much of that spend is marketing related? So whether that be advertising, whether that be email, whether that be outreach, there are a number of different factors that will be marketing portions of that cost.

There will be other elements of that cost that are not necessarily attributable to marketing. Customer service infrastructure, for example. But if you look at the marketing portion of that cost, and then what you're trying to understand is basically what kind of return are you getting? How much are you having to spend to bring a customer into the business and how long are they staying for?

Factors to consider

If that customer is going to stay with your business for year after year, as in the case of insurance, for example, where a lot of people tend to renew automatically year after year after year. And perhaps the average tenure of a customer might be four, five, six years within a particular company. In those instances, you can understand it might be worth budgeting for a higher cost of acquisition, because the value of that customer is really quite high.

If you think, for example, as an alternative about chocolate, you know, a customer might buy a bar of chocolate one week, another week they might buy a different bar of chocolate. And, therefore, the amount you're prepared to spend per customer in terms of lifetime value might not be quite so high. You might be thinking about a greater number of customers, but perhaps with a more limited lifetime value. Or you can obviously look at the share of requirements that that customer has. You can look at what proportion of their total needs is going to be fulfilled by your product.

So back to the chocolate bar example, you might say, "Well, this customer is going to consume chocolate for the next 20 years and we know on average that 20% of that chocolate that they buy is going to be ours." So you can still calculate a lifetime value even if the customer goes away and

tends to come back again, provided you spent that initial money on acquisition. So acquisition and lifetime value are really important metrics to be able to think about how you can get a return for the budget that you're beginning to build.

THE MARKETING PLAN

Budget constraints

Clearly, whenever you're building a marketing plan, there are going to be budget constraints.

Research

Now if you're going to run an effective marketing plan, you've got to be able to understand your customers, you've got to be able to understand your market, you've got to be able to understand their needs, and there's a significant amount of budget money and time that is spent in order to do that.

Resource

We talked about people and the importance of people, resource is always a constraint factor within any organization. It's always a high cost factor within any organization, and having the right amount of resource to be able to deliver what you want is always going to be a constraint from a budgetary point of view.

Reach

One of the key activities of marketing is reaching messages out to the target customer in order to try to influence them. And the level of reach that you can achieve is always going to again be constrained by the amount of budget that you have to spend.

And this is before we even talk about effectiveness. As Lord Leverhulme, the founder of Unilever, famously said, "I know that half of my advertising budget is wasted, I just don't know which half."

So clearly there's a recognition at the same time as marketing is facing budgetary constraints, there's also recognition that not all of the money that's being spent is being spent efficiently. So this balance of the budget constraint itself, and the amount of money you can spend and the effectiveness that you're achieving for spending it, is a really critical thing for all marketers to try to focus on to become more effective.

Knowing how much to spend

There's a number of reasons why it's really important to understand how much it is that you've actually got to spend before you go into the development of a marketing plan and a marketing budget.

- **Enables more accurate planning:** Clearly, if you're not clear on how much you've got to spend, you can end up developing plans which are un-executable, you can end up spending an awful lot of time developing plans which are not able to be delivered.
- **Creates a realistic understanding:** You know what's achievable through the whole organization. So if you're able to spend a certain amount of budget, you're likely to achieve a certain level of results. You're not going to achieve over that result. Many marketing

organizations, and I've worked in many of them, can often be tasked with achieving really, really high goals for the organization. And it's really important that the goals are aligned with the budgetary expectations of the organization. Otherwise, you can end up continually under-performing; you can end up with goals that are unrealistic that your budget simply isn't allowing you to achieve.

- **Allows for a more efficient allocation of the budget:** There are certain activities within any marketing plan that will require certain levels of base spend to be effective in the first place. So just because if you have a budget of \$20 million, for example, and you might spend 10% on 10 different things, it doesn't mean that if your marketing budget was \$1 million, you'd still spend 10% on those same 10 things. Because some of those 10 things simply won't give you any meaningful result for such a small amount of money invested. So if you know what your total budget is, you can know how to allocate it in the most efficient way on activities that are going to give you a return.
- **Gives an understanding of ROI:** If you have a clear idea of how much you're spending, you also have a clear idea of what level of return you need to achieve in order to pay back that spending, which can also be a useful sense check for something that is not realistic and achievable. Again, if you're going to spend \$50 or \$100 dollars on something, what kind of return are you realistically going to be able to expect?
- **Enables you to project an ideal budget:** This helps you to justify extra spend. Because you've been able to work out the efficiency, the ROI, the efficient allocation of the budget, you can also, in that delightful situation that some marketers find themselves in, be able to recommend a higher budget if the company comes back and says: "Well, if you would spend more money, how much more would you spend and where would you want to spend it?" And your understanding of your budget enables you to project how much more you might want to spend to make justifications of the return that you'll get for that spend if you go beyond it.

Maximize the ROI

It's also important to identify methods to maximize the ROI. And this is really about continual monitoring and continual adjustment. Again, marketers today are working in a much more fast-moving environment than they were even 5, 10, 15 years ago.

How can you do this?

- Monitor and adjust the spending and to ensure that a campaign is being effective.
- Monitor what competitors are doing
- Listen to customer feedback.

Not everything you do is going to work, and in a digital environment, you're going to find out relatively quickly what's working and what's not working. So your ability to adjust and adapt – pull spending away from certain areas, increase spending in other areas – is probably one of the most important things to do in order to maximize ROI.

In the pre-digital age, you could set your marketing plan and you could basically go away and come back six months later and see what results had been achieved. Now, you really can't do that. You need to be monitoring it on a daily, sometimes even hourly basis, in order to see what metrics are coming back, how you need to adapt, how you need to adjust to get the most out of it.

Measuring the ROI

You can you maximize that return on investment?

Determine benchmark

So determining benchmark data before the campaign starts is really important. What are you expecting to get? What have you got in the past? What have other people delivered in the past? What do you think? What does success look like before you actually start the campaign? So you actually have something to compare your results to. If your number of acquisitions has gone up by 5% as a result of running a campaign, is that a good number? Do you know if that's a good number? Is it a good number compared with history? These are the kind of questions that senior management are going to want to ask and the questions that you need to have thought about in terms of your success rates before you get started.

Measure reach and impact

How many people are you actually reaching and what kind of impact are you having on those people with the marketing activities that you're implementing? Who are you reaching?

Analyze audience composition

So what is that audience composition and what is that size? If you're reaching a very large number of people but they're not people who are in your target, that's going to affect your conversion rate, that's going to affect the number of people who are going to come into your business.

Identify the traffic sources

So where is the traffic coming from? Are there really critical referring sites? Are people coming to you through natural search? Are they coming to you through referral sites? Are they coming to you through blogs? Are they coming to you through social media? Really important, because that shows you which channels you want to be continuing to invest in or increasing your investment in or pulling your investment away from, in order to try and ensure that you're bringing the right kind of consumers to your site.

Calculate the conversion rate

So what proportion of people are you reaching, what proportion of people are coming to your site or your portal, what proportion of people are ultimately buying something from you? What level of conversion rate are you delivering? Is that differing by channel? Are you getting more through social? Are you getting more through research? Because that will help you understand not only the overall ROI that you're achieving, but where is that ROI being most effective. And as we were saying before, you can then adjust much more effectively in order to ensure you're getting the most out of your budget.

Advertising and HR costs

As we talk about advertising and human resource costs, there are kind of four main areas that many of you will be familiar with.

Advertising costs

- **Media spend:** Obviously, media spend is a very big one. The money that you're spending with the different media outlets in order to put your message out in order to reach out to your target consumers.
- **Digital content spend:** Clearly in the digital age though, digital content spend has become much greater. Again, time was 20 years ago, you would make a television ad, you would make a radio ad, that would be your production cost and you're done. In digital, you're spending far more money, you're spending far more time developing content, relevant content, engaging content, content that changes, that may be updated on a very regular basis. And so a significantly greater amount of money is now going into the production of digital content. And that's something you have to factor into the plan.
- **Systems:** Clearly, you've got to have systems that support that. So not just your overall IT infrastructure systems, but are there systems that you need to utilize in order to reach out and deliver, for example, automated email programs, in order to deliver social media programs? So that kind of system spend is an important component.
- **People:** Are those people, people within your organization? Are they people who are agencies? What resource are you going to need to be able to deliver your marketing plan?

Human Resource costs

- **Social media updates:** You want to be delivering these on a regular basis, so there's going to be time spent, there's going to be people time spent in order to be able to continue to develop those social media updates.
- **Keyword research:** Keywords continually change over time as one does search engine optimization; trying to ensure you got the right keywords, trying to ensure that your bidding on the right keywords with AdWords, for example; doing that research, understanding what those best options are, is an important part of the human cost of time.
- **Management and iteration:** There's overall management and iteration time, so review meetings, preparation meetings, ensuring that the overall plan is working correctly, or takes up time of the team,
- **Analysis:** You can't get anywhere if you haven't analyzed the results of what's being delivered and been able to do that in a way which is meaningful enough to be able to make decisions. So don't underestimate the human resource costs that sit along what many people consider to be the more traditional advertising costs.

Human resource activities

Let's examine the criteria which can affect the spend in terms of human resources activities.

- **Time frame for completion of the work:** How long is it actually going to take? How much? How many people? How much people's time is going to be absorbed by doing something?
- **Level of expertise:** How specialist are they? Do they have all the requisite knowledge in order to be able to deliver against those requirements?
- **Level of experience:** This is an important component because that will limit rework; that will make people be able to work more quickly, rather than more slowly, and with more autonomy.
- **Capacity of team:** What's the capacity of the current team? What are the number of priorities that the team actually have to work on and how much time can actually spend on any given individual activity, for example?
- **Volume of work:** What's the expected volume of work?
- **Complexity of work:** What the complexity of that work?

One of the biggest challenges that people tend to face is that they become overambitious in the development of multi-stranded marketing campaigns with many, many different activities rapidly updating social media and email, and they simply haven't got either the level of resources or the level of expertise to be able to deliver it. So what tends to happen is either it's simply not delivered or it's delivered with poor quality. And you're far better off sizing your plan and sizing your activities according to the level of resources that you have, or alternatively make a recommendation for more resources if that's what you need to be able to deliver the desired activity and marketing plan. But the relationship between those two things is really important not to forget.

THE MARKETING BUDGET

System and management tools

In today's increasingly digital and interconnected world, many of these are changing and evolving and actually being very helpful to marketers from a cost efficiency point of view.

- **Research tools:** There are listening tools and survey tools. Many of you will be familiar with things like SurveyMonkey, for example, and real-time analysis tools. Many of these tools are free, they operate on a Freemium model. You can start using them for free, you can get a lot of value out of them for free, and then you can perhaps start to pay for increased features over time. So the cost of access is not that great.
- **Deployment tools:** There are email marketing tools like MailChimp, there are digital and social tools that one can use. And then in evaluation, there's analytics software, so Google Analytics for example, is free to start using, extremely valuable as a source of information.
- **Automation software:** Over time that can start to help enhance your evaluation. So a lot of these now are operating on SAAS model, so 'Software As A Service', in many cases, operating free for people to be able to get started with, well worth checking out. Clearly over time, you can often take a license or you can develop something more bespoke, and ultimately organizations might seek to even integrate some of these tools into their own enterprise platforms within an organization.

Spending criteria

You need to consider a number of criteria:

- **Premium subscription:** Are you operating on a Freemium model or do you get into Premium Subscriptions? Clearly the more sophisticated you'll need to become, the greater the scale you'll need to become, the more likely you are to move onto a premium subscription model.
- **Expected increase in productivity and conversion rate:** What are you actually getting back in terms of return for these automated tools that are enabling you to achieve this?
- **Expertise:** What expertise is required to maximize the new tools? Is there expertise that you have in-house? Is there a training cost for developing that expertise? Is it expertise that you need to buy in from the outside?

So think about the tools that you can utilize. They can work across the spectrum in terms of free all the way up to significant cost. And then what kind of return are you going to bring back from them in order to be able to calculate how much you should think about from a budgeting point of view, to give you the analysis and those different management tools.

RECRUITING AND RETAINING DIGITAL TALENT

Key factors

When recruiting and retaining digital talent, what do you need to bear in mind?

Attracting the right people

From a recruitment point of view, clearly attracting the right people to an organization is incredibly important. Have you got a clear idea of the skill sets that you want, the actual specialisms that you need, the level of experience that you want people to have?

