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Ralf Strauß | Chairman of the Board European Marketing Confederation (EMC)

EUROPEAN MARKETING AGENDA 2024

„AI TAKES OVER“


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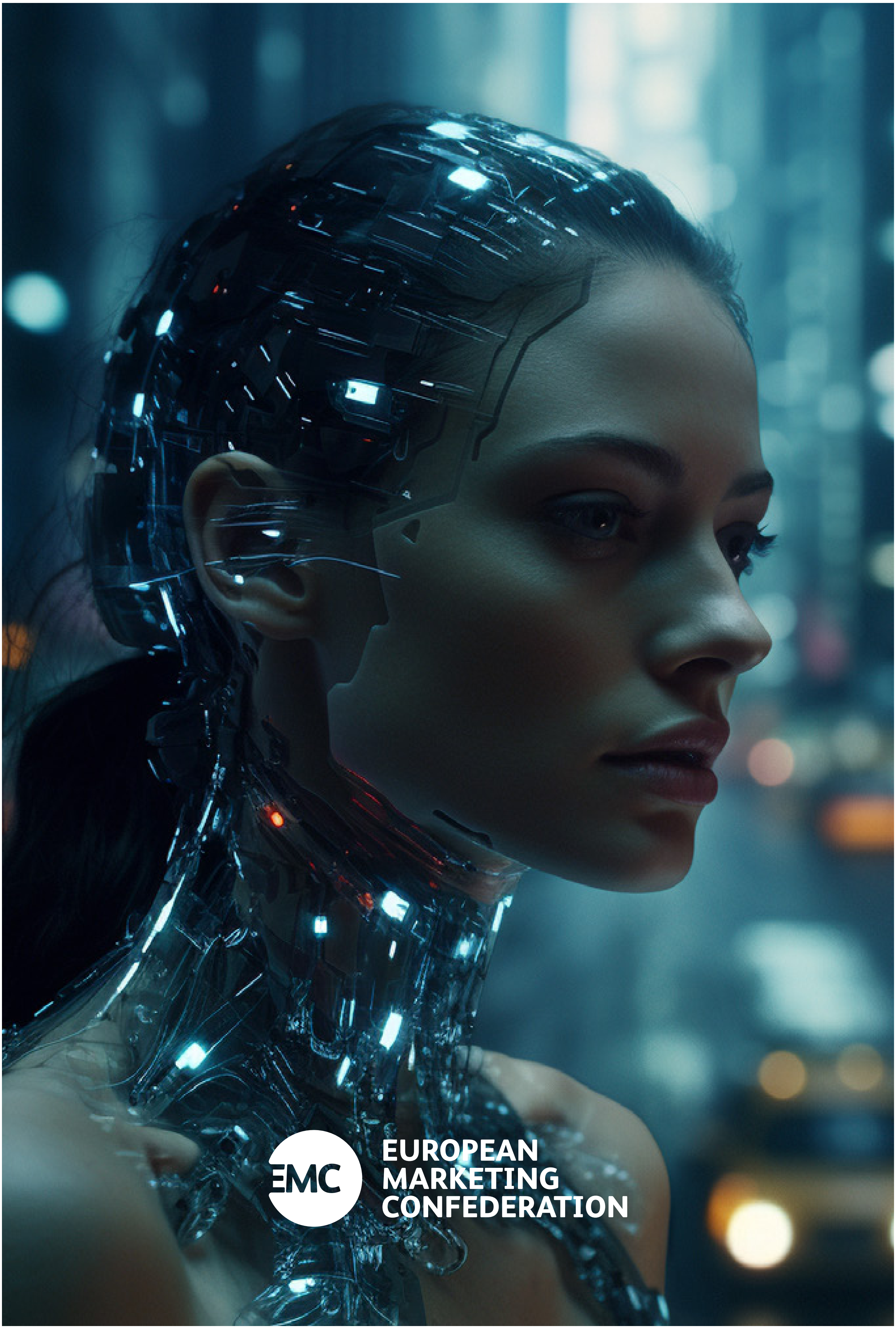
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EUROPEAN MARKETING AGENDA 2024 … AI TAKES OVER

The overwhelming feedback over the last 5 years of the *European Marketing Agenda* is to confirm that there is a genuine need for more information on strategies, concepts, tools, and best practices on all topics relating to marketing and sales across a wide range of industry segments and sizes.

The only constant is change. In digital, the limitation of 3rd party cookie data collection means that the bar for the development and expansion of data-driven marketing is raised even higher with the need to establish your own 1st party data. The irony of the story is that Covid19 (and, more recently, artificial intelligence, AI) has been an "accelerator" for further digitalisation in marketing and sales and is ensuring that the marketing organisation in terms of structures, competencies, the (lived) cross functional cooperation model or the required competencies are (or must be) reconsidered in more detail. It is foreseeable that we will experience "Moore's Law on steroids" in the coming years - the speed of change will continue to increase dramatically, and collaboration will follow the credo of "no alternative", which is often used in politics.

The precarious thing from a company or customer perspective: in contrast to earlier, more time stable CRM projects, the requirements and therefore the IT applications are constantly evolving - new channels and interaction mechanisms, new (legal) framework conditions (GDPR), an "increase" in automation and analytics (AI/AI) ensure that yesterday's tried and tested methods and tools can (and will) be outdated quickly. This acceleration means we will experience more working in beta mode and a permanent learning-by-doing is almost unavoidable. As legendary ice hockey player Wayne Gretzky said: "Of the shots on goal that you don't even try, 100 % of them won't go in".

Since 2019, the ***European Marketing Agenda*** has allowed us to build an independent research beacon in the sea of often unsubstantiated content, but it does demand a significant amount of expert analysis:

- It is challenging to filter which trends and topics are relevant and which will fade away like “dust in the wind”. The metaverse and Web3, for example, have received a great deal of attention in the meantime ... but from the perspective of the companies surveyed and in terms of content and concept, they still have little new to contribute and are still a long way from reaching critical mass in terms of usage. Artificial intelligence, on the other hand, has left the innovation hangar on hold with ChatGPT. Away from a more technically motivated discussion about data and towards concrete use cases and business benefits.

- We must also differentiate between topics that are more long-term in nature (such as change management methods) and those that are more short-term in nature (such as new partnerships in ID management).

- This requires a broad network of experts and company representatives who repeatedly discuss with us in depth which topics are relevant and (will) have a real business impact. We would like to take this opportunity to thank them all for their “brain power”!

We will also attempt to analyse the status quo in Europe – this year with a focus on “Artificial Intelligence (AI)”, “Customer Experience Management” and “Sustainability”. The balancing act for sustainability lies between serious efforts to curb climate-damaging emissions, platitudinous “greenwashing” on the part of companies and consumers who are celebrating the end of the “hermit campfire romance” after the Coronavirus restrictions and instead prefer to get upset again about endless queues at airports.

Our ambition as the marketing association in Europe, representing more than 80,000 marketing professionals, is to identify and lead the marketing change agenda in 2024 and to present and discuss current and forward-looking concepts based on sound, independent research. Once again, we would like to thank all participants in the ***European Marketing Agenda 2024*** research survey for their time, many suggestions, food for thought, commitment, and the “brain power”. We very much hope that this European Marketing Agenda 2024 research report will once again offer insights and points for discussion and that we will then be able to deepen these together in a wide variety of formats across Europe in 2024.

We are very much looking forward to these discussions and exchanges in 2024!

With best regards,

Dr. Ralf E. Strauss, on behalf of the board of EMC
Chairman of the Board European Marketing Confederation (EMC)

Alvydė Palaimaitė, CEO & Managing Director of LiMA (Lithuania)
Andreas Balazs, President SwissMarketing (Switzerland)
Carlos Sá, President APPM (Portugal)
Chris Daly, Chief Executive CIM (United Kingdom)
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Iryna Lylyk, General Director Ukrainian Marketing Association (Ukrain)
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STRATEGIC FOCUS IN 2024 ... BETWEEN BRAND, MARKETING OPERATIONS, MARTECH AND AI

European Marketing Agenda 2024 - Methodology

As in the years before, the European Marketing Associations have asked around 8,000 senior marketing executives (CMO, Head of Marketing, Vice President Marketing, Head of Online Marketing) across Europe from November 24, 2023 until December 15 on their perspectives on the focus topics and challenges for 2024, with particular focus on AI, customer experience management, and sustainability. The quantitative survey was supported by qualitative interviews. All-in-all, 1,287 surveys were completed.

The central questions of the ***European Marketing Agenda 2024*** survey help us to identify the most important topics and challenges for 2024 from the perspective of marketing and sales. More than 8,000 marketing/sales managers in Europe were asked for their opinions, resulting in a total of 1,287 complete responses. CMOs (33 %), Marketing Directors (28 %) and VP Marketing (12 %) all took part.

When marketing and sales managers in Europe are asked about the strategic focus for 2024+, the phalanx of topics has changed only slightly compared to 2023: Key topics were identified as brand management (upper funnel; 49 %) and alongside the focus on the marketing operations function, they took pole position, followed by MarTech (45 %; figure 1).

