The role of IT in User-/Customer- focused Innovation

2nd March 2013, RANEPA

Taro Kamioka (Hitotsubashi University, Japan)

Something is happening between

Marketing × **IT/IS**

Viewpoint：
Customer or user
-centric

Function:
Ex. Marketing Strategy (Market Analysis, Segmentation/Targeting, Positioning, ---), Product/Service-Planning, Pricing Strategy, Distribution Strategy, Communication Strategy, Branding Strategy, Market Research, Customer Relationship, Global/Local Marketing, CSR,---

CMO-CIO

CIO : Chief Information Officer
CMO Chief Marketing Officer

Gartner

- By 2017 the CMO will Spend More on IT Than the CIO

IBM

- "CMO-CIO Leadership Exchange" NY(Jun, 2012), Paris(Oct, 2012), Tokyo(Feb,2013)

Salesforce.com

- The attendance of the CMOs in their events has radically increased recently.

# Three Competitive fields for differentiation with IS

From a User-/Customer- focused viewpoints:

(1)Building effective information systems for customer-relationship
(2)Supporting IT-user's activities
(3)Creating a customer- centered enterprise framework

Due to the time constraints, this lecture will drill down on (1) and slightly cover (3).

Basic Background

Marketing is a key differentiator
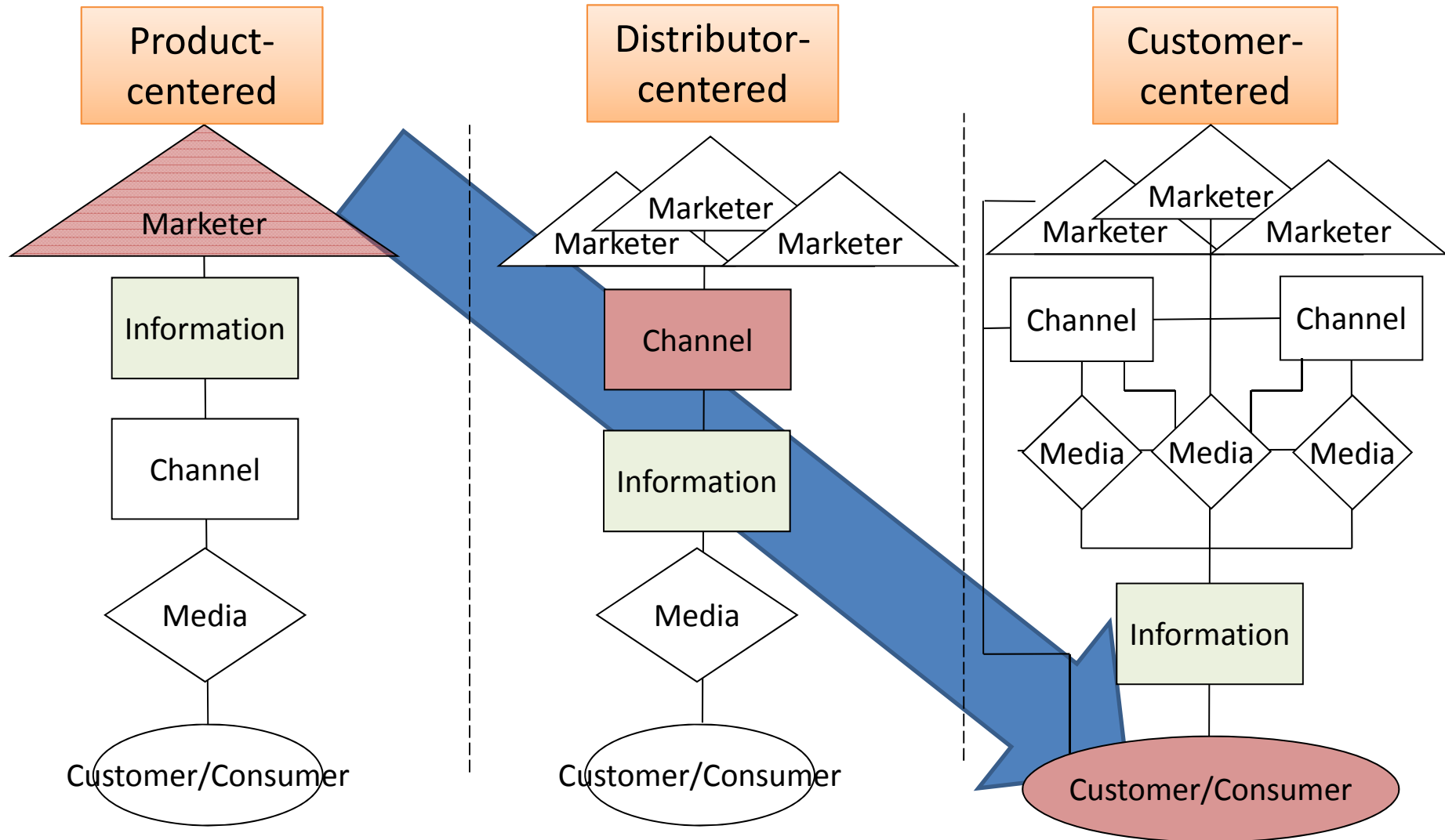
Modified from Don E. Schullz:"IMC TheNext Generation" (2003)
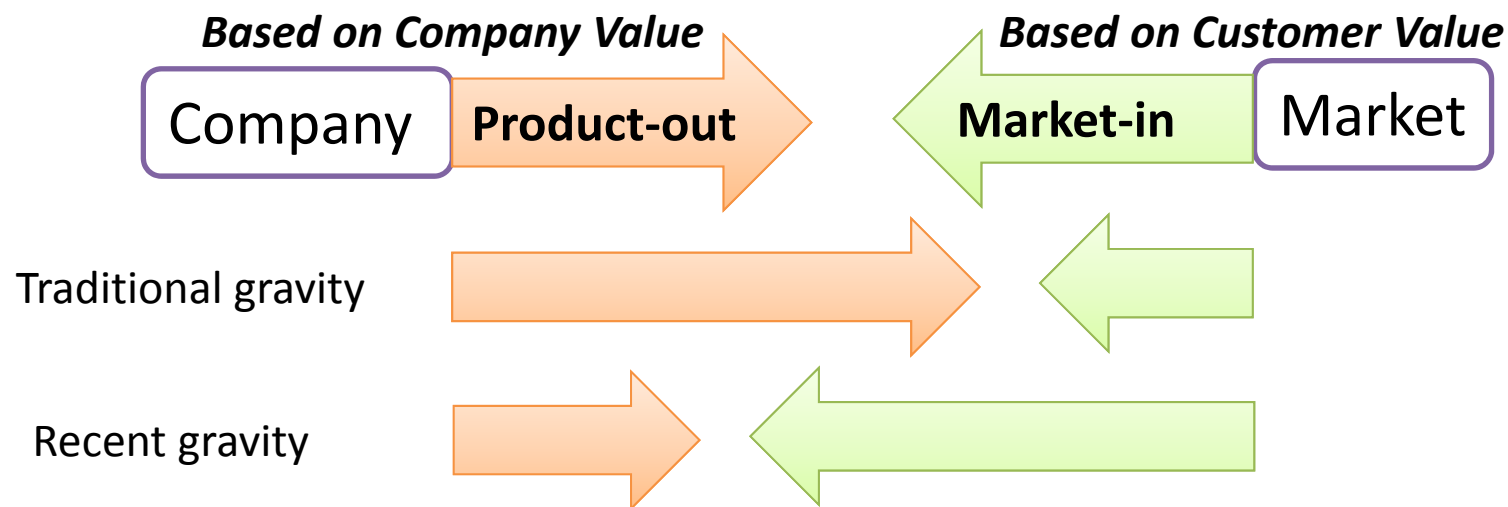
Product-out & Market-in

