

High-Octane Marketing

Driving Value through Optimized Marketing Performance

David Panek, Senior Product Marketer, IBM Enterprise Marketing Management



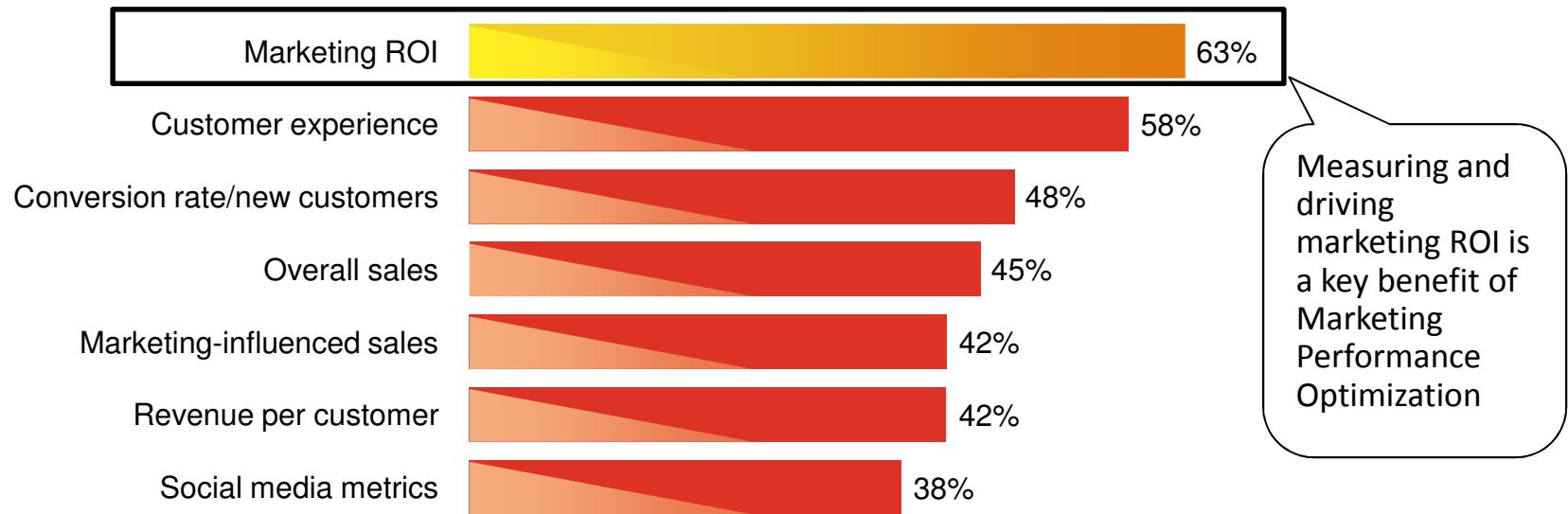
Agenda

- Marketing performance is top of mind from the CMO study
- Optimized marketing is built on the foundation of precise **attribution**
- Emerging attribution and mix planning technologies from IBM

CMOs believe ROI on marketing spend will be the number one method for determining success by 2015

More than 1700 CMOs were interviewed around the world!

Seven most important measures to gauge marketing success
Percent of CMOs selecting success measurements