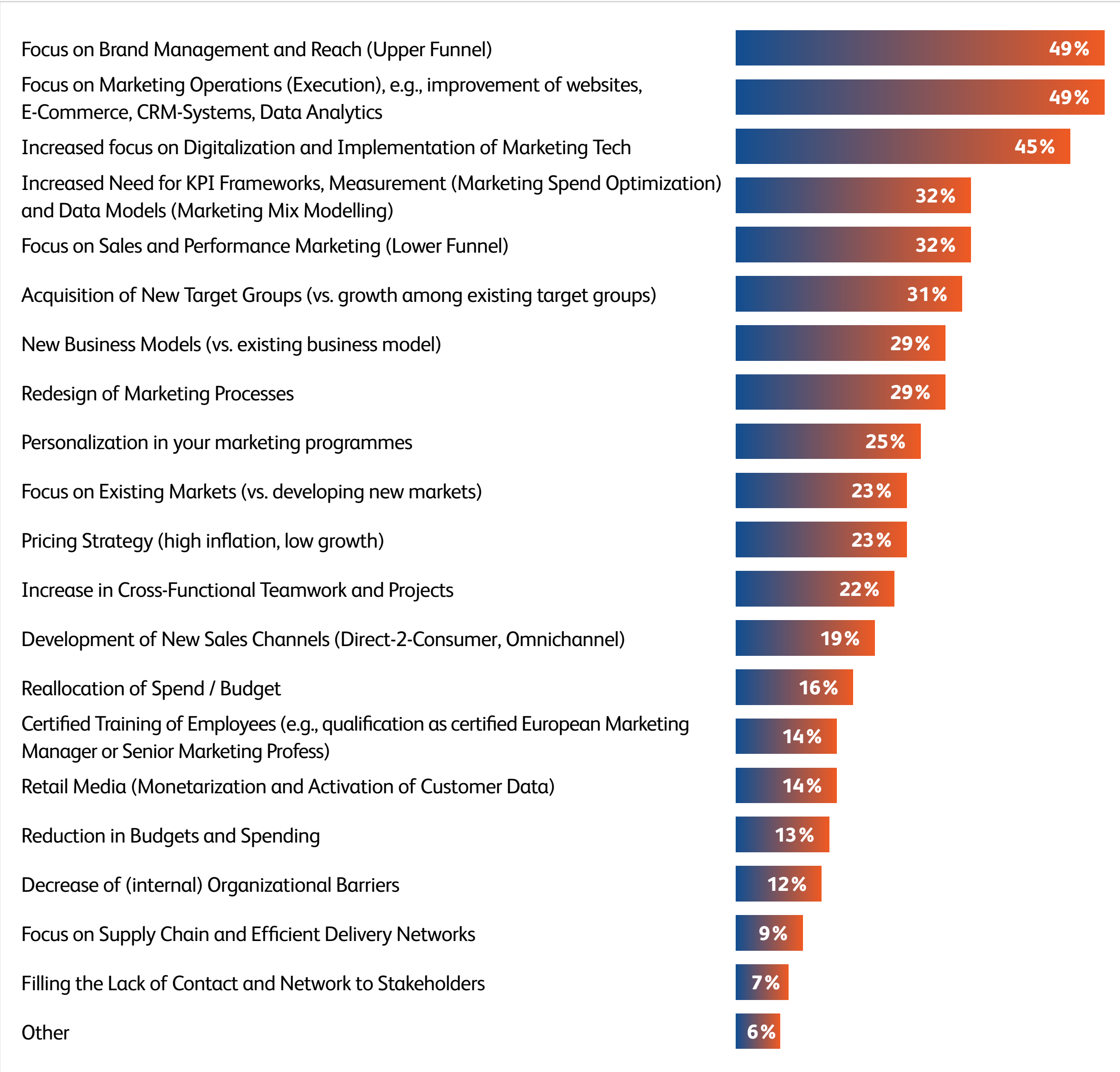

Figure 1 | Strategic focus in 2024 (top 5, multi-response, in per cent, n=1,287)

Even though all augurs are predicting continued unchecked growth in **retail media**, only 14 % of respondents across Europe include the topic on their strategic priority list. *Zenith Media* estimates that global advertising expenditure in retail media will rise from USD 39.2 billion in 2022 to USD 64.2 billion in 2025 – an average growth rate of +17.8 %, making it one of the fastest growing advertising categories alongside video advertising and social media. From the perspective of retailers (providers), the focus is on the extended monetisation of their own reach and customer contacts, which is why many of the established retailers have already founded separate companies for marketing. There are several advantages from the perspective of the advertisers:

- Alternative to constantly rising oligopoly bidding prices and competition on *Google* and *Facebook*, plus increased reach throughout the sales funnel.
- Opportunity to influence the customer's purchasing decision with performance-orientated advertising close to the transaction.
- Targeting data based on real preferences and buying behaviour, which is often much sharper than in traditional digital media buying.
- The return on ad spend is between 3-6 times greater for brand manufacturers compared to traditional media.
- Increasing maturity of retail media, for example through constantly improving self-service booking options and increasingly better reporting/analysis options for paid advertising or performance data.
- Even media agencies, which often still buy for manufacturers/brands as a whole, are increasingly viewing retail media as an interesting alternative due to increasing reach, maturity and pressure from their advertising customers.

We have also identified several reasons for the reluctance to use retail media in practice:

- Differences between traditional trade promotions and retail media are often not sufficiently clear.
- To date there is insufficient proof of greater efficiency in the upper funnel (brand awareness).
- Insufficient reach of individual retail media providers in most cases.

As in previous years and expected in the years to come, organisational performance is attracting a great deal of attention. Against this backdrop, a trend towards insourcing has been observed since around 2020, with specialist expertise being built up in inhouse departments. The reason for this is that many of the subject areas such as data analytics or MarTech are gradually becoming essential core competencies that need to be built up in-house (centralised) immediately, as the interaction with external service providers is changing fundamentally. The focus is on streamlining internal processes (faster time-to-market), mass personalisation, better real-time optimisation options (via data science) or the automation and standardisation of processes, implemented by an emerging **marketing operations management function** (49 %; figure 2).[1]

Planning & Steering	Customer Journey Processes & Demand Generation	Performance Measurement	MarTech Landscape Development
• Strategic Planning (Process) • Budget Management • Production Management • Asset Management	• Customer Journey Analysis & Mapping • Data Management • Dialoge Management • Campaign Management • Lead Management • Persona Maintenance • Retail Media Operations	• Reporting • Data Science & Marketing Analytics (ROMI) • Conversion Tracking	• Process & Domain Modelling • Use Cases & Requirements Engineering • Master Construction Map

Figure 2 | Tasks in Marketing Operations-Management

1 Brinker, S.: Marketing ops careers are good today — and likely to get much better; here's the latest data on these roles, in: ChiefMartech, April 15, 2023.

Marketing operations management ranges from planning and control to data-driven optimisation (such as marketing mix modelling), including process management, launching new products, customer journey management (including customer activation) and the development of the MarTech application landscape on the basis of use cases. Expertise characteristics and associated archetypes for this can be found in figure 3:[2]

- **Brand/Demand Builder:** "Marketers" or "Marketing Mavens" or "Customer Activation" who regularly use MarTech to complete their tasks as part of campaigns and programmes, often across different brands. Typical role title: Marketing Manager.
- **Operations Orchestrator:** "Maestros" or "Infrastructure Architects" design and control workflows, reports, define the requirements on the part of the specialist department and the MarTech development plan. Key decision-makers in the buying centre for MarTech. Typical role title: Marketing Operations Manager, CRM Power User or Admin, Marketing Planning & Steering.
- **Analytics Architect:** "Modellers" or "Data Divas" who delve deeper into data and application structures, for example in the area of Business & Customer Intelligence (Data Quality). Typical role title: Marketing Analyst, Data Scientist, Data Engineer.
- **Marketing Maker:** "Makers" develop applications (increasingly as no-code). Typical role description: Web/App Developer, Marketing Engineer.

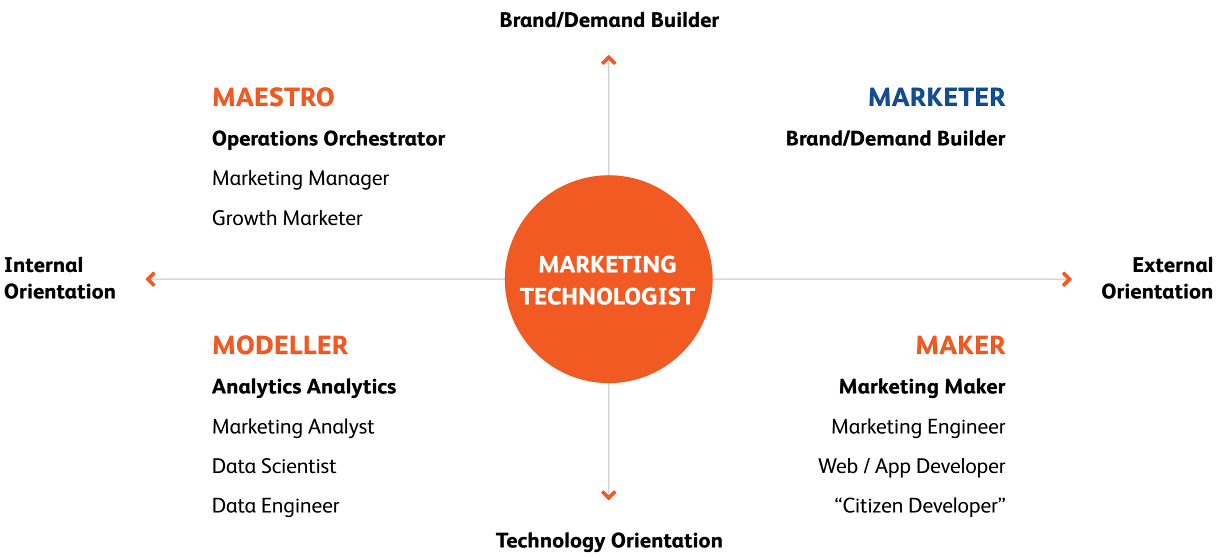

Figure 3 | Different roles of marketing technologists in marketing operations according to Brinker[3]

2 Hwang, M.: Why marketing operations leaders have become modernizers, in: Martech, April 8, 2022.
3 Brinker, S.: The many splendid varieties of marketing technologists in 2020: martech roles and archetypes, in: ChiefMarTech, January 6, 2020.

In some cases, these archetypes are further characterised by specific titles:

- **Content Curator**: Focus on content creation and curation, social media marketing and PR.
- **Experience Engineer**: Focus on in-store experience, mobile app development, ecommerce technologies and product/service design.
- **Media & Marketing Analyst**: Identification of target groups and markets, media/marketing mix modelling.
- **Requirements Engineer**: Designing of processes and development of use cases and requirements. Interface between business and IT, usually in the expanded role of rollout manager.

Across countries, the focus on marketing operations goes hand-in-hand with the ongoing journey towards data-driven marketing and the use of MarTech (figure 4).

