



**Chris SARGEANT**  
**Smarter Commerce Leader**  
**IBM Growth Markets**



# A new set of transformation drivers is rapidly emerging



## Mobile revolution

- Connectivity, access and participation are growing rapidly
- Smart, connected devices are becoming the primary route to get connected and app platform
- Devices are getting smarter as they are increasingly connected and enriched by mobile apps



## Social media explosion

- Social media is quickly becoming the primary communication and collaboration format
- GenYs or “digital natives” use of technology and social media platforms is accelerating adoption
- Enterprises are adopting social media but are struggling to realize the value and manage risk



## Hyper digitization

- Digital content is produced and accessed more quickly than ever before
- Internet traffic is growing globally driven by consumer use of video, mobile data, interconnectedness
- An increasing number of connected devices and sensors is further driving growth



## The power of analytics

- New capabilities for real time analysis, predictive analytics and micro-segmentation are emerging
- Top performing companies use analytics to drive action and business value
- Analytics is making information “consumable” and is transforming all parts of the organization, from customer intimacy to supply chain management



Global businesses are striving to engage the empowered customer and to connect with their ecosystem





Global brands are reaching our markets and customers





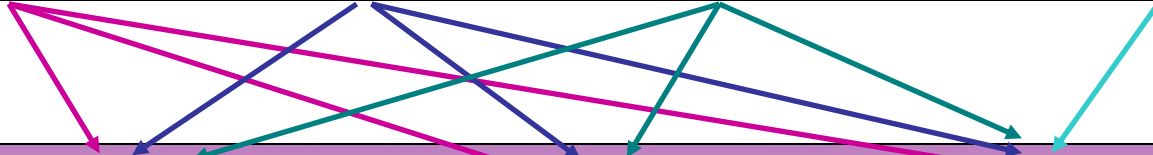
Consumers are disaggregating the shopping process, impacting retailer models



Ordering channel



Fulfilment channel





# What if ...

... you could give customers a personalized experience?



Used target promotions to achieve a 271 percent higher sales-per-send ratio



Increased revenues generated by direct marketing 30 percent

**83**  
percent of purchase decisions are influenced by word of mouth

**56**  
percent of customers want increased self-service capabilities



# To succeed and improve performance

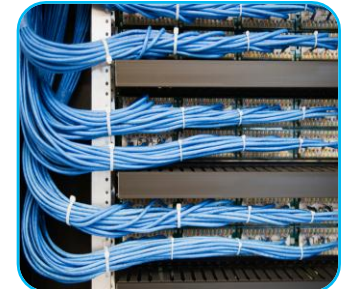
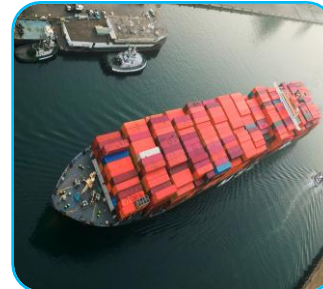
Put the customer at the center

**Anticipate** and deliver across mobile and social

Apply deep insights to take **action** in real time

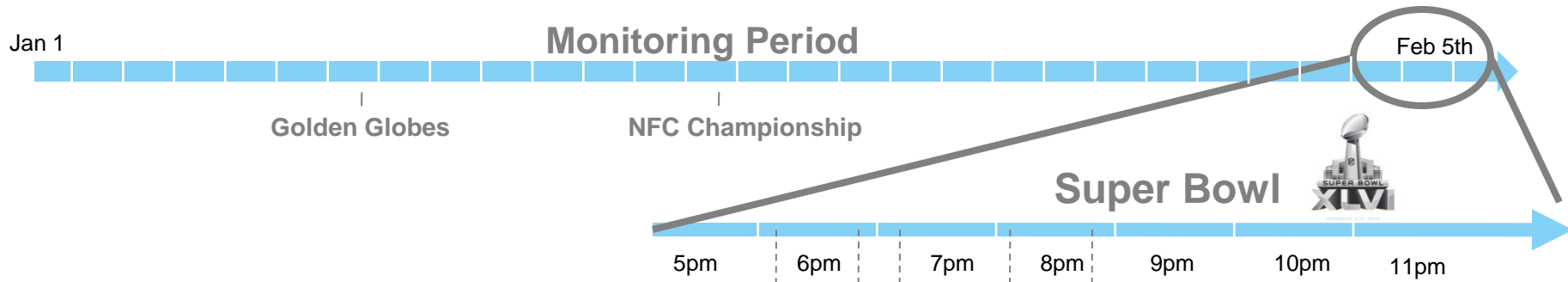
**Optimize** procurement based on demand