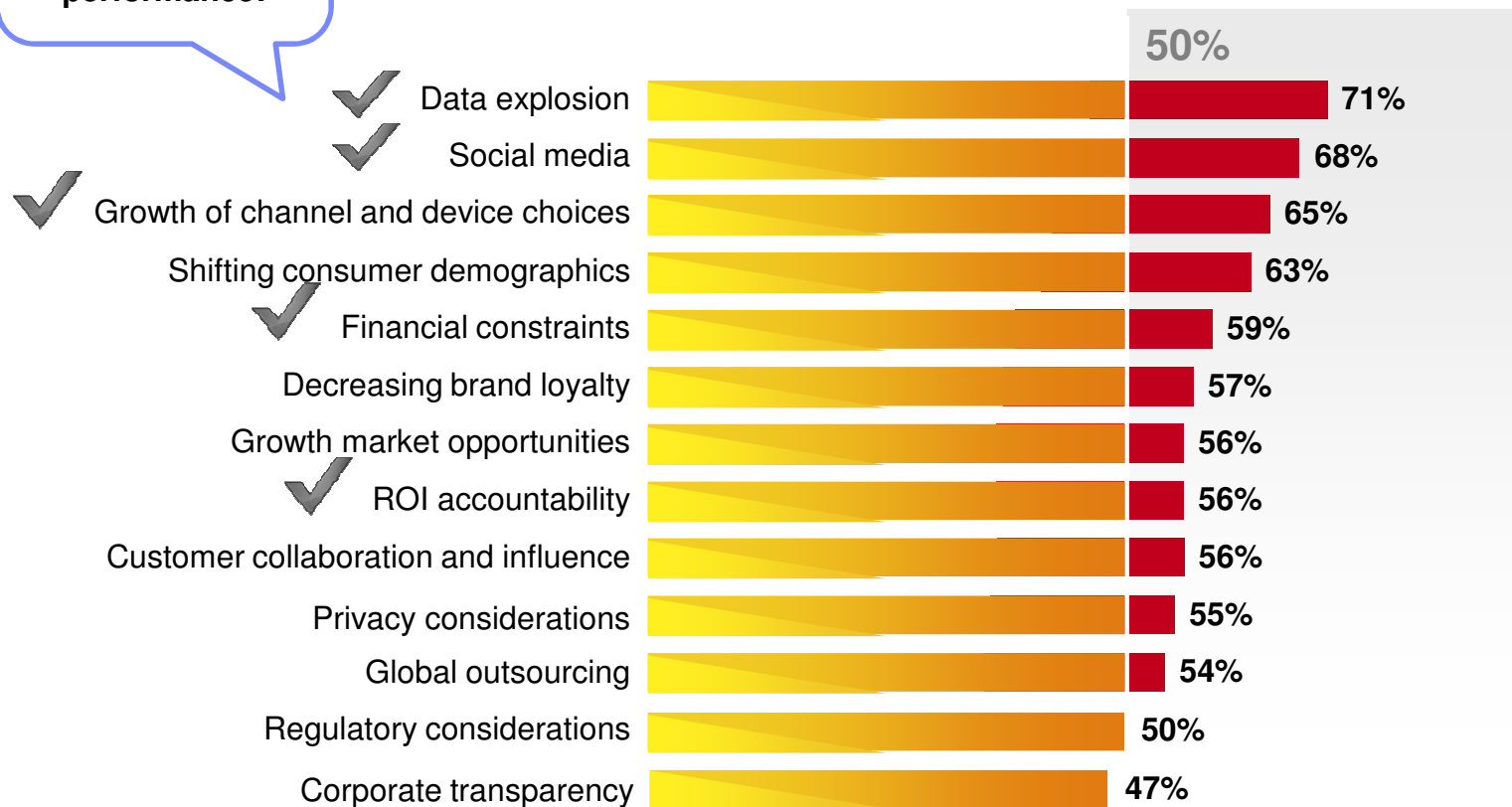


The vast majority of CMOs feel underprepared to manage the impact of key market changes

5 of top 8 are related to marketing performance!

Underpreparedness

Percent of CMOs reporting underpreparedness

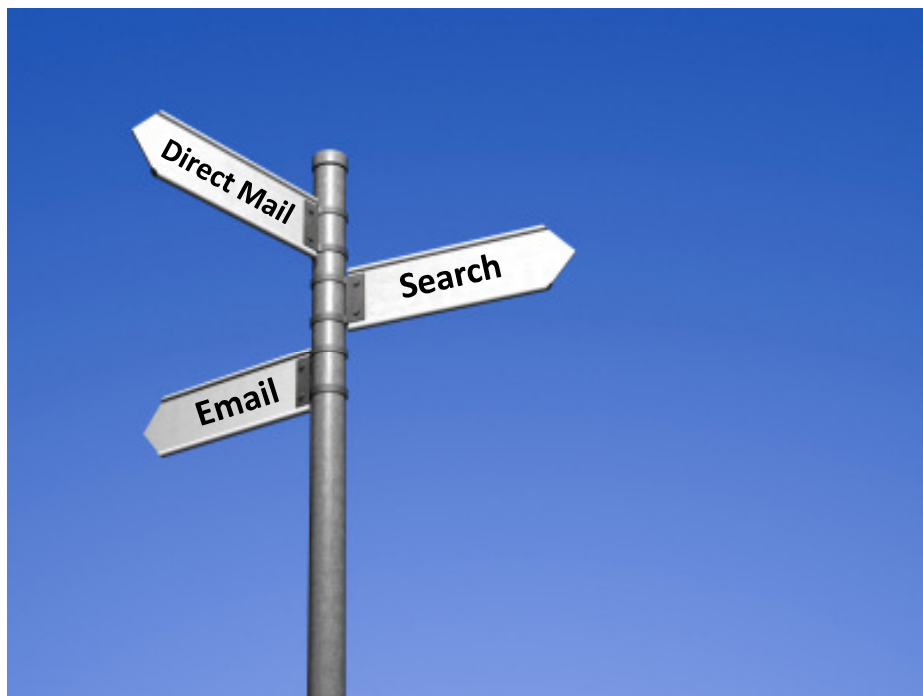


Source: Q8 How prepared are you to manage the impact of the top 5 market factors that will have the most impact on your marketing organization over the next 3 to 5 years?
n=149 to 1141 (n = number of respondents who selected the factor as important)