The company produces and sells:

what they believe is valuable   what the market wants and needs

The competitive advantage attributes to:

R&D   Marketing

Based on Company Value   **Based on Customer Value**

Company **Product-out** → ← **Market-in** Market

Traditional gravity

Recent gravity

Sustainable competitive company can keep a balance between them

Amazon.com

| On E-commerce | Selling books domestically | Selling a variety of goods domestically | Selling a variety of goods globally |

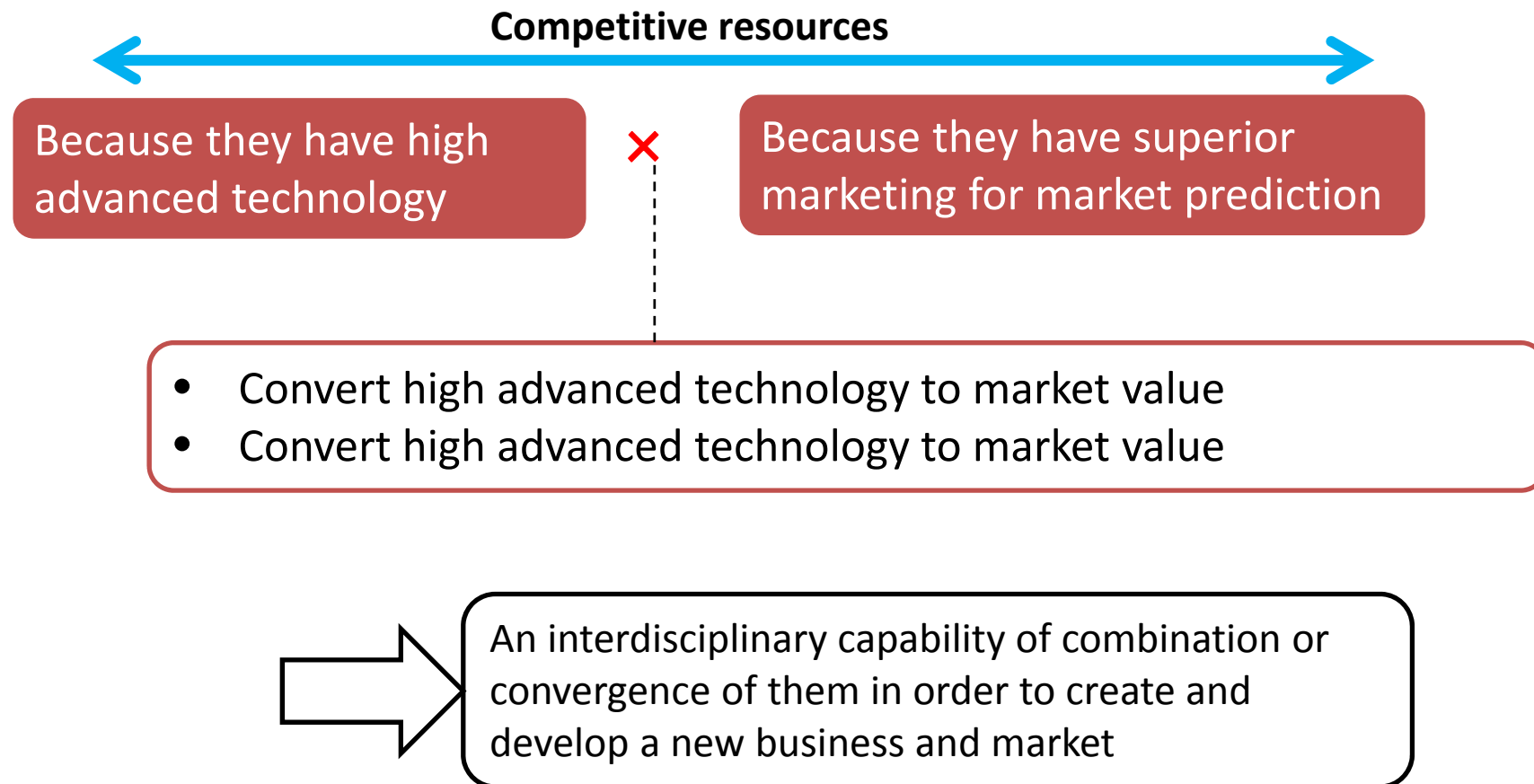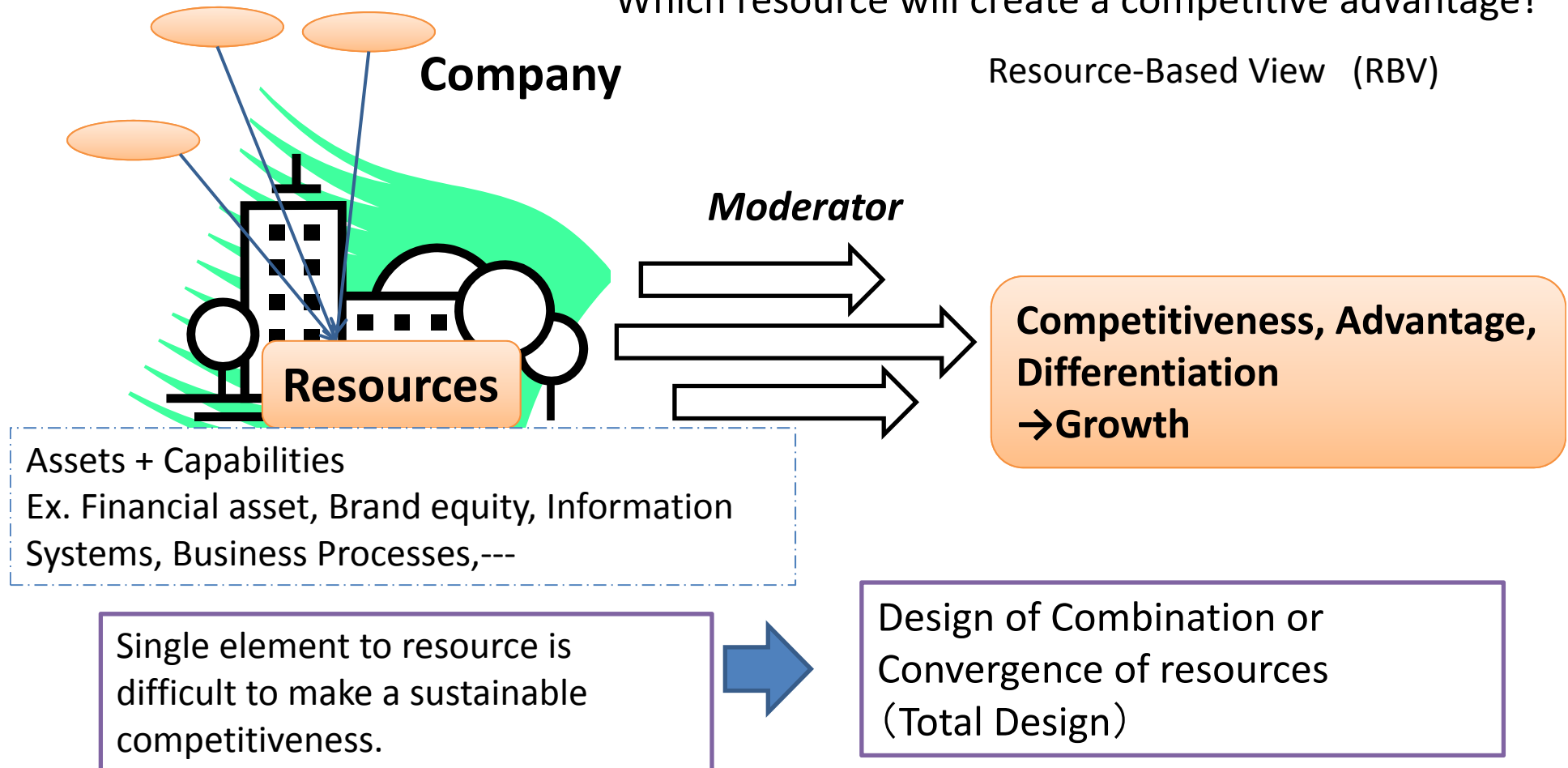| Cloud Service | EC2 for e-commerce | AWS for companies |
| | Amazon Glacier/Cloud drive |
| | For large public services |

| E-Book service | Kindle |

Technology or Marketing

Amazon.com has been successful in new business development and evolution

Competitive resources

Because they have high advanced technology ✕ Because they have superior marketing for market prediction