The other side of it is, how do you actually design the role, how do you design the environment that people are going to be working in, to ensure that you can actually attract the right people into your organization? The best people have the best expectations of attractive packages. And that's never been more so than in digital, where roles are becoming increasingly specialized, where particular digital skills are very highly sought after, and the people who have those skills know that. So, you need to be able to deliver an attractive package. You need to be able to budget for that. You need to be aware of what that package looks like in the marketplace.

Retention

You need to reduce the costs associated with high staff turnover. Staff turnover is increasing, and staff turnover in the digital world is also increasing because the skills are in demand. It's a fast moving environment, things change quickly, and therefore, to have invested a significant amount in bringing the right set of skills into your organization, there's a significant cost involved if that staff leaves. And you end up with a turnover challenge. And therefore, ensuring that you've got staff retention and staff motivation in a fast working environment is a really important component of bringing the right digital talent in to, not only to recruit them, but to retain them, to develop them and to motivate them.

The importance of staff retention is pretty clear. The IPA calculates 184 million a year is spent on employee recruitment and retention. And people's expectations of their tenure within an organization are not that great. Significant numbers of people are expecting to move on from their current role in a relatively short space of time.

So, you're operating in a fast-moving environment, in a changing environment with specialized skill sets with people who don't expect to be staying around for very long. And that can create a significant disruption and significant challenge for an organization.

Creating a structured talent plan

How do you ensure that you're focusing on the right factors for increased motivation, for career development, and for staff retention? There is a gap between the extent to which people rate a factor as important in their role and the extent to which they believe it's currently fulfilled.

So, clearly, there are some criteria that are really not being strongly fulfilled. And it's important to ensure that those are being met and that the plan focuses on the areas where significant gaps may exist in order to be able to deliver more satisfied employees, more capable employees that will stay with the organization for longer. And this is just from a sort of generic job content point of view.

It's also really important to think about some of the challenges that are emerging in the digital world. The digital world brings together the challenge of creativity and the challenge of data science. And actually having people that can work effectively across both of those things, is again, something that's increasingly challenging to achieve. So, if you can find those people, then delivering against their expectations, trying to ensure that people are happy, developed, stretched in their role, is something that will pay significant dividends to an organization over time.

TECHNOLOGY AND HR

Challenges

As we think about technology integration into HR, what are the challenges that that brings up for HR teams?

- **Training:** Training is required to maximize usage.
- **Resistance:** There can be resistance from staff to change. People tend to want to work in certain ways, they tend to want work in the ways that they know, and resistance is one of the key challenges that HR organizations face as they try to bring in training, new ways of doing things, improvements, and so on.
- **Integration:** Another challenge is integration with existing systems and existing work practices. You know, is this something that's going to be taking significant time away from the day job, as people tend to see it? Or is this something that can be more effectively integrated so that people's learning, people's evolution of the way in which they work, is seen as more seamless with the way that they're delivering their job?
- **Support for problem-solving:** This is not just problem-solving in terms of how to use this piece of technology or this new system. Is that problem-solving relevant? Are HR able to really ensure that the training that's being delivered is supporting the problems that are happening within the organization on a day-to-day basis?

The role of training

One of the biggest challenges that tends to occur in training is that it's seen as being something that's completely separate and often not really very relevant to the nature of the job. And in a digital environment, where the nature of the job is itself changing quite frequently, it's really important to ensure that the training is seen as something that actually delivers real support for the actual problems that are being experienced in the business. Because in that way, it's seen as being more relevant. It's seen as being more directly applicable. People are more likely to have support for it.

Now, there are a number of HR software tools that can help with the overall challenge of HR in a more digital world. Software can help with the automation of things like contract management, pay details, time and attendance tracking.

They can help to deliver more efficient, more effective statistics for some of the key measurement tools that HR might have. But very importantly, the other thing that they can do is they can significantly release time from an HR team, to be able to spend more time on the development of motivational tools, the development of career support and counseling, the addressing of some of the issues that we talked about before.

So, not only can they be more efficient tools in and of themselves, but they can also help to free up time to focus on other areas which might be even more important from a retention, motivation and development point of view.

NOTES

LESSON2: SETTING A DIGITAL MARKETING BUDGET

SET OBJECTIVES

Goal setting

As many of you will know from Alice in Wonderland, if you don't know where you're going any road will get you there. So it's really important to ensure that you got clear goals.

Clear goals:

- Give you something to aim for
- Give you direction
- Help evaluate how well you've done.

So, setting a goal, critical first step in any budgeting process.

Defining goals

Now, what kind of goals can you define? What kind of objectives can you define? Well you know we talk here about KPIs, key performance indicators. What kind of key performance indicators might you be looking at in a digital marketing environment to try and ensure that you can measure the effectiveness of your progress, and you can define the kind of goals?

- **Cost metrics:** Clearly, you got things like cost per click, or cost per lead, which are going to define how efficiently are you spending your money. What's your objective in terms of the amount of money you want be spending, for a click or for a lead to bring a consumer into your business?
- **Sales metrics:** Clearly things like sales revenue or the rate at which you're acquiring new contacts, the rate at which you're acquiring clients, how you're actually bringing people into your business, and what rate are you bringing them in.
- **Satisfaction measures:** So aside from just selling something to somebody, actually what's the indication that that customer might be likely to stay with you for the longer terms? So what's the likelihood that they might be able to recommend you to other people? So consider things like Net Promoter Score, or their overall satisfaction, or what they think about your brand.

So, important to define objectives in a balanced way across each of these areas, rather than exclusively focusing on one. If you just focus, for example, on something like sales, you may be acquiring more sales, you may be acquiring more contacts, but if you're doing that with an increased cost, or you're doing that at the expense of promoting customer satisfaction, for example, you're over-promising and under-delivering, then actually you can be misled by one particular objective without being able to ensure that you got a properly balanced growth of your business overall. So having a balance of objectives is an important thing to take into consideration.

Frequency

The second thing is to think about the frequency with which you might want to be measuring some of these objectives. And that's really going to depend upon the business that you're in and in the particular objectives that you've got. So think about things like the speed with which a business changes. Are you in an environment where, like FMCG for example where things can be changing very quickly, where things can be moving very fast; or even something that's perhaps a little bit more slow moving, and perhaps a little steadier, like insurance? Where, perhaps people are buying annual

contracts and then only coming back once a year to renew. Similarly, stock rotation. How often are you turning over the inventory that you've got?

Seasonality

Seasonality becomes a really important consideration here. So as you think about things like retailers, Christmas is a massive component of a retailers' business, and therefore setting your goals, refreshing them with a certain frequency. That may happen much more tightly around a Christmas period, for example, than around other periods.

Product launches

Bear in mind the timing of new product launches. Again, if a lot of time, effort, and investment is gone into launching a new product you're going to want to think about, in the very early stages, what objectives, what measurement, how frequently are you going to want to understand whether that's achieving its objectives? Everybody wants to know after new parts have been launched how successful has it been, how many have we sold in the first week, what impacts is this having on the rest of our business? So that will affect the speed with which you're reading objectives, the type of objectives that you're setting and reading relative to something that's a more established product in the market.

Recognize that top-line budgets are usually set annually, but there clearly can be flexibility within those top-line budgets in terms of how you allocate them.

Analytics

Analytics can clearly help in terms of making some of these decisions.

So you know, in a digital world, we're talking about high-volume automated buying needs, particularly when you're looking at things like AdWords, you're talking about things like cost-per-click, you're talking about things like ad-tech purchasing. Then automated buying tools are enabling you to have frequent performance analysis and regular budget reallocation, indeed, to the point where many of these things are now happening on automated basis. You will be familiar with many of the ad-tech solutions that will simply adjust the buying, right, adjust the cost-per-click, adjust the spend on CPM, in order to be able to deliver the best result. Algorithms that help to achieve that are increasingly prevalent and are helping people to be more efficient in the way that they're making decisions on where they allocate their budget, what kind of data they get in order to make decisions, and how they used them.

TIMEFRAMES FOR MARKETING TASKS

Budget timeframes

Daily

There are certain things that you're going to want to be measuring, probably on a daily basis. So as we think about things like paid search, for example, or paid social, or mobile marketing, or email marketing, the feedback on the effectiveness of those things on the KPIs that you can generate are almost immediate. And therefore on a daily basis you'll want to have tools, you'll want to have analysis, that's enabling you to see, are you meeting your objectives? If not, where note? Why is that not happening? And therefore be able to adjust much more regularly because that's the sharp end

where the money is being spent, where you have the ability to switch on, switch off, very quickly, and therefore be able to deliver more effectiveness.

Monthly or quarterly

Other things perhaps you might only look at monthly or quarterly, such as your content creation and curation. This includes the development of new content, the way in which you're doing that, updating your blog or updating your website, updating your app, or developing a new app, and other areas of multimedia advertising. So it's important to think about the frequency with which you want to be measuring what you're achieving and your ability to adapt and to reallocate a budget.

Competitors

Another key thing that can affect how your budget is spent, or the effectiveness that it has, is clearly competitor activity. Very few people are fortunate to operate in a market without competitors, and therefore what your competitors are doing is highly likely to impact on your marketing results. Not only in terms of the amount of activity the competitors are doing, but the nature of what they're doing. If a competitor comes out with a particularly powerful offer or a particularly powerful piece of creative, it's likely to blunt the effectiveness of what you're doing.

Channels

If they're spending very heavily in one channel that you happen to be in, then you may need to consider should you continue to spend in that channel or should you look at other channels? So we often talk about share of voice, we talk about the external noises being generated. And how loud is your voice being heard compared to your competitor's voice? So monitoring what your competitors are doing is a really important component of this. You can then react to what your competitors are doing either by changing your message, or shifting your spend to another channel, in order to try and ensure that you're maximizing the effectiveness. And that may mean that you need more budget in order to shout louder, in order to be as well heard in an environment where competitors are spending very big; it may mean reallocating your budget into different areas or different channels, in order to try to achieve a certain objective.

But don't underestimate the impact that competitor activity can have on your marketing results. Many things can be modeled in advance. Competitor activity is one of the most difficult to model in advance, because by definition you don't know what they're going to do. So monitoring that closely is really important.

FORECASTING BUDGETS

Creating accurate forecasts

How do we try to accurately forecast? Consider this age-old adage: historical data is often the best indicator of likely future performance. Of course it's never exactly going to be the same, but it's one of the best indicators that you have. Something that you've done in the past and how effectively that's worked is far more likely to be a good indicator of whether it is likely to work effectively in the future.

Many organizations have two problems.

- They don't capture effectively what they've done in the past, so they don't analyze it, they don't record it, they don't retain it, and they don't pull the key learnings out of it.
- In a digital environment, things are moving very fast, changing very fast. It's very easy to live in the present and simply adapt, adjust, move on, adapt, adjust, move on.

If you're not taking the learning and capturing the learning, when it comes to forecasting, if you don't have the right data set in order to know what did you do, over what time period, and what results were delivered, and what KPIs did that generate, then your forecasting is never going to become more accurate, because you're effectively forecasting a new every single time. So really measuring closely how the actual loop was delivered, the variance to the actual, recording that, taking the learnings from that is critically important.

- It enables you to manage your budget and your promotions throughout the year more effectively.
- It enables you to align your budget plan with company efforts more effectively.
- It's critical to improving the credibility of the marketing department. There's nothing worse for the credibility of a marketing organization if it forecasts a series of results for a certain amount of spend, and then consistently doesn't deliver them.

So learning as you go, using forecasting, building from history, and delivering on what you say you're going to deliver gives you the credibility to then be able to experiment in new areas, ask for more budget, expand the scope of what you're doing.

So forecasting is often underestimated in terms of its importance for building credibility, for building efficiency, and ultimately for expanding the role and influence the marketing department within an organization.

Forecasting approach

Annual

Traditionally, an annual budget would be all that any organization ever needed. Clearly, every organization still needs an annual budget, so an annual budget is prepared for a twelve-month period and tends to outline what's expected over that twelve-month period.

Flexible

But increasingly organizations are moving to a more flexible budget. One which adjusts and flexes according to the actual volume of activity, and in today's digital age that's often seen as being more useful than a static budget.

So the ability to agree a budget, a flexible budget, will have a ceiling to some extent. But ultimately you don't have to spend up to that budget, but you may spend flexibly within it, and particularly within components of it, is important to bear in mind. Because if competitor activity significantly ramps up or ramps down, if things are working much better than anticipated and you want to double down on that investment, then having a flexible budget is something that can be extremely useful.

