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INTRODUCTION: A NEW MODEL OF DIGITAL MARKETING

Social experiences are changing and influencing technology at lightning rates of speed. New technologies are disrupting marketing models that used to influence customers. No longer is it productive for companies to simply push advertisements to consumers, attempting to dictate how a certain product or service should make them feel.

In today’s world of the “always on” digital consumer, businesses have to deliver on an “always connected” experience. This new reality requires that companies reach out and market with consumers and prospects in different ways, across a widening array of digital channels. It is a true customer service-driven model that engages its audience by showcasing what is relevant at any given moment. It is anticipatory, yet adapts as customer sentiment changes, and extends throughout the lifetime of the customer relationship with the brand.

For Hewlett Packard Enterprise, delivering a better, more valuable Customer Experience is at the center of it all. But in order to innovate processes and technologies around the experience, companies must first understand the nature of today’s changing digital landscape. HPE suggests that the following four big ideas are helping to create an onrush of change, and shows how companies and their customers are responding to each idea’s inherent challenges and opportunities:

- **Gens C&D.** Generation C is connected, and comprises the large number of consumers who attach themselves to a brand through mobile devices, digital channels, and non-mobile Web, as well as traditional methods such as phone and in-store visits. And Generation C is transforming into Generation D – consumers connected to not only a brand but also their peer groups. Gen D is a subset that promotes or critiques a brand experience to their peers.

- **“Digital Halos” & the Internet of Me (IoM).** Marketing to today’s consumer means understanding the fact that he or she shifts personas over time. Those personas can change based on the situation. It’s about understanding where the consumer is now, in real time, and then being able to act on that information.

- **The Rise of Customer Experience Analytics (CEA).** Data is exploding. It’s an ongoing challenge for marketers to turn massive amounts of Big Data into Small Data that provides relevant context for every consumer interaction at the right moment. But when it comes to personalization, it’s essential that companies make mastering that process a priority.

- **The Brand as Data Custodian.** The convergence of Gens C&D and the creation of Digital Halos mean that brands may come to know more about their consumers and fans than at any time since society outgrew the small-town general store. Winning brands are now treating their customers’ social capital with the kind of reverence Swiss Banks traditionally have for their customers’ financial capital.
A NEW KIND OF CONSUMER: MEET DIGITAL-SAVVY GENS C&D

Background

Who exactly is this new consumer? Popular media constantly references the importance of the Millennials. Yet HPE points out that what the emphasis on Millennials misses is the need to associate them with the all-important concepts of attitude and connection. Companies must be able to appeal to these consumers at any time, and be in tune with their personas and needs at that all-important moment. HPE believes distinct attitudes and habits can be found in two emerging groups that the company has identified as “Gens C&D” – around which today’s businesses must build their brands.

Generation C is connected, researching goods and services on the Internet before they make a purchase. Members of Gen C are highly informed and prefer self-help to assisted service, often attempting to troubleshoot problems long before contacting a business. They also tend to “channel hop,” moving from one mode of interaction to another depending on situation, need, and location, many times connecting in more than one way at a time.

And Generation C is transforming into Generation D – consumers connected to not only a brand but also to their peer groups, promoting or critiquing a brand experience with these peers. The result? Gen D can be delighted and drive brand awareness, or be disappointed, become disenchanted, and then detractors. For HPE, marketing to Gen D means not just engaging with them where they live, but appealing to them in such a way to become enthusiastic promoters of the brand.

Frost & Sullivan research backs up the HPE position, predicting that connected devices will increasingly proliferate in every aspect of life, with an average “digital native” expected to have at least 10 connected devices at home, more than three enterprise-enabled work devices, and access to over 80 billion devices in their environment through the Internet of Things (IoT). This will all take place against what Frost & Sullivan calls a “Connected Living” backdrop – a world in which consumers use many different devices to experience compelling new services that integrate video, voice, and data services to provide access and ubiquitous connectivity anytime and anywhere.

In fact, as HPE’s Gens C&D press ahead, Frost & Sullivan feels that the Connected Living market holds the potential to completely transform the way we buy and consume products and services. In the future, products will be offered as a service, and the new consumption models, such as renting, sharing and swapping, will further disrupt markets.
**Hewlett Packard Enterprise’s View**

HPE suggests that Gens C&D view companies as brands, not brick-and-mortar institutions. Marketing to Gens C&D requires meeting them where they are at any given time with communications that are targeted, personalized, and compelling.