- Convert high advanced technology to market value
- Convert high advanced technology to market value

➡ An interdisciplinary capability of combination or convergence of them in order to create and develop a new business and market

Resource and Competitiveness

Which resource will create a competitive advantage?

Resource-Based View (RBV)

Company

Moderator

Resources

Competitiveness, Advantage, Differentiation →Growth

Assets + Capabilities
Ex. Financial asset, Brand equity, Information Systems, Business Processes,---

Single element to resource is difficult to make a sustainable competitiveness.

Design of Combination or Convergence of resources（Total Design）

Sum-up

- Marketing, which is responsible for customer-relationship, is a key differentiator in the company
- Only Information systems (IS) or information technology (IT) can be valuable by differentially excellently combining with other resources
- Marketing function will be one of the most important targets to combine with IT now

（1）Building effective information systems for customer-relationship

PSA International

Port of Singapore Authority
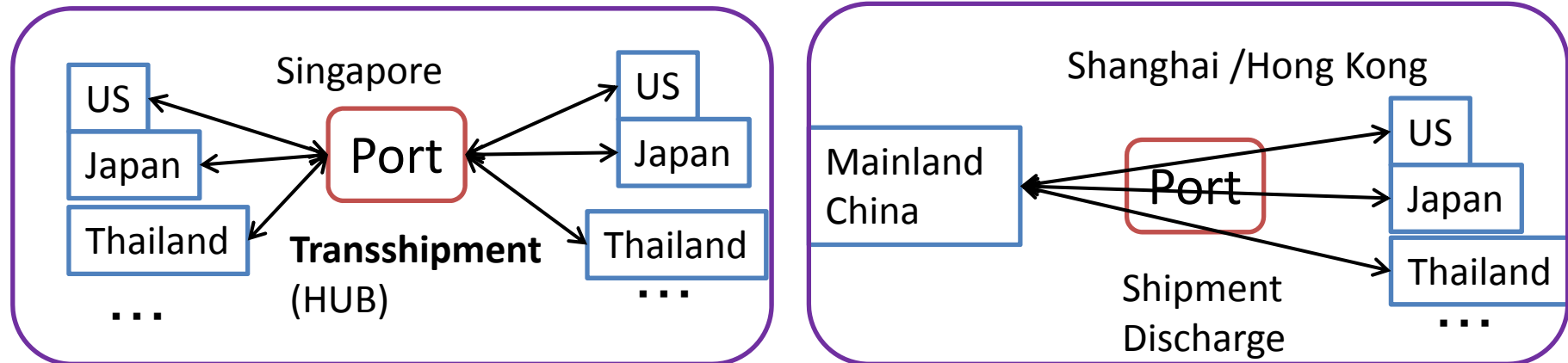
Complicate transaction creates **value and large profit**

> For each port, it is very troublesome to make shipment of each item into each destination → So each port is easier to make shipment of all items to Singapore once

Gaining the insight into customer-value and needs

- Our value is based on the evaluation by customers and partners
- We make efforts to grasp the market trends

Honda Internavi + Google Crisis Response

- The service collects Floating Car Data from running vehicles for car-navigation with congestion maps
  - It was incredibly useful to know travelable routes after the Great East Japan Earthquake


http://www.google.co.jp/intl/ja/crisisresponse/japanquake2011_traffic.html

http://www.youtube.com/watch?v=TyvnT2jfgGc

A similar application is to collect data from windscreen wipers of cars and to create maps of precipitation distribution

Social Media

- A new premium model of Mazda Atenza came to market at the end of 2012, and became a great hit with a 6-month waiting list for back-order.
- Mazda started communication with customers by Social Media , followed by TV-CM.
- Social media have affected much more on sales than TV CM, although any control experiment was not conducted.
- Mazda marketing team is now considering to take advantage of social media more largely with IS team.

