



Kellogg Marketing Leadership Summit 2014

Exceeding Market Growth Through Digital Disruption

Breakthrough growth through real-time engagement delivery

David Edelman
Co-Leader, Digital Marketing Practice
McKinsey & Company



NORTHWESTERN UNIVERSITY

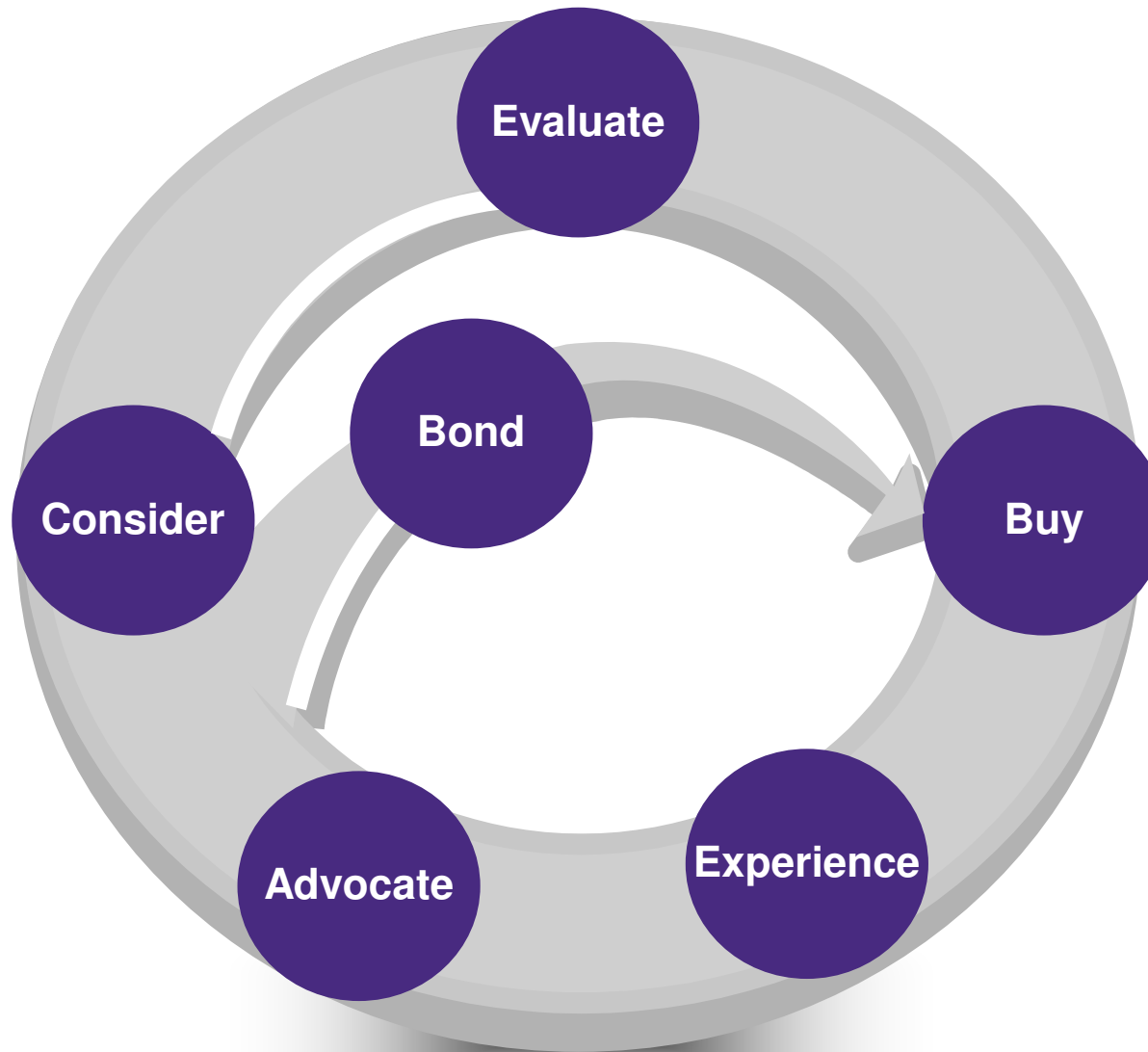
Kellogg
School of Management

There is a difference between offering digital services and being



a digital competitor.

Next Best Action Engine: Shape the Customer Decision Journey



Rethink your concept of segmentation...

