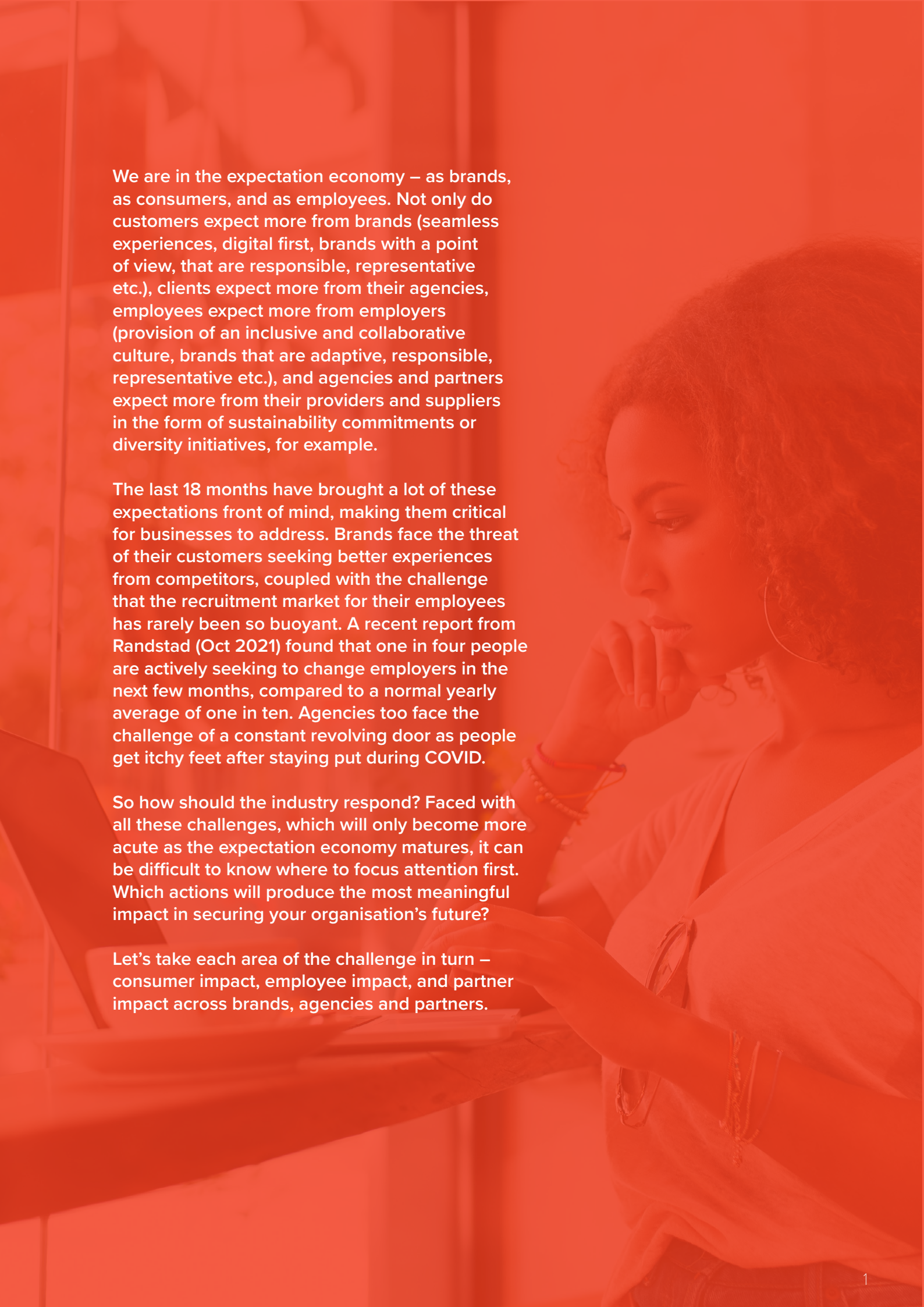


SUCCESSING IN THE EXPECTATION ECONOMY: BRANDS' TRIPLE CHALLENGE FROM CONSUMERS, EMPLOYEES AND PARTNERS



We are in the expectation economy – as brands, as consumers, and as employees. Not only do customers expect more from brands (seamless experiences, digital first, brands with a point of view, that are responsible, representative etc.), clients expect more from their agencies, employees expect more from employers (provision of an inclusive and collaborative culture, brands that are adaptive, responsible, representative etc.), and agencies and partners expect more from their providers and suppliers in the form of sustainability commitments or diversity initiatives, for example.

The last 18 months have brought a lot of these expectations front of mind, making them critical for businesses to address. Brands face the threat of their customers seeking better experiences from competitors, coupled with the challenge that the recruitment market for their employees has rarely been so buoyant. A recent report from Randstad (Oct 2021) found that one in four people are actively seeking to change employers in the next few months, compared to a normal yearly average of one in ten. Agencies too face the challenge of a constant revolving door as people get itchy feet after staying put during COVID.