*After all, according to Frost & Sullivan, the nature of the customer interaction landscape is in the midst of significant change—the mix of channels customers availed themselves of in 2014 is not the same mix they will turn to in 2016:*

**Figure 1: Current versus Future Customer Interaction Channels**

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<thead>
<tr>
<th>Channel</th>
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<th>Future</th>
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<tr>
<td>Chat</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>Email</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>IVR</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>Live agent/voice</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>Mobile app</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Social media</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Video</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Web self-service portal</td>
<td>11</td>
<td>13</td>
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Base: All respondents (n=305)

*Source: Frost & Sullivan*

Moreover, for HPE, Gens C&D demand a different take on classic marketing—one that is social media-centric and provides access to a company’s products and services across all channels and devices, 24x7.

*Frost & Sullivan notes that social media and mobile in particular are two channels in the midst of vigorous growth:*

**Figure 2: High Growth Customer Interaction Channels**

**Expected Growth Rates for Customer Interaction Channels: North America, 2014**

- Social media, 24%
- Web self-service portal, 14%
- Video, 9%
- Mobile apps, 20%
- Chat, 5%

Base: All respondents (n=305)
Indeed, HPE points out that mobile technology is the new interaction model. New solutions allow for the creation of augmented reality customer experiences based on an object, image, or location. This results in socially shareable experiences that consumers can broadcast to their social networks simply by tapping a button and feeding the buzz of specific campaigns.

**Case Study: A New Kind of Cab Company Offers a New Kind of Experience**

Uber is a great example of disruptive technology creating a superior Customer Experience compared to that of classic transportation companies. Uber positions itself with Gen C as an easy, low-friction buying experience. With an engaging mobile app that puts the user in control, providing constant updates during the experience, there is no need to stop at the end of the ride, pay by cash, run a credit card, or decide on a tip. Riders can select their vehicle of choice, from luxury to economy, and receive an estimate as to the cost of the trip before they book, rather than after they climb into the vehicle. Customers can also opt to split a ride with someone else.

Knowing where their driver is, who they are, what they look like, when they will be picked up, and being able to easily communicate with the driver when required demonstrates how Uber has improved the Customer Experience. And Uber has taken the experience a step further by catering to the preferences of their customers during the rides. Partnering with Spotify, riders can opt to have their playlists transmitted through vehicle audio systems with the click of a button, rather than listening to what the driver chooses.

For Gen D, Uber provides a rich, hassle-free feedback environment with a pop-up screen at the end of the ride that allows them to rate drivers or post reviews (for instance, perhaps the driver wasn’t listening, didn’t follow the route, or made wrong turns, thus extending the time and cost of the ride. The customer can say so and the ride will be free). Riders can also connect with their peers by posting their experience on Facebook. All of this real-time value keeps customers loyal to the Uber experience and promotes the Uber brand.

**SHIFTING CONSUMER PERSONAS: “DIGITAL HALOS” & THE INTERNET OF ME (IoM)**

**Background**

Another shift is taking place in exactly how to view consumers. Meta data gleaned through CRM systems and social media are demonstrating the fact that consumers shift personas over time, and their personas can change based on the situation. For instance, a person working as a jazz musician at night might also work at a tech start-up by day, and therefore have different needs at different times, in different locales, on different devices.

Marketing to where this consumer is now, in real time at any given time, is what Hewlett Packard Enterprise calls the “Digital Halo.” A Digital Halo moves with its object. It’s dynamic rather than static. It’s social and mobile, comprised of the surprisingly large amounts of both structured and unstructured data that we create, and that our actions trigger in corporate and government systems. It’s the trillion bits of invisible data spanning the globe that are uniquely associated with us at any point in time.

The Internet of Me (IoM) can be thought of as the web of systems that make these halos possible. The IoM is at the center of a diverse ecosystem comprised of:

- **Internet of Things**: beacons, sensors, devices, wearables (Apple, Fitbit, Garmin, Google Glass)
- **Internet of Places (IoPl)**: physical and virtual destinations, blogs, wikis, retail stores, sports arenas, libraries, communities, search engines
• **Internet of Information**: content/digital unstructured data, contextualized data, meaning-based data, Big Data, text, video

• **Internet of People**: networks, individuals, groups, connections, community members, family, friends, colleagues

• **Internet of Commerce**: companies, trade, buyer/seller of services, brand portals, mobile Web, applications, non-mobile Web, communities, financial networks, extended enterprise, supplier networks/ecosystems

