



# Which Are The Most Digital Industries And Why?

Financial Services, Technology, Hospitality & Leisure,  
Education, Food & Beverage and Retail.

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## Introduction

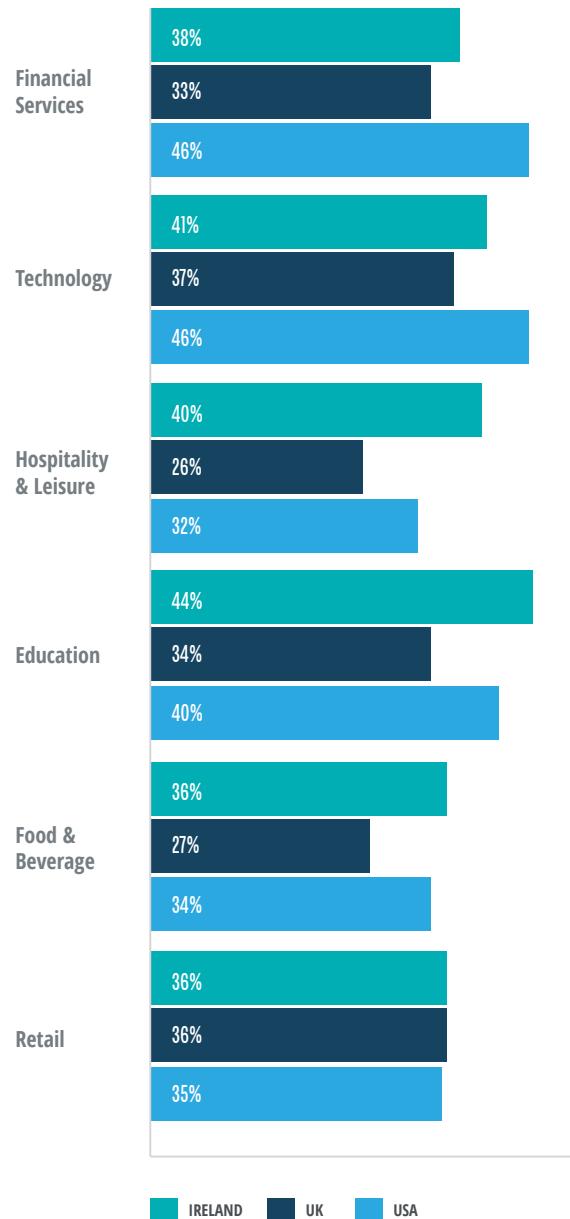
It's no longer about whether organizations choose to use digital technology, but more about how they use them. Once deemed an option for organizations wanting to ramp up their marketing efforts, digital marketing is now an integral part of businesses across all industries and considered an essential string to any marketer's bow.

According to Gartner, there is no division between digital and traditional marketing anymore with 98% of marketing professionals believing that online and offline are merging while digital commerce is a top priority. In addition, marketing budgets were increased by CMOs substantially in 2015 by 10%, with 61% respondents predicting that figure to rise again in subsequent years.

As competition for customers and sales amongst companies is fierce, organizations are keen to capitalize on the many elements that digital marketing offers such as data insights, personalization, extended reach, instant access and much more. As the pace of digital proves a challenge for most marketers with 76%<sup>1</sup> believing that marketing has changed more in the past 2 years than the past 50, how are organizations faring in the face of the evolving digital landscape?

Recent research<sup>2</sup> found that the challenges may marketers face is due to a lack of organizational engagement and a near absence of digital skills training. In the USA only 31% of organizations are digitally engaged compared to 25% in the UK and 40% in Ireland. When it comes to training the situation is even worse, as only 18% of US organizations, 20% in the UK and 25% in Ireland provide essential training support, figures which further diminish the smaller the company size. *(See Chart on the following page)*

### Digital Skill Levels by Industry



While the research shows that some sectors fare well when it comes to digital, many are trailing behind in the digital stakes. So what industries are succeeding in progressing along their digital transformation path and why? Let's have a look at the merits and downfalls of a few to get a better picture.