Prio.	Austria	Germany	Ireland	Lithuania	Netherlands
1	Acquisition of New Target Groups (vs. growth among existing target groups)	Increased focus on Digitalization and Implementation of MarTech	Focus on Brand Management and Reach (Upper Funnel)	Focus on Brand Management and Reach (Upper Funnel)	Focus on Brand Management and Reach (Upper Funnel)
2	Focus on Brand Management and Reach (Upper Funnel)	Focus on Marketing Operations (Execution)	Focus on Marketing Operations (Execution)	Decrease of (internal) Organizational Barriers	Focus on Marketing Operations (Execution)
3	Development of New Sales Channels (Direct-2-Consumer, Omnichannel)	Increase in Cross-Functional Teamwork and Projects	Increased focus on Digitalization and Implementation of MarTech	Focus on Marketing Operations (Execution)	New Business Models (vs. existing business model)

Prio.	Switzerland	UK	Portugal	Spain
1	Acquisition of New Target Groups (vs. growth among existing target groups)	Focus on Brand Management and Reach (Upper Funnel)	Focus on Brand Management and Reach (Upper Funnel)	Focus on Brand Management and Reach (Upper Funnel)
2	New Business Models (vs. existing business model)	Increased focus on Digitalization and Implementation of MarTech	Focus on Marketing Operations (Execution)	New Business Models (vs. existing business model)
3	Focus on Brand Management and Reach (Upper Funnel)	Focus on Marketing Operations (Execution)	Increased focus on Digitalization and Implementation of MarTech	Increased focus on Digitalization and Implementation of MarTech

Figure 4 | Most important strategic focus in Europe in 2024 by countries (Top 3 from top 5 focus areas, Mult Response, n=1,287)

In essence, three different groupings (clusters) have crystallised here: on the one hand, the "**business model pioneers**" with a focus on new business models, employee training, the development and expansion of marketing operations functions or MarTech. Then there are the "**efficient cost managers**" followed by the more traditional "**brand managers**" (figure 5).

	Innovators and Business Model Pioneers	**Efficient Cost Managers and Market Expanders**	**Strategic Marketers and Brand Management**
Overall strategic focus 2024	• New business models (vs. existing business models) • Certified training of employees • Increased need for KPI frameworks, measurement & data models • Focus on marketing operations, improvement of websites, e-commerce, CRM-systems, data analytics • Increased focus on digitalization and implementation of marketing tech • Retail media (monetarization and activation of customer data)	• Reduction in budgets and spending • Focus on supply chain & efficient delivery networks • Acquisition of new target groups (vs. growth among existing targets groups) • Redesign of marketing processes • Focus on sales and performance marketing (lower funnel)	• Focus on brand management & reach (upper funnel) • New business models (vs. existing business models) Pricing strategy (high inflation, low growth) • Reallocation of spend/budget • Focus on existing markets (vs. developing new markets) • Increase in cross-functional teamwork and projects • Decrease of (internal) organizational barriers
Countries	• Germany (68 %) • Portugal (8 %) • Ireland (5 %)	• Portugal (30 %) • Lithuania (22 %) • Switzerland (11 %) • Germany (11 %) • Austria (11 %)	• Austria (13 %) • Germany (20 %) • Ireland (14 %) • Portugal (18 %) • Netherlands (9 %) • Lithuania (9 %) • UK(7 %)
Top 3 sector	• Consumer Goods (FMCG) • Retail • Manufacturing, Construction and Engineering	• Retail • Not for Profit, Public Sector, Education (including charities and NGOs) • Banking, Financial Services, Insurance	• Consumer Goods (FMCG) • Marketing Services (including agencies, research and consultancy) • Banking, Financial Services, Insurance
Organisation annual revenue	Upper / large business (€100-500 million and over) (57 %)	Micro/ small business (€0.5-49 million) (53 %)	Upper/ large business (€100-500 million and over) (44 %)
Experience	10-19 years (70 %)	2.5 to 9 years (50 %)	Over 20 years (61 %)
Operational areas & projects - Top 3	1. Customer Experience Mgmt. (64 %) 2. CRM Databases & Management (48 %) 3. Marketing Automation (31 %)	1. Digital Marketing (in total) (48 %) 2. Brand Strategy & Management (24 %) 3. Artificial Intell igence (AI) (24 %)	1. Digital Marketing (in total) (42 %) 2. Brand Strategy & Management (29 %) 3. Artificial Intelligence (AI) (28 %)

Figure 5 | Clusters with regard to strategic focus areas in 2024 (Top 5, Mult Response, in percent, n=1,287)


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MOST IMPORTANT TOPICS IN 2024: AI … FROM ZERO TO HERO

While artificial intelligence (AI) was still at the bottom of the list of priorities in 2023 (0 % approval), the picture has completely changed for 2024: AI catapults to the top of the list of operational topics in marketing in Europe in 2024 (45 %), followed by digital marketing (40 %) and customer experience management (38 %; figure 6).

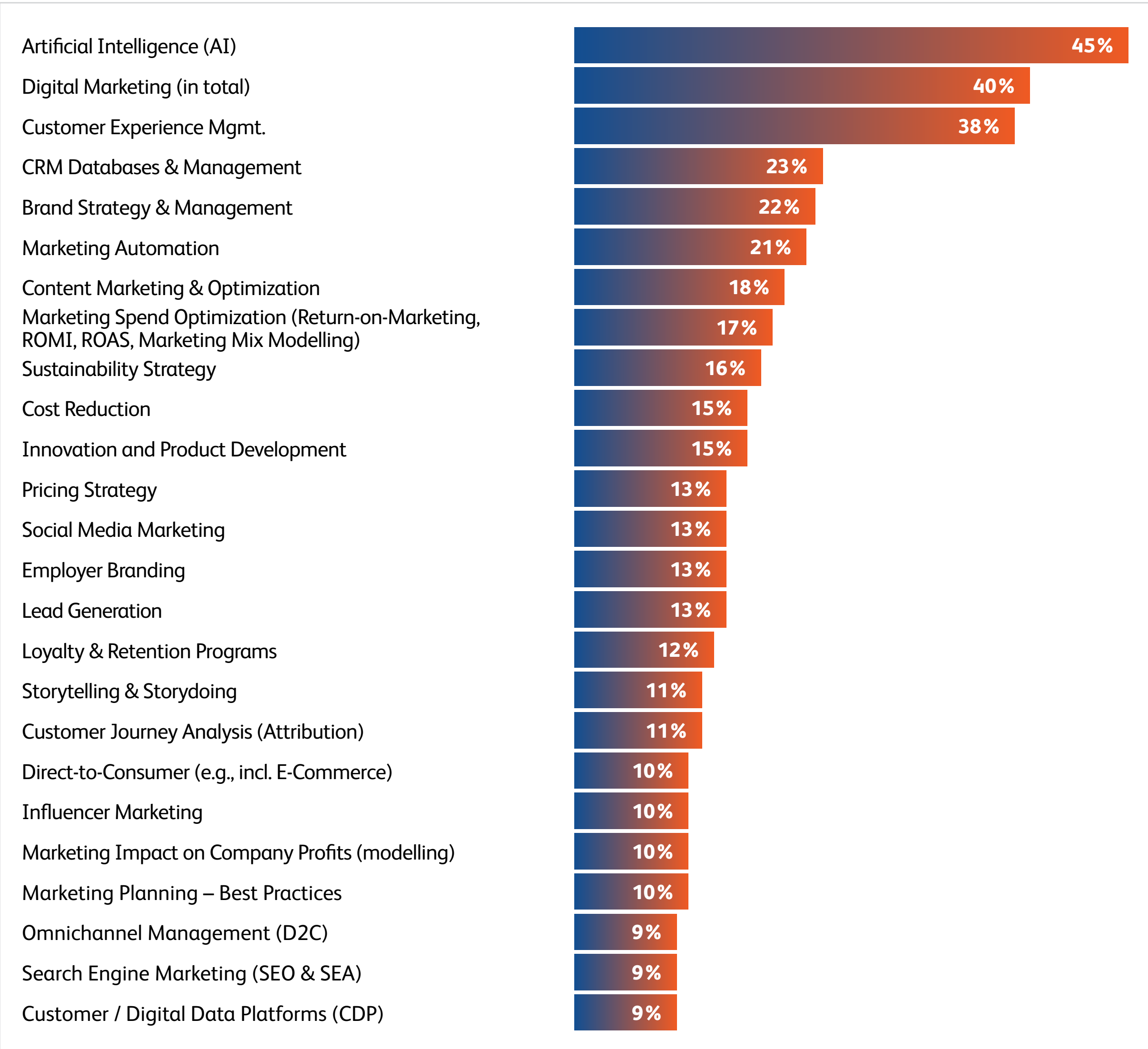

Figure 6 | Most important topic areas in 2024 (Top 5, Mult Response, in percent, n=1,287)

The reason: Since the beginning of 2023, the discussion about Generative AI has given a significant boost to discussions about artificial intelligence (AI). From Zero to Hero: The voice application ChatGPT(Generative Pre-Trained Transformer) proved to be a real game changer for the assessment of AI at the beginning of 2023. Millions of users were reached in record time and, according to the company, over 175 billion parameters are already being used in GPT-3 to recognise and form sentences and word groups in iterative loops. To train GPT, the model is fed a large text dataset and then asked to predict the next word in a sequence based on the previous words.[4] With ChatGPT as an application in the field of large language models and supervised/ reinforcement learning, the application and use of AI has left the embryonic stage - the contours for future use are already emerging and has led to a boom in development and investment in newer application scenarios.

However, the drama starts at the beginning: different ideas clash with new terms. Artificial intelligence is an umbrella term for all applications in which machines perform human-like intelligence. This includes machine learning, natural language processing (NLP) and deep learning. What is really new is not so much the perception/input of data as learning and understanding. What real AI systems have in common is that they are trained in the processing component and can thus learn and achieve better results than conventional methods based on rigid, clearly defined, and hard-coded sets of rules. The most obvious examples of this are speech, text, and image recognition. AI systems not only recognise letters in an image (syntax), they also know what the word “complaint” means (semantics).

Strong AI describes the point at which IT systems are able to think and act in a human-like (or superior) way.[5] This process is also used to train the automatic labelling of images: Humans add descriptions (tags) to images, for example, and the algorithm learns to classify new images itself based on the examples. Applications such as ChatGPT are categorised as **weak AI** for solving predefined tasks. Examples include systems that can recognise images or convert spoken language into text. Machine learning is often equated with AI, but strictly speaking it is one tool among many in AI (figure 7). Machine learning (ML) subsumes all processes in which computer algorithms learn from data, for example to recognise patterns or display desired behaviour, without each individual case having been explicitly programmed.

4 Brown, T.B.; Mann, B.; Ryder, N. et al.: Language Models are Few-Shot Learners, July 22, 2020.
5 Russel, S.; Norvig, P.: Künstliche Intelligenz, Ein moderner Ansatz, Hallbergmoos 2012.

