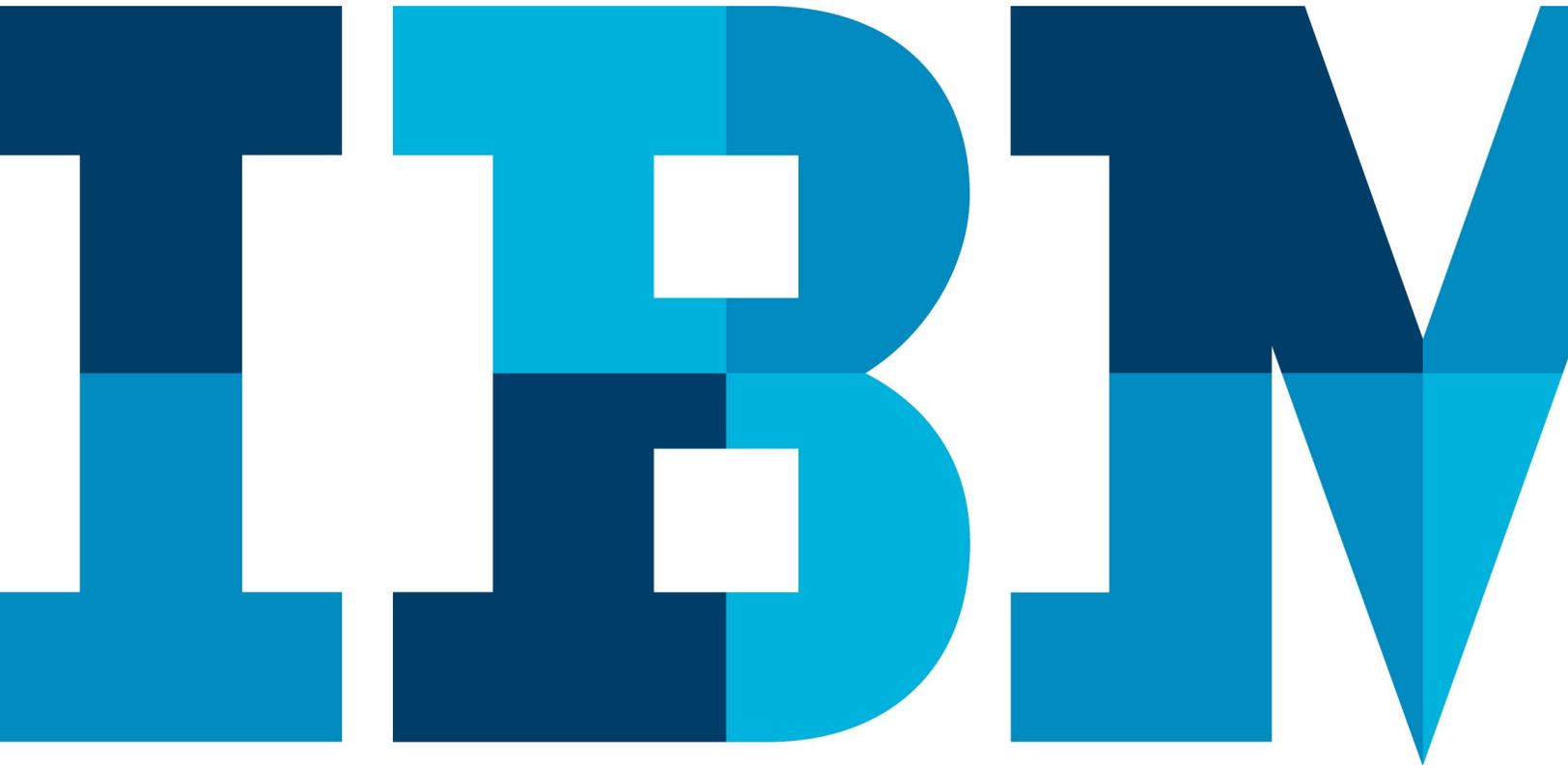


IBM's State of Marketing Survey 2012

Marketers' biggest challenges and opportunities reveal the rise of the empowered customer



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Consumers are changing marketing. Today's consumers are well-informed, social media-savvy, and likely have two or more mobile devices. They are more demanding—expecting current and perpetually shifting new channels, such as mobile and social, to deliver an exceptional customer experience.

But it's the dynamism of this change and conversation that is forcing marketers to re-think their craft. In an increasingly digital world, customers have a voice in their relationship with your brand, communicated through multiple channels, freely expressing their satisfaction or dissatisfaction with their experience. As a result, marketers must put the customer at the center of their business, or risk not just negative Twitter commentary, but ultimately lost customers.

