

Enterprise Marketing Management (EMM) – Enabling World-Class Marketing

© This document contains confidential and proprietary information of Adaequare Inc. Except with the express prior written permission of Adaequare Inc. this document and the information contained herein may not be published, disclosed, or used for any other purpose.

Enterprise Marketing Management (EMM) – Enabling World-Class Marketing

WHAT IS EMM?

EMM is enterprise software that enables more effective, efficient and accountable marketing. It helps an organization transform their entire marketing process – from budgeting and planning to project management and workflow; Real-time execution and closed-loop reporting for - brand, product, direct and event marketing. Rather than being a bolt-on marketing interface for software intended for other parts of the enterprise (such as the sales or the call-center), EMM is designed specifically to address the complexities and challenges of marketing.

EMM drives powerful, high-performance marketing. “As the role of marketing shifts towards enabling the customer-centric enterprise, enterprise marketing management (EMM) will become increasingly important for firms that want to become marketing leaders.”

BUSINESS TRENDS ARE DRIVING THE NEED FOR EMM

Marketing is much more complex today than just a few years ago. Additionally, marketers cannot spend copious amounts of money on artful brand building and then hope to create consumer loyalty to drive the success of their business. Instead they must navigate a challenging set of constraints and restrictions as well as customer preferences, which require marketing skills that are increasingly more science than art.

Many external forces have contributed to this increase in marketing complexity including:

1. Consumers are exposed to more marketing messages.

Consumers are bombarded with marketing messages through television commercials, mailings, web sites, email, billboards, and more. The number of messages each consumer receives has grown dramatically in just the last two decades. In 1985 it was estimated that the average consumer was exposed to 650 marketing messages every day. Today it is more than 8,000. This is due in part to the increased number of channels marketers and consumers can use. For example, traditional media has become massively fragmented. In other words, there are more and more TV and radio stations, magazines, and newspapers in the world. In 1960 there were 5.7 average TV channels in each home, and a total of 4,400 radio stations and 8,400 magazines. By 2004, those numbers had grown to 82.4 channels, 13,500 radio stations and 17,300 magazines³. In the 1980s, 80% of an average marketer's target

audience could be reached with one 30-second, off-peak television ad. Today, accomplishing the same reach often requires literally hundreds of prime-time commercials.

In addition to this traditional media phenomenon, new media have emerged and proliferated. The most recognizable examples include web sites, SMS and email. But there are many others, such as dynamic point of sale promotions and in-store kiosks. These new media further clutter a consumer's daily life with marketing messages. The challenge this clutter poses to marketers is obvious: getting a message to register with consumers is incredibly difficult. For example, it is estimated that today less than 10% of adult evening TV viewers are able to name, without prompting, a brand or product advertised during the show they just watched for 5 minutes. As a result, planning an effective promotional strategy is a more complex task than ever before.

2. Consumers are asserting more control over how marketers can contact them.

The growing number of marketing messages is driving consumers to take steps to control how marketers interact with them. This is done in part through the adoption of new technologies that filter marketing messages, especially from new media. The most well-known examples are SPAM filters and web pop-up ad blockers. But tools are emerging that impact more traditional media, as well. Digital Video Recorders (DVRs), such as those sold under the TiVo brand, allow consumers to eliminate TV commercials when viewing their favorite programs. Today DVRs are at a much lower adoption rate than SPAM and pop-up blockers (roughly 15% as compared to over 50% according to a recent survey)⁶, but it is clear that the desire to control advertising exposure is a growing trend. In addition to adopting new technologies, consumers are demanding that marketers adhere to new standards of behavior that put consumers in the driver's seat when it comes to determining when and how to send messages. Clearly articulated privacy policies and "opt-out" choices are now a required practice of any company seeking a genuine and positive relationship with its customers. As a result of both these new technologies and practices, marketers today must not only identify the right target for their message and plan a strategy to get through the clutter, but also consider whether that message will actually reach its intended target.