Extend core systems to **synchronize**

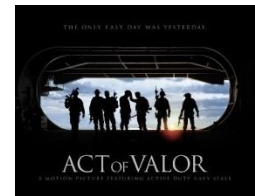




IBM analyzed over 1B social media posts to determine the reaction to film trailers aired during the Super Bowl, providing to the minute updates



Target trailers



**Data Set**

- 1.1B tweets
- 5.7M blog and forum posts
- 3.5M relevant messages
- 97K referencing xxxxxxx
- 18K referencing yyyyyyy

**Information extracted**

- Buzz and sentiment
- Gender, Location and Occupation
- Avid movie-goers, comic book fans
- Intent to see specific films
- Specific attributes of the film/trailer





# Social media data was analyzed to generate actionable insights tied to business decisions, as opposed to just “monitoring buzz”

## Key Questions

- Buzz
  - What are the level of conversations about my feature before and after the ad spot?
  - How does this compare to other campaigns (internal and competitive)?
  - What was my share of movie-related chatter?
- Segmentation
  - What is the demographic information of those talking about the film?
  - Are they movie goers?
  - How influential are they?
- Sentiment
  - Is the response positive or negative? Who is advocating or deterring others
  - What elements of the trailer had the most impact?
  - Do they intend to see the film?
  - Am I reaching my target audience? Is there a new target?

## IBM Analysis and Data

- Conversation volume (total, trends, timing)
- Micro-segmentation and customer profile data
  - Demographic information ( gender, location, age\*)
  - Personal attributes\* (occupation, interests)
  - *Lifestyle events\** (relocation, having a baby, getting married)
  - *Personal preferences\**, *purchasing intents\**
  - Influence (domain expertise, reach)
  - Micro-segmentation panels (avid movie goers, comic book fans)
- Sentiment
- Intent to purchase indicators
- Key trailer topics and opinions
- Most relevant tweets or conversations
- Competitive comparisons

## Key Decisions

- Was my campaign effective?
- Should I adjust my messaging?
- Should I tailor my campaign around a specific demographic?
- Do I need to adjust my marketing spend or tactics?



# We are deploying asset based solutions across all 4 Smarter Commerce domains

## VALUE CHAIN STRATEGY AND SERVICES

### Innovation and business value

Innovating and aligning business models to drive value to the customer

### Market and customer mgmt

Aligning sales, marketing and operations to engage with customers

### Operating and Organization Models

Designing operations, supply chain and the organization model to deliver customer value

## CORE BUSINESS SOLUTIONS

### Core Business Processes

#### Buy

Sourcing and procuring goods and materials required to deliver products and services to meet customer demand



- Warehouse Management
- Transportation Management
- Supply Chain Visibility
- Sterling Collaboration Network/B2B Services



- Product Optimisation
- Inventory Optimisation
- B2B Storefront
- Order Capture



#### Market

Developing, delivering, and measuring relevant and consistent messages across multiple channels to drive demand

- Resource Mgmt
- Campaign Mgmt
- Marketing execution
- Performance
- Analysis



- Analytics
- Segmentation
- Reporting
- Search Optimization
- Mobile

- Precision Marketing
- Dynamic Segmentation



#### Sell

Selling and fulfillment of products and services across multiple channels to drive sales

- B2C/B2B Storefronts
- Cross Sell / Up Sell
- Cross-Channel Order Capture, Cart and Catalog
- Customer-centric Shopping Experience