Marketing technology is enabling these profound changes in an organization's relationship with customers, creating new challenges and new opportunities. Getting an in-depth look at how marketers from across the globe are responding to this empowered consumer provides important insights into the underlying characteristics of successful marketing organizations.

The third annual IBM State of Marketing Survey 2012 provides precisely this kind of insight. The 2012 survey results deepen our understanding of marketing practitioners' level of technology adoption and maturity managing the customer experience.

Unlike earlier surveys, this year's has a larger analytic canvas. The 2012 survey's global reach includes respondents from North America, EMEA and, for the first time, practitioners from Asia Pacific and Latin America. The survey also included some questions from IBM's groundbreaking Chief Marketing Officer (CMO) study "From Stretched to Strengthened: Insights from the Global Chief Marketing Officer Study 2011" to determine whether there are any differences between how CMOs and marketing practitioners understand their opportunities and challenges. Lastly, the survey evaluated whether a high level of financial performance suggested greater adoption of marketing technology and more sophisticated management of the customer experience. For this evaluation, we asked respondents to self-identify their level of financial performance relative to their industry peers and then applied their responses to a select group of questions.

When the results came in, three important trends became clear. In order to meet the challenges posed by new technologies and maximize the success of their organizations, marketers must expand their role in leading the customer experience, remove silos and integrate across channels, and embrace a greater partnership with IT.

Leading the customer experience

In business, marketers are uniquely positioned to gain an intimate understanding of how customers think. Marketers

need to be able to look at customer behavior, find out what customers want, and then deliver targeted messages and offers to the customers. With all the insight that they already have into the customer experience, it would make perfect sense for marketers to play an important part in driving the customer experience.

The reality is that many high-performing organizations already recognize the fact that marketing can, and should, take a more active role in leading the customer experience. According to the survey results, marketing departments at high-performing organizations had greater responsibilities for the “4 Ps of marketing”: promotion, pricing, products and services, and placement. By taking on a greater responsibility for each of the 4 Ps, marketers can measure ROI more effectively, optimize price points and ensure a higher level of customer satisfaction.

Figure: Marketing Ownership by Business Outcome

Q. How much ownership do you and your marketing organization have for the following areas of responsibilities?

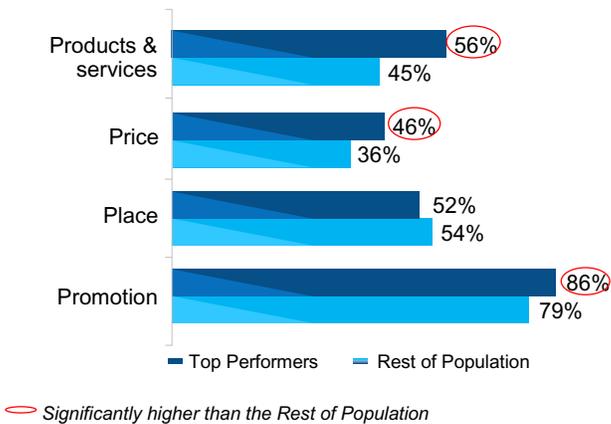


Fig. 1 - Base: Total Sample (n=362)

The survey results also reflect that marketers from high-performing companies were more likely to lead the coordination of customer messages in several key functional areas other than marketing. By expanding their strategic role and application of technology, survey recipients from high-performing companies were nearly three times as likely to be proactive leaders in driving the customer experience across all channels.

Figure: Marketing Responsibility by Business Outcome

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

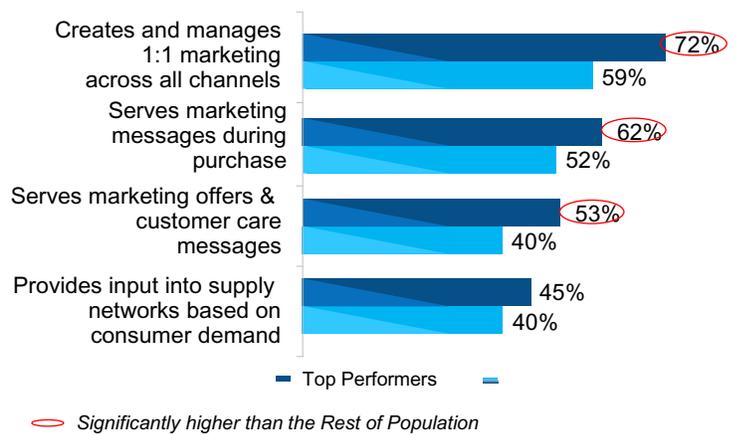


Fig. 2 - Base: Total Sample (n=362)

The implications of the survey results clearly show that those organizations that continue to leave marketing out of the customer experience do so at their own risk. By expanding the role of marketing departments beyond their traditional strengths, high-performing organizations have already learned how to drive a more engaging and personalized customer experience across the entire purchase lifecycle.

