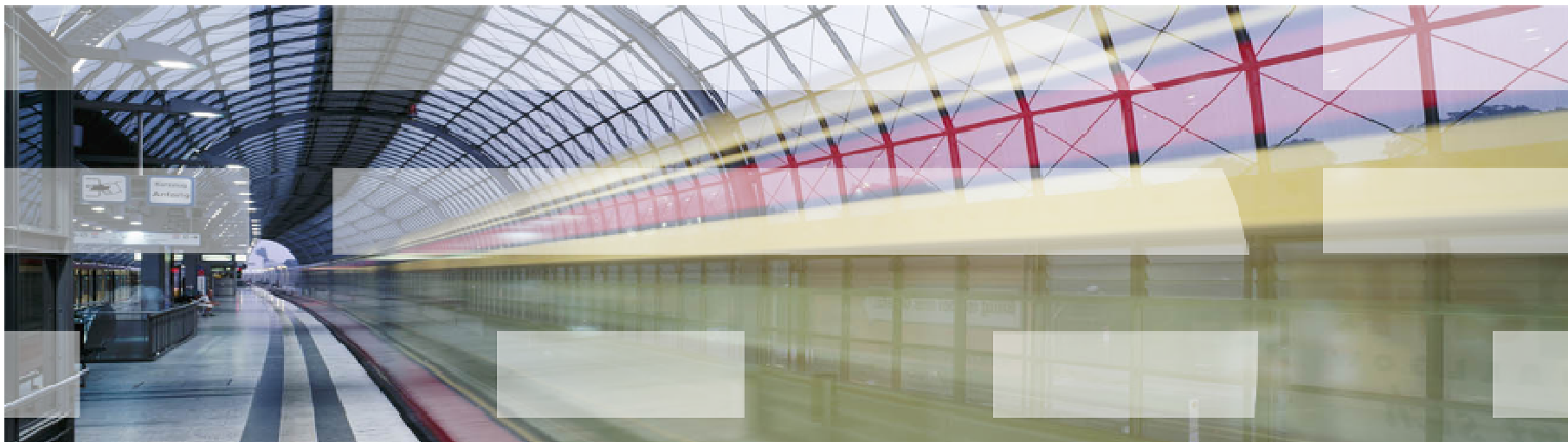# IBM Smarter Commerce

360 degrees Commerce in the digital age

June 7, 2012

Hilmi Erdem
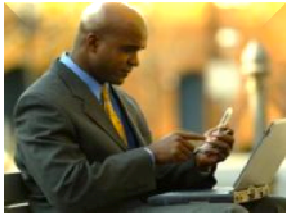Sales Leader, B2B & Commerce , Central and Eastern Europe
Hilmi_erdem@be.ibm.com

AGENDA

The evolving Smarter Consumer

Responding to the evolving Smarter Consumer
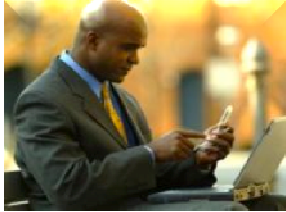
Smarter Commerce

The Smarter Consumer is more instrumented

Instrumented

36% more consumers use 2 or more technologies when shopping than last year.

The Smarter Consumer is more interconnected

Instrumented

Interconnected

Global mobile subscriptions equal **87% of the world's population**.

Source: "The World In 2011: ICT Facts And Figures"; ITU World Telecommunication
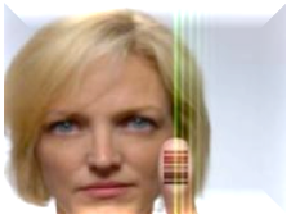
The Smarter Consumer is more Intelligent
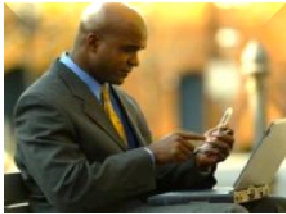
Instrumented

Interconnected

Worldwide smartphone market is expected to **grow 49.2% in 2011**.

Intelligent

Source: "Worldwide Quarterly Phone Tracker"; IDC; March 2011

The Smarter Consumer is more engaged than ever before
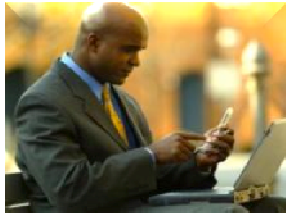
Instrumented
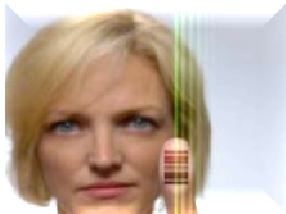
Interconnected

Intelligent

Engaged

91% of mobile users keep their **phone within one meter's reach 24/7.**

Source: "China Mobile 50k survey"; Morgan Stanley Research; 2007

The Smarter Consumer is more empowered than ever before
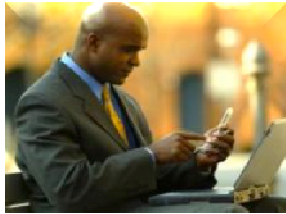
Instrumented

Interconnected
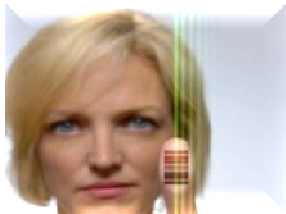
Intelligent

Engaged
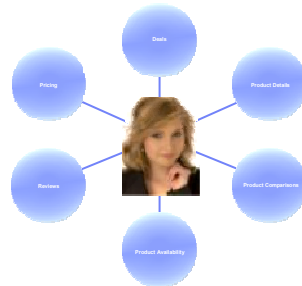
Empowered

61% of consumers rely on user reviews for product information before making a purchase decision.