Machine Learning / Artificial Intelligence

Supervised Learning		Unsupervised Learning		Deep Learning		Other Approaches
Regression	**Classification**	**Clustering**	**Factor Analysis**	**Time Series**	**Unstructured**	**Reinforcement Learning**
Lasso, Ridge, Loess, KNN, Spline, XGBoost	Logistic, SVM, Random Forest, Hidden Markov	K-means, Birch, Ward Spectral Cluster	PCA, ICA, NMF	Multilayer Perceptron (MLP), Convolutional Neural Nets (CNN), Long Short-Term Memory (LSTM), Restricted Boltzmann Machine (RBM)		Semi-Supervised
						Active Learning

Figure 7 | Classification of different forms of AI (Marketing Tech Monitor 2023)

In **supervised learning** a learning algorithm attempts to find a hypothesis that makes predictions as accurately as possible based on statistical forecasts. The results of the learning process can be compared with the known, correct results, i.e. “monitored”. The association of new, unknown data is estimated based on the trained model. With **unsupervised learning** there are no known target values or a reward from the environment at the beginning. Instead, as part of the exploratory data analysis, an attempt is made to recognise patterns in the input data that deviate from a structureless noise. An artificial neural network, for example, is guided by the similarity to the input values and adapts the weights accordingly. **Deep learning** focusses on more complex application scenarios, for example based on artificial **neural networks**, which have numerous hidden layers between the input layer and the output layer and therefore have an extensive internal structure. The topology of a network (the assignment of connections to nodes) is designed depending on the respective task. The construction of a network is followed by the training phase, in which the network “learns” by modifying the weights of the neurons. This enables neural networks to capture complicated non-linear functions using a “learning” algorithm: Using iterative/recursive loops, an attempt is made to determine all the parameters of a function from existing input and desired output values. In contrast to machine learning, the learning algorithms in **cognitive learning** are not predetermined. Put simply, these systems form hypotheses about structures and statements from the recognised patterns in the data (exploratively), which are then validated in a wide variety of application scenarios with probabilities and hypotheses.

Reinforcement learning is based on the strategy of natural learning and stands for a series of machine learning methods in which an agent independently learns a strategy to maximise the rewards it receives. The agent is not shown which action is best in which situation, but instead receives a reward at certain points in time, which can also be negative. Based on these rewards, the agent approximates a utility function that describes the value of a certain state or action.

Learning can be compared here to a type of conditioning in which the system is “rewarded” if it has reacted correctly and “penalised” if the result does not correspond to the expectation. In simple terms, the learning process known as the agent is located in an environment that has a distinct finite set of states and actions. At any given time, the agent determines the state of the environment and reacts to it with one of the available actions. The environment reacts to the action and “rewards” or “penalises” the agent’s action. The agent takes this reaction from the environment and adapts its behaviour for future decisions. A “reward” encourages the execution of the action, while a “punishment” leads to a change in the agent’s future decisions when choosing an action. The system or the agent is in a **Markov Decision Process** in which the environment, the status and the actions are defined. It leads the agent to find out how to maximise the “reward”.

The model is then assessed for its ability to accurately predict the next word and its parameters are adjusted accordingly to gradually improve its performance. This process is repeated until the model has reached a satisfactory level of performance (figure 8).

Other topics such as content marketing, direct-to-consumer (omnichannel) and customer data platforms remain in the same positions as in 2023.

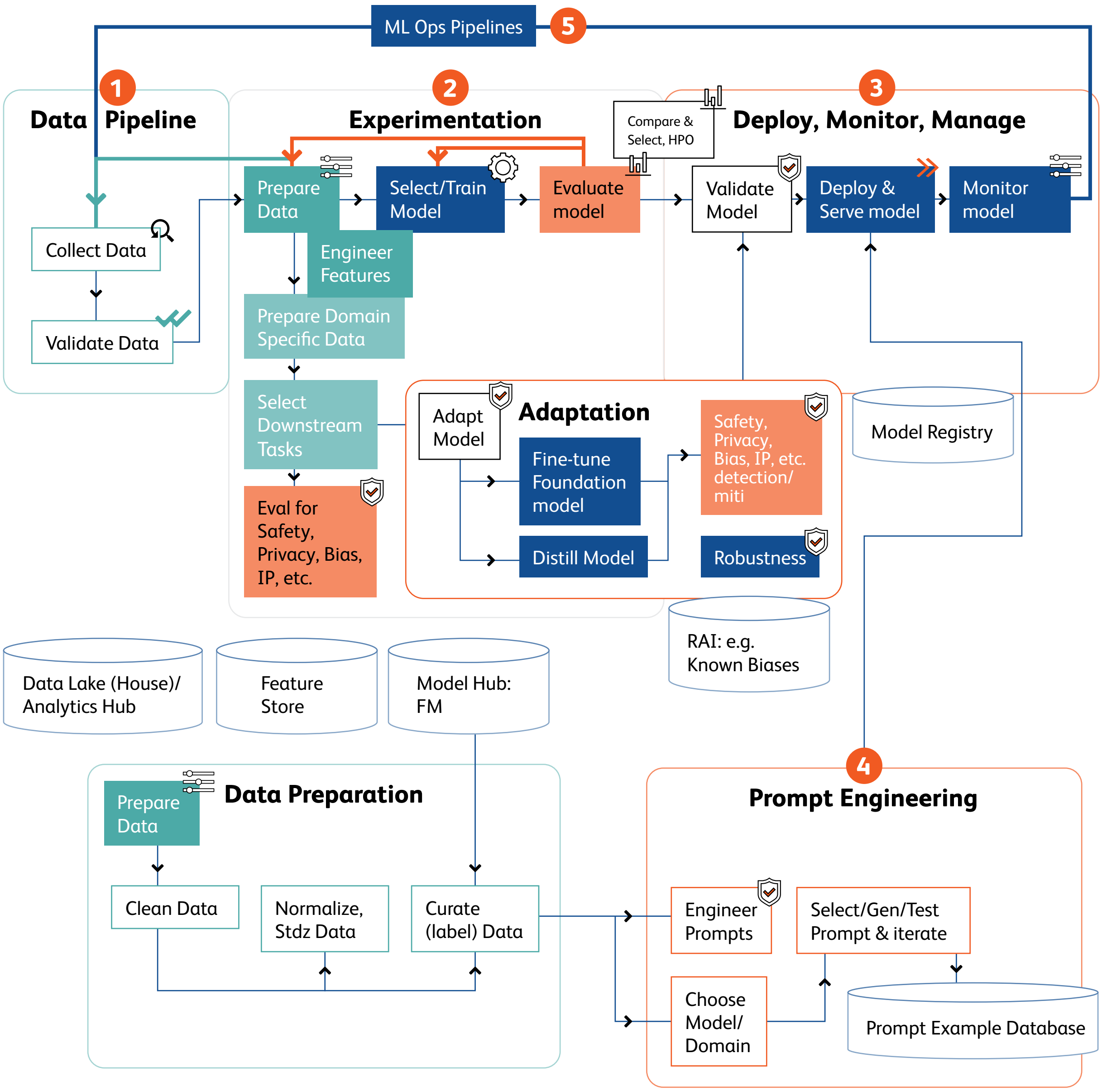

Figure 8 | Generative AI Cycle according to Arsanjani[6] (Marketing Tech Monitor 2023)

6 Arsanjani, A.: The Generative AI Life-cycle, in: Medium, March 21, 2023.


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AI CONTINUES TO TAKE OFF … FROM RATHER SIMPLE TO MORE SOPHISTICATED APPLICATION SCENARIOS

With ChatGPT as an application with LLMs and supervised/reinforcement learning, the deployment and use of AI has slowly left the embryonic stage. This has led to a development and investment boom in newer application scenarios, ranging from creative development to price optimisation and customer experience management (figure 9).

Strategic advice (Co-Pilot), SWOT-Bot, New Business Opportunities/ Models, ...		
Content Production, Hyper Personalization, Engagement (Bots), Automated Campaigning ...	Sales Bot, Lead Generation and Classification, Automated Campaigning ...	Underwriting Risk classification and prediction, ...
Product description, Recommendation, Virtual Assistant, ...	24/7/365 Service (Bots), Personalization, Q&A, Automated Campaigning ...	Contract Approval/ Generation, Drafting documents, ...
Personalized Training and Onboarding, Job Descriptions, ...	Claim Automation/Prediction	Code Generation, Code Translation, Code Approval, ...
Knowledge Co-Pilot, Generation/ Enrichment of Knowledge Graphs, ...		
E-Mail Generation/ Sorting, Meeting Summarization, Action Follow-up/ Scheduling		
Automated Market Research, Customer Insights, Product Optimization		

Figure 9 | Scenarios for the usage of AI in marketing (according to Gentsch)

The next wave of AI in marketing and sales is already "ante portas" with **Causal AI**. The fundamental problem with existing AI models is that the model learns from training data and in this case the data for answering counter-intuitive/factual questions is not observed and measured. Causal AI, on the other hand, solves this problem, for example in the form of a Bayesian network (figure 10). Prominent fields of application include customer experience management, marketing mix modelling and price optimisation.

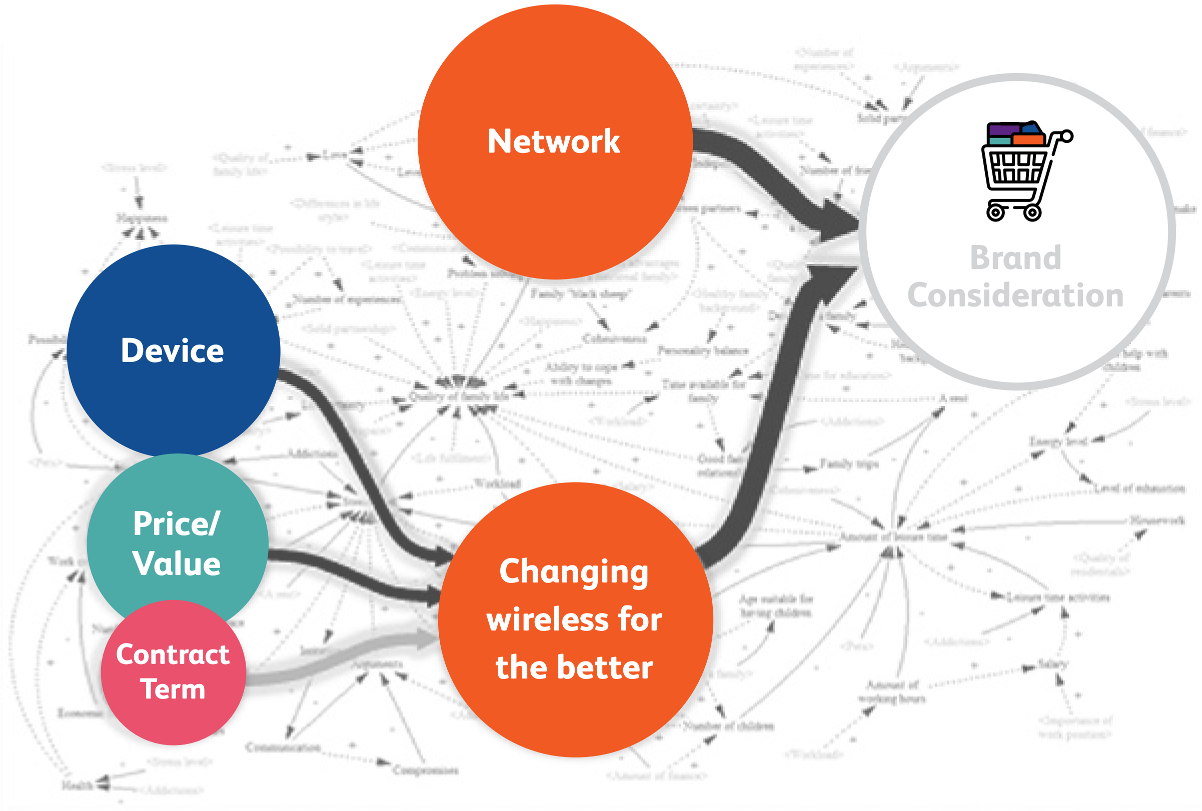

Figure 10 | Bayes' Network for dependencies in revenue (according to Success Drivers/Frank Buckler)

