IBM Performance 2012
Smarter Analytics. Smarter Outcomes.

State of Marketing 2012

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IBM research:
understanding marketing trends, challenges and best practices

IBM State of Marketing 2012

- Survey 370 marketing executives
- Compared high performing organization to the rest
- Identifying best practices – how to become a high performing organization
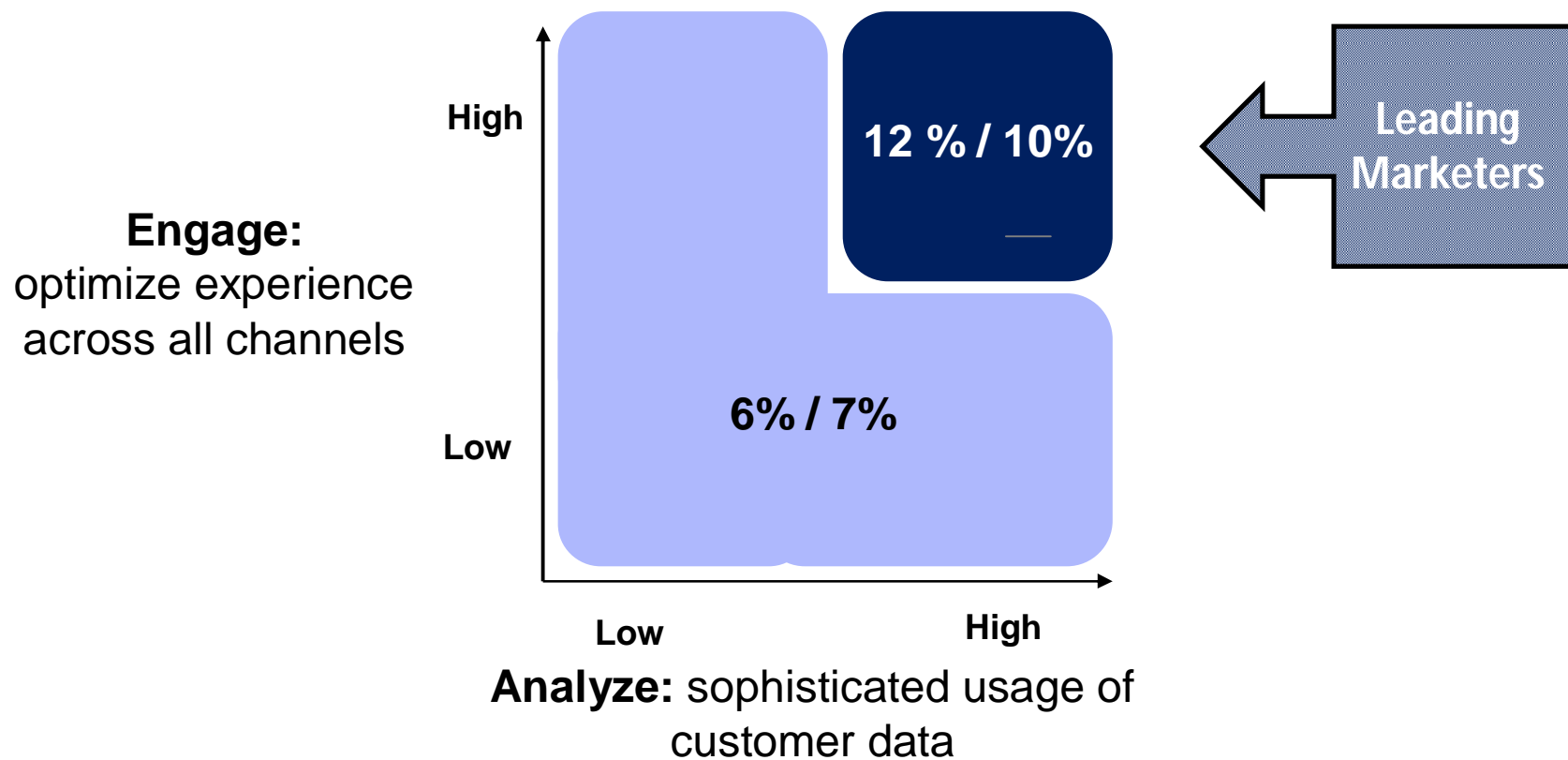- See ibm.com