## Financial Services

Despite the advances in digital technology and the opportunities presented for customer engagement, financial services companies have been slow to adopt and adapt to digital.

When it comes to customers, that delay becomes apparent as only 33%<sup>3</sup> of banking and financial companies have acquired a customer through Facebook compared to 73% of retail and consumer goods. In fact, while many banks and credit unions use social media - primarily for customer/member engagement - only 20%<sup>4</sup> felt it was very effective with Facebook only being somewhat effective, Twitter not at all and LinkedIn, Google+ and Pinterest trailing way behind as a useful medium.

For the financial industry, the advance in mobile has seen a dramatic rise in adoption as mobile banking becomes the norm for many institutions. Compared to a website, they prove to be more secure and make logging in easier for customers. In terms of app engagement, Adobe's Digital Index reports that the rise in smartphone use has seen financial services rate the highest when it comes to frequency of use, opened 30% more frequently than any other application type.

When it comes to digital transformation, financial services are significantly behind many industries due to a lot of their documentation still being paper-based and reliant on a traditional sales funnel for their marketing rather than adopting personalization.

As a result, 88% of financial executives<sup>5</sup> state their companies are only halfway there, while over half feel threatened by an inability to appeal to younger customers. Despite this, digital engagement is rising in the sector with 56% of organizations increasing their budget by an average of 20%, a chunk of which will go towards optimizing the customer experience.

Hailed as the fintech revolution - otherwise known as financial services technology - a breed of new start-ups have flooded the financial services market in recent years and caused significant disruption amongst traditional companies. Their aim? To unbalance the current banking model particularly for lending.

One such success story is Avant specializing in loans for people with credit issues. Using Avant's app, money can be requested and delivered the next day much like a fast food version of current lending processes, which is made possible through cutting-edge digital technologies.

For Avant, it uses a data-driven lending system based on machine learning for underwriting customers while another start-up OnDeck (who went public in 2015) analyzes an array of data from social media reviews to company usage of logistic firms to assess suitability<sup>6</sup>.

All of this equals a sector undergoing significant change, with a number of disruptors threatening the traditional way people bank and borrow. The time for the more traditional institutions in the financial industry to fully embrace digital appears to be right now.

Our long-term vision for Avant is to build the Amazon of financial services. The opportunity is massive.

– Avant's Founder, Al Goldstein





## Hospitality & Leisure

Customer relationships are vitally important for the hospitality and leisure sector with reviews and star ratings able to make or break a business. As a result, data is an essential part of this sector's marketing strategy while analysis enables that all-important personalization tactic this industry relies on.

Such is its importance that the sector plans to up its collective marketing analytics spending by a whopping 60% this year<sup>7</sup>. While video and social marketing are also huge players in their armor with the 3C's of content, community and commerce meaning the hospitality sector needs to focus on social influence first, traditional marketing second.

For many hoteliers, their market share is continuously dropping in the wake of Online Travel Agents (OTAs). With online booking accounting for more than 40% of total travel sales<sup>8</sup>, hotels are feeling the pinch as their digital strategies fail to match up. Originally an 85:15 split in 2007, this has risen to 60:40 for online bookings. The reason? Online technologies offer the power to direct online revenues and decrease customer acquisition costs. It seems the key for many bricks and mortar hotels is identifying the right mix of digital technology and marketing initiatives.

The next big thing in travel will be a more personal and predictive consumer experience driven by data and insights.

- Gary Morrison, SVP & Head of Retail, Brand Expedia Worldwide

This has undoubtedly paved the way for online travel agencies to take off, making it more difficult for brand hotels to generate on-site bookings. Expedia and Priceline are at the forefront with revenues now reaching \$35 billion. As an industry leader, Expedia has a progressive view of the future for travel enthusiasts with digital technologies at the heart. It predicts social networks will increasingly drive people to choose holidays and test-drive locations using VR and augmented reality through 360-degree tours<sup>9</sup> and Facebook bots.