So how should the industry respond? Faced with all these challenges, which will only become more acute as the expectation economy matures, it can be difficult to know where to focus attention first. Which actions will produce the most meaningful impact in securing your organisation's future?

Let's take each area of the challenge in turn – consumer impact, employee impact, and partner impact across brands, agencies and partners.

THE SHIFTING SANDS OF CUSTOMER EXPERIENCE MANAGEMENT

Let's start with the end user. The consumer, because we should always start there. Delivering against their ever-accelerating expectations, means that customer experience management (CXM) has never been so complex or relevant. There are more touchpoints, channels, and consumer preferences to take account of than ever before, and the expectation economy has no patience for those organisations who fail to keep pace. Consumers have evolved to the point that every single purchase decision, experience, and moment of interaction matters. It is no longer sufficient to have the best experience among a competitive set, it's now necessary to have an integrated experience that rivals all other marketing and commerce experiences a consumer can have. Most businesses still have a distance to travel before they become truly customer-centric and multi-moment in how they manage their customer experience. Recent dentsu research with The Winterberry Group found that the majority of organisations still have a campaign approach (as opposed to being customer-centred): of the companies surveyed 58% of respondents said that their approach to customer journey management is focused on the campaign level, versus only 17% who indicated that they focus now on holistic customer journeys.



This complexity means that data and tech must now take centre stage in how marketers are managing their customers' experiences. Data may once have just seemed key to effective measurement for brands, but a significant shift is underway: from data as a source solely of performance analytics, activation, and optimisation, to becoming crucial to business outcomes and value creation through forecasting, sales and long-term loyalty. The proof of this can be seen in how technologies are now embracing data and its associated positive impact on their share prices, showing market confidence in the strategic move – just look at Adobe Experience Platform, Salesforce Digital 360 and Sitecore's acquisition of Boxever. These organisations are also looking to grow their own internal headcounts, anticipating a sizeable take-up of their data-fuelled propositions.

Effective tech and data leverage will mean the difference between life and death for many businesses in the next decade as the expectation economy gathers pace. Data and tech are crucial in handling the transformation from historically using data to understand what a company can say to customers en masse to comprehending at an individual level what each customer wants from their relationship with a brand. Successful CXM is empowered by data and technology, and marketers must use this capability to ensure their customers are at the heart of their strategy to remain relevant.

Delivering against this shift crucially requires not just tech and data, but the right people to act on and operate these elements. This makes the challenge – for brands and their agencies - not just about finding the right employees, but in retaining those that they already depend upon.



SECURING EMPLOYEE LOYALTY IN THE EXPECTATION ECONOMY

A 2021 survey of 6,000 workers by the recruitment firm Randstad UK found that 69% of them were feeling confident about moving to a new role in the next few months, with 24% planning a change within three to six months. This contrasts with a typical expectation of up to 11% of employees shifting jobs every year.

Such a move will have considerable cost implications for employers – as much as £25,000 for each worker, as research carried out by Oxford Economics found that it takes recently hired professional workers 28 weeks to reach optimum productivity. The lag caused by the departure of staff, the time taken to recruit effectively, and the resultant wait for the new worker to upskill and embed in the organisation needs to be managed with an effective onboarding approach to minimise the impact. It will come as no surprise that many organisations are now looking at whether they need to improve pay and other conditions to help them retain their best staff. But which factors are likely to prove the most influential and cost-effective to retain people in the expectation economy? There are a number of possible answers:

- **Effective management (at all levels):**

According to TinyPulse, 40% of employees who don't gel with their

line management are actively looking for a new role, vs. just 10% of those who do rate their boss well. Providing effective managerial training is key in combatting this risk.

- **Validating employee work and achievements:**

Loyalty is more likely when staff feel their hard work and accomplishments for their employer are well-rewarded – common sense, perhaps, but appreciation of employee efforts becomes a surprisingly easy thing to overlook – especially if teams are overworked and there's always a race to focus on the next project or initiative.

- **Upward feedback:**

As well as providing positive feedback (and constructive criticism) downwards, a perhaps surprising factor in employee retention is the importance of a facility to effectively feed back upwards – and a belief that such commentary will be acted upon. Qualtrics states that 60% of U.S. employees report having a way to provide feedback about their own employee experience, but only 30% say their feedback is acted upon by their employer. For organisations where this latter is the case, it's obvious that employees will feel demotivated and undervalued.

- **Opportunity to advance professionally:**

Empowered, contented employees are those who can see a clear route to advance their careers with their current company – rather than feeling they must look externally to climb the ladder. Employees who feel they're progressing in their careers are 20% more likely to still be working at their companies in one year's time (TinyPulse). It's worth

noting that career advancement isn't all focused on promotions, too – a LinkedIn study uncovered that 93% of employees would stay at a company longer if it invested in their careers, through training, mentorship and skills development, for example.