ThinkMarketing Paris

- 2 day conference – hosted by Ginni Rometty, IBM CEO
- 300 CMOs and CIOs of Europe's leading companies
- The changing role of marketing: three imperatives

IBM State of Marketing 2012:
What are the best practices of high performing companies?

Revenue Growth / Gross Profit Growth
3-year CAGR, 2008-2011

High

Engage:
optimize experience
across all channels

12 % / 10%

Leading
Marketers

Low

6% / 7%

Low   High

Analyze: sophisticated usage of
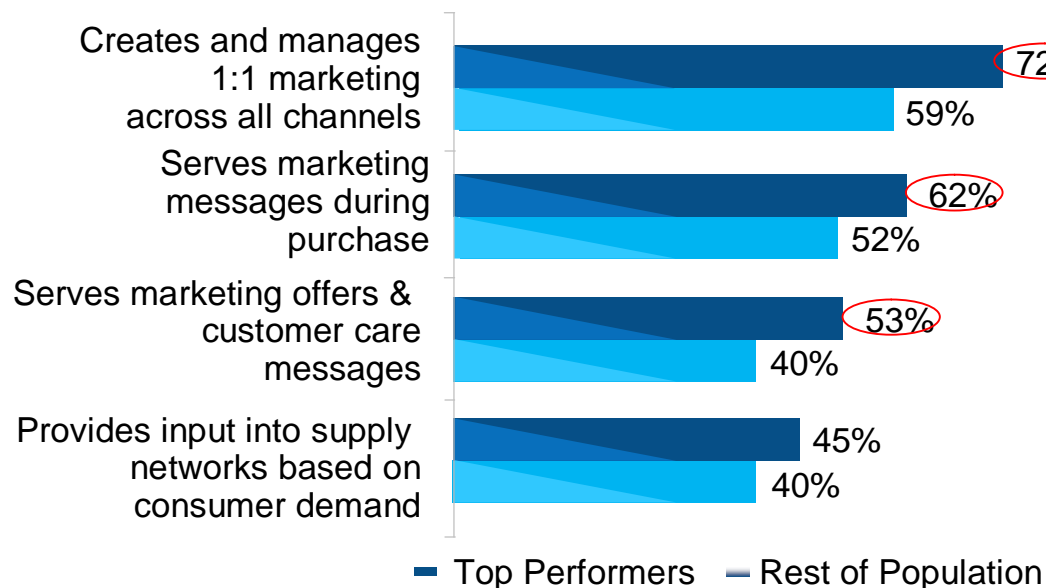customer data

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Leading marketers extend their role beyond marketing

Marketers from high-performing companies are more likely to lead the coordination of messages in different functional areas that are not marketing, expanding their strategic role and application of technology to proactively improve their customers' experience.

Figure: Marketing Responsibility by Business Outcome

Q. Please rate the level of responsibility marketing has for each of the following areas.

Creates and manages 1:1 marketing across all channels — 72% / 59%

Serves marketing messages during purchase — 62% / 52%

Serves marketing offers & customer care messages — 53% / 40%

Provides input into supply networks based on consumer demand — 45% / 40%

■ Top Performers ■ Rest of Population

⬯ *Significantly higher than the Rest of Population*

Marketers

from high-performing companies are nearly 3X more likely to be proactive leaders driving the customer experience across all channels

Base: Total Sample (n=362), Top Performers (n=252), Rest of Population (n=110)

Leading marketers use innovative marketing techniques

■ Leaders
■ Others

Mobile

41% 25%
Currently use mobile
messaging campaigns

36% 20%
Currently use location-
based targeting

33% 18%
Currently use
mobile ads

Social

71% 56%
Currently use apps
on 3rd party social
networking sites
(or plan to use within
a year)