The emergence of the IoM is highlighted by one of the significant Mega Trends that Frost & Sullivan tracks—Connected Living. Frost & Sullivan considers Connected Living to be comprised of key aspects of the related Mega Trends of Connected Home and Connected Health, as well as Connected Devices and Digital Cities. Frost & Sullivan forecasts the overall Connected Living market to reach $731.79 billion by 2020. A Connected Home (predicted to be a $111 billion market by 2020) is typified by smartphone controls and a web of sensors and intelligent infrastructure, such as smart lighting, virtual touch screen windows, energy management systems, and remote health services. Frost & Sullivan research also shows that “Connected City” has a market potential of nearly $392 billion by 2020, and will be driven by connected consumer services for mobility, banking and financial services, governance, and education.

As our homes, workplaces and communities become ever more connected, our demands cause our halos to grow and merge.

**Hewlett Packard Enterprise’s View**

Following and understanding these different shape-shifting personas involves some sleuthing, but there are always clues. As people move about their day interacting with family, friends, and colleagues, they also interact with numerous brands through various channels. They’ve surrendered privacy for convenience, from Facebook to Amazon. In other words, companies can track a consumer’s sentiments and interactions, as well as the groups he or she belongs to and associates with. Charting these Digital Halos means understanding how best to interact with a customer in real time, which is critical to brand loyalty.

In effect, Digital Halos involve more than a classic “360-degree picture” of the customer. A 360-degree view of one persona is no longer enough and results in the old-school customer segmentation that so many brands rely on for push marketing. Understanding an individual’s importance and influence relative to a certain brand requires twice the perspective – a “720-degree view” that incorporates diverse views of the customer as he or she moves throughout the day, combining past interactions with those interactions happening in the moment.

In fact, we’ve moved into a new era of customer interaction altogether. It’s an opportunity for an emerging omni-channel reality. “Any channel at any time” is increasingly becoming possible due to the Digital Halo and companies ramping up their technologies in order to take advantage of it.

Not only that, but as HPE points out, the movie Minority Report wasn’t science fiction after all, because we’re moving into a totally new future in which it’s possible to market with a campaign for one with personalized billboards for each of us. Due to technologies such as facial recognition, iris recognition, and GPS tracking, and the chip in a customer’s wallet, individual consumers can be targeted and marketed to in real time. The “Customer of One” is the new way through the Digital Halo.

Companies can use this data to prosper if they are smart, but they have to change rapidly or slowly perish.
**Case Study: Blending Entertainment and Shopping for Magical Experiences**

The rise of Digital Halos and the Internet of Me (IoM) can be experienced in dramatic fashion at some of today’s forward-thinking entertainment and retail brands.

For instance, Macy’s is rolling out beacons at its stores that beam deals and other information to shoppers’ smartphones. It’s the Digital Halo effect that HPE sees developing all around us. When a shopper checks into different parts of a Macy’s store, he or she immediately accumulates points. And companies like Verizon and Vodafone are “gamifying” the retail associate experience by allowing clerks to accumulate points as they work the sales floor. Points for positive customer feedback across multiple channels, for keeping up to date with product knowledge, and for helping out coworkers results in a richer and more accurate view of who and what behaviors are driving outcomes, and so a more accurate sharing of rewards.

In addition, HPE customers like Disney and Merlin Entertainments (the global number two in the theme parks market) are using radio and imaging technologies, wearables, and beacons to make the theme park experience smoother and more enjoyable for their guests. By extending guests’ digital halos, queue time is reduced and demand is more evenly distributed across the venue’s resources. Memorable moments are captured in photos and videos, and made securely available to enjoy long after the visit has passed. Disney’s investment in upgrading its guest experience infrastructure has contributed to some remarkable results. Consider that in 1995, the Disney Studios business delivered some $6 billion dollars of revenue, and Disney Parks around $4 billion. By 2014, this had flipped, with studios doing $7 billion while parks delivered $15 billion.

In essence, today’s shopper expects an immersive experience that fires their imagination. Shoppers are spending money on doing things as much as on buying things. And if experiences, not things, make today’s smartphone-armed Gens C&D happy, then it’s a whole new paradigm. As HPE notes, the Customer Experience truly is at the core of Digital Marketing today.