Order

Real

Prediction

Social Media   TV CM
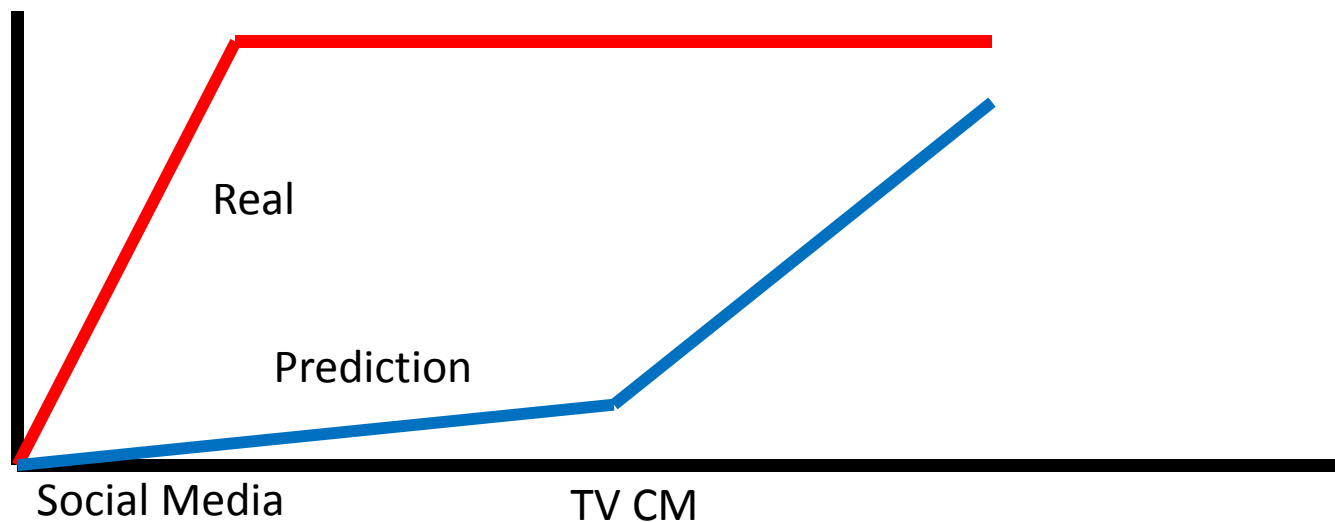
>IS-initiative customer-centric projects is one way
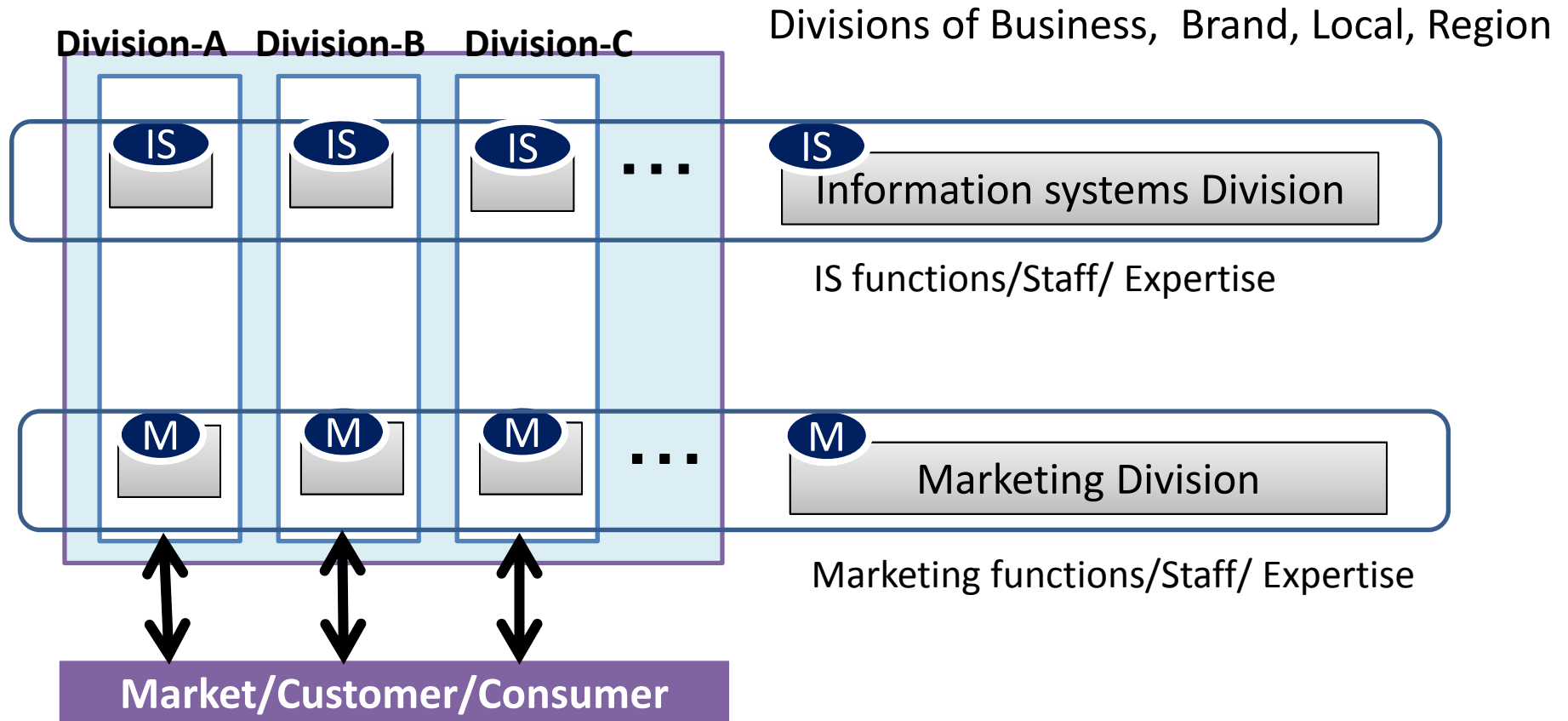>Once you try to collaborate with marketing teams, there will be a lot of challenges
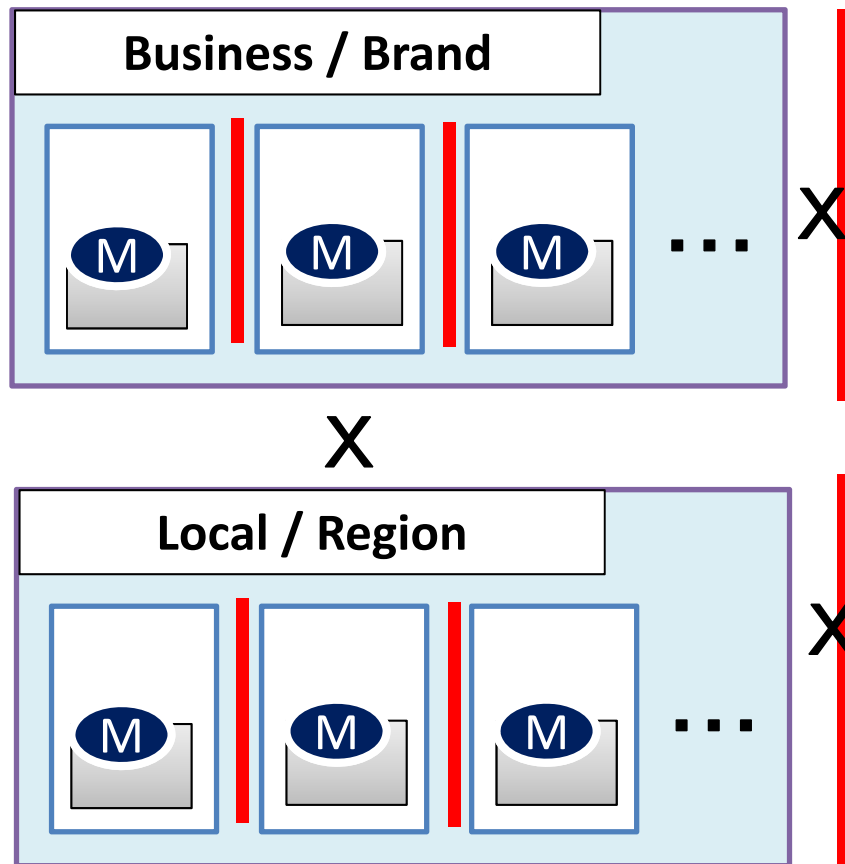
→tomorrow

Marketing Organization Structure

- The organizational structure of marketing is very similar to that of IS
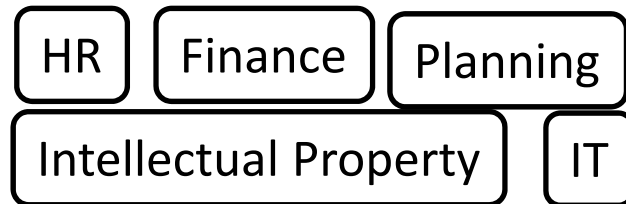- It seems to be easy for them to make collaborations

Division-A Division-B Division-C

Divisions of Business, Brand, Local, Region

IS   IS   IS   . . .   IS | Information systems Division

IS functions/Staff/ Expertise

M   M   M   . . .   M | Marketing Division

Marketing functions/Staff/ Expertise

Market/Customer/Consumer

Total Optimizations in Marketing

Top Management

Business / Brand

M   M   M   . . .

X

Local / Region

M   M   M   . . .

