HENRY STEWART EVENTS

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What is EMM and why does it matter?

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Abstract
Within many large enterprises today, marketing is still viewed as a ''black box'' where substantial resources go in and creative outputs emerge — outputs that sometimes drive increased sales and profits, and sometimes do not. In some companies, marketing has become so ''unplugged'' from other functions across the enterprise that it is unclear whether marketing activity is linked to business strategy and financial results in a meaningful way. How ironic — when you consider that marketing and innovation are perhaps the only two significant engines for growth of a business (and some would go further to say of our economy!). Enterprise Marketing Management (EMM) is a strategic business discipline and a set of enabling technologies that promise to plug marketing back into the enterprise.

Introduction

Say the word ''marketing'' to most people and you are likely to elicit thoughts of television commercials, catchy jingles and celebrity endorsers pitching new and improved products and services to customers. This visible output of the marketing process is creative and artistic activity that implies a purpose of driving customer preference for particular products and services. However, true marketing practitioners know that there is much more to the story. Behind the most successful commercials (ie: the ones that actually sell more of these products and services) are often hours of quantitative analysis to uncover the needs and wants of customers, to develop segmentation strategies and sophisticated targeting approaches, and to craft the specific messages that will activate purchase intent. What the layperson sees as an art is often the result of hours of scientific work.

Unfortunately, within many large enterprises today, marketing is still viewed as a ''black box'' where substantial resources go in and creative outputs emerge — outputs that sometimes drive increased sales and profits, and sometimes do not. More disturbing, marketing for some enterprises has become isolated from the core business to such an extent that it is unclear whether marketing activity is linked to business strategy and results in any meaningful way at all. This is ironic when one considers that marketing and innovation are perhaps the only two significant engines for the growth of a business (perhaps even the economy). It is time to plug marketing back into the enterprise.

Why is marketing disconnected?

Sadly, true enterprise-wide management of marketing activities has been inhibited from taking hold by the fact that marketing in general has remained separate from the information flow of the rest of the company. The ''information revolution'' has absolutely transformed the way business is done around the world. However, in most cases, marketing has experienced this revolution from the sidelines. This is not exactly a revelation, but the fact that marketing has still not availed itself of all available enterprise-class technology means the revolution is not yet over. Nearly every company has pulled together information into accessible, accurate, integrated databases, so that any person in the company can view transactions, customers and products, all in real time. It is this uniform view of information across a company that is new. While the rest of the company has largely become integrated thanks to enterprise resource planning (ERP), supply chain management (SCM), and customer relationship management (CRM) initiatives, marketing remains the island within the enterprise. This inability to leverage company and customer information has made instituting a scientific approach to marketing nearly impossible for many enterprises.

How do you close the gap?
The good news is that knowing what ERP, SCM and CRM systems can do can help in adapting a more scientific approach to marketing. The bad news is that you can no longer afford to stand still, because these technologies are creating great opportunities (and discontinuities) in the markets where you compete. The way to address this gap is enterprise marketing management (EMM):

- Enterprise because this approach to marketing is simply too important to be left only to marketing. What could be more important to the company's success than understanding how to use every resource, not just the traditional levers of the marketing mix, to drive sales and profits higher?

- Marketing because, after all, this approach is still focused on understanding and developing a market and executing the traditional "4Ps" of marketing: product, price, place (distribution) and promotion.

- Management because this pragmatic, data-driven approach requires marketing to take more responsibility and to interact much more extensively with the rest of the company. A company's brand has to be managed consistently across the enterprise — at every potential touchpoint with customers. Any person in the company who comes in contact with a customer has the potential to influence the customer experience and brand equity over time.

The role of marketers must be to inform decision making across the enterprise as the owners of the customer's experience with the brand. For example, marketing may suggest a reduction in a production forecast or a change in the promotion calendar, which in turn will affect the focus of the sales force — all in support of the needs and wants of the target customers.

To implement EMM effectively, it is important not just to do your homework in developing marketing communications, but also to reconfigure your thinking about how marketing should work with the rest of the company — sales, finance, operations, customer service, human resources, and so on — to deliver the brand promise and a profitable customer experience. It is also important to consider how marketing information flows from marketing to other departments and back again. This leads to the two key principles that underlie this entire reconfiguration:

- First, the brand benefits described in the marketing communications materials are simply too important to remain exclusively within the marketing department. They have to be shared with the rest of the company — sales, finance, human resources and operations.

- Secondly, marketing has to rely on the rest of the company to help it deliver the brand benefits, and also to monitor what works and what doesn't by tapping into other enterprise systems and data.