3. Marketing is increasingly regulated.

Marketers have to comply with more regulations than ever before. Some of these regulations, such as do-not-call (DNC) lists, U.S. CAN SPAM and the EU's Data Protection directive are related to the clutter of marketing messages and consumers' desire for greater control. The effects of this type of legislation are widespread. According to a recent survey, over half of marketers reported that such legislation will impact their direct marketing programs more in the

next two years than in the previous two. Others regulations are related to more enterprise-wide issues, such as the U.S. Sarbanes- Oxley Act of 2002, which in Section 404, requires companies to create and disclose information about their internal control processes for financial reporting. And “the marketing function is a particularly visible target for efforts associated with the Sarbanes- Oxley Act because it commonly handles material amounts of discretionary spending.”No matter what the nature of the regulation, the fact is that marketers have new process issues to consider.

4. Marketing budgets are now scrutinized

Global competition, ever increasing, is continuously putting pressure on companies’ profit margins and as a result departmental budgets within each enterprise. Marketing is no exception. Marketing budgets are being scrutinized by top management and marketers are required to account for their investments and demonstrate, with hard numbers, the returns they are getting. In other words, not only are marketers being asked to do more with less, but they must justify decisions and investments.

WHAT ARE THE ESSENTIAL ELEMENTS OF EMM?

EMM technology provides support for customer analysis, demand generation and strategic planning and resource management. Additionally, a complete EMM offering provides the ability to measure the performance, profitability and bottom-line impact of marketing efforts.

Customer analysis includes capabilities such as data mining and predictive modeling, which provide a richer, deeper understanding of customers across all interaction touch points. It also gives organizations the ability to monitor and track segment behavior and trends over time thereby enabling better targeting and increasing the likelihood of response to specific marketing activities.

Demand generation solutions focus on acquiring, retaining and growing customer value. These solutions include campaign management, which no longer offer just batch and blast communication capabilities but the ability to manage inbound and outbound customer contacts across channels and interaction modes (i.e., selling and service). These next generation solutions help marketers deal with the new marketing realities while enabling delivery of personalized batch, transactional, event-triggered and real-time communications through automated, streamlined processes.

Distributed campaign creation and execution, cross-campaign optimization and lead management technology are also included here to deliver the most effective message at the right time for the highest profitability to a business.

Strategic planning and process management solutions, sometimes called Marketing Resource Management (MRM) or Marketing Operations Management (MOM), help marketers create plans, coordinate the execution of those plans and analyze the results. These solutions streamline processes and centrally store marketing information such that marketers can quickly and easily see how their marketing efforts and plans are progressing – from tradeshow, advertising campaigns, direct mail, events, and more. By using these capabilities, marketers are able to measure the performance of all their marketing efforts, assess their profitability and bottom-line impact and optimize their investments and operations.

In addition to customer analysis, demand generation, strategic planning and process management, a complete EMM solution must provide the ability to measure the performance, profitability and overall impact of all marketing efforts.

HOW EMM HELPS MARKETERS

EMM technology helps marketers bring together disparate parts of marketing from planning to designing, executing and analyzing. By automating and supporting each of these areas, EMM lets executives, marketing managers, analysts, field marketers, creative designers and more, achieve increased effectiveness, efficiency and accountability. Let's look at each part:

1. Planning

EMM enables marketers, such as senior executives, to leverage a central solution to capture their strategic objectives and develop budgets. Tactical plans that follow from these objectives such as communication strategies, demand forecasts, training and resource plans as well as privacy strategies may then be developed by other individuals. In many organizations today, marketing objectives and plans are scattered throughout the department in many different forms, such as paper documents, computer files, email threads or even just in people's heads. EMM, and specifically strategic planning and process management solutions, helps rationalize and document this process as well as provide ongoing visibility.

By centralizing objectives, strategies and plans using EMM, marketers have an easier time ensuring that each marketing program or investment is tied back to the overall marketing strategy. This means that there are fewer wasted investments. Also, by capturing all planning

elements within the EMM system, companies have created a history that can later be coupled with financial and other results to analyze the effectiveness of each investment.

For example, a major retailer of electronic goods recently purchased and implemented an EMM solution to streamline and manage marketing processes and track overall marketing effectiveness. Using EMM, they are automating marketing planning, managing marketing project workflows, facilitating collaboration, optimizing assets, and most importantly, notifying and alerting marketers of changes in their marketing programs and key performance indicators (KPIs) giving the marketers greater control over the outcome of these initiatives.

As a result of using EMM, this organization has increased visibility into all marketing initiatives, improved marketing velocity and productivity and has been able to enforce best practices and processes across the organization, resulting in significant cost savings and increased revenue.