X

Corporate Function

HR   Finance   Planning

Intellectual Property   IT

Marketing-Related

Advertising   Data Analysis

Consumer Research   CSR   Media

Public Relations   Corporate Brand
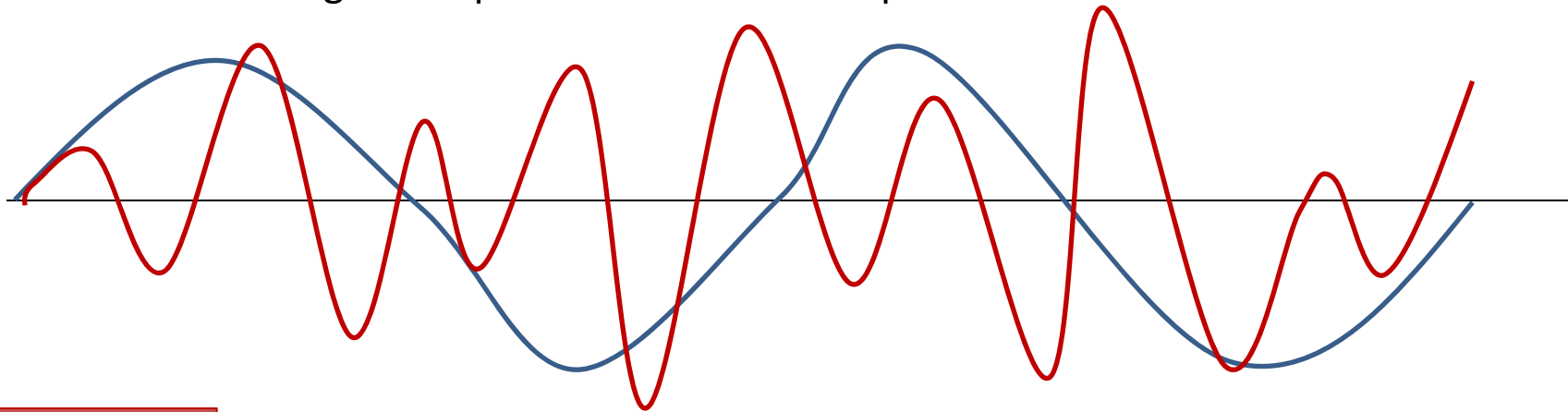
Intellectual Property   Sales

Change-speed mind set

Most of the pressure to the company reform comes from market

Information Systems   **Planned innovation**

Disfavor change of requirements for stable operations

Marketing   **Timey innovation**

Subject to pressure to change requirements from market/consumers/customers

Untouchable areas by IS team

Value chain processes with corporate IS typically by ERP

Marketing

The scale of using IS is extended, and more distributed, typically by using latest cloud computing services
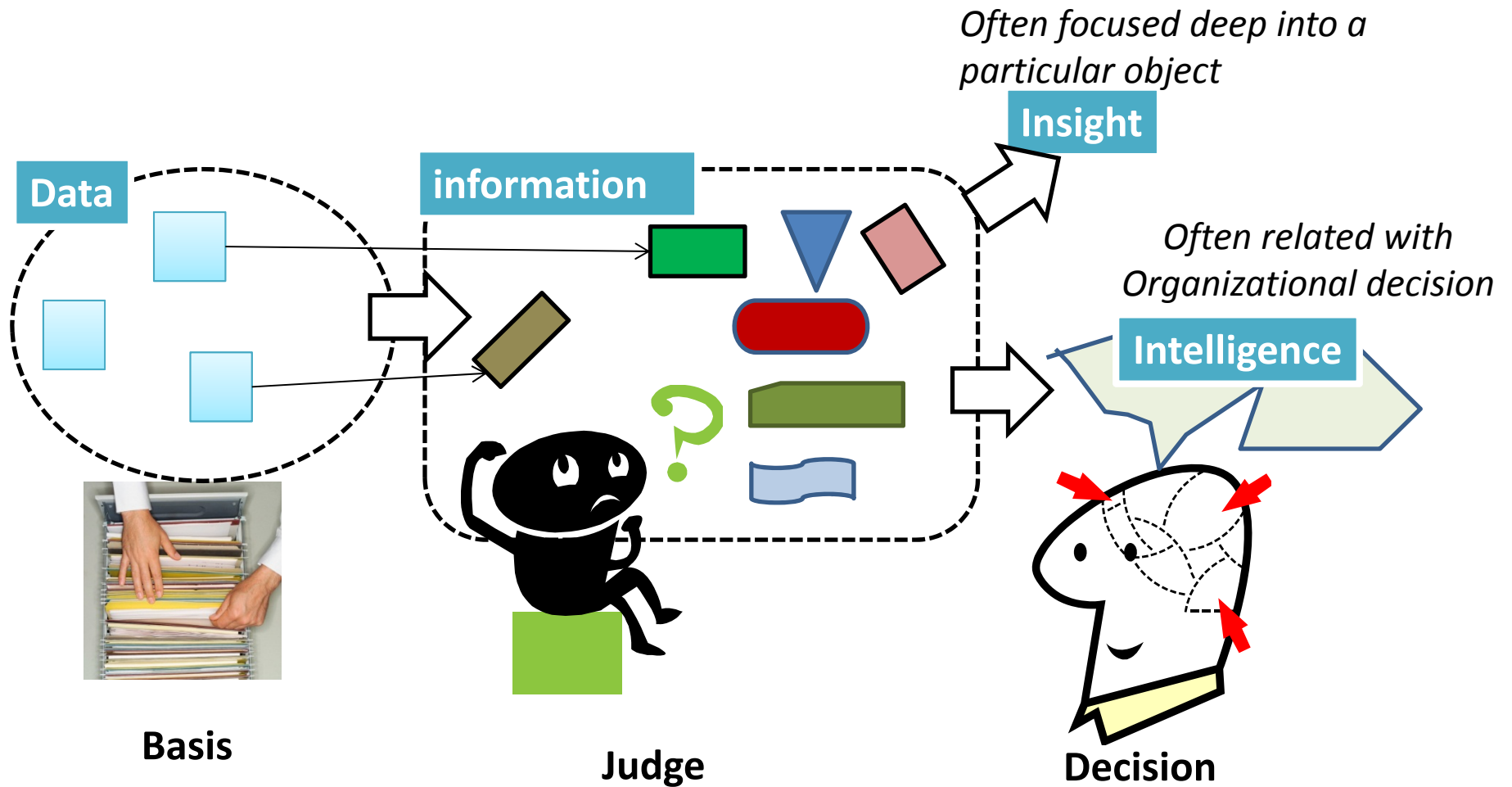
Basically marketing is not strongly connected to the value chain process except sales-related one.

IS

Data   IS
              Data
IS
                  Data
IS
Data
IS
          Data   IS
                  Data
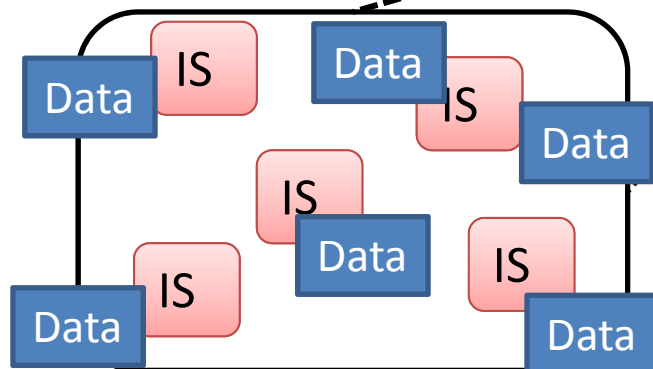
- *Marketing team uses their own IS separately from the corporate IS*
- *Marketing team doesn't like standardization, process-oriented way.*
- *Marketing team can not wait for a year to have a new IS.*

Collected data is going to pile up soon here and there through communication with customers. Who will manage the all data?