**THE RISE OF DATA-DRIVEN CONSUMERS: CUSTOMER EXPERIENCE ANALTICS (CEA)**

**Background**

The amount of data in the world is exploding. For marketers, it’s no longer just about branding—it’s about being data-driven. The abundance of data is shaping every interaction that a company has with its customers. Still, it can be challenging for marketers to turn massive amounts of Big Data into Small Data that provide relevant context for every customer interaction at the right moment. This includes the ability to glimpse social data in the customer context within which it is used, and combining it with historical information about a certain customer using a specific device.

And according to Frost & Sullivan, of all the applications that may benefit from Big Data analytics, Customer Experience Analytics (CEA) resonates with most enterprise customers. Marketing is controlling a larger piece of the Customer Experience budget. Providing a great Customer Experience depends more than ever on data and a single view of the customer.

But the challenges to implementing an appropriate CEA solution can be considerable. Research conducted by Frost & Sullivan suggests that fewer than 20% of organizations employ a corporate definition of Customer Experience Management, and even organizations that publicly recognize the Customer Experience as a central corporate strategy fail to define exactly what that means in practice. And companies need to make sure they
choose technology solutions that facilitate the active management of the Customer Experience, regardless of how the technology is deployed. After all, active management implies the generation of actionable insight.

Hewlett Packard Enterprise’s View

HPE’s approach to improving the Customer Experience for clients is always based on the company it is working with and the specific goals that company is trying to achieve. Improving revenue and removing cost are consistent themes, but solutions always need to be tailored.

Consider HPE’s work with sports brands like Ascot Racecourse in the UK and NASCAR. HPE has helped these brands build a more engaging, immersive experience for their spectators, both at and away from the event. From ordering and delivering food and champagne to seats at the Ascot races, to receiving real-time alerts on relevant promotions that provide NASCAR sponsors with a far more accurate view of how the event is changing perceptions of their brand, analytics is a key part of “connecting.” And HPE is helping businesses effectively classify and segment customers in numerous ways, including high versus low value, predilection for the use of self-service versus live assistance, propensity to invest or spend, customer loyalty, history, and customer lifetime value (CLV).

This kind of classification and segmentation allows businesses to configure transparent and flexible packages and promotions tailored to different types of customers. Such a process also empowers each customer segment to self-select options. It also enables proactive outreach to improve customer relationships and increase revenue opportunities. And analytics provides deeper insights on preferences that can impact all areas of product management, including more informed decisions on pricing, marketing, inventory, logistics, and supply chain management.

Case Study: How Data will Improve the NHL Experience

Intriguingly, the sports example can be taken a step further. Data analytics isn’t just about gathering insights about customers; it can also be used to create new data products. Data, in other words, is helping spark new ways in which fans can analyze their favorite games. Consider the National Hockey League as just one example. The NHL is aiming to offer fans “enhanced statistics” and advanced visualizations leveraging 100 years of historical and real-time scoring data. The league is in the midst of crafting its website, NHL.com, into a forum for enthusiastic conversation and debate among hardcore and casual fans alike.

By the NHL’s 2016 Centennial Celebration, the website will feature the entire official, statistical history of the NHL, including every box score dating back to the league’s inaugural 1917-1918 season. With 100 years of stats fully integrated into the package, the NHL will roll out new tools and functionality, including advanced filtering, that can be applied to the entire history of the league. Fans will then be able to tap into data and argue over who is the best player of all time, or compare the greatest teams throughout different eras, buttressing their case with data visualizations. It’s difficult to imagine a more immersive fan experience.

THE BRAND AS DATA CUSTODIAN

Background

A consequence of the convergence of Gens C&D and the Digital Halo shift is that brands may come to know more about their customers and fans than at any time since society outgrew the small-town general store. As a result, protecting customer data has become a critical concern across all industries and geographies. As brands like Target, Sony, and Ashley Madison have found, customers offer up something of significant value when they place a digital halo in the hands of their brands – their very privacy.
**Hewlett Packard Enterprise’s View**

HPE understands that for current and future digital brands, an existential threat comes from the loss of customer data, resulting in damaged relationships. When researchers revealed that one of HTC’s phone models stored customer fingerprints in a world-readable, un-encrypted format, the company’s valuation plummeted to less than the value of cash in the business. Even if the loss is not a catastrophic one for the company or for a large number of customers, it might have material consequences for some — the retirees who lose their savings when their online accounts are hacked, the marriage broken up when online infidelities become public knowledge, the family home burglarized when the automated home security system is hacked. HPE is working with brands to become better guardians and stewards of their customers’ most precious asset – their data.