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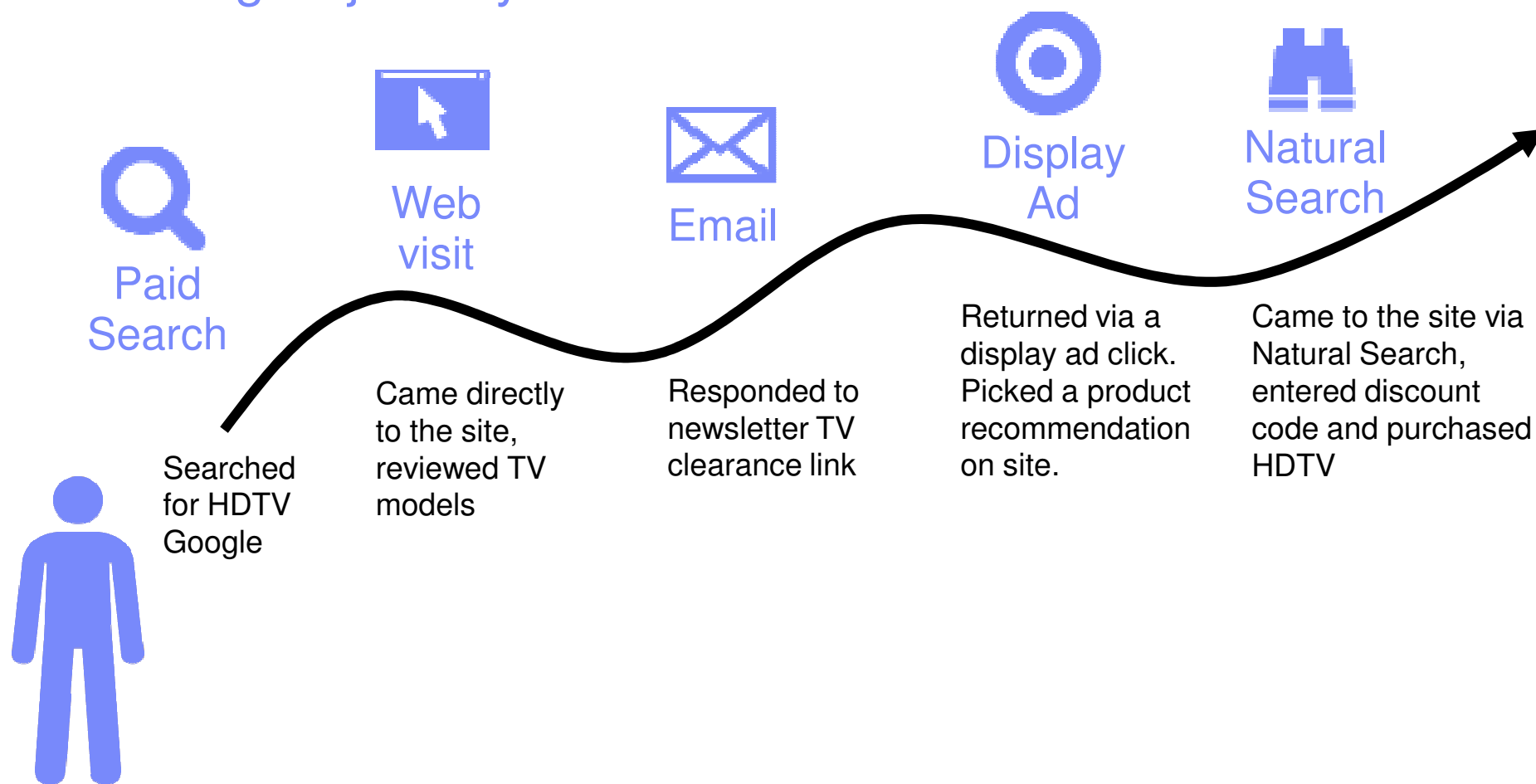
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What is Attribution?



Attribution is the ability to correctly identify (*attribute*) the success of a marketing *touch* or *contact*

To be relevant to today's customers, marketers need deep insight into their interests and lifetime interactions and **attribute** marketing success to where each customer is in his or her digital journey



Why is **Precise** attribution important?

