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The State of Marketing 2012
IBM's Global Survey of Marketers

Agenda

Marketing must …

Expand its role to lead the customer experience

Remove silos and integrate

Embrace a marketing technology platform

Marketing must expand its role to lead their organization's customer experience by leveraging technology seamlessly to differentiate and optimize their company's purchasing cycle.
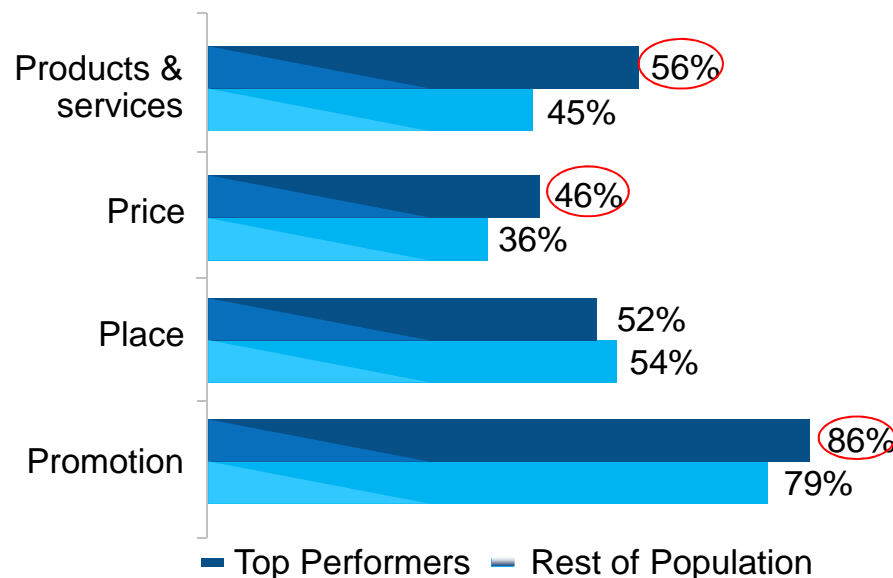
Expand its role to lead the customer experience

Companies where marketers have an expanded role and scope perform better.

Marketers must increase their scope across 4Ps

Marketers who identified their companies as high-performing have greater responsibilities for the 4Ps. This allows them to measure ROI, optimize pricing and expand the role of marketing to lead the customer experience.

Figure: Marketing Ownership by Business Outcome

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

Products & services: 56% / 45%

Price: 46% / 36%

Place: 52% / 54%

Promotion: 86% / 79%

■ Top Performers ▬ Rest of Population

⬭ *Significantly higher than the Rest of Population*

Total Sample (n=362), Top Performers (n=252), Rest of Population (n=110)
Marketers self-identified what their overall business performance was relative to their industry peers.

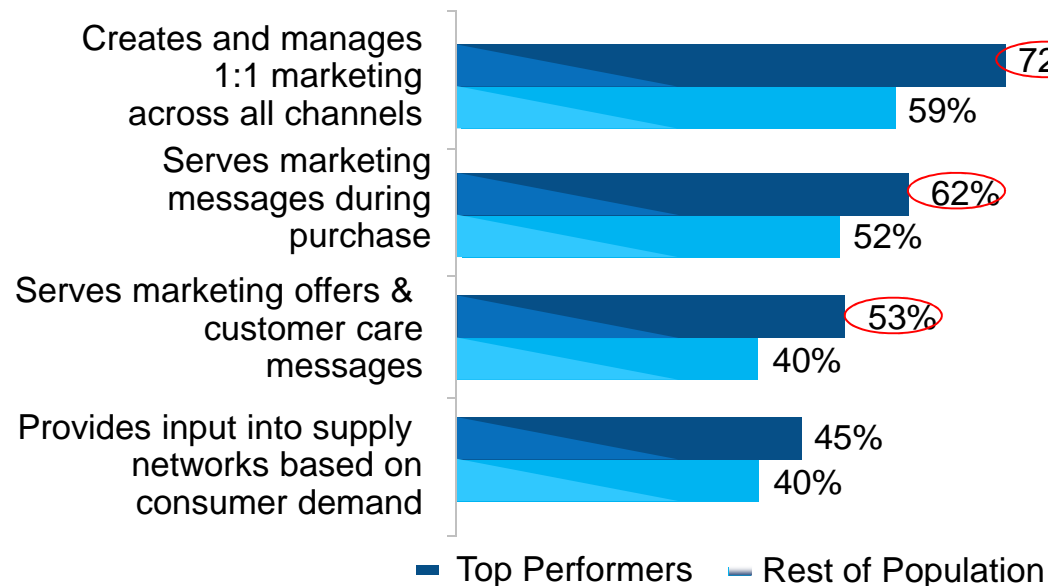## It's more than *promotion* ...

Marketers need to optimize their pricing and product mix. And for high-performing companies, it's a responsibility that marketers are more likely to lead.

Marketing's role must extend beyond marketing

Marketers from high-performing companies are more likely to lead the coordination of messages in different functional areas that are not marketing, expanding their strategic role and application of technology to proactively improve their customers' experience.