Although more than 43 % of companies in Europe have now placed the topic of “artificial intelligence” at the top of their hit parade, the majority are still familiarising themselves with the topic or have already launched their first pilots (figure 11).[7] Beyond the hype, estimates predict an increase in labour productivity of up to 35 %.[8] Around 80 % of workers have at least 10 % of their work tasks affected by GPT models, and 19 % of workers even have at least 50 % of their tasks completely replaceable.[9]

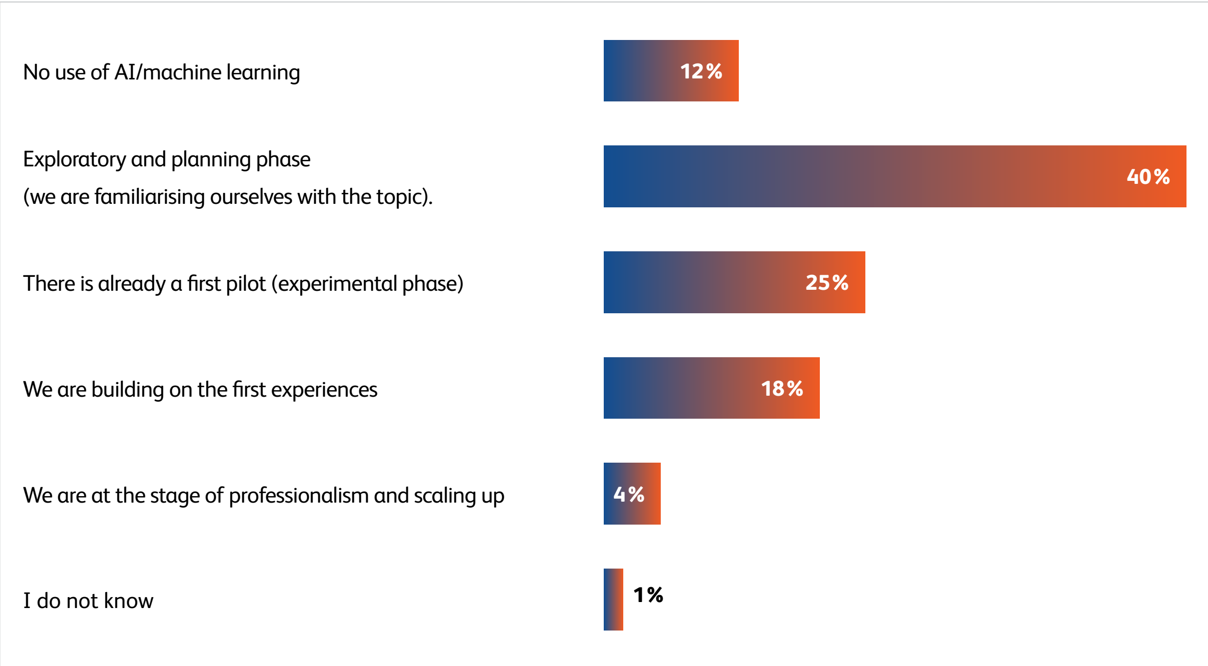

Figure 11 | Intensity of know-how on the usage of AI in marketing, sales, and service (in percent, n=1,287)

7 European Marketing Confederation: European Marketing Agenda 2023, Düsseldorf/Brüssel, März 2023; Hesel, N.; Buder, F.; Unfried, M.: The Next Frontier in Intelligent Augmentation: Human-Machine Collaboration in Strategic Marketing Decision-Making, in: NIM Marketing Intelligence Review, Volume 14 (November 2022) No. 2.

8 Noy, S.; Zhang, W.: Experimental Evidence on the Productivity Effects of Generative Artificial Intelligence, MIT, Boston, March 2, 2023.

9 Manning, S.; Mishkin, P.; Rock, D.; Eloundou, T.: GPTs are GPTs: An Early Look at the Labor Market Impact, Potential of Large Language Models, University of Pennsylvania, March 21, 2023.

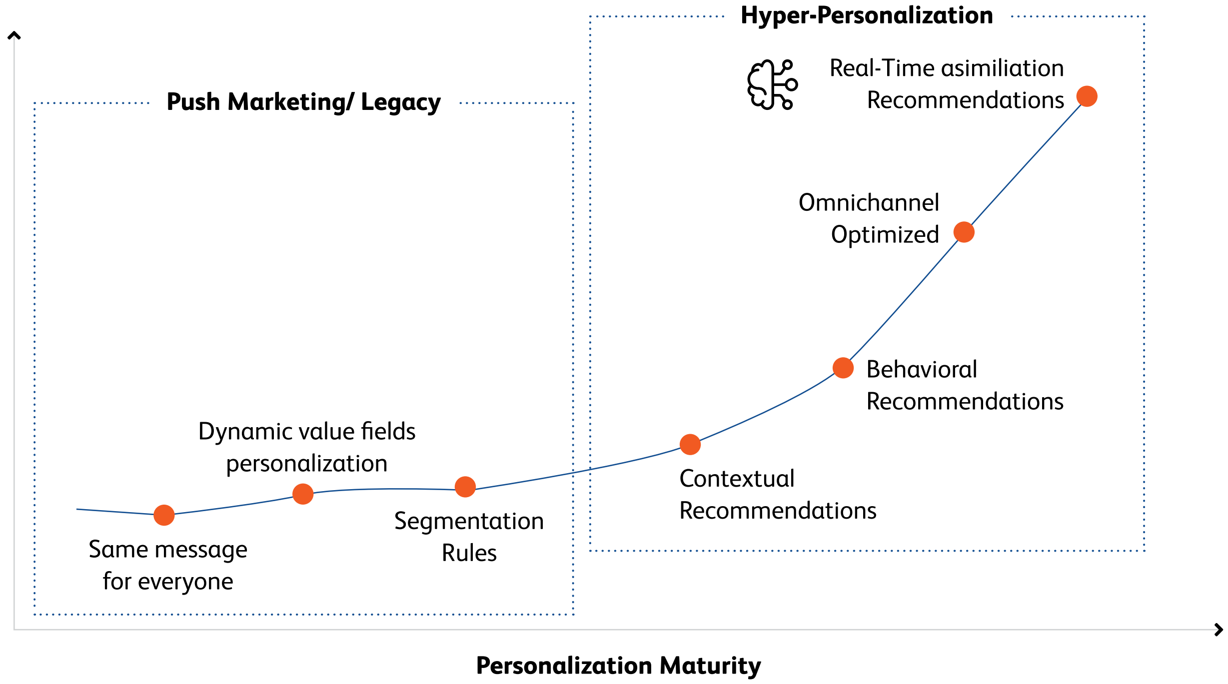

Figure 12 | Hyper-Personalisation on the basis of GenAI according to Charbel[10]

The myriad of possible application scenarios thus ranges from digital voice assistants (such as Google Assistant), big data analytics (e.g. for pattern recognition in user behaviour), the classification of websites and advertising content according to relevance, hyper targeting and (content) personalisation, chatbots in customer service, next best action or offer in-marketing automation or even personalised content or content creation. From a marketing and sales perspective, AI application scenarios therefore offer (within limits) the option of:

- **Hyper-personalisation**: ChatGPT can be tailored to specific data sets or specific targets, for example, so that it can deliver personalised responses that are tailored to specific target groups or use cases (figure 12).
- **Zero-shot response generation**: the generation of responses to unprecedented requests without any fine-tuning or additional training.
- **Contextual understanding**: Applications such as ChatGPT are able to maintain a consistent understanding of the context of a conversation, enabling it to generate responses that are or appear relevant and on-topic.

10 Charbel, M.: Top 3 Generative AI use cases and tools for B2C in 2023, in: StartUp Stash, 5. August 2023

The focus of use is currently still in the area of conversational AI (e.g. chatbots in service) or content creation (e.g. for social media; figure 13).