For the hospitality and leisure industry, customer experience is a key area of focus for driving both customer acquisition and retention. As such, travel and hospitality brands are working hard to fuse physical and digital experiences in order to differentiate from their competitors. Compared to other industries, this sector is strong in mobile marketing<sup>10</sup> as smartphones are the glue that binds together online and offline customer experiences.



## CASE STUDY



A significant disrupter in this space is Airbnb. Initially a failure when it was first launched as [airbedandbreakfast.com](http://airbedandbreakfast.com) in 2007, the founders teamed up with a computer engineer and designed a website that garnered interest and started to convert that interest into bookings.

As the landscape started to shift into the sharing social media environment we see today, they refined their site by upscaling payment processes and offering a free professional photographer to those wanting to let their properties.

As people enjoyed the experience and started to share that enjoyment, Airbnb doubled and kept on doubling their revenue. Since 2014, the company has expanded into new markets and achieved a 700% increase in business from Chinese travelers, while new properties have been listed in Cuba. A recent round of investment funding could value the company at \$30 billion<sup>11</sup>, making it the 2nd highest start-up after Uber.



## Technology

In a sector dominated by goliaths such as IBM, Google and Microsoft, the technology industry is a force to be reckoned with. A booming industry, its brand value is \$732 billion<sup>12</sup> with Google ranking first at \$229 billion closely followed by Apple at \$228 billion. However, the rise of consumer technology pioneers such as Facebook has shaken up the industry, making it a challenge to keep up with the pace and scale of change.

For the technology sector social, mobile, analytics and cloud technologies have kick-started the first phase of a digital-driven consumer and business transformation, the next will be steered by a number of emerging trends:

### **1) Internet of Things (IoT)**

Gartner predicts that 20.8 billion connected ‘things’ will be in use by 2020. While IoT has an impact on many industries (including those mentioned here) there is an urgency for the technology sector to develop and integrate these technologies.

From a skills perspective, expertise is required in architecture and object identification, security, software development, sensors, testing and interface to name a few. In addition, the explosion of devices accumulating data will be a key driver of growth as more and more products begin to capitalize on IoT sensors.

### **2) Cybersecurity**

Given the amount of data gathered each minute, cybersecurity has been heralded as one of the fastest-growing industries in the world<sup>13</sup> with a value of \$120 billion by 2017 compared to \$3.5 billion in 2004.

With cyberattacks becoming more common, the technology sector is often the ground zero for hackers due to the nature of their data and the fact they tend to be early adopters of new technologies. Protecting data from breaches and the loss of IP is going to be a priority in the next few years. Securing data also goes hand in hand with keeping it confidential as data privacy continues to be a priority, particularly in Europe<sup>14</sup>.

### **3) Big data & analytics**

Predictions using big data are a hot trend for the technology sector with digital advertising as the largest application. Open source and cloud newcomers to the market such as Apache Spark and Snowflake allow companies to do more with data but also do it considerably faster. According to Deloitte<sup>15</sup>, these types of open platforms are a powerful tool for transformative change as they help to accelerate innovation by enabling developers and companies to explore the art of the possible.

#### **4) Virtual and Augmented Reality**

There's a huge buzz around VR and augmented reality. With three of the major players in the tech industry throwing money and people at it – Facebook through acquiring Oculus Rift, Google in the robot drone startup Magic Leap, and Microsoft in the HoloLens headset - a new reality seems to be at play.

With the potential to enhance communication and collaboration, training and simulation alongside customer experience and interactive marketing, the potential of VR is boundaryless.

All of these platforms enable enhanced business intelligence allowing those in the technology sector to do more important things with their growing bank of data. A sector on the cusp of emerging and exciting technologies, the IoT, big data analytics, cloud computing, additive manufacturing, and cognitive computing are all areas expected to grow in the near future and significant investments are already being made.