EMM closes the gap
"Marketing, which represents all the work between developing a new product and getting it sold, has been searching for a structured set of processes that could fill the gap. Dave Sutton deserves the credit for filling this gap with his concept of enterprise marketing management (EMM) that now can stand with ERP, CRM, and SCM as the four platforms for running an efficient, effective and profitable business."[1]

Now is the time to plug marketing into all enterprise information sources, helping the company to sell more products and services, more profitably. The information revolution has taken place around marketers while they have stood in the eye of the hurricane. Now is the time for marketing to take up its own cause in the information revolution, and put all of these enterprise information systems investments to work.

Marketers know better than anyone that the highest accomplishments are not measured in bits and bytes. No company has ever shrunk itself to greatness. The heart of all success lies in selling. Your company's ability to survive may very well depend on your ability to learn how to put these new information systems — and the information that flows through them — to work.

Nervous? Don't be — while all this sounds complicated, it's not… as long as you're willing to put in a little effort. There are many options for plugging marketing into the enterprise to drive immediate returns. For example, in the front office, marketing can be connected to sales and operations, while in the back office it can be connected to finance and human resources (HR).

The focus should depend on the nature of the business. For instance, companies that rely on direct selling with a sales force may focus on bringing sales and marketing together. Companies that sell directly to consumers without the benefit of a sales force may consider focusing on the upstream opportunity first, integrating marketing with finance to better track the return on marketing investments. Below is a brief overview of the different ways to get started with EMM.

Connecting marketing to sales

Once marketing has developed the brand architecture, communicating the brand's compelling value proposition, a natural next step is to consider how to enable sales to communicate these benefits accurately. Because the brand architecture — and its shorthand version, the brand positioning — has been developed specifically to drive customer purchase intent, it should seem obvious for marketing to arm sales people with this knowledge.

Unfortunately, as you probably already know, marketing and sales traditionally mix about as well as oil and water. The sales force often gets disappointed in marketing, as sales believes marketing creates campaigns and new products without any regard for customer needs. Marketing, for its part, is often organized around products rather than markets or specific customer sets. Supplying sales forces with product-specific information, marketing expects the sales force to reconcile this information with the solution-oriented needs of the customers.

In short, an enormous amount of time and effort gets wasted. The inability of marketing to connect with sales offers a great opportunity for marketers who are plugged into the sales information flow to sell more. With an EMM perspective, marketers feed the sales information flow that extends naturally out to every customer, across every customer touchpoint. This information flow is created with the customer in mind, and it must be developed with a holistic perspective in mind. Marketers also make plenty of complaints about sales. They claim that sales forces cannot execute well, focusing on price versus benefits. And if sales fails to provide feedback, marketing must rely on third parties and research firms to get the same information sales has in front of it every day.

There is also the matter of temperament. Many marketers think that selling is too much of a "hands-on" business, preferring to remain in the realm of concepts or advertising. Unfortunately, the disconnect between marketing and sales means that most selling content created by marketing either does not get used in the field, or does not produce a tangible impact on revenue-generating activities. In fact, recent surveys of field sales reps[2] at some of the largest and most respected companies indicate that upward of 90 percent of the material never even gets touched by sales. The main reasons cited by sales people:

- "It doesn't conform to the way I sell."
- "It's not relevant to the conversation I'm having with customers."

This means that nearly all the time and money spent on generating messaging content for the sales/customer interaction is for nothing, resulting in thousands or even millions of dollars of wasted effort each year. With every dollar wasted, the gap between marketing and sales grows larger, and the risk grows that marketing will be cut out of sales operations entirely. Is this the case at your company? Ask yourself these two questions:

- Is my messaging sales-ready? Does it conform to the way salespeople sell? Is it organized so they can easily find the right content at the right time based on the needs of the customers and sales force? Can it be composed into a format that is deliverable — easily and consistently — across each rep in every channel, in accordance with their existing training?

- Is my messaging customer-relevant? Does it represent the conversation already taking place with customers? Has messaging been aligned in response to customer goals, requirements and business needs instead of product functionality, and is there corresponding evidence to support this? Is it formatted in a way that is useful to customers?

Connecting marketing to finance

Just as it is difficult to bring about a marriage between two such disparate partners as sales and marketing, marketing often does not have the planning and budgetary information to look back upstream and apply financial discipline to its work. How can marketing possibly learn what drives sales, and what doesn't, if it is unable to track each investment and analyze the relevant sales? Marketing must strike an alliance with finance in order to track such revenues.