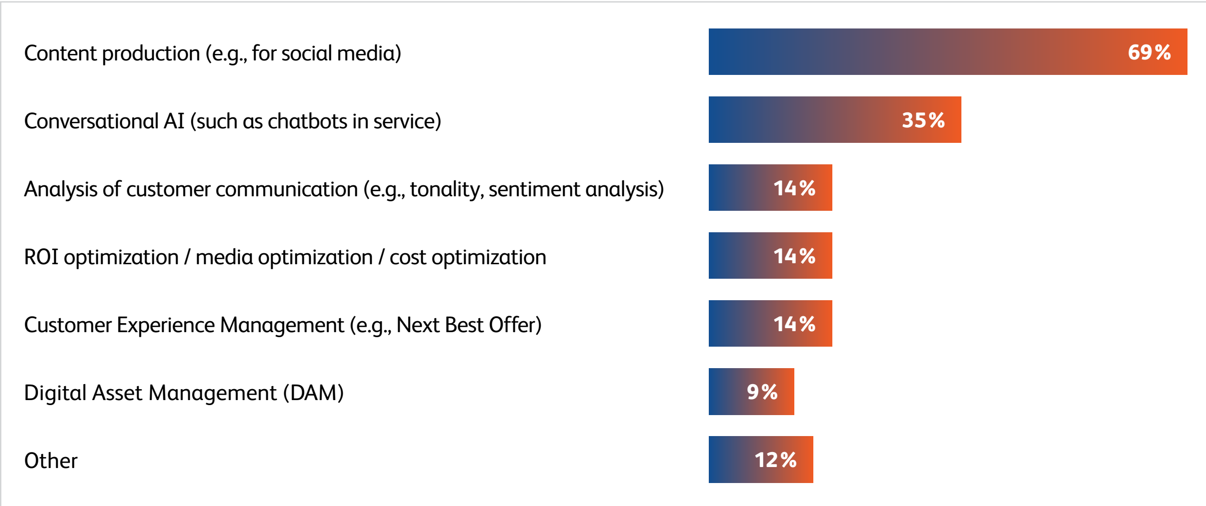

Figure 13 | Used application scenarios for AI (in percent, n=1,287)

The challenge: While technologies are developing exponentially, corporate organisations are only able to achieve logarithmic change at best. Following *Goethe*, most organisations assume that the earth is shaped by the power of leisureliness ... in the sense of: "*soft water breaks the stone*". However, the technological or intellectual opponent in the form of modern marketing technologies and AI dictates the speed of evolution ... beyond all leisureliness ... in the best style of an impetuous *Alexander von Humboldt* on his own "Big Expedition". In practice, *Goethe's* leisureliness has so far ensured that the full-bodied promises of salvation have mostly failed due to trivial reasons, such as insufficient in-house expertise or still insufficiently aggregated or available data in a sea of tools (figure 14).

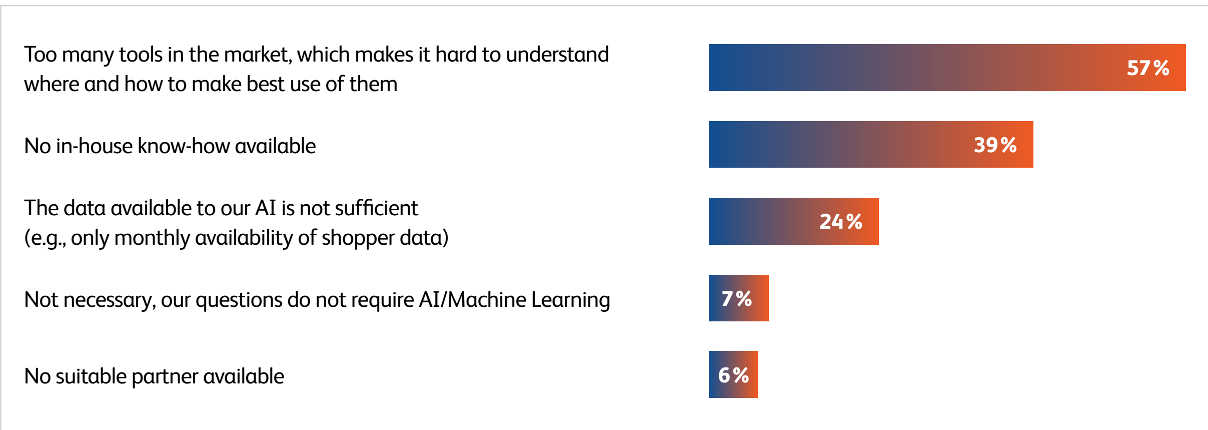

Figure 14 | Biggest challenges in the usage of AI (in percent, n=1,287)


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HURDLES AND CHALLENGES IN 2024: THE VIA DOLOROSA TO DATA-DRIVEN MARKETING

Aggregating the most important challenges for marketing & sales across Europe in 2024, the topic of "*Consolidation of distributed customer data to determine a 360-degree customer view*" is still at the top of the list (44 %), followed by the importance of AI for the business model (38 %) and a consistent customer experience across all touchpoints (28 % ; figure 15).

In contrast to the many discussions about customer centricity, the systematic collection and use of customer data as a basis is still only present to a rudimentary extent in most companies in Europe. The outcry for excellent data quality and the need to lay the foundations for data-driven marketing still often goes unheeded. The reasons for this lie primarily in the CRM area (Personal Ident Information, PII) in:

- the distribution of necessary customer data on different IT systems without standardised syntax and semantics.
- customer contacts and interactions are seen as "master knowledge", especially in sales, and are maintained in individual contacts (such as Microsoft Outlook) rather than in a CRM system that is also accessible to other areas and would make this customer knowledge replicable and transparent (in time).
- the lack of a key identifier to assign the same entities: 1st party, 2nd party and 3rd party data are not yet collected in a user profile (ID). As a result, customers are not precisely identified at all touchpoints.
- the maintenance of customer data is always put on the back burner due to the effort involved in day-to-day business ... as data maintenance is rarely a "career-boosting move".
- the customer data is not immediately available in the required granularity.

Logical consequence: for the next 2-3 years, the consolidation and harmonisation of user data (anonymised, personalised) will have top priority with a significant impact on the continued existence of companies. The “bright side of data power” must first be conquered before other concepts and applications such as customer experience or loyalty programmes can (or should) be further developed and expanded.

Figure 15 | Biggest challenges and barriers in the coming 12 months in marketing in Europe in 2024 (Top 5, Mult Response, in percent, n=1,287)

There are only gradual differences between the countries, led by the pursuit of data consolidation and a common understanding of the AI-induced changes in data-driven customer interaction (figure 16).

Prio.	Austria	Germany	Ireland	Lithuania	Netherlands
1	Collection, consolidation, and quality of distributed customer data for gaining a 360-degree view on the customer	Collection, consolidation, and quality of distributed customer data for gaining a 360-degree view on the customer	Consistent customer experiences across all touchpoints	Collection, consolidation, and quality of distributed customer data for gaining a 360-degree view on the customer	Lack of understanding and knowledge of how AI will change the way we do business
2	Legislation like data protection laws (GDPR) etc.	Lack of integration of data science processes into existing processes (marketing planning, media buying, etc.)	Lack of understanding and knowledge of how AI will change the way we do business	Lack of practical and efficient CRM system	Consistent customer experiences across all touchpoints
3	Recruitment of employees with relevant experience	Lack of understanding and knowledge of how AI will change the way we do business	Collection, consolidation, and quality of distributed customer data for gaining a 360-degree view on the customer	Legislation like data protection laws (GDPR) etc.	Collection, consolidation, and quality of distributed customer data for gaining a 360-degree view on the customer

Prio.	Switzerland	UK	Portugal	Spain
1	Lack of understanding and knowledge of how AI will change the way we do business	Lack of understanding and knowledge of how AI will change the way we do business	Lack of understanding and knowledge of how AI will change the way we do business	Collection, consolidation, and quality of distributed customer data for gaining a 360-degree view on the customer
2	Legislation like data protection laws (GDPR) etc.	Consistent customer experiences across all touchpoints	Collection, consolidation, and quality of distributed customer data for gaining a 360-degree view on the customer	Lack of understanding and knowledge of how AI will change the way we do business
3	Realignment of processes	Legislation like data protection laws (GDPR) etc.	Legislation like data protection laws (GDPR) etc.	Consistent customer experiences across all touchpoints

Figure 16 | Biggest challenges and barriers in the coming 12 months in marketing in Europe in 2024 in different countries (out of Top 5 topic areas, Mult Response, n=1,287)

In addition to the sheer availability of data, the challenges of implementing and utilising **data science** in terms of processes, tools and skills are just as complex ... as they have been known for many years.

- **Multicollinearity**: when two or more explanatory variables have a very strong correlation with each other. With increasing multicollinearity, the estimation of the regression coefficients in the regression analysis, for example, is inaccurate and the model interpretation is no longer clear.

- **Lack of standards in measurement**: i.e. lack of consensus on how the effectiveness of marketing measures should be measured as ROMI, ROAS or as effectiveness (incremental sales from the campaign/activity) or also definitional differences in the meaning of KPIs between countries (e.g. GRP).

- **Lack of transparency of the models**: Providers are reluctant to answer questions about the details of the models. Without the possibility of checking the model themselves, companies can neither validate nor confirm the accuracy of the models. This can be compensated for by withholding selected data and ex-post validation with the modelling results.

- **Measurement of advertising content**: Adverts can show the same GRP figure but appeal to customers very differently.

- **Dynamic effects**: Temporal spill-over effects, cross-brand impact or halo effects must be recognised separately.

- **Interaction effect between advertising media**: They can be tested for synergy effects using classification, decision tree or CHAID methods and included in the model as interaction variables if necessary.

- **Non-linear effects**: There are studies that show that a minimum threshold of advertising must be reached in some channels in order to achieve an effect. These channels also generate almost no additional demand once a saturation point has been reached. This means that media are often better modelled with an S-shaped curve than with a linear regression model;

- **Instability of the coefficients**: It can be determined via subsamples and the estimation of the coefficients in different subsamples.

- **Lack of integration/use of the results in practice**: The analyses and modelling carried out are not taken up in the ongoing planning process - this results in “modelling for the bin” - the results of the modelling are often “cupboard goods”.


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CUSTOMER JOURNEY AND CUSTOMER EXPERIENCE MANAGEMENT RELOADED WELCOME TO THE "TOUCHPOINT TINDER"

Contrary to all the discussions and testimonials of honour over the last few years, there is already a lack of basic information: Only just under a quarter of company representatives state that they have defined their customer journey in both macro and micro processes and have documented user models (figure 17). The **customer journey** as a potential customer's path from initial contact with a company, a product or a service to the conclusion of a purchase and beyond is missing as a content-related conceptual basis with the necessary content granularity (outside-in) and flexibility. The "Touchpoint Tinder" usually lacks a continuous description of all the touchpoints that a potential customer passes through on their journey across all interaction channels until they carry out a desired action such as a purchase or a recommendation. The customer journey analysis and map must be continuously developed in line with the underlying customer interactions.