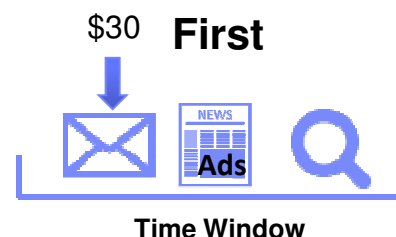


- Impacts marketing spend focus
- Provides credit to multiple marketing responses
- Helps understand the impact of online behavior to offline behavior
- Tracks all conversions in one system –eliminating double-counting

Methods for determining more precise attribution

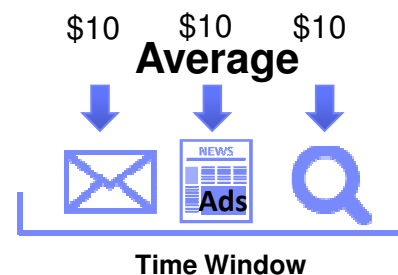
Popular attribution methods

First Response – the first action taken by customer receives full credit (response)

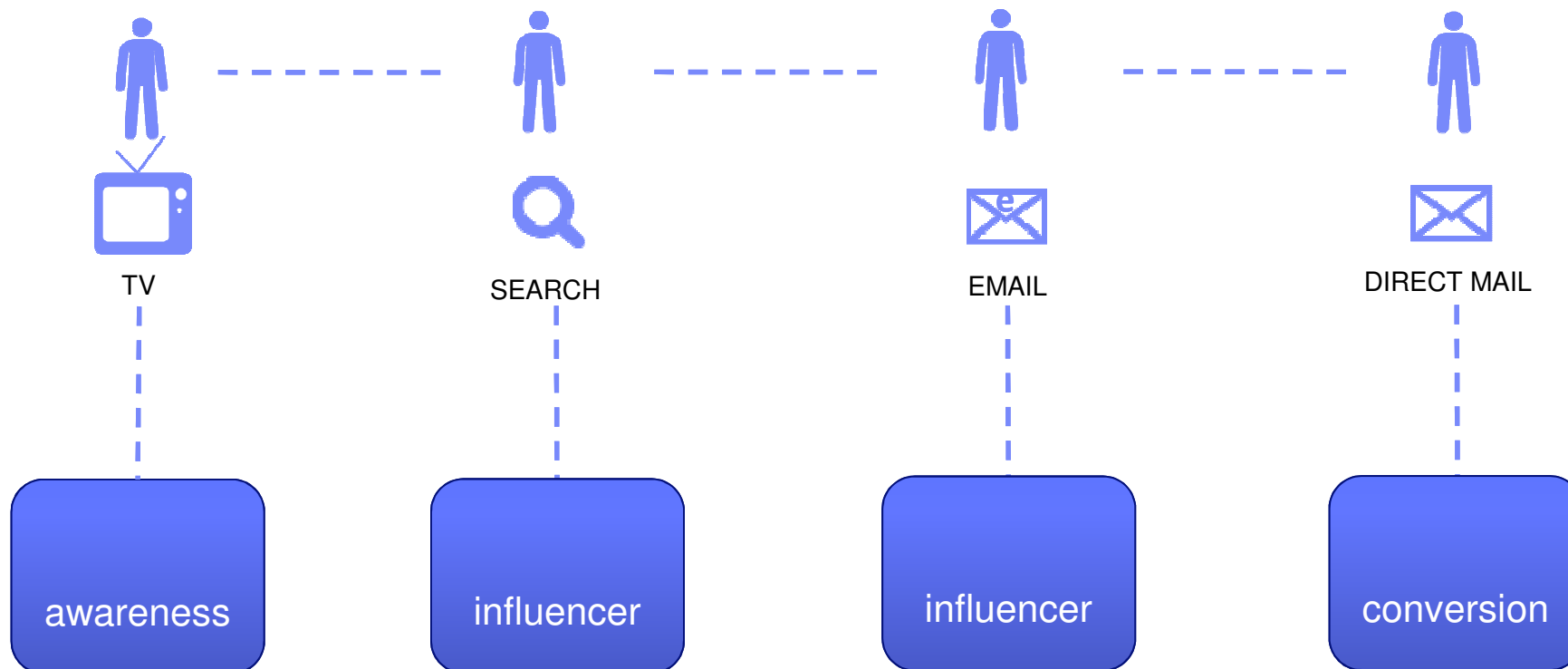


- **Last Response** – the last action taken by customer receives full credit (response)