Expand

Conquer

Product sales priority:

Handwavers,
Modeled proclivity,
Vary in brand loyalty

Embed

Stimulate

Usage priority:

Not in market,
Have upside potential,
Vary in recency/response

Recover

Optimize

Loyalty or cost priority:

Not getting best value,
Vary in severity and
recency of service problem

Optimize for the best interaction at every contact

Model finds best channels that match customer's choice



Relevant content pushed to channels

Incentive to use digital channel or download an app

Highly personalized encouragement to build balances

More customized script for cross-sell of cards, investment, or other pdts

Content management system segregates and assigns the information

Product view

Credit card
Mortgage
Mutual fund

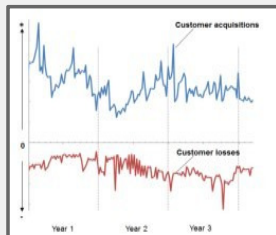
Customer preferences



Up-sell/Cross-sell proposition

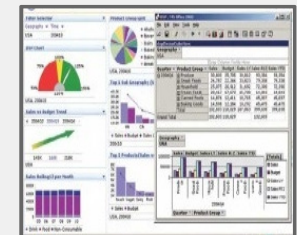
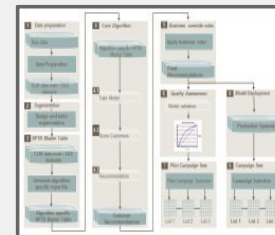
Insurance
Mutual fund

Underlying model churns propensity to buy or to take another action



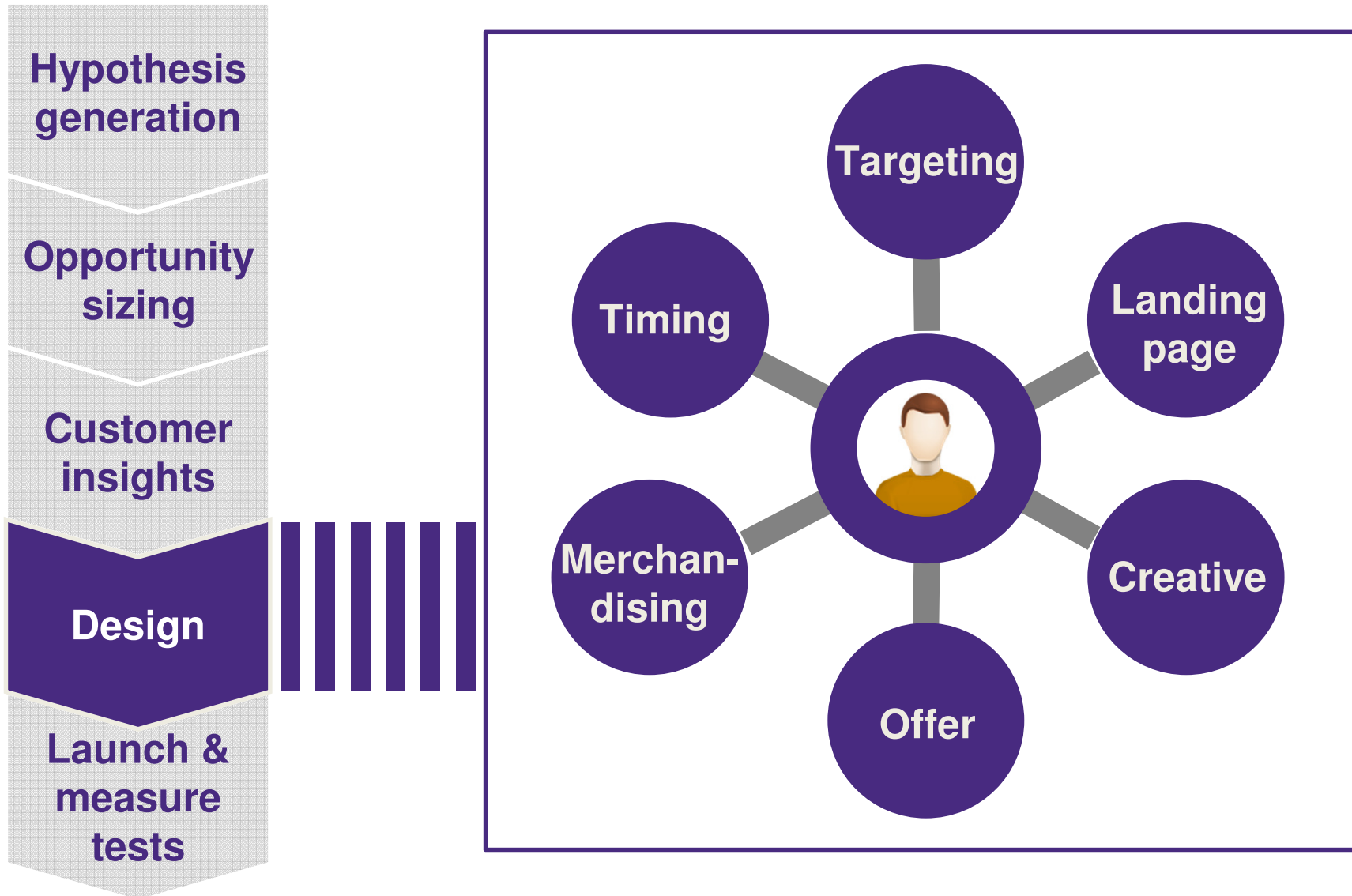
Product	Non-unique probability	Volume increase
Customer 1	10%	32%
Customer 2	2%	30%
Customer 3	8%	7%
Customer 4	8%	21%
10,000,000	8%	1%