Source: "Digital Consumer Behavior Study"; Avenue A/Razorfish; 2008
Source: "Products with syndicated reviews convert 26% higher"; Bazaarvoice; 1/21/10Noah2020

The Smarter Consumer is more influenced and more influencing than ever before
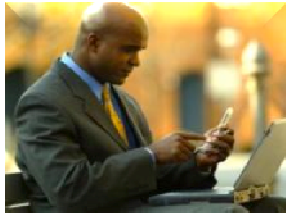
Instrumented

Interconnected

Intelligent
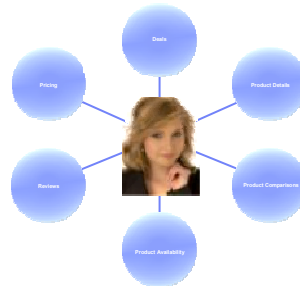
Engaged

Empowered

Influenced/
Influencing

The Smarter Consumer is more influenced and more influencing than ever before
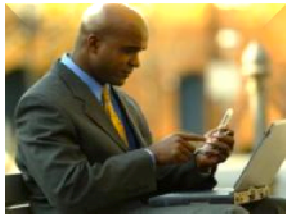
Instrumented

Interconnected
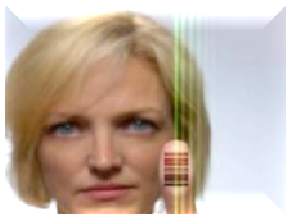
Intelligent

Engaged
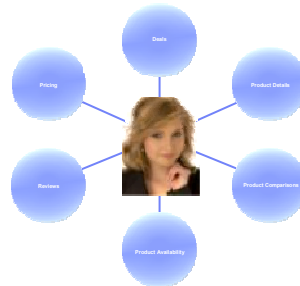
Empowered

Influenced/
Influencing

81% received advice through a social site about an upcoming purchase; 74% of those found it influential in their buying decision.

Source: "Does social media sway online shopping?"; Bloomberg BusinessWeek re: myYearbook online survey of 45,000 users; January 2010

The Smarter Consumer is more influenced and more influencing than ever before

Instrumented

Interconnected

Intelligent

Engaged
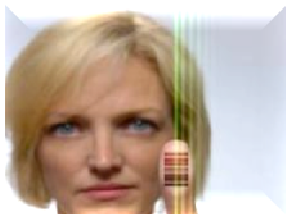
Empowered

Influenced/
Influencing

facebook
You Tube
WIKIPEDIA The Free Encyclopedia
craigslist
twitter
flickr

81% received advice through a social site about an upcoming purchase; 74% of those found it influential in their buying decision.

Whose recommendations do consumers trust?

•**Friends & family 90%** [1]
•**Unknown users 70%** [1]
•**Retailers 10%** [2]

[1] Source: "Global Online Consumer Survey"; Nielsen; July 2009

[2] Source: IBV Retail 2012 Winning Over the Empowered Consumer Survey; IBM; January 2012

The balance of power over brand preference and buying decisions has shifted from the brand owner to the newly-empowered Smarter Consumer
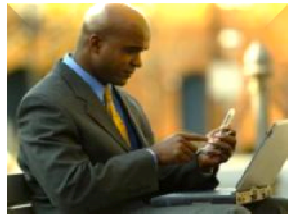
Instrumented

Interconnected
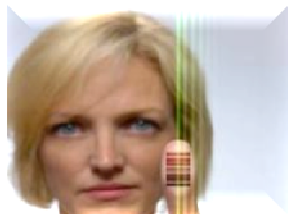
Intelligent
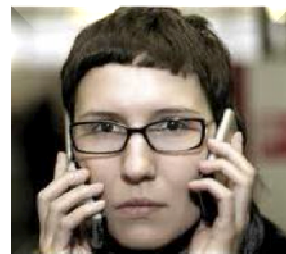
Engaged
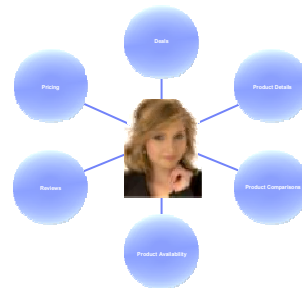
Empowered

Influenced/
Influencing

Brand
Preference

Buying
Decisions

This shift in the balance of power over brand preference and buying decisions requires action

Customer Is King
Seller Has Brand Control

Social & Mobile Are
Changing The Game
Requiring New Retail
Brand Strategies
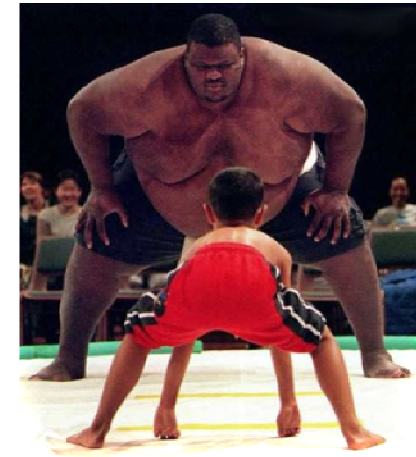
Customer Is King
Customer Has Significant
Brand & Purchase Influence

Sellers must now optimize the value of brand interaction with customers to deepen the brand relationship…

| Marketing | Web | Social | Contact Center | Mobile | Store | Delivery/Service |

Brand Interaction

VALUE…SATISFACTION…LOYALTY

| Awareness | Browse & Research | Purchase | Receive | Service & Support |
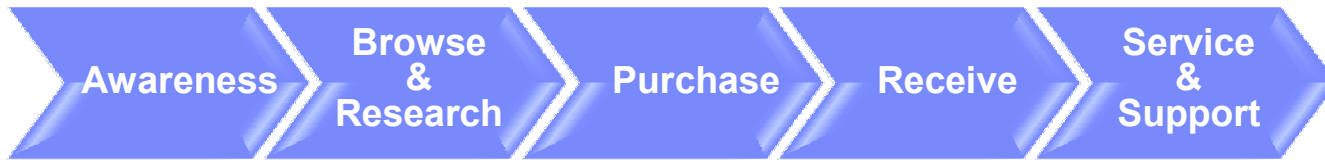
Shopping Continuum

But, brand interaction must be considered holistically across all touchpoints

Marketing Web Social Contact Center Mobile Store Delivery/ Service

Bra...on

VALUE...SA...LOYALTY

Awareness Browse & Research Purchase Receive Service & Support

Shopping Continuum

And, customer experience must be balanced with operational efficiency to protect profitability

Internal
Operations

Supply
Facing

Retailer

Customer
Facing
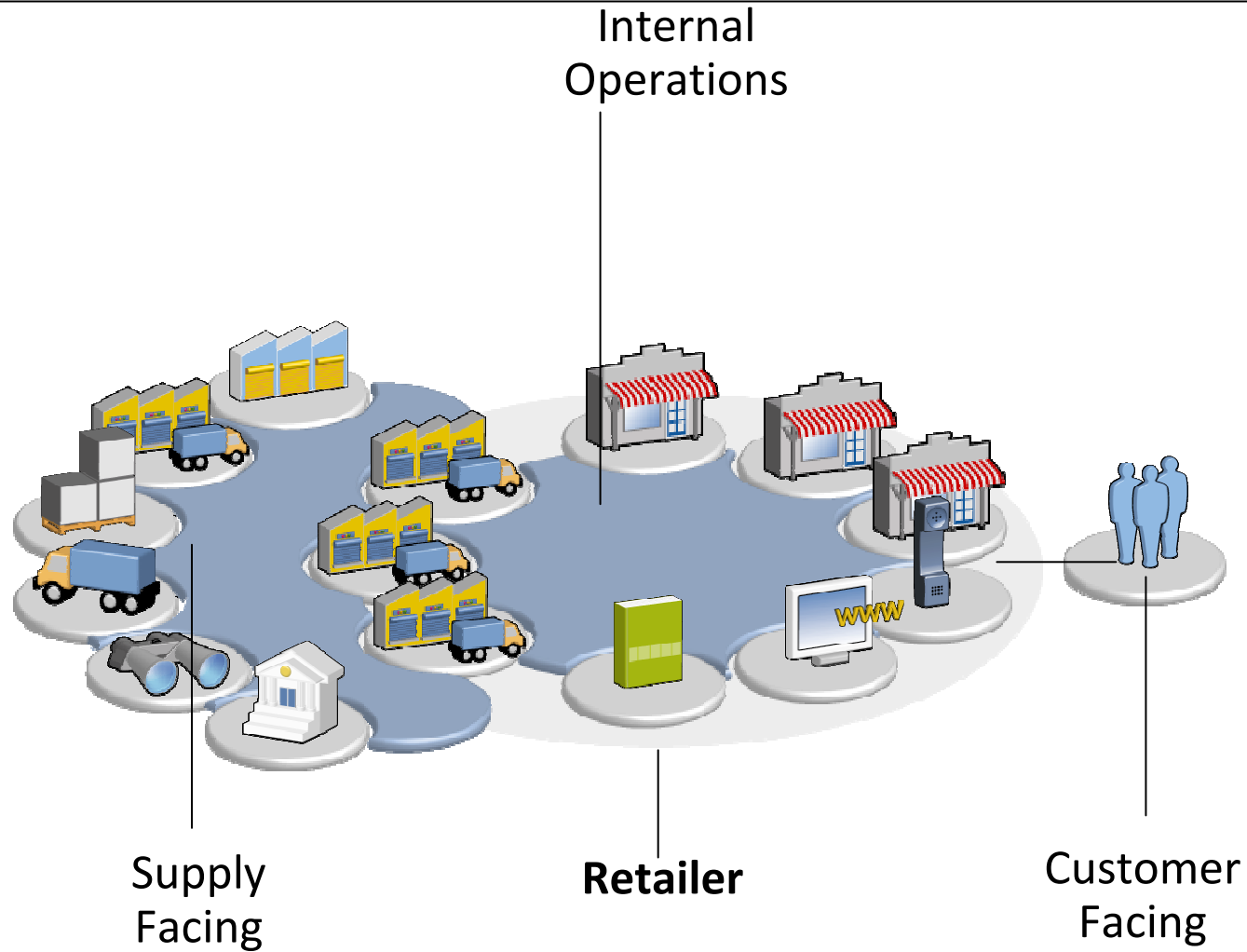
The focus of Smarter Commerce is on the Shopping Continuum and seller performance

Shopping Continuum

| Facilitating Processes | Awareness | Browse & Research | Purchase | Receive | Service & Support |

Seller Performance
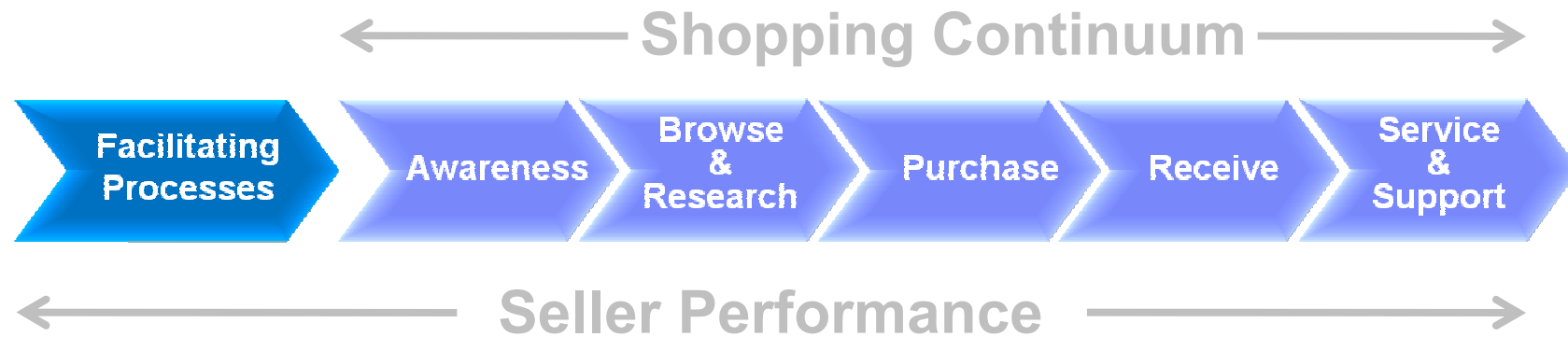
The Smarter Commerce strategy starts by identifying the areas of greatest impact on the brand experience

Consumer

| Brand Experience |

Facilitating Processes → Awareness → Browse & Research → Purchase → Receive → Service & Support

← Shopping Continuum →

IBM Solution Capabilities For Elevating The Brand Experience
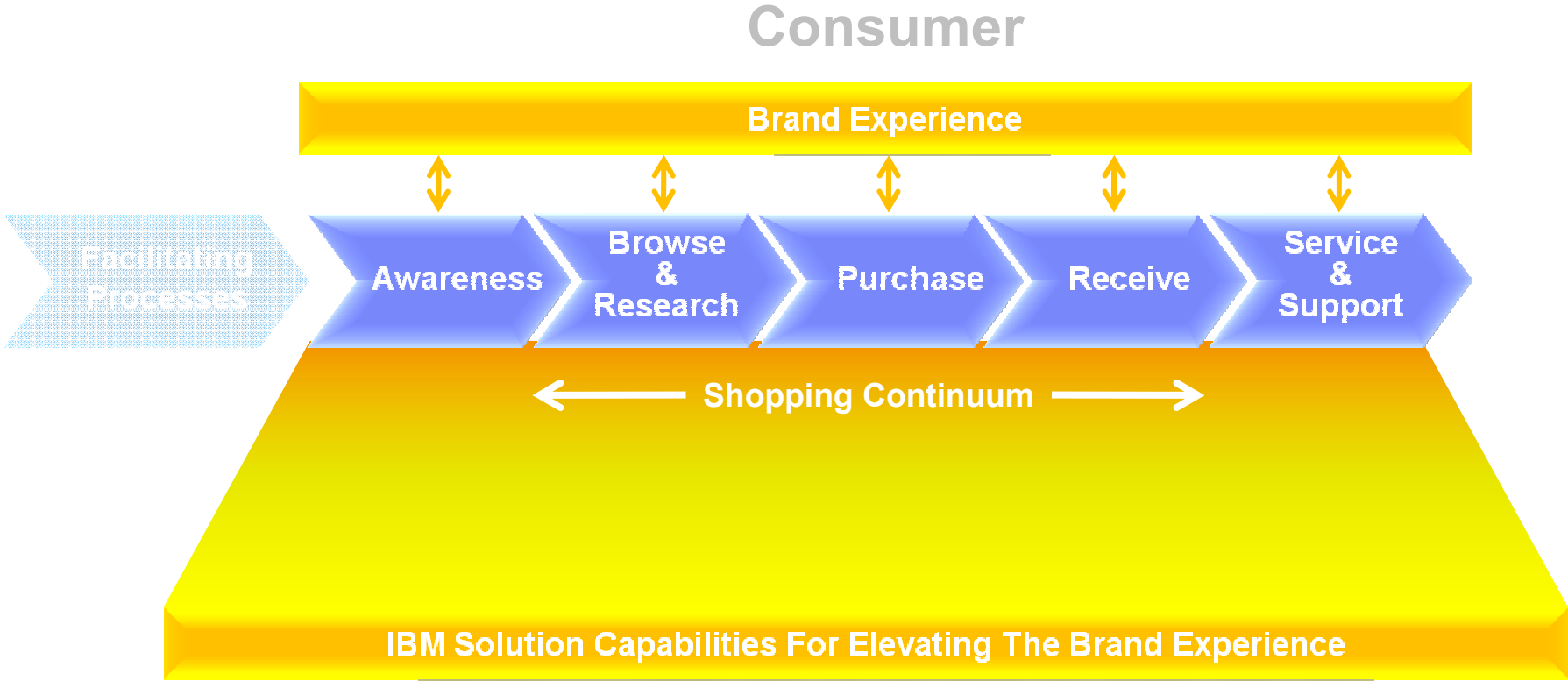
Smarter Commerce drives a focus on two pivotal outcomes

Differentiated brand experience

In a world where consumers trust retailers less than they do other consumers, retailers must seize opportunities to deepen their brand relationship with their customers to build trust and create brand advocates that will promote the retailer to other consumers.

Advanced Analytics provide the in-depth insights to better recognize up-side opportunities and behavioral patterns that signal needs and intentions.

Precision Marketing demonstrates to the customer that the retailer knows and understands her.

Next-generation eCommerce improves selling capabilities across multiple channels (e.g., Web, Mobile, Call Center, etc.), delivers a more personalized, convenient shopping experience.

Cross-channel order management delivers the seamless experience that consumers expect.

Store POS Integration extends the cross-channel experience into the store to point of sale.

RESULTS:
- Increased revenue
- Improved customer retention
- Deeper share of wallet
- Lower marketing costs
- Increased return on marketing spend

Improved operational efficiency

Economic realities mandate close attention to financial overhead and resource utilization. Inefficiencies erode delicate profit margins and negate revenue gains. Retailers must turn a weather eye to all operations (whether they are customer facing, supply facing, or internal) to ensure that they are both effective and efficient.

Advanced Analytics & Marketing Execution reduces marketing overhead and improves asset utilization.

Inventory, Supply Network, & Merchandise Optimization reduce overhead while ensuring product availability.

Cross-channel Order Management enables flexible and cost-effective sourcing, fulfillment, and management of orders of all types and complexity.

Supply Chain Connectivity, Visibility, & Performance Management enables effective monitoring of inventory, order, and shipment status.

RESULTS:
- Reduced landed cost
- Optimum inventory utilization
- Minimized fulfillment costs
- Reduced lost sales due to stock-outs
- Increased customer satisfaction

Ultimately the Smarter Commerce strategy becomes a balance between improving brand experience and operational efficiency

Smarter Commerce Strategy

Consumer

Brand Experience

| Facilitating Processes | Awareness | Browse & Research | Purchase | Receive | Service & Support |

Operational Efficiency

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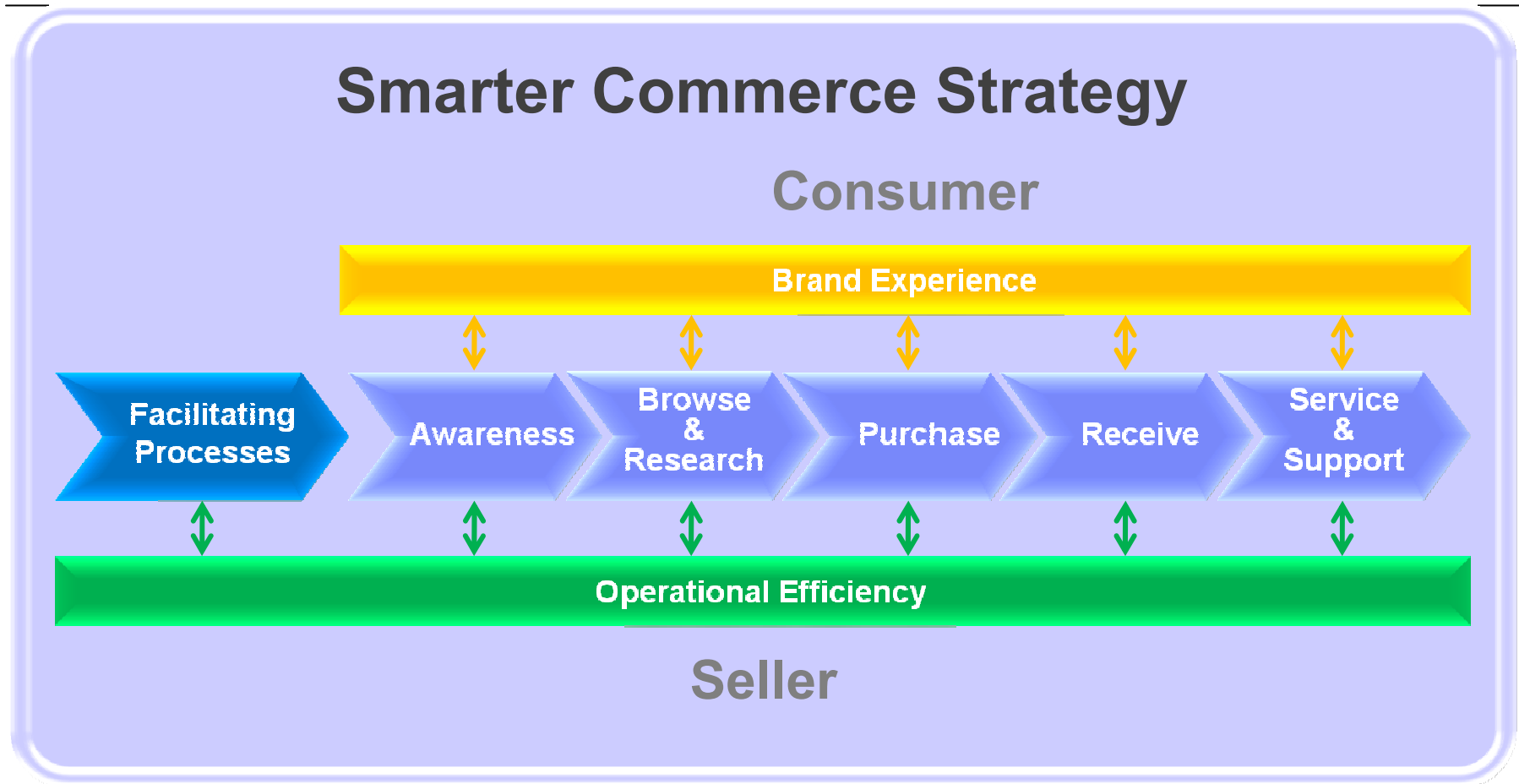
Successful companies are staying competitive by transforming their approach to commerce

95%
Amount a major transportation company reduced partner integration time*.
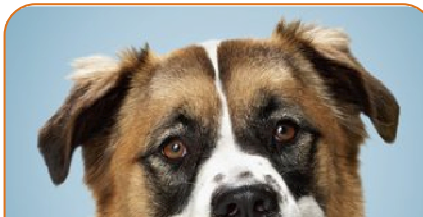
41%
Amount a retail pet company increased sales per unique web visitor. Also increased open and click-through rates to five times the industry average*.

50%
Amount a leading provider of teaching, learning and research solutions grew direct-to-consumer commerce revenues year over year*.
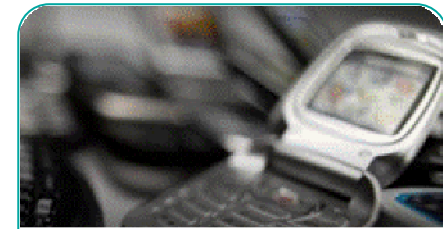
376%
Amount a US-based national communications service provider boosted ROI by reducing customer churn.

*Case studies based on Coremetrics, Sterling Commerce and Unica solutions

Reference - Sears

Isolated channels

Integrated cross channel shopping experience

Consistent promotions w/ catalog

In Store

Buy Online, Pickup in Store

Mobile Order Status: and "Text to bring to car"

Catalog / Call Center

Endless Aisle: Out of stock in store? Sales Associate uses Kiosk to save the sale via .com site
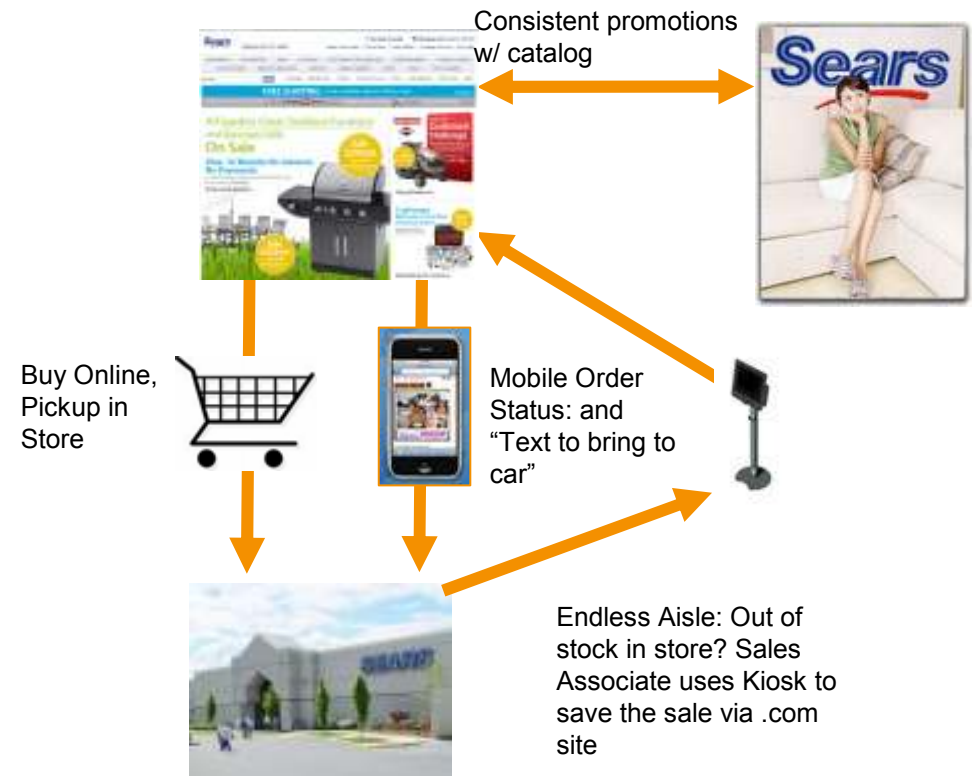
Staples B2B Supports Diverse Contractual Relationships

Challenge

- Supporting multiple customers buying under multiple contracts

- Individual buyers have differing levels of purchase authority

- Track site usage and online sales rates

Solution

- 10,000+ buying organizations each see contract-specific pricing and policies

- Built-in approval workflow facilitates purchase authorization across multiple users at different organizational levels

Benefits

- Over $1Billion (70%) of total B2B sales driven through site

- Site usage analysis enables Staples to continually enhance search engine performance

- Automated support for diverse policies, contracts, buyer roles on a single platform

"This past year alone, 86 percent of the new customers we acquired use StaplesLink for doing business with us"
- Lisa Hamblet, VP, B2B e-commerce, Staples

Intereuropa d.d.

Situation

To implement and enterprise-wide integration solution that unifies supplier and customer networks, helping to reduce costs and improve visibility

Solution

Sterling B2B Integrator ®

Value/Benefits

- **Onboard customers efficiently** and cost-effectively
- **Streamlined data exchange** enables rapid acquisition of new customers, large and small
- Increased efficiency through **automation of internal processes**
- Improved customer service through **visibility into B2B data exchange**
- Improved customer satisfaction

"The Sterling Commerce solution meets all of our customers' data exchange needs, even from the largest and most demanding companies. Not only are we on-boarding customers more efficiently and cost-effectively, Sterling Integrator has opened up new revenue opportunities for Intereuropa as we are now able to acquire new customers with whom we were previously unable to exchange data."

Branko Lozej, Service Support Department Manager, Intereuropa Group

Company Facts

Intereuropa Group is the leading supplier of logistics services in Slovenia and South Eastern Europe. Intereuropa offers complete logistics solutions in the field of land transport, sea freight and air freight, as well as a range of terminal, customs and forwarding services reliant on speed, safety and fair pricing.

Intereuropa ®
Global Logistics Service

Smarter Commerce can help transform every phase of the commerce continuum

Buy
Drives intelligent, adaptive and optimized extended supply chains based on customer demand

Service
Anticipates behavior and delivers flawless customer service across all channels

Insight

Strategy

Buy
Sourcing, controlling and procurement of goods and services

Market
Targeted and personalized marketing across all customer interactions

Customer

Service
Servicing customer needs across all interaction channels

Sell
Selling and fulfillment of products and services across all channels

Engagement

Market
Creates personalized and relevant offers with unified cross-channel marketing

Sell
Enables customers and partners to buy what they want, when and where

IBM's integrated portfolio for Smarter Commerce

CUSTOMER VALUE STRATEGY

CORE BUSINESS SOLUTIONS

Buy	Market	Sell	Service

Emptoris
- Spend Analysis
- Sourcing
- Contract Management
- Supplier Lifecycle Management
- Category Compliance Management

Sterling Commerce
An IBM Company
- Transportation Management
- Supply Chain Visibility
- B2B Integration
- Supplier Portal Vendor Compliance

ILOG Supply Chain
- Product Optimization
- Inventory Optimization

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

Coremetrics
An IBM Company
- Analytics & Reporting
- Segmentation
- Search Optimization

DemandTec
- Price, Promotion, Merchandising
- Marketing Analytics

WebSphere Commerce
- Cross-Channel Selling
- Customer-centric Shopping Experience
- B2C/B2B Storefronts
- Precision Marketing

Retail Store Solutions
- Retail POS Solutions
- Self-Service Portal/Kiosk
- POS Applications

Emptoris
- Contract Management

Sterling Commerce
An IBM Company
- Order Management
- Configuration, Pricing, Quoting
- Multi-vendor catalog
- Warehouse Management
- Transportation Management
- Supply Chain Visibility
- B2B Integration

ILOG Supply Chain
- Network Optimization
- Transportation Optimization

Sterling Commerce
An IBM Company
- Delivery & service Scheduling
- Reverse Logistics

FILENET

IBM Case Manager
- Case Design, Run-time, Analytics
- Collaboration
- Rules & Events

Unica
An IBM Company
- Service messaging
- Notifications

CUSTOMER INSIGHT SOLUTIONS

COGNOS · SPSS AN IBM COMPANY · NETEZZA an IBM Company · IBM Customer Experience Suite

IBM is the right partner for Smarter Commerce

- **Leading industry capabilities and offerings**

  - Analytics, B2B Integration, Decision Optimization, Enterprise Marketing Management, Order Management, Selling and Fulfilment
  - Modular approach to address key challenges today and grow with confidence

- Leader in **research and development**

- **$2.5 billion invested** since 2010 to create a truly smarter approach to commerce

- New services practice with more than a **thousand dedicated experts**

- **Expertise in over 20 industries** to help create a solution customized for your specific needs

- Leader in **Smarter Computing -** Over 50,000 hardware and software developers optimizing systems to manage needs driven by commerce applications
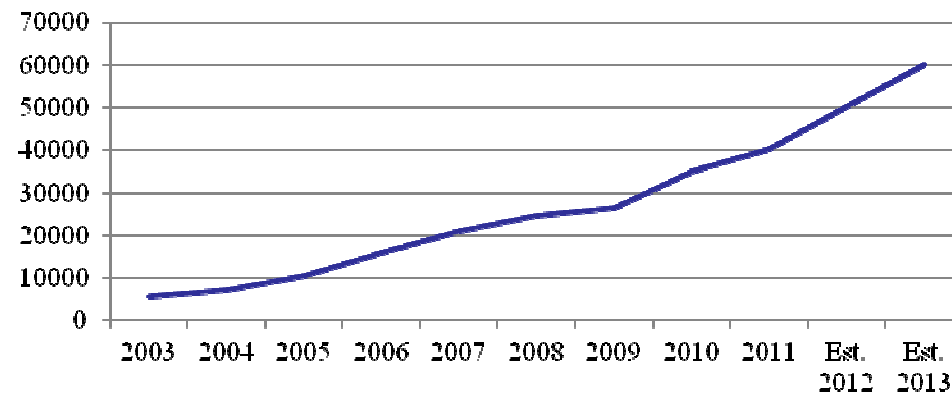
Turkey E-commerce Facts - 2011
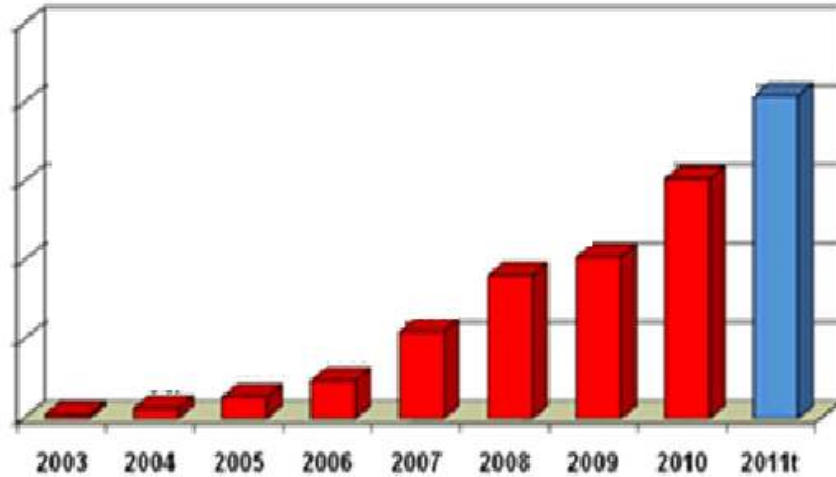
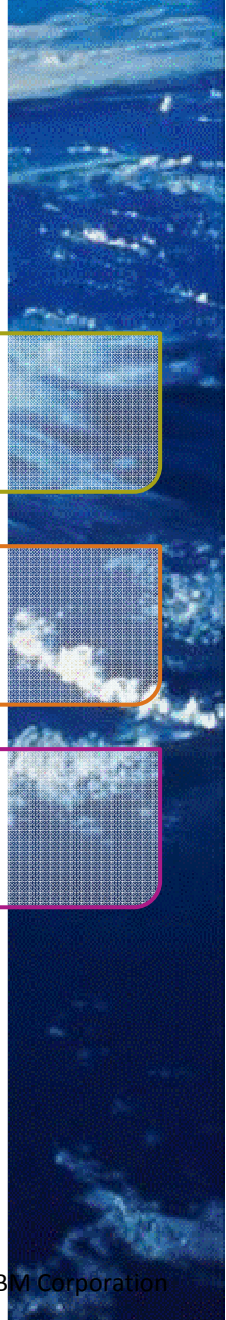*Turkey e-commerce last 2 years revenues:*
- *Year* 2010: 8,3 billion $
- Year 2011: 12 billion $.