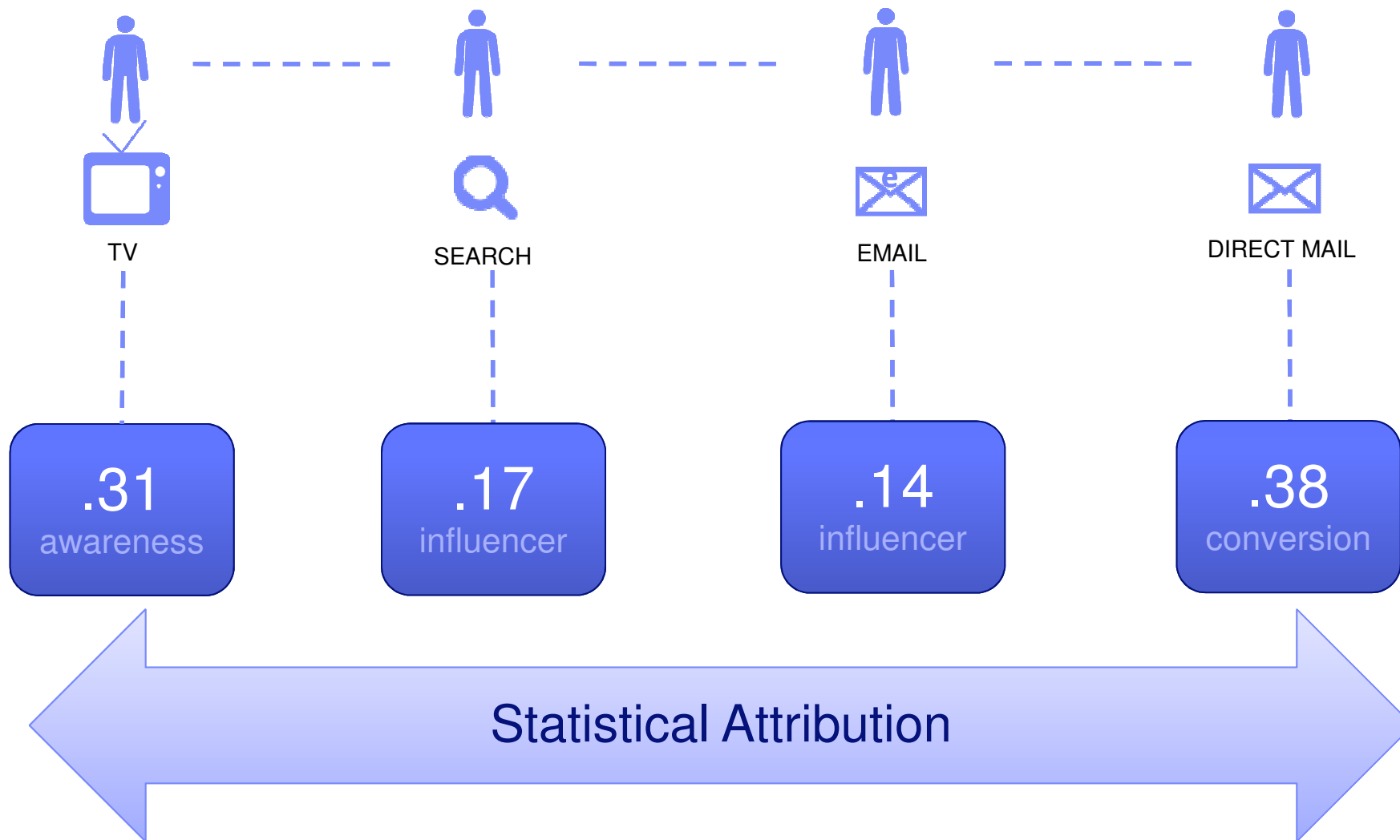
Average Credit - all actions that incurred a positive response within campaign window receive same credit



But popular methods don't tell the whole story...



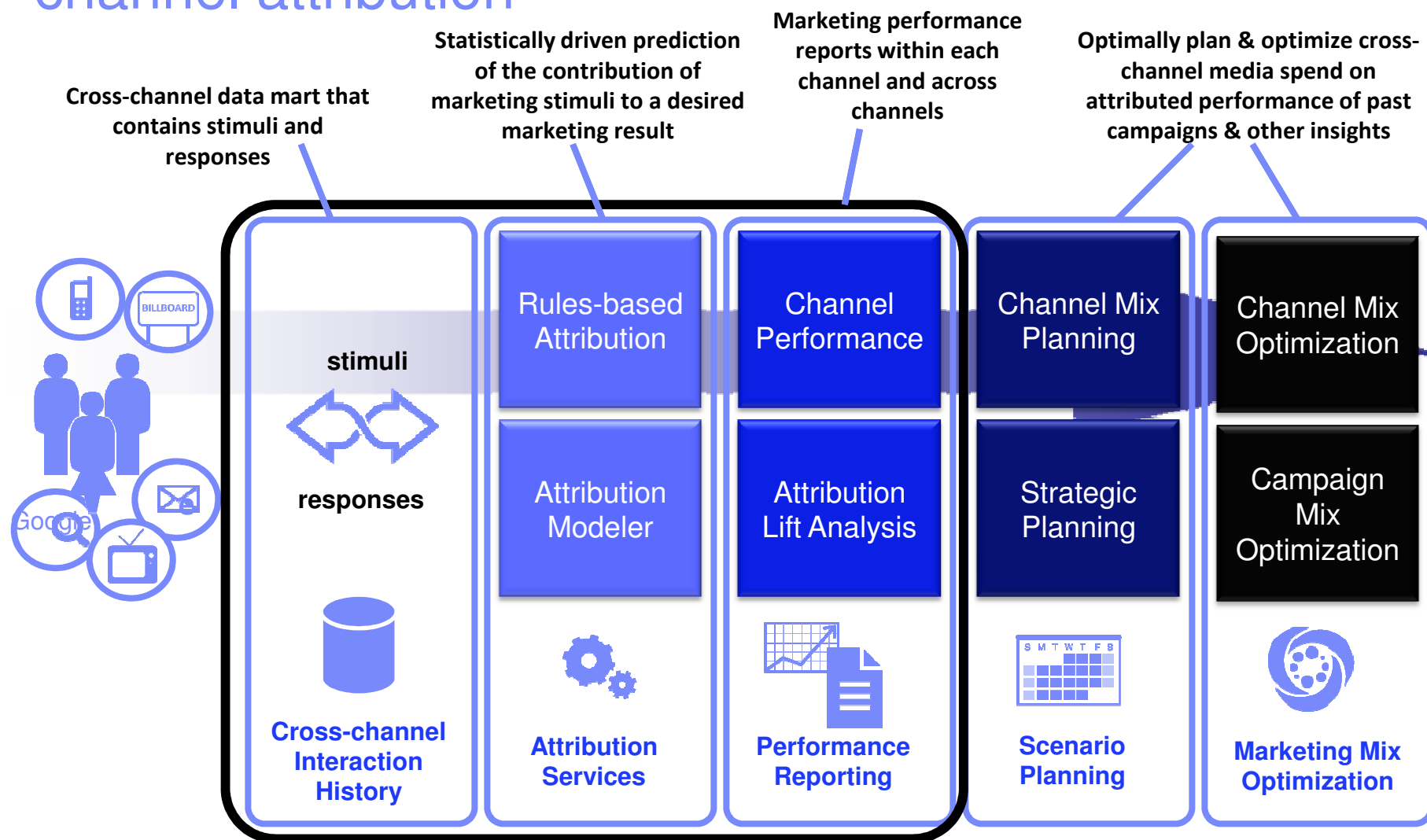
...statistical attribution modeling can provide a more **precise** view of campaign value



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How MPO drives marketing effectiveness with cross-channel attribution

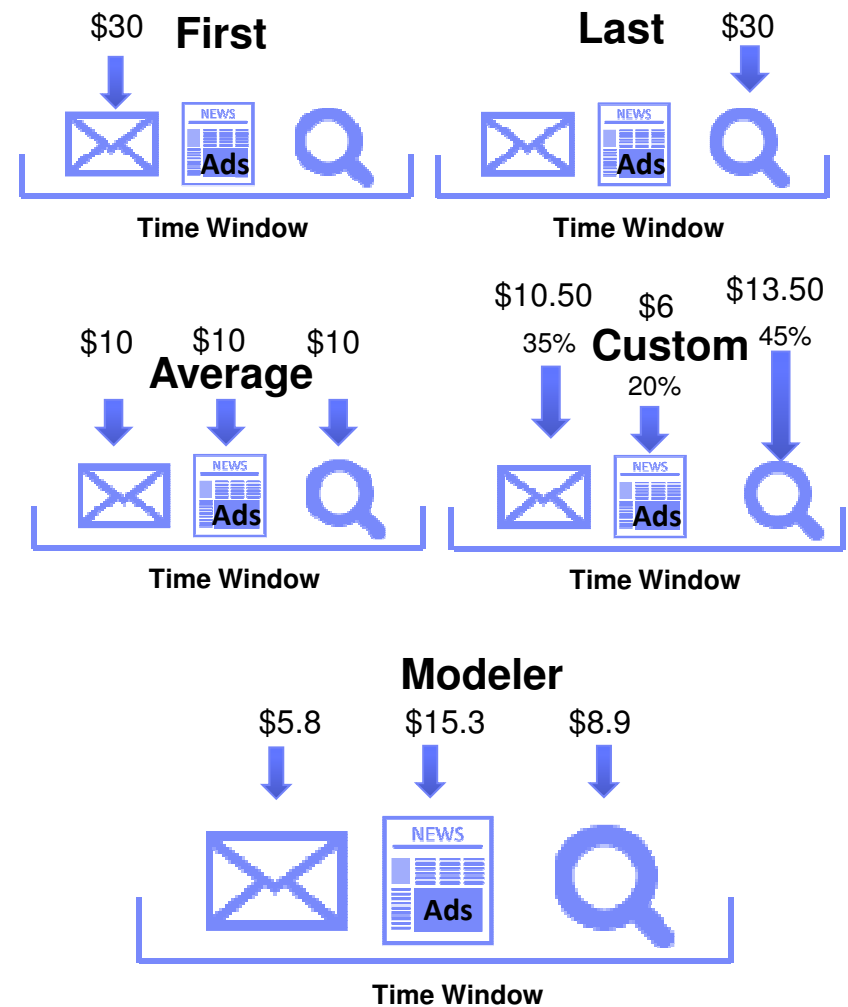


IBM Attribution Modeler – Improves cross-channel response attribution accuracy and ROI measurement

- Provides cross-channel response attribution for better ROI measurement
- Implements statistically inferred response attribution (SIRA) method that allocates more rationally apportioned credit to contacts
- Supports attribution for digital and traditional channels. Will soon support mass-marketing channels

Capability: Out-of-the-box support for five attribution methods to apply on granular customer interaction data

Benefit: More realistic attribution, results in more accurate KPI measurement



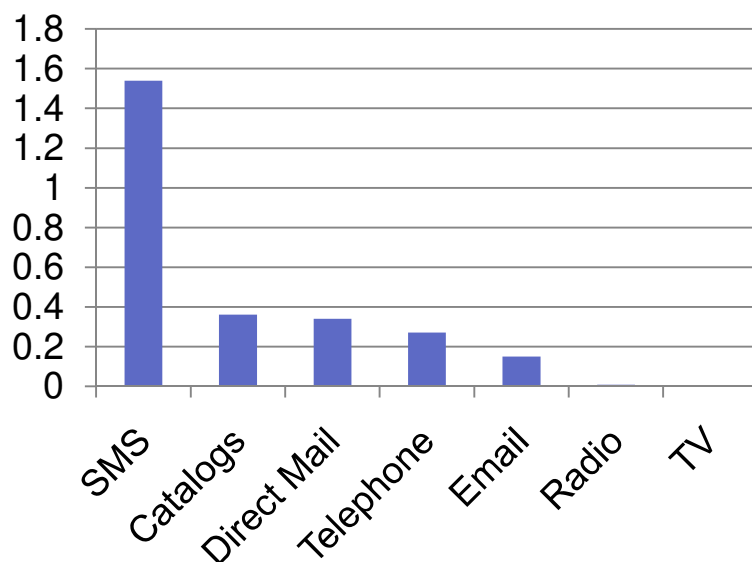
What are IBM customers learning from a statistical approach?

Sample data from a client using attribution modeler

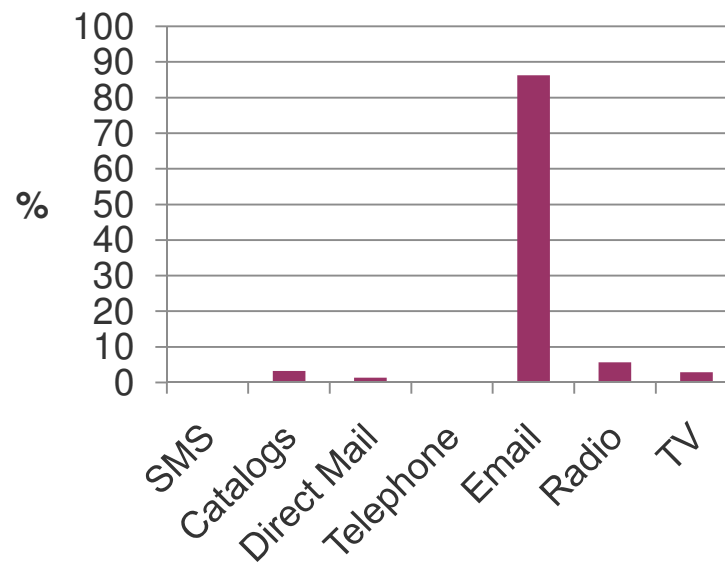
- 3.4 Gigabytes
- ~2 years time span
- Over 3 million customers
- Thousands of offers
- 7 Channels: Catalogs, Direct Mail, Email, SMS, Telemarketing, Radio, TV
- Responses are orders or web visits

