

CUSTOMER ENGAGEMENT & CRM SCOPE

ESPAÑA-PORTUGAL 2018/19



PRESS RELEASE

FIRST EDITION OF THE CUSTOMER ENGAGEMENT & CRM SCOPE

- **A new study carried out by SCOPEN and sponsored by IPG MEDIABRANDS, MRM//McCANN and Selligent Marketing Cloud**
- **There is great diversity in the type of company involved in Customer Engagement and CRM (creative agencies, media agencies, digital specialists, marketing cloud, consultants...)**
- **E-mailing continues to be key in CRM strategies and experts point out the necessity to evolve towards omnichannel**
- **The levels of personalisation are still modest**
- **More than half of the brands that we interviewed state that they will increase their investment in CRM next year, as well as the size of their teams dedicated to it**
- **The impact of CRM actions on companies' sales is measurable and positive**
- **The main barriers when dealing with a CRM project are the integration of data, cost and time invested**
- **The top three trends that will impact brands' business in 2019 are: Machine Learning, Artificial Intelligence and Big Data.**
- **The big challenge for the future: hyper-segmentation**

Madrid, 22nd November 2018

This evening the main results of a new study, the CUSTOMER ENGAGEMENT & CRM SCOPE were presented in Madrid. It has been carried out by SCOPEN in collaboration with **IPG MEDIABRANDS, MRM//McCANN** and **Selligent Marketing Cloud** who, as well as sponsoring it and participating in the study's setup, they now want to share the conclusions with all the sector.

The presentation was introduced by **César Vacchiano**, President & CEO of SCOPEN who told us that *"it is the first in-depth study that has been done in this discipline and we believe that it is of enormous value to the sector. It has been essential to have the support and vision of IPG MEDIABRANDS, MRM//McCANN and Selligent Marketing Cloud and we hope that it will become a regular study that will consolidate itself as a reference for all agents"*.

It has been difficult to find the right name for the study, because speaking only of CRM fell short when the goal was to incorporate all the concepts that the discipline includes today.

The study analyses the current situation of CRM and different aspects of Customer

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Engagement in Spain and Portugal, the way that different agents work together, and what the evolution that we expect to see in the future. *"Modern CRM, driven by machine learning, artificial intelligence and big data, is a discipline with momentum that has an increasingly large impact on companies' sales and hence, it is a fundamental business lever for many large advertisers in the country,"* affirms **Marina Specht**, CEO of MRM//McCANN Spain. *"It is an honour for us to have sponsored the first CUSTOMER ENGAGEMENT & CRM SCOPE 2018, and we are proud that MRM is positioned as one of the leading agencies in the field".*

Profile of the sample

In this edition a total of 108 interviews have been carried out with professionals that work in 100 different companies. 97 of these were carried out in Spain, and 11 in Portugal. The vast majority (97), were answered by professionals from brands, and 11 by professionals from different agents that work specifically in the discipline. The fieldwork took place between June and October 2018.

Professionals from **brands** most commonly hold the position of Head of CRM or Precision Marketing (41%), have an average age of 41, most commonly working in Madrid and in foreign Multinational companies, and among them, the sector with the greatest representation is finance and insurance (19%), followed by automotive (14%). Meanwhile, the **agents** interviewed are mainly Data Managers, with an average age of 40, that work primarily in Media Agencies (36%) in Madrid.

When putting the sample together, we selected the brands that, according to Infoadex, have the greatest investment in CRM, and therefore have the best understanding of its characteristics.

Understanding CRM

When we try to define CRM, brands' three most commonly mentioned words are, in this order: *Client*, *Loyalty* and *Relationship*. On the other hand, agents repeat *Loyalty*, *Knowledge* and *Segmentation*. Digging deeper into a proper definition, the concept that brands emphasise most is *Management/Relationship with current and potential clients* (43%); and *Knowledge of Client/Data Analysis* (44%) is most emphasised by agents.

Who is involved

Although all companies that were interviewed carry out CRM activities, when a broader definition* is specified, including all aspects that professionals consider to be relevant to the discipline, 94% of interviewed brands claim to have carried out CRM activities in the past year.

() "Activities aimed, outlined and scheduled within a planned business and client relationship strategy, other than a punctual or tactical activity, that covers the whole process from the clients' capture, to the management of their relationship, and/or the use of databases."*

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When asking brands which people and departments are in charge of CRM activities within their company, the marketing department is mentioned most (in 49% of cases), followed by a specific CRM department (26%), and the most commonly involved positions are CRM directors (45%). The study also observes that CRM is transversal inside companies and there are many different areas that participate in some way in the different activities. Thus, the areas mentioned to be involved are: Marketing (91%), Digital (61%), Commercial (54%), Sales (54%), Technology (36%) and Digital Transformation (29%).

Half of all brands asked are thinking of expanding their teams by 2-3 people in the coming years. The most commonly mentioned profiles for these new additions are: *Data Scientists* (60%), *CRM Analysts* (36%), *Campaign Specialists* (32%), *BI Specialists* (30%), *Digital Analysts* (24%) and *Data Programmers* (15%).