**Case Study: Connected Communities Becoming Better Customer Data Custodians**

But it’s not just businesses that are investing to become better custodians of customer data. Forward thinking communities are using ideas like the Digital Halo and the Internet of Me to help foster better, safer places to live. By integrating old and new sources of data, communities can improve decision-making and quality of services, from solving social problems and safeguarding vulnerable citizens to providing more visitor-friendly transport links and encouraging inward investment.

A UK government report indicated that the costs of dealing with troubled families were in some regions over 10 times the average. In other words, some communities bear higher financial costs across criminal justice, housing, schools, health and voluntary sectors. HPE is working with forward-thinking local government bodies to apply Customer Experience Analytics, the kind that retailers use to track customer interactions and transform the delivery of integrated public services. By creating a secured, cloud-based information hub that enables improved decision making and service delivery, this initiative is showing particular promise in traditionally difficult areas such as troubled families and safeguarding vulnerable citizens. Initial estimates support the proposition that more data-driven and evidence-driven decision making will bring operating savings of over 20% while cutting the chances of a family tragedy.

Brands that want to survive and thrive in the era of Gens C&D, leveraging analytics to create Digital Halos, must take their role as custodians of customers’ social capital as seriously as Swiss Banks take guardianship of customers’ financial capital.

**CONCLUSION**

In the age of the Internet of Me, Gens C&D expect more—personalized, relevant experiences delivered consistently on their preferred channel of choice. Service delivery requires a customer-centric approach based on a 720-degree portrait of consumers and the Digital Halos that move and morph with them over time. It requires deep analytics that provide a comprehensive understanding of each consumer’s desires, needs, sentiments, behavior, buying patterns, and level of influence and group affiliations. And it demands brands to be vigilant custodians of this data. Knowing the customer from this point of view will enable businesses to proactively deliver relevant offers and immersive experiences in real time, increasing revenue and brand loyalty.

In effect, a true Customer Experience omni-channel strategy must be backed across the organization. Those organizations also need to embrace the use of an analytics platform that can bring together data from traditional forms of customer contact as well as social media, transactional, device and other forms of data, in order to create and validate behavior and attitudinal models that drive new ways of interacting with customers.
Understanding and planning for these changes will enable companies to maintain a competitive posture while negotiating the new digital landscape. Not adapting to this new style could be catastrophic for a business.

**FROST & SULLIVAN RECOMMENDATIONS**

In Frost & Sullivan’s opinion, vendors providing Digital Marketing solutions, and enterprises leveraging those solutions, should understand that the full Customer Experience Management potential inherent in those solutions will only be realized in the long term (e.g., when information silos have been eliminated and full customer information is available). The most successful vendors will have consulting capabilities to support end-user organizations throughout the Digital Marketing and Customer Experience Management journey—from initial adoption to rollout and in-life management. Along the way, vendors and enterprises should agree on the best methods of approaching some of the most pressing end-user challenges:

- **Strategy challenge.** Capable vendors promote the strategic importance of improving the Customer Experience that is at the center of Digital Marketing, and share that long-term strategic view that can be broken down into clear stages with enterprise clients.

- **Expectations challenge.** It is important that Digital Marketing vendors not oversell short-term revenue generation potential that might not be feasible. The goals and the relationship should be long term.

- **Stakeholder challenge.** Being able to manage the sometimes conflicting agendas of the chief information officer (CIO), chief technology officer (CTO), chief financial officer (CFO), CMO, and others, and involving new, essential stakeholders (e.g., human resources) will be key.

**HEWLETT PACKARD ENTERPRISE & THOUGHT LEADERSHIP**

According to Frost & Sullivan, Hewlett Packard Enterprise is one of the companies pressing to discover how best to negotiate today’s digital consumer landscape. HPE’s Marketing Optimization solutions are wide in scope and ambition. And the thought leadership behind those solutions is very much at the core of the company’s success in the context of Customer Experience Management.

**Figure 3: CXM Market: CXM Vendor Clustering**
Frost & Sullivan, the Growth Partnership Company, works in collaboration with clients to leverage visionary innovation that addresses the global challenges and related growth opportunities that will make or break today’s market participants. For more than 50 years, we have been developing growth strategies for the Global 1000, emerging businesses, the public sector and the investment community. Is your organization prepared for the next profound wave of industry convergence, disruptive technologies, increasing competitive intensity, Mega Trends, breakthrough best practices, changing customer dynamics and emerging economies?

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