Figure: Marketing Responsibility by Business Outcome

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

	Top Performers	Rest of Population
Creates and manages 1:1 marketing across all channels	72%	59%
Serves marketing messages during purchase	62%	52%
Serves marketing offers & customer care messages	53%	40%
Provides input into supply networks based on consumer demand	45%	40%

■ Top Performers ▬ Rest of Population

⬭ *Significantly higher than the Rest of Population*

Marketers

from high-performing companies are nearly 3X more likely to be proactive leaders driving the customer experience across all channels

Base: Total Sample (n=362), Top Performers (n=252), Rest of Population (n=110)

Expanded role requires greater visibility as integration and channel complexity grows

85%
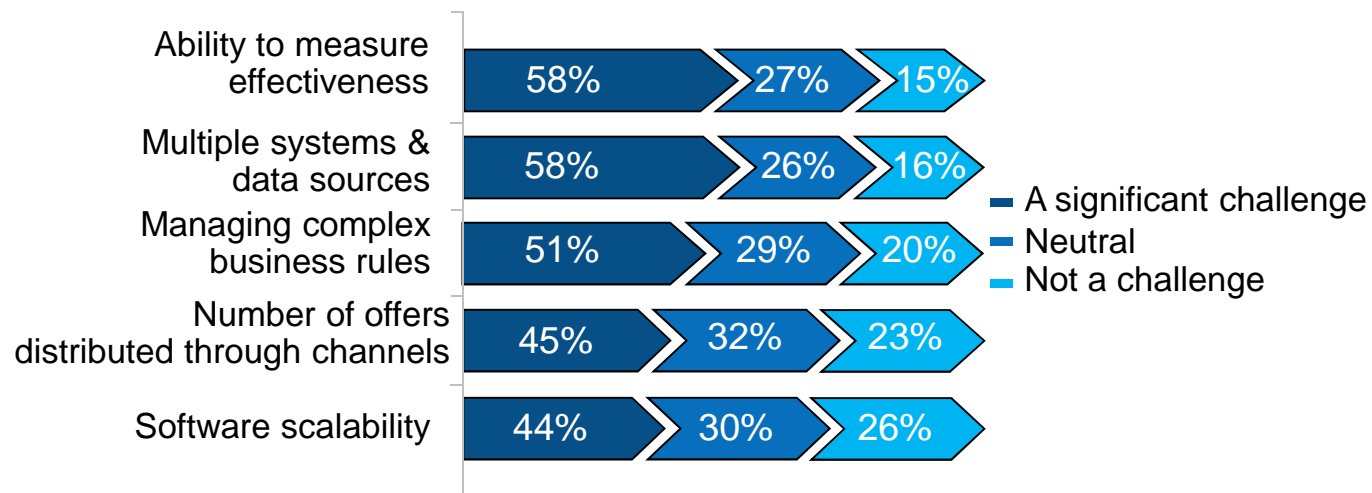Of marketers agree with the need for an integrated suite.

But 27%
Of marketers don't perform attribution.

And 34%
Manually analyze attribution through spreadsheets.

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?

Challenge	A significant challenge	Neutral	Not a challenge
Ability to measure effectiveness	58%	27%	15%
Multiple systems & data sources	58%	26%	16%
Managing complex business rules	51%	29%	20%
Number of offers distributed through channels	45%	32%	23%
Software scalability	44%	30%	26%

- A significant challenge
- Neutral
- Not a challenge

Regardless of their level of business performance, marketers are challenged by their ability to measure results and ROI. Those that strongly agree with an integrated suite, however, rose **8%** from the previous year.

Base: Total Sample (n=362)

Marketers' Next Steps

Lead the customer experience

- Collaborate with business functions to expand the role of marketing throughout the purchasing cycle

- Grow from traditional areas of strength to other 4Ps

- Use analytics to measure performance and business outcomes

Remove silos and integrate

Integration is a must to deliver on digital's promise

More must be done to link insight to action for online visitor data

65%
Of respondents are doing the basics by reporting and analyzing their online visitor data.
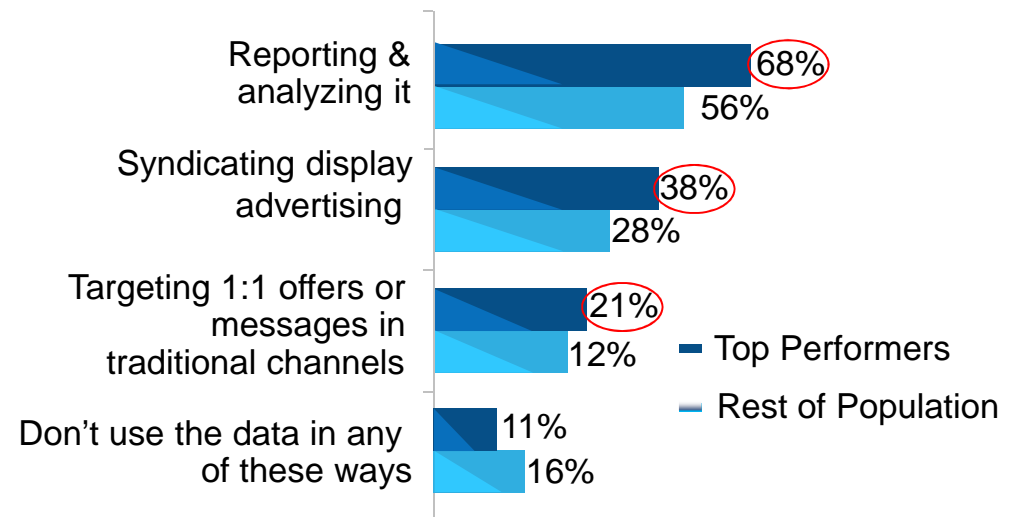
Only a third
Use this data in targeting one-to-one offers or messages in digital channels.

Less than 1 and 5
Leverage online data to make one-to-one offers in traditional channels.