48% 31%
Currently use
social/local group
buying (or plan to
use within a year)

43% 30%
Currently use
location-based games
(or plan to use within
a year)

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Leading marketers take advantage of combining on and offline data

65%
Of respondents are doing the basics by reporting and analyzing their online visitor data.
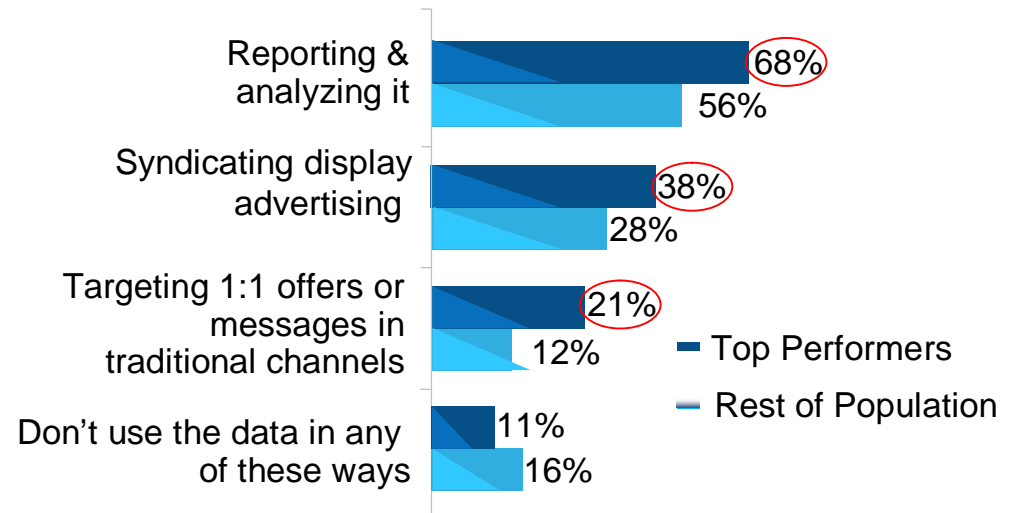
Only a third
Use this data in targeting one-to-one offers or messages in digital channels.

Less than 1 and 5
Leverage online data to make one-to-one offers in traditional channels.

Figure: Use of Online Visitor Data Comparing Company Performance
Q. How are you using your online visitor data?

High performing companies leverage their online data in other channels

Reporting & analyzing it — 68% / 56%

Syndicating display advertising — 38% / 28%

Targeting 1:1 offers or messages in traditional channels — 21% / 12%

Don't use the data in any of these ways — 11% / 16%

- Top Performers
- Rest of Population

◯ *Statistically significant difference from the Rest of Population*

Base: Companies that have online visitor data (n=351)

Leading marketers require an integrated marketing suite to coordinate action across channels …

85%

Of marketers agree with the need for an integrated suite.

But 27%

Of marketers don't perform attribution.

And 34%

Manually analyze attribution through spreadsheets.