- Distributed Order Management
- Transportation Management
- Supply Chain Visibility
- Sterling Collaboration Network/B2B Services

#### Service

Servicing customer needs across all interaction channels to drive repeat sales and enhance lifetime value of a customer



- Delivery & service Scheduling
- Reverse Logistics
- Warehouse Management



- Service messaging
- Notifications

- Network Optimization
- Transportation Optimization



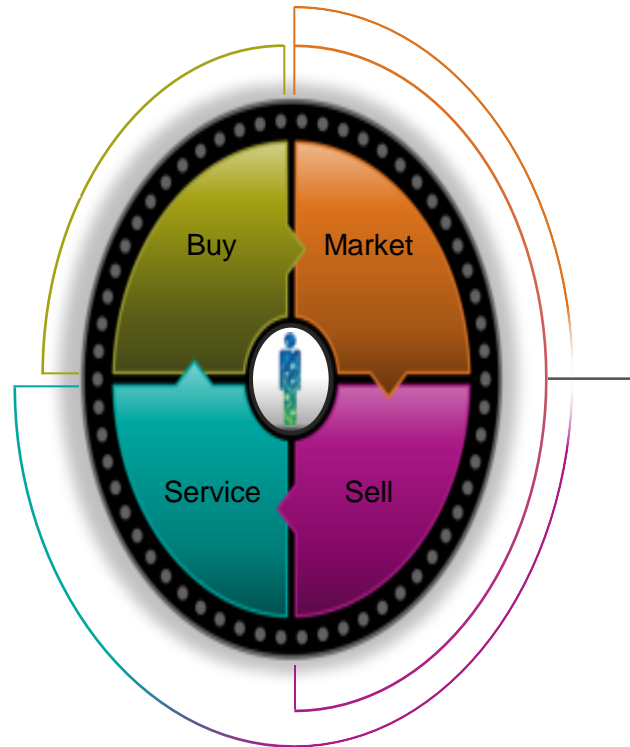
### Advanced Analytics

Store analytics | Purchase analytics | Consumer loyalty | Predictive and prescriptive | Social analytics | Web analytics | Master data mgt



# New capabilities to transform the commerce cycle

LEADER in Procurement



LEADER in merchandising



Market • Sell

LEADER in customer experience management



Market • Sell • Service



**\$57**  
billion

in annual  
procurement  
spend managed  
on behalf of  
our clients

**1.4**  
billion

documents exchanged  
electronically on the  
IBM cloud-based B2B  
network

**300,000**

**11**  
percent

average savings of  
total sourced spending  
experienced by  
companies with Emptoris\*





# KwikFit Insurance realized the payback with Tealeaf

KwikFit quickly diagnosed and fixed problems that were causing failed customer experiences

The bottom line:

Improved conversion rates  
by 40 percent

... and reduced site defects  
by 82 percent





## Successful companies are staying competitive by transforming their approach to commerce



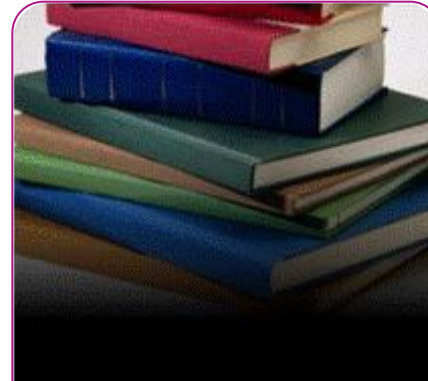
**95%**

Amount an international transportation company reduced partner integration time.



**41%**

Amount a retail pet company increased sales per web visitor. Also increased open and click-through rates to five times the industry average.



**70%**

Amount a leading provider of teaching, learning and research solutions grew direct-to-consumer commerce revenues year over year.



**76%**

Amount a US-based national communications service provider boosted ROI by reducing customer churn.

**FREE UK STANDARD DELIVERY**  
ON ORDERS OVER £75

**FREE COMPACT MIRROR**  
WITH 2 LOUISE GRAY MAKE-UP PRODUCTS

**FREE WORLDWIDE DELIVERY**  
ON STANDARD ORDERS OVER £100



## EDITED BY LOUISE GRAY

FROM ACID HUES TO KALEIDOSCOPIC  
SEQUINS, POP YOUR COLOUR WITH EDITED  
BY LOUISE GRAY.

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## Best Buy leads in click & collect customer service



Press Release Source: Best Buy Co., Inc. On Thursday September 23, 2010, 11:55 am EDT

MINNEAPOLIS--(BUSINESS WIRE)--Best Buy (NYSE: [BBY](#) - [News](#)) makes holiday shopping even easier this year by offering one of the most comprehensive shipping programs in the retail landscape, Store Pickup Plus.

**The Store Pickup Plus program consists** of the following capabilities:

- **Store Pickup:** Buy online, skip the shipping charge and pick up an order in as little as **45 minutes** after placing it.
- **Ship-To-Store:** Out-of-stock products that are available online can be shipped to any Best Buy store for customer pickup, without any shipping fees.
- **Friends & Family Pickup:** Place an order online and have someone else pick it up, avoiding an inconvenient trip to the store or giving an out-of-town relative immediate access to a purchase.
- **Warehouse Pickup:** Avoid delivery charges and scheduling conflicts by picking up products directly from a local Best Buy warehouse. This is an expedient option for appliance purchases and same-day pickup.

With each of the program options, customers will be notified via email when their product is ready for pickup, creating an overall expedient and efficient on-site transaction.



# New F-Type





Customer Reference Data

Profiles

Model Data & Feature Vectors

Predictors

Real-Time Events

- Transactional
- Behavioral
- Attitudinal
- Marketing
- Interactive

Simple

Complex

Patterns

Exceptions

### Next Best Action Decision Management

Analytical Models, Rules & Real Time Optimization

- Propensity to Respond
- Retention / Churn
- Relationship Value
- Customer Sentiment
- Cross-sell / Up-sell
- Social Analysis
- Billing & Acct. Actions
- Service/Satisfaction Action

+

Real-Time Event Management

Customer Event Engine  
(Real-Time Detection of Customer Behaviors)

### Campaign Execution & Optimization

Integrated Marketing Platform  
(Campaign Targeting Based on Profiles, Models and Triggers)

- Cross-channel campaign management platform
- Message / Treatment alignment with customer NBA analytics
- Real-time campaign execution including additional treatment rules, suppressions, and contact optimization

### Coordinated Cross-Channel Delivery

Channel Routing & Delivery

Real-time delivery of Next Best Action treatments based on channel & resource assignment rules

+

Reprioritization & Refinement

Immediate reprioritization and refinement of treatments based on real-time updates coming from Next Best Action decision management


- Delivery of treatments to channels & touch points
- Real-time updates & refinements
- Customer disposition & outcome capture

SINGLE OR MULTIPLE CHANNEL DELIVERY

### Customer-Facing Channel Interactions

- Sales Center
- Service Center
- Web
- Chat
- Email
- IVR
- Direct Mail
- Public Web
- Mobile Apps
- Text / SMS
- Social Media

CLOSED-LOOP DISPOSITION



- Governance & Controls: Global rules related to each customer's contact strategy
- Outcome Measurement & Reporting: Dispositions & results for each contact looped back into the Next Best Action process
- Test-and-Learns: Specific learning agendas that support continuous improvement of the process



## Nationwide improves customer service while freeing up employee time with an innovative online bank

### A new online banking solution...

### Integrating 31 applications and serving 1.9m customers

A large bank revitalizes it's online channel – moving simple transactions online, freeing up employees time while improving the customer experience



**Business problem:** Fewer members were choosing the internet as their key method of account management, instead using channels that cost the company more. Meanwhile, the success of its competitors' online offerings meant that there was a widening competitive cost-gap for the building society.

**Solution:** By migrating simple transactions from the phone and branch channels to the Web, the firm expected to increase customer satisfaction, free up employees more time to focus on more complex and higher-value transactions. The new internet bank integrates with 31 line-of business applications and has had a significant impact on every part of Nationwide.

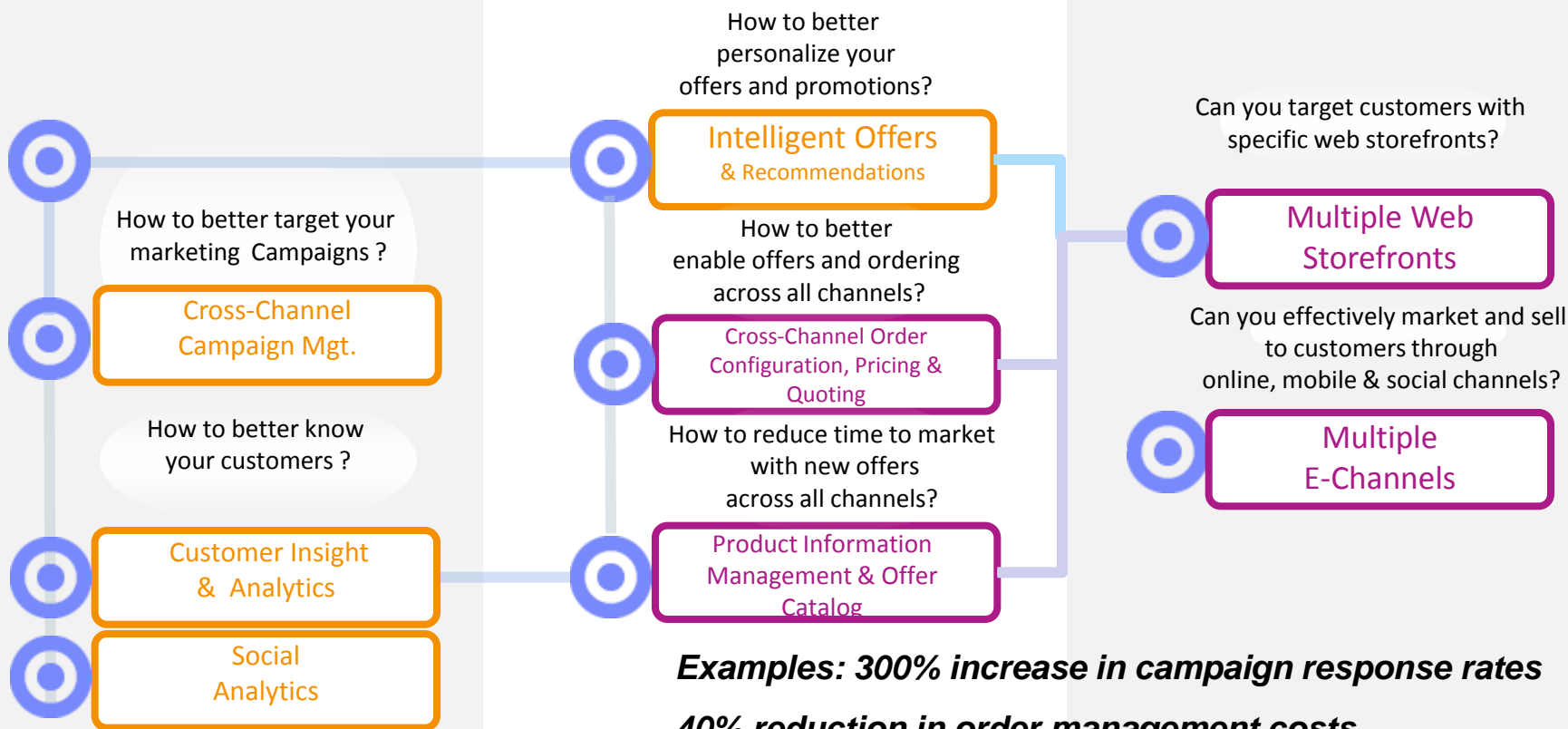


# Smarter Commerce enables Telcos, Insurers and other B2C providers to sell, market and service more effectively

**1** Insight-Driven Marketing:  
Use deep customer insights to personalize marketing

**2** Cross-Channel Offering & Ordering:  
Enable rapid offer introduction and simplified ordering across channels

**3** Next-Generation eCommerce:  
Enable marketing and selling across any e-channel



**Examples: 300% increase in campaign response rates**  
**40% reduction in order management costs**  
**200% increase in online sales**

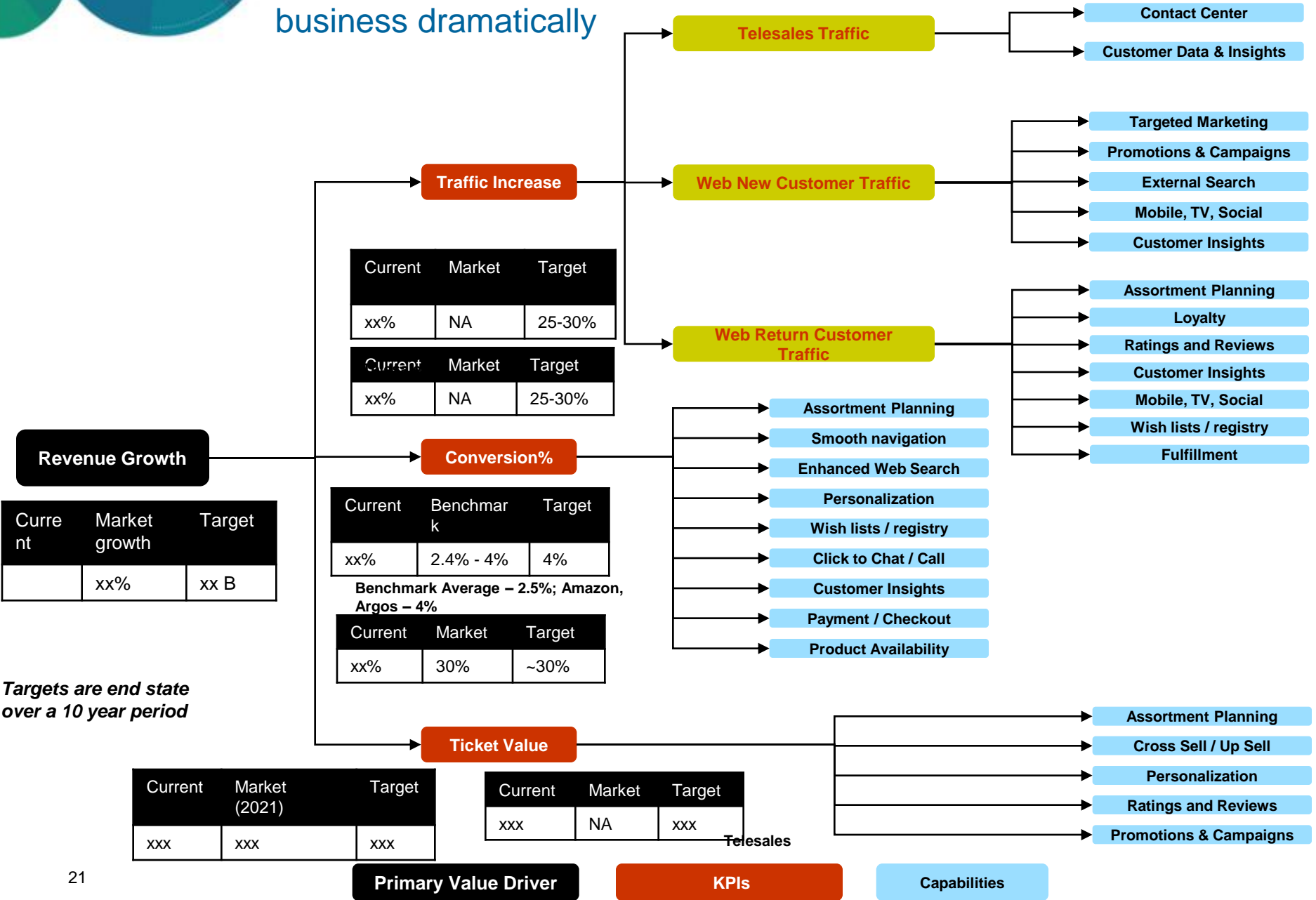
Smarter Commerce Process Areas:

Market

Sell



# We mapped out drivers for a Retailer seeking to grow its online business dramatically



Targets are end state over a 10 year period



# We identified gaps that would prevent goals being achieved

Marketing & Customer Management	
Direct	Customer Relationship Strategy
	Marketing Strategy & Planning
Control	Customer Segmentation & Insights Management
	Customer Service Mgmt
	Marketing Performance Measurement & Management
	Campaign Management Operations
Execute	Loyalty Program
	Mass Marketing & Advertising
	Target Marketing
	Search Marketing
	Social Media Marketing
	Customer Data

Illustrative

**Company X As Is Capability - Segmentation, Marketing Performance, Campaign, Mass Marketing, Customer Data**  
 There is no customer segmentation; Marketing Performance is not based on customer data and traffic. X runs generic campaigns and not targeted campaigns. There is no single view of customer and customer data management

**Benchmark Capability**  
 Wetseal.com: a highly devoted customer base that has become an adjunct design team for Wet Seal products, yielding incredible ROI in the form of higher average order sizes and conversion rates.

Best Buy – Behavioral Segmentation based marketing and media spend optimization, high campaign volumes and event triggered direct mails, customer data and purchase history tied into to segmentation and loyalty

**Company X As Is Capability - Customer Service Management**  
 There is lack of integration between systems/processes and there is a failure to meet peak demand

**Benchmark Capability**  
 1-800-flowers.com channel customer service / contact center operations

**Company X As Is Capability – Loyalty Program**  
 X does not have a loyalty program nor is there any loyalty based rewards and promotions

**Benchmark Capability**  
 Yves Rocher - Automated rewards and promotion management, targeted and unique promotions

**Company X As Is Capability – Targeted Marketing**  
 Lack of customer segmentation and customer data management is preventing X from carrying out targeted marketing

**Benchmark Capability**  
 eBay: highly targeted emails, targeted promotions and campaigns

**Company X As Is Capability – Search**  
 Basic simple search, there is no enhanced search, auto suggest, or synonyms

**Benchmark Capability**  
 Google search

**Company X As Is Capability – Social Media**  
 Basic links to social media – limited moderated ratings and reviews, lack of links to individual customer profiles

**Benchmark Capability**  
 Charlotte Russe.com: campaign spans Facebook, MySpace, YouTube and Twitter and features promotions, online polls, fashion news and more. social media campaign focused on user-generated content and social engagement. It includes using QR codes inside the stores to encourage sharing, and posting bold in-store signage inviting shoppers to get on the social media bandwagon. Home depot on YouTube, Zappos on twitter



# We jointly developed a program for transformation and rapid online growth

## Improve Customer Satisfaction

- Leading edge website design capabilities
- Optimize customer experience with all channels
  - Proactive notification through e-mail, SMS, Voice
  - Key information such as Delivery status available through web self-service
- Optimize contact center metrics (eg AHT, Wait Time, Call Abandonment, First call resolution)
- Inventory availability and visibility

## Increase Revenue

- Optimize website performance, availability, functionality and click-through rates, leveraging Coremetrics
- Perform Analytics Operations to focus on the 'right' customers/products for better cross-sell rates and increased basket size. Next best offer
- Drive revenue through better yield on targeted promotions, campaign management using Unica
- Merchandising/assortment strategy and best practices

## Improve Operating Margins

- Drive margin improvement through increased use of self service and automation (web self service, automated delivery status, IVR)
- Distribution network optimization and agile supply chain

## Make Operations Scalable

- Scalable eCommerce infrastructure based around industry leading WebSphere Commerce solution
- Ability to significantly scale business without proportionately increasing headcount
- Manage to committed business outcomes
- Common Contact Center Technology Platform to Customer Care and Telesales





Our Business Value Accelerators can help evaluate and quantify potential areas of focus