Expanding the role of marketing in the customer experience offers a lot of new opportunities to better connect with customers, justify market expenditures and ensure continuity among different channels for a seamless and differentiated customer experience. However, marketers need the right level of visibility if they are going to be effective in their increased roles. As integration and channel complexity increase, more and more marketers are looking to an integrated suite to give them the visibility they need to be successful.

Removing silos and integrating across channels

For marketers, being able to gather good customer information is important. However, just doing the basics of gathering online data is not enough; marketing organizations need the ability to turn their insights into action.

In order to do this, organizations need an integrated marketing suite that can take customer information gleaned from a variety of different sources and apply it to targeted offers delivered across channels and platforms. It comes as no surprise, then, that 85 percent of respondents agreed with the need for an integrated marketing suite. And yet, many marketers are falling well short of their own expectations regarding integration and the ability to measure their campaigns' effectiveness. These shortcomings challenge all businesses regardless of their level of performance, affecting their ability to maximize results and ROI.

Figure: Challenges in Accessing, Managing and Analyzing Data across Channels

Q. To what extent does your organization face the following challenges in accessing, managing and analyzing data across different channels?

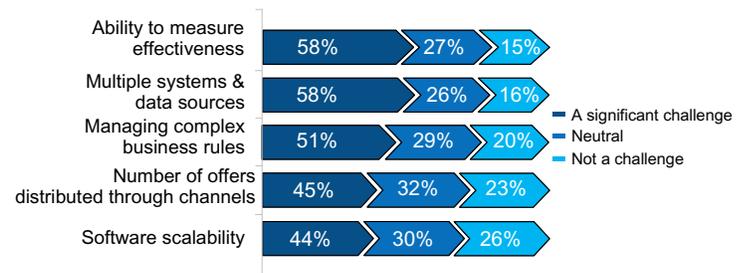


Fig. 3 - Base: Total Sample (n=362)

For instance, 58 percent of those surveyed said that they believed existing marketing systems were too disparate. This lack of integration can be detrimental to marketing's ability to drive the customer experience. More specifically, it affects the way marketers can leverage their data across channels. While 65 percent analyze their online visitor data, only one-third are targeting one-to-one offers or messages through digital channels, and less than one in five are using this data for other traditional channels.

Email shows further siloed data symptoms. Only about one-third of survey participants said that their systems automatically integrated email data into their customer data mart, while the remainder either used manual integration, or did not integrate at all. When numbers remain this low, the ability for marketers to effectively target customers with relevant emails is significantly impaired.

Another factor contributing to the difficulties facing marketers is the rapid proliferation of channels and devices that has occurred in recent years. In fact, the growth of channel and device choices was ranked by survey respondents as the top challenge facing their organization over the next three to five years.

Although social and mobile channels have both grown significantly in importance in recent years, many marketing organizations are still struggling to make these new channels a part of their everyday campaigns. The survey showed that higher performing companies were more likely to use mobile channels than lower performing ones, but that this fact was likely to change soon, as many survey respondents said that their organizations planned to start engaging mobile platforms within the next twelve months.

However, survey results on channel integration were less encouraging: 79 percent of marketers run mobile and social campaigns either in silos, discreetly or on an ad hoc basis. The survey results also showed that only about half of all respondents were using social media data to inform their decision-making processes about marketing offers and messages, suggesting that many marketers are also failing to capitalize on what could be a vital stream of information about customers and their preferences.

As channel complexity grows, it becomes more important than ever for marketers to have visibility into their campaigns to assess their results. Unfortunately, the survey results show the attribution practices of most marketing organizations to be lacking: 34 percent of survey respondents said that they analyzed attribution manually using spreadsheets, while 27 percent said that they didn't perform attribution analysis at all.