… and show the impact of marketing activities on business results

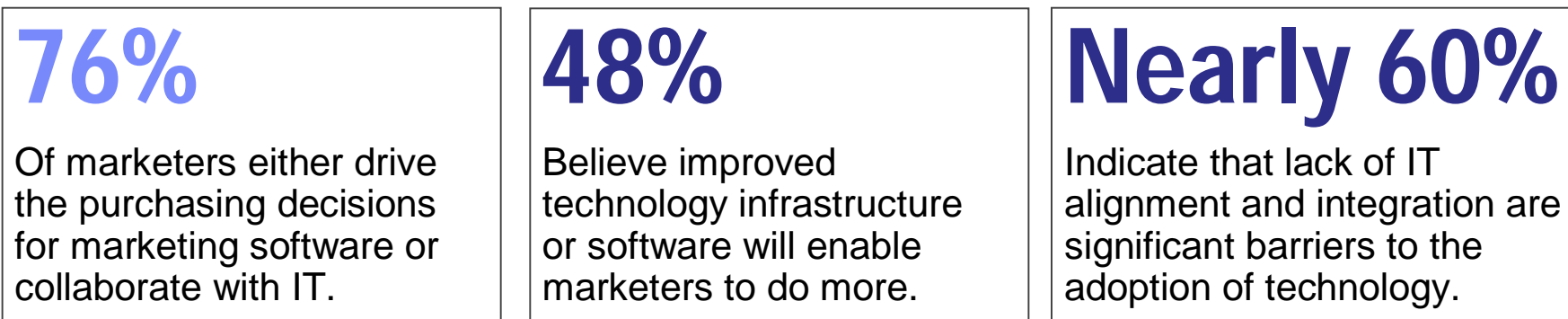IBM

Leading Marketers work closely with IT

76%

Of marketers either drive the purchasing decisions for marketing software or collaborate with IT.

48%

Believe improved technology infrastructure or software will enable marketers to do more.

Nearly 60%

Indicate that lack of IT alignment and integration are significant barriers to the adoption of technology.

Figure: Collaboration Between IT and Marketing on Technology Purchases.
Q. How well does marketing collaborate with IT?

51%

High Performers

41%

Rest of Population
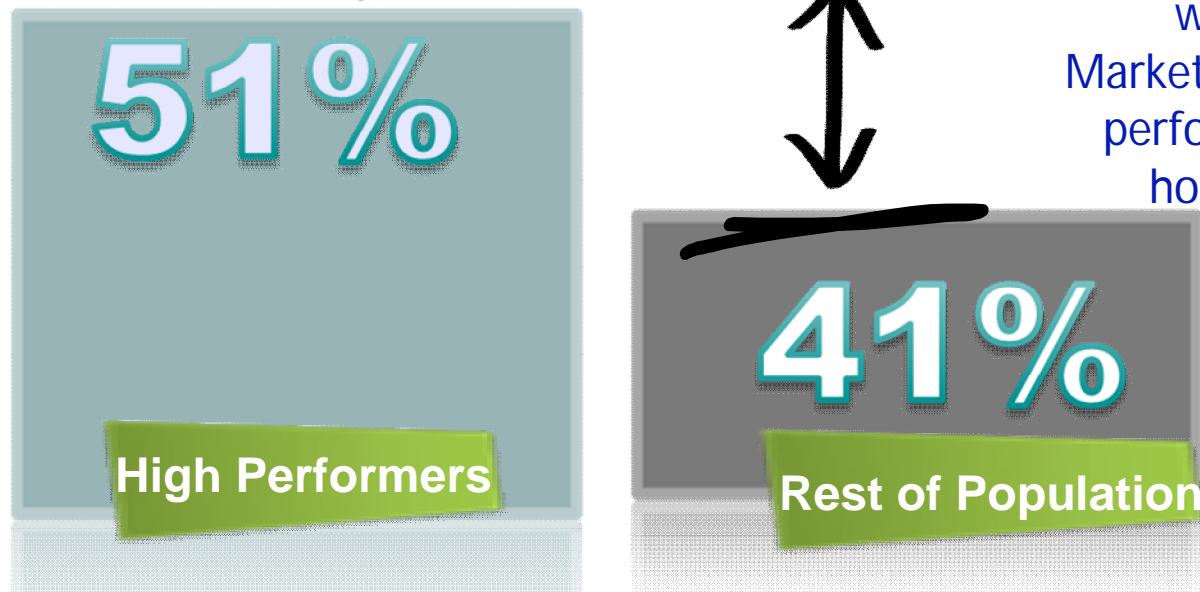
Overall, marketing and IT work well together. Marketing and IT at high-performing companies, however, work more effectively.

Base: Total Sample (n=362)

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

THINKM
The CMO+CIO Leadersh

"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".

