



Chris Grannell is consulting director of Ellis Foster McVeigh. As well as heading brand, marketing and business development projects in Australia, he has advised clients in the UK, Germany and central Europe. You can follow him on Twitter via @chrisgrannell or email him through enquiries@efm.com.au.

## A whole new world

**D**igital marketing practitioners are wont to insist that 'digital is not an add-on'. The sentiment is right, of course – but it is so often at odds with practice that places digital neatly in a box tucked away in a corner of the communications part of the marketing plan.

In fact, digital changes everything about how companies compete and almost everything about how they connect with customers. And, for this reason, blindly rushing to embrace digital tools isn't the right solution.

### **DIGITAL CHANGES THE WORLD**

Digital makes markets more competitive, not less.

Because digital channels are still relatively new (when compared to high streets, travelling salespeople, mail order and mass media advertising), there is often a friendly camaraderie among agency-side digital practitioners who enjoy a steadily growing industry. But to conclude that client-side marketers are also participating in an embryonic market, with room for everyone to get rich, is a mistake, since the digitally-enabled market is far more competitive than anything that preceded it.

The ease of access brought by the internet intensifies rivalry, since geographies are expanded, components are non-proprietary and barriers to entry are reduced. You can see this if you think about [Michael] Porter's famous Five Forces model. Imagine you are

“This is a new world where your customers are also your partners, and where your partners are also your competitors - think of the 'frenemy' relationship between Google and Apple as an example.”

an organisation that had a healthy market position in the pre-digital world. The bargaining power of suppliers is stronger today than in the past (they have more potential buyers and more information on you) and the bargaining power of customers is similarly enhanced (they can see all your guilty corporate secrets and can usually get similar products elsewhere). Meanwhile, your competitors and substitutes generally face lower barriers to entry than they did before the internet came along. And it's easier than ever

to compare your products with those of your competitors, so you're all in serious danger of slipping into a price war.

### **DIGITAL CHANGES MARKETING PRACTICE FUNDAMENTALLY**

Digital channels bring quantitative and qualitative change to the way that marketing works. Think new communications paths to consumers, opportunities for two-way dialogue, transactional capability, real-time feedback and turning the world into a giant





experimentation lab. More than anything, digital's inherent measurability shows that the 'creatively-led' approach to marketing is bunk.

The emergence of a 'coopetitive' model of business, which reflects the growing complexity of how digitally-enabled markets operate, makes marketing trickier still. This is a new world where your customers are also your partners, and where your partners are also your competitors – think of the 'frenemy' relationship between Google and Apple as an example. Marketers take note: digital doesn't make things simpler.

Incidentally, to dispatch another common misunderstanding – the emergence of digital does not change marketing principles. The essential tenets of marketing – targeting and relevance; differentiation, alignment and consistency; and the importance of market-based assets such as trust, reputation, relationships and user-base – are just as important as ever.

### DIGITAL IS NOT A PANACEA

Many digital marketers are, quite frankly, naïve about business. Many practitioners – especially the latest crop of 'social media gurus', who can be found blogging into the wee hours – are educators and enthusiasts rather than businesspeople. They are valuable and nearly always very smart, but their aims differ significantly from those of the businesses they aim to serve. The result they want to see is uptake of tools and penetration of platforms – not commercial success for their clients or employers.

To interpret the rise of digital as a fashionable new decoration to be tacked onto an existing way of doing businesses is a misdiagnosis. The deployment of digital tools does not by itself achieve anything useful. The add-on approach runs the risk of missing the point – in many cases, it is the whole way of doing business that has to respond to digitally-enabled change. As in any situation, the tools are only valuable when they are

deployed in a coordinated manner to achieve particular outcomes.

### DIGITAL MAKES STRATEGY MORE IMPORTANT THAN EVER

Before you think about communications and tactics, think about strategy.

In the digital world, it's frequently the sexy products and brands that get all the attention. But to start your digital journey by thinking about Twitter, Facebook and mobile apps is an enormous mistake. The real shift is far more fundamental: it's in how companies operate, compete and market themselves. It is not that we must consider a new toolkit, but that we should reconsider our entire business.

What determines the correct approach is not the existence of technology, but the strategy of the organisation. The right response to the digital challenge is not to jump straight into the tools, but to think long and hard about strategy first. **M**