Plugging marketing into the finance function, in this instance, refers to the need for marketing to apply a rigorous, systematic approach to all of its planning, budgeting and spending. Enterprise marketing management requires an analytical approach, much like managing any financial portfolio investment. Knowing the specific results of marketing efforts allows marketers to correct their course along the way. The old practice of ''rolling the dice'' at the start of the year and measuring the results at the end of the year is dead. What form might this connection take? Considering that most financial systems are now part of ERP systems, this can be as simple as performing regular analyses of return on marketing spending. Or it can be as complex as an integration of marketing's planning, budgeting and investing efforts with financial systems, so that real-time data snapshots are always available. Just as you manage your stock portfolio, you should manage your portfolio of marketing investments. Few companies have this capability in place, but it is only a matter of time. The sooner the connection is made between marketing and finance, the sooner it is possible to tell the good marketing investments from the bad ones — and start making more mid-course corrections to maximize return.

Connecting marketing to HR

It is easy enough to grasp the necessary connections between marketing and the sales and financial departments. But what on earth could marketing and HR have in common? It's simple — in the modern enterprise, the most valuable assets walk out the door every day. More importantly, they have to be attracted through the door in the first place. Marketing develops a brand architecture that is intended to drive customer purchase intent. But what about driving employee work intent? This may sound like an absurd iteration of the problem, but the savviest employers realize that the winners of the game are the ones with the strongest team members. As a marketer, connecting to HR means helping HR determine the best players to communicate your message. How do you attract the sales superstar? The next logistics wizard who will save your company millions? The R&D specialist who will put your company on the map with a groundbreaking product?

Marketing must translate the power of its brand to potential employees. Otherwise, hiring becomes just a shot in the dark, and there may not be a second chance at that make-or-break employee.

The role of EMM in this instance is simply to develop a brand architecture for attracting employees, just as a brand architecture would be developed to drive purchase intent. All of the same tools that work for attracting, selling to and retaining customers can be applied to attracting employees. The real shame is that marketing and HR rarely come together in the best interest of the company. For the most part, applying marketing talent to attracting employees results from serendipity. CEOs would be wise to not get caught up in traditional silos and consider how marketing skills can be used in new ways. All of the customer marketing in the world might not make a difference if your employees are not up to the task of delivering what has been sold.

Connecting marketing to operations

The brand holds sway over the entire organization, and operations is no exception. ''Operations,'' in this context, refers to manufacturing, service, support, warehousing, delivery, maintenance and other activities. Even the smallest operational details can take on enormous importance when magnified across the entire enterprise. Every part of the organization interacts and communicates with your customers, so it behoves every marketer to think about every potential customer touchpoint.

The term ''operations'' does not do justice to the breadth of capabilities required. On a simpler basis, if sales and marketing represent demand generation, operations stands for demand fulfilment. Operations represents every single event related to delivering on the promise of the brand, once the customer has made their purchase.

While marketers may wax eloquently about customer loyalty and customer lifetime value, it is really up to operations to make sure it happens. And, if marketing fails to connect to operations, this cannot happen. Operations is the critical link to creating and maintaining the customer's experience with the brand at every potential touchpoint.

Getting started

Regardless of where you start — with sales, finance, HR or operations — plugging marketing into the enterprise and implementing an EMM solution can have a dramatic impact on the success and growth of the business. With EMM you will be able to turn customer data into valuable and highly actionable insight that can drive decision making across the business. The people who are on the frontlines of the business will be able to quickly and consistently deliver important messages and programs that your customers want. This will result in enhanced customer relationships, lasting preference for your products and services, increased operating profits and optimized return on marketing investment. No longer will marketing be viewed as a ''black box'' where money goes in and advertisements come out. Inside the company that has embraced EMM, marketing is never isolated from the core business. In fact, every marketing plan, strategy, tactic and budget is clearly linked to the business strategy and implicitly tied to business performance metrics. Most importantly, EMM helps to give marketing a seat in the boardroom — assuming its rightful place as one of the key drivers of growth and innovation for the business.

Reference

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Putting it all together: Strategies for implementing an enterprise marketing management strategy

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Abstract
New marketing priorities, especially the pressure to demonstrate value and return on investment, are shaping the next big evolutions in marketing. At the center of this trend is enterprise marketing management (EMM), a still-evolving term that is most often used when describing the various software suites that attempt to integrate and measure the different functions of marketing. While technology is fundamental to an EMM implementation, the most successful systems require more than a simple software installation. This paper explores the broader, more complex challenges in this emerging field, including its interaction with traditional marketing roles, conditions and reforms needed for success, and the changing business paradigms that increasingly call for an EMM strategy. EMM system development and the functions and responsibilities of the new, fifth role of marketing, marketing operations, are also outlined and explained in depth.