Quarterly

In terms of the setting of the budget, clearly, many of you will recognize the annual planning cycle that perhaps is set at marketing board level, one might do and have an overall annual budget. But

then as you cascade down through the levels, at perhaps the head of marketing level, there will be a quarterly planning cycle.

Looking in more detail at what's going to be delivered that quarter, you are going to adjust what's being done that quarter.

Monthly

When you come down to the to the marketing manager level, you'll be doing a monthly planning cycle. What are we going to do this month, what have we learned last month, how's that going to affect this month?

And you can continue that down even for allocation on a daily or a weekly basis, as we were discussing, depending upon the nature of the area of the budget that you're talking about.

So budgets are determined at different levels usually within an overall framework, but if that can be flexible and certainly reviewing that quarterly and monthly, and spending where it's sufficient to spend, is key to success in a digital marketing environment.

BUDGET PROCESS

Let's talk about the amount of budget that tends to be set, and different ways in which you can go about in deciding the amount of budget that needs to be set. There are many different methods that are used, and many different approaches that are used in different industries. No one is particularly right or wrong, but it's important to have an appreciation of the different approaches that tend to be used, and perhaps what the pros and cons of those different methods are, so that you can think about what maybe most appropriate about the situation that you are in.

Percentage of sales

The first one is a classic one, which is the percentage of sales. This involves setting a marketing budget based on a proportion of either the previous year's actual sales, or the coming year's forecasted sales. So it's a classic rule of thumb level of budgeting.

Most people would recommend 2–10% of gross sales, but actually this can vary dramatically depending upon the industry you are in. So for example, FMCG organizations, you can often see the marketing percentage of being as high as 30%. Those are industries like Procter & Gamble for example, or Unilever, FMCG organizations where you will tend to find that share of mind is a really important component of their business plan, where reaching out to very large numbers of people is a really important component of their business plan. And they've spent billions building brands, building image around brands, building values around brands, and it's incredibly important to maintain that in what is fiercely a competitive market. So it's become traditionally for anything up to 30% of sales to be spent in some of these FMCG or food beverage and entertainment types of businesses.

In publishing companies, it can be even higher. Up to 50% of the budget can be spent on marketing. And conversely, if you got to B2B and service-oriented companies, very often it's much lower. The costs structures of those businesses can tend to be much higher, the fixed costs are much higher, particularly things like service oriented companies. In B2B organizations, there very often isn't a tradition of marketing. In some B2B organizations, the marketing budget is very small indeed, because traditionally, not a lot has been done in that area. It's traditionally being spent particularly on sales, for example, sales teams, sales organizations, direct relationships; and marketing is only

beginning to make inroads into that area. And so, sometimes they can find themselves with very limited parts of the budget.

Basis of percentage

So often this is historically based, often it's culturally based but it can still be a very traditional way of setting budgets based on percentage of sales. It's good in the sense that it can provide a degree of forward planning, and a degree of stability, and you can understand exactly what you're going to get. But it doesn't necessarily enable you to transform an organization. It doesn't necessarily enable you to do something that's fundamentally different to what's been done before.

It's also really important to ensure that if you're simply spending the same percentage of sales that you were spending last year, particularly if your sales aren't changing, then you are not necessarily going to expect radically different results. You certainly not going to expect more budget and it's going to put more squeeze on the effectiveness of what your budget has to deliver.

It's also a tricky place to be if you end up in a scenario where sales are declining. So ultimately, you are continually cutting back on the amounts of money that is being spent on marketing because sales are declining, and they may be declining for reasons that have nothing to do with the effectiveness of marketing.

So you're tied to a metric, effectively, that's to some extent not always within the marketing organization. But still, it's a very popularly used one.

Affordable method

How much can we afford to spend on marketing? Now many companies employ this for determining the promotional budget that they've got but, ultimately, it's a fairly subjective assessment. At what point do you decide what's affordable?

There are many organizations that literally will allocate every other area of costs, then they'll have a target profit margin they want to achieve, and then the balance is basically what's available to spend on marketing. It's seen as being the ultimately flexible expenditure item compared to many other areas, to fixed costs or materials costs, or so forth.

With the affordable method, you need to be very wary of the impact that can deliver on marketing. It often results in an uncertain annual budget because clearly what's affordable at the beginning of the year, is not necessarily what's affordable in the middle of the year. Therefore, you can suffer budget cuts and you can suffer elements of activity being pulled, which can affect effectiveness even more.

Objective and task method

The next one is probably the best one, if you can get to it. This is the objective and task method, or sometimes called the zero-based budgeting. You define your own budget based on the objectives that you want to achieve. So effectively, it would say: "If you want to achieve a certain set of objectives, how much budget do you need in order to achieve that?"

So one can go through the objective setting process that we've talked about before, in order to define how many people do you want to bring in. How many leads do you want to have? How many converted consumers do you want to have? What's the customer lifetime value of those customers,

for example? And then you can look at how much money you would need to achieve that level of reach. How much money would you need to achieve that level of conversion?

Benefits

It's a great place for a marketer to start because it's genuinely asking you to tie objectives next to budget. So you create a really strong link between 'if you want this outcome, this is the amount of money you need to spend to get this outcome'. It sounds very logical and very simple! And if you can set your budget in that way, it's by far the most controllable, and the most defensible, budget from a marketing point of view.

It's not always the way marketers have to work, because clearly you are going to be often constrained by many other factors in the budget setting process. But at least if you can create that clear linkage between this amount of money being spent delivering this result. If that budget is affected over the year, then you can recognize the impact that's likely to have on your targets, and either reallocate the money in an attempt to do that. Or you can flag up to management that perhaps this target may not be achievable because you recognize it requires this amount of spend to be able to deliver it.

Challenges

In a digital space, it is not easy to accurately assess the advertising cost necessary to accomplish the goals. Suppose you've got advertising costs on a pay-per-click, for example. This can continue moving around according to competitive activity and according to how the channels evolve. Ultimately, it can sometimes be difficult to predict that spending exactly X amount of money will deliver you X amount of reach, or X amount of clicks, or X amount of conversion.

So it's by no means a foolproof method, but it is at least one that enables you to focus more on the link between activity and outcome than simply starting with a pot of money, and having to deliver series of outcomes from that pot money.

You could do an objective and task method within any of the other methods. So, in other words, if you've simply been allocated a pot of money because it's the percentage of sales or because it's based on affordability principle, that doesn't stop you from using the objective and task method within that. You're simply reverse-engineering the objective and task method into a predefined pot of money, if that's the way you have to do it. It's a useful tool, even if it's not the way that your budget is built up.

Competitive parity method

Because you are operating in a competitive environment, you try to be more effective than your competitors in winning the hearts and minds of your customers. This method involves determining what your competition is spending on marketing and advertising, and setting your budget a little bit higher than that.

This can often be used in sectors where there's a small number of large competitors, and they spend a lot of time looking at each other, monitoring each other. So, for example, consider Procter Gamble versus Unilever and FMCG, or some of the big insurance companies, where perhaps there are relatively small number of big players in the market. And what one player does can have a significant impact on another player.

So you're focusing on your competitors and understanding what they're spending. You say, "I might set my budget at least in line with that or maybe a little bit more than that. My goal is to try to have better marketing effectiveness, and to spend my money smarter than they spend their money. And what that will then enable me to do is to deliver better results than them."

Benchmarking

It's also an effective benchmark for a wider board to be able to analyze. So you don't have an abstract conversation about whether five million or ten million dollars is the right amount of money to spend on marketing. If that's what your competitors are spending, it becomes readily defensible because everybody recognizes that you need to be able to compete effectively in a market. If you are spending one-tenth of what your competitor is spending, then unless you have genuinely genius marketing tools and ideas, it's unlikely that you're going to be able to outshout them, or outreach them, or grow share against them.

Challenges

There are a number of challenges with this method.

- **It's difficult to estimate what your competitor's budgets are:** Obviously, they don't publish them. What generally happens, to try and estimate it, is you look at the activity that the competitor has delivered, and you will simply try to work out, "If I was the one to take that activity, what would it cost me?" But clearly, people can buy at different rates, and this is very much the case in many media markets today, in many online media markets today. If people have got group buying deals, or bulk buying deals, they may be delivering a level of activity that is significantly greater for the same amount of money being spent. So you might significantly overestimate a competitor's amount of spending if you simply base it upon their activity, and you don't take into account any deals that they may have, which clearly you don't know.
- **The amount of budget may not be available:** It's easy to say, "My competitors are spending less, so I want to be able to spend the same." That may simply not fly within the organizational constraints that you've got.
- **You are following, not leading:** So if your primary condition for setting your budget is what your competitors spending, then actually, where do you expect to be able to generate your advantage? If your competitor, for example, goes through a major strategic change, and suddenly cuts the amount of their spending, does that mean that you should cut the amount in your spending? Or similarly, if a competitor is in trouble, or they are selling their business, for example, I've been in industries where a competitor's been selling a business and they've significantly over-invested in order to try and boost the growth of that business prior to selling it, which isn't really a long-term strategic decision. And yet, if you effectively peg your spending to their spending, you could end up being dragged up in your spending for reasons that aren't really strategic or justified.

The competitive parity method is very useful for benchmarking. It's very useful if you want to have a market share that is similar, or if you want to win share from a particular competitor. But be aware that it's not necessarily very accurate. And beware of being a follower rather than a leader. Your primary focus should be, what do you want to achieve as an organization? What outcomes do you want? What amount of money do you need to spend in order to achieve those outcomes?

So it's important to think about the different things methods of budgeting because you will come across them in many different organizations, but there are pros and cons associated with each.

FACTORS AFFECTING BUDGET

Key internal variables

There are different variables that come with the biggest influences on a communications budget plan.

These include:

- The objective
- The output
- The resources
- The management
- The external environment

Communications budget plan

Key variables here include:

- Salaries
- Estimated time
- Marketing collateral
- Cost of producing that marketing collateral
- IT components (hardware and software)

Major internal changes in an organization can completely change the direction of a budget plan

Merger, buyout, or personnel changes

A market merger, or a buyout or key changes in personnel can all affect a budget. Just think of RBS, Royal Bank of Scotland, which had to demerge its insurance business. Direct Line was the insurance business that was, basically, was demerged from RBS. That was a huge change for the people working in Direct Line Group, still a very large group of people, over 15,000 people.

Another example is HP Foods, which was acquired by Heinz. This resulted in a completely different way to manage the budget. Rather than an entirely isolated budget management process, it became a business unit within somebody else's much larger budget management process. That changed the process that HP went through, it changed the level of budget that it had, and it changed the expectations of how it would report.

So don't underestimate the importance of the kind of major changes that can influence the direction and the process that you go through from a budget management point of view.

New product development

Obviously new product development can also affect that. If an organization is focusing particularly strongly on bringing a new product to market, then it will focus on allocating that, rather than the existing products. And if a new product is over-performing or under-performing, that can also result in a significant shift in budget allocation and spend.

Shortages of raw material or stock

And then you get practical issues like shortages of raw materials, or stock, or stock unavailability, that can have direct implications on a communications plan. So, for example, if the cost of your paper significantly goes up and you are heavily reliant on direct mail, that can have an immediate budget implication. If the cost per click in the market place, or the cost of AdWords suddenly shoots through the roof, then you can end up to having to prioritize much more radically, in terms of the way you spend your resource.

But also it can happen in a wider context, if you're launching a new product and you've underestimated the demand for that product. Consider the Apple iPhone, for example. Then you can end up having to change your communications plan and the level of your spend according to the availability of that product. If a product isn't available for customers to buy, you don't want to spend huge levels, driving people into your stores, driving people to your website, and then having to tell those customers there's no stock available.

So you know the stock and the resources that you have directly within your marketing plan, but also the stock and resources of the overall product or service that you are selling can impact the level of budget that you spend and when you spend it.

New assets and resources

What if you want to do something new? What if you want to introduce a new channel or a new area of marketing spend, that you haven't looked at before?

You begin by establishing targets for that. For example, you want to have some Facebook investment, or you want to do something on Instagram. So you could start by establishing targets. What do you want to achieve? What's the estimated level of return that you would expect to get from that? Then map those targets to your current status and check their feasibility. Is it going to make more sense for me to spend money on this particular area than on another area?

Challenger model

You could use a challenger model. You're achieving a certain level of return for how you're spending your assets and resources today. Suppose something new comes along to challenge what you're doing. You need to see whether it really is more effective than what you are already doing.