- **Work-life balance:**

A particularly significant factor in the expectation economy for employees – especially given the pandemic-induced tendency towards greater levels of burnout for staff – is the importance of work-life balance. Employers who value and support a healthy balance in their staff workloads are far more likely to retain their talent. Remote and/or hybrid working can be a key contributor to this in the coming months and years – there is now an expectation that businesses will support a mixed or fully remote pattern of work, and those companies who insist on returning to a solely office-based model without clear and justifiable cause may find their teams voting with their feet and looking elsewhere.

- **Diversity, equity and inclusion:**

DEI plays a huge role in what employees are seeking as they consider their employers today. Glassdoor found that 76% of job seekers and employees report that a diverse workforce is an important factor in evaluating where to work. Millennials in particular are 22 times more likely to work for a company that has a high trust culture (Great Place to Work) with effective and active DEI policies and activities playing a vital role in this.

HOW SHOULD BUSINESSES RESPOND TO THE EXPECTATION ECONOMY, BOTH INTERNALLY AND EXTERNALLY?

There are a number of immediate actions all businesses need to urgently consider in order to respond to the many challenges the expectation economy is creating. At Merkle, we are endeavouring to implement many of these ourselves – so we know it isn't always a simple journey, but it is a rewarding one to be taking.

We have found that authenticity is key. Many of the expectations driven by our new economy are similar across all groups – consumers, employees and partners - so in order to be consistent, businesses must truly believe in and embody their stated position and values. For example, it's impossible to drive seamless experiences for customers without having a collaborative culture for employees. Different functions must align to deliver effectively personalised, one-to-one experiences – and so this necessitates the nurture

of a consistent internal culture.

In our industry we partner with some of the most forward-thinking brands and tech providers, all of whom are now quite rightly asking for purposeful DEI and sustainability plans from their chosen allies.

For instance, Google shut down their office for mindfulness week, demonstrating their care for their employee experience in its totality – moving beyond simple productivity to show that they care about employee wellbeing and work-life balance. From next year, dentsu will offer its staff extra wellbeing days - a tangible demonstration of the holistic investment of the network into its people. Maintaining elite partner status with industry-leading brands means that we have added impetus and motivation to ensure our DEI and sustainability agendas are ambitious, meaningful, and measurable - so we see progression and aren't simply talking without making strides in the right direction.

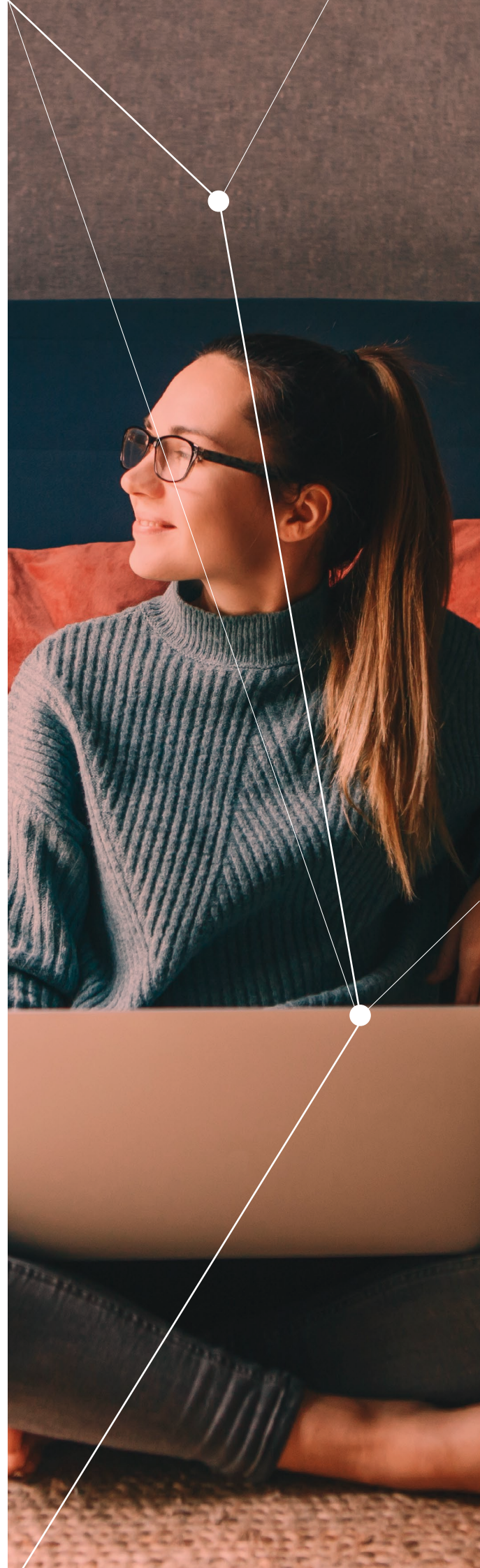
At Merkle, one form this has taken is in committing to report on our ethnicity pay gap as well as our gender pay gap; we have an award-winning DEI initiative with seven pillars, all staff-run and exec-sponsored, committing to improve our equity and inclusiveness as a business. Our sustainability goals are also crucial and demanding – for example a new deep decarbonisation target to reduce absolute emissions by 90% by 2040 across dentsu's entire value chain (dentsu international is one of the first seven companies in the world to have its net-zero target validated by the globally recognised Science Based Targets initiative) and a plan to