Data, Information, Intelligence, Insight

Often focused deep into a particular object

Insight

Data

information

Often related with Organizational decision

Intelligence

Basis

Judge

Decision

IS ⟷ **Marketing**

# (2) Supporting IT-user's activities

How to utilize IT in users' side

Utilizing IS > Developing IS

- Information systems (IS) are essential for user activities.
- However, only building the IS is not enough to achieve high high performance
- The performance with IT depends on users more and more

Grand design

- A grand design is going to be necessary to make user's activity effective.
- Who can make the total design for users?
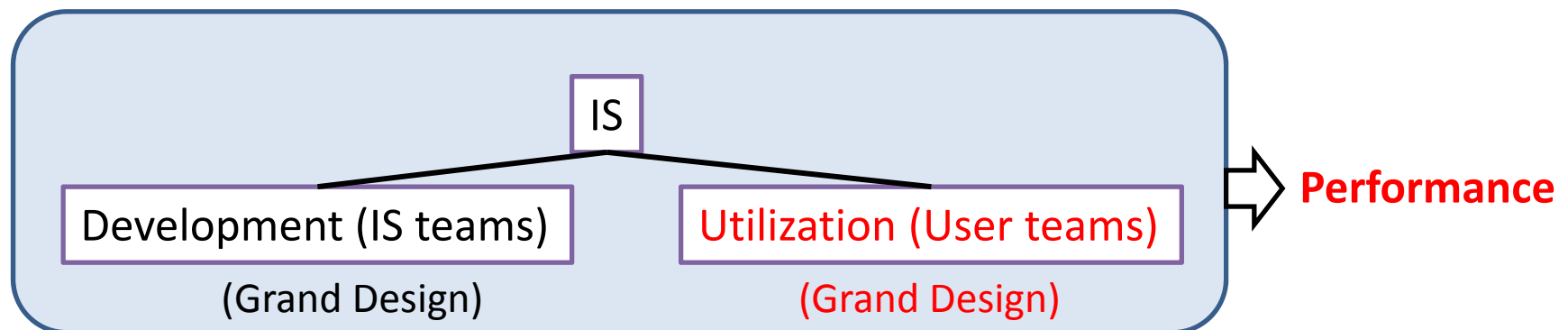
An elementary school in Seoul
2011.2.10-11

High quality of classroom-education was realized

- Surprisingly no students would not get distracted by around 20 visitors walking around the classroom
- The operation of devices would not interrupt their learning

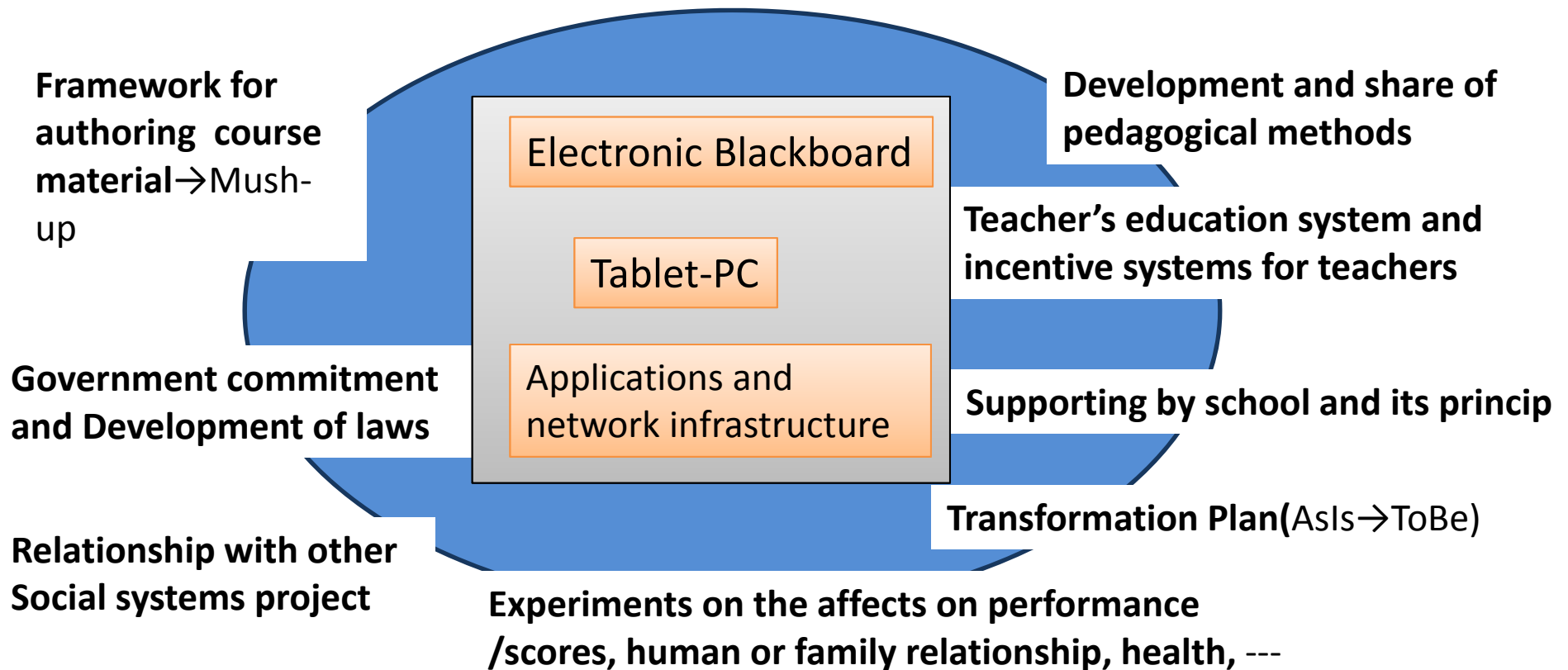## The main focus is to innovate the classroom-education