Beware the "shiny new" syndrome within digital. You might think, "Because everybody else got a Facebook page, I need a Facebook page," or, "Because everybody else is on Twitter, I need to be on Twitter," or, "Everybody else is doing Facebook Live, that's something that I should do." You should only do it if the return that you're going to get is greater than the return that you're getting from the current strategy. And so, bringing it back to one of the targets, what can you deliver from that, and does that beat the current level of return that you getting? It's really critical to use those principles rather than simply be drawn into new things because everybody gets excited about being drawn into new things.

External factors

Another thing to think about in terms of when to allocate the budget is seasonality. We've talked about retailers, for example, where Christmas is a key point of seasonality for them. There may be others – for example, back-to-school season. Dieting season is a classic one in January, when

everybody has indulged too much over Christmas. So if you're selling dieting products or services that's a key area of spend.

So really trying to ensure that you're focusing on the right peak times, can actually end up delivering a greater level of return than if you spread the budget more evenly through the year.

Case study: John Lewis

John Lewis, major UK retailer, has for the last five or six years been developing Christmas adverts. These Christmas adverts are mini-movies within themselves. Kind of like Super Bowl ads, they've basically become a cultural event. John Lewis, therefore, diverts a significant proportion of its total marketing spend towards the spend around the Christmas advert, £7 million in the case of 2015 Christmas advert. So they're drawing a lot of money away from the rest of the year in order to be able to really concentrate on the Christmas period.

And that's not just because a greater proportion of sales go through Christmas, but also because the impact that John Lewis as a brand can have is *magnified* at Christmas. So the benefit that John Lewis gets is not increased sales over the Christmas period, but for sales over the rest of the year. This is because of the value that they've built around the brand at a time when it's most relevant for their target audience. So John Lewis might significantly increase in the amount of spend, for example, has increased its like-for-like sales over 4% when most of its competitors have actually experienced static or declining like-for-like sales.

So think about the value of focusing on a particularly relevant seasonal period and the majority of your spending in that period. But also what level of return can that deliver for you in areas that are not immediately related to sales within that period?

We talked before about the importance of different brand measurements, things like brand satisfaction measures, brand equity measures, and those things can have value for you throughout the year even if you're spending only very strongly within a seasonal period for example. Because you're spending when it's most relevant for the consumer to take in the value of your message.

Trends

Trends is another relevant factor. So businesses will tend to look at their budget in terms of planned, or anticipated, trends.

This include:

- How the digital space is evolving
- The growth of social
- The growth of interactive
- The growth of augmented reality and virtual reality

Then there are emerging trends. Trends that perhaps people haven't predicted as much, or it is more difficult to see exactly the pace at which is going to grow. "Pokémon Go," a very good example of that, took an awful lot of people by surprise. That was a big splash of augmented reality as a next generation technology. And people have had to adapt their budgets and their focus in order to be able to take advantage of that.

So not only is it important to continually research customer trends and work out where customers are evolving and what channels are becoming more relevant, but also it's important to retain a flexibility to be able to adapt to emerging trends.

Because increasingly the world becomes more uncertain, the ability to predict becomes more difficult. And so anybody who tries to predict the future with absolute certainty and build an annual plan, as we've discussed before, is less likely to be successful than somebody who's got the flexibility to adapt to the scale of success of, for example, "Pokemon Go." And then rather than wait until the next annual planning cycle they have the flexibility to be able to adapt as that trend emerges.

Other external factors

This include geographic factors, political factors, climate factors, and so forth.

Geography

So, for example, consider Argos, a major UK retailer, which built digital concept stores where effectively customers were being encouraged both to order online and collect in store. Customers were able to utilize iPads and other digital technologies in store rather than the traditional catalog selection form of shopping. And that insight has meant that they now focus their digital stores in those urban areas. Because they were able to see that the impact of that was much greater in those particular areas than it was in more rural areas.

Weather

If you're in the ice cream business you're pretty dependent on what the external weather is doing. A lot of analysis and a lot of work goes into analyzing the relationship between weather and the relationship between temperature and product sales. An interesting statistic is that the product that correlates most strongly with increase in temperature is not ice cream or ice cubes, it's actually leg wax products. So the more the temperature goes up, the higher those are. So if you're working in those areas, then clearly the amount of investment you're going to want to be spending when you see that the temperature is going up, is going to be that much greater.

INTERNAL STRUCTURE, PROCESS AND SYSTEMS

Organizational hierarchy

In terms of internal structure processes and systems, you can think about this in terms of the relationship between sales, marketing, and customer service. In today's world we have more and more channels through which to communicate with customers, through which to service customers. The interrelationship between sales, marketing, and customer service becomes ever more important. These areas of the process need to be not only closely aligned so that a consistent customer service experience can be delivered, but they can strongly influence each other.

So for example, if customer service resources are not as big as they could be and you're not effectively reaching out to enough customers, or you're unable to service enough customers, that can have significant implications on marketing and sales.

Similarly, if marketing and sales are generating very high levels of demand that customer service are unable to cope with, or they're setting expectations that customer service are unable to deliver on, then that can also have a significant impact on overall the customer satisfaction. So think about all

these different areas of the chain in terms of the impact that they can have on the effectiveness and on how you allocate budgets.

In terms of organization hierarchies, we think about internal structure. Clearly, there are many different systems that can be utilized, and different companies will utilize different systems.

Functional

More classic functional hierarchies, where you might have teams which specialize in certain areas, can be very useful for ensuring that you've got the right degree of specialism in the right area. But they can become quite hierarchical, they can become quite siloed, you can end up with communication challenges within them.

Flat

Flat structures are often seen as being much more modern, much more digitally inclined, where you've got a simple structure with only a limited number of individuals and a much higher degree of autonomy, for example. Again, they can be challenged in terms of resource level. Resource level becomes extremely important within a flat structure, but at least you don't have the hierarchical challenge or the functional challenge.

Tiered

In tiered models, you've got large teams that require two or three managers and a team lead. So, for example, very often people working within an agile process may end up having a tiered structure, they may end up being project specific in the way that they focus on things.

Virtual

Another one that can be very interesting and is becoming increasingly common is a virtual organization. So organizations that will literally build themselves around a particular project. For example, consider a Hollywood movie that's been produced where those resources simply don't exist as an organization. They will come together, a producer, a director, talents, camera people, technicians, special effects people, will come together as a virtual organization to create something.

The same thing can happen in terms of app development, for example, that can often be a virtual team of people that's created. So you don't always have to have an existing structure, the key is to try and structure in the right way in order to deliver the most effective outcome according to what the need is.

Organization management and leadership

Leaders obviously also have a significant role to play. Effective leadership can really boost performance and we all know visionary leaders, such as Steve Jobs, Richard Branson, and so forth. There are many other visionary leaders. People buy into the leader before they buy into the vision. So the role the leader has to play in terms of articulating a vision for the organization has a massive role in terms of boosting performance, boosting effectiveness, setting direction as well for an organization. So important to bear that in mind as you think about internal structure.

Enterprise social networks

Enterprise social networks are basically ways in which an organization can more effectively communicate between its own employees. So we think about things like Yammer and Socialcast, for example, on an internal basis; Facebook and Twitter can also be used as external tools. What they're doing is they're encouraging greater knowledge sharing, greater collaboration often on a more informal basis between employees of an organization, which gives tremendous benefits in terms of knowledge sharing, in terms of learning, in terms of team building, and those tools are very effective ones to continue to think about. We'll come on and talk in a bit more detail about customer relationship management, and what do we mean by that.

You've then got enterprise resource planning. So things like SAP, which some of you will have heard of. The basis on which an organization generates the key data on which it makes several decisions.

And then we've touched on HRM software with things like Tribe, HR software, that enables the HR organization to perform its role more efficiently.

CRM AND SOFTWARE

Customer relationship management

Customer relationship management is the process of managing the information that you have about customers across all of those customer touch points to maximize customer loyalty.

We're in a world where customers can access the goods and services that you have to offer through many, many different channels at many, many different times with many different sets of needs. So the relationship with the customer is becoming more and more complex and more and more intricate than it ever has been before, enabled by digital, enabled by the number of access channels that the customer has.

So customer relationship management is the process of ensuring that you've got the right information about the customer, about their needs, about the relationship that you have with them, about the way in which you've delivered to them before. And it's about managing that information in order to ensure that you are delivering relevant content, relevant assistance at the right time in the relationship with the customer, in order to get the best possible outcome.

So that can range from recognizing that a customer has actually been in contact with you before about a particular question or a particular issue. It can be upselling or cross-selling other goods or services to a customer based on your knowledge of their needs being most relevant for those particular goods or services. But it requires the right infrastructure within the organization, and it requires the right level employee motivation and commitment to be able to deliver the most effective customer service experience.

Benefits

Customer relationship management brings a number of a benefits:

- Enhancing loyalty
- Creating ties, structural ties and bonds (such as loyalty schemes)
- Creating customer delight

The goal of really great customer relationship management is almost to go back, in a way, to the days when a customer had a relationship with a shopkeeper. They would walk into a shop every day, they would know the shopkeeper, the shopkeeper would know them, they could have a chat about it, they would get what they needed, they can get advice from them.

And what digital customer relationship management is enabling is trying to reconnect some of those more personal relationships, some of that greater knowledge an organization can have about a customer to deliver them things in timely ways, in relevant ways and in timely ways, to build that relationship over time. Because if you're offering a customer something that's not relevant to them, or you're not aware of a previous conversation that they've had, then that relationship is weakened. It's not as strong as it could be and it's probably not as strong as your competitors are being.

Tools

There are a number of tools that are enabling customer relationship management. Salesforce are the leaders in this field. So you can have software which basically will enable you to have the right kind of view of your customer, to bring the right kind of information to the employees of an organization, so that they can communicate that to the customer, to offer them opportunities, to solve problems that they have and fundamentally to build that relationship.

Case study: E.ON

E.ON is an energy company. So energy is not traditionally an area that's associated with really good customer management. Typically, they have quite disconnected journeys. Customers can feel quite alienated from the brands and the service that they're being given. So fundamentally, E.ON worked with Salesforce to reduce the complexity of the customer journey and try and integrate the multiple channels through which customers were contacting them more effectively. And fundamentally, to aid the frontline staff, the call center staff and the web chat staff, to have productive conversations with customers.

That means two things:

- They're able to **prioritize the nature of the requests** that the customer has. So if it's a billing query, if it's a customer complaint, if it's a request about changing their service, they're able to prioritize that and channel that to somebody who's got the right knowledge and the relevant knowledge in that field.
- They can ensure that when that conversation is taking place, the advisor who's having the conversation with them **has all the relevant information about that customer** and their needs, to be able to try to meet it. It's always going to be more effective if the advisor knows a lot of detail about the customer, what they've previously told the company, what they've previously bought from the company. Because they can tailor the conversation, they can make it more relevant. And they don't have to go through the annoying process of saying "Can you give me all these details?", which the customer may have given to somebody else in the organization two months ago. So as far as the customer is concerned, they've told the company that that's the information about them. So when they talked to the same company and somebody else asks them exactly the same questions, it's a massive irritant to the customer because they expect you as an organization to know what they've told you.

This is known as a single customer view. You recognize that a customer may work with you in different parts of the business. Consider insurance business, where you might have different brands. So a customer may have been a customer of one particular insurance brand, and then they may

have switched to another insurance brand, but those two may be owned by the same company. If they're owned by the same company, then t you've got to be able to deliver better service, because you have a corporate memory of that customer, is so much greater.

ERP software

ERP stands for Enterprise Resource Planning. SAP is probably the most well-known example of this. This is basically the overall software that sits within a business that generates all of the management information that's used for that business.

- It enables forecasting inventory, manufacturing and production.
- It shows you the sales that are being generated.
- It enables budgeting and financial control.
- It helps to generate the relevant KPIs.

And again, it's about having consistent data delivered at the right time within a business to enable that business to function efficiently. If you can't generate the right amount of data at the right time to be able to make a decision, then you can't make that decision, or you can't make an effective decision. And therefore you're unlikely to be as effective as you could be.

So marketing fits very squarely within the ERP software, because the ERP software is what's generating, very often, the sales data, which is generating the profitability data, which is generating the forecasting data. So marketers need to understand how the ERP software in a business works and how their marketing variables will fit within that, in order to be effective in both building budgets and operating those budgets.

HR software

HR faces a number of challenges in the digital world, in terms of attracting people, recruiting and maintaining people, and training them and developing them over time. And software too has a role to play here. You can automate contract management, pay details and attendance tracking. They can be tracked more effectively, more reliably and more easily than was traditionally the case.