## Food & Beverage

By 2021 the food and beverage industry is expected to grow by 16% to \$73,473 million<sup>16</sup>. As an industry, the sector is often at the forefront of exploring the potential of new digital platforms to raise brand awareness and deliver sales opportunities. They achieve this by adopting a mix of digital marketing techniques to ensure their campaigns maximize reach, boost brand awareness, and engage mobile and social consumers.

A sector with some teeth, companies in this sector are early adopters and influencers with brands such as Coca-Cola and Nestlé ranking as the most powerful companies in the world<sup>17</sup>. However, in recent years the industry has faced controversy with advertising to children and obesity hitting the headlines. In the UK a recent sugar tax<sup>18</sup> on soft drinks has just been introduced as a way to raise more money for sport in schools.

As a result, global brands have had to take a different approach to its messaging and many have taken to digital mediums to do so.

## CASE STUDY



With a brand value of \$59 billion, Coca-Cola has gone through many transitions in response to the changing consumer and societal landscape. As one of the world's most recognizable brands, in the early 2000's, the US carbonated soft drink market<sup>19</sup> shrunk and Coke's sales dropped. While the reasons for this are complex, consumer concern about the impact to health and weight from drinking sugar-laden drinks is seen as the main factor.

In response, Coca-Cola rejuvenated its product line with Coke Zero, aimed at men and Diet Coke/Coke Light aimed at women along with acquiring several health conscious companies. Alongside these changes, the company used digital technologies and channels to its full advantage sponsoring large-scale events such as the World Cup and Paralympics and launching marketing campaigns that communicated a lifestyle with happiness at its core.



Never afraid to experiment, Coca-Cola has harnessed the power of digital through a number of campaigns. A huge success globally, their 'Share a Coke' campaign invited consumers to virtually 'share a coke' by sending someone a personalized bottle and then tweet who they were sharing it with. In the UK alone, the campaign resulted in 998 million Twitter impressions and 730,000 personalized bottles via the e-commerce site.

And Coca-Cola is not alone in the industry in its use of digital. On social media, food and beverage brands - big and small - lead the way when it comes to tweets with an average day on Facebook seeing over 4,700 customer likes and having a 32% share on Twitter compared to 17% for clothing and accessories and 11% for technology, retail and entertainment sectors.