## Business Value Accelerators

### Customer Value Strategy:

*Helps you rethink your value proposition, envision and analyze new business model alternatives and evaluate the benefits & risks of each option*

### Cross Channel Customer Experience:

*Aligns cross channel capabilities across your commerce value chain to maximize value*

### Enterprise Marketing Management:

*Examines enterprise marketing maturity and establishes the degree of alignment with industry best practices & required changes for improvement*

### Supply Chain Visibility:

*Reduces the level and impact of supply chain variability through a roadmap for enhanced end-to-end supply chain visibility*

### Customer Analytics:

*Identifies specific opportunities for customer analytics by analyzing current capabilities and assessing capability gaps*

**Rapid**

4-6 weeks

**Structured**



**Actionable**

Execution roadmap

**Measurable**

Outcomes based





# Our EMM BVA, for example, starts with over 100 EMM best practices loaded in the assessment accelerator

1	Dimension / Sub-Dimension / Best Practice	Include	Weight
2	Customer Awareness		
3	Customer Analytics	Yes	
4	Customer-Centered, Analytics-Driven Organization	Yes	4 = Medium
5	Sophisticated Multivariate Customer Segmentation	Yes	4 = Medium
6	Centralized View of the Customer	No	4 = Medium
7	Automate Data Collection and Analytics	Yes	4 = Medium
8	Measurement & Performance Culture	Yes	4 = Medium
9	Web Analytics	Yes	
10	Analytics-Driven Web Marketing	Yes	4 = Medium
11	Cross-Channel Linkage and Tracking	Yes	4 = Medium
12	Intelligent Web Implementation	Yes	4 = Medium
13	Longitudinal Lifecycle Analytics	Yes	4 = Medium
14	Effective Reports and Dashboards	Yes	4 = Medium

1. Select which best practices to include in the assessment.

We may exclude an entire sub-dimension by excluding all its best practices.

90	Distributed Field Marketing	No
91	Leverage Local Knowledge	No
92	Empower Local Field Marketers	No
93	Retain Centralized Control	No
94	Balance Empowerment and Oversight	No

1	Dimension / Sub-Dimension / Best Practice	Include	Weight
2	Customer Awareness		
3	Customer Analytics	Yes	
4	Customer-Centered, Analytics-Driven Organization	Yes	7 = Very High
5	Sophisticated Multivariate Customer Segmentation	Yes	1 = Very Low
6	Centralized View of the Customer	Yes	2 = Low
7	Automate Data Collection and Analytics	Yes	3 = Med Low
8	Measurement & Performance Culture	Yes	4 = Medium
9	Web Analytics	Yes	5 = Med High
10	Analytics-Driven Web Marketing	Yes	6 = High
11	Cross-Channel Linkage and Tracking	Yes	7 = Very High
12	Intelligent Web Implementation	Yes	4 = Medium
13	Longitudinal Lifecycle Analytics	Yes	4 = Medium
14	Effective Reports and Dashboards	Yes	4 = Medium

2. Determine the weight, or importance, to give to each best practice.

**Defaults**  
All best practices are included and given medium weight by default.



## IBM's experience has found the drive for customer centricity is global

- 8 of 10 top Retailers use IBM social business solutions
- IBM Smarter Commerce technology powers more Internet Retailer Top 500 sites than any other Omni channel platform

### Multi-Channel Strategy

Develop a multi-channel strategy and associated operating roadmap to guide sequencing of initiatives and investments in skills and technology



### Next Generation e-Commerce

Deploy a robust, scalable, resilient cross-channel digital platform which embeds digital marketing, social connections, and mobile channel



### Next Generation Marketing

Improve promotional effectiveness with automated personalized marketing campaigns and offers



### Cross Channel Integration

Leverage rich sources of customer and product information woven into the integration fabric of the business to build a customer-centric organization



### Cross Channel Execution

Implement a robust fulfillment capability to deliver on the any product, any channel, and customer brand promise to efficiently and optimally route orders



[csargeant@sg.ibm.com](mailto:csargeant@sg.ibm.com)



**IBM**