Introduction

Marketing organizations in the 21st century continue to face greater challenges with each passing year. There are new competitors, new communication channels, and an accelerated global marketplace operating 24 hours a day, seven days a week. The internet creates more choice for consumers and business buyers. This increasing complexity is accompanied by greater budget accountability, regulation and transparency in the form of Sarbanes-Oxley (in the USA), and flat or reduced staffing levels and budgets. This leaves many marketers scrambling to do more with the same, or less.

The role of the chief marketing officer (CMO), which emerged over the past decade, gives marketing a "seat at the table" with other C-level executives. The CMO is challenged to drive innovation and a customer-centric agenda while answering the chief financial officer's "value" question, explaining how each marketing dollar drives value. Given the fundamental difference between the short-term language of finance, which is often centered on the line-item general ledger, and the long-term language of marketing, which speaks of the "lifetime" value of a customer — proving the value of marketing is a serious challenge for the CMO.

Broad imperatives for the marketing organization

The result of these internal and external pressures is the emergence of four broad imperatives that marketing organizations must address in order to compete in the next decade.

- Demonstrate value: marketing organizations must identify more accurately and conclusively marketing's return on investment (ROI) at all levels of detail. Marketing programs must drive measurable results to justify their existence.

- Provide customer insight: marketing is expected to gather and analyze significant amounts of customer data to develop a better understanding of its customers in order to better anticipate their needs, and where, when and how they want to engage the company.
- Execute efficient programs: marketing organizations must gather and analyze operational and financial data to improve their program effectiveness while simultaneously driving down their cost. Program efficiency

is the foundation of the ‘‘do more with less’’ expectation.

- Establish corporate memory: marketing is expected to preserve and protect intellectual property to ensure contractual compliance and facilitate reusability of digital assets.

Marketing departments are addressing these imperatives by putting in place an enterprise marketing management (EMM) strategy that aligns marketing staff, marketing process and marketing automation with the goals of the company. The key elements of an EMM strategy are the reorganization of marketing around a marketing operations department, reengineering of marketing processes to increase efficiency while improving program effectiveness, and realignment of marketing automation applications around a marketing system of record.

Some companies have addressed the four imperatives solely through technology. While EMM systems certainly can and do support a more efficient marketing organization, implementing them without a supporting marketing organizational structure can be disastrous. For this reason, it is critical that the marketing organization be reviewed and restructured to address the four previously identified imperatives before implementing a technology solution.

Traditional marketing roles

There are four traditional marketing roles in most organizations. These are to manage the brand, to develop products and drive innovation, to understand and represent the customer, and to drive revenue through management of the customer lifecycle. Each of these roles is critical to the organization’s success.

Marketing professionals often excel in one or more disciplines, such as direct marketing, advertising or public relations. They are experts in building brands, developing and managing products, or executing lifecycle marketing campaigns. Typically, marketers are creative in nature, with skills to identify and design content and products appealing to their customer base. Yet they are expected to deal with budgeting and project management tasks as part of their job responsibilities, which are inherently non-creative. Attention to the details of the marketing supply chain, operations and budgeting is often something a marketer must learn on the job, and these activities are typically those least appealing to marketing professionals.

The fifth role of marketing: Marketing operations

In looking at the four traditional roles defined above, one may notice glaring omissions: where are marketing communications, technology, agency management and buying, among others? These key functions exist as services within marketing but are often ‘‘second’’ to the primary four roles. In fact, marketing also has a fifth role — marketing operations — which consolidates these ‘‘other’’ functions of marketing into a single organization. While rarely acknowledged, marketing operations is a role often assumed by the marketing communications or marketing services group simply because they are the ones who have to ‘‘get the work out’’ for others. Yet marketing communications is not always aware of the work plans and schedules of all the other disciplines like advertising and public relations, leaving a gap in the oversight and management of the marketing organization.

Agencies often serve as the de facto project managers of the marketing organization. Other than the rare case where an agency is a one-stop shop for integrated programs, calendars and projects are typically not integrated to express/reflect a single, comprehensive view of all marketing activities. Software applications specific to marketing project management and finance have only been available in the past few years, and have not been adopted universally. The rise of marketing management software provides a technology solution, but organizationally, people must conduct the processes required to integrate the traditional four marketing roles.