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THINKMarketing Paris – On the changing role of marketing

The timeless responsibilities of marketers everywhere…

Knowing the customer

Defining what to market and how to market it
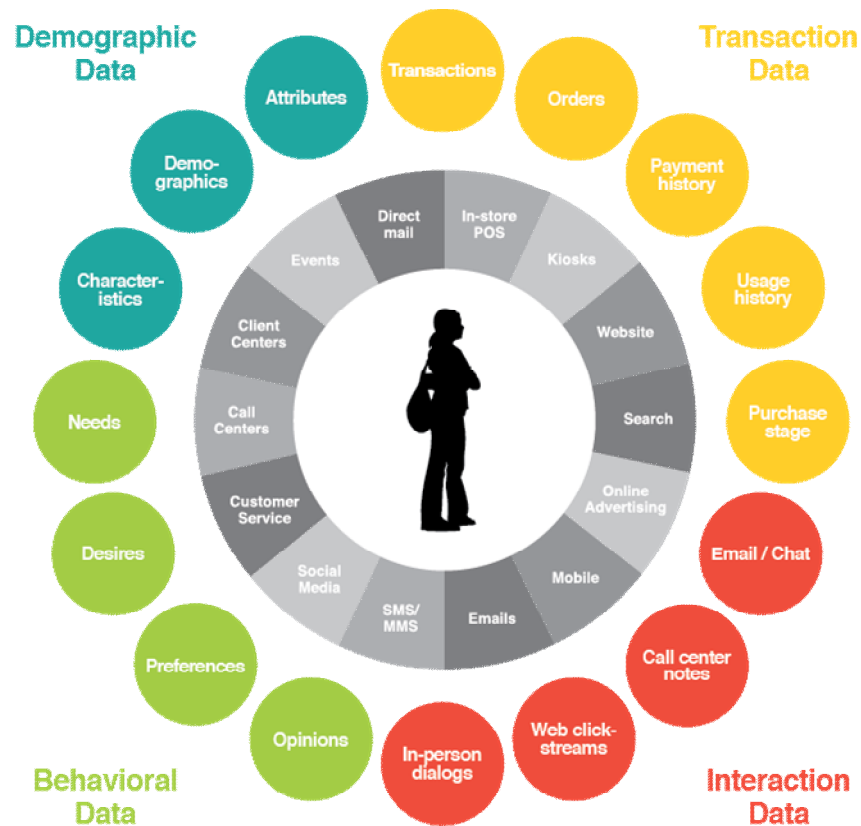
Protecting the brand promise

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

Understanding each customer as an individual

Creating a system of engagement that maximizes value creation at every touch

Designing your culture and brand so they are authentically one

# 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'"

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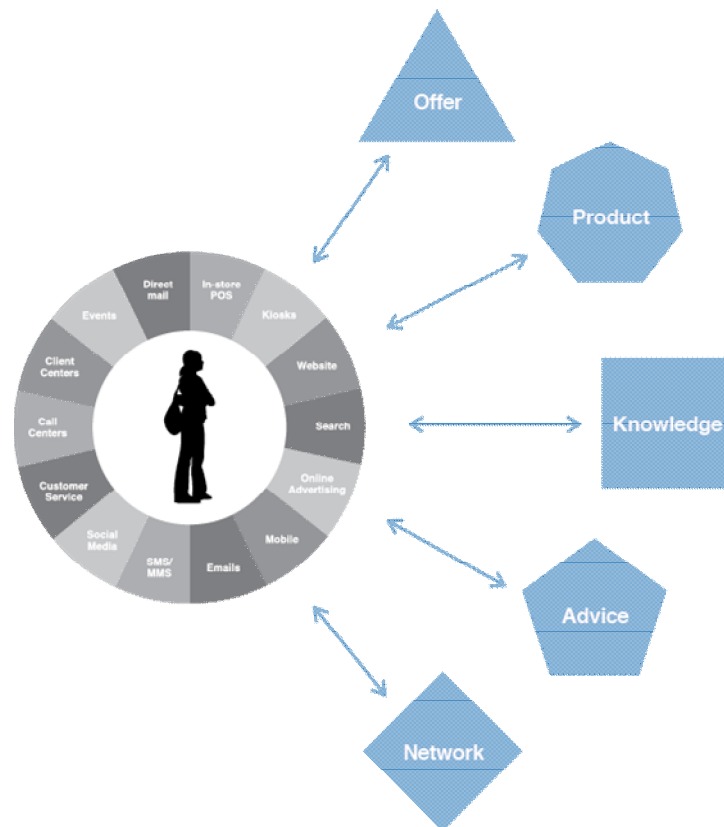