So that has benefits not only in terms of the validity and the robustness of the metrics that you're tracking for HR, but also it enables people to perhaps spend more time on some of the important challenges that HR is facing around training, around development, around morale. And you don't have to spend huge amounts of time on perhaps more manual tasks which HR software can now start to help you with.

NOTES

LESSON 3: APPLYING A DIGITAL MARKETING BUDGET

TRADITIONAL MEDIA BUDGETS

Traditional media

If we think about traditional media, we think about largely non-digital media. Tracking tells you the value of what each channel is delivering for you. It tells you what's working and what isn't. It enables iteration and optimization so you can have challenges strategies, and you can bring alternative methods of delivering media into the mix that can deliver more or less than you have before. And ultimately your goal is to try and generate higher returns.

So even from a traditional media principle, and a lot of these principles hold true into digital media as well, the value of tracking is extremely important. You need to understand what you're getting from each channel that you're investing in. Because that enables you to allocate your investment accordingly, it enables you to bring in new challenges or alternative strategies to work out whether they can deliver more efficiently. Because, ultimately, the goal is to try and deliver higher returns.

Traditional and digital integration

Traditional media and digital media are increasingly being integrated – trying to work together – and one of the challenges is how do you think about how to do that? How do you think about how to allocate traditional media? And how do you think about allocating to digital media? Tracking plays an important component as we've discussed because you need to understand what's working, why it's working, where it's working.

But also it's important to take it back to strategic first principles. It's important to think about marketing communications as an overall discipline and the different elements of marketing communications, the different people that you're trying to influence, the different people that you're trying to reach.

- **The Four P's:** Within that, consider the key tenets of marketing: product, price, place and promotion. How are each of those influencing? What role are they playing within the marketing mix in terms of influencing your target consumers to come and buy your product or service?
- **Channels:** And then we think about channels within that. So, is that direct marketing, for example? Is that email? Is that social? What different channels are there, and which ones can most effectively achieve the objectives?
- **Objectives:** In terms of achieving the objectives, consider the number of people that you're reaching, and the type of people that you're reaching. The different elements of your target audience and it's in terms of the effectiveness of the message that you're trying to get across.

Remember that an integrated marketing strategy between traditional and digital is such because different media channels and different routes have different levels of effectiveness for different types of objectives and different types of people. So if you want to reach a huge number of people in a very short time then television may well be the most effective way to do that.

However, if you want to really engage people in a conversation and you want people to be thinking about the different aspects of product or service, and perhaps co-creating or sharing, then that may be more appropriate for a social space. So think about the pros and cons of the different channels

and the roles that they can play, and then track the effectiveness of your activity in each of those channels to balance traditional media versus digital media.

But consumers are operating in an online and offline world and it's really important to recognize that traditional media has a role to play alongside digital, and it's identifying the relevance of the message and the presence of the audience that will help you to determine which channel is the most appropriate one to use. And to build the right communication mix overall to be able to achieve your objectives.

Limitations

Traditional media, however, does have a number of limitations.

- **Time bound:** It's constrained in terms of things like time, for example. If one wants to put a print advertisement in a magazine or an outdoor billboard, there's a long lead time between your decision to do that; the development of the creative and when the creative actually gets placed.
- **Format restrictions:** You've got format restrictions if you're on a page, if you're on a TV screen, if you're on a billboard, there are restrictions to what you can do in terms of format what that technology will enable you to deliver.
- **Geographic constraints:** So most traditionally in the case of traditional media, consider regional television stations or regional radio stations, which will only reach certain sections of the population, which can be useful for targeting point of view, but it can also be restricting. So there are restrictions in traditional media that one needs to be aware of, and a lot of these are less present in digital media.

DIGITAL MEDIA BUDGETS

Refine, test, and learn

One of the other things the digital media delivers is the ability to refine test and learn much more rapidly and much more effectively.

A good case study here is Netflix. Netflix has a huge variety of movies available to subscribers and they are continually testing the way to serve up the creative around those media titles. So the image that you see when deciding whether to watch a movie, they're tweaking it, they're tailoring it, and they're measuring it continually. They can see if they vary a creative what type of clickthrough they get on creative A versus creative B.

A/B testing

A/B testing takes place much more in an online world because your ability to change it is almost instantaneous. You can see which creatives were significantly higher in terms of their clickthrough rate than the other creatives. Despite the fact they're advertising the same movie with the same title, that change in creative generated clearer clickthrough rates.

So the immediacy of feedback that you get within digital media is a massive advantage that it has over traditional media, not just because you can change faster but also because you can test more variables. The cost of testing is significantly lower. You could test 20 different things. Google have been known to test 200 different shades of blue on a buy button to work out which one gets the greatest clickthrough rate. Because the cost of testing it is virtually nil, and yet they can actually see

meaningful differences as they vary variables that you would never have the budget or the time to test in the offline world.

So testing, refining, continually learning what works better not assuming that you've automatically got the best answer is a key component of being effective within digital media.

Digital media marketing budget

For the digital media budget there's also a lower level of minimum budget to get started in digital media.

- **Open-ended:** It's more open-ended, so one can define a ceiling for the budget, for example, on a pay-per-click budget, and you can decide how you're going to optimize in order to get up to that maximum budget ceiling, or you can set flexible budgets with flexible limits above them.
- **Smaller upfront commitment:** We talked about some of the freemium models, for example, on email marketing like MailChimp that enable you to get started really very cheaply, if not at no cost, from a media spend point of view. And therefore you are better able to get into an area, to test in an area, to learn in an area.
- **Budget set in response to engagement:** The feedback is almost immediate, because you're seeing where people are clicking, how people are responding, how many customers are coming through to a call center based on a particular piece of creative or a particular piece of social engagement that you're using. Then you can see that immediately and you can respond to that. If it's working extremely effectively you can increase what you're spending on it, if it's not working you can pull back what you're spending on it.

So the accessibility of digital media and your ability to be able to adjust it almost in real time gives a major advantage versus traditional media. But it's one of the things to bear in mind when setting budgets to ensure that you've got enough flexibility in your budget to deal with those things that you will learn as you go. You're always going to find that some things are going to work better and some things are going to work less well that's true everywhere. But what's different is how quickly or able to A understand that and B respond to that, because that will dictate how successful you're ultimately able to be.

Trends

So in terms of media budget, clearly there are some channels that are growing significantly as a result of this level of accessibility, and as a result of this level of ability to switch and to measure. Video is growing very strongly, and content-related areas growing very strongly, perhaps often at the expense of more traditional display areas of spend. This relates to customer engagement, relates to the level of innovation that's going on in those sectors. Obviously, consumer trends are changing.

Mark Zuckerberg of Facebook decided a few years ago that monetizing mobile for Facebook was the biggest issue that the company had. Then he basically refused to look at any ideas for the business that weren't shown to him in a mobile application. So Facebook has driven a lot of that growth but it's also been driven by the growth of smartphones, the way that consumers are evolving, the use that they have for mobile as a technology and the amount of innovation, therefore, that's happening in that space. So it's kind of a virtual circle of innovation and growth.

Optimizing components

You can switch across these channels, and you can vary these channels, and you can measure these channels against one another. Because you're operating within the digital space, provided you've built a budget that has the right amount of flexibility to be able to test and learn and develop from there. So in terms of the media budget as well as being able to vary it across online and offline channels, and as well as being able to vary it between individual digital channels, you can also think about varying elements within a digital channel.

You can use and flex different elements in order to deliver a better outcome

- **Bid price:** This is the amount that you're actually prepared to bid in terms of AdWords, in terms of cost-per-click, in order to be able to deliver reach to a certain target.
- **Creative rotation:** There's also creative rotation as we saw with Netflix. You may decide that you want to refresh the creative, to deliver alternative creative giving the same message overall to see whether or not that can actually deliver a better outcome.
- **Targeting options:** You have many options to target in terms of digital media whether, that be demographically or whether that be behaviorally based. For example, you may want to explicitly target people who you know have also, for example, been to other sites or acted more frequently on social media. So you can target people based on demographics or you can also target people based on behavior.

And ultimately balancing these different elements and trying different things with these different elements is an important component of managing the budget, but it can also be important to see how effectiveness can grow.

As a result of all this flexibility, and all this learning and all this innovation and growth, what we're seeing overall is media budgets obviously are growing. And digital media budgets, in particular, are growing. So you see that they're growing as a percentage of overall revenue. But they're also growing in terms of people's expectations.

Spend versus revenue

As digital media, digital marketing spend becomes a more important component of the overall marketing spend budget for an organization, two other things tend to happen.

- People within marketing tend to have an expectation that it's going to continue to grow. And that's a good thing because it means that there is more focus, more learning, more investment, hopefully going into the right areas.
- It also raises the expectations of where growth in a business is going to come from, from a marketing perspective.

So the expectation of digital media channels being able to deliver more leads, more conversions, more growth, more sales is ever growing at the board level. It's great in the sense that there's more money being spent and there's a lot of things that that money can be spent on, and a lot of different things that can be tested, but the expectations are growing at the same time. It's very important to recognize that just because the budget is going up it doesn't mean that the job is becoming easier. This means the job is becoming more difficult because there's a greater proportion of budget to account for, and the pressure to optimize the effectiveness of where that extra budget is being spent will continue to grow.

The good thing is that the media channels offer the opportunity to learn about that, to optimize that in a way that traditional media channels don't do so much.

DIGITAL MEDIA PRICING

Digital costs

Cost per mille

This is also known as CPM, which is basically the cost to show one ad to 1000 viewers. So this is a pure measure of reach. If you have a display ad that's reaching 1000 people? That's a core measure of reach. What it doesn't tell you, however, is whether those people have looked at that, interacted with that, thought anything about that; it simply is a measure of pure reach.

Cost per click

This is the cost to show the ad to one viewer. Each time an ad is clicked, money will be paid. So a banner ad, for example, that requires a click through that will be the point at which that cost is generated.

The positive of that is that it shows a degree of direct engagement because somebody has clicked on it. In other words, somebody has wanted to find out more about it. But again, the challenge is on what basis have they clicked on the ad? You can get accidental clicks; you can get bots in space that are clicking. So it's not a fool-proof measure, but it does show a greater level of engagement of a single viewer clicking on an ad.

Cost per lead

This is very often used in financial services organizations, for example. It is the cost to generate sign up from a consumer who's interested to learn more. So typically, people might sign up for a newsletter, or they might sign up for a callback, or they might sign up for an appointment with an advisor, or they might simply sign up to be sent more information via email. But you've captured the details of that customer and it's a lead that can then be followed up on by a business.

So think about cost per thousand, cost per click, and cost to lead as people becoming progressively more interested in your proposition, in your service and more likely therefore potentially to want to ultimately buy it. But they are different methods by which media budgets can be allocated.

Cost per acquisition

You can think about media budgeting in terms of how many people you have acquired. How many new customers? How many users have I acquired? And in that instance, the advertiser only pays when an advert actually delivers an acquisition. So that's all the way through the chain to somebody who's actually bought.

So clearly what you'll see is the costs going up from basic reach all the way through to acquisition. And it's important as an organization to define what's the most important measure for you. You may have a number of these measures that you think are relevant. Ultimately, what's the key measure that's important for you, and therefore how do you budget for that? You'll clearly pay far more for cost per acquisition or even cost per lead than you'll pay for cost per thousand. Because you're

getting more interested people who are more potentially become customers of your product or service.

Tenancy

Tenancy, in a way, is almost traditional media on digital media. It's a pricing model that's based on having a defined position on a page for an agreed period of time. So, for example, a Yahoo! home page takeover would be a classic example. So you're paying to have a particularly prominent position for your message in a particular place, for a particular period of time. It's kind of offline media but within the digital world. And that can be very relevant, particularly if it's a very high-profile event, particularly if it's something where you can get significant reach, for example, a home page takeover. Tenancy can also be a way that you can think about allocating budget.

Budget limitations

The budget plan is always going to be affected by limitations and they can be obviously inventory limitations. If somebody else is doing a Yahoo! home page takeover, you can't do one, for example.

There are also price constraints. Cost per click can dramatically increase in terms of cost if you're in a particularly competitive sector. If you're trying to do cost per click on low-cost holidays running up to the holiday season, then you're going to find the cost is going to be significantly more expensive than it is perhaps other times of the year or in other sectors.

So price limitations can have an impact but also clearly inventory limitations can have an impact. Be aware of those as you think about setting your budgets, and which measures you think maybe the most appropriate.