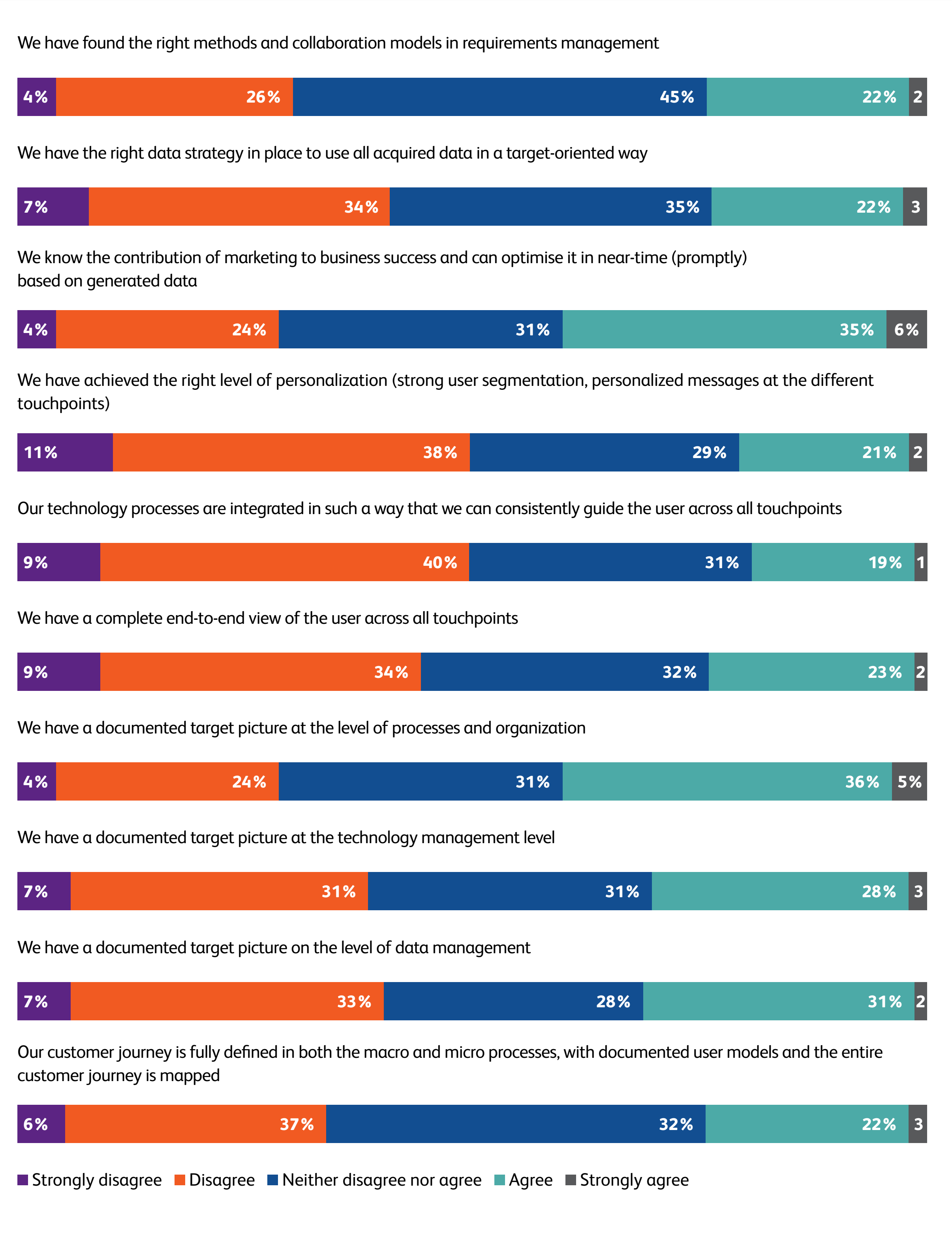
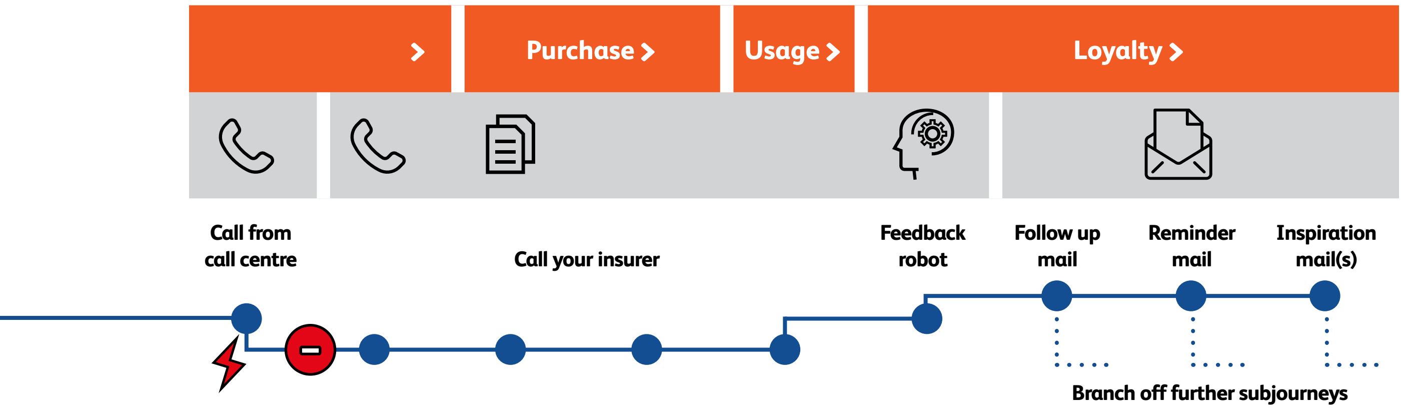


Figure 17 | Availability of target pictures and customer journey analysis (in percent, n=1,287)

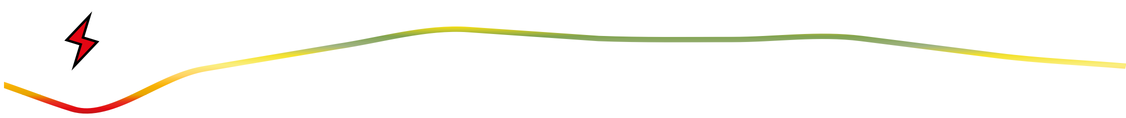
In each phase, the (potential) customer passes through various contact points until their journey ideally leads to a purchase, which ideally turns them into a loyal customer through further positive experiences. Customer journey mapping makes the complexity transparent by visualising the complete journey of an ideal-typical customer (persona) with all touchpoints using a **customer journey map** (figure 18). The mapping helps to track, aggregate, analyse and ultimately evaluate individual customer experiences on a large scale. In this way, discrepancies between the customer's actual and desired experiences and actions can be uncovered and targeted improvements can be implemented.

Phase	**Inspiration / Demand >**				**Consideration**			
Touchpoints	**Instagram Personal Feed**	**Instagram Ad in Feed**	**Instagram Ad**	**Landing Page**	**Website**	**Website Google Restart**	**Comparison portal**	**Comparison portal**
Need	I want to relax.	I would like to save money.	Is the offer something for me?	I would like detailed information.	I would like detailed information.	I want to find a new insurance company.	I would like to compare providers across the board.	I want a result.
Action	I scroll through my feed.	I see an advert for home contents insurance that seems cheap.	I click on the advert and take a look at the landing page.	I scroll down the landing page and click on “Learn more”.	I try to find my way around the website, but stop here.	I switch to google and search for “home insurance”	I enter my requirements. The comparison portal has already recognised me as an existing customer.	I switch from provider to provider and try to come to a conclusion.
Emotion of Client								
Painpoints	[…]	[…]	[…]	The small print is illegible on my mobile phone.	The website is confusing and I am more confused than before.	[…]	[…]	The providers are almost on a par, I’m hesitating. I need advice from someone I trust.
Insights	[…]	[…]	[…]	Price is not the only decisive factor.	Website is mobile optimised, but not designed appropriately. Hidden information on subpages.	[…]	Personalisation and recognition can help to reduce friction, e.g. through preselection.	Too much information and providers that are similar. There is no real distinguishing feature.
Technologies	FB Planner, Adserver (DoubleClick)	FB Planner, Feed management Adserver (DoubleClick)	FB Planner, Adserver (DoubleClick)	CMS, Content-managemet, Tagmanage-ment, AB Testing	CMS, Content-management, Tagmanage-ment	Google Serach Konsole	Social listening/ web crawling (understanding frictions, ratings)	Feed management
KPI & Metrics	[…]	Reach	CTR, engagement rate (engagement types)	Qualitative Visits (Def.), UX Experience, Consentrate, Bouncerate	Number of pages viewed, product page views	Bidding Quality, Bidding Efficiency (Def.)	Reach Listung Position, attributed CPO, CLV, Channel ROAS (im Vgl. / per Benchmark)	Converted Reach, Listung Position, attributed CPO, CLV, Channel ROAS (im Vgl. / per Benchmark)

Figure 18 | Customer Journey-Map (example utilities; Marketing Tech Monitor 2023)



I want to be left alone.	How does my contract compare to the market.	I would like to understand.	I want to be well insured in the future too.	I want to be well insured in the future too	I want to be taken seriously and give feedback.	I would like to summarise and rethink my pension provision.	I am reminded, but I want to decide for myself whether I react.	I want to stay up to date without getting too many adverts.
I get a call from the comparison portal. I wave the caller off because he is disturbing my thoughts.	I speak to my insurance company and call to enquire about a possible discount.	All questions about the tariff and benefits are clarified during the conversation. I'm delighted because I'm on the best tariff. Even cheaper!	I decide to stay with my current contract.	I find out what other products my insurer has on offer and have documents sent to me.	I give the call good feedback.	I read through the documents sent to me and arrange a further consultation.	[…]	[…]



I'm interrupted by a phone call. I'm not ready yet.	[…]	The insurance documents are filed away and are only retrieved in the event of a claim.	[…]	[…]	[…]	[…]	[…]	[…]
Finding the right time and the right communication channel is key.	[…]	Customers take the easiest way to contact us without having to trawl through documents themselves.	Regular contact with customers is essential to preserve retention.	Personal contact and needs assessment is the best approach for topics that require explanation.	Customer sentiment can also be used in CRM to mark retention metrics or upsells.	Every contact, including complaints, is an opportunity for up-/cross-selling.	The right timing and frequency is key.	HubSpot (Marketing Automation), Zendesk (Call Center), CRM, ERP
Zendesk (Call Center)	Zendesk (Call Center), CRM	Zendesk (Call Center), CRM, ERP	Zendesk (Call Center), CRM, ERP	HubSpot (Marketing Automation), Zendesk (Call Center), CRM, ERP	Qualtrics, CRM	Hubspot (Marketing Automation)	Hubspot (Marketing Automation)	
Outboundrate, Conversion rate	Inbound rate, Satisfaction survey number of contacts to this customer	[…]	Satisfaction survey, interaction quality, interaction frequency	CRM analyses, ERP (financial statements)	Satisfaction survey	[…]	[…]	Email opening rates

Water in the wine of exuberant customer journey euphoria: a complete end-to-end view of a user across all touchpoints is still lacking in almost 43 % (top boxes) of companies today and the integration of technology processes is usually lagging behind accordingly. The topics and **challenges** of a customer journey analysis are as fundamental ... as they are trivial:[11]

- **Ignorance**: A customer journey analysis is not carried out because, based on years of experience in the market, there is a firm belief that the customer and their needs or touchpoints are already well known.
- **Incompleteness**: Focusing purely on increasing sales figures (inside-out) without considering the needs from the customer's perspective (outside-in).
- **Limitation to a few touchpoints**: leads to a fragmented customer experience.
- **"One-Off"**: Systematic monitoring and permanent implementation in regular processes are omitted. The study on the customer journey becomes "cupboard goods", similar to many market research studies.
- **Lack of consistency**: no standardised value proposition across all touchpoints.