The responsibilities of marketing operations

Marketing operations must fulfill four key responsibilities: marketing governance, project management, performance management and shared services. The marketing operations function must support the four traditional roles, making it easier for everyone to get their jobs done. Whether it is through answering requests for project status or helping to overcome obstacles, marketing operations ensures the traditional roles can focus on what they do best.

It is critical to organize marketing operations in a way that ensures its ability to successfully fulfill its responsibilities. The marketing operations leader must be at least as empowered as the heads of the other traditional marketing roles and should carry a similar title. It is appropriate to think of the marketing operations leadership role as chief of staff to the chief marketing officer.

Having a marketing operations organization in place will ensure the success of EMM strategy implementation. Project management functions as the coordinator for all marketing activities, and its most important tool is an integrated EMM software application. Within EMM software tools are the capabilities to link objectives with activities, track financial performance against goals and measure key performance indicators. Adding a business intelligence tool, such as Business Objects, Cognos or Hyperion, will give all marketing leaders the right information to make informed decisions.

To achieve a high degree of marketing governance, marketing operations must lead the adoption of a measurement mindset, whereby it is more likely that data and insights will drive decision making, rather than the "gut feel" or preference of a particular marketing leader for above or below-the-line marketing investment.

Marketing operations as the foundation for EMM

In general, it is well understood that process reengineering and organizational realignment go hand in hand with the implementation of systems, and EMM is no exception. Despite the many technology suites that are named as such, it remains inaccurate to characterize EMM solely as a turnkey system. Rather, it is a strategy, often built on a multi-year time horizon that contains the implementation of technology as a component. The EMM strategy provides a roadmap for the integration of people, processes and systems across the marketing organization. A good EMM strategy will include the establishment of marketing operations (the people aspect) early in the roadmap, which enables the restructured marketing group to begin coordinating the processes that will ultimately be supported by the integrated EMM strategy. In addition, the marketing operations leader may serve as an executive sponsor, a vital component of the EMM process changes system implementation.

Recommendations for implementing a successful EMM strategy

Marketing leaders should consider five suggestions as they undertake the development and implementation of a multi-year EMM strategy.

- strong executive sponsorship is critical to success and lies squarely in the hands of the chief marketing officer;

- marketing processes should be evaluated early in the implementation of an EMM strategy so that they can be refined, consolidated and reengineered before any automation is selected;

- marketing should partner with finance and purchasing to build the ROI business case, then evaluate and select any required EMM software;

- marketing should partner with IT and with an experienced systems integrator to implement the EMM software; and

- a complete change management and user adoption program should be integral to the overall effort to implement an EMM strategy.

Conclusion

If an organization is able to successfully improve its marketing process, apply technology and change through the adoption of a marketing operations group supported by EMM software, it will address the four imperatives outlined at the beginning of this paper. Marketing tactics will align with company strategy. Marketing's ROI will be quantifiable and, as a result, performance across product lines and markets should improve over time. The integrated marketing calendar will provide much better visibility into the future, which will improve execution and overall performance. ''New money'' will be found in reduced cost of rework and vendor consolidations. In addition, workplace satisfaction will improve as individuals are empowered to work within their strengths, and new growth opportunities will be created for staff. The reward is greater than the challenge, and that is why companies should continue the development and implementation of marketing operations organizations as well as the technologies that support them as a cornerstone of an enterprise marketing management strategy.

Getting your data in order: An information approach to the perfect customer experience

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Abstract
Successful enterprise-wide management of marketing activities relies on the flow of relevant, reliable and timely information. Those organizations improving their customer relationship management processes to cultivate customer information are increasing their competitive advantage. This paper gives advice on collecting such information, the steps that can be taken to ensure quality and also how it may sometimes be necessary to enhance the data. The importance of taking a single customer view and how this can be achieved is discussed. This is followed by looking at ways of deriving new up-to-date information based on existing information, as well as from activities such as customer interactions and responses to campaigns. Finally, the paper describes the need for information to be seen as dynamic rather than static — customers change and the organization's knowledge of the marketplace must be refined and updated on an ongoing basis — improving the customer brand experience and giving the organization the competitive edge.

Introduction

Successful management of marketing activities across an enterprise relies on the flow of relevant and timely information. Technology provides the infrastructure in order to store and transmit this information across the business, but the availability, quality and ''actionability'' of the information will depend on the processes in place in order to capture, enhance and update data.

Relevant and accurate information is key to supporting decision making. Decisions should be based on fact — as Sergio Zyman explains, ''marketing is a science, not an art.''[1] Marketing is no longer about decisions made on gut feeling, but decisions made based on evidence and reasoning. The optimization of marketing activities based on information provides a clear competitive advantage, but only so long as the information is reliable and fit for purpose.