When you consider media budgets, particularly in terms of online spend, it's important to recognize what some of the core elements of those costs are.

Google Ads

With Google AdWords, there are a number of costs.

- **Writing successful ads:** You've got the cost of writing a successful ad, so clearly that may be time from creative, that may be time from copywriter or that may be time on graphic designer in order to ensure that you've got the most successful ad that you can get. And bear in mind that you may need to iterate. Just because you have one execution doesn't mean that's the only execution you're going to want to stick with.
- **Bidding on keywords:** Ensure that you've got the right keyword and that you're bidding at the right level. That's a key component of the cost in AdWords.
- **Personnel resources:** Consider the actual number of people that need to be involved in order to deliver against this. In some cases, there may be people who are employed full time in other cases, there may be people that you're acquiring via an agency.

Similarly, in digital display advertising, you've got various costs.

- **Developing creative ads:** Quite often there'll be a bigger graphic component in that. And therefore, again, the creative time involved the graphic design time involved.
- **Personnel resources:** You've got the personnel resources again which may be internal or external.

- **Media costs:** Think about the different elements that break down as you want to pursue each channel.

Selecting the right social channel

Another important factor to bear in mind here is that actually you've got different audiences in different channels. There are differences in terms of the penetration of different social media channels among different demographics. It's really important kind of first principles of marketing let alone digital marketing. You must work out where your target audience are. Where are they? Where are they spending their time? What are they doing with the time the best spending there? Because that enables you to think about the relevance of the channel according to not only "Is my demographic actually there and in what numbers?" but also "What is my demographic using that channel for?"

The way that people are using things like Snapchat, Instagram, Tumblr, Twitter and Facebook are quite different. They may all go under the 'social' umbrella but they're not all being used for the same thing. And the role, therefore, that you may want to have in social media in this instance may be very different depending on those channels. There may be no role for you in some of those channels, it's much tougher in some of those channels to actually engage as a brand, as a product, as a service, and place.

On places like Facebook, it can become increasingly natural. On places like Twitter, again, but interestingly on other areas it can be much more challenging. So think about the relevance of your message, the presence of your audience when thinking about which channel you actually want to focus on. True in every channel, but particularly true in social.

Social media costs

What kind of cost do you need to think about when you're developing a social media campaign?

Personnel resources

If you want to be tweeting out or putting regular posts on Facebook, there's going to be a team of people that you're going to need. Even more so if you're beginning to use social media as a customer service channel. The lines can increasingly become blurred between when is social media a customer service channel and when is it a marketing outreach channel.

But if you have a social media team who are responding to inbound comments from customers, then that can significantly increase the level of personal resources that you need. People's expectation of a response on social media if they've asked a question of a company is generally less than an hour. You can think about the level of implication that could have in terms of personnel resources. But even if you're only using it for outbound, even if you're not responding or having a conversation with somebody clearly the level and volume of what you're generating is going to have personnel implications.

Personnel training

Having people working on social media is an extremely important part of any company's strategy, in terms of the image that it's projecting to its target customers and indeed to the outside world in more general. So there's a real need to ensure that people have the right level of training not only to communicate the brand values and the company values, but to be able to strike that right balance,

which can be a difficult balance to strike between having the right tonality in social media. Perhaps being a little bit reverent, perhaps being a little bit kind of spontaneous without stepping over the line of things that will potentially cause issues for the brand or issues for the company. And there are many examples, that we've seen in the past where people have stepped over that line because of lack of training. So don't forget to invest in the training to ensure that people are responding appropriately and outputting appropriately on social media.

Content creation and curation

Just because it's social media and not display advertising doesn't mean that you're not going to be developing things that have significant components of graphic design in them. Obviously, video production is a key element for social media now. And the demands of social media are such that the variety of what you are producing and the frequency with which you're changing it are growing significantly versus many other channels. So the volume of that, and particularly maintaining that at high quality, can be a key challenge.

Services

You need to plan for services like graphic design and video production that you may well not have in-house. And a lot of people, therefore, are buying in consultancy to help them with social media. Either from a strategy point of view, because social media is a multi-layered and complex space, or consultancy from a creative point of view, or design point of view in order to try and optimize what they're delivering through that channel. And when you start grossing some of these numbers up, they can get pretty big. Once you start working out how many posts you want to put out, how many people you need to put them out, and how long it takes to put them out, you can quickly we end up at some fairly large numbers in terms of a cost for social media management and social media production.

Facebook and LinkedIn advertising

The following costs apply when advertising on Facebook and LinkedIn.

- **Developing creative ads:** You need to develop creative ads and ensure that you've got the right level of creativity that's appropriate for the channel.
- **Media costs:** This could be for your own page or you're promoting yourself into somebody else's timeline. There are going to be media costs associated with that.
- **Personnel resources:** This includes the number of people you need to produce, but also the training and development that you'll need for those people.

Twitter advertising

In terms of Twitter, the key costs that are involved in Twitter advertising are not dissimilar:

- Writing of successful ads
- The media costs involved
- Personnel resources involved to create it

There are three main ways in which you can promote your goods and services on Twitter:

- **Promoted accounts:** You basically seek to encourage people to follow your Twitter account.

- **Promoted tweets:** You will seek to put a particular tweet that you have put out into other people's timelines. Now in both of those cases, you can choose to target and obviously it will be good to target. So you want to target via gender, via demographics, or by interests, for example. If you're selling caravans for example, then you can promote your tweet to other people who are interested in caravans, or who are interested in traveling holidays. You can target both promoted accounts and promoted tweets.
- **Promoted trends:** You can use promoted trends if you need a very wide reach very quickly. It guarantees you placement in Twitter's trend section for a certain period of time. In each of these cases, you can decide what might be the most appropriate way for you to go depending upon the objectives you've got, the amount of reach you've got, and the level of targeting that you might require. But each case, bear in mind the importance of budgeting for the creative development, the media costs, and the personnel resources involved.

CHANNEL INTEGRATIONS AND ATTRIBUTION

Integrated media

It's important to recognize that every channel impacts on digital marketing. Social media channels can be utilized in different ways.

- **Customers respond and communicate through digital channels:** Somebody may be engaging in a web chat on your website, but then they may flip over to have a conversation with you on social media, for example.
- **Customers are led through a digital marketing journey to purchase:** They might start looking at some of your curated content in terms of a blog. They might look at customer reviews, then they might look directly at a site, then they may go on to social media to assess opinions there or to share opinions there. They may be purchasing something online and ultimately doing click and collect to turn up to a store and purchase it.
- **Customers to through multiple channels:** Ultimately, there are multiple channels at play here, and it's really important that digital marketing is set up to be able to deal with the fact that these multiple channels are there.

Consistent message

Consistency of message is absolutely critical. It's very easy in an organization to promise one thing in your banner ads, in your sales ads and actually deliver something completely different in terms of the customer service experience or the way that the product also is designed. It's really important to think about that as delivering a consistent message all the way through in the different channels. It's also important to recognize that, although it's multiple different channels for you, it's still one journey for the customer. So if the customer is browsing your website looking at comments on social media, looking at a review site, going to a cashback site, then reading what bloggers have written about you.

Then as far as they're concerned, it's still a one purchase journey. And certainly, if they're interacting with the company in multiple different touch points, it's one purchase journey and therefore recognizing that, delivering that consistency and not frustrating the customer in that journey is really important.

Personnel resources and training

In terms of personnel resources and personnel training, there's a really important need to ensure that the right customer needs are being met at the right time. Who would have thought when we started

out doing social media marketing that social media would become a major customer service channel? And yet it has. And therefore, the way in which people are trained, the level of resource that you have, the amount of skill that those people have in order to be able to deal with those customer challenges and issues aside from just pushing out positive messages about a product or service is extremely important.

So, level of resources, level of training, thinking about that in a multi-channel environment with customers who are making a journey all the way through the process, it can often be a good idea to map out your typical customer journey. And you probably will have several. Some people have hundreds. But saying, “What are the different journeys that my customers take through my different channels? What are their expectations at each of these channels, and how do I ensure therefore that in the messages that I’m giving them both from a marketing point of view and from a customer delivery point of view, how are those messages consistent and how are they relevant to the channels?” underpins the importance of flexibility and the ability to adapt in digital marketing; but also underpins the development of a skill set that’s much wider than the traditional marketing skill set of “I understand my product or service benefit and I’m just going to talk to people about that.”

Because you can’t do that anymore. You need to have a wider dialogue. You need to be more flexible to adapt to the needs of an individual channel and recognize that people want to engage with you in different ways than just traditional push advertising and marketing.

Measurement

Measurement in the digital marketing space is obviously much more multivariate and potentially more complex than it is in the offline space.

Single source measurement

Single source being a single business view measuring the effectiveness of a single customer touch point. If you run an ad on Facebook, what is the effectiveness of that? How many people click on that, for example?

Holistic measurement

Because of the rise of multi-channels, we’re moving to holistic measurement. This involves getting a whole business view of the effectiveness of the systems, the services, and the customer touch points across media. It recognizes that there are multiple different touch points that a customer will go through on their journey between first becoming aware of or interacting with the brand and actually going and purchasing that.

So holistic measurement is becoming more and more important. Single source measurement still has a role to play because if, for example, if I want to switch in Facebook advertising for another form of media that I was running before, I want to find out if it is more effective. Is it less effective? So you still need single source measurement, but holistic measurement becomes really important when you’re looking at how are you going to allocate your costs, and more importantly, how are you going to allocate the reward to the different touch points and partners that you might be working with along that type of customer journey.

Characteristics of a good measurement system

What characteristics does a good measurement system have?

- **Seamlessly gathers data:** It's very important to seamlessly gather the data. We've talked about the importance of IT, and the importance of having the right systems to be able to gather that data. Are you tracking? Are you tracking effectively where people are coming from, referring sites? Do you have a strong affiliate technology program set up? Are you ensuring that you understand exactly what data you are gathering and that it's robust?
- **Makes it easy to tailor reports for different departments:** There are now many, many stakeholders within every organization who are interested in what's being delivered through different channels. In many organizations, digital and social is incredibly important. From a finance point of view, it's important because it's an increasing area of growth and therefore getting you to tailor reports is an important element of a good measurement system.
- **Gives timely access to key information:** We've talked about the importance of having A/B testing, for example. And we've talked about the importance of being able to adapt very rapidly to changes in the marketplace or changes in the effectiveness of how one channel is working versus another. Getting that access in a timely way is extremely important. If you're having to outsource all your data to somebody else who's then manually taking three days to sort through it, and give you back a report in a meaningful format, you've probably missed a lot of opportunity in those three days.
- **Is accessible to the key people:** It's accessible to the people who need it. And those people might be customer service people. Those people clearly might be social media managers, marketing managers, people who need to see how effectively things are working so that they can make adaptations and adjustments as they go in order to make it more effective.

Attribution definitions

So there are different definitions and different ways in which you can attribute and ways in which you can reward the referral in a multi-channel environment.

Multi-touch attribution (MTA)

Multi-touch attribution is basically allowing more than one online ad to get credit for a sale rather than just the final ad that's clicked before the purchase. So this recognizes the importance of all of the different ads that may have played a role in a journey that a customer has gone through in terms of exposure to the message before they've actually bought the product or service.

Last interaction

Last interaction is the last touch point. The last direct channel receives 100% of the credit for the sale. This is why, for example, coupon sites can be very popular because sometimes they can end up taking the last interaction as people refer from a coupon site or from a cashback site into your site.

Last non-direct click

All direct traffic is ignored. So if somebody's literally typed in your URL, that's ignored, and 100% of the credit goes to the last channel that the customer clicked through before converting. So that could be email. That could be an affiliate.

Last AdWords click model

The last AdWords clicked receives 100% of the credits for the sale.

First interaction model

A company will have different reward systems for where they want to award the benefit of achieving the sale to during the total purchase decision process. The first interaction model, for example, is where the first touch point receives 100% of the credit for the sale. Fairly straightforward, it tends to favor AdWords clearly and direct links through.

Linear attribution model

This is where each touch point in the conversion path shares. So if there are four or five touch points that the customer has gone through from the first time they interacted all the way through to the sale each of them gets the same share.

Time decay attribution model

This effectively recognizes that the touch points that are closest to the sale are the ones that are likely to have had the most impact. So when a customer was perhaps generally researching about something, reading a blog about something to get general interest or general information that perhaps didn't have as much weight as the more immediate referring link that actually resulted in the sale. So that assumes there's an element of time decay. The further away from the purchase something is the less impact it's had directly on achieving that sale.