2. Designing

With the strategic and tactical plans laid out, EMM can be used to design the specific programs and activities necessary to accomplish the stated objectives. EMM aids marketers with the design of both the external and internal aspects of marketing. For example, marketers can use EMM to design specific outbound campaigns as well as response strategies for inbound customer communications.

Designing usually starts with customer analysis and EMM capabilities such as predictive analytics. A large resort real estate company and ski resort operator uses EMM to identify previous guests for a specific resort who have a high likelihood of revisiting the resort from mid January to the end of April – when ski vacation bookings slow. Individuals likely to respond were included in a targeted multi-wave "come back" campaign. The results showed that the people the models predicted would visit during this period responded to offers and booked at a rate roughly 133% above those included but not identified by the models. Additionally, the booking rate was 5% with an 8.5% increase in skier revenue, and an increase of 3.5% in actual skier visits.

A world-renowned hospitality company has implemented EMM technology to move beyond traditional campaign management or "batch and blast" communications. By designing a series of batch, scheduled, event-triggered, and real-time marketing campaigns, they have defined and created a dialog with their customers around each hotel visit. In order to effectively target each of these communications, the organization is using predictive modeling and analysis to better understand its customers, and to determine the most effective up-sell offers for each individual. Reservation confirmations, as well as a pre-stay and post-stay interaction are automatically executed via the customers preferred channel with integrated marketing messages. The timely,

relevant and optimized communication strategy designed by this company has increased customer loyalty as well as the average revenue generated per visit resulting in significant ROI and impressive bottom-line results.

3. Executing

After planning and designing, EMM solutions can vastly improve velocity and resource utilization as well as help streamline execution to meet tight deadlines. Processes and interactions handled manually may be automated. Lists of target customers and prospects can be automatically generated and creative materials assembled for distribution via a variety of channels. Leads generated may be automatically routed and monitored. Responses to incoming customer communications can be dynamically created and inserted into web sites, reply emails or put in the hands of call-center representatives.

Using EMM for execution makes every process more efficient, but also makes them more effective and accountable because marketers can easily track what's going on and quickly respond or make changes as needed.

An example of a "lights-out" automated communication is one done by a leading specialty retailer using EMM. This retailer uses EMM to execute a targeted email communication to all individuals who have made an entertainment purchase online within a specific time period. Email content is dynamically selected for each individual. With EMM in place, this communication runs every Tuesday without manual intervention. In terms of results there are consistent weekly click-through as well as a distinct increase in customer profitability and loyalty. Another example is a full service financial organization. This company uses EMM to execute event-driven communications to ensure new accounts are funded and actively used. To date this organization has set up multiple event-based triggers such as this one to achieve a 500% lift on all marketing programs.

4. Analyzing

Throughout the planning, designing and execution of any marketing program, EMM provides ongoing analysis. EMM includes data and customer analysis as part of the entire marketing process for all marketing activities – direct, indirect, outbound and inbound. Marketers must start the planning and design process by analyzing customers and creating both strategic and tactical plans based on this customer insight. During execution, marketers must be prepared to analyze each spontaneous and planned interaction in order to determine the effectiveness of that interaction. And after executing plans, marketers must capture the results and conduct additional

analysis to deepen their understanding and prepare for the next cycle of planning, designing and execution.

Customer insight is greatly expanded when marketers use data mining to deepen their understanding of customer behavior or to segment customers more precisely. Real-time analytics broaden marketers' reach by enabling all parts of an enterprise to maximize the value of each interaction with customers. Optimization tools draw on past results to aid choices and trade-off decisions about budgets, media and channel utilization.

The powerful analytical tools in EMM help marketers do all parts of their job better, from spotting trends and issues, assessing key metrics, to reviewing and evaluating operational and financial performance across all programs. Ad-hoc analysis, detailed segment analysis and response trends may be reviewed and monitored as well as creative reviewed, leads assessed and much more.

A US-based mortgage division of a diversified European financial services provider was able to minimize losses when it quickly identified a significant increase in mortgage holder attrition, using EMM technology. After further investigation, the company determined that monthly programs targeted at mortgage holders were not effective in retaining customers.

With mortgage rates changing almost weekly, the organization needed to respond faster to competitive market conditions to maintain its customer base. By leveraging templates, analytics, and automation found in their EMM solution, the organization was able to rapidly execute more effective marketing programs in order to combat competitive pressures and decrease attrition.