Accurate information is also key to building and developing profitable long-term relationships with customers. Recognition allows organizations to interact with each customer in the most appropriate way, for example, by using their preferred channel, contacting them at the most convenient time of day, talking to them in a way that best fits their lifestyle, priorities and needs, and informing them of products that will be of interest to them. In Carlzon's opinion, ''each contact point with a customer is a brand experience, a moment of truth''[2] — getting it right is paramount.

A local shopkeeper in a small village is likely to be able to do this pretty well — clearly with a varying degree customer by customer. This means the shopkeeper is able to give the customer the best possible shopping experience through knowledge of their personal circumstances, their likes and dislikes, and what happened last time they visited. This is relationship management. For companies with thousands or even millions of customers, this is only possible through IT and accurate information management. The incentive is that, if managed effectively, improving the customer experience increases the customer lifetime value. Developing customer information should be seen as an investment, and fully leveraging the information available to give the customer the best experience of the organization's brand is the same as optimizing the return on marketing investment.

Gathering the information

The local shopkeeper described above will quite happily rely on his memory to keep track of all his customers and remember the important and pertinent facts that will help in future visits. An organization, on the other hand, clearly needs to take a different approach. Information about the customer is gathered either directly from the customer themselves or can be acquired from a third-party information provider. Information gathered directly from the customer includes details collected at the start of the relationship, such as name, address, date of birth and, of course, the product actually applied for or purchased.

Information gathered directly from the customer will also include a record of every interaction that the customer makes with the organization, known as behavioral information. Behavioral information is dynamic, making it perfect for looking at the actual effects of marketing activity, for example, how and to what degree changes in the marketing approach affect the customer's behavior (if at all) and how the organization can learn from these changes. Behavioral information includes:

- contact history: for example, when, why and through which channel the customer has made contact;
- products bought: what a customer buys can reveal a lot about them, as customers faced with choices will make purchase decisions based on their needs;
- usage of the product: for example, credit cards can be used to record merchant choice; loyalty cards can be used to get a feel for shopping choices; insurers keep track of claims; and banks monitor banking behaviors.

Not only can such information be used to infer the overall needs and priorities of a customer but also certain types of behavior can be used as triggers of a change in circumstance, for example, car or house purchase, a birth etc.

Another key piece of information is how long the customer has been with the organization, based on date of registration. This will be a measure of the length of relationship. In many cases, the information described above will not be sufficient or will be limited. In such a case, information may be acquired from specialist third-party providers. These companies typically hold information on individuals or households — examples of products in the UK include, among others, Acxiom's InfoBase™ Lifestyle Universe, CACI's Ocean, and Experian's Canvasse.

An organization's file can then be matched against the information pool in order to enhance the data with additional information. This might include life-stage, family composition, number of cars, income, financial products held, holiday preferences, hobbies/interests and other useful information.

Data enhancements can include information that will help the organization to contact the customer via different channels through processes such as telephone or e-mail appends. Channel preference is key and the choice of channel for any outbound communication should reflect this.

Other enhancements may include off-the-shelf information products such as segmentations or variables developed through analysis on information from a range of sources with a specific purpose. Well known off-the-shelf segmentations include, among others, Acxiom's PersonicX™ suite, CACI's Acorn, and Experian's Mosaic.

Quality: Getting the data in order

A key purpose of collecting information is to make relevant offers to the individual customer and also to inform decisions on future marketing activities. Clearly, the effectiveness of this will depend on the quality of the data. Organizations need to consider how to manage and minimize incorrect and inaccurate data collection in order to reduce waste and therefore optimize campaigns.

The quality of the data held can be verified/ensured at the point of collection and also post-collection. At the point of collection this can be achieved through input data validation, such as format checks, valid value and range checks, and consistency checks. Data will most likely be entered via customer service agents at contact centers, or through data capture operators keying information from printed forms. Nowadays, much of the information will be entered online by the customers themselves. This information can also be validated and processes set up to ensure quality, for example, many sites will typically only ask for house number and postcode and then display the most likely address for the user to confirm, thus removing the possibility of typographical errors.

For name and address information already collected, a data quality audit will give an organization a feel for the overall quality of its data, as well as flagging records of potentially low quality.