Position-based attribution model

This assumes that the beginning of the process and the end of the process are the most important sections. So the channel that first achieved customer interest and the channel that actually drove directly to the purchase and everything else gets rewarded at last in between.

So all of these are different systems that can be used in terms of payment with an integrated media and allocation of success within an integrated media environment. None of them are foolproof. They're all based on theories because clearly, ultimately, it's extremely difficult to isolate with absolute definitive precision exactly what role was played by exactly what channel at exactly what point in the process.

But these are standard definitions that tend to be used. And obviously depending upon the industry that you're in, depending upon the nature of the messaging that you're putting out, you might decide to allocate into one of those types of areas.

CREATIVE BUDGET

Associated costs

You need to ensure that you are aware of the costs that go in from a creative point of view. It's often an overlooked area because it's easier sometimes to quantify production than it is to quantify creative. With creative, what you're tending to do is pay for people's time.

Creative personnel

And there are creative personnel who demand higher cost than others. So copywriters, art directors, and so on will often be more expensive than other people in the process. And again, depending upon the nature of the campaign that you're running, depending upon what you feel you need from a creative point of view, it's important to factor in what those creative costs may be so that you don't

end up significantly overspending on your creative or worse, significantly cutting corners on a necessary element of creative because you haven't allocated sufficient budget for it.

Agencies

All agencies should make those cost transparent to you so that you can see what different people are charging.

And similarly, you should be having a conversation upfront with the agency about how much time of which type of people are you going to need in order to deliver the campaign that you want. It's very easy to get carried away with a low-cost assumption and then decide that actually, because you want something of high quality, you need a more experienced copywriter or art director involved and then ultimately your cost starts spiraling.

Channels and ad formats

It's also important to recognize that costs will change during the duration of a campaign. Because the need will change, the competitive situation may change. You may decide that ultimately you want to focus more money on one channel versus another channel. And there will be creative ad formats that will have higher budget implications than others.

So if you're talking about high-quality video ads, if you're talking about animated ads, if you're talking about ads filmed in multiple locations, you know, they will clearly tend to be more expensive to produce, more expensive to modify, and you need to budget for that accordingly. And similarly, think about the different elements that are involved in a well-designed ad. You know, getting the right content, having the right design, paying for the publishing space, making sure you've got the right imagery, and don't forget the analytics software. You may simply be using Google Analytics but you may be using more sophisticated analytics software to be able to track. And if you are, you need to ensure that that cost is factored in as well. It's also important to remember that the amount you're spending in each channel should be related to the efficiency of that channel.

And there are costs statistics that exist around the return on investment that's typically delivered through different channels. So for example, email marketing is generally considered to be the channel that delivers the best ROI. So if it delivers the best ROI it also means that either you can keep the budget tight to maximize the ROI or you've got more room to be able to spend on budget because you've got an ROI that you can work with.

Conversely, if you're working in a channel that traditionally doesn't have a very high ROI, it's important not to overspend on the production elements and the creative elements of that channel.

So ultimately, you're trying to balance the amount that you're spending on the creative budgeting side of it with the result that you're going to get from that channel. And you do have some benchmark data available, which ideally would be your own historical data from within the organization.

But if not, there's industry benchmark data available which can help you to understand what level of ROI might you be able to achieve and therefore what room does that give you or not give you to use certain types of creative execution. Because a big driver of budget is going to be how much you're spending on your creative execution and where are you allocating that cost.

A/B testing

We come back to the principle of A/B testing that we talked about previously with Netflix. In this instance, this is Upworthy. So creative costs, again, you need to think about A/B testing and the importance of developing the different marketing executions for different audiences and scheduling. In this instance, Upworthy discovered that execution B, perhaps not surprisingly, had a significantly higher level of social shares than execution A. But the development that went into that, the time spent, the creative spent in order to develop that A/B testing, also needs to be factored in.

Now in this instance, it can be often done through a marketing automation program, but there is still cost in developing the creative in order to do it. So you can limit sometimes the human cost of changing here and there, but if you're taking advantage of a marketing automation program, it's important to ensure that you've got the right creative to put in, the right alternatives to put in, and the right budget that's associated with that.

NOTES

LESSON 4: RECRUITING AND TRAINING DIGITAL MARKETING PERSONNEL

PERSONNEL PLANNING

Aligning with strategic and operational plans

You need to ensure that planning and alignment fits between the strategic plans and the HR plans of the business. In other words, what does the business actually need? What skills does the business have? What does it not have? And what objectives does the business have?

If you're in a business which is requiring a significant amount of transformation, for example, or you're heading into digital marketing in a much more heavily invested way than you have been previously, it's very important before rushing off and just recruiting a bunch of digital marketers to basically say, "What objectives do we actually have for the business? What are our strategic goals? What kind of skills are we going to need to have in order to be able to deliver against those strategic goals?"

Skills matrix

Then you might complete a skills matrix, for example, you might say, "So what skills do we actually have within our organization? Are they strong? Are they medium? Are they weak? Where do we have gaps? Where do we need to fill?"

In many cases, opportunities can be filled from within an existing organization. The skills might be there but they just might not be being properly deployed. Ask questions like, "What do we actually need to recruit for? Do we actually have a vacancy? How many vacancies do we have? Can that work be redistributed?" And so on and so on. That's an important aspect of personnel planning. You must make sure that you've identified the appropriate skills and the appropriate level of resource for those skills that fits versus the strategic objectives that you have for an organization.

Supply and demand

In terms of the future personnel, it's always going to be a combination of who you are and who you want to be.

- **Supply:** What kind of skills, experience, and network do you have from a job point-of-view?
- **Demand:** What kind of requirements and opportunity do you have from an employee point-of-view?

Matching as effectively as you can the supply of what you've got with the demand is going to be the task at hand.

And that may be able to be fulfilled from within the organization. But if it can't, then you can identify more specifically what exact opportunities do you need to recruit for. Who you need to bring in with what kind of skill level?

Short-term versus long-term thinking

The other important aspect of this is thinking short-term versus thinking long-term.

Short term

In short-term we're really talking about the importance of adapting to the market. This involves having flexibility of staff and aligning the skills to the opportunity, looking at tactical opportunities to

work either with the resources you've got or short-term bringing flexible workforces in to be able to meet short-term business needs or short-term challenges that you may be facing.

This is often obviously where a lot of the time is spent in the short-term within HR organizations and within management of organizations, is trying to say, "How do we adjust, as we go?" because the pace of businesses is ever increasing and therefore the need to work in the short-term is always present and it's always kind of in the forefront of people's view.

Long-term

Why is it important to have a long-term view? You've got strategic needs. If you have a strategic view of where the business is going the kind of capabilities you want to develop, then it's really important to map that out and to be able to work towards that. It's very easy to get overly focused on the short-term without really thinking about a long-term.

History is littered with organizations which have continually focused on the short-term and not really thought further out, not really developed the right skill sets. We think about many music retailers, for example, who were totally focused on bringing in a skill set that was all about retailing, that was all about selling music CDs, that was all about the shop environment, and the shop experience. And what they never focused on was the growth of digital, and the growth of digital music. And consequently when iTunes and the like came along a lot of these firms didn't have the skill sets to cope. So it wasn't just a question of the right business model, it was a question of did they even have the right skill sets to be able to cope with that change?

There's value in thinking about the long-term in terms of the importance of building a committed workforce. A committed workforce is always going to be a highly desirable thing for an organization to have. The benefits include greater loyalty, less uncertainty, being able to plan for the long-term, work for the long-term, train and develop. It's highly inefficient to bring people in, train them up and then lose them from the business. So having a longer term view to be able to get more committed people in to be able to train and develop them will ultimately yield dividends, but don't forget the strategic component as well.

Flexible workforce

Consider what level of commitment and what level of specialization do you actually want to balance out for a given business, and a given challenge. Consider how the workforce is becoming more and more flexible. And that has benefits, clearly that has cost benefits, and it has benefits in terms of interest for the people who are able to work flexibly. However, it doesn't necessarily always deliver you the long-term stability.

You need to blend the strategic view of the business with the resources view of the business. What is the business trying to achieve over what timeframe? What's the right way to try to balance flexibility in the workforce versus having a greater degree of permanence in the workforce? And it will generally be a balance for most organizations. It's not to say that you need to go entirely to one end or entirely to the other end. But if you don't have the right balance, if you're too focused on the short-term, then you can end up with issues around retention, and you can end up with issues around corporate knowledge being lost.

Similarly, if you entirely focus on people who've always been employees, only building for the long-term, you can sometimes lack that flexibility that you need to have, in order to be able to make yourselves responsive in the fast-changing world.

Long-term HR planning

Long-term HR planning involves a number of issues.

Define the future structure

What's the optimal structure that you want to have related to the strategy that you want to deliver?

Define the future size of the team

What level of resource do you require in order to be able to deliver the strategic objectives that you've got? We talked about this in the context of budgeting, but it's equally important in the context of resource planning. It's not enough to simply say, "Okay I had a team of 30 now I'm going to have a team of 35, or I had 30 last year so I should have the same this year." This doesn't work if you are working in a fast-moving environment or you're trying to deliver a degree of change.

It's always better to think about what kind of activities are you going to need to get done, what kind of skills do those activities require, and therefore what kind of structure that needs, and at what level of resource. If somebody is expecting marketing to deliver a dramatic increase in the number of customer sign-ups, for example, then unless you're changing something significant about the way that you work, you're going to need an appropriate level of resource to deliver that.

Define estimated work to others

Define the estimated work that you assign that to either freelancers or flexible workers, or it could be to partner companies or agencies versus to people that are permanently employed. Finding that right balance gives you flexibility for peaks in workload, gives you flexibility for changes in the market environment, enables you to keep costs under a degree of control.

But it's important to keep that balance so you don't swing too far one way or the other.

Attracting and retaining staff

You need to understand what factors are most relevant in terms of attracting and retaining the right staff.

So there are different methods that can be utilized.

Surveys

You can use surveys which will show you either on an industry level, or you may do that for your own company individually, what do people value, and how well do they feel that that's being delivered today. But the kinds of things that one might think about in order to be able to attract and develop staff are obviously bonuses, and bonusing on the right metrics, I think, is also something that's extremely important and often overlooked.

Bonuses

Define what the targets are, make those targets stretching but achievable, and ensure that you're rewarding the right kind of behaviors with bonuses. It's very easy simply to say money for sales but

actually sometimes you might want a more sophisticated set of bonus targets that really try to reward the right kind of behaviors within an organization.

Career development

Career development includes promotion, but can also be movements into other areas, overall development of skills, and opportunities for broadening assignments. Because overall career development is one of the key things particular in digital space that people are really looking for. They're looking to learn, they're looking to grow, and they want to be able to get that.

Skills training

Skills training builds on that point. You need to provide relevant skills training.

Promotion opportunities

People want to see a path to advancement, and they want to see their ability to be able to grow within an organization to become more senior within an organization. So you need to ensure that those opportunities are there and are visible.

Positive company culture

There's a whole separate conversation about company culture. What really matters is that the company culture reinforces the values that you yourselves want to promote. Most people will have a set of values that they might write on their website, but actually the company culture is the way that the organization actually works. It's surprising how many times the way that things work don't necessarily reflect the values that might be published on the company's website. And when those two things get into conflict, that's when you can start to have challenges.

So defining what kind of company culture you want, but then really trying to put that into practice so that people on a day in day out basis, on the way that they behave, the way they see their colleagues behaving and what you reward promotes that positive company culture.

Social interaction with colleagues

Social interaction with colleagues is clearly something that people value increasingly, whether that be through the kind of social sharing tools that we talked about before, or whether that be through opportunities outside of work and team building and so forth.

Interesting projects

People want to be challenged, they want to be developed, and they want to work on things that they find interesting. After all, they're spending a huge amount of their time working in the office. And you need to be able to give them things that stimulate them, and that they feel a sense of accomplishment for having achieved.

So all of these things matter, they'll matter to different degrees in different organizations but perhaps running some kind of a survey or utilizing an industry survey can help you understand which ones to focus on more. Because again, as we talked about previously with channels if you focus on the right ones, the ones that have the biggest positive output you're more likely to get a more successful result.

Performance and pay

You must consider what are you going to pay the people who are going to work in your teams.

Salary

We've got user salary and we've got user bonuses. Remember the importance of benchmarking salary and looking at the fact that different sectors will tend to pay a different rate. There's going to be a market expectation of salary but also, from an internal point of view in an organization, you need to consider where the role fits within the organization. Because most organizations will have salary structures, you need to understand where does that role fit? What level of responsibility does that role have? And therefore, what level can you compensate it? And is that appropriate to the market level?