- not to use the digital devices excellently
- It used to be cramming education emphasizing memorizing knowledge
- It is aiming at improving the ability of thinking and solution
  - Ex. How is the Antarctic glacier melting?
  - They have to collect different piece of information, sum it up, discuss about it, create a solution, make a presentation, ---
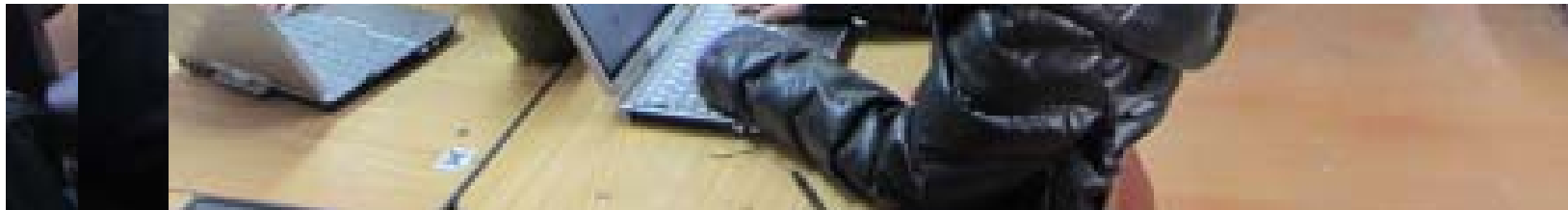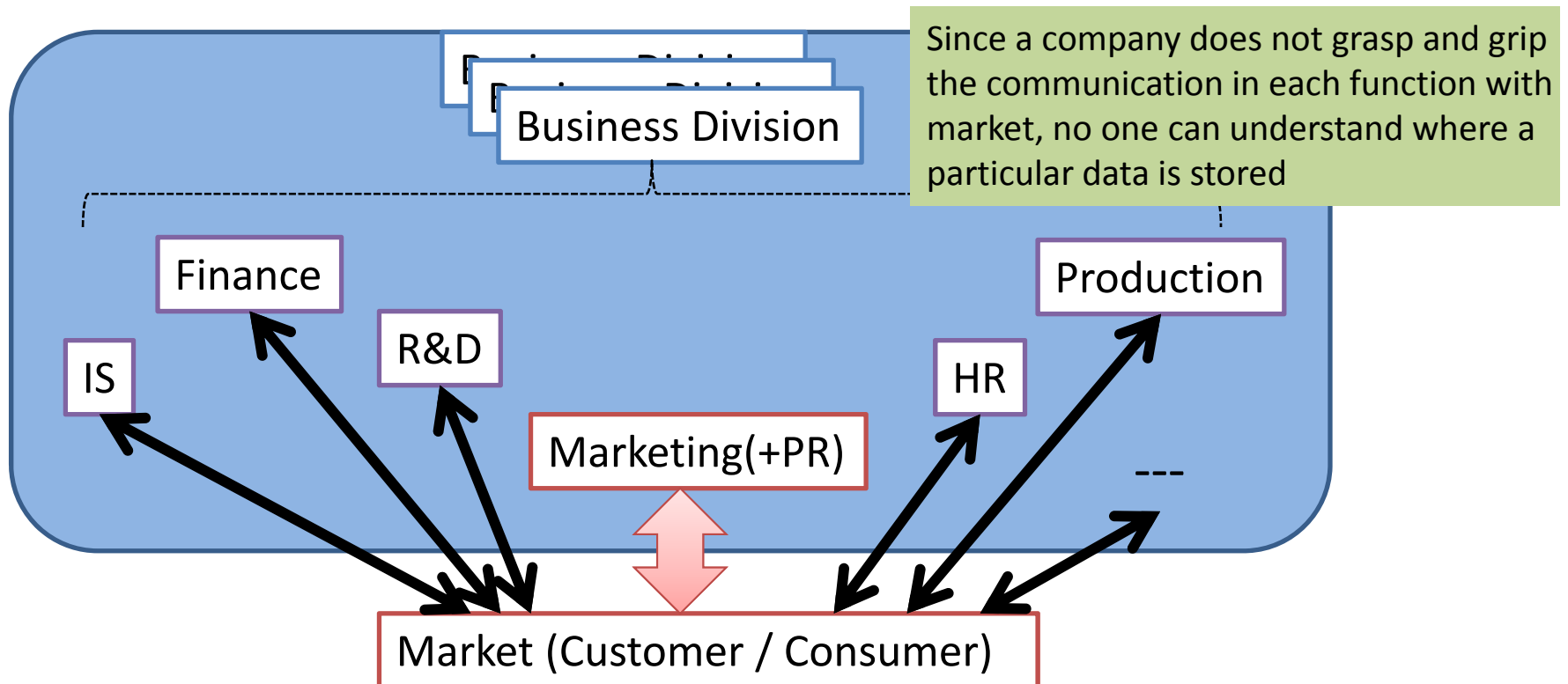
A grand design

- The project has not been closed to researchers of IS and pedagogy
- It is designed based on national strategies

Framework for authoring course material→Mush-up

Development and share of pedagogical methods

Electronic Blackboard

Teacher's education system and incentive systems for teachers

Tablet-PC

Government commitment and Development of laws

Applications and network infrastructure

Supporting by school and its princip

Relationship with other Social systems project

Transformation Plan(AsIs→ToBe**)**

Experiments on the affects on performance /scores, human or family relationship, health, ---

Organized by Kamioka

# (3) Creating a customer-centered enterprise framework

Communication with market

- The main communicator is Marketing div., but each function with business divisions communicates with market discretely
- However, the amount of communication of tends to increase
- Is that in the right way in the customer-centric age?

Business Division

Business Division

Business Division

Since a company does not grasp and grip the communication in each function with market, no one can understand where a particular data is stored

Finance

R&D

IS

Production

HR

Marketing(+PR)

Market (Customer / Consumer)

Marketing as a communication platform

- In order to communicate with market consistently as one company and effectively, there should be a platform for them
- An extended marketing can be a platform or hub for communication with market
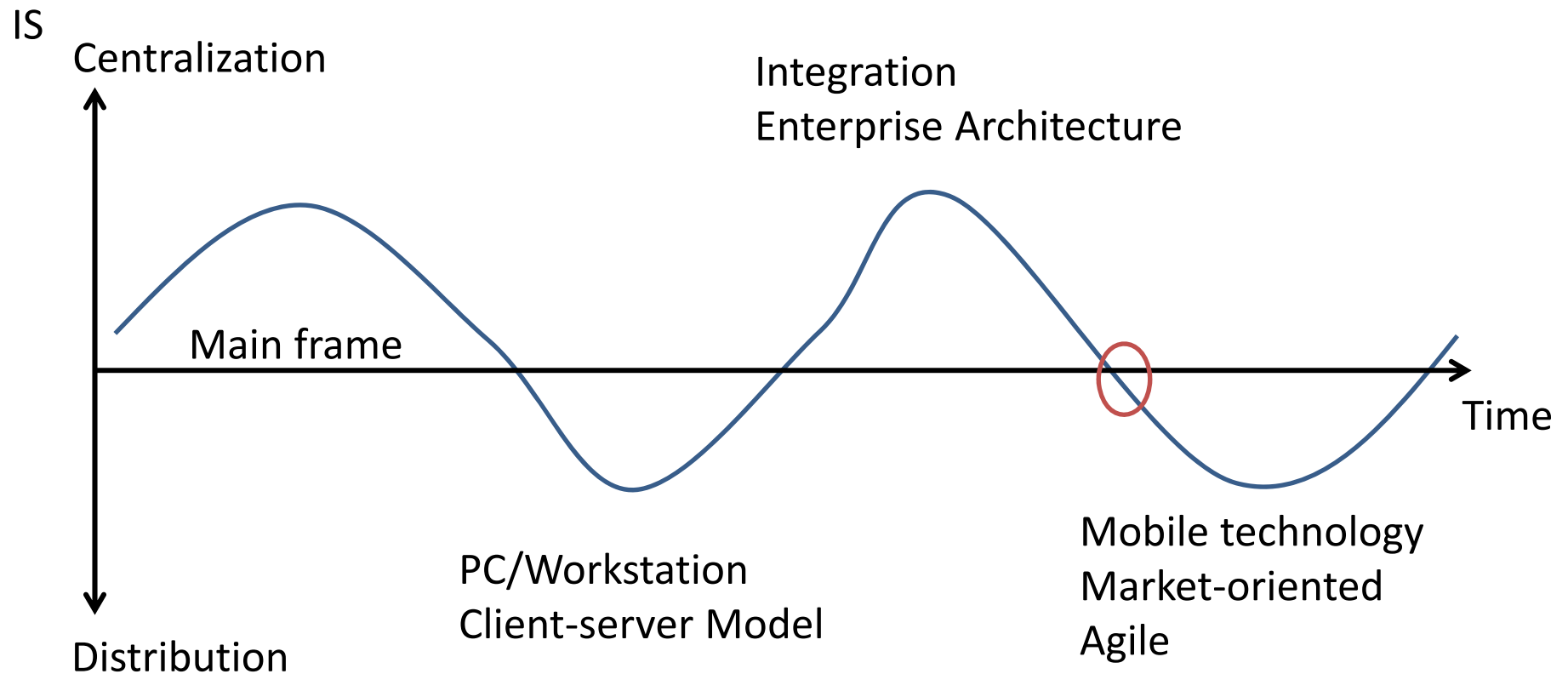- Communication is in the form of information-exchange, so the collaboration with IS should be designed.
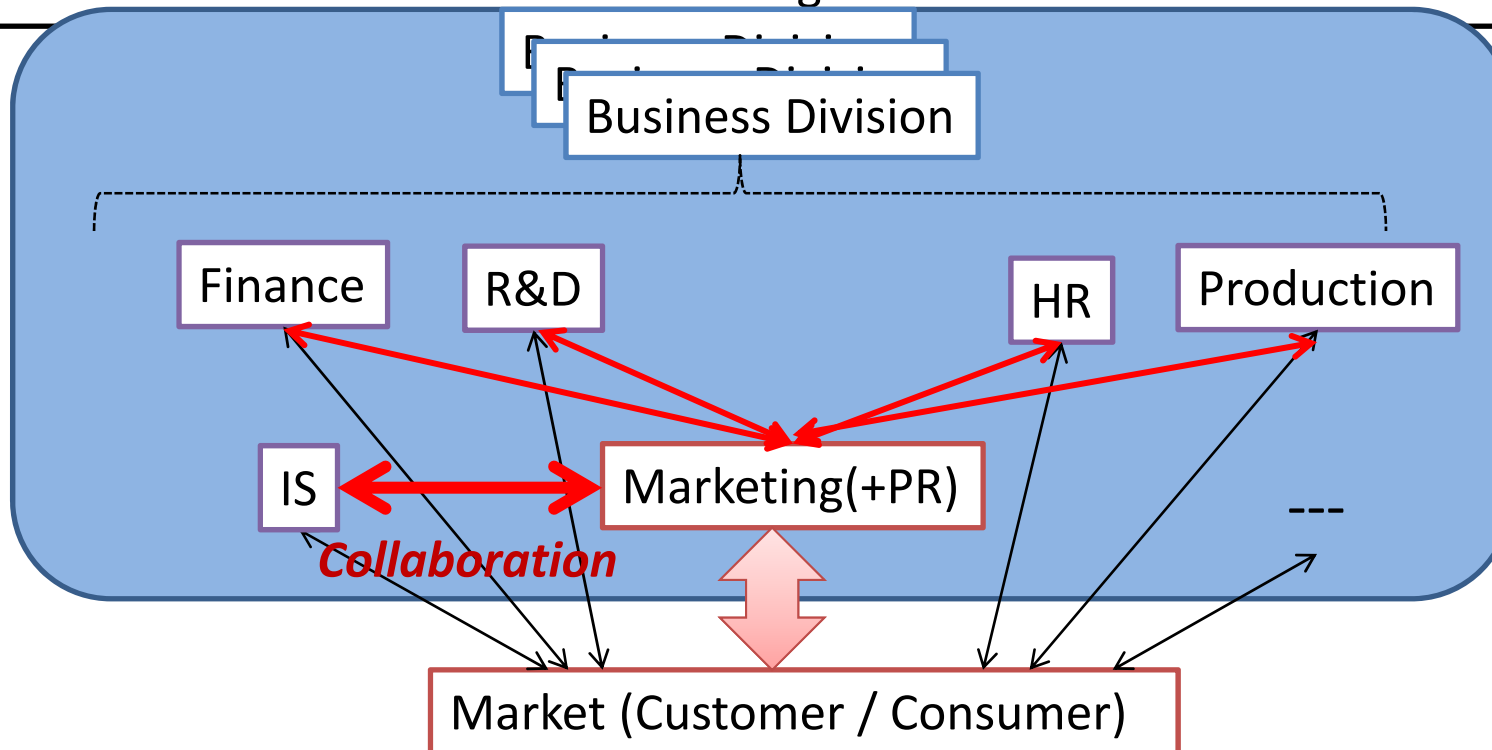
Marketing as a business process platform