Over the last four to five years, the market has been following the ideal of a comprehensive **customer experience management**: total customer experience management (also known as experience design) focuses on creating high-quality and consistent interactions with the customer across all contact points and throughout the entire life cycle of a customer or product.[12]

"In the modern world, the physical and digital experiences a customer has from the initial interaction to the chat with customer service have become crucial".[13]

11 Mixon, E.; Horwitz, L.; Customer Journey Mapping, in: TechTarget, June 2020.
12 Fluckinger, D.: What is customer experience management (CEM or CXM)?, in: TechTarget, July 2020; Sheehan, J.: Customer Experience Management Field Manual: The Guide For Building Your Top Performing CX Program, Boston 2019; Priestley, A.: Customer Experience: 22 international CX professionals share their current strategies for achieving impact and visibility using best practice CX, Writing Matters 2019.
13 Webber, A.; Trinidad, G.: A Platform Approach Is Critical to Customer Engagement Success and Building Trust, IDC White Paper, March 2023.

The life cycle of a customer experience therefore encompasses all customer relationships at all levels from brand awareness before the purchase to the replacement or disposal of products and solutions.[14] The overwhelming majority of senior executives in marketing in Europe identify customer experience management as a key focus in 2024. The key to customer loyalty lies in providing customers with the best possible experience ("moments of truth") at all times. The customer experience is significantly characterised by the perceived quality as well as the "experience flow" - i.e. the extent to which services and products are presented as high-quality, tailored to the user's needs (relevant) and in a natural sequence in terms of perceived attributes and presentations. The focus is on the desire for diverse, but consistent, and high-quality dialogue opportunities between customers and companies. In other words: optimum customer satisfaction with optimum utilisation of the customer's potential ("share of wallet"). While CRM adopts a more instrumental and procedural perspective (inside-out), CX management focuses on the customer's perception as a higher-level concept (outside-in; figure 19).

14 Carlzon, J.: Moments of Truth, Cambridge 1989; Jaffe, J.: Flip the funnel. How to Use Existing Customers to Gain New Ones, Chichester 2010; Webb, N. J.: The Digital Innovation Playbook: Creating a Transformative Customer Experience, Chichester 2011.

Customer Relationship Management (CRM)	Customer Experience Management (CX)
Includes all strategies, concepts and application scenarios to actively design and analyse all customer interactions and data throughout the entire customer life cycle.	A customer's perception after interacting with a company, brand, product or service.
Improves customer relationships across marketing, sales and service; supports customer retention and sales growth.	Collection of all processes that organise, track and control interactions with a customer over the entire customer lifecycle.
Aggregates data across all customer interactions and channels, including websites, call centres, live chats, mail, marketing assets and social media.	CX extends the vision of an optimised customer journey via simple conversions and sales to all areas of the company and channels
Provides all employees with direct customer contact with detailed information about the customer such as contact details, purchase history, preferences or complaints.	Requires a 360-degree view of the customer, using integrated, up-to-date data on all customer interactions and analysis points to serve customers with a higher degree of personalisation.
Consolidates customer data and documents into one database so that users in the department have easy access to a 360-degree view of the customer.	Critical steps of a successful CX strategy include understanding customer needs, developing a customer vision, developing emotional customer loyalty and gathering all types of customer feedback.
Additional functionalities include artificial intelligence, analytics, geolocation, mobile sales workstations, workflow automation, lead management and HR integration (such as shift planning).	Leading CRM/CX providers focus on creating a personalised customer experience.
Inside-Out: Marketing, Sales, Customer Service, Online	Outside-In: Design, Voice-of-Customer, Customer Journey, Personas, Customer Insight, Culture

Figure 19 | Difference between CRM vs. Customer Experience[15] (Marketing Tech Monitor 2023)

The reality is still a long way from *Fast & Furious*: only 15 % of companies have a holistic customer experience strategy.[16]

15 Fluckinger, D.: What is customer experience management (CEM or CXM)?, in: TechTarget, July 2020; Amsler, S.: The differences between CRM vs. CX strategy, in: Tech Target, January 2019; Gartner: CRM Strategy and Customer Experience, New York 2020.

16 Harvard Business Review: Die Customer Experience durch interne und externe Maßnahmen transformieren, März 2023.

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SUSTAINABILITY...
LOFTY ASPIRATIONS MEET DISDAINFUL REALITY

More and more companies are recognising the importance of sustainable marketing and are focusing on the corresponding measures and objectives. **Green marketing** describes the process of selling products and services based on their environmental benefits. Green marketing encompasses a wide range of activities such as product development, packaging, advertising, and communication strategies. Green marketing appeals to consumers who care about the environment and are willing to pay more for sustainable products.

There are many different ways to market green products and services. Some common strategies are:

- **Development of environmentally friendly products**: This involves the development of products that have a lower environmental impact than conventional alternatives. For example, a company could develop a more efficient car engine that emits fewer pollutants.

- **Product packaging made from recycled materials**: This helps to reduce waste and conserve resources. For example, many companies now use recycled paper.

- **Communicating the environmental benefits**: This involves using marketing and advertising to inform consumers about the sustainability of a product or service. For example, a company can emphasise the fact that a product is made from recycled materials.

- **Offer environmental discounts**: Customers are encouraged to buy environmentally friendly products by receiving a discount. For example, some grocery shops offer a discount on organic products.

- **Introduce green loyalty programmes**: This rewards customers for their decision in favour of sustainable products and services. For example, some companies offer points that can be redeemed for discounts or free gifts when customers buy environmentally friendly products.

Sustainable marketing refers to the application of environmentally friendly practices and the consideration of ecological, social, and economic aspects in a company's marketing strategy. The aim is to minimise the environmental impact of the production and sale of products and services while at the same time meeting the needs of customers. Examples of sustainable marketing include the use of environmentally friendly materials in the packaging of products, the advertising of articles with sustainable certifications or the implementation of recycling programmes for products that are reaching the end of their useful life.

From the perspective of companies in Europe, full-bodied promises are usually countered by an adjustment of processes and activities in marketing (67 %), including the reassessment of planned tactics such as events, trade fairs or print materials / collaterals (53 % ; figure 20). Honni soit qui mal y pense: only just under 1/3 of companies (29 %) are also certain that they would forego sales and earnings in order to achieve sustainability goals. The conflict of objectives between economic goals and sustainability therefore appears to be anything but resolved.

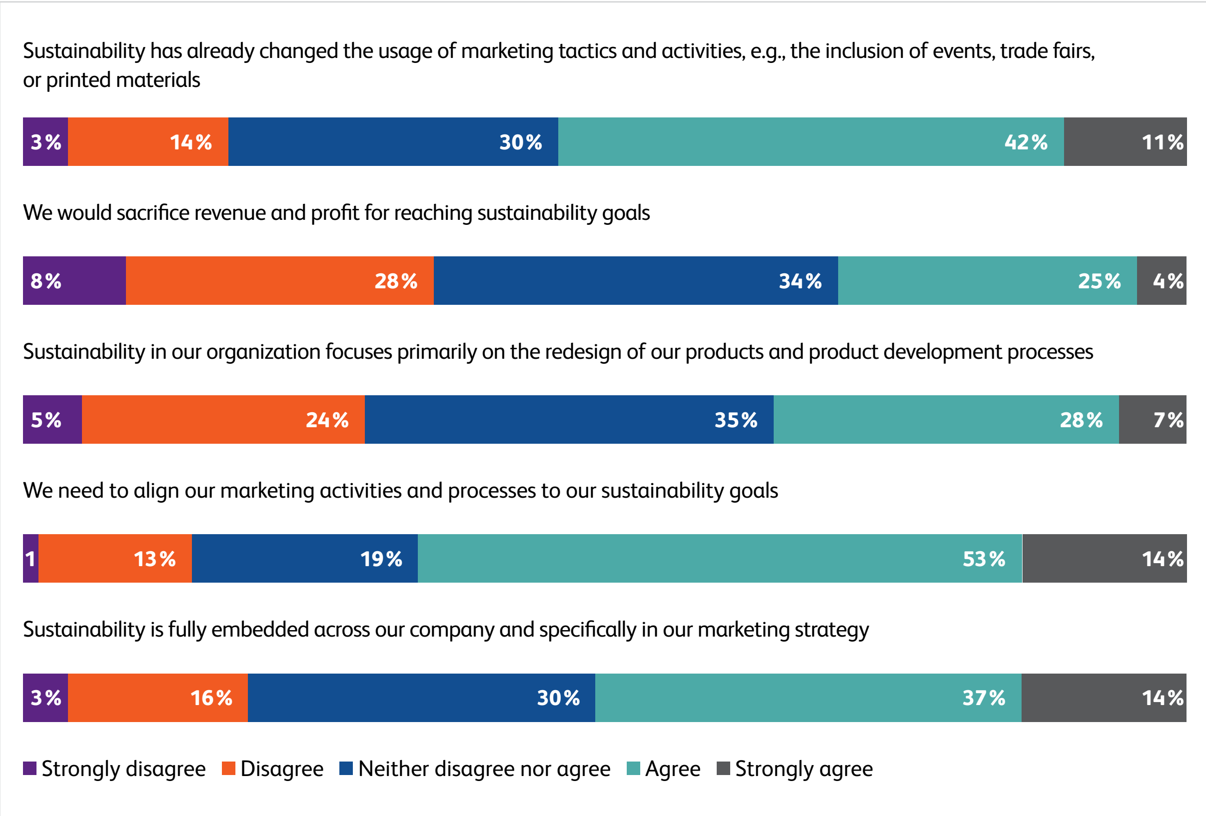

Figure 20 | Importance and impact of sustainability in marketing across Europa (in percent, n=1,287)

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