One of the challenges that's often experienced in digital marketing is that salary scales that have been set in organizations, that perhaps don't have a high degree of digital marketing in them, can sometimes find themselves out of step with what digital marketers might expect to be compensated for on a market base based on what they have experienced before. Bear in mind that there may need to be some adjustments of salary scales or salary bands depending upon what the market rate is, and we talked the importance of attracting people in but making them feel like they're being paid an appropriate amount for what they're doing.

Rewards

You can reward people in terms of salary progression. Think about how you evaluate somebody's performance and therefore their individual compensation. And it can also relate to how you bonus people. What kind of bonus structures and incentives do you set up for people? And here, the choice that you have is about between individual performance and team performance. So clearly, salary is the major component of an individual's compensation. And bonuses that are linked to that salary, that are focused on individual objectives being achieved obviously have the benefit of an individual incentive to perform well for that person.

Team performance

You can identify high performance within teams, and people can feel a real personal benefit and a real personal sense of accomplishment from having achieved certain objectives and getting rewarded for that.

In today's interconnected world and particularly in companies that are working more and more in a multifunctional basis, it's also really important to consider the benefits of bonuses based on team performance. That encourages greater cooperation between teams. If the team achieves, the individuals within the team achieve. What you need to be careful of is overly rewarding purely individual performance at the expense of the team.

Ultimately, any organization is a team effort, so bonuses that are focused on team performance can encourage greater cooperation, they can encourage greater focus on the bigger picture. Individuals who may have a particular personal objective or a particular personal preference to something will be more willing to set that aside in favor of the overall benefit of the team if the incentive structure has an element of team performance in it. They can help teams to, therefore, to achieve more and bring in more ideas from multiple different team members. So think about the right balance between individual performance and team performance, how you measure that, how you reward that.

Values

Consider the role of values. Does your bonus scheme fit with the values of your organization? Does it align with the kind of culture that you want to promote as well as the achievement of the actual hard-measure business strategies? These can be very effective tools to help motivate people and to help people move in a direction that you want but the indicators need to be aligned. You need to ensure that you're measuring what it is you actually want people to do clearly and in a way that people can understand, and feel is fair, because that will be most likely to help their behaviors move in that direction.

KPIs

Consider how you can develop KPIs, key performance indicators, that are relevant to an individual's contribution, but also how they're relevant to a team contribution. So one of the ways that you can do this is by thinking about techniques such as 360-degree feedback, getting feedback from the other members of the team on how an individual has performed against certain criteria. That will often give a very powerful indicator as to how well that individual is working within the team. It also incentivizes individuals to work more effectively as team players.

Having a scorecard with clear KPIs on it also helps drive transparency for individuals in how they're being measured. One of the biggest frustrations that a lot of people have is that they can't transparently see how they can influence their own bonus or how they can influence their own salary progression. Whereas if you have a series of measures, some of which can be hard measures like sales, or leads generated, or cost per click, or, you know, level of marketing budget spend versus target, that's one side.

The other one can be softer measures. So things that focus on team-working, things that focus on learning skills development, things that focus on new ideas contributed to the business, things that contribute on the ratings of people who work for them, for example. You can start to deliver a more broad set of scorecard measures that can help people to deliver in the areas that you want them to, but also within a team environment rather than just an individual environment. road set of scorecard measures that can help people to deliver in the areas that you want them to, but also within a team environment rather than just an individual environment.

Employee share-option scheme

An employee share-option scheme is a trust that holds shares for the benefit of all the employees who participate in that trust. The performance of the company will genuinely pay back to the performance of the employees. So these share-option schemes can take different forms in different organizations but fundamentally, you'll receive a certain number of shares or interest in a certain number of shares relative to your level of performance. And obviously, the better the company performance overall, the better the share price, the more valuable the shares are, the more the employee shares in the success of the company. So it's really a powerful way of ensuring that team motivation is aligned to company performance.

Now, clearly, it's important with share-option schemes in different markets, in different territories that, you know, you're managing it accordance to the appropriate laws concerning compensation, and taxes, etc., but it's just an example of how you can have what is a relatively simple tool that can align people's interests to the overall performance of the company.

Digital marketers sometimes may feel a little bit divorced from some of the other things that the company is doing if they're newer into the business or if they're working in a particular specialized area. This scheme helps them to think about how what they're doing contributes to the overall performance of the company. If they are directly linked to the share price of the company, that link is more formally established.

TRAINING NEW EMPLOYEES

The importance of training

Building skills and building the skills that you need within your organization is critical. Often, managing directors don't want to train people beyond a certain level because there's a risk that they will go off to a competitor. Particularly at younger levels within the organization, people can be quite reluctant to invest heavily in training, because there's a lot of mobility particularly within the digital sector.

And yet the problem with that is it's an ever-decreasing spiral. If you don't invest in training and development two things happen.

- You end up with people who are not as well skilled working in your business.
- They're more likely to leave your business anyway because they themselves can see that they're not growing and they're not learning.

So training is absolutely a non-negotiable thing that you need to do within any business, and particularly so within a digital marketing space, where the pace of change is so great, where it's so new for so many people within the organization.

Types of training

There are three different types of training that you can talk about.

- **Technical training:** That would be types of training related specifically to the job content, teaching people how to do things, giving people the right technical skills to work within digital marketing, for example.
- **Organizational training:** This is much more to do with processes, the way things work, and team working. This is equally important. If somebody is very strong on the technical front but weaker on the organizational front, they won't be able to influence their colleagues, they won't be able to work effectively within teams. And therefore you're not going to get the kind of results that you need.
- **Cultural training:** This refers to the way the organization works, the kind of behaviors the organization expects, and the kind of values that you want to be able to instill in people.

All of these elements of training reinforce each other, and they support new people coming into the business.

Training and strategic objectives

These types of training support the delivery of the strategic business objectives. Where you focus your training relates to your strategic business growth objectives that you have, and which ones you want to promote more, and which ones you want to develop more.

The really important strategic link between a strategic plan, and a set of goals, and a set of objectives and what you're delivering in your training must be really strongly connected. If training is a distant HR department that nobody talks to and nobody wants to go on their course, it's far less likely to be effective. It has to be really strongly integrated into the way the business wants to deliver. Well-delivered training will ultimately make the difference between a company that does better than its competitor and a company that does worse.

New roles in digital marketing

There are of course a whole number of roles that are now emerging within digital marketing.

- **UX designer and developer:** This is somebody who's responsible for the overall user experience, the journey that people take through the website or through some app.
- **Content managers:** Remember the importance of content whether that be video content, whether that be blogs. Content is absolutely at the center of digital marketing and you need people who are specialists in the development of content.
- **PPC executives:** These are people who work on the pay per click side of the business focusing on which keywords to bid for, what the right cost per click should be, how to monitor the effectiveness of that.
- **SEO specialists:** These optimize the website, trying to ensure highest position in the natural search rankings.

So these and many more roles are emerging and becoming greater and greater in number within an organization. But they're not roles that an organization is necessarily used to dealing with. Perversely, at more senior levels within a marketing organization you may have people who've grown up when digital marketing was very much in its infancy, so they're not familiar with that. They're not familiar with the structures of it, they're not familiar with some of the roles in it.

And so it's really important to help the overall organization have a better appreciation of these roles so that the people in these roles can perform them as effectively as possible because they can't be done in isolation.

Integrating new and traditional roles

You need to think about how you integrate digital marketing into the wider organization.

Cross-functional workshops

Ensuring that you've got cross-functional workshops and training is very important. It's not just about technically training the digital marketers. It's about helping the rest of the organization understand what the digital marketers do. And having this kind of cross-functional training and workshops will help to facilitate that sharing of information.

Senior management buy-in

Senior management must buy-in to the importance of training. But also senior management need to understand what these new roles entail and the kind of skills that you need to develop, because they will often be areas where you want to make significant investment from a marketing point of view. And if you're not making that investment or if senior management are not fully understanding of the nature of those roles and why they're so important, it's going to be an uphill struggle sometimes to convince people to allocate budget into those areas.

Cross-functional project teams

Increasingly we're seeing people not operating in a digital silo, but seeing digital as an absolutely integrated part of their marketing effort. And therefore it's just likely that somebody working within a digital marketing specialist role might find themselves on a cross-functional team with somebody from customer service, or with somebody from finance, or somebody from product development. And not only is that smart from a business point-of-view because you're getting proper cross-functional working, but it's really helpful for the engagement and training of the digital specialists themselves.

Digital specialist

Make sure that the rest of the organization is aware of the role that that digital specialist is playing. And that they're seen as being a core member of the marketing team and not some kind of technocratic specialist who sits in a corner where nobody quite understands what they do. So there's benefits for the individual specialist but there's also benefits for the wider organization.

Onboarding

The nature of the digital work dictates the level and the nature of the specific digital training that somebody might need, but it's really important to think about the onboarding process. Because the nature of digital work is, of its essence, fast-moving and highly changeable, it's also highly specialized. So there's clear data that demonstrates that when people have gone through a successful onboarding process they are, A, more likely to stay with the organization, but also they're more likely to hit the ground running and be more effective.

So think about the objectives of the training process of onboarding around introducing the worker to the organization, outlining the organization's mission, the key digital marketing programs. And then recognize the importance of training and orientation sessions for new employees even before they begin to work. Can you bring people in and give them some sessions before they've even officially started? Is there documentation that you can send them out that they can read before they've arrived in the organization? Really important to think about the thoroughness of an onboarding process but also how much it pays back in terms of people being able to hit the ground running, and also being able to be effective in their roles and stay with the organization over a longer period of time.

Training options

In terms of training options, you can use a number of different types of media.

- **Formal classroom setting:** This is what most people would traditionally associate with training.
- **Computer-based:** Increasingly, there's computer-based training, with online training modules that people can complete in their own time to help them get up to speed with certain skills, or with certain policies, or with certain other aspects of training.
- **On the job:** This is often underestimated and underutilized. Extremely important that people have the ability to be trained and to learn on the job. And that can be about giving prompt feedback, that can be about creating opportunities for people to learn by giving them more challenging and stretching assignments. That can be by designing different training components that people can actually complete as part of their daily job and then receive ways in which they can improve on that. So doing on the job is an incredibly important part of

the training process, and often as we will see later helps to embed some of the classroom learning.

- **With a trained team member:** They can also be trained with a trained team member, which is somebody else who already has skills can be helping to pass those skills on. This is useful not only for the person being trained but for the person who's doing the training. It can also be a very useful development opportunity for them.
- **HR employee:** You can use HR-based training.
- **External training:** You might need to bring in people, particularly in more specialized areas one might think of Sales Force or other ERP or CRM providers. They may well be people who could come in and provide external training on technical options, or indeed external training on some of the more organizational aspects where that's appropriate.

So be aware of all the different training options, and again think about which ones are most valuable and most useful, depending upon the particular skill set that you want to evolve.

You shouldn't look at this as "every box has to be ticked," but try to look at it as a menu from which you can select, and focus, and balance according to which ones make most sense.

Continuous learning

Training is a continuous learning experience. It doesn't stop, it's not just an onboarding process, and it's not just a once-a-year process. It's a continuous learning process.

- **Education:** Knowledge needs to be imparted in one of the ways mentioned previously.
- **Experience:** Experience has got to build on top of that education. We've all been on training courses where we've been exposed to a bunch of stuff that we thought was perhaps quite useful. And then we've come back into our job and done something that wasn't at all related for another few months. And then you've completely forgotten what it was you were educated on in the first place. So having learning that embeds that education, and experience that embeds that education, is really important.
- **Environment:** You've got to create an environment which is conducive both to training and learning itself. So again "I'm on a training course" is not a byword for "I'm having an easy day." Training is extremely important and it needs to be recognized as important culturally within the organization. There needs to be an environment that's conducive to learning, so that people can experiment, and people can make mistakes, and people can try new things. Because you can't learn if you're not trying to learn new things, pushing the boundaries clearly within safe parameters. In some organizations, failure is a dirty word. And actually failure within controlled environments, if it's building on training and education, you often learn most from your mistakes.
- **Exposure:** Expose back to the person who's been trained that their training has been valuable. Show them how their skills have been developed, recognize the development of the skills that they've had. This is an extremely important part of reinforcing the circle so that there's a desire to go back and get more education and continue that continuous learning cycle.

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