

Bringing **Science**
to the Art of
Marketing

IBM[®]



Staying Ahead of Today's Consumer

The evolution of today's customer is rapid and relentless. Gone are the days when understanding a customer meant viewing a simple purchase history from a specific store or Web site. Today's consumers are infinitely more sophisticated. They buy through multiple channels. They use mobile devices to compare prices in real time. They connect with friends and family over social networks to inform and influence purchasing decisions.


This new breed of consumer is also increasingly impervious to traditional marketing techniques. Their trust in brands is fragile and fleeting. In fact, 75 percent of people don't believe that companies tell the truth in advertisements. Armed with powerful tools and technology, these customers are demanding authentic and relevant content, specific to their needs, delivered over the channel of their choosing.

To meet these demands, companies must intimately understand each and every customer, something industry leaders are well aware of: 88 percent of CEOs say that getting closer to the customer is a top priority. And yet only 6 percent of marketers rate their online and digital marketing capabilities as excellent. All of which means that getting to know customers better is going to require adding a healthy dose of science to the traditional art of marketing.



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Fortunately, some of the same technologies that are empowering consumers can also empower the marketing professionals trying to reach them. By gathering data from every impression, search, transaction, status update, or Tweet, marketers can develop complete profiles of their customers. They can analyze both structured and unstructured data to reach customers with more precision and predictability, offering personalized and relevant content. And they can optimize their marketing processes to maximize the return on every dollar spent.

People are making greater use of the increasingly powerful technical and legal means to block or opt out of misuse of their information, especially if they feel that their information is being used in unethical or invasive ways. That's why the most innovative marketers are not just the most sensitive with privacy and security but are also the most diligent about maintaining trust that information is being used respectfully and responsibly. It's the difference between being a nuisance and offering a welcomed service that people will eagerly seek out. It's the difference between traditional marketing and technology-driven marketing.

This approach to marketing bridges the gap between yesterday's traditional customer and today's technology-savvy customer. It bridges the gap between the local store down the street and a global economy built on rapidly changing technologies. And it bridges the gap between the art and science of marketing.

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Marketers: A New Breed of Scientists

Marketing has always been an inexact science. In fact, chief marketing officers commonly complain that they waste half of their budget; they just don't know which half.

But technology is changing all of that. It can reveal opportunities to reach new markets, shed light on customer demands, and redirect your business strategy in real time based on data that organizations didn't even know existed.

Technology can turn what would otherwise be a daunting threat into a once-in-a-career opportunity to transform marketing into a driving force behind tangible business outcomes. Gone are the days when marketers treated technology as a foreign concept suitable only for the CIO's department and other lines of business, like supply chain or finance. It's time for marketers to use technology to help them engage the sophisticated clients they serve. Consider what is now possible:





● **Consistent, compelling brand and customer experience**

Use the power of social media to build constituency and confidence in the brand among clients and prospects.

Build e-commerce capabilities for seamless multichannel selling and fulfillment.

Create a Web experience that is highly engaging, personalized, and differentiated.



● **Optimized marketing processes**

Automate campaign and lead management for highly relevant, interactive dialogs across digital, social, and traditional marketing channels.

Measure and manage campaigns, using dashboards to identify what is working, and justify investment with a consolidated snapshot of marketing activities.

Outsource business processes to help focus resources on high-value, differentiating activities.



● **Deep customer insight**

Analyze customer data to find hidden patterns for better targeting, decision making, and predictive insights.

Consolidate view of customer information from diverse sources using master data management.



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Best Buy

Best Buy is a \$49 billion retailer of consumer electronics that's been growing steadily. But like many successful companies, as revenues have increased, so too has complexity. That's why Best Buy's marketing department needed help optimizing and allocating its \$700 million marketing budget across 20 million active customers, 17 primary media types, and roughly 2,000 stores. The company used business analytics optimization to build an advanced customer analytics methodology that grouped customers into "action clusters" based on 34 different features. They were then able to tailor marketing strategies appropriate for each cluster, work up demand forecasting models, and even predict each customer's expected response to particular marketing approaches. The system makes over 80,000 distinct decisions to help optimize the budget. And Best Buy reduced saturated spend by between 5 and 7 percent (\$35 million to \$49 million) while improving marketing effectiveness by as much as ten times.

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First Tennessee Bank

First Tennessee Bank, a Memphis-based bank with more than \$25 billion in assets, suspected it was wasting money on inefficient marketing campaigns, which typically focused on products, not customers. “You could say we were throwing our messages away,” says Tanner Mueller, First Tennessee’s Direct Marketing Database Manager. The company then invested in a predictive analytics solution that added data mining methodology to its direct marketing strategy. The solution allowed the bank to create and apply statistical models that used up to 40 different data points and generated accurate, actionable business intelligence. The new model-driven campaigns showed positive results right from the start: customer response rates rose 3.1 percent and mail costs declined 20 percent — equating to a 600 percent return on investment.