- **Designs the full customer experience**, based on the needs and preferences of each **individual** customer

- **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
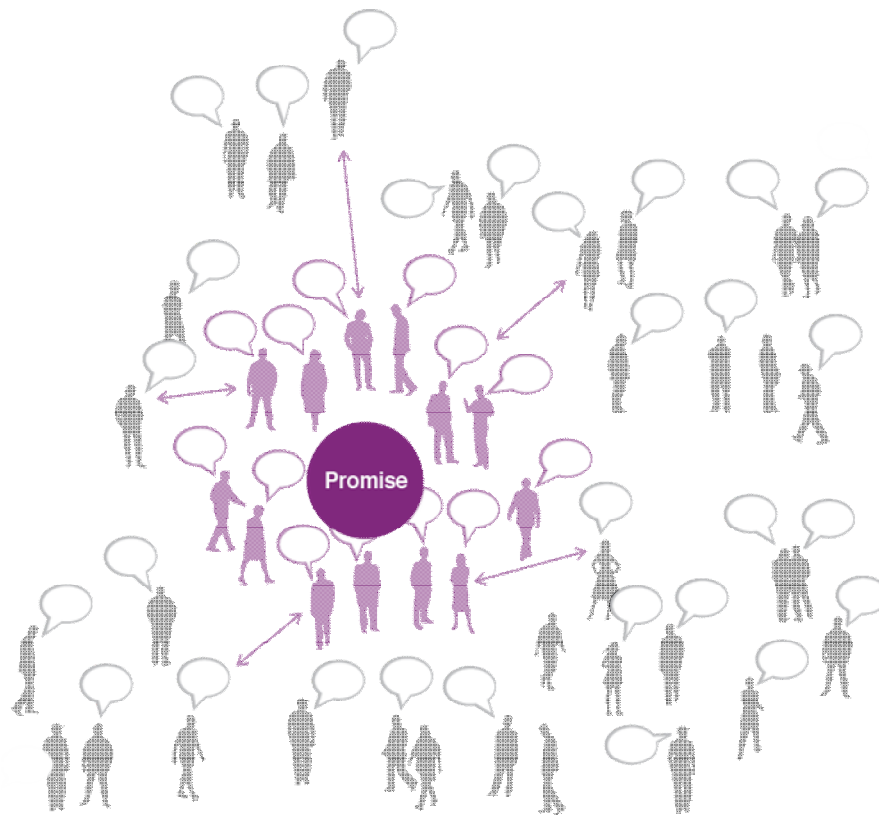
- **Develops** an acute understanding of its reputation by actively listening and engaging in social media.

- **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"

Marketing Trends, Challenges and Best Practices

- **Trends and Challenges**
  - Cross channel behavior poses challenges to marketing organizations
  - Social and mobile are on the rise
  - Organizations do have a wealth of customer data, that could help here, but they struggle to take advantage of this data

- **Leading organizations**
  - Include more channels in their campaigns, using advanced mobile and social
  - Leverage customer data better, combining on and offline behavior
  - Use (or require) an integrated suite – many organizations don't have this yet
  - Place greater emphasis on marketing measurement and linking marketing to business results
  - Partner more effectively with IT – collaboration CMO CIO

Thank You