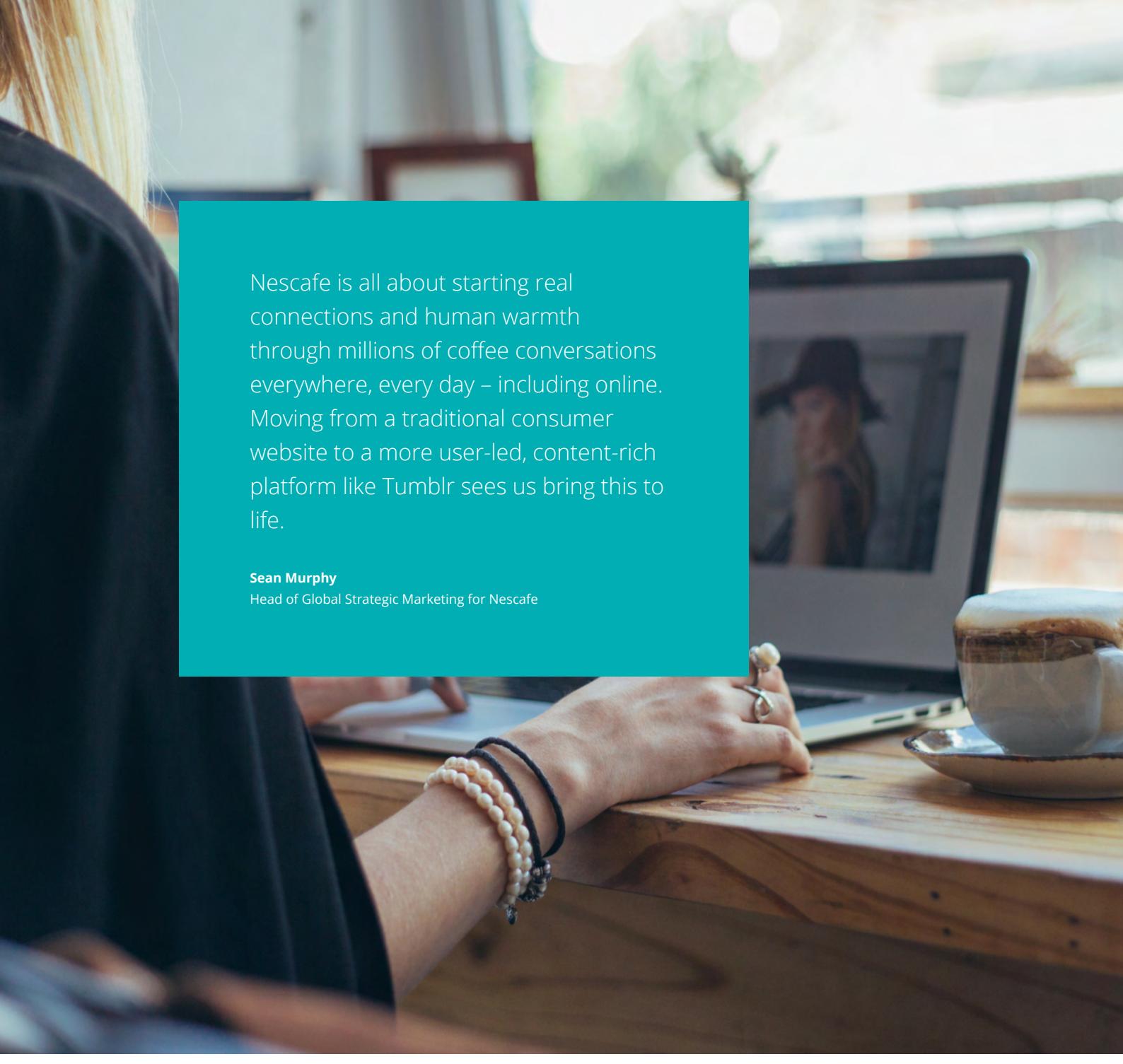
Other brand leaders such as Red Bull are using their own TV channels to engage audiences while Dominos<sup>20</sup> is introducing drones to deliver its pizzas as a way to cut through the digital noise and raise its profile.

The sector continues to drive digital innovation by capitalizing on new technologies. Starbucks and Cadbury's are well on their digital transformation path by overhauling payment processes, populating new and emerging media channels, tapping into 3D printing and leveraging crowdsourcing.

For coffee leader Nescafé<sup>21</sup>, its abandonment of websites as their online portal in favor of the content-rich blogging platform Tumblr is a shift away from the conventional.

The first global brand to take this step, the company's aim is to enhance communication with consumers and create stronger relationships with young coffee aficionados. An evaluation six months later showed a huge rise in engagement and traffic with visits up by nearly a third and users spending 18% longer each visit.

As an industry, the food and beverage sector continues to grow, keeping experimentation at its core with a watchful eye on new and emerging digital trends and technologies.



Nescafe is all about starting real connections and human warmth through millions of coffee conversations everywhere, every day – including online. Moving from a traditional consumer website to a more user-led, content-rich platform like Tumblr sees us bring this to life.