Internet Users Trends

- *Demographics: 74.7 M population*
- *İnternet users: % 45*

Kaynak: TIK, 2011 sonu itibariyle

Today's Focus

Selling and Fulfillment Solutions

Business Collaboration Solutions

Optimization and Supply Chain Solutions

IBM
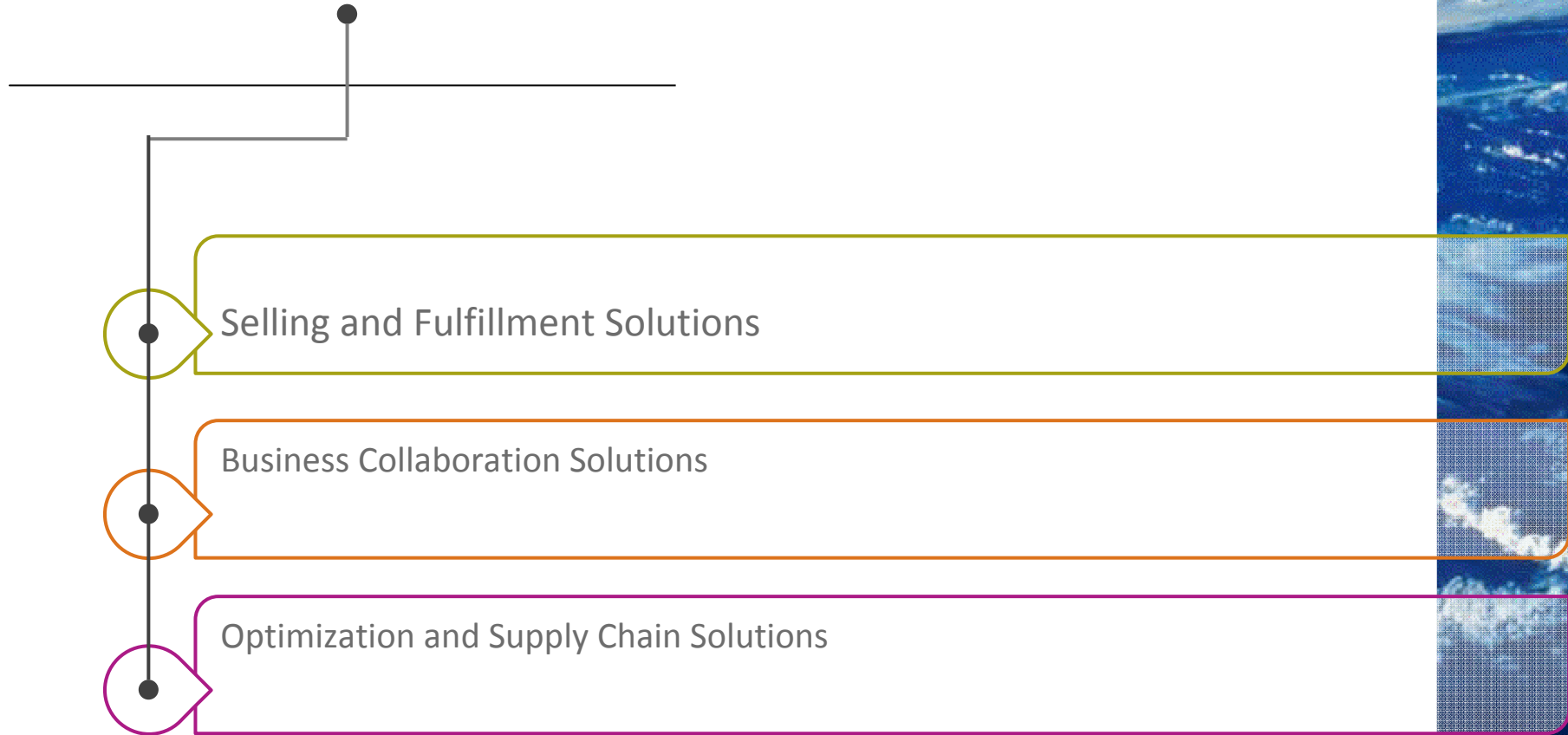
धन्यवाद
Hindi

多謝
Traditional Chinese

Grazie
Italian

ขอบคุณ
Thai

Gracias
Spanish

Thank You

多谢
Simplified Chinese

Спасибо
Russian

Teşekkürler

Obrigado
Brazilian Portuguese

شكراً
Arabic

Danke
German

Merci
French

நன்றி
Tamil

ありがとうございました
Japanese

감사합니다