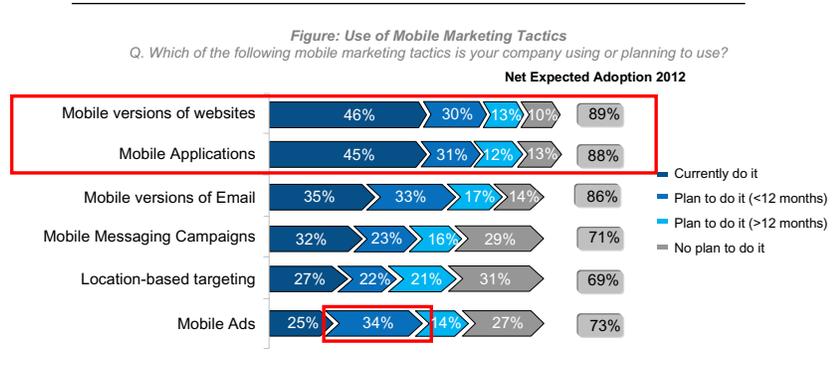


Fig. 5 - Base: Respondents who know what their company is doing (324 – 346 respondents)

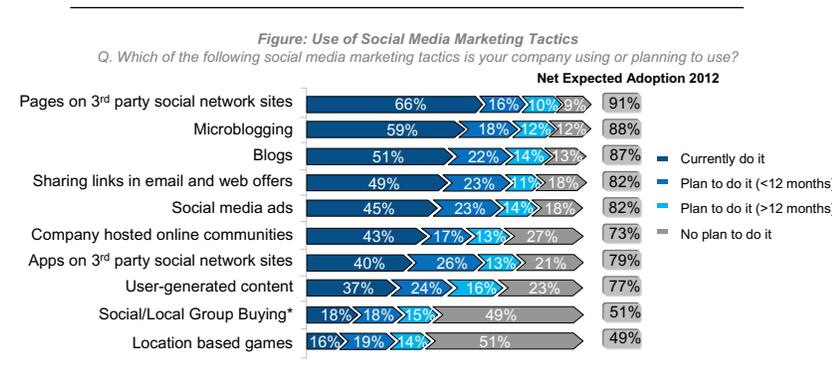


Fig. 6 - Base: Respondents who know what their company is doing (300 – 347 respondents) *Not asked in 2011

While the current situation certainly looks bleak, there is also reason to be optimistic about the future of cross-channel marketing. According to the survey, marketers intended to increase inbound marketing across all channels four-fold within the next 12 months. This increase is expected to occur both in high-performing companies and in lower-performing ones, and will include both the expansion of traditional channels, and the addition of new channels such as mobile and social. These trends underscore the importance of greater channel coordination in marketing organizations going into the future.

level of channel coordination allows for more personalized messages and offers, and helps organizations to differentiate themselves with an optimized customer experience.

But the question is this: How do marketers get to this promise land?

Embracing an IT partnership

For too long, the roles of marketing and IT have been kept separate from one another. In the survey, nearly 60 percent of all respondents said that a lack of alignment and integration with IT was a significant barrier to the adoption of new technology in their organization. These results indicate that marketers depend on a working partnership with IT to ensure the continued growth of the business.

However, in a business world where integration and technology adoption are key factors in determining success, high-performing organizations have begun to see the advantages of breaking down the long-standing separation between the two organizations. In the study, 51 percent of respondents who identified their companies as high-performing indicated that they had good relationships with IT. That's 10 percent higher than in other companies.

The benefits of promoting collaboration between IT and marketing are clear: adopting new technology can help marketers overcome challenges and be more successful. In fact, 48 percent of respondents believe that improved technology infrastructure or software will enable them to do more.

The survey results also showed that decisions about adoption of software in marketing organizations were increasingly being made on a case-by-case basis, with about 43 percent of all

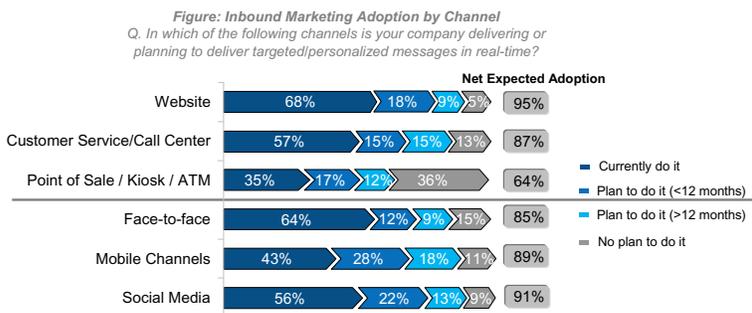


Fig. 7 - Base: Respondents who know what their company is doing in the area (311-358 respondents)

The survey results clearly illustrate the importance of establishing an integrated marketing suite. High-performing marketing organizations are able to lead the customer experience in their company, contributing to better conversion rates and ROI. However, marketers can't achieve this by relying on disparate, siloed systems. By adopting an integrated marketing suite for all channels, organizations can take the first step toward knitting together different functional marketing silos, their technologies and how they engage customers. This

marketers surveyed saying that they varied their technology decisions based on requirements. This indicates that more and more marketers will have to consider hybrid systems to knit together different point solutions for an integrated view of marketing's execution and performance. This alone will require fostering a deeper working relationship with IT.