High performing companies leverage their online data in other channels

Base: Companies that have online visitor data (n=351)

Figure: Use of Online Visitor Data Comparing Company Performance
*Q. How are you using your online visitor data?*

Reporting & analyzing it — 68% / 56%

Syndicating display advertising — 38% / 28%

Targeting 1:1 offers or messages in traditional channels — 21% / 12%

Don't use the data in any of these ways — 11% / 16%

Top Performers
Rest of Population

Statistically significant difference from the Rest of Population

Better integration required to improve email targeting & relevance

Barely a third of respondents automate email data with their customer mart, while two thirds manually or do not integrate their email data.
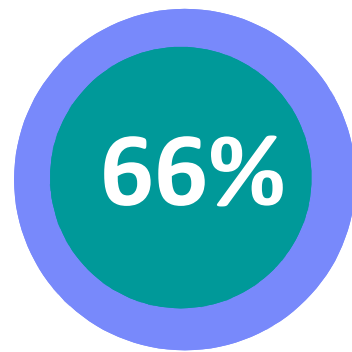
66% Email integration is mostly a manual effort or not integrated at all.
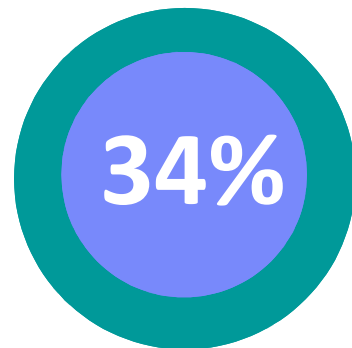
34% Email is not integrated.

Finding email sweet spot challenging for all companies ...

41% Of the rest of the population manually integrating email

Only 37% Of higher performing companies automate the integration of email
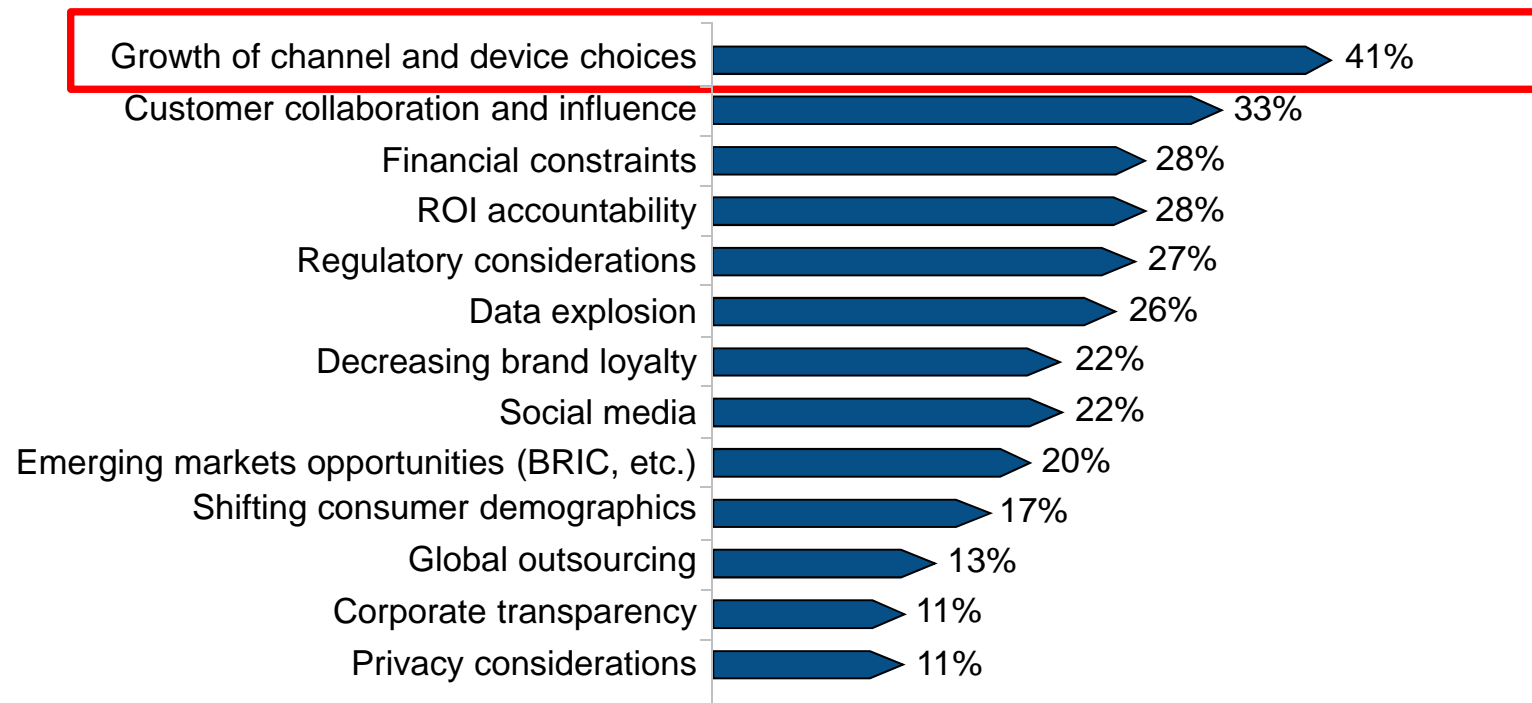
Remove silos and integrate

Emerging silos?
Mobile and social

Keeping pace with social & mobile proliferation is the biggest challenge

Marketing practitioners share concerns with CMOs[1] over the proliferation of channels and devices. They're also pre-occupied with important day-to-day mechanics of customer collaboration and influence, financial constraints and ROI accountability of their activities.

Figure: Ranking of Top 3 challenges for Your Organization
Q. Which three of the following market factors will be the biggest challenge for your organization over the next 3 to 5 years?

Challenge	%
Growth of channel and device choices	41%
Customer collaboration and influence	33%
Financial constraints	28%
ROI accountability	28%
Regulatory considerations	27%
Data explosion	26%
Decreasing brand loyalty	22%
Social media	22%
Emerging markets opportunities (BRIC, etc.)	20%
Shifting consumer demographics	17%
Global outsourcing	13%
Corporate transparency	11%
Privacy considerations	11%

Base: Total Sample (n=362)

1. IBM Survey: From Stretched to Strengthened: Insights from the Global Chief Marketing Office Study - 2011

Marketers are mobilizing, but success hinges on integration

Only 21%
Currently run mobile marketing tactics as part of integrated campaigns.

79%
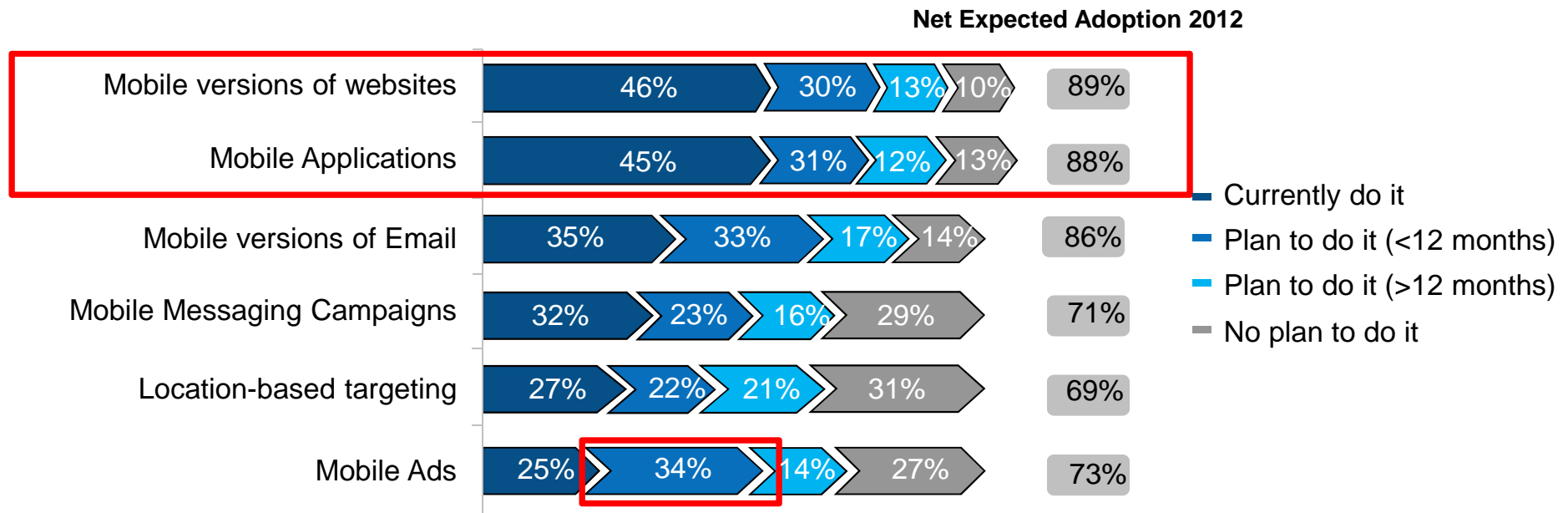Run mobile marketing in silos, **discretely** and on an ad hoc basis.

Higher
performing
Companies currently use mobile channels more than lower performing ones; however, that will change in 12 months.

Figure: Use of Mobile Marketing Tactics
Q. Which of the following mobile marketing tactics is your company using or planning to use?

Net Expected Adoption 2012

	Currently do it	Plan to do it (<12 months)	Plan to do it (>12 months)	No plan to do it	Net
Mobile versions of websites	46%	30%	13%	10%	89%
Mobile Applications	45%	31%	12%	13%	88%
Mobile versions of Email	35%	33%	17%	14%	86%
Mobile Messaging Campaigns	32%	23%	16%	29%	71%
Location-based targeting	27%	22%	21%	31%	69%
Mobile Ads	25%	34%	14%	27%	73%

Legend:
- ■ Currently do it
- ■ Plan to do it (<12 months)
- ■ Plan to do it (>12 months)
- ■ No plan to do it

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

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Marketers become socially awkward as experimentation abounds

Only 22%

Currently run social tactics as part of integrated campaigns.
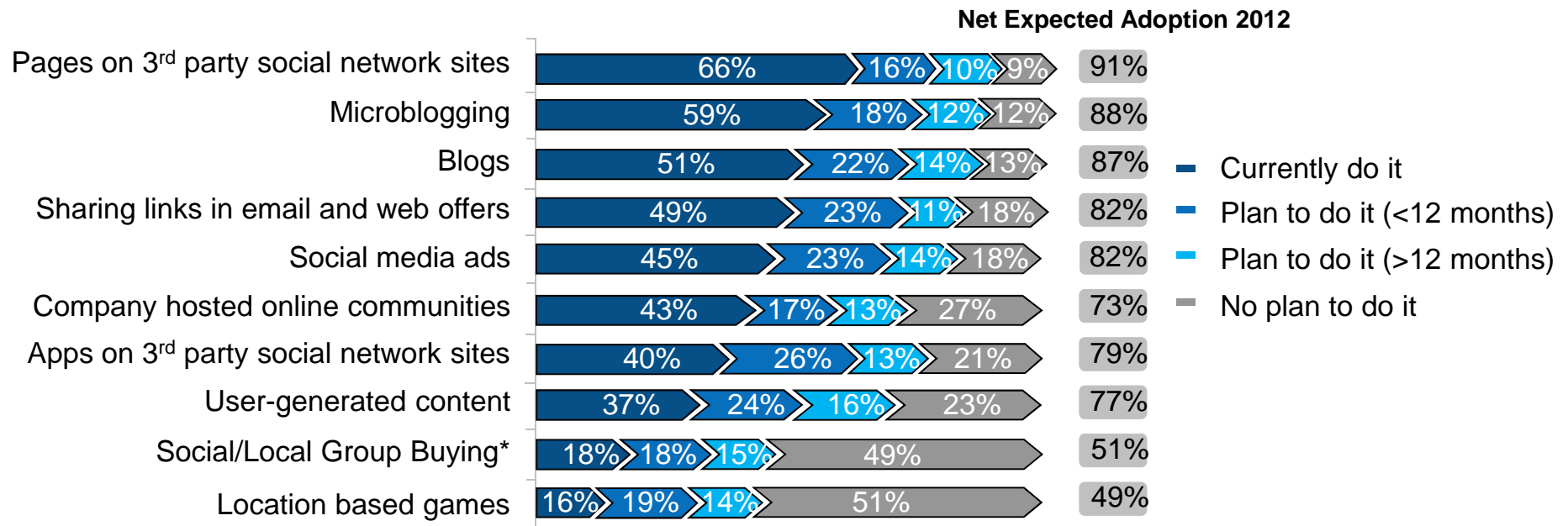
79%

Run social marketing in silos, **discretely** and on an ad hoc basis.

51%

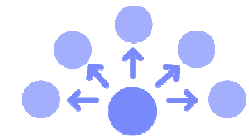Of marketers don't use social media data to inform decision about marketing offers and messages.

Figure: Use of Social Media Marketing Tactics
Q. Which of the following social media marketing tactics is your company using or planning to use?

Net Expected Adoption 2012

Tactic	Currently do it	Plan to do it (<12 months)	Plan to do it (>12 months)	No plan to do it	Net Expected Adoption 2012
Pages on 3rd party social network sites	66%	16%	10%	9%	91%
Microblogging	59%	18%	12%	12%	88%
Blogs	51%	22%	14%	13%	87%
Sharing links in email and web offers	49%	23%	11%	18%	82%
Social media ads	45%	23%	14%	18%	82%
Company hosted online communities	43%	17%	13%	27%	73%
Apps on 3rd party social network sites	40%	26%	13%	21%	79%
User-generated content	37%	24%	16%	23%	77%
Social/Local Group Buying*	18%	18%	15%	49%	51%
Location based games	16%	19%	14%	51%	49%

Legend:
- Currently do it
- Plan to do it (<12 months)
- Plan to do it (>12 months)
- No plan to do it

*Base: Respondents who know what their company (300 – 347 respondents) *Not asked in 2011*

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Remove silos and integrate

The Cross-channel Imperative

Channel spend to increase, but integration and personalization must improve

More than **50%**

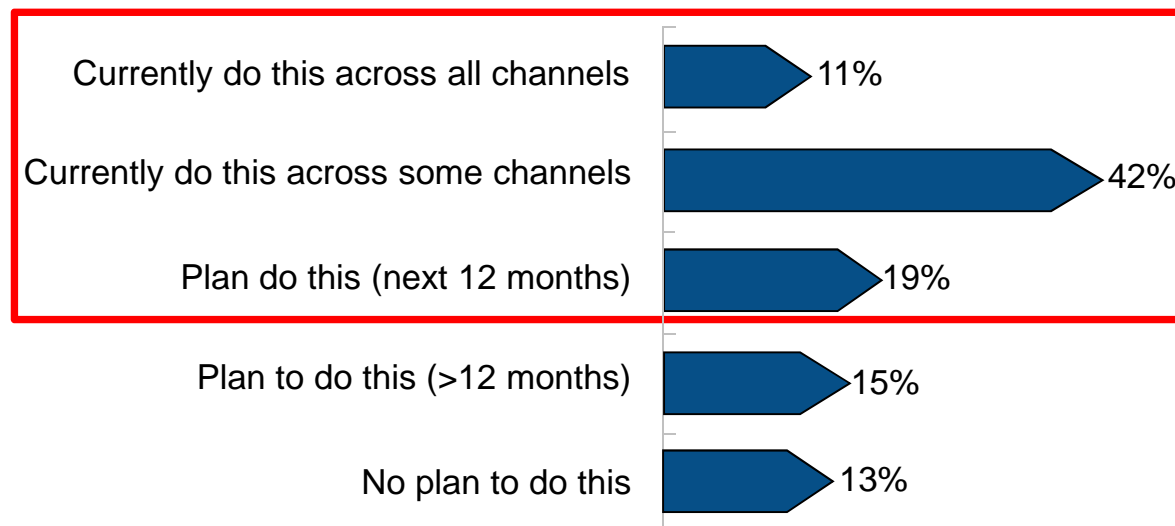Of respondents will increase media spend **a lot** across all channels this year.

71%

Believe integration across, owned, earned and paid channels is important.

But 29%

Are very effective at integrating different channels.

Figure: Adoption of Interaction Optimization
Q. Is your organization using interaction optimization technologies?

Currently do this across all channels	11%
Currently do this across some channels	42%
Plan do this (next 12 months)	19%
Plan to do this (>12 months)	15%
No plan to do this	13%

Base: Respondents who know what their company is doing or plan to do with interaction optimization technologies (n=346)

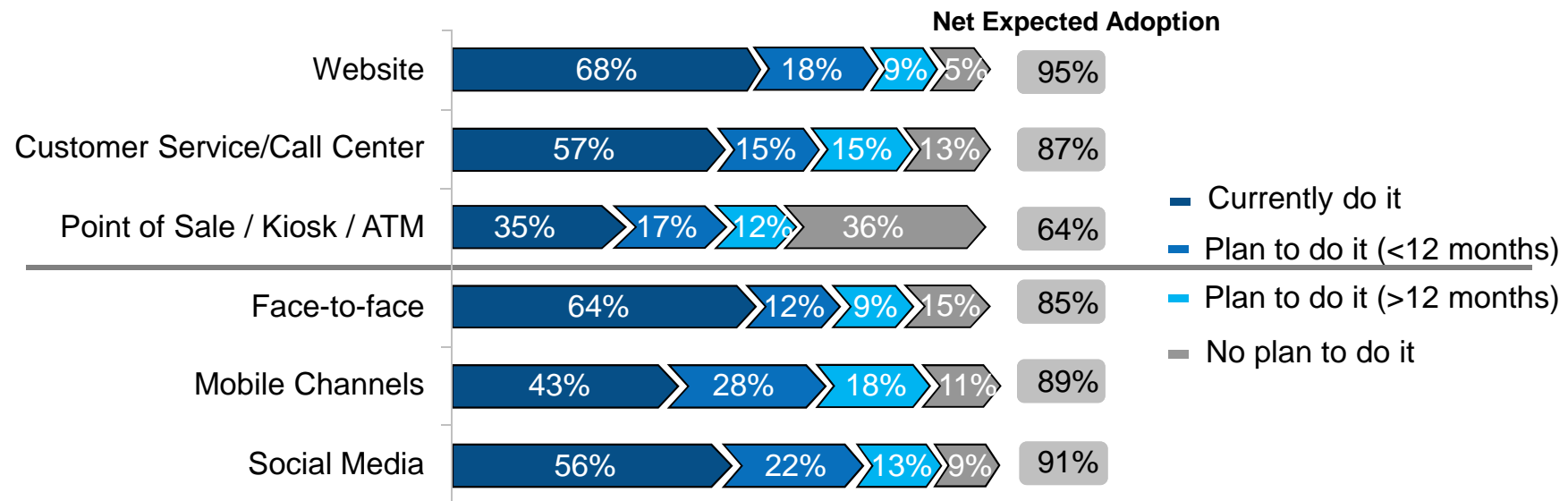# Inbound marketing adoption across all channels requires greater coordination

Marketers intend to expand inbound tactics across all channels regardless of their business performance. Inbound year-over-year increases in traditional channels and expansion to new ones underscore the need for greater channel coordination.

Nearly 4x

Increase in plans to expand inbound marketing across all channels over the next 12-months.

Figure: Inbound Marketing Adoption by Channel
Q. In which of the following channels is your company delivering or planning to deliver targeted/personalized messages in real-time?

Net Expected Adoption

Channel	Currently do it	Plan to do it (<12 months)	Plan to do it (>12 months)	No plan to do it	Net Expected Adoption
Website	68%	18%	9%	5%	95%
Customer Service/Call Center	57%	15%	15%	13%	87%
Point of Sale / Kiosk / ATM	35%	17%	12%	36%	64%
Face-to-face	64%	12%	9%	15%	85%
Mobile Channels	43%	28%	18%	11%	89%
Social Media	56%	22%	13%	9%	91%

- Currently do it
- Plan to do it (<12 months)
- Plan to do it (>12 months)
- No plan to do it

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

Marketers' Next Steps

Lead the Customer Experience	Break Down Silos & Integrate
▪ Collaborate with business functions to expand the role of marketing throughout the purchasing cycle	▪ Map your engagement of customers across all channels and business functions
▪ Grow from traditional areas of strength to other 4Ps	▪ Define metrics and analytics that meet executive-level rigor
▪ Use analytics to measure performance and business outcomes	▪ Identify quick wins that showcase cross-channel marketing success in business terms – and expand to other areas

Multiple integration barriers reinforce need for integrated cross-channel marketing suite

85%
Agree with the need for an integrated marketing suite.

Yet 58%
Believe existing systems are too disparate to integrate different channels.

And 57%
Believe lack of budget is a barrier to integrating different channels.

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?

Multiple systems & data sources — 60% / 55%

Ability to measure effectiveness of offers and promotions — 59% / 56%

Managing complex business rules and offer permutations — 55% / 43%

Number of offers distributed through different channels — 47% / 41%

Software scalability — 44% / 45%

▬ Top Performer   ▬ Rest of the Population
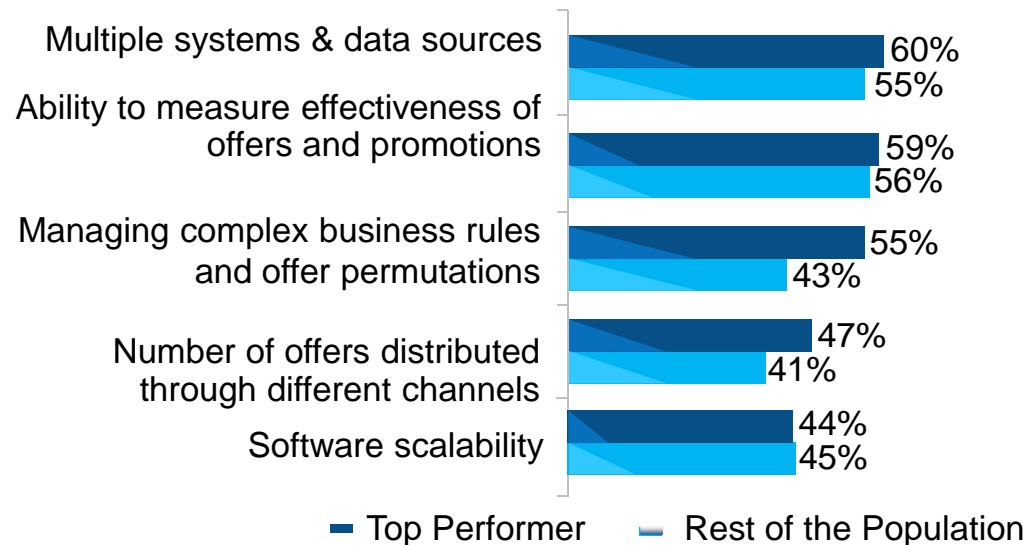
Marketers

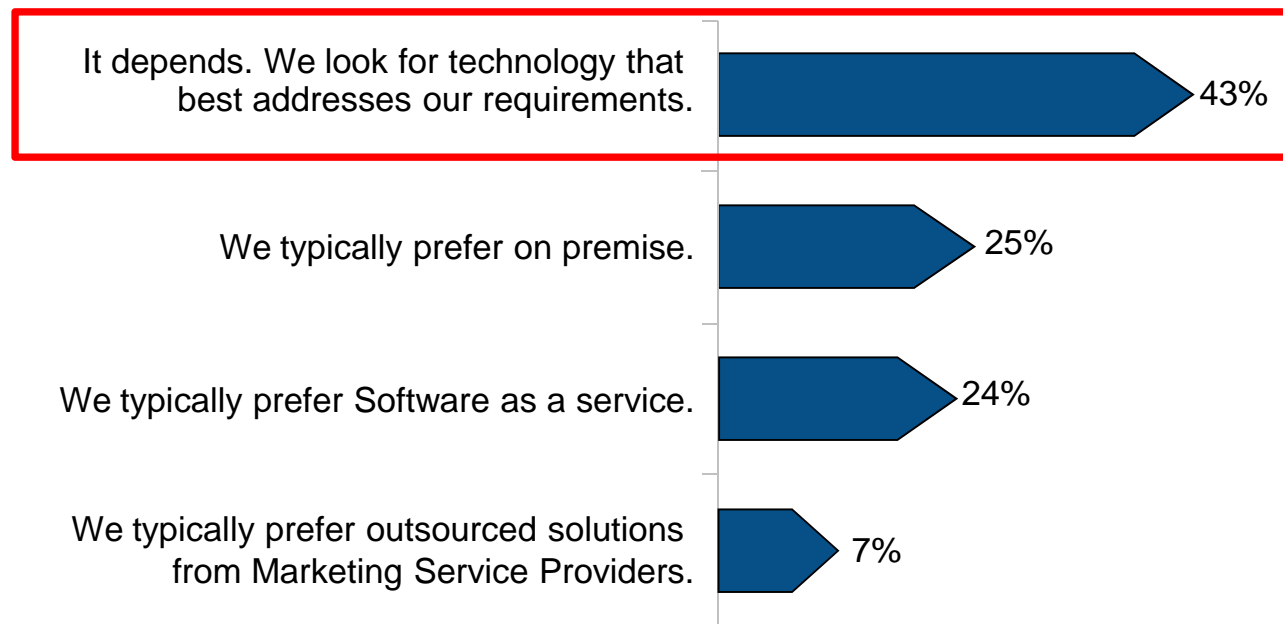Regardless of performance struggle to manage and analyze data across channels.

Base: Top Performers=252, Rest of the Population=110

Marketing software adoption will span deployment models - requiring a hybrid suite

More than 40% of marketers cite that the deployment approach varies based on their requirements. Increasingly, marketers will need to explore hybrid approaches to tie different point solutions together to achieve their desire of an integrated marketing suite.

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

It depends. We look for technology that best addresses our requirements. — 43%

We typically prefer on premise. — 25%

We typically prefer Software as a service. — 24%

We typically prefer outsourced solutions from Marketing Service Providers. — 7%

Base: Total Sample (n=362)

Embrace a marketing technology platform

IT alignment is key to marketing's expanded role and scope.

Marketers believe technology eases their pain … but need to align with IT to grow their business

76%
Of marketers either drive the purchasing decisions for marketing software or collaborate with IT.

48%
Believe improved technology infrastructure or software will enable marketers to do more.

Nearly 60%
Indicate that lack of IT alignment and integration are significant barriers to the adoption of technology.

Figure: Collaboration Between IT and Marketing on Technology Purchases.
Q. How well does marketing collaborate with IT?

51%

High Performers

41%

Rest of Population
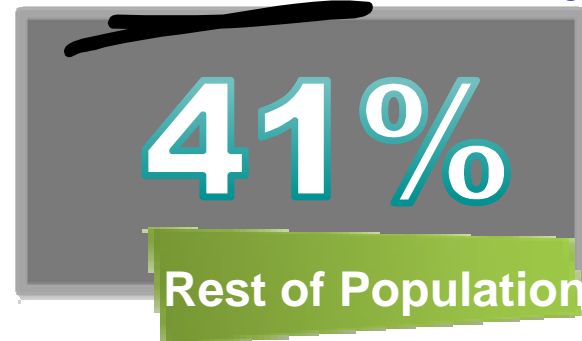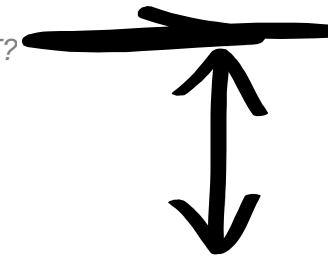
Overall, marketing and IT work well together. Marketing and IT at high-performing companies, however, work more effectively.

Base: Total Sample (n=362)

SmarterCommerce

Marketers' Next Steps

Lead the Customer Experience	Break Down Silos & Integrate	Embrace a Marketing Technology Platform
▪ Collaborate with business functions to expand the role of marketing throughout the purchasing cycle ▪ Grow from traditional areas of strength to other 4Ps ▪ Use analytics to measure performance and business outcomes	▪ Map your engagement of customers across all channels and business functions ▪ Define metrics and analytics that meet executive-level rigor ▪ Identify quick wins that showcase cross-channel marketing success in business terms – and expand to other areas	▪ Partner with IT more aggressively eliminate silos and integrate technologies ▪ Improve analytic and IT skill sets ▪ Incorporate IT methodologies for cost justification and ROI

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Survey Approach

- Surveyed more than 350 marketing practitioners globally about their level of marketing technology adoption

- Examined impact of respondents' business performance on their level of marketing technology adoption

- Asked respondents to assess their business entity's overall performance relative to industry peers

- Explored barriers to technology adoption and relationship with IT

Respondent profiles
Respondents are from a wide range of industries, geographies and sizes
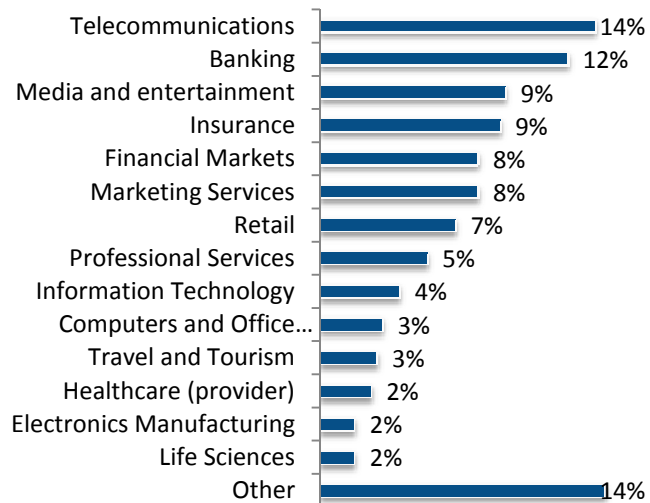
Figure: Respondents by Industry

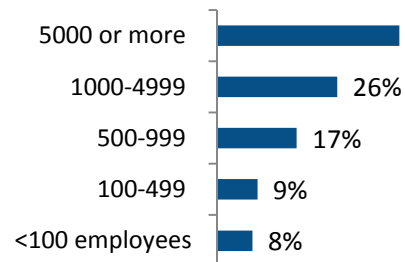| Industry	%
Telecommunications	14%
Banking	12%
Media and entertainment	9%
Insurance	9%
Financial Markets	8%
Marketing Services	8%
Retail	7%
Professional Services	5%
Information Technology	4%
Computers and Office…	3%
Travel and Tourism	3%
Healthcare (provider)	2%
Electronics Manufacturing	2%
Life Sciences	2%
Other	14%

Figure: Respondents by Company Size

Company Size	%
5000 or more	40%
1000-4999	26%
500-999	17%
100-499	9%
<100 employees	8%

Figure: Responsibility by Marketing Function

Marketing Function	%
Digital Marketing	56%
Direct or Database Marketing	49%
Social Media Marketing	42%
Web Analytics	42%
Promotion Management	38%
Brand Advertising	38%
Marketing Operations	38%
Customer Analytics	33%
Ecommerce	27%
Pricing	22%
Merchandizing	18%
Demand Forecasting &…	12%
Call center	12%
Other	7%

Figure: Respondents by Business Type

- Both B2C & B2B, 31%
- B2C, 36%
- B2B, 33%

Figure: Respondents by Role

- Executives 39%
- Non Executives 61%
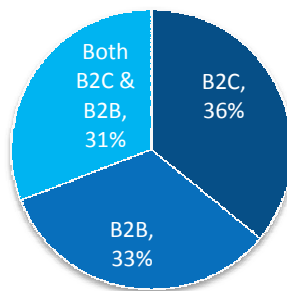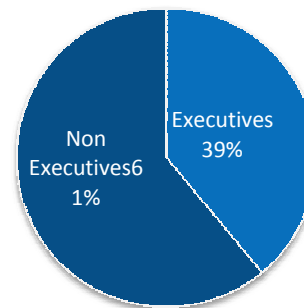
Figure: Respondents by Geography

- Asia Pacific, 9%
- Europe, 30%
- Central/Latin America 4%
- North America 57%

Thank You

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