Egon
Zehnder
International

DIGITAL MARKETING TRENDS IN TURKEY

"Within one lifetime, we have seen a transition from a handful of people with access to information, to 5 billion having all of the knowledge in the world at their fingertips, and in their own native language. This is truly incredible"

Eric E. Schmidt, Executive Chairman, Google Inc.

January 2012

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Executive Summary

As the variety of digital channels serving marketing practices increases, consumers are becoming the protagonists of an interactive marketing world where two way communication holds the key. All transactions shift from a channel-centric model to a consumer-centric model. In a world like this, companies that know who their consumers are can use this knowledge as a competitive advantage even more than in the past. Increasing internet penetration, quality of digital content and variety of devices that provide online access to all consumer segments are the major drivers of this trend.

The research team from Egon Zehnder International and Boğaziçi University have spoken to many marketing executives and other leaders in Turkey who realize that conventional marketing approaches need to change dramatically. The research has revealed that the digital revolution has brought marketing practices to a watershed.

- Search engine advertising and social media are the two major phenomena that are revolutionizing the marketer's world
- The rapid pace of change and amount of data produced in various digital marketing channels are overwhelming for marketing professionals
- Vast proportions of marketing budgets are still being invested in the conventional marketing channels. Turkey still lags far behind the global digital marketing spend (approximately 10% in Turkey versus 27% global average) although the country shows a high acceptance of new technologies. This is a sign for marketers that while, year by year, budgets will shift towards digital marketing, conventional marketing methods – and television in particular – will continue to garner the majority of marketing spending for years to come.
- Marketers are surprisingly quick to adopt social media tools as part of their media mix (94% and 86% of our survey respondents are either using or planning to use Facebook and Twitter respectively) but performance-based digital marketing investment is still an area to develop further. The tools for measuring ROI on digital marketing investments are not yet mature.
- Digital marketing agencies and platform providers (Google, Microsoft, telecom companies) play a transformational role in shifting marketing practices to digital. They educate companies, encourage young entrepreneurs to grow skills in this field, partner with universities to create programs to grow talent and provide tools to measure ROI of digital marketing activities.
- Digital marketing talent in Turkey is very scarce. When sourcing digital marketing talent, companies rely on digital marketing agencies, platform providers or talent from abroad. Alternatively, some companies prefer to hire new graduates. There is high turnover in all digital marketing resources and the skills are still not sufficient to meet companies' needs.

- The skills of digital marketers differ significantly from the skills of conventional marketers. Companies and digital marketing agencies are looking for technology-friendly, analytical, intellectually curious people who are able to use statistical methods to evaluate complex data.

Despite the huge potential that digital channels bring, most companies in Turkey seem focused on digital as a one-way promotional or sales channel, and have yet to capitalize on the ability not only to count numbers of clicks or "Likes" but also to analyze the dialogues and turn the information into insights that impact the bottom line.

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How to Define Digital Marketing?

In the context of this research, we refer to all interactive marketing methods that utilize internet or mobility technologies as digital marketing. This includes activities such as company websites, community websites, mobile marketing practices, and social media. Digital marketing provides companies with the opportunity to get closer to their consumers. While corporate websites would appear to be the most passive form of digital marketing, companies nevertheless receive comments and questions from their consumers via this very early form of digital marketing and have a chance to interact with them.

Without a doubt, the game changer for digital marketing in the last few years has been social media. Facebook has created such a hype that the name is now used almost a synonym for social media. However social media actually defines a wider set of tools and channels that turns communication into interaction and enables user-generated content. Examples of social media are blogs, Twitter, Facebook, MySpace, Wikipedia, YouTube, Flickr, Groove Shark and many others.

The present research compares digital marketing with conventional marketing to illuminate the trends in the shift to digital. In the context of this research, conventional marketing refers to all traditional marketing methods that do not allow consumer interaction and do not utilize digital technologies. Examples include TV, radio, billboards, cinema advertisements, and outdoor events.

Why Is Digital Marketing So Important?

As we move from a manufacturing-driven to an information-driven era, companies need data in its most granular form to support their decision making processes. In the past, conventional marketing methods were the only way to reach consumers, and companies had no economical way of gathering feedback from their consumers. Since communication was a one-way street, corporate and brand image management were restricted to a few powerful publishers and media groups. Technological developments then transformed the information-sharing market into a liberal state; in today's world everyone with an online device has the right to publish an opinion that is then visible to 5 billion people on earth. This is a revolution, not just a change. Understanding and effectively using digital marketing tools and channels has become crucially important for companies that want to sustain competitive advantage.

The early examples of mining competitive advantage from digital technologies came from service industries where companies have access to their consumers' data. Retail banking and telecom industries pioneered the effective use of digital technologies, conducting

targeted marketing programs, based on the granular consumer information that they stored, to generate more revenue. The FMCG industry, by contrast, is a follower in this field, as these companies had no access to their consumers' data, because channels played a key role in distributing their products. FMCG companies then started practicing interactive marketing by creating community websites, bringing together their consumers to share feedback about their products, communicating that feedback, and collecting their personal data. Today almost all industries accept the power of digital marketing.

Everything consumers do on the internet leaves a trace. With the advent of refined user interfaces and user-friendly gadgets, all consumer segments started to show an online presence. For a long time, companies tried to understand their consumers better in order to segmentize them and develop targeted marketing campaigns for the different segments. Today the information is there, waiting for companies to analyze, directly generated by the consumers themselves. As the data keeps on accruing from online consumer activity, it is as up-to-the-moment as it can ever get. The only thing that remains for the companies to do is to mine that vast mountain of data, do their analysis and take decisions.

Most companies, observing the increasing trends in internet penetration, started to see online as a sales channel as well as a marketing channel. E-commerce has developed strongly in the last few years, while conventional companies started to create online stores or use alternative online channels to sell their products. Most online stores have been opened after companies started to use online as a marketing channel and discovered its power. Based on the data provided by BKM (Bankalararası Kart Merkezi), e-commerce volume has grown 52% in Turkey in the initial three quarters of 2011 and reached TRY 16.9 billion. In the same period, the number of transactions increased 37% to 91.7 million.

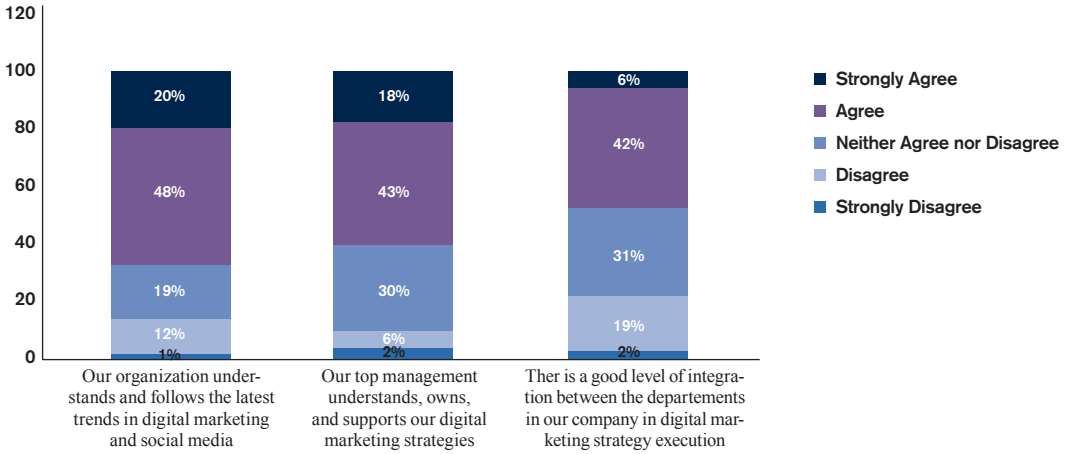
There can be no doubt that internet penetration is much higher among the younger population compared to elderly. The amount of time young people spend online using many different channels (computers, tablets, smartphones) increases by the day. Companies targeting young consumers should focus their energy on enhancing their digital marketing skills.

Last but not least, in some industries like pharmaceutical, regulations bring such limitations that companies have started to discover that the only way to reach their customers (doctors) is digital. Pharmaceutical sales representatives can no longer spend extensive face time with their customers; hence they have to use more effective digital means to market their products.

Our survey results have shown that the importance of digital marketing is understood to some extent in Turkey. 68% of our survey participants think that their companies

understand and follow the latest trends in digital marketing. 61% think their top management understands, owns and supports their digital marketing strategies.

Question: Please let us know how much you agree with each statement below regarding your company



CRM versus Social CRM

The godfather of CRM Paul Greenberg, in his book CRM At the Speed of Light says:

"Transaction is not the paramount artifact of the interaction. Instead, a transaction becomes the side effect of rich relationships that are built on conversation. This notion is fundamental, and is a radical switch in priorities for the interaction between customer and vendor."

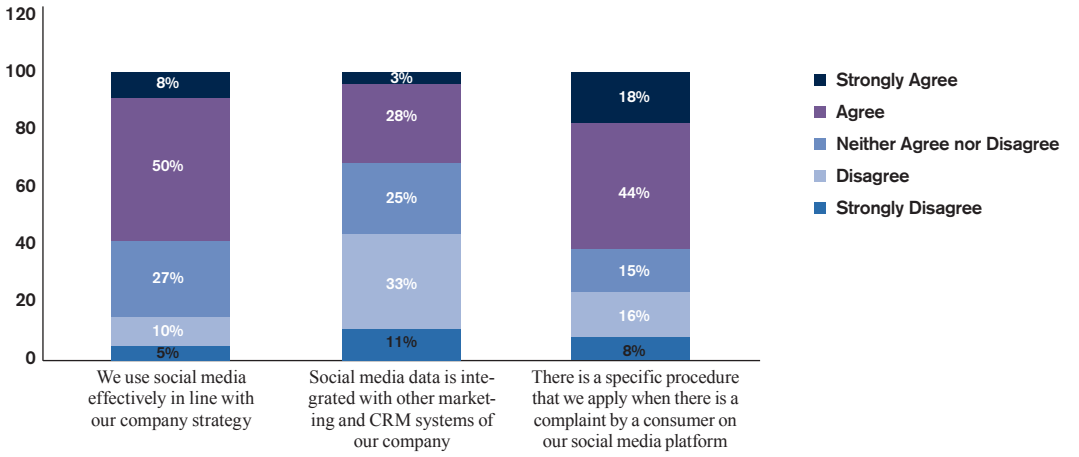
The change in consumer behavior ignited by the digital revolution has transformed the way in which companies need to manage their interaction with consumers. In the past, when the interaction was limited, there was a direct correlation between the effectiveness of customer relationship management and the amount of information each company could capture about its consumers. When consumers started to generate information through digital channels, the rules of the game changed.

Paul Greenberg defines Social CRM (SCRM) as "… a philosophy and a business strategy, supported by a technology platform, business rules, workflow, processes & social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted & transparent business environment. It's the company's programmatic response to the customer's ownership of the conversation."

SCRM doesn't replace existing CRM practices but adds more value. Traditional CRM focuses heavily on data collection, tasks and transaction management (sometimes referred to as sales-force automation). SCRM encourages the embedding of consumer interaction into existing CRM processes. In the new era, consumers choose to communicate with each other leaving organizations behind. Whether your company chooses to participate or not, this information will continue to be shared. Moreover, information generated within these multidimensional conversations is so rich and up-to-date that companies can never economically compete using just their own resources. In order to succeed in this hyper-connected world, formalizing an SCRM strategy that complements the existing CRM strategy is of high importance for all companies.

According to our survey results, 58% of companies believe that they use social media effectively in line with their company strategy. As an additional perspective, only 31% of our participants state that the data from social media is used to support their traditional CRM processes. In addition, 62% of respondents said that they have a defined procedure in place to handle complaints received via social media.

Question: Please let us know how much you agree with each statement below regarding your social media strategy

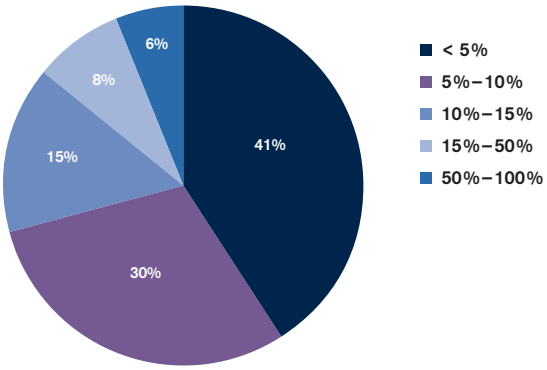


Digital Marketing Budgets – "Least Effective Is Most Expensive"

The trend we observed in our study is that approximately 10% of the marketing budget in Turkey is spent on digital marketing activities. According to research by GFK, in the first half of 2011, of the total global advertising market, 27% was spent online; exceeding the amount spent on TV advertising.[1] Based on these figures, the gap between Turkey and the global digital marketing spend is still quite big.

[1] Excerpt from „Revealing the impact of online advertising for FMCG brands", by GFK, October 2011

Question: Roughly how much of your marketing budget is spent on digital marketing?



The extent to which marketing budgets are allocated to digital marketing tools varies widely, from 100% in internet and e-commerce companies down to 5% in some traditional marketing companies. Our interviews revealed that companies with lower marketing budgets tend to spend more on digital, while big marketing spenders still favor conventional methods. There is a strong belief that TV advertising is still one of the most powerful tools. One of our interviewees from a well known global consumer goods company with a relatively low advertising budget said:

"I am spending 70% of my budget on digital and 30% on conventional marketing tools. I would do the opposite if I had enough money to have a meaningful presence in TV advertisement. It is too expensive; hence I use digital marketing tools more often."

Digital marketing tools can be very effective to target a specific segment and can even enable location-based advertising. For example, a restaurant in Adana can advertise to business travelers using the Tivibu service of Turk Telekom if they access the service from their laptops, tablets or smartphones. This is a very effective way for this small business to target a specific segment without spending a fortune on advertising. Platform providers (Google, Microsoft) have realized this potential and are increasingly targeting Small and Medium Enterprises (SME). Technology savvy SMEs spend 100% of their marketing budget on digital marketing tools due to lower costs and higher efficiency.

The four major blocks of digital marketing expenditures are:

Banner advertisements
Search engine advertisements
Social media advertisements
Mobile marketing (mostly SMS)

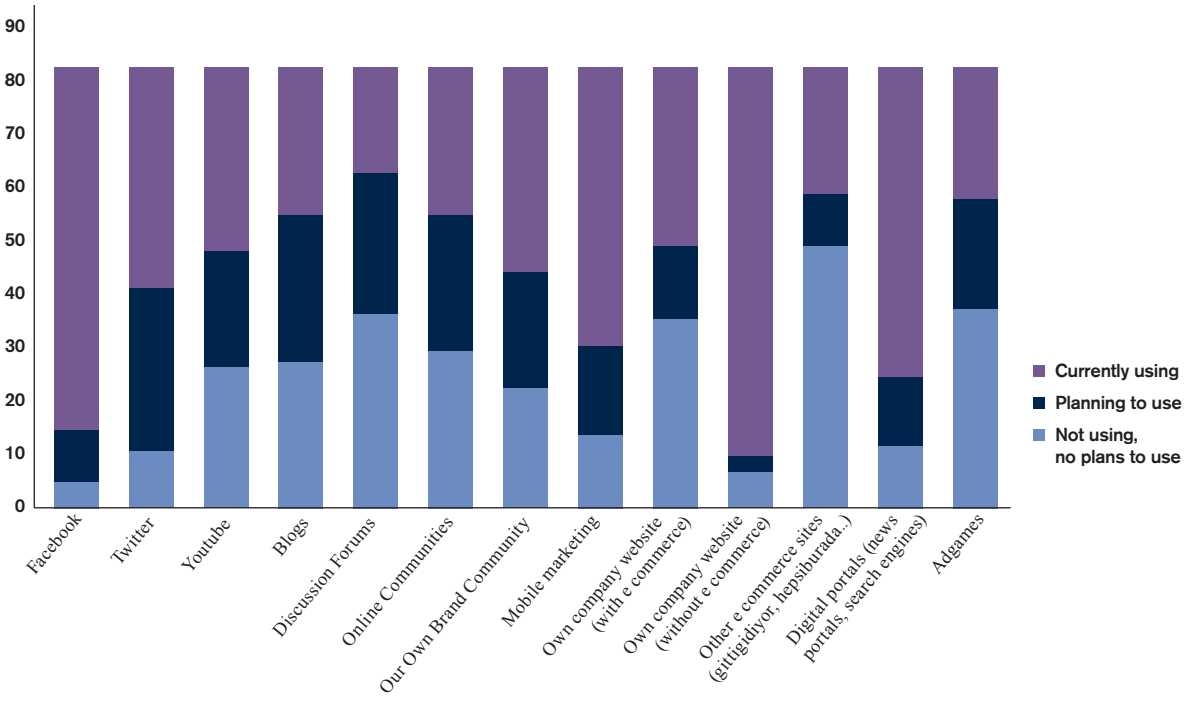
Banner advertisements are the most expensive digital marketing tool, yet the least effective. One of the marketing directors we interviewed told us that the conversion cost of banner advertising is up to 100 times higher than the cost of advertising via Google Adwords. He added that banner advertising gets effective for very aggressive campaigns when the community needs to be informed very quickly and the sale to be completed in a very short time.

As one of the executives we interviewed rightly said, the budget allocated to digital marketing activities will go up as the talent, tools and standards develop. More senior executives who believe in the potential of digital marketing, structured and data-driven ROI measurement tools, and industry-accepted standards for digital marketing activities would boost the potential in this field.

Digital Marketing Channels

Our survey has revealed that Facebook and company websites are the two most widely used digital marketing tools. News portals, search engines and mobile marketing (SMS-dominated) are also used by most of the companies surveyed. Alternative social media channels such as Twitter, YouTube, blogs, communities and adgames are still channels with growth potential.

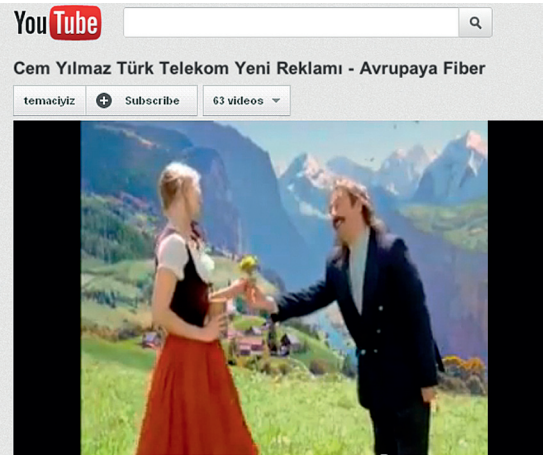
Question: Which of the following tools do you use for digital marketing?



The Power of Social Media

Social media encompasses a wide range of online, word-of-mouth forums including blogs, company sponsored discussion boards and chat rooms, consumer-to-consumer e-mail, consumer product or service ratings, websites and forums, Internet discussion boards and forums, moblogs (sites containing digital audio, images, movies or photographs) and social networking websites to name just a few.[2]

Is social media an opportunity or a threat for marketing professionals? What is discussed or said by consumers in social media is beyond the control of marketing professionals. Social media conversations can easily get out of control and elevate the tone of a crisis or they can grow a spike out of a small seed and create value, if marketing professionals can take the necessary action to influence consumers and change the direction of social media conversations in their own interests. There are some fine examples of using social media to manage campaigns or public communications, but there are also negative examples of how a crisis situation can grow in social media with a snowball effect.

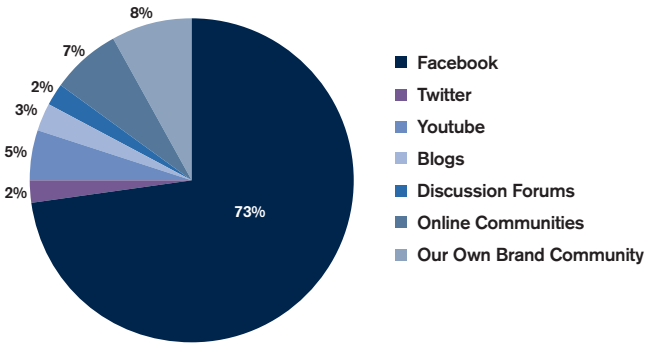


Turk Telekom had a very successfull campaign through the use of social media to launch a European fiber investments advertising campaign. The famous campaign with Cem Yılmaz's successfull acting reached 9.6 million unique viewing hits in just 10 days after it was released in social media (Facebook and Youtube). The only proactive marketing investment by Turk Telekom was to host a group of influential journalists in Budapest and show them the advertisement in a launch event.
The virality of social media in combination with the popularity of Cem Yılmaz as a celebrity created an outstanding success in the deployment of the message that Turk Telekom is a leading investor in fiber technology in Europe. As a follow up, Turk Telekom used social media for the Motorla Xoom campaign, which also proved a record success and all devices were sold at an unprecedented speed.

Facebook has become almost a synonym for social media and 73% of our survey respondents named Facebook as their main social media channel, but in this research, we tried to identify a pattern in how Turkish companies use social media tools in a broader sense.

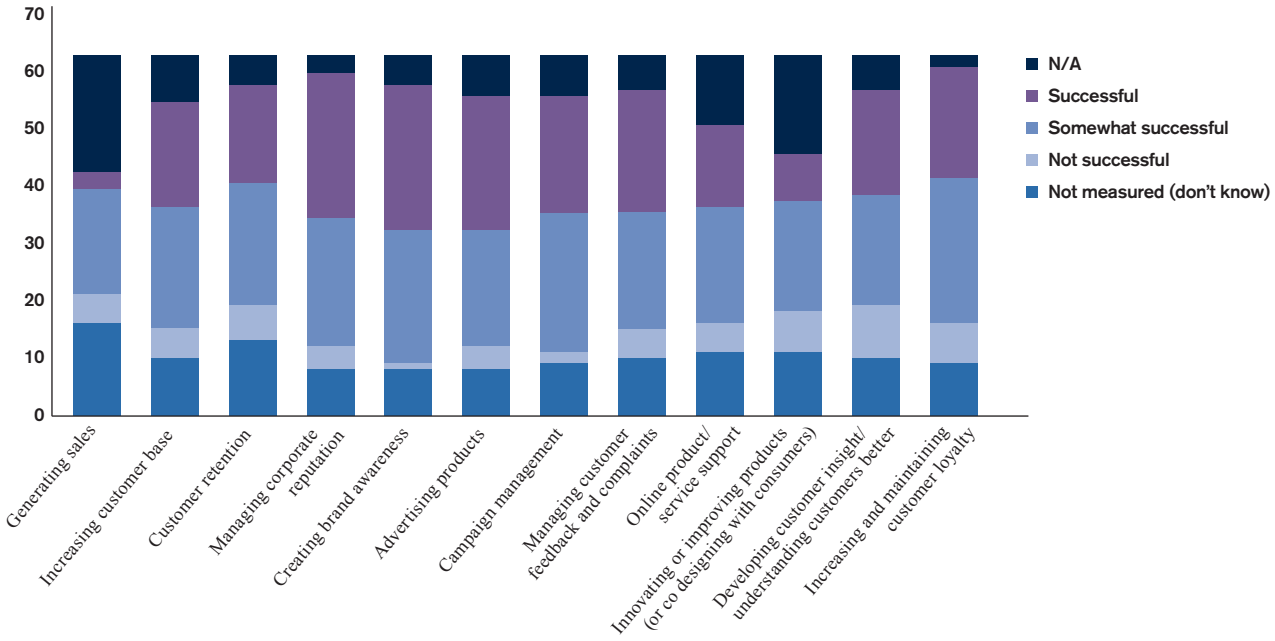
[2] Excerpt from „Social media: The new hybrid element of the promotion mix" by W.Glynn Mangold, David J.Faulds; Kelley School of Business, Indiana University; Copyright 2009

Question: please indicate your main social media channel / tool



Our survey results show that the most common goals of companies when they use social media are increasing their customer base, managing their corporate reputation, creating brand awareness, product advertisements, campaign management, managing customer feedback and complaints, understanding customers better, and managing loyalty. One interesting observation from the survey results is that the effectiveness of developing customer insight is rated relatively low. In other words, our respondents think that although they are using the social media to understand their customers better, they are not very successful in doing so. Our interviews showed that the reason for this is the lack of intelligent tools that interpret the vast amount of data generated by the social media tools.

Question: Please let us know about the goals of your social media marketing strategy and how successful you think your organization is



Most companies still use social media as a one-way communication channel, to inform the users who "Like" their page. The power of social media is to reflect the responses after the initial announcement happens. However our research showed that almost all the social media campaign announcements are only tracked with the number of "Likes". Unless companies dive deep into what is being discussed in social media by their consumers, they will never discover the power of social media.

Our research has revealed that e-commerce companies are at a more advanced state than the rest when it comes to analyzing data generated from social media conversations. E-commerce companies employ dedicated resources responsible for keeping an interactive question and answer mechanism active, reading all comments and questions, providing answers and creating a summary of the general viewpoint of their community. These companies have databases that classify the information that flows from the social media sites; they can see complaints, endorsements, and general ideas in consolidated form. Unfortunately this is still the product of manual consolidation; the adoption of intelligent tools to interpret digital data is almost nonexistent. Social media monitoring vendors come in all shapes and flavors. We expect to see the adoption of such tools increase fast in the coming years; marketing organizations should start preparing to choose the tools that fit their needs best and allocate budget for this investment.

36% of our survey respondents consider themselves beginners and 40% as intermediate in social media usage. This reflects the desire to become more advanced and conveys a positive sense that there is further potential that companies see in social media. At the same time, this score conflicts with how our respondents rate themselves in terms of different social media activities (see chart above). Based on our interviews, we believe that the success rate of activities is mostly not known and not properly measured.

Question: Which stage do you see your company closer to in terms of your social media initiative?

The earlier forms of social media before trend setters such as Facebook and Twitter evolved were communities and blogs, which bring a group of people together around a cause or shared interest. For example, Nikeplus is a community website that brings together people interested in jogging. By being a member of this website, athletes are tracking the miles they run, sharing their experiences and developing a loyalty to Nike brand. Although some of the community websites are still active, most community management has shifted towards social media sites.

Blogging is still a rising trend and the number of blogs keeps on increasing, but most companies don't have paid bloggers or a branded company blog to influence consumers or shape their brand images. Companies realize that consumers don't spend time in company sponsored blogs, since discussions tend to be marketing oriented and artificial. Having witnessed this trend, some companies have found creative ways to maintain a lively and appealing blog by gathering people around a cause not directly related to the goods or services of the company. For example, Pegasus sponsors a blog *(www.cokgezenlerklubu.com)* where travelers share their experiences. The blog serves the Pegasus brand and at the same time stays appealing thanks to the passionate bloggers contributing to the site.

The Power of the Search Engine

Search engines, dominated by Google globally and in Turkey are one of the most important digital marketing tools that companies rely on today. The biggest difference between search engine marketing and social media marketing is that search engines help people find the things they have already decided they want to buy (i.e. consumers access search engines and look for what they need), while social media can create the desire for something in the first place (i.e. consumers see what their friends and families are talking about and suddenly realize that they could want the same thing). Although search engine marketing has become such a big industry (for all Google's success) it operates almost entirely within a relatively small sector of the overall advertising industry. According to Sandberg's[3] researchers' discovery, at most 20% of the world's USD 600 billion annual advertising budget is spent on ads aimed at people who already know what they want.

Search Engine Marketing (SEM) and Search Engine Optimization (SEO) are the two widely used tools in digital marketing practice, when it comes to search engine use.

SEM seeks to promote websites by increasing their visibility in search engine result pages through the use of paid placement, contextual advertising and paid inclusion. The

[3] Sheryl Sandberg is COO of Facebook, worked for Google previously. Excerpt from „The Facebook Effect" by David Kirkpatrick.

biggest SEM vendors are Google Adwords (by far the market leader in Turkey and globally), Yahoo! Search Marketing, and Microsoft adCenter. SEO is the process of improving the visibility of a site via the unpaid search results. As an internet marketing strategy, SEO considers how search engines work, what people search for and the actual search terms typed into search engines. Optimizing a website may involve editing its content and HTML and associated coding to increase its relevance to specific keywords and to remove barriers to the indexing activities of search engines.[4]

Our research has shown that SEO is mostly used by internet and e-commerce driven companies, which also employ technical resources to continuously maintain the website coding for optimized search results.

For SEM, companies pay per click, which also enables a higher ROI. The more clicks on the advertisement, the more chances the company gets to convert visitors into customers. Banner advertising, by contrast, is paid for by airtime (similar to TV advertisements).

Mobile Marketing

The Mobile Marketing Association defines mobile marketing as "A set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through any mobile device and network."

Telecom operators play a leading role in the evolution of mobile marketing practices. SMS is still the most frequently used tool in the world of mobile marketing. Using the GSM numbers of consumers on a permission-based marketing principle, telecom operators engage in many different forms of SMS marketing campaigns with advertisers. The variety of SMS use in marketing campaigns is limitless. For example, consumers open Coca Cola bottles and find a code to send an SMS and win Vodafone minutes. Another example is the "Etrafımda ne var?" service provided by Vodafone, that relies on location-based services technology: Consumers send an SMS to a Vodafone service number and receive the addresses and maps of locations close to where they are.

As the capability of smart devices increases, companies need to find more creative ways to reach consumers via mobile marketing tools. We were surprised to find that while most of the companies we interviewed were planning to develop mobile applications, they didn't have any yet. There are 65 million mobile users in Turkey and 20 million have access to 3G. Considering the number of mobile users, and smartphone and tablet penetration in Turkey,

[4] Wikipedia

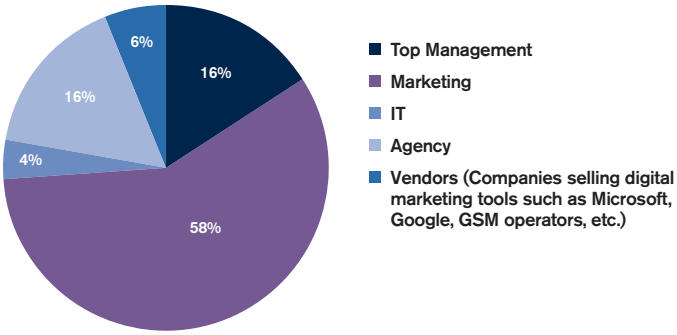
we believe that Turkish companies are late to invest in mobile marketing. Google Turkey states that roughly 10% of the Google searches come from mobile devices. This is a clear indication of the potential of mobile marketing beyond SMS campaigns. Some companies admitted that they were late in developing mobile applications and some were struggling with the integration of mobile services with their legacy systems.

Key Drivers in Developing a Digital Marketing Ecosystem

58% of our survey respondents say that the marketing department contributes to digital marketing strategy and only 16% say that top management makes a contribution. Digital marketing talent development in the marketing organizations is the key driver for the ongoing development of digital marketing practices.

16% of our respondents name marketing agencies as a contributor to the strategy while 6% see the platform providers (vendors) playing a role in their choices. Our interviews have shown that for some companies, agencies are even more impactful than the marketing department when it comes to deciding what to do in digital.

Question: Which areas of your organization are responsible for the development of your organization's digital marketing strategy?



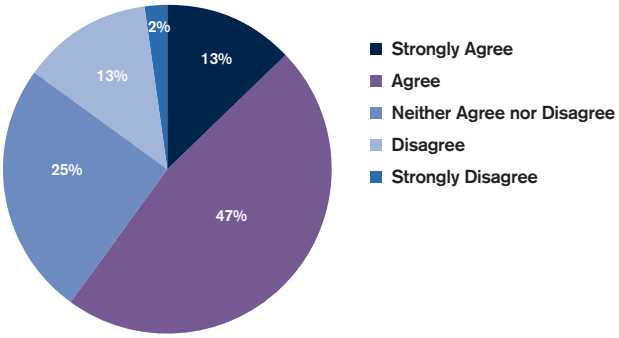
Digital Marketing Talent in Turkey

How do the organizations feel?

Only 60% of our survey respondents believe that they have the right organizational skills to determine the digital marketing strategy of their company. Consistently, all our interviewees stated their concern about finding digital marketing talent in the market. Moreover, 53% of

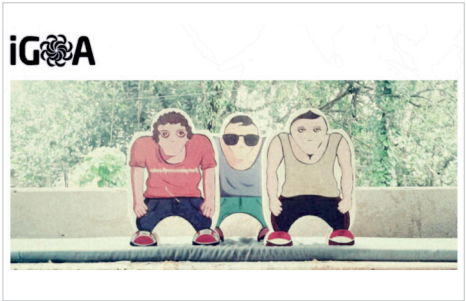
respondents stated that they have a dedicated resource or department for digital marketing, which indicates substantial potential for growth.

Question: Our Company has the right organizationsal skills to determine the digital marketing strategies



The widespread view among the marketing executives we interviewed was that talent in the digital marketing field is very scarce. It is a very immature industry and most of the talent is inexperienced. The two common themes are;

- The best digital marketing professionals grow out of e-commerce, internet companies or digital marketing agencies. However, these companies are still at immature stages and can't afford the attractive packages that the big FMCG, Financial Services or Telecom companies can provide. The other side of the coin is that the top marketing talent still resides in bigger organizations where digital marketing continues to be a topic that top management approaches very conservatively; hence these resources cannot find the platform to develop their digital marketing skills.



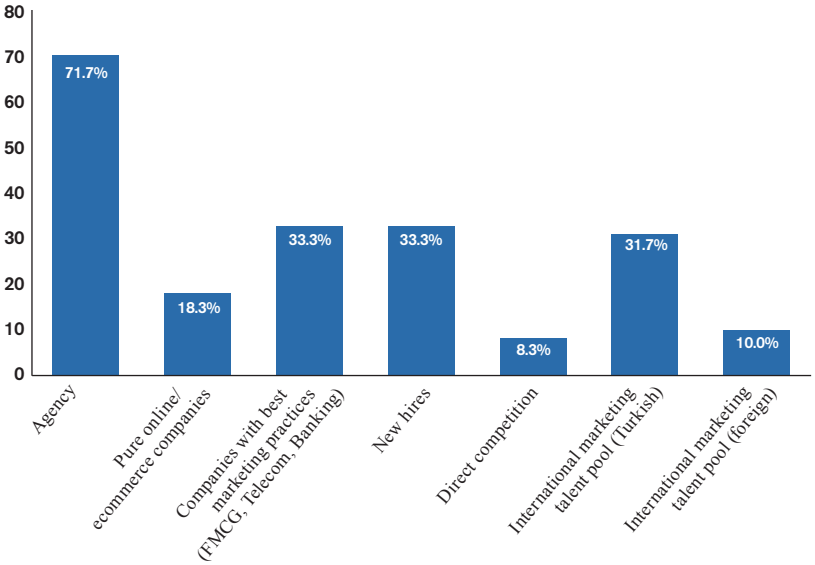
iGOA found a creative way to attract high caliber young talent to the company. The agency defines itself as „a digital marketing agency who believes that creative and talented people are too precious to be sucked up by an agency office and a city". They have an office in GOA, the paradise city in India and in Istanbul. They give people the choice of working in either of these offices, produce mostly out of India and project manage mostly out of Istanbul. „They say: „By getting to know the country we are in and the country of the people joining iGOA our aim is to spread to the world, have the chance to work with the best of talent worldwide to form the best team and become the first nomadic agency."

- The transformation of marketing from conventional to digital makes marketing resources' skills more analytical and technology-friendly than ever. In their digital marketing resources, companies look for a passion for the internet as well as affinity for technology. They ask for strong analytical skills, to draw conclusions out of vast amounts of data. They expect their digital marketers to be heavy users of social media, maintain blogs, and be an information blender from many sources. "They should be ready to search all around the world to open their mind and come up with creative ideas rather than reapply what is happening next door," said one of the marketing directors we interviewed. Project management is a skill that is becoming more important as most digital marketing work involves technical development and execution. Even if agencies manage most of the work, digital marketing experts on corporate payrolls need to be able to control the agency work and have an idea of the complexity.

Sources of Digital Marketing Talent

72% of our survey respondents claim that they hire from agency resources to build their digital marketing organization. 33% say they get new hires and grow them into digital marketing professionals while 33% say they rely on the marketing talent pool from companies with best marketing practices (FMCG, Telecom, Financial Services). 32% of respondents stated that they utilize talent from abroad. Our interviews show that digital marketing talent from UK or USA has helped some companies develop their capabilities in digital marketing. One other source of talent for digital marketing is platform providers. Google, Microsoft or even telecom companies are sources of talent for the market.

Question: What are the sources of talent for your digital marketing organization?



Companies which choose to hire young talent complain about the high turnover due to the demand for digital marketing talent in the market. Moreover, the good digital marketing resources have a tendency to create their own digital agencies after learning the field in a corporate environment for a very limited time. The demand for such services is so high that most of these ventures have earned good money. Unfortunately this leads to deterioration in the quality of the service provided when such junior talent impatiently flows from corporate to agencies. At the same time, companies which choose to hire agency resources observe that these resources don't have strong business acumen.

Similar to companies, digital marketing agencies also state that their biggest problem is finding talent. Digital agencies have creative people (creative marketing talent), technical production people (IT talent) and customer-facing people (sales and project management talent). Creative resources in the digital marketing world are very different from the creative resources in the conventional marketing world. Digital marketing is sometimes referred to as interactive marketing, due to the interactive nature of contact with consumers. The creative resources need to define interactive scenarios in the digital marketing world. One successful digital marketing agency, 41-29, thinks it takes around two years to grow a creative resource in the digital industry. Several universities (Bahçeşehir University, Bilgi University) have Visual Communication Design (VCD) departments where students acquire the practical media skills and theoretical knowledge that enable them to offer creative solutions in the digital world. When it comes to technical production people in digital agencies, the situation is not easy either. We heard from agencies and companies we interviewed that qualified programmers are even more scarce than marketing talent. Most of the students graduate with a very limited knowledge of coding; they have no opportunities at school to learn the latest technologies that make the difference in digital. Moreover, all sorts of businesses, such as digital agencies, banks, telecoms and internet firms draw upon the same pool of resources, creating great competition in the demand for the best-qualified programmers. The other challenge is the wide variety of technologies: Either developers need to be fluent in all of the different platforms or agencies need to employ developers for each platform (Android, iPhone, iPad, Internet, Symbian).

Getting better in Digital Talent

Companies need to utilize many different technology tools to excel in digital marketing. Consequently, the companies making best use of digital marketing are those that realize that their IT organizations should work hand-in-hand with their marketing function. E-commerce and internet companies in particular, who spend 100% of their marketing

budgets on digital tools, employ highly talented programmers to maintain their only channel – the website – and keep the code updated to leverage SEO tools. We believe that not only internet companies but also conventional businesses should have their IT organizations work closely with their digital marketing units. Marketing departments should leverage the analytical skills of their technology-savvy IT colleagues, thereby potentially also creating interesting career opportunities for IT resources who want to move into digital marketing. Some companies that we interviewed were already facing difficulties in creating a mobile applications presence due to legacy systems compatibility issues. This is clearly a sign that their IT organizations need to be more proactive when it comes to digital marketing technologies, liaising closely with the marketing organization to probe the needs in good time. Similarly, business plans should be developed with high involvement of technology teams in order to avoid last-minute unpleasant surprises.

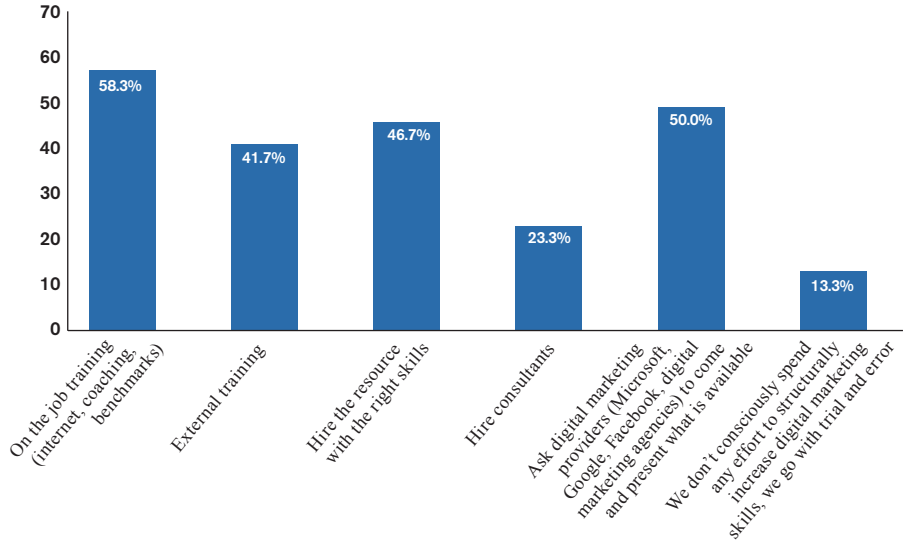
One other trend we observed is that global companies that are renowned as marketing schools manage their digital marketing strategies from a global or regional headquarter. They develop community websites and drive brand presence in the digital world centrally. We identified some ineffective examples of such practice for Turkey; first of all because Turkish localization is never one of the top three languages that the global companies target, and secondly, as the local organizations have no leadership on such executions, the local touch is generally missing. These organization structures also have implications for the talent market. Digital marketing experts are cultivated at the headquarter locations but the local marketing organizations have very limited expertise in the new trends. However, we did see one benefit in these contacts between global and local digital organizations, in that the local digital agencies which had to interact with a client's international digital marketing organization were subsequently able to reapply the lessons learned in the context of their other customers.

Talent Development

50% of our respondents said that they rely on digital marketing platform providers to develop their digital marketing skills. This is in line with the growth strategies of companies such as Google. These companies continue to grow as long as the digital marketing industry keeps growing; hence they have good reason to spend money on helping marketing talent acquire more digital skills.

Some of the training institutions in Turkey started to provide education on topics such as search engine marketing (Google Adwords), measuring ROI of digital marketing investments,

Question: How do you develop your organizational capability to execute your digital marketing strategy



In 2011, Google contributed to Digital Marketing awareness and interest by launching the „Google Genç Ajanslar Akademisi". Realizing the interest of the young generation in the digital marketing industry, Google selected eight universities to run an education program. The objective of the program was to increase awareness among young talent who want to be entrepreneurs and provide them with the tools to create their own digital marketing agencies. Following their university education, Google organized a competition where 300 university students applied. Ten out of 300 were sent to a camp for further education and 8 digital agencies emerged from this initiative.

Microsoft Türkiye Açık Akademi

Microsoft Turkey, with the support of Garanti Bankası and the Ministry of Transport, Maritime Affairs and Communications has created a free and open platform for application development education.
The aim of this initiative is to encourage entrepreneurship, grow talent and increase empoyment in the application development field. The platform is open for everyone and the graduates of the program will have the skills to develop applications in many Microsoft platforms that are used by millions of people around the world. Users will also be able to sell the applications they develop via the marketplaces provided by Microsoft.

and funnel management. Google Adwords Certification program is already a branded training program but it is not yet fully established as a prerequisite for a digital marketing resource. Companies should be aware of this certification and ask their resources or agencies to obtain such training certification to avoid acquiring resources with insufficient knowledge.

Digital Marketing Agencies

Earlier versions of digital marketing agencies used to work on a project basis, performing execution for campaign management, product launches, ad games or competitions to contribute to sales or brand building. After the emergence of social media, digital marketing agencies mutated into business partners; today they complement marketing organizations with many activities. The agencies work on community management (forming a community and engaging), conduct digital PR, influence conversations in digital channels by seeding, and conduct brand and image management activities together with their project driven work.

Our research showed that digital marketing agencies have a more critical role in the development of the digital marketing industry than conventional marketing agencies play in the conventional marketing world, where strategy is mostly defined by the companies, and agencies are more active in the execution. In the digital marketing world, agencies play a more important part in driving the strategies and execution. We observed that the agencies are driving industry issues such as job descriptions for digital marketers; how companies should use different agencies; digital marketing strategy formulation for companies; how ROI of digital marketing initiatives should be measured; why marketing organizations should push for more digital budget; and training top management in digital awareness.

Another outcome of our research is that companies investing more in digital marketing use specialized rather than generalist digital marketing agencies. For example, such companies work with one social media expert agency and one search engine expert agency, rather than with an agency providing a package solution for all digital marketing tools.

Digital marketing agencies proliferated fast in the last few years due to several factors. First of all there is a high demand, mainly driven by social media trends. Secondly, there is almost no barrier to entry in this field and the start-up costs for a digital marketing agency are very low. And last but not least, there was a lot of encouragement from companies like Google for young entrepreneurs to create digital marketing agencies. As a result, the market became rather saturated, especially in Istanbul. Seeing the potential in this field, most traditional agencies also found ways to add digital agencies to their structure. They either acquired successful digital agencies (e.g. Project House got investment from Euro RSCG), had a digital arm spin off from the original structure (e.g. Rabarba spin off from Alametifarika) or created their own digital organization (McCann Erickson).

Google thinks Anatolia still has a clear need for more digital marketing agencies to focus on the non-technical-savvy SME segment. The company had an SME roadshow project to

develop an agency ecosystem outside of Istanbul. In this initiative, Google visited 47 cities and reached thousands of people in one year, to develop "long tail" agencies, i.e. small businesses with one or a few employees. This effort has created 250 new agencies; half of them are in Istanbul, the rest in Anatolia. This program initiated by Google Turkey has been reapplied as a best practice in other countries.

Platform Providers

The major blocks of marketing spend among the different channels of digital marketing are banner advertising, search engine, social media and mobile marketing. The platform providers for each of these channels play a key role in the development of the digital marketing industry in Turkey.

The platform for banner advertising could be any website and the choice of the marketing spender is driven by the segment that visits the site and the traffic the site generates. Facebook is the most popular site in Turkey, not only by the number of clicks but also the amount of time spent in the application. Based on statistics provided by the State Planning Organization's "Bilgi Toplumu Istatistikleri 2011" report, the average user spent 29.7 hours per week on Facebook. Given this attractive figure, it is not surprising to hear that most of the banner advertising is spent on Facebook. Alexa is a Web Information company which develops a traffic ranking for each website globally. Although the accuracy of Alexa's rankings' is debatable, it is still widely accepted as a metric for determining how much advertisers are willing to pay for banner advertisements on a website.

Without a doubt, the development of search engine technology created a new era for digital marketing. Search engines help individuals find what they are looking for but they also have the power to profile people. Every trace people leave on the search engine is priceless information for the advertisers. Having realized this potential, Google has created almost a monopoly in this field. Google's competitors such as Microsoft's Bing or Yandex are also creating similar services but Google dominates this market in Turkey. Google not only provides an unprecedented platform for Search Engine Advertising but also invests heavily in developing the digital marketing industry in Turkey. Educating the SME segment and encouraging young entrepreneurs to create digital marketing agencies are efforts that contribute extensively to the development of the industry. While creating another universal search engine such as Google would seem quite impossible, one of the executives we interviewed stated his belief that targeted search engine services still offer potential; for example, a search engine

that targets the women would read the word "tomato" and find recipes rather than scientific explanations of the vegetable.

Social media advertising is dominated by Facebook, followed by platforms such as Twitter and YouTube. Although Turkey is rated 4th globally in terms of number of Facebook users, the company hasn't opened an office here and hence makes no on-site contribution to the growth of the industry in Turkey.

Telecom operators have a dual role here: They use the other platforms for their own advertising but they are also important platform providers in digital marketing, mainly for mobile marketing but also through other channels. For example, Turk Telekom has three channels that serve as digital marketing platforms: The first one is Tivibu, which is a platform for video on demand and TV that is available on conventional television, laptops or all mobile devices. Tivibu Cep and Tivibu Web are the two fundamental platforms where location-based access to users is available to advertisers. The second channel is Vitamin, which is an education portal that has a very specific target segment. Any education-related service can reach up to 200,000 users from this platform and guarantees effective return on investment for advertisers. The third channel is the digital/social gaming company in Turk Telekom group, Sobee, which is already using its games as a digital advertising platform.

Measuring the ROI in Digital Marketing

Very few companies that we interviewed gave us a clear indication about their methods of measuring ROI on their digital marketing investments. We believe, given the amount of information generated from all digital marketing tools, there is a significant opportunity to develop models and smart tools to draw conclusions from digital marketing activities. Google Analytics is the only tool mentioned by all the companies we interviewed. A few of the executives we interviewed mentioned that a common measure of success is still missing in the digital marketing field. For example, the ranking of websites to gauge the price for banner advertising is not scientifically driven – even the widely accepted Alexa rankings are very debatable.

According to our observations, the success of digital marketing initiatives is measured based on a number of engagement metrics (clicks through to the website or number of fans or followers) rather than business metrics like revenues and conversion. The value of interaction also lies in the key insights that consumers share. These insights when analyzed and put into action create value far beyond the marketing organization, impacting products and

strategic initiatives. Unfortunately there is too little or no effort directed at quantifying the discussions and driving conclusions.

Although there is scientific evidence that shows the ROI of digital marketing tools to be higher than that of conventional media tools, most of the marketing executives we talked to still believe in the value of ATL advertising. The development and deployment of tools to prove the ROI of digital marketing investments will bring a breakthrough in shifting budgets from conventional to digital marketing channels.

Conclusion

There is no doubt that technology will continue to reshape business models as the tools that enable us to understand consumer behavior become more sophisticated and ways of interacting with consumers continue to develop. With 35 million internet and 65 million mobile users by the end of 2011, businesses in Turkey should be constantly thinking about how to leverage online consumer interactions and how to create value for their consumers by getting closer to them than ever.

Executives looking to make a difference in this field should consider the following:

Take monitoring customer interactions to the next level: Just monitoring the engagement ratio and celebrating the number of clicks will not be enough to create value. Proactively seek data analysis and business intelligence tools which can help you understand what is being said about you and prepare to invest in this field today; tomorrow you will have more data to analyze

Use consumer insights beyond the marketing department: The value that companies can create from online consumer interactions goes far beyond commercial concerns. Consumers talk about every aspect of your business: product design, how your TV ads are perceived, your logistics processes, after sales services or corporate image… The ROI of understanding the information generated by your consumers is much higher than just selling more. Classify information and share beyond marketing

Develop a technology-friendly marketing department or exploit the potential of your technology teams: Tomorrow is going to be a world where machines talk to machines. Your technology infrastructure should be ready to integrate information flowing from different channels. Involve technology-friendly resources in your organization in order not to find out tomorrow that you cannot sell through an iPad application because your legacy systems can't process the data.

Believe in the potential of digital marketing and allocate more budget: Create the platform to try more digital marketing to learn quicker. Your marketers' motto should change from "no one ever got fired for spending more on TV" to "you can get fired if you don't try more digital options."

Invest more in talent development: Digital marketers are different from conventional marketers. Don't assume that you can formulate an integrated marketing strategy by counting on your existing marketing organization assisted by digital agencies. Agencies will help a lot but they can never replace your marketing people, who will play just the right role for the ideal marketing mix.

Methodology and Participant Profile

Egon Zehnder International and Boğaziçi University surveyed 100 mid to high level managers in Turkey via an online survey during October-December 2011. The majority of the respondents come from big companies with strong brands. In addition, 12 in-depth qualitative face to face interviews were conducted with 14 top marketing executives or founders/CEOs of Turkish companies.

Key Industry Sectors

FMCG, Telecom, E-commerce, Travel and Transportation,
Marketing Agencies, Financial Services, Pharmaceutical

Job Function
88% marketing, 10% general management, 2% others (IT, HR)

Demographics
51% female, 49% male
67% aged between 30-40; 20% between 40-45

Sources

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