Figure: Preferred Software Deployment Approach
Q. Which of the following best describes your deployment model preference when selecting marketing technologies?

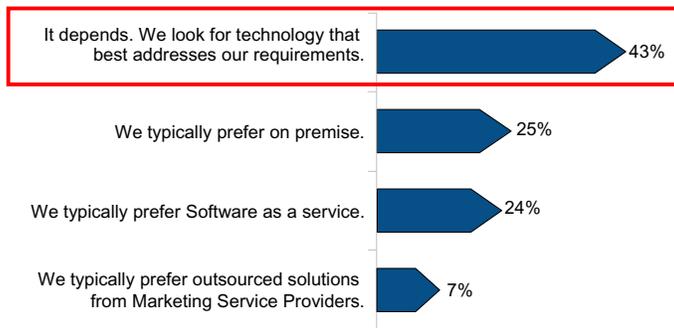


Fig 8 - Base: Total Sample (n=362)

For all these reasons and more, marketers can benefit from collaborating with IT. A good marketing partnership with IT is the first step toward breaking down silos and integrating marketing technologies across channels and platforms. Indeed, IT professionals are the workhorses of enterprise-wide integration and alignment. They are knowledgeable about best practices, and bear the scars of past deployments and implementations. In other words, they have done this before, with finance and supply chain, among others. As a result, they are sources of powerful lessons, which draw upon enterprise knowledge that marketers can leverage as they adopt and scale technology to meet demand and differentiate their customer experience.

Conclusion

In summary, this paper has made three main arguments. First, marketing must expand its role to lead the customer experience. This is because marketing is best positioned to negotiate, coordinate and drive the customer experience across different business functions. However, this is entirely contingent on the level of responsibility that marketers have for the 4 Ps, and their level of involvement in the purchasing cycle.

Second, in order to assume greater responsibility for the customer experience, marketing must remove internal functional silos between digital and traditional channels, and integrate the underlying technology that supports them.

Third, in order to integrate these different technologies, marketing must embrace a marketing technology platform that can create a comprehensive profile of the customer across channels to differentiate their customer experience and optimize their company's purchasing cycle. To do this, marketers and IT must forge stronger, more aligned and collaborative relationships that put the business in a position to succeed.

Survey Methodology

The results of the 2012 IBM State of Marketing survey were obtained from the responses of 362 marketers from 24 different countries. The recipients in the survey came from a variety of different industries, and represented organizations from North America, Europe, Asia, and Latin America. The survey was conducted online in March and April of 2012, and was administered in English, Spanish, German, French, Swedish, Dutch and Brazilian Portuguese. The margin of error for this sample at the 90 percent confidence level with a 50 percent response rate is ± 4.3 percent.

About IBM Enterprise Marketing Management

The IBM Enterprise Marketing Management (EMM) Suite is an end-to-end, integrated set of capabilities designed exclusively for the needs of marketing organizations

Integrating and streamlining all aspects of online and offline marketing, IBM's EMM Suite empowers organizations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, timely, and measurable business outcomes.

The IBM EMM Suite helps marketers to understand customer wants and needs and leverage that understanding to engage buyers in highly relevant, interactive dialogs across digital, social, and traditional marketing channels. IBM EMM provides robust web and customer analytics, event detection, campaign management, real-time interaction management and recommendations, lead management, digital marketing optimization, email marketing, targeted advertising, search engine marketing, marketing resource management, pricing, promotion and product mix optimization, customer experience management and behavior analysis. Over 2,500 organizations around the world use IBM EMM solutions to help manage the pressures of increasing marketing complexity while delivering improved revenue and measurable results.

IBM's time-tested and comprehensive offerings are giving companies such as Dannon, E*TRADE, ING, Orvis, PETCO, Telefonica | Vivo, United Airlines and wehkamp.nl the power and flexibility required to provide their customers and prospects with what they expect today—a more consistent and relevant brand experience across all channels.

For more information

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