A data quality audit will often be followed by "hygiene" of the customer file, for example, flagging salacious names, goneaways and records that match other industry suppression products such as deceased files. The quality of names and addresses can be improved by bringing them up to accepted postal standards. This can include checking and updating postcodes, thus improving deliverability of any direct mail. Ensuring that names and addresses are stored in a consistent format also means that they can be correctly parsed into components necessary for personalization, such as title, forename and surname.

Transactional data has the advantage that the quality of the data collected can, on the whole, be controlled and there is no such thing as user error.

Centralization

A very important element of data management is taking a single view of the customers, sometimes referred to as a "360-degree view." The organization should look at a customer and understand their history of interactions and purchases, regardless of whether from a different division or area of the organization. This is what the customer expects and it is an important element of the brand experience. The worst-case scenario is a customer calling in with a complaint and the customer service representative then trying to cross-sell a product that the customer already holds. In addition, a single customer view is the only true way to value a customer correctly. Despite being of low value in one area of the organization, a customer may be of great value in another. As Berry and Linoff explain, "a customer-centric organisation requires centralised customer data."[3]

In other words, data collected at different customer "touchpoints" or from different sources must be combined somehow into a single repository. Traditional fuzzy matching is one approach, however, it is now generally accepted that a linking of records via a reference or knowledge-based methodology is far more powerful, and specialist service providers can be used to provide the single customer view. A reference link approach also offers many additional benefits, such as alerting the organization of changes, such as house moves, marriage and other changes in circumstance that may be used as triggers for relevant marketing communications. This type of technology means the matching allows for the individual's details to be changed (whether by house move or marriage etc) and recognizes that two individuals that appear to be different are actually the same person. Table 1 illustrates the case in point. A reference-link approach uses a database of knowledge that can identify these two seemingly different people as the same person, despite the house move and marriage.

Table 1: Is this one or two customers?

	Name	Address
Record #1 – Before	Jane Smith	15 River Terrace, Liverpool, L1 3AB
Record #2 – After	Jane Johnson	37 Church Street, Bristol, BS1 2LX

Analysis and insight

Analysis and insight is about transforming the raw information into a form that will inform and guide future decisions.

The most basic type of transformation is converting data into the form most suitable for understanding, for example, the transformation of date of birth into an age.

A starting point for any analytics program is an audit of the current situation in terms of what information is stored and available, and how the current customer base splits up based on key factors such as products held, number of claims, frequency of purchase etc. This information can be supplemented with additional information such as demographic and lifestyle data to give further insight into customers and the different groups within the base. In effect, this is achieving three things:

- building an overall profile of the organization's customers;
- comparing this profile with that of the country's consumers as a whole;
- looking at how the profiles differ.

At this stage, this type of profiling can also be done through third-party companies that specialize in data collection without the need to actually add these variables into the organization's customer database This is a very rapid way to understand an organization's current positioning within the market, and such insight is invaluable for finding new customers, for example.

Broadly speaking, more advanced types of analytics can be split into two types: ''exploratory'' or ''directed'' data mining. Exploratory analysis is about examining customer data for patterns of associations and correlations that can potentially reveal new insight into customers and the way they behave. For a retailer, an example of this would be basket analysis. The data tell the story and, therefore, some findings will be useful, while others will be trivial and unactionable. Typical statistical techniques include affinity analysis, factor analysis, clustering methods and other nearest neighbor techniques.

In contrast, directed analysis is more about analyzing the data for a specific purpose. A typical example of this would be building a predictive model for scoring customers. For example, this might be a new variable showing the customer's likelihood to exhibit a specific type of behavior, such as propensity to have an affinity, and then go on to purchase a particular product or to respond via a particular channel. Typical statistical techniques include regression, neural networks and decision trees such as chi-squared automatic interaction detection (CHAID).

An advanced segmentation solution would typically combine a mixture of exploratory analysis and directed analysis. For the purposes of marketing strategy, the accepted industry practice is typically to have between five and eight segments. A customer-oriented strategy can then be placed around each one. Finding segments such as these can be driven by patterns in the data, as described above. However, care needs to be taken to ensure that the resulting segments make sense and are sufficiently robust to set strategic targets around them. To achieve the strategic targets, alternative segment-specific analysis using the directed techniques discussed above is appropriate. One such alternative is to take a hierarchical approach, where the overall strategic segments are further split into smaller ones for more tactical purposes.

In terms of customer relationship marketing (CRM), this provides the advantage of flexibility. For example, an organization may be limited in terms of how many different segment-specific creatives it can use for a mailing campaign, whereas it may have greater freedom in terms of numbers of calling scripts in call centers.

Off-the-shelf segmentations that can be subsequently customized for the particular organization can also reduce development time and costs. To ensure the solution is optimized for the organization and its CRM needs, it is well worth using consultants to help with any segmentation project.

Implementation and deployment

As discussed previously, it is important for the data in any CRM process or system to be accurate — but it is vital for the data to be ''actionable.'' It is pointless to go through the above process to gather real insight, only to find it is not deployable across the multiple channels available to the customer.

The customer-centric output of the abovementioned analysis will be the further enrichment of the data. The model propensity scores or cluster allocation need to be fed into the central CRM repository so that they are available across the whole organization, including, for example, the retention, acquisition and e-marketing teams, customer care representatives, buyers, new product development team etc.

The organization also needs to develop a method for assigning new customers with the analysis outputs as well as looking at mapping out elements of the insight onto prospect pools where customer acquisition is the main goal. Such an approach will ensure a coherent message and brand experience across the customer lifecycle and engender loyalty.

Feedback cycles and learning process

Recording the response and changes in customer behavior following a marketing activity provides yet further insight that should be fed back into the main repository of information. This will help in the evaluation of the effectiveness of a particular campaign as well as develop a better understanding of the behaviors of each customer at an individual level.

Taking a scientific approach to running campaigns will be of great value in the long term. Using control cells of customers will allow the true effectiveness and economic benefit of a campaign to be evaluated, thus informing future decisions. For example, by using control stores to isolate the effect of a supermarket campaign, it is possible to measure the effect on shopping behavior.

As a result of changes in a customer's own situation, behaviors and needs may change. It is important that these can be detected as early as possible through an update of the information and that the relationship with the customer is adapted to reflect this. In terms of the information, this may be detected by a migration from one segment to another. Triggers or alerts that pick up on significant changes in a customer's situation can be invaluable for relevant and timely communication.

Summary

In order to implement an effective CRM process, it is becoming increasingly important for organizations to develop a better understanding of their customers. Because organizations are unable to have personal relationships with each of their customers, they need to collect relevant information at every opportunity. Steps should be taken to ensure this information is converted into an actionable form, through better collection methods, enhancement, combining data to create a single customer view and the use of analytical techniques. This provides the stream of actionable information needed to flow through an organization's enterprise marketing management solution. The final stage is optimization through a process of action, feedback and learning.

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Business intelligence: Developing winning segmentation strategies

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Edouard Servan-Schreiber is also a Director of Advanced Analytics at Teradata. He has consulted in predictive modeling for the past decade. Working across industry barriers, Edouard has worked with telecom operators, retailers, banks and auto manufacturers on topics ranging from customer relationship management to e-commerce, price optimization and manufacturing reliability.

Abstract
This paper describes the role of customer segmentation in refining the organization's understanding of its customers so that it can cater to them more appropriately, and hence drive business value. It examines the business process for building customer segmentation — emphasizing the importance of maintaining business focus to drive construction of the segmentation. It then looks into how businesses use segmentation to track the impact and progress of their business improvements. There are two types of segmentation: segmentation based on rules and segmentation created using data-mining algorithms, called clustering algorithms. Rule-based segmentation corresponds to deciding a priori what the segments should be and describes them in terms of data attributes (eg ''young parent'' is a regular buyer of bargains and baby-related supplies). Data-mining segmentation makes few prior assumptions about the segments and seeks to assemble customers according to similarities in their descriptive attributes. Although the results of data-mining segmentation require interpretation to make business sense, they can be very enlightening about evolving customer behavior and unexpected changes in the market. The paper ends by looking at examples of value-based segmentation and behavioral segmentation.

What is business intelligence?

Business intelligence is a method of improving the business by taking decisions based on an understanding of the detailed data generated by the business activity. The approach taken in business intelligence is scientific and statistical, and although its practitioners typically employ a variety of tools, it is really about thinking through business problems and deciding on actions.

At the heart of business intelligence is the assumption that you have data describing your business — ideally at a very detailed level. This information can then be used to drive business decisions. These decisions can be tactical — who should I make this offer to? — or they can be strategic — how should I grow my business? — but above all, they are based on evidence. Business intelligence techniques cover a wide range of activities, such as reporting what has happened, better understanding the customer base, and predicting future behavior. Although all of these can help to drive business forward, the present paper concentrates on understanding the customer base, specifically the concept of segmentation.

Why should you do segmentation?

''There are two types of people…''

This may be the start of an old joke, but it is also a good indicator of why segmentation is so fundamental to people's thinking. People need to split things into categories — it helps to makes sense of the differences and to take coherent actions.

In business, segