

# IBM Performance 2012

Smarter Analytics. Smarter Outcomes.



## Bringing Together Digital and Cross- Channel Marketing

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Marketing Executive IBM



# THINKMarketing Paris – October 24 & 25, 2012: 300 CMOs and CIOs of Europe's leading companies discuss the Future of Marketing

*"You represent 21 industries from 19 countries, from Australia to Sweden. The total revenues your companies generate? Any guess? \$3Trillion!"*

Ginni Rometty, IBM  
Chairman, President and  
Chief Executive Officer



*"The new basis for competitive advantage is driven by two shifts happening at the same time:  
A shift in the nature of the customer relationship and a new role for IT – moving out of the back office and into the front office.  
We believe this is going to redefine the role of marketing and also cause the leaders of marketing and IT to re-imagine their partnership".*



# Creating a true system of engagement

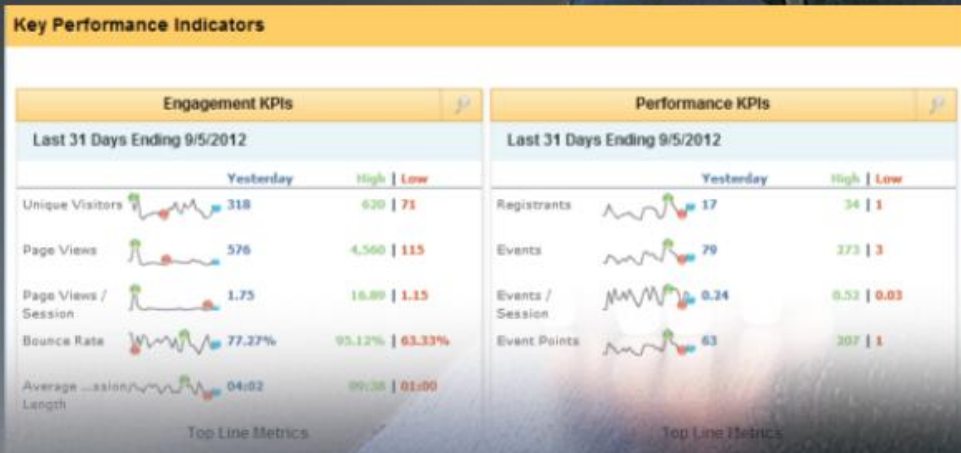
Phone First is a telecommunications company that understands its customers are constantly bombarded with options to switch providers. It is currently seeing a significant increase in customer attrition.





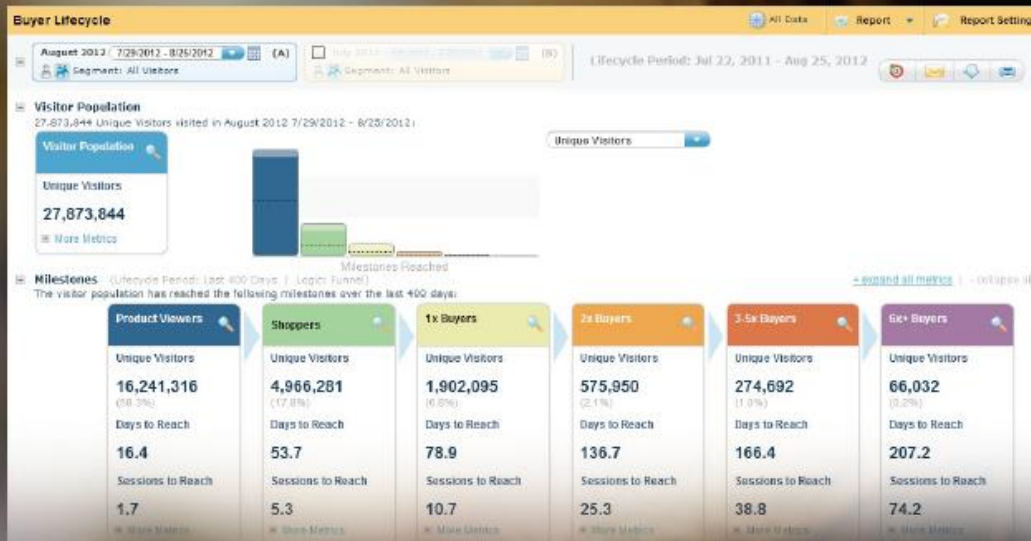
# Understand each customer and deliver a relevant experience across channels

To increase loyalty and long-term value, Leo, Phone First's CMO, collects and blends behavioral and transactional data to create deep customer insights and then delivers relevant experiences across all touchpoints.



# Predict customer behavior across all channels

As an example, Leo knows that Angela is a customer with a history of buying the latest gadget and fits the profile of a customer likely to churn. She is a mobile and Internet customer, pays her bills online and frequently shops for accessories in the Phone First store.





# Identify channel interactions and personalize product recommendations

Angela lands on the Phone First website—the marketing team determines that she searched for cell phones with the best camera technology and landed on the website via a Facebook link. Angela is offered a selection of cell phones based on her behavior.

The screenshot displays the PhoneFirst website interface. At the top, the logo "PhoneFirst" is on the left, and a user profile for "Angela" with a "Logout" button is on the right. Below the logo is a navigation menu with links: HOME, MOBILE PHONES, TABLET PCS, ACCESSORIES, NETWORKS AND PLANS, MY ACCOUNT, and SUPPORT. The main content area is titled "Recommended for you ...". It features a grid of product cards for "Apple iPhone 4S", "Apple iPad 3", "Samsung Galaxy S", "Samsung Galaxy Note 10", "Samsung Gloria", and "T-Mobile Sidekick Slide". Each card includes an image of the device, a "Full Specifications" link, a "Compare" checkbox, and "Available Plans" (Internal, Standard, Pay-As-You-Go). To the right of the product grid is a "Self Service" menu with links for Order Status, Order history, Return Items, Account Settings, Payment Options, Gift Cards, and Feedback. At the bottom right, there is a chat window for "Anna Bauer" and a "Start Chat | Call Me" button.

# Analyze the customer experience in context

Angela views several offers and begins checkout, but abandons the shopping cart—a concerning trend. Leo's team tracks the checkout customer experience and identifies confusing shipping information that they correct.

The screenshot displays the PhoneFirst mobile app interface during a checkout process. The top navigation bar is orange with the PhoneFirst logo and user information for Angela. Below the navigation bar, a breadcrumb trail indicates the current step: Shopping Cart: 1. Order Details > 2. Payment Options > 3. Order Confirmation. The main content area features a table with one item: an Apple iPhone 4S. The table has columns for Image, Description, and Quantity. The description lists specifications: 16GB dual-core A5 chip, Black gloss finish, 8-megapixel camera, 1080p HD video recording, iOS 5 operating system, and includes Siri, iCloud, and Apple App Store. The quantity is set to 1. Below the table, a shipping options dropdown menu is open, showing the selected option: "I want to pick up my order at my local store (NO CHARGE)". A red alert banner at the bottom of the table area states: "Due to store inventory, the Shipping Options you selected may result in unexpected charges. Please select another option or Contact Us with questions." On the right side of the screen, there are two vertical panels. The top panel is titled "Chat with an Local Rep Near You" and shows a chat window with a representative named Adria Bauer. The bottom panel is titled "Self Service" and contains a list of links: Order Status, Order History, Return Items, Account Settings, Payment Options, Gift Cards, and Feedback. At the very bottom of the screen, there is a small section for "Brian Cheng" and "quasifu" with some text and a small image.

PhoneFirst

Angela Logout

MY LANGUAGE SELECT

HOME MOBILE PHONES TABLET PCS ACCESSORIES NETWORKS AND PLANS MY ACCOUNT SUPPORT

Shopping Cart: 1. Order Details > 2. Payment Options > 3. Order Confirmation

Chat with an Local Rep Near You  
Adria Bauer  
Start Chat | Call Me

Image	Description	Quantity
	<b>Apple iPhone 4S</b> <ul style="list-style-type: none"><li>16GB dual-core A5 chip</li><li>Black gloss finish</li><li>8-megapixel camera, 1080p HD video recording</li><li>iOS 5 operating system</li><li>Includes: Siri, iCloud, Apple App Store</li></ul> <a href="#">Details</a>	1

Shipping Options: I want to pick up my order at my local store (NO CHARGE)

**Alerts**

Due to store inventory, the Shipping Options you selected may result in unexpected charges. Please select another option or Contact Us with questions.

Self Service

- Order Status
- Order History
- Return Items
- Account Settings
- Payment Options
- Gift Cards
- Feedback

Brian Cheng  
quasifu

quasifu is in the office and wants to help you. 10:00 am - 10:00 am



# Reengage with relevant content and offers

Automatic triggers reengage Angela after she leaves the website. A display ad featuring cell phone cases is served up while she is reading her daily news website, and an email detailing cell phone reviews is sent. Angela reads the email, purchases the phone and requests in-store pickup.

The image illustrates a multi-channel marketing strategy for PhoneFirst. It features three overlapping digital screens:

- Desktop Website (Left):** Shows the PhoneFirst e-commerce site. The navigation bar includes HOME, MOBILE PHONES, TABLET PCS, ACCESSORIES, and NETWORKS. A shopping cart summary shows: "Shopping Cart: 1. Order Details > 2. Payment Options > 3. Order Confirmation". The main content area displays an "Apple iPhone 4S" with a quantity of 1. The description lists features: "16GB dual-core A5 chip", "Black glossy finish", "8-megapixel camera, 1080p HD video recording", "iOS 5 operating system", and "Includes: Siri, iCloud, Apple App Store". Shipping options include "I want to pick up my order at my local store [NO CHARGE]". The shipping status is "IN-STORE PICKUP - Approved for Store #236 Springfield, MA".
- Tablet (Center):** Displays an email from PhoneFirst. The subject is "Recommended just for you". The body text says: "Hello, Angela. Did you know Phone First has the hottest mobile phones? Here are some user reviews that may help you decide which one is best for you." Below the text are three product cards: "Samsung Galaxy S", "Apple iPhone 4S", and "BlackBerry Curve 9360". Each card includes a user review snippet and a "Read reviews" link.
- Smartphone (Right):** Displays a "News Today" article titled "Without Loan Giants, 30-Year Mortgage May Fade Away". A PhoneFirst display ad is overlaid on the article, featuring the text "PhoneFirst Designer Phone Cases" and a "View All Styles Now" button.



# Deliver location-based offers and inventory visibility

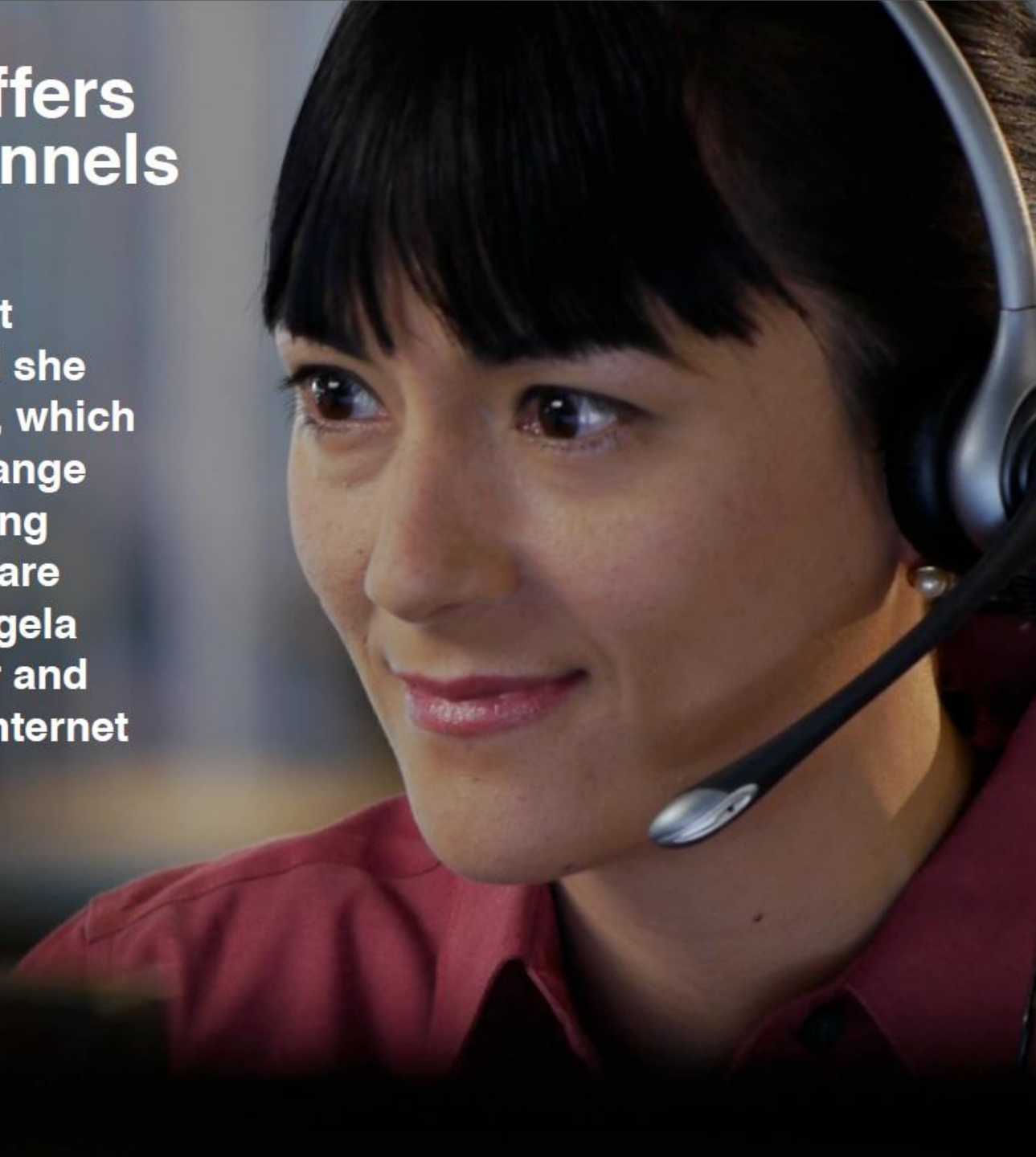
A location-aware trigger sends a 20 percent off coupon to Angela's phone as she enters the store. The associate uses product visibility and insight into Angela's interests to mention the latest camera capabilities of the iPad.



# Personalize offers across all channels

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Angela later regrets not choosing the iPad, and she calls customer service, which gladly makes the exchange and sends her a shipping label. Representatives are able to identify that Angela is a high-risk customer and offer her a no-charge Internet performance upgrade.





# Understand the impact of social media

Angela is so impressed with the seamless exchange and overall customer service that she shares her experience with her friends—an action that Leo knows helps drive customer acquisition and loyalty sentiment.

facebook Search Home

Angela Vargas

Update Status Add Photo / Video Ask Question

What's on your mind?

Angela Vargas  
So happy to have made an exchange for my iPhone plus the new designer case. Phone First made it all so easy for me.

Like · Comment · @angelavargas on Twitter · 52 minutes ago via Twitter ·

John Bates You got the iPhone, right? I love mine...now I'm looking for accessories. I'll check out Phone First. about an hour ago · Like

Lisa Yuen Ooh, tell me more about Phone First! about an hour ago · Like

Write a comment...

Trending Articles 1 of 5

Cost of Greek exit from euro put at \$1tn  
The Guardian  
UK government making urgent preparations to cope with the fallout of a possible Greek exit from the single currency. [More stories about this article.](#)

Donny Wells updated his cover photo.

Donny Wells Sa da tay man, SA DA TAY

Annick Magac likes Susan Hereth's link on Tom Pfeffer's

Create Event

1 BranchOut request

Sponsored See All

Ford Fusion + Hybrid  
2013 Ford Fusion Energi gets you there, on less. Go Further. <http://myfrd.co/Kch1gP>



# Analyze and benchmark marketing performance

Leo reviews monthly performance and sees that Phone First is hitting its retention goals. Location-based marketing converts prospects at a higher rate than other channels and overall is outperforming its competition. Delivering a personalized customer experience across all channels has reduced churn and increased loyalty.

IBM  
Likely to Churn Campaign  
Last production deployment: 8/21/2012 4:08 PM.

Eligible Segments	Eligible Zones	Recommended Offers	Enabled	Marketers Score	Adv Opt	Off Attr
Potential High Value (A09000118)	Mobile1	Free gift when you sign up for our loyalty	<input type="checkbox"/>	35		
	Mobile1	20 Percent Off	<input checked="" type="checkbox"/>	50		
	Mobile2	15 Percent Off IV only	<input checked="" type="checkbox"/>	64		
	Mobile2	15 Percent Off BA only	<input checked="" type="checkbox"/>	58		
	Mobile1	FourSquare	<input checked="" type="checkbox"/>	66		



# The role of marketing is changing

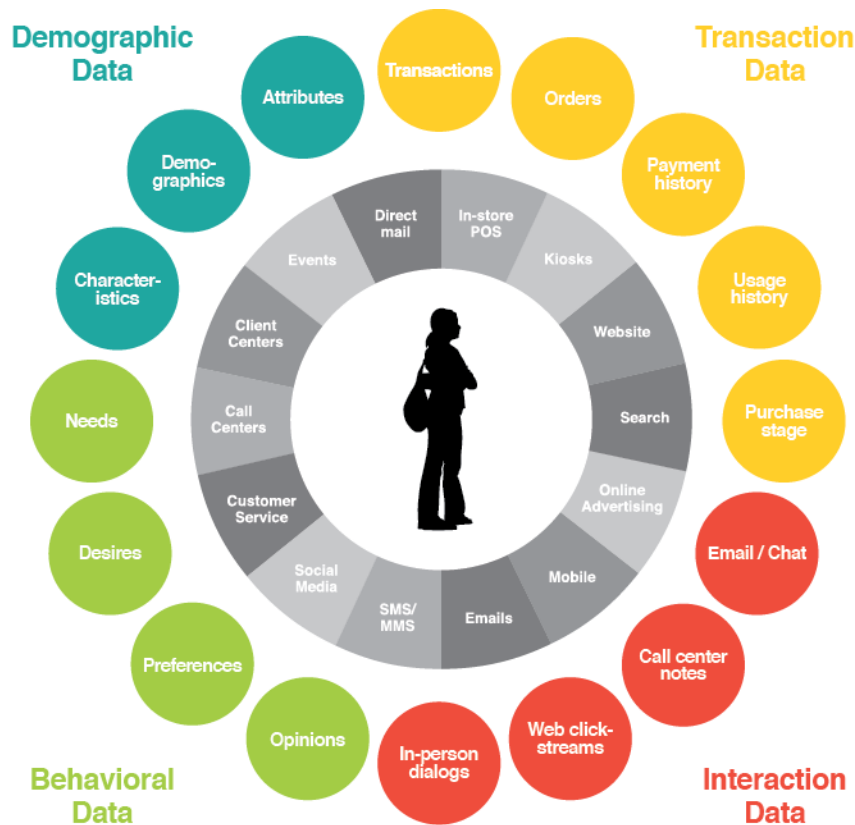
The timeless responsibilities of marketers everywhere...



...are evolving into **three imperatives** for a new profession.



# Imperative #1: Understanding each customer as an individual



- **Instruments** all key touch points to gather the right data about each customer
- **Connects** social media data, online, transaction data and other information to paint a complete picture of each customer
- **Runs** the right analytics at the right time on the right customer to generate new ideas about whom to serve and how best to serve that person
- **Builds** capabilities to do this on a massive scale

*“Owning the data means “owning” the customer”*

*“Big data is bringing cultural change. Organisations need ‘infostructure’ not ‘infrastructure’”*





In February of 2012, The New York Times published an article that gave us a glimpse of the future practice of marketing.

NATE SILVER ON WHAT OBAMA SHOULD DO NEXT, P. 44     DON'T MOCK THE ARTISANAL PICKLE MAKERS, P. 14     A NANNY'S VIEW OF THE WORLD, P. 47     MANAGEMENT TIPS FROM 'DOWNTON ABBEY,' P. 52     GREECE CONFRONTS ITS SPARTAN FUTURE, P. 38     *It's the real thing! What's going on? News & analysis. P. 32*

## The New York Times Magazine

February 19, 2012

How your shopping habits reveal even the most personal information. By Charles Duhigg





## Andrew Pole had just started working as a statistician for Target in 2002, when two colleagues from the marketing department stopped by his desk to ask an odd question: "If we wanted to figure out if a customer is pregnant, even if she didn't want us to know, can you do that?"

Pole has a master's degree in statistics and another in economics, and has been obsessed with the intersection of data and human behavior most of his life. His parents were teachers in North Dakota, and while other kids were going to 4-H, Pole was doing algebra and writing computer programs. "The stereotype of a math nerd is true," he told me when I spoke with him last year. "I kind of like going out and evangelizing analytics."

As the marketers explained to Pole — and as Pole later explained to me,

back when we were still speaking and before Target told him to stop — new parents are a retailer's holy grail. Most shoppers don't buy everything they need at one store. Instead, they buy groceries at the grocery store and toys at the toy store, and they visit Target only when they need certain items they associate with Target — cleaning supplies, say, or new socks or a six-month supply of toilet paper. But Target sells everything from milk to stuffed animals to lawn furniture to electronics, so one of the company's

primary goals is convincing customers that the only store they need is Target. But it's a tough message to get across, even with the most ingenious ad campaigns, because once consumers' shopping habits are ingrained, it's incredibly difficult to change them.

There are, however, some brief periods in a person's life when old routines fall apart and buying habits are suddenly in flux. One of those moments — the moment, really — is right around the birth of a child, when parents are exhausted and overworked and their shopping patterns and brand loyalties are up for grabs. But as Target's marketers explained to Pole, timing is everything. Because birth records are usually public, the moment a couple have a new baby, they are almost instantaneously barraged with offers and incentives and advertisements from all sorts of companies. Which means that the key is to reach them earlier, before any other retailers know a baby is on the way. Specifically, the marketers said they wanted to send specially designed ads to women in their second trimester, which is when most expectant mothers begin buying all sorts of new things, like prenatal vitamins and maternity clothing. "Can you give us a list?" the marketers asked.

"We knew that if we could identify them in their second trimester, there's a good chance we could capture them for years," Pole told me. "As soon as we get them buying diapers from us, they're going to start buying everything else too. If you're rushing through the store, looking for bottles, and you pass orange juice, you'll grab a carton. Oh, and there's that new DVD I want. Soon, you'll be buying cereal and paper towels from us, and keep coming back."

The desire to collect information on customers is not new for Target or any other large retailer, of course. For decades, Target has collected vast amounts of data on every person who regularly walks its store's aisles. Whenever possible, Target assigns each shopper a unique code — known internally as the Guest ID number — that keeps tabs on everything they buy. "If you use a credit card or a coupon, or fill out a survey, or mail in a refund, or call the customer help line, or open an e-mail we've sent you or visit our Web site, we'll record it and link it to your Guest ID," Pole said. "We want to know everything we can."

Also linked to your Guest ID is demographic information like your age, whether you are married and have kids, which part of town you live in, how long it takes you to drive to the store, your estimated salary, whether you've moved recently, what credit cards you carry in your wallet and what Web sites you visit. Target can buy data about your ethnicity, job history, the magazines you read, if you've ever declared bankruptcy or got divorced, the year you bought (or lost) your house, where you went to college, what kinds of topics you talk about online, whether you prefer certain brands of coffee, paper towels, cereal or apple sauce, your political leanings, reading habits, charitable giving and the number of cars you own. (In a statement, Target declined to identify what demographic information it collects or purchases.) All that information is meaningless, however, without someone to analyze and make sense of it. That's where Andrew Pole and the dozens of other members of Target's Guest Marketing Analytics department come in.

Almost every major retailer, from grocery chains to investment banks to the U.S. Postal Service, has a "predictive analytics" department devoted to understanding not just consumers' shopping habits but also their personal habits, so as to more efficiently market to them. "But Target has always been one of the smartest at this," says Eric Siegel, a consultant and the chairman of a conference called Predictive Analytics World. "We're

This article is adapted from "The Power of Habit: Why We Do What We Do in Life and Business," by Charles Duhigg, to be published by Random House on Feb. 28

living through a gloom we can figure out at

The reason Target has spent two decades, instead of research in new financial medical or financed corporate days," said Andrew Pole. "Mathematicians grow more and more its influence on our clinical research, exist. One study of conscious decision every day, and re the way we think anxiety, depress

This research function across the country propelled focusing on how became. Treating create, Alcoa, and lessly attacking in turn caused a hured a habit sp new voting patterns

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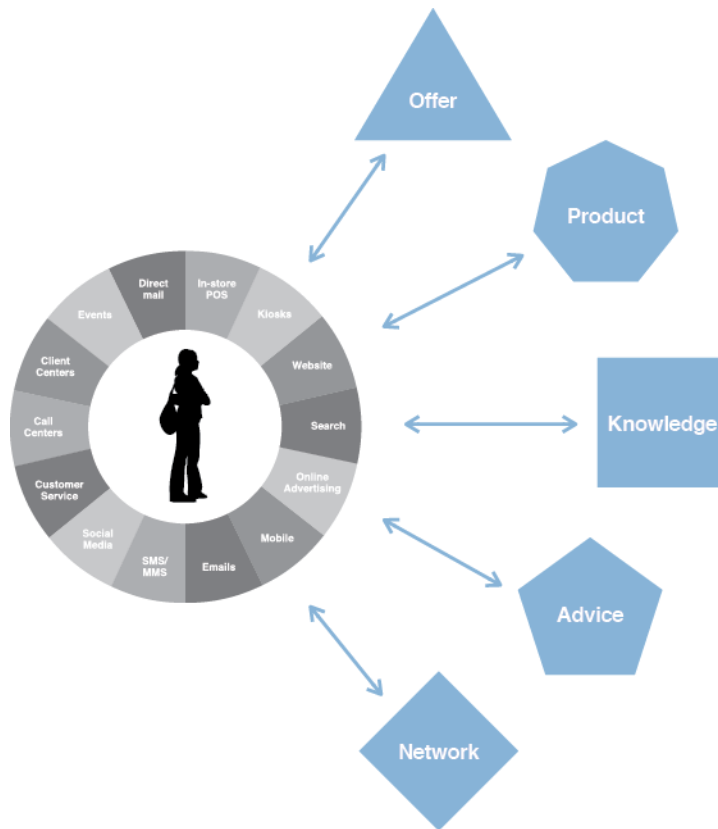
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## Imperative #2: Creating a system of engagement that maximizes value creation at every touch



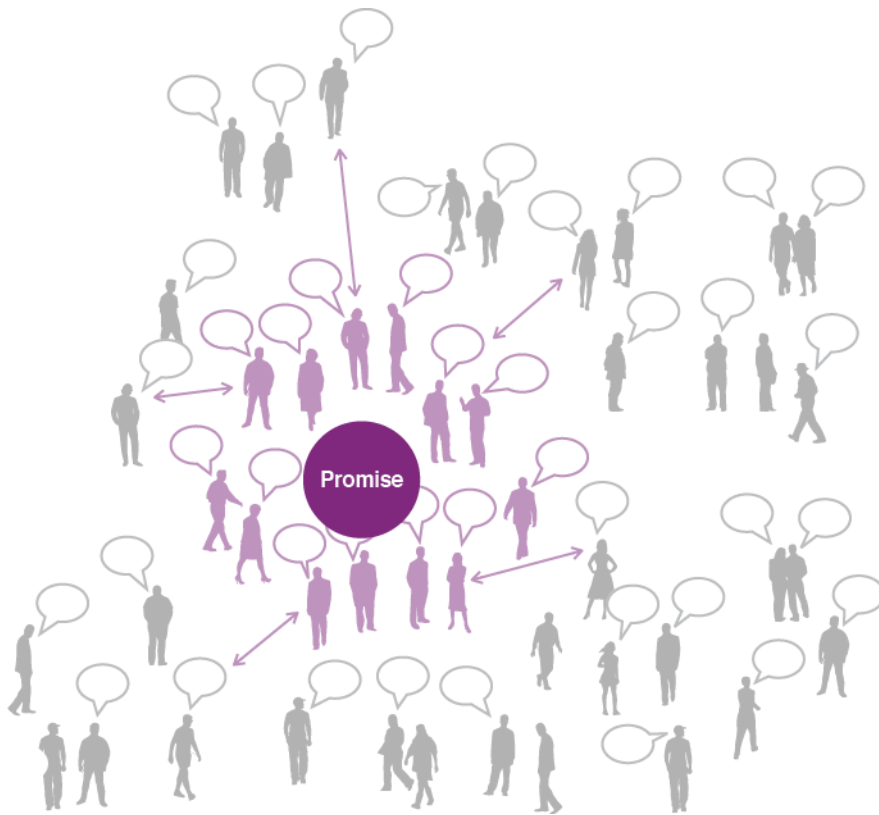
- **Designs the full customer experience**, based on the needs and preferences of each **individual** customer
- **Personalize interactions** based on individual customer data: marketing as relevant that it feels like a service
- **Cross channel marketing** – build consistent and relevant interactions across all channels
- **Creates and automates** a system of engagement to deliver these personal interactions—at a massive scale

*“The challenge is how to capture all behavioural data and information from your customers, and how to exploit all the transactions and contact points to trigger specific actions at the right point in time.”*

*“Mass marketing vs customer as an individual needs completely different skill set.”*



## Imperative #3: Designing your culture and brand so they are authentically one



- **Develops** an acute understanding of its reputation by actively listening and engaging in social media.
- **Systematically** closes the gaps between a company's unique character and its reality—in all critical interactions.
- **Champions** tools that connect the organization, and platforms that enable employees to delight customers.

*“Social media will be a major asset and tool in understanding what our clients think. Every person in the company is empowered to engage in social media discussions, and there is training on what to do and not so when using social media.”*

*“Just a few social users can have a huge influence on common opinions”*

# Imperative #3: Designing your culture and brand so they are authentically one

## Social Media Disasters

### Dell lies. Dell sucks. Dell lies. Dell sucks

I just got a new Dell laptop and paid a fortune for the four-year, in-home service.

The machine is a lemon and the service is a lie.



## Enables you to...

- **Actively listen to social media**, early warning system for key signals and understanding sentiment
- **Engage in social dialogs** with individual customers, resolving issues before they becoming trending topics
- **Champions** tools that connect the organization, and platforms that enable employees to delight customers.
- **Leverage** social as an effective channel.



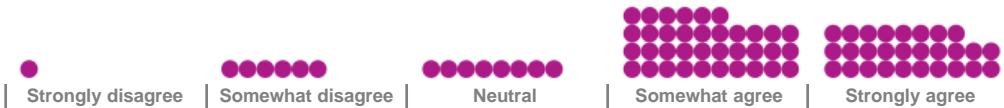
# Leaders recognise the need for a shared mandate, but also that there are hurdles to overcome

**“I have a mandate to deliver on this imperative”**

**#1: Understand each customer as an individual.**



**#2: Create a system of engagement**



**#3: Design your culture and brand so they are authentically one.**



CMOs and CIOs have a clear mandate to combine and analyse customer data (#1), but have less often a mandate to build a system of engagement (#2) across all channels of interaction.

One of the reasons cited was that these channels are often owned by other departments (call center, service, sales), and thus require collaboration

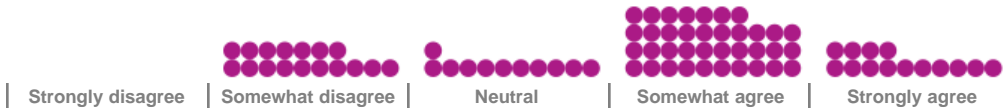
# Building bridges between organisational silos is a necessary step

**“Our culture allows us to collaborate on this imperative”**

**#1: Understand each customer as an individual.**



**#2: Create a system of engagement**



Sharing data (#1) within the organization is generally harder. Leaders cite both technical as well as organizational challenges.

There is more collaboration on providing a system of engagement (#2), as this is often driven from a (commonly shared) desire to create a better customer experience across all channels



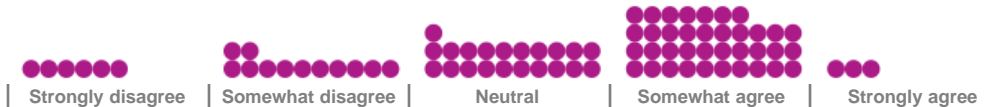
# Marketing transformation requires deep skills, leaders see differences in the available skills for each of the imperatives

**“We have the skills required for this imperative”**

**#1: Understand each customer as an individual.**



**#2: Create a system of engagement**



**#3: Design your culture and brand so they are authentically one.**



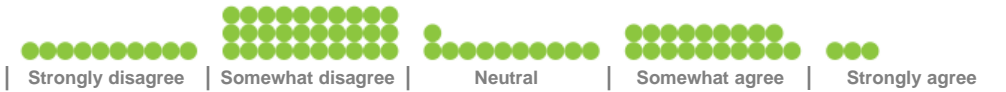
Skills required for building a system of engagement (#1) are generally available, as well as for social (#3).

Deep data skills (analytics, data mining, statistics) needed for (#1) are harder to get.

# Leaders cite all three imperatives as essential for their organization, yet many of them still need to get the supporting platforms in place

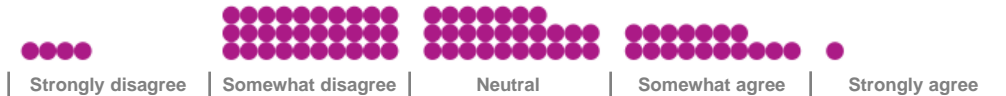
**“We have the technology platforms to allow us to execute on this imperative”**

## #1: Understand each customer as an individual.



The majority states that they do not have the platforms yet, across all three imperatives.

## #2: Create a system of engagement



## #3: Design your culture and brand so they are authentically one.





# IBM's Smarter Marketing Solution Areas

## Marketing strategy and transformation

- Smarter Marketing Accelerator
- Customer Value Strategy Accelerator
- Customer Experience and Marketing Strategy

## Customer analytics

- BAO Jumpstart for Customer Insight
- Customer insight and segmentation
- Personalized and real-time decision
- Digital analytics
- Customer analytics
- Big data platform

## Customer experience and engagement

- Cross Channel Experience Assessment
- Mobile Strategy Accelerator
- EMM Assessment
- Mobile strategy and solutions
- Channel transformation
- IBM Interactive
- Cross-channel marketing optimization
- Digital marketing optimization
- Customer service

## Social marketing and collaboration

- Social Business Strategy Accelerator
- Social media marketing
- IBM Social content management
- IBM Customer experience suite
- IBM SmartCloud
- IBM Mobile collaboration

## Marketing performance and optimization

- EMM Assessment
- Marketing mix optimization
- Marketing performance optimization
- Pricing, promotion, product mix optimization
- Marketing performance analytics

## Highlights of the presentation

- Consumer Buying behavior has fundamentally changed: cross channel, online, mobile and social are key
- The role of Marketing is changing ...
  - Understanding each customer as an individual
  - Creating a System of Engagement that creates value at every touch
  - Design your culture and brand so they are authentically one.
- ... but change requires:
  - Collaboration between marketing and IT
  - Skills in data analysis, cross channel marketing, digital marketing, social
  - A platform to automate and support these functions
  - A vision on how your company interacts with your customers, and a roadmap to realize that vision





Being an Authentic Brand and Culture



Understanding Each Customer as an Individual

Creating Value at Every Touch