From a standpoint of business process
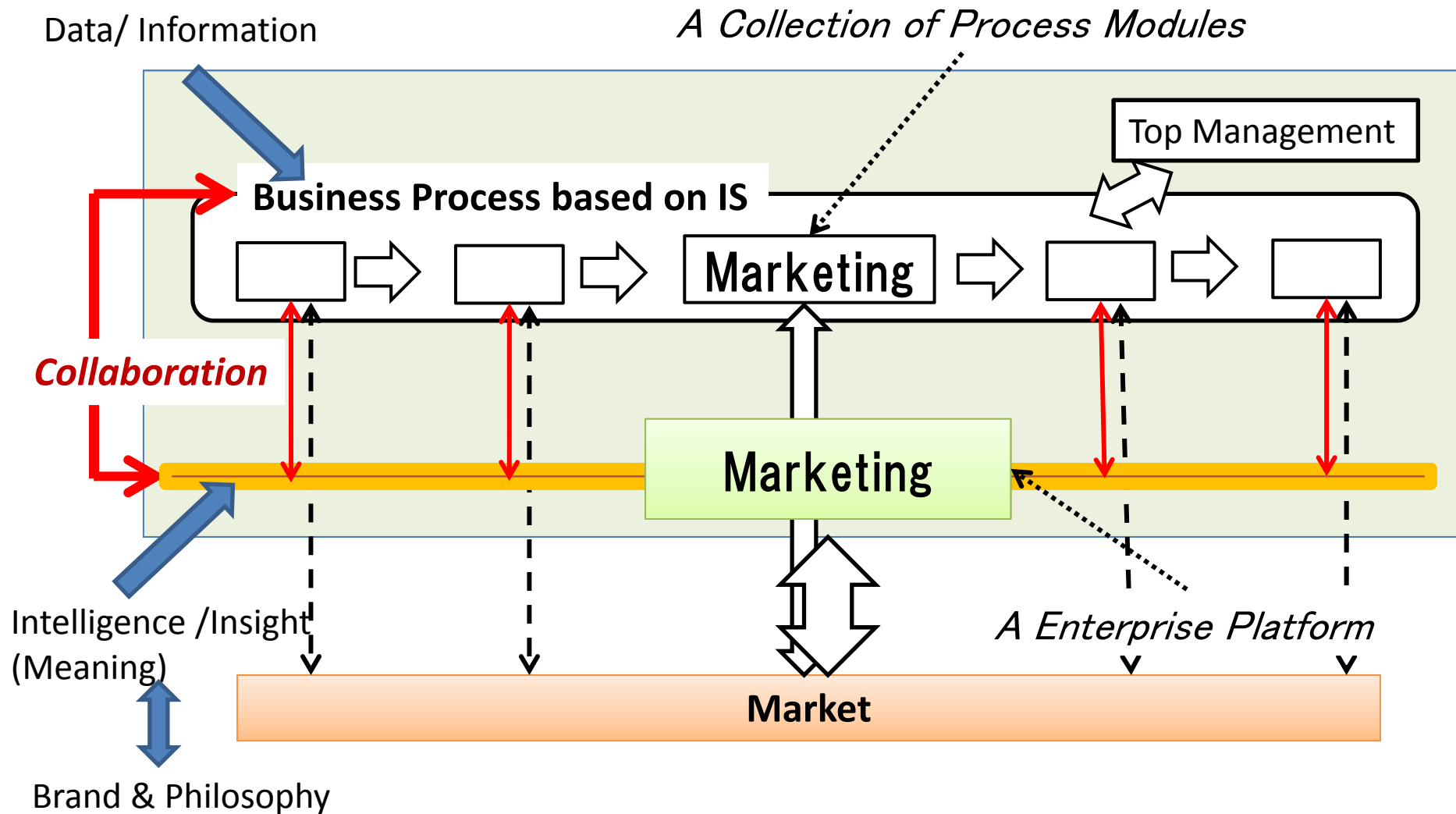
Centralization and distribution

In the future with new IT or architecture, we will encounter a different situation

Wrap-Up

- For differentiation, the company is going to be more focused on market or customers.

- The source of competitiveness with IT is now getting more customer- or user-oriented

- The following three viewpoints are presented:

  1. Building effective information systems for customer-relationship
  2. Supporting IT-user's activities
  3. Creating a customer- centered enterprise framework

Спасибо!!