**Sean Murphy**  
Head of Global Strategic Marketing for Nescafe



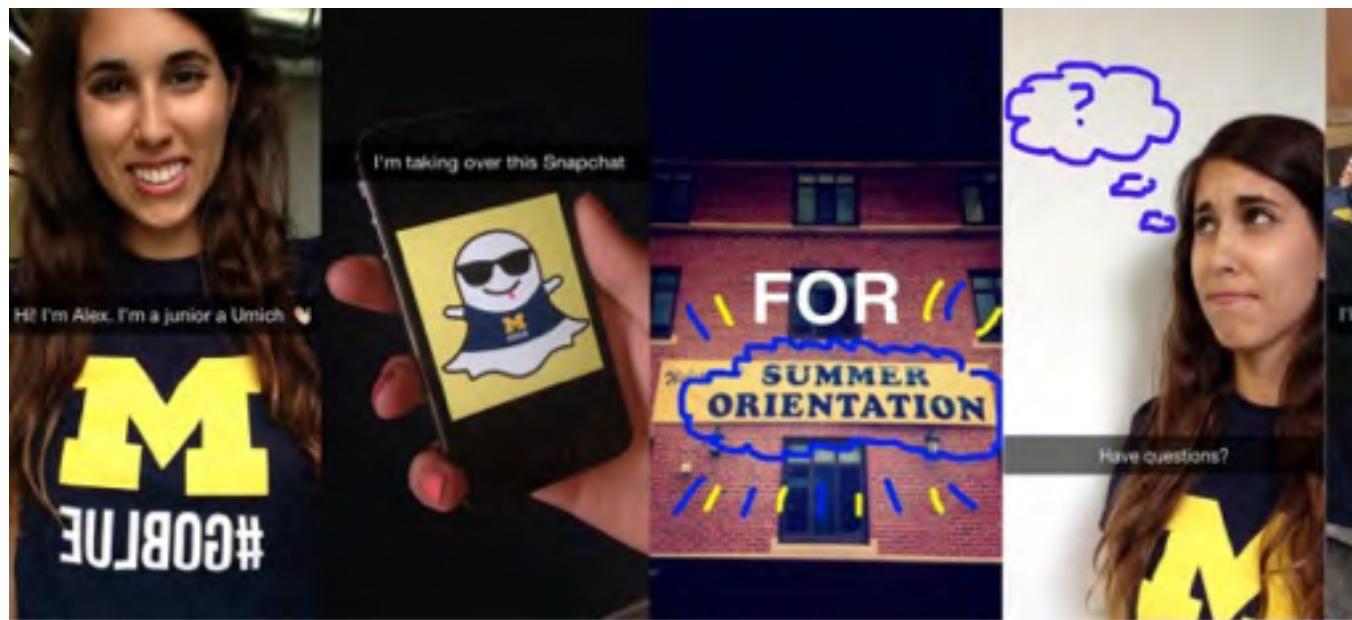
## Education

In recent years the higher education landscape has become increasingly competitive as universities and colleges look to enroll and retain high-quality students. As educators come to realize that students are also customers that need to be engaged with, the need to provide a seamless and superior customer experience is becoming essential.

For prospective students, an education institution with an online presence is an important determinant in choosing where to go. When researching a college or university 63%<sup>22</sup> of students rated a website as essential to their decision with 66% viewing social media as quite or very important when considering enrollment.

With students at the heart of an institution's online and digital strategies, social media has become a useful promotional tool as they are used not only to recruit students, but also to research prospective ones. For marketing professionals in the sector, the majority stated they (96%) used Facebook to engage with students with 88% using Twitter and 77% YouTube.

One institution harnessing the power of the expanding mobile application SnapChat is the University of Michigan. Their success is due to their interactivity on the channel by initiating conversations with their student body to create an approachable and friendly identity online. Alongside fun campaigns such as inviting students to doodle over a squirrel, more serious campaigns such as #AskUMich gave students the opportunity to ask questions and learn more about the university.



As the recruitment of international students, non-traditional and adult learners becomes a priority for many educators due to a significant drop in government funding<sup>23</sup> for many, there is a focus on website personalization and optimization. In addition, mobile apps are becoming more popular as a way to engage with students in a more intuitive and engaging way.

In addition, by bringing the IoT into play alongside location-based marketing, educators can personalize engagement through targeting. After all, even while an app is closed<sup>24</sup> it can gather data about preferences and behaviors sending geo-targeted notifications such as promotion or games to prospective students at an event or open day. Mobile optimization is not only important for website enhancement but also to make more course content mobile friendly to enhance the learning experience of existing students.

Ultimately digital technologies are essential for educators that want to succeed in such a competitive industry. However, traditional resources still hold some importance and value for students from an information and word of mouth perspective.