Marketing Performance Optimization at a retailer : cross-channel attribution insights

Responses Ratio by Channel



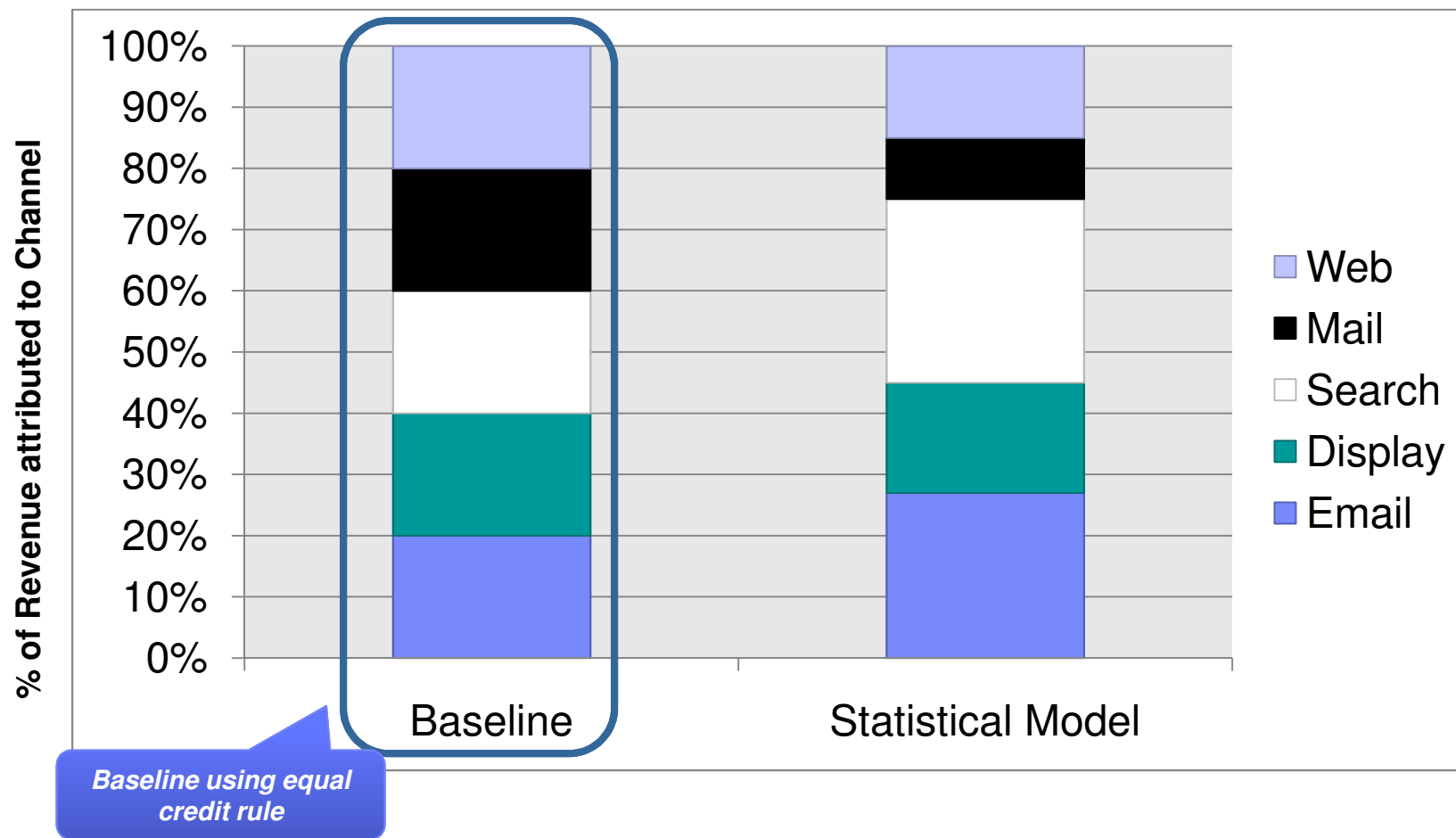
Attribution Credit by Channel Volume



- Responses might indicate more investment in SMS
- Purchase credit heavily skewed toward email
- Statistical Attribution Modeling helps rationally optimize channel mix

Marketing mix and cross-channel planning

- Marketing Mix prior to using Attribution Modeler and after – 5 channel view



Key points

- Marketers struggle with ROI because they can not easily attribute their activities
- Statistical attribution modeling can provide a more precise view of campaign value
- Statistical attribution modeling requires an Integrated approach

Thank you