Product	Non-unique probability	Volume increase
Customer 1	10%	32%
Customer 2	2%	30%
Customer 3	8%	7%
Customer 4	8%	21%
10,000,000	8%	1%

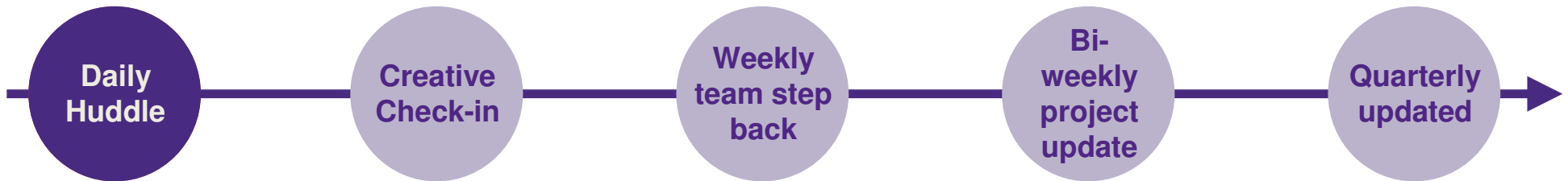


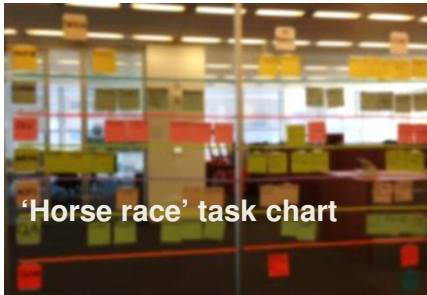
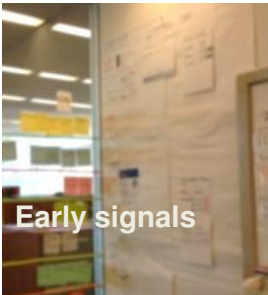
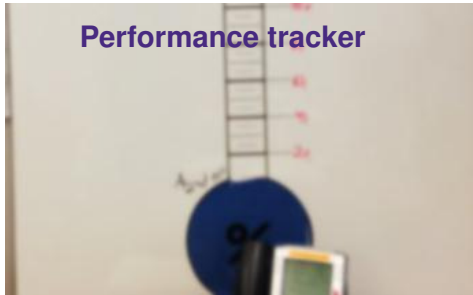
Non-stop test and learn playbook.