reduce our emissions from flights by 65% by 2030.

Our experience both as Merkle and in our work with our clients has shown us the value of a focus on outcomes in driving the right behaviours across the organisation. It might be predictable, given our focus as a leading data-driven CXM agency, that we love to get our teeth into the data behind our progress – but we know that you can't improve what you can't measure. Ensuring that the right measures are in place and being reported efficiently to decision-makers is a key component in our response to the expectation economy's impact on our business and on our customers.

Most importantly, when addressing the new business, consumer and partner environment head-on, we have found the value in promoting our shared values and sense of belonging both internally and externally. To get to that point, we knew we needed inclusivity. The importance of understanding employee needs and curating an employee experience has never before been so significant. It's been a definite learning curve for us to balance alignment and autonomy for our people, but our work on this has paid dividends in how we operate, grow and succeed in the new business environment.

The good news is that whilst the expectation economy will demand huge things of all brands, there are so many small actions that can be taken to build incrementally towards a larger vision and push your organisation towards success. Every journey starts with a single step – and the time to rise to meet the expectation economy for your business is now.



ABOUT THE AUTHOR



Azlan Raj

Chief marketing officer, EMEA

Azlan Raj is the EMEA chief marketing officer for Merkle and dentsu's customer experience management service line. His role spans all dentsu capabilities across commerce, data and technology platforms, analytics, media, customer experience, content, and B2B. He is responsible for continually evolving Merkle and dentsu's leading digital and data capabilities across the region to drive customer experience transformation for clients. Previously the EMEA leader for Merkle's Customer Experience offering, he built the company's regional capability to over 1,200 people in just three years.

With over 20 years of experience in the digital industry, prior to joining Merkle Azlan worked for leading brands, agencies, and consultancies, including Barclaycard, SapientRazorfish, and Accenture. Through his career, Azlan has been part of award-winning teams and led a diverse set of capabilities from marketing strategy through to analytics, website design and development, and marketing activation. Azlan is passionate about Merkle's efforts in the diversity, equity and inclusion space, and is actively involved in supporting the ethnicity and mental health pillars. He is especially committed to ensuring that we are embedding inclusivity and social responsibility in our own communications.

ABOUT THE AUTHOR



Niyi Duro-Emanuel

SVP, UK head of strategy & transformation

Niyi Duro-Emanuel is Merkle's UK head of Strategy & Transformation, leading an outcomes-first proposition for clients, to transform customer experience capabilities to achieve desired business outcomes.

Niyi leads a team of 40 strategists across CRM, media, organisational agility and tech consultancy providing end to end consultancy to clients as they progress through every element of their customer experience transformation journeys.

Prior to his current role, Niyi led the client services team across Merkle's Media and CX practice areas driving integration between Media and CRM to help clients deliver a total customer experience across every interaction a person has with a brand.

Niyi joined Merkle via the Periscopix acquisition in 2015, which is now Merkle's performance media practice, and has been part of the business for over 11 years. He has also held a number of senior leadership roles, spearheading the development of Merkle's approach across large integrated clients within media and analytics, such as Danone, Tesco and Warner Brothers.

Niyi is a key and passionate member of Merkle's diversity, equity and inclusion council. As the lead for the Ethnicity pillar, Niyi has been pivotal in driving and supporting Merkle's commitment to becoming an anti-racist organisation, amongst other initiatives such as ethnicity pay gap reporting.

ABOUT MERKLE

Merkle is a leading data-driven customer experience management (CXM) company that specialises in the delivery of unique, personalised customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading nonprofit organisations have partnered with Merkle to maximise the value of their customer portfolios.

The company's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive hyper-personalised marketing strategies. Its combined strengths in performance media, customer experience, customer relationship management, loyalty, and enterprise marketing technology drive improved marketing results and competitive advantage.

With 13,000+ employees, Merkle is headquartered in Columbia, Maryland, with 50+ additional offices throughout the Americas, EMEA, and APAC. Merkle is a dentsu company.

For more information, contact Merkle at 1-877-9-Merkle or visit www.merkleinc.com.