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Seton Hall University



Seton Hall is a private university with an undergraduate enrollment of more than 5,000 students. As a private institution, it relies on tuition as its primary source of revenue. And it must continually attract new students to various degree programs. Recruitment cycles are long and expensive. But Seton Hall recently began to correlate behavioral patterns of prospective students across offline and online media. The university was able to track the effectiveness of banner ads, videos, widgets, and other marketing initiatives not hosted on the Seton Hall Web site. This tool allowed university marketers to anticipate customer behavior, automate personalized, relevant responses, and syndicate these responses to third-party sites such as Facebook. As a result, the school was able to increase enrollment by 13 percent, increase tuition deposits by 25 percent, and improve digital conversion rates by more than 3,400 percent.

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Why IBM?

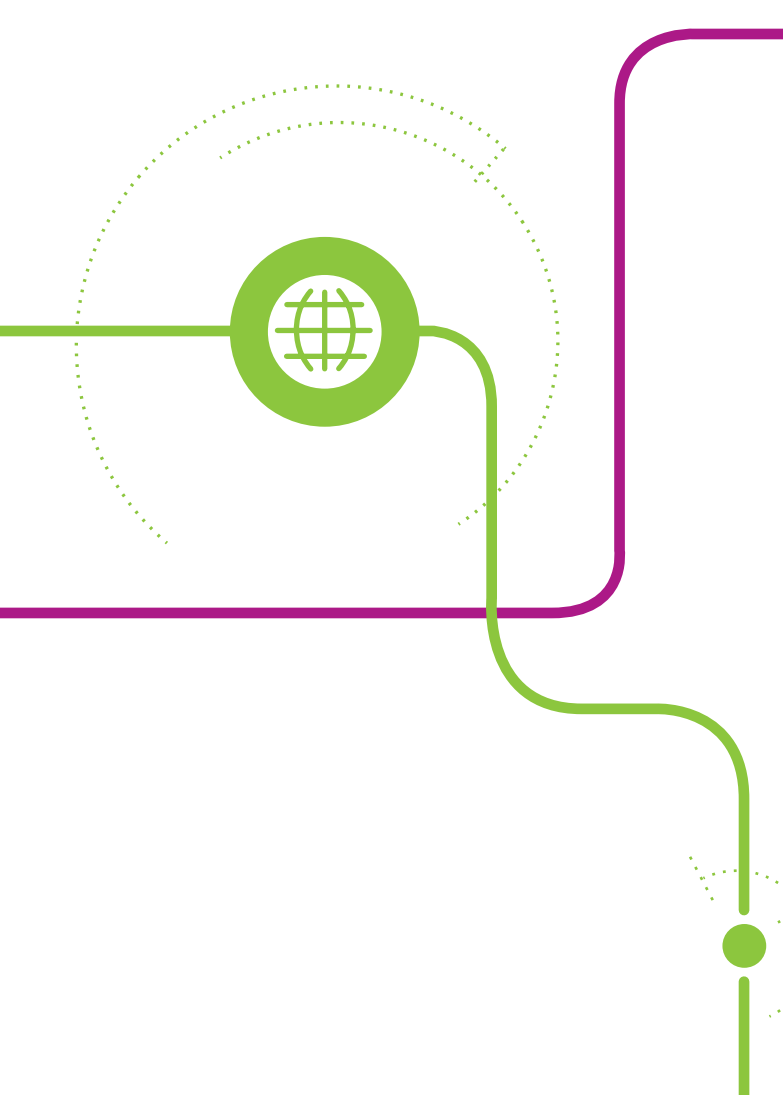
Marketing is a multifaceted discipline. But too often, technology and services providers can only handle narrowly focused bits and pieces of the marketing lifecycle. Worse, many offerings provide little in the way of user-friendly interfaces that help marketers get the information to run their business, relegating the hands-on work to the IT department.

IBM is different. IBM knows marketers need an easy-to-use, integrated solution that supports their work holistically without confining them to a rigid structure. That's why IBM has integrated long-standing and newly acquired capabilities in Web and information analytics, marketing process optimization, commerce, information management, and Web design to comprehensively help marketers innovate and transform to meet the new realities of customer expectations.

Perhaps that is why thousands of the world's top brands already rely on IBM to improve their marketing insight and execution — partnerships that are adding science to the art of marketing.



Getting Started



Every day, customers get more sophisticated, more educated, and more demanding. Connecting with them on an emotional level is still an art form. Reaching them with effective and efficient marketing is a science. To find out if your organization is ready for the new science of marketing, start by asking some critical questions:

Do your competitors know your customers' wants and needs better than you do?

How compelling and consistent is the experience you offer customers?

How confident are you that your marketing processes and investments deliver optimal results for your business?

Are you putting all of your customer data to good use?

If the answers to any of these questions show room for improvement, it may be time to call IBM. To learn more about integrated marketing, visit: www.thecmosite.com

For More Information

To learn about The CMO Initiative, please contact your IBM marketing representative or IBM Business Partner, or visit the following Web site: www.ibm.com/csuite

Additionally, financing solutions from IBM Global Financing can enable effective cash management, protection from technology obsolescence, and improved total cost of ownership and return on investment. Also, our Global Asset Recovery Services help address environmental concerns with new, more energy-efficient solutions. For information on IBM Global Financing, visit: www.ibm.com/financing