On a weekly basis, design campaigns testing critical drivers of response

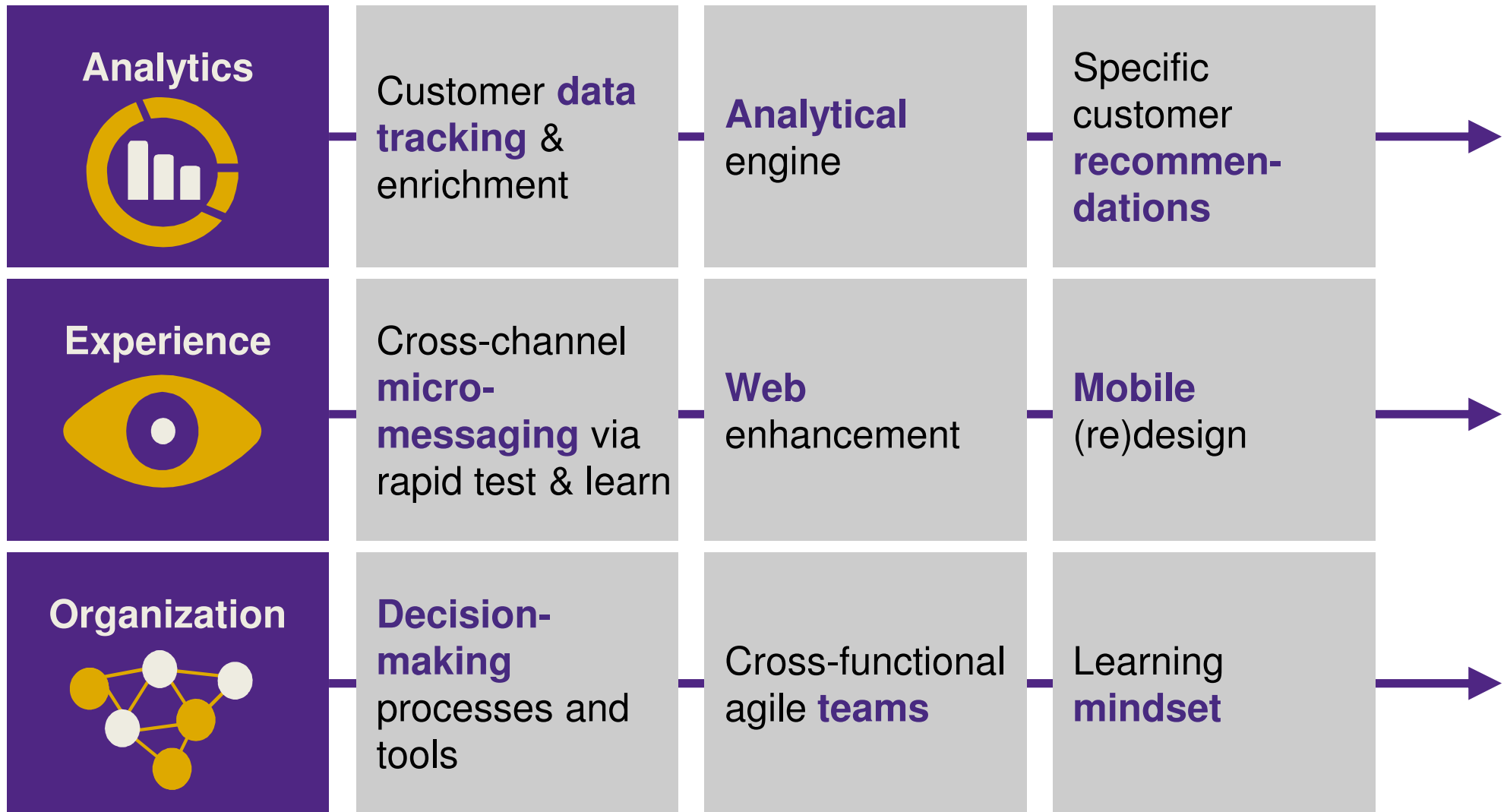


Process: Example of agile 'Test and learn' approach



When	Daily 15 min		
Who	<ul style="list-style-type: none"> • Project Manager • Marketing manager • Audience / Targeting 	<ul style="list-style-type: none"> • Development • Analytics • Creative 	<ul style="list-style-type: none"> • Quality Control • Marketing Operations
What	<ul style="list-style-type: none"> • Synchronize between Test and Learn teams on new daily updates • Define clear accountability on tasks on a daily level • Build cross-functional problem solving and collaboration (e.g., creative, coding and targeting, and development are working simultaneously) 		
Where: war room	 <p>'Horse race' task chart</p>	 <p>Early signals</p>	 <p>Performance tracker</p>

A Real-time Engagement Delivery (RED) program to build identity-driven engine, drive behavior, and embed ops



How will you become an agile, digital competitor?

A person in a dark suit and tie is shown from the chest up, pointing their right index finger towards a glowing digital network diagram. The diagram consists of several white circles of varying sizes connected by dashed white lines, with the central circle being the largest and most prominent. The background is a blurred image of the person's suit.

- What is the upside potential of a new prioritization?
- Where are you in the journey? What stands in the way?
- How could you begin to scale personalization and optimization?
 - Analytics capability
 - Personal customer experience
 - Agile test/learn/scale
 - End-to-end view



David Edelman

Partner and Global Co-Leader, Digital Marketing Practice, McKinsey & Company



David_Edelman@mckinsey.com



[@DavidEdelman](https://twitter.com/DavidEdelman)



www.linkedin.com/in/daveedelman



McKinseyonMarketingandSales.com



www.youtube.com/McKinseyCMSOForum



[@McK_MktgSales](https://twitter.com/McK_MktgSales)