Investments and their return

On average, brands claim to invest almost €500,000 of their Communication/Marketing/Advertising budget in CRM. But we must take into account, due to having lots of departments involved in these actions, there may also be part of the budget that comes from areas other than Communication.

According to brands, CRM contributes an average of 21% to sales. The activities they claim to bring the highest returns are those of *Customer loyalty* and *Cross-selling of products*. It is curious how, when defining what CRM is, loyalty is not mentioned by brands as an initial concept, but it does appear in first place when they speak of usefulness.

Technology and data

85% of brands use a platform to carry out their CRM activities; the most used one being Salesforce. The percentage of the CRM Budget that is invested in these platforms when they are created internally is 66%. For those who use Microsoft Dynamics the figure is 55%, and 51% for those using Oracle or SAAS. It is striking that 50% of investment by brands who use internal platforms is spent on building them, when the figure for those using platforms developed by others (Microsoft Dynamics, Oracle, SAAS) is always lower than 22%. This highlights how developing internally cost brands double what it costs brands that use external platforms. "*This study is fundamental to understand how brands are related to their consumers. Our mission is to establish relevant connections with consumers; the more data we have about them, the more relevant those connections can be*", stated **Arturo Valero**, Chief Data & Technology Officer of IPG MEDIABRANDS.

Brands that carry out CRM activities mention an average of 8 different data layers that they would like to have integrated. They are interested in everything; they do not want to miss out on a single piece of data. Although the most mentioned data layer is *Digital Navigation Data*, there is little difference between those they are interested and not interested in. All information is useful because it provides greater control over CRM activities.

7 in 10 brands that we interviewed sell online, most notably on their own website. It is important to highlight the increase in sales that CRM brings to brands. In 80% of cases, brands' CRM strategy is applied to e-commerce.

Execution and development of CRM activities

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CRM strategies are devised and managed internally by brands in 80% of cases. Brands' most mentioned objectives for the next year, are focused around *Customer loyalty* (30%) and *Sales* (28%). On the other hand, the 3 KPIs that are considered to indicate the success of CRM activities the best, are: *ROI*, *Metrics for retained/loyal clients* and *LTV* (Life Time Value).

The services that brands can develop internally for these activities are, for the most part, activities related to the creation of the strategy and campaigns. When the complexity level of services increases (Integration, Marketing Automation...) brands more frequently resort to agents, for whom it is easier to be up to date with technology and profiles.

The estimated average time to implement/carry out a CRM project is just over 16 months, although 22% require over 24 months.

The technologies that are most commonly part CRM actions are *e-mailing* and *SMS* platforms, *BI*, and *Marketing Automation*, and in 62% of cases, external *DMPs* are used. The most used *Marketing Automation* tool is *Salesforce/Marketing Cloud*, mainly due to its omnichannel capacity.

The most used communication channel is a *Newsletter*, followed by *Mobile* and *Social Media*.

And when analysing the type of information that brands store about their clients in their databases, they appear most commonly in this order: *e-mail*, *phone number*, *socio-demographic data* and *data about their interests/behaviour*. Based on this, 75% of those interviewed said that they personalise their communications to users, although on a scale from 10 (lots) to 0 (none), the average level of personalisation is at around 6 points.

Brands that stand out

The TOP 3 brands that stand out for their development of CRM activities, according to professionals that carry them out, are: **Amazon**, **BBVA** and, in joint third place, **Booking** and **ING Direct**.

Difficulties

When interviewees are asked about the biggest difficulties/restrictions that arise when implementing a CRM project, we find *Lack of data* in first place, followed by *Costs*, and in third position, *Process Management* and *Integration of Data*.

The future of CRM

More than half of those interviewed (55%) are optimistic about the future, affirming that they will increase their investment in CRM in the coming year. 35% say that they will keep the same investment level, and just 4% think plan to decrease it.

In terms of trends, **Pablo Rueda**, Head of Partnerships for Selligent Marketing Cloud Spain & Portugal, said that "*the challenge for the future lies in hyper-segmentation. This is possible today with, among other characteristics, AI layers of Marketing Automation tools*"

Brands do not show excessive concern about the new GDPR and how it will affect their CRM actions. Just 22% of brands have had to reduce their databases and 23% their CRM

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campaigns.

Almost half of those interviewed (47%) believe that CRM will have a very important role as a brand construction tool.

About SCOPEN

SCOPEN is an independent company operating in the market since 1990. SCOPEN is present in 12 countries Argentina, Brazil, Chile, China, Colombia, India, Mexico, Portugal, Singapore, South Africa, Spain and the UK. Our research, rigorous analysis and the numerous correlations derived from our comprehensive database, SCOPEN can offer a unique strategic vision to drive businesses within the creative economy, inspiring people and projects.

SCOPEN. *Knowledge for Creative Transformation*

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