So, the key for the education sector is to adopt a multichannel approach that is adaptable and straddles online and offline worlds.

In 2016, CX will be among the top ten critical success factors determining who will win and who will fail in the age of the customer

- Forrester



## Retail

With more than £150bn<sup>25</sup> of retail sales influenced by digital, the way consumers use digital technologies has changed the face of retail and put pressure on global brands. In light of these digital transformations, customer experience (CX) is essential to a retail organization's success with one-third of senior executives<sup>26</sup> citing CX as the most exciting opportunity this year. So what does this actually mean for retailers?

While some trends - beacons, social media network 'buy now' buttons - were heralded as the solution to enhance customer engagement, many have failed to deliver<sup>27</sup> on expectations. In 2017 and beyond the number of trends are emerging for the retail industry the most important of which are the surge in mobile usage and mCommerce.

For retailers, a mobile strategy is unavoidable as smartphones become a hugely popular way to research, purchase and review products. While 2015 was coined the year<sup>28</sup> of the mobile, 2016 and 2017 are all about optimizing a mobile strategy to take customers to a new level of buying, capitalizing on trends such as:

- **Click-and-collect** – Retailers are experimenting with mobile click-to-collect to enable customers to buy on their mobile and then collect in-store. Nordstrom has taken this one step further by piloting a service in 20 stores<sup>29</sup> that allow customers to text or call the retailer as they get near to the store. Once outside, a Nordstrom employee will meet the customer so they don't even need to get out of the car!
- **In-store mobile devices** – According to Vend's 2016 Retail Trends and Predictions report, mobile devices such as mPOS systems and in-store tablets improve the customer experience and speed up checkout particularly in peak hours and holiday seasons as it can reduce queues and allow sales to be rung up more quickly.

By the end of 2016, 25% of all retail e-commerce sales in the U.S. will take place on mobile devices

- eMarketer.

- **Optimize omnichannel strategies** – For mega brand Target, they discovered that 98% of their customers shopped digitally with three-quarters starting their experience on mobile. With this insight, the mega brand decided to bridge the gap between digital and store by using store visits to figure out what proved valuable.

By using a digital-first approach to their merchandising strategy, their omnichannel shoppers are now their most valuable customers spending three times more than those who shop on a single channel.

- **Personalization** – With 90% of marketers<sup>30</sup> believing personalization is the future, on-site personalization such as a personal shopping assistant on site or recommendations on previous purchases and preferences can engage and influence a customer in-store through mobile optimization.
- **The Internet of Things** – A study by McKinsey found that the use of IoT in retail could have an economic impact of \$410 billion to \$1.2 trillion per year in 2025. Examples of this use are retailers tracking real-time shopping behaviors, automated checkout and in-store personalized promotions.
- **Wearables** - Shoppers love wearables. A PowerReviews survey found shopping could be the single biggest sector for the devices, after fitness. Push notifications appear to be the main draw through receiving discounts or receiving an alert when a salesperson is free to avoid queues.

With all of these technologies on the sector's radar, the retail industry seems set to harness the power of digital in a range of interesting and innovative ways. Watch out customer!

## Conclusion

Across all these industries it seems apparent that digital has become mainstream and those with the talent and ambition to drive it are rewarded through increased customer engagement and a rise in sales. As the Y generation makes way for those of generation Z, marketers and organizations will need to be ready and willing to adapt to a new set of consumer needs.

In this constantly changing landscape, companies need to ensure their employees have the skillset to move with the changing tides of digital and have all the structures and tools in place to progress along their digital transformation path with ease.

### SOURCE

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INSIGHT

# Missing the Mark: The Digital Marketing Skills Gap in USA, UK & Ireland

As the digital economy continues to experience huge global growth, digital transformation is wielding an inescapable influence on every organization across every industry. In order to survive, organizations have had to adapt their marketing methods and techniques to plan for their digital future.

Despite the growing demand for relevant digital marketing skills across industries, the number of professionals with the right digital know-how is in decline.

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