

# Smarter Commerce

## Marketing in the age of the Empowered Customer <sup>TM</sup>

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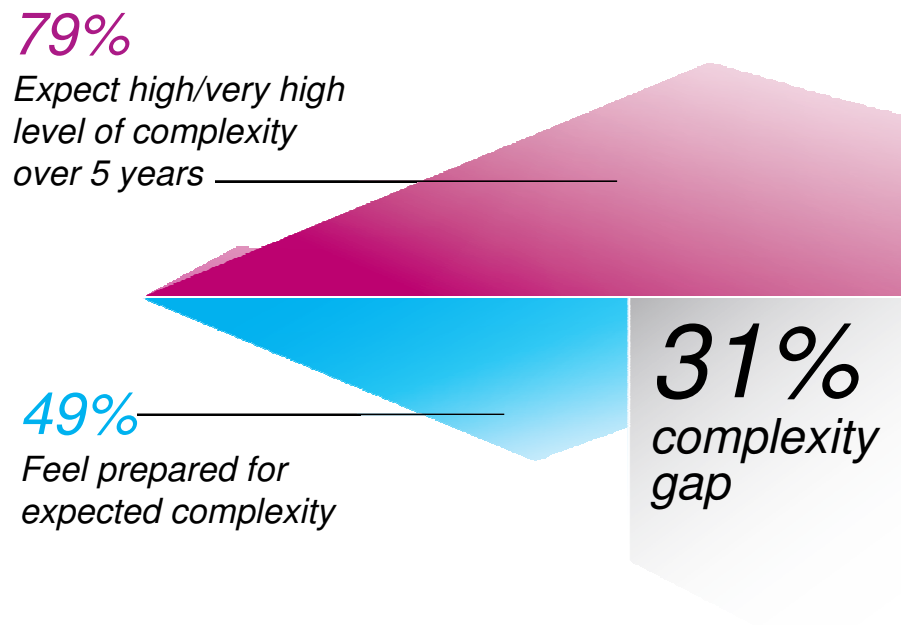


# CMOs told us they feel least prepared to manage the very factors they identified as causing the biggest upheaval



# The role of the CMO is changing—from leading marketing to driving growth and transformation across the business

## *Expected level of complexity and preparedness to handle it*



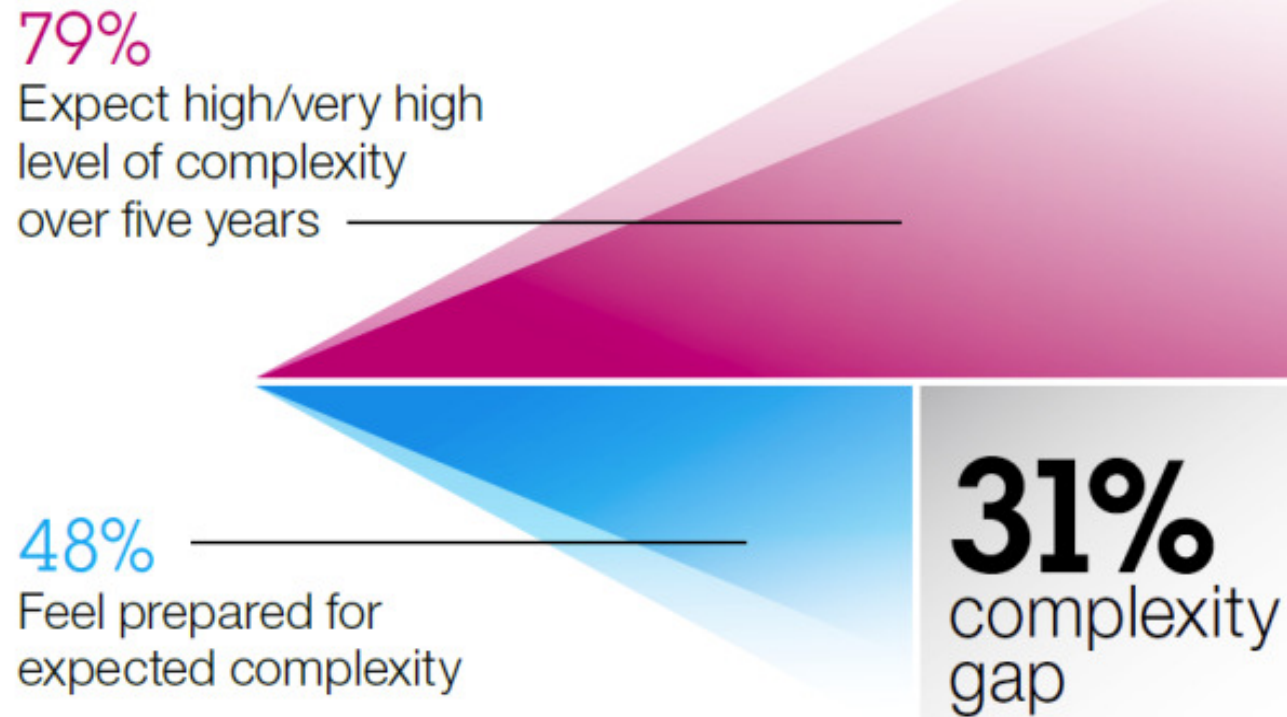
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## *Four core challenges*

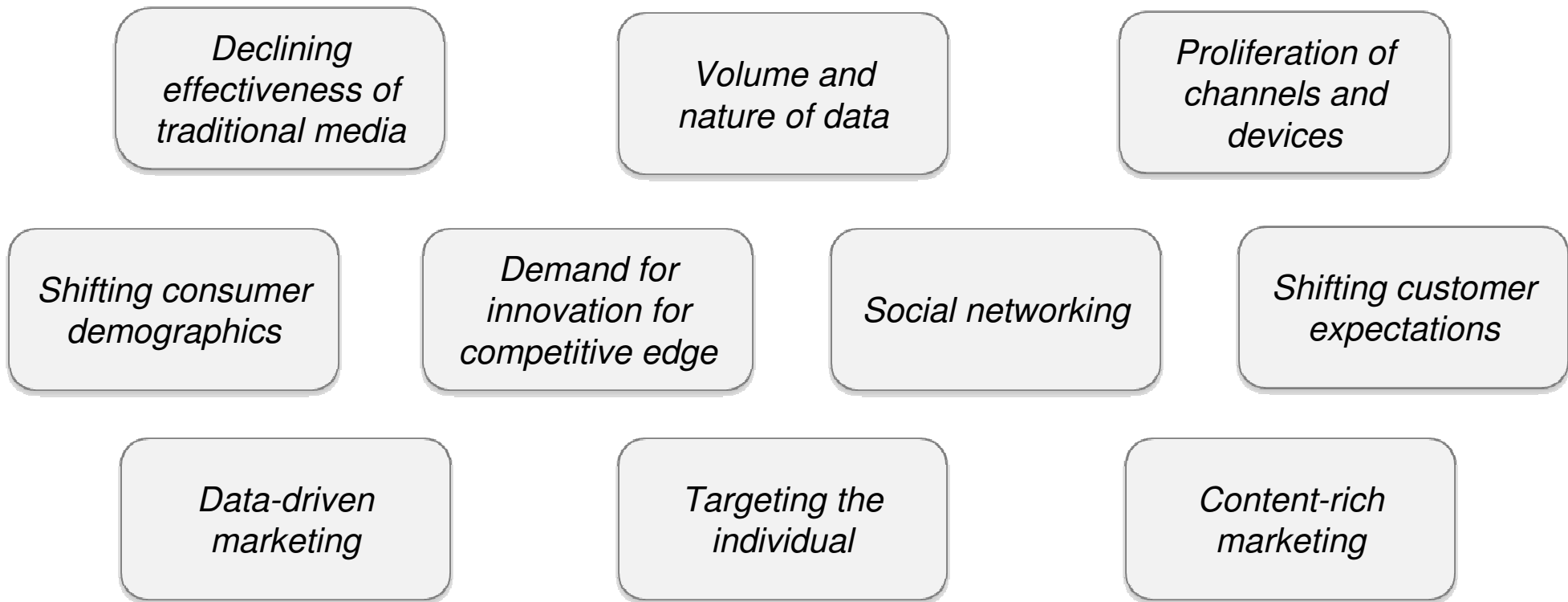
- *Data explosion*
- *Social media*
- *Growth of channel and device choices*
- *Shifting consumer demographics*

*Source: 2011 IBM Global CMO Study*

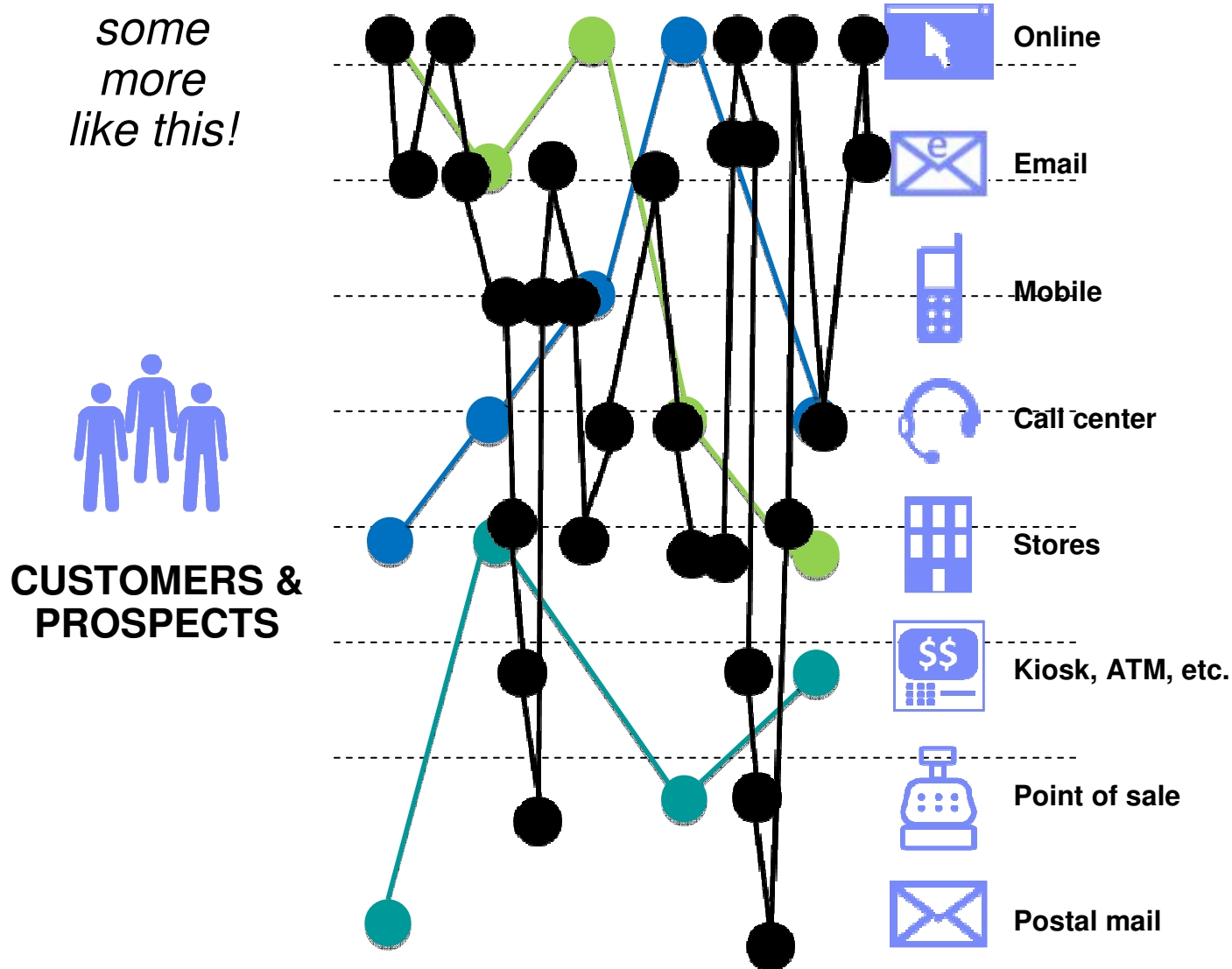
# CMOs admit they are not prepared



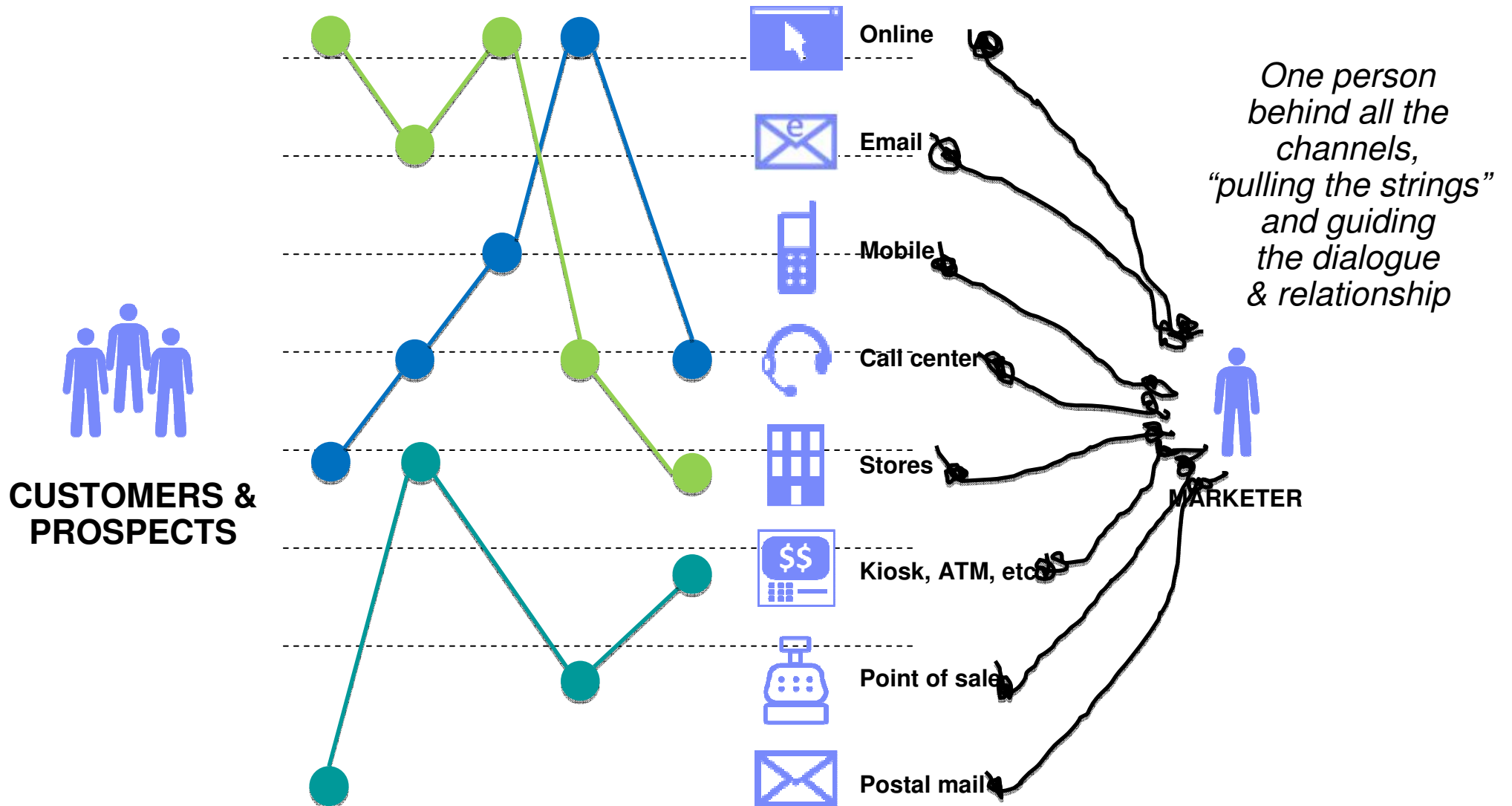
# The CMO's universe: rapid, dramatic change, new and exponentially increasing demands



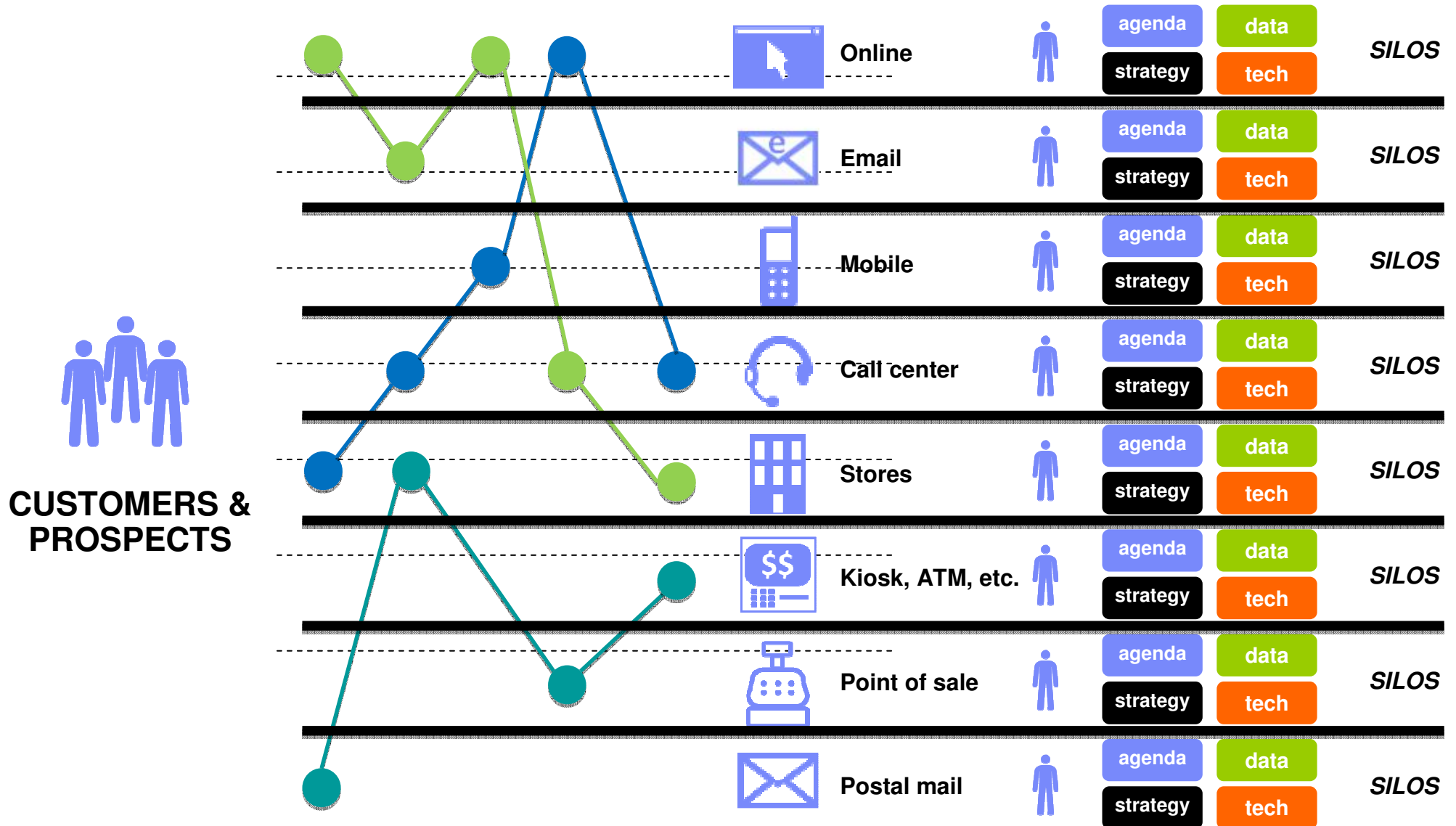
# How your customers and prospects behave



# What your customers and prospects expect

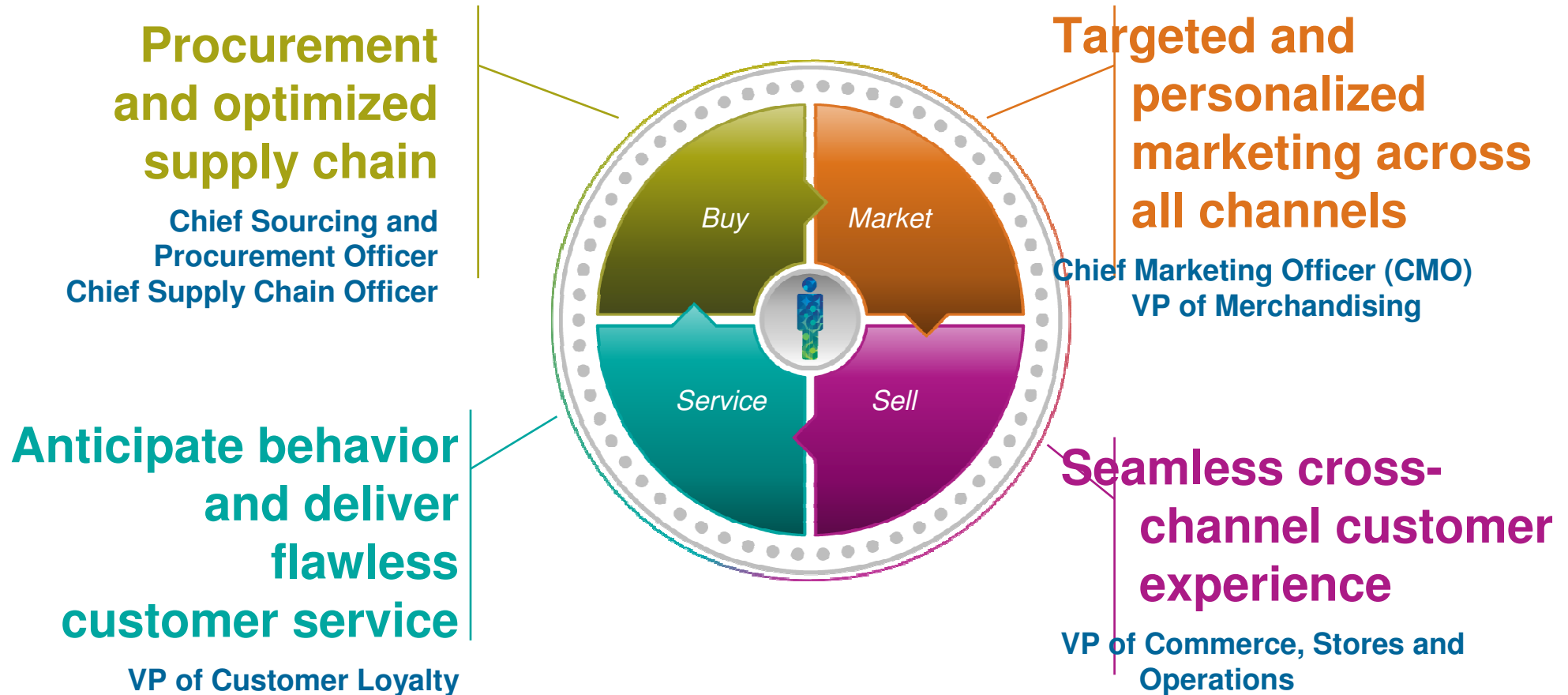


# What your customers and prospects actually experience





Smarter Commerce is integrating and synchronizing the value chain, reaching new buyers



# Today's "empowered customer" is driving these changes

**86%**

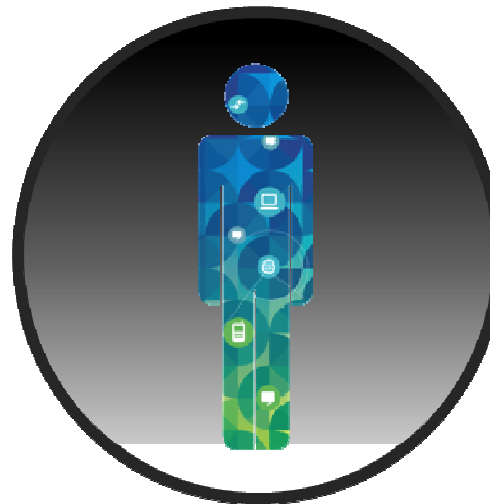
use multiple channels

**61%**

trust friends' reviews more than experts'

**58%**

are more price-conscious today than they were a year ago



**4 in 10**

Smart phone users search for an item in a store

**80%**

of CEOs think they deliver a superior customer experience

**8%**

of their customers agree

**4-5x**

more than average is spent by multi-channel buyers

*Global marketers  
are reaching  
customers*

*today*

*using a new  
approach to  
marketing*

Wehkamp

SNS  Bank

BBVA

 GSM  
ufone

L'OCCITANE  
EN PROVENCE

petco 

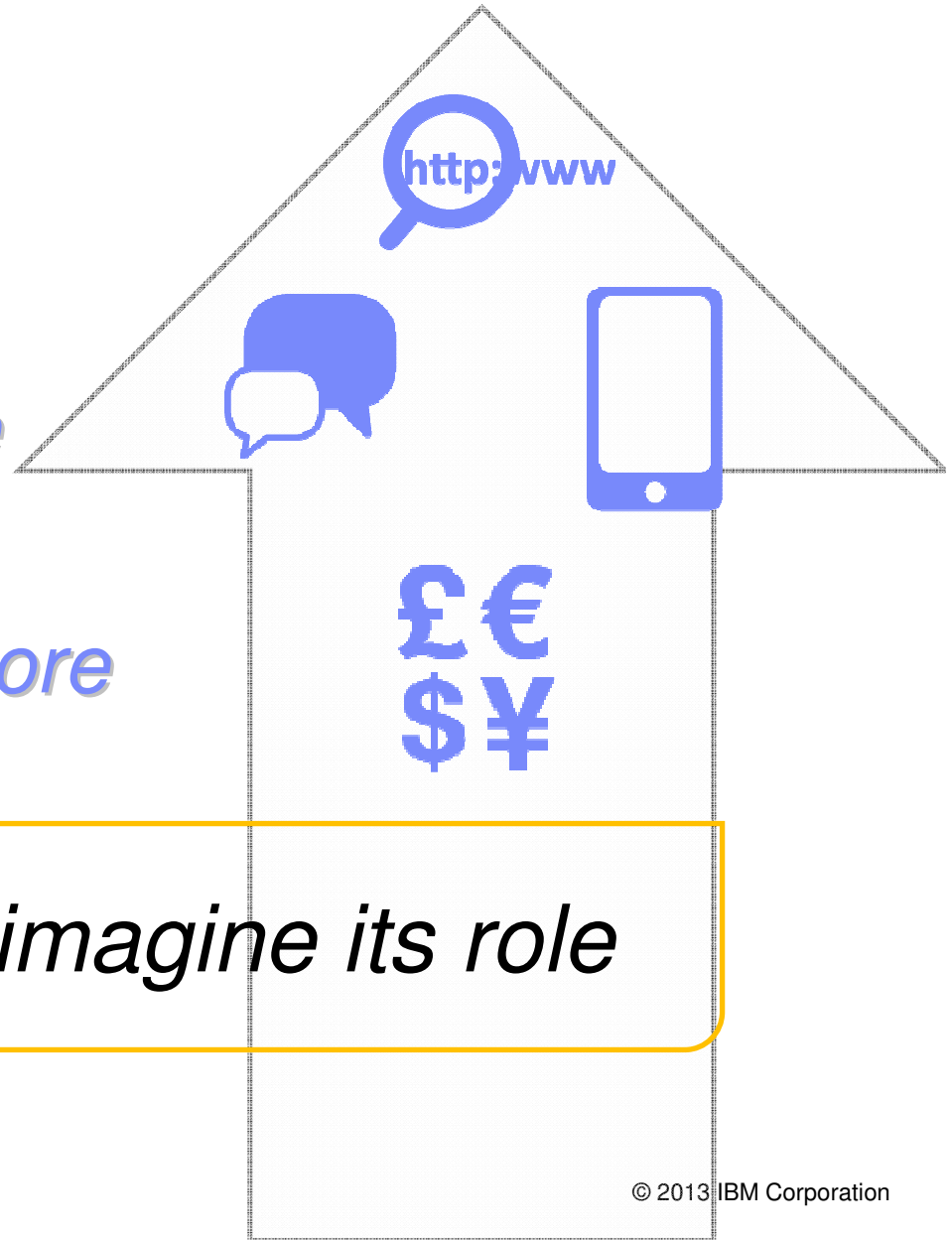
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# The CMO's universe is changing...

Customers *know* more

Customers *demand* more

Your *business* expects more



*Marketing must re-imagine its role*

# 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.*

## Understand each customer as an individual

- Understand the **complete customer relationship**
- Know **the context of the customer interaction** especially where s/he is in the decision process
- **Integrate digital behavior – increasingly from multiple devices and sources -- with traditional data**
- **Leverage customer insight** data from all parts of the business

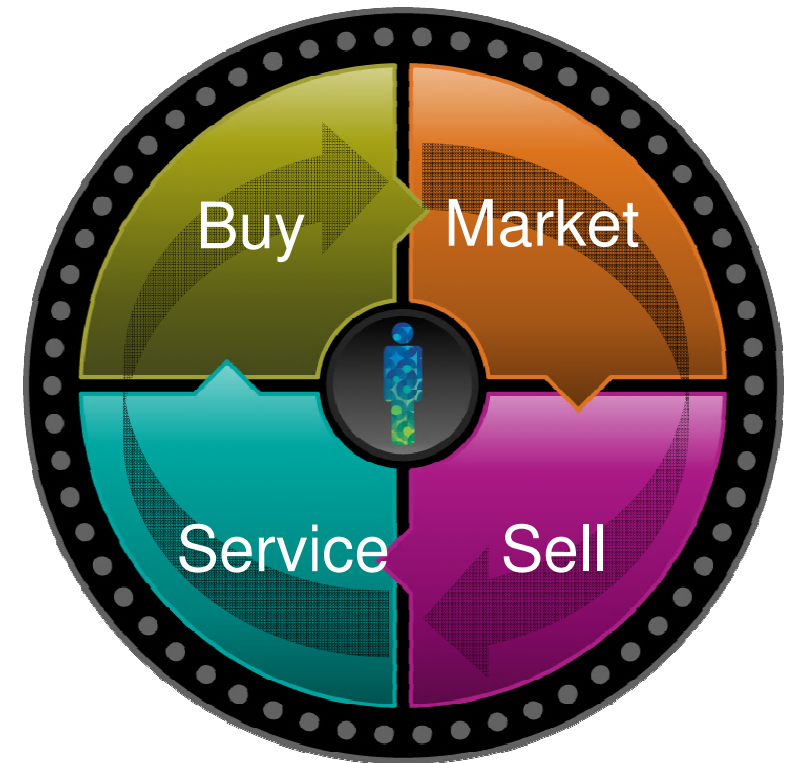
## Create a system of engagement that maximizes value creation at every touch

- Start with key process pain points and work down the list
- Scale and support millions of relevant offers and instrument and measure the phases of your customer journey
- Introduce standards-based approaches and processes
- Optimize and integrate experiences on web, mobile, email, social, POS



## Design your culture and brand so they are authentically one

- Marketing leadership must **break down silos** and integrate with sales, service functions
- Provide a **consistent** experience across multiple channels
- Create an organization that **embraces** a culture focused on customer centricity
- Invest in an **integrated platform** that will support your efforts



# Enabling cross-channel marketing

Cross-channel marketing is like having a good conversation.  
Marketers need to:

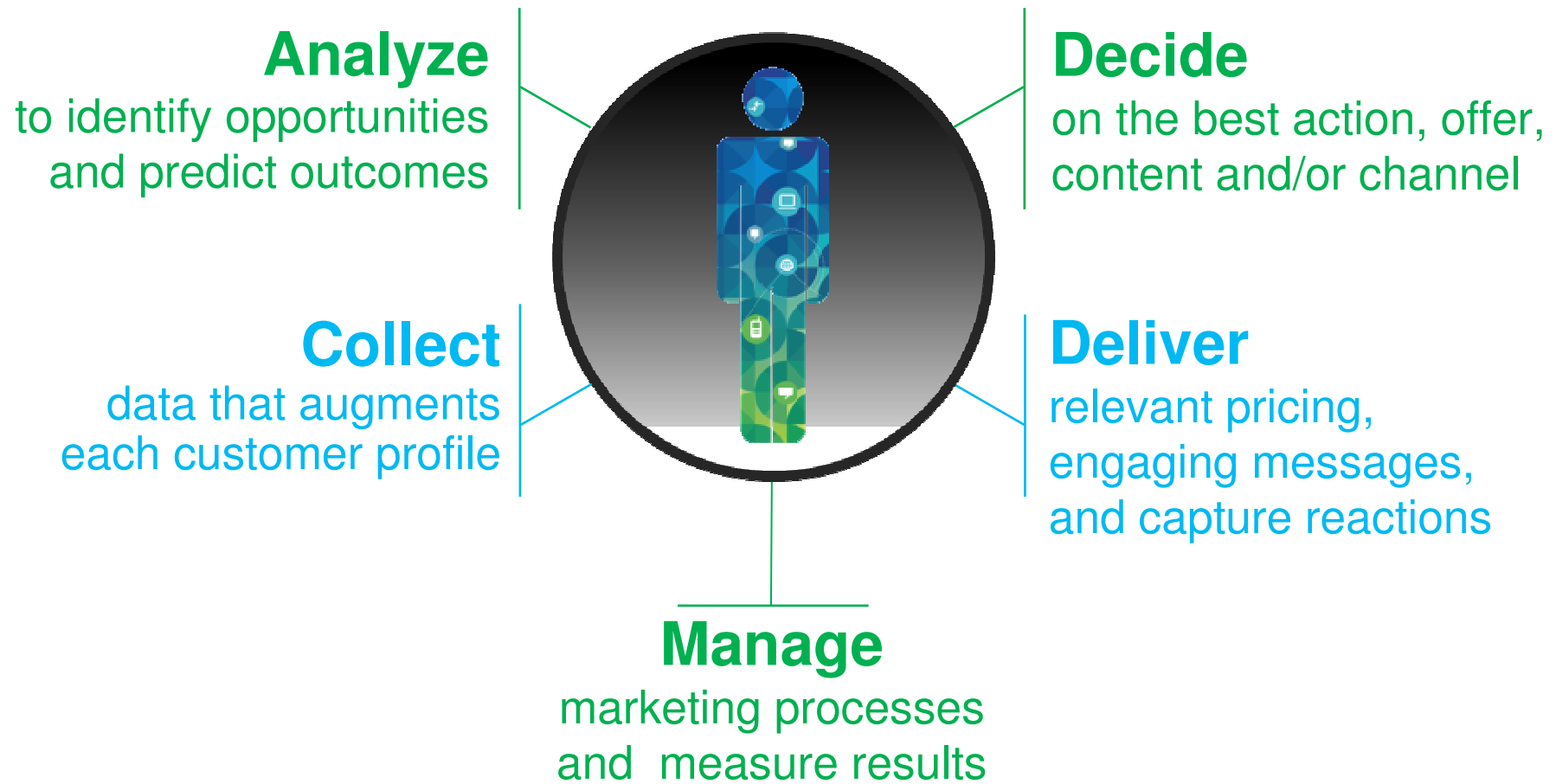
**LISTEN & UNDERSTAND**

**DECIDE WHAT TO SAY NEXT**

**(ONLY THEN) SPEAK**

...and repeat this over and over again across millions of customer relationships.

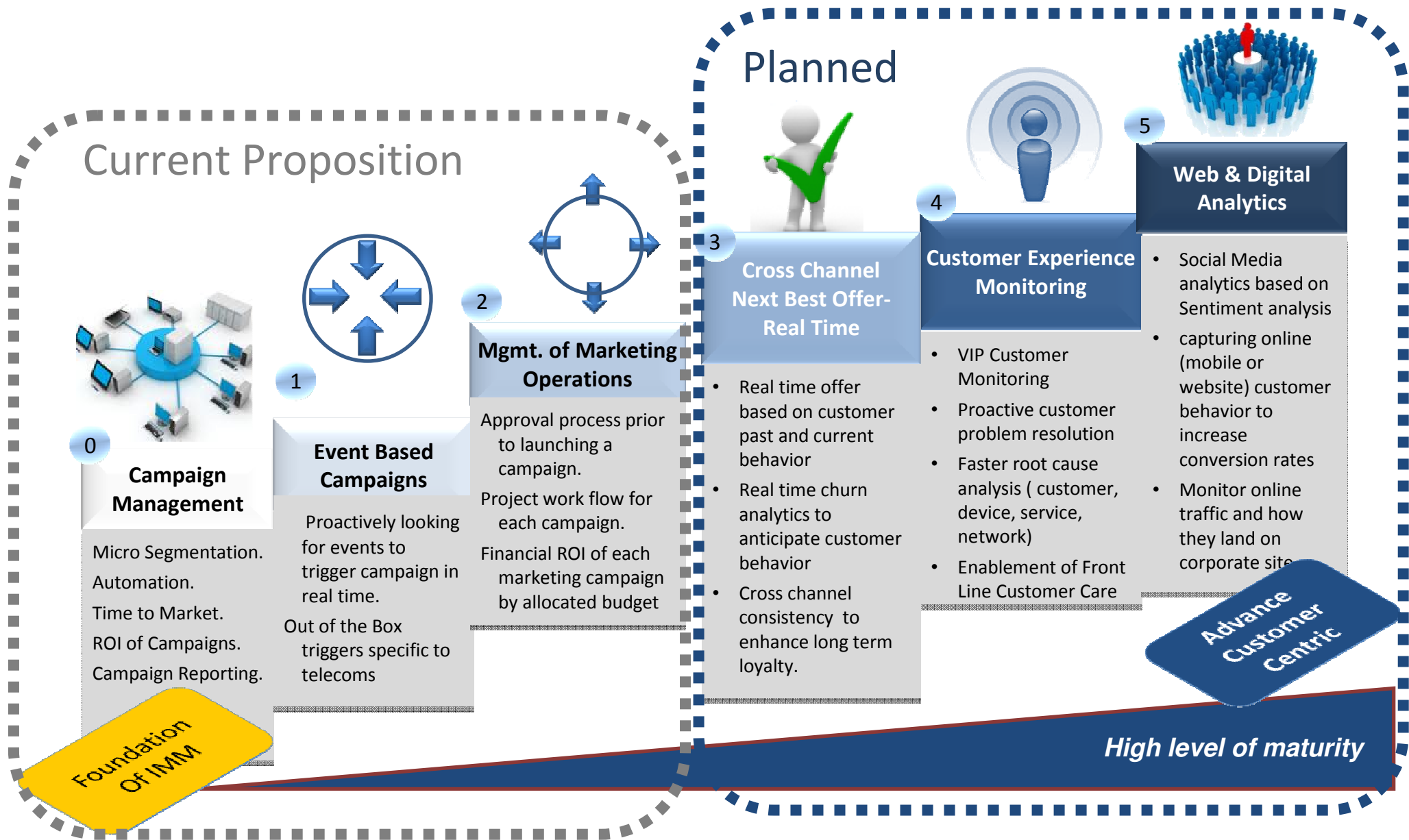
# A system of engagement requires an integrated process



# IBM provides tailored marketing solutions for each customer-facing role

	<u>FOR</u>	<u>WHO NEED TO</u>	<u>IBM PROVIDES</u>
	<b>Marketing leaders and planners</b>	<i>Model and assess mix, and manage marketing operations to maximize ROI</i>	<b>Marketing Performance Optimization</b>
	<b>Customer relationship marketers</b>	<i>Engage customers in a one-to-one dialogue across channels to grow revenue throughout the customer's lifecycle</i>	<b>Cross-Channel Marketing Optimization</b>
	<b>Digital marketers</b>	<i>Orchestrate relevant digital interactions to attract and retain new visitors and grow revenue throughout the customer's lifecycle</i>	<b>Digital Marketing Optimization</b>
	<b>eCommerce professionals</b>	<i>Turn visitors into repeat customers and loyal advocates by improving the digital experience of every customer</i>	<b>Customer Experience Management</b>
	<b>Merchandising and sales planners</b>	<i>Make price, promotion and product mix decisions that maximize customer loyalty and profit</i>	<b>Price, Promotion, and Product Mix Optimization</b>

# Journey to an Integrated Marketing Platform



# To succeed and improve performance

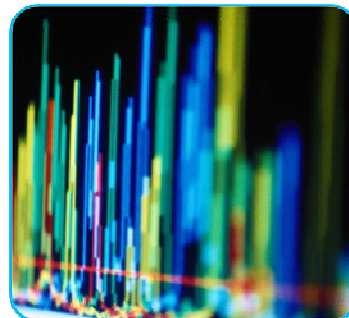
Put the *customer* at  
the *center*



*Anticipate*  
and deliver  
across channels  
and devices



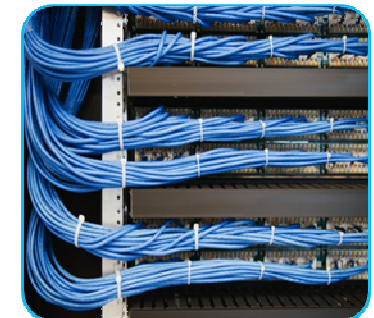
Apply deep  
insights to  
take *action*  
in real time



*Optimize*  
procurement and  
sales  
approaches  
based on  
demand

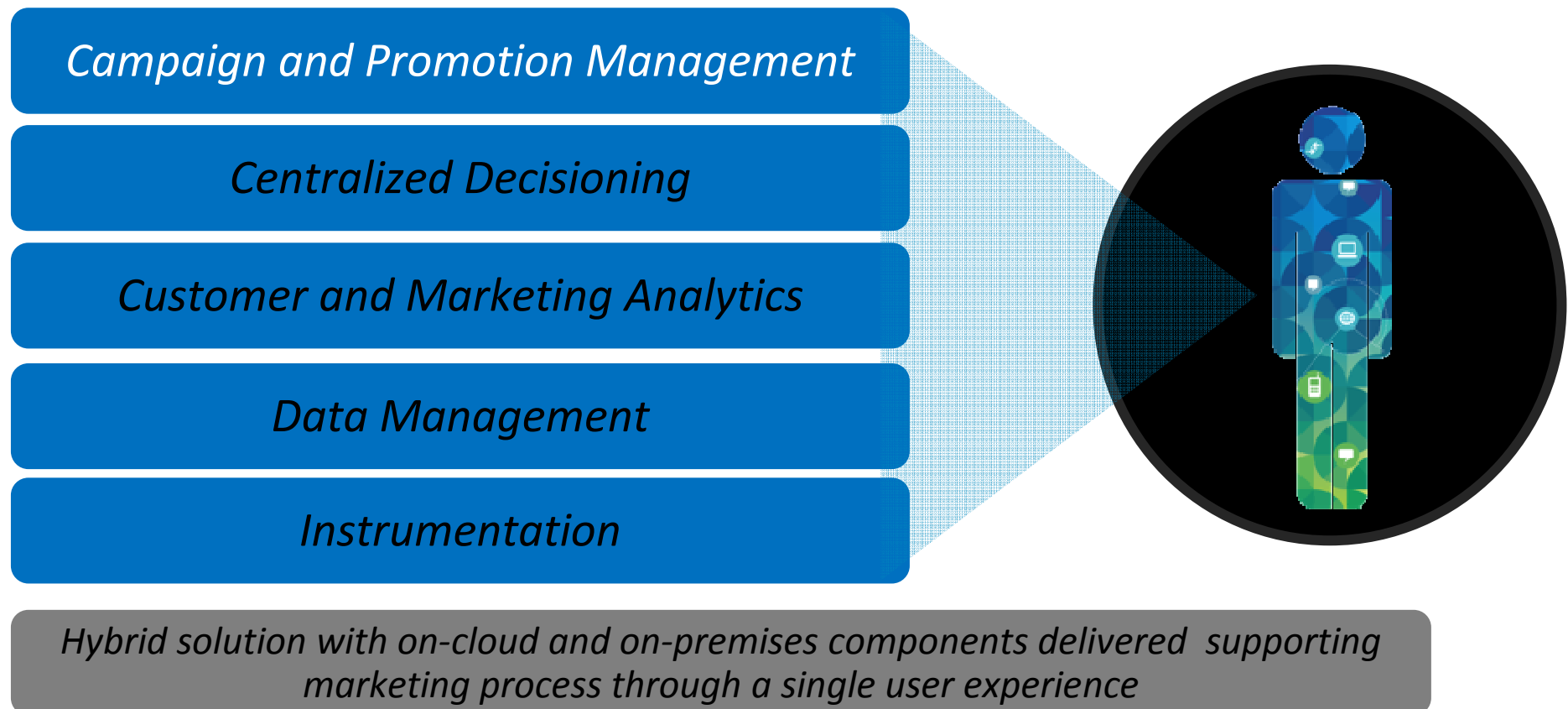


Extend core  
systems to  
*synchronize*



# Where to start? Strategic capabilities needed to create a platform for a comprehensive system of engagement

*Delivering relevance and value – at scale...*



# IBM clients are experiencing real results today

## More effective marketing:

Response rates: up 10-50%  
Campaign ROI: up 15-30%  
Online marketing ROI: up 15-25x

## Improved transactional results:

Sales revenue volume: up 0.5-1%  
Average order value: up 15-20%  
Trade ROI: up 15-20%

## More efficient marketing:

Cycle times: down 40-80%  
Marketing costs: down 20-40%  
Campaign volume: up 2-5x

## Better customer relationships:

Customer value: up 5-10%  
Loyalty and retention: up 10-15%  
Acquisition cost: down 25%-75%

## Better top- & bottom-line results:

Revenue: up 1-3%  
Margin: up 2-5%



# IBM marketing software solutions lead the market



**IBM: Leader**

Magic Quadrant: Integrated Marketing Management, November 2012

**IBM: Leader**

Magic Quadrant: Multi-channel Campaign Management, May 2012

**IBM: Leader**

Magic Quadrant: Marketing Resource Management, February 2012



**IBM: Leader**

The Forrester Wave™: Web Analytics, Q4 '11

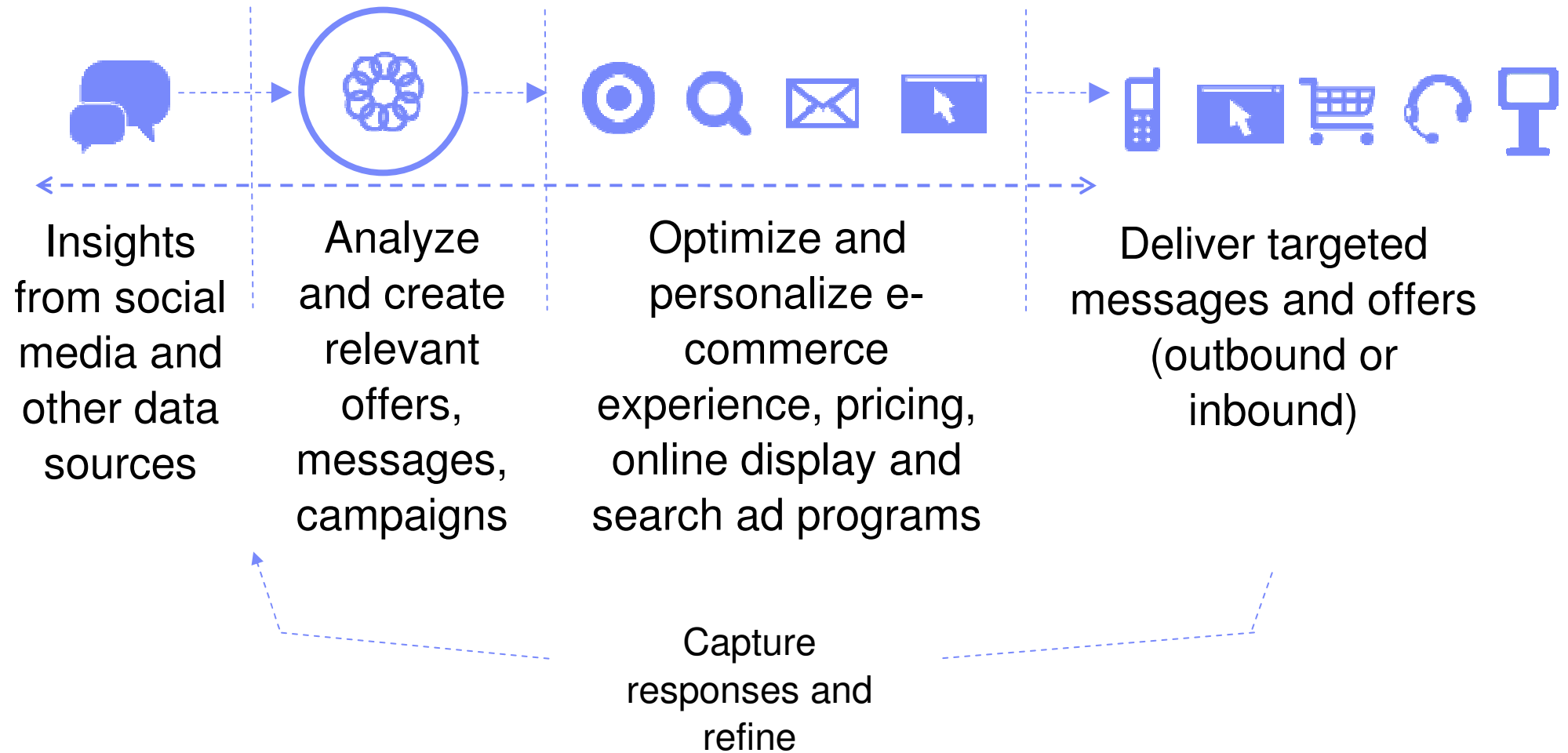
**IBM: Leader**

The Forrester Wave™: Cross-Channel Campaign Management, Q1 '12

**IBM: Leader**

The Forrester Wave™: Customer Analytics, Q4 '12

# Use Case: How IBM marketing solutions work together to serve the Chief Executive Customer



# Marketers need to gain customer insights by leveraging traditional and digital channels

Traditional Marketing

Digital Marketing

65%

Of respondents are doing the basics by reporting and analyzing their online visitor data.

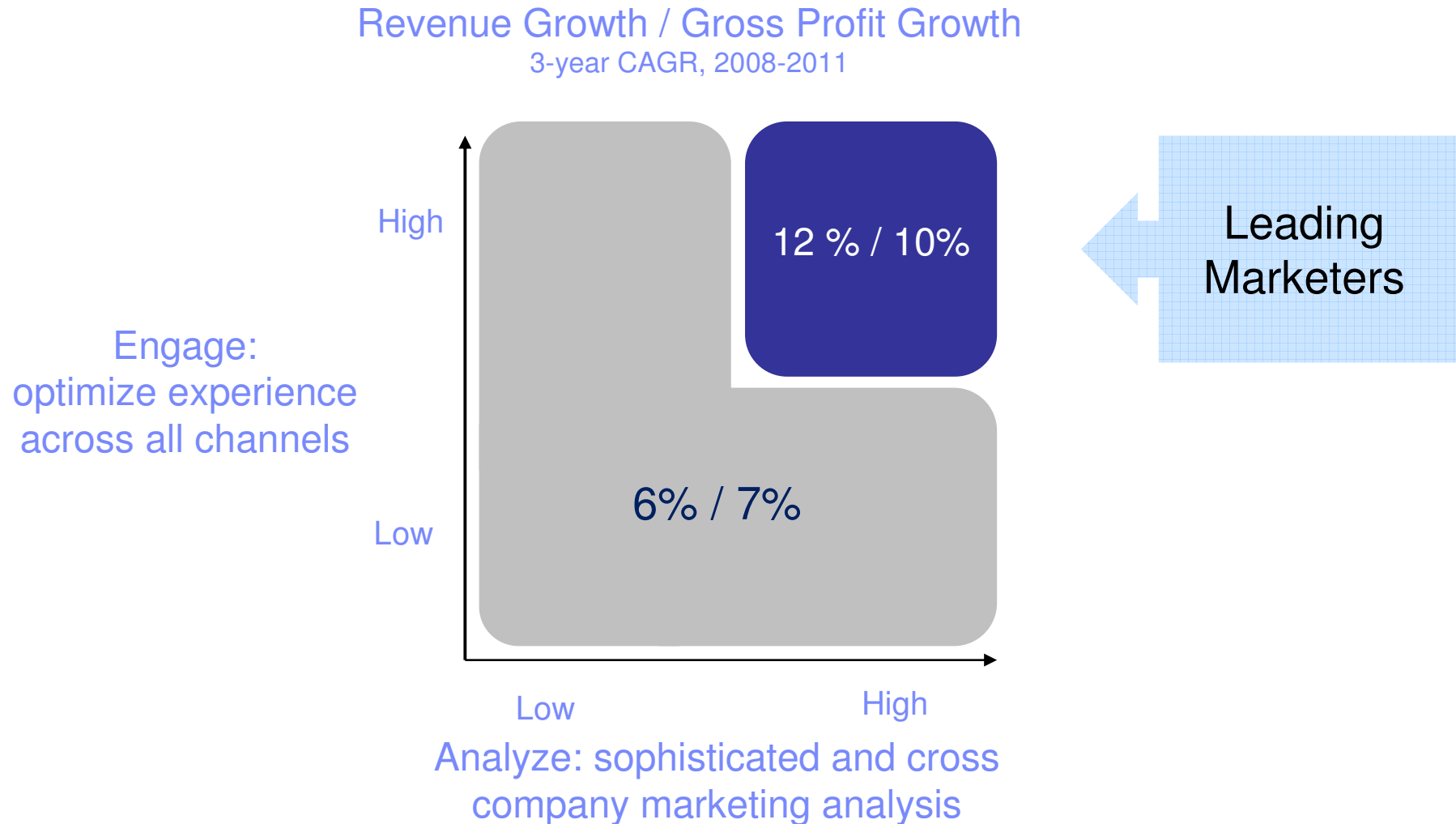
Only a third

Use this data in targeting one-to-one offers or messages in digital channels.

Less than 1 and 5

Leverage online data to inform one-to-one offers in traditional channels.

# Marketers who create and authentic brand and culture are more likely to outperform



## The convergence of Marketing and Procurement creates opportunities for collaboration and growth



When CPO and CMOs collaborate they can:

- Grow revenue
- Anticipate and drive demand
- Deliver optimum experiences throughout the customer journey
- Connect seamlessly with customers, partners and suppliers
- Improve results even in volatile operating environment
- Embrace social and mobile in all sell and service practices

## The convergence of Marketing and Sales creates opportunities for growth and seamless customer experience



When CMO's and Sales, Channels, & eCommerce Execs collaborate they can:

- Grow revenue
- Deliver optimum experiences throughout the customer journey
- Connect seamlessly with customers, partners and suppliers
- Improve results in a volatile operating environment
- Embrace social, mobile throughout their market, sell and service practices