Foresight Associates

This Quarter at Foresight

Hello,

Welcome to our quarterly newsletter! Most of the content in previous issues has been centered around our work in CPG and consumer strategy. In this issue we turn to B2B, and share some recent work with a client that needed to understand and quantify their customers' journey. Irrespective of your industry, you might find some of the learnings applicable to your business.

In our *In the News* section we discuss Disney's recent launch of a major strategic initiative with its streaming service Disney+. This is a big move, signaling an interesting shift in the dynamics of the over-the-top (OTT) streaming platforms, offering one more example of how our "bathtub" philosophy can bring new depth and support better decision making.

Hope you enjoy the reading, and to the US folks: happy Thanksgiving!

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Featured Article:

How Can B2B Marketers Better Understand The Customer Journey?

In the world of B2B marketing, small to medium-size companies oftentimes do not have an established practice of data analytics. Yet marketers are as hungry as their counterparts in consumer companies to gain insights to support marketing decisions.

They too need deep insights on why their product is better at satisfying their customers' needs, on how to best communicate it and to whom. Crucially, with more touch points and potential leads than ever before (e.g. web-based trials, trade shows, webinars, demos, pay per click), marketers must figure out how to best prioritize and guide prospects through a complex conversion funnel.

The good news is that in most cases the data already exists, and with a bit of clean-up it can be mined to deliver powerful insights to improve marketing sales effectiveness. Here are three simple steps most companies can follow to mine existing CRM data for impactful insights:

1. **Map the individual customer journey**

The typical sales funnel starts with the total number of leads to various touch points, then filters down to qualified leads, and finally successful sales. While the aggregate is a helpful start, we can get richer insights by looking at the *unique sequence of touch points* experienced by each potential customer. This provides key additional information such as how *many* touch points your customers go through, the *time between* touch points, and the most common *start, middle, and end* touch points. It also can reveal *distinct pathways* to conversion, which may operate differently for different segments or customer types.

2. **Identify the most successful touch points for conversion**

Attention is usually paid to which touch points are generating the *most*conversions. Although important, this may reflect existing organizational habits and investment of resources. A complementary approach is to examine the activities with the best conversion *rates* - meaning that when deployed, they are highly likely to result in a sale. This can reveal smaller "hidden gems" that you *didn't realize were working*, and provide clues to more efficiently spend each marketing dollar.

3. **Consider interaction effects between touch points**

Interaction effects demonstrate how different types of touch points can boost each other's effectiveness when deployed together; this can reveal a new prioritization for marketing activities and an appreciation for dependable "assists." For example, trade shows on their own may be only mildly effective, but when a customer experiences both a trade show and visits the company or product website, the conversion rate sky rockets. This helps us remember that trade shows *can be* an important touch point, and further, shows that getting potential customers to the website after a trade show is a crucial next step.

Each of these analyses becomes even more insightful when trended over time or compared across geographies or offerings. We recently employed all three of these tactics in a project with HelpSystems, a fast-growing IT software provider, which immediately improved their ability to convert more contacts into leads and more leads into sales, including landing one of the largest contracts to date for the product we analyzed.

In the News:

When you wish upon a Stream...

In another corner of the web, Disney just launched a major new strategic initiative with its streaming service Disney+. This is a big move, offering an entire library of iconic properties both homegrown and acquired (Star Wars, Marvel, Pixar, National Geographic, The Simpsons, etc.), big budget original content, and bundles with ESPN+ and Hulu. In doing so, it has joined the fray of the "streaming wars" – going up against market leader Netflix, as well as Amazon, HBO, and a slew of other upcoming entrants including Apple, NBC, and Discovery.

This signals an interesting shift in the dynamics of the over-the-top (OTT) streaming platforms market. Netflix has long brushed off competition, assuming overall growth of the category would be good for themselves and that additional entrants would not "materially affect our growth because the transition from linear to on-demand entertainment is so massive." But no longer – the company now expects headwinds to subscriber growth and a reduction in their library of content as other companies become less willing to license to a competitor.

We always like to geek out over the numbers, and a new study from TV Time and United Talent Agency (UTA)'s IQ data and analytics group has shed light on the consumer side of the equation. In the crowded field, 85% of consumers already subscribe to more than one service and only 4% plan to add three or more new services – "suggesting the supply of streaming media will soon exceed the current consumer demand." This is where Disney+ is well positioned versus its competition – 90% of consumers said that the library of content available on the service is important or very important – more so than original content (Netflix's big bet). Further, Disney+ has extremely high awareness among consumers (88% - over 20 points higher than Apple's offering).

All this reminds us of our favorite metaphor for marketing strategy: consumers as the level of water in a bathtub. The water flows in/out of one tub (think brand users) and from/to interconnected tubs in a system (think competitor brand or non-category users). For these platforms, we are witnessing an evolution from a strategy of category growth to an imperative for share growth, and it will be interesting to see how the industry shakes out as a traditional linear TV continues to decline. Disney, Netflix, and the rest will need to shift their focus from simply sourcing their growth from non-users of streaming services to building loyalty – and preventing their own users from leaking to competitive services. At Foresight our core approach offers interactive models to quantify and clarify these important choices for any brand/industry. We'll be waiting for a call from Mickey Mouse!

Read more about Disney's strategy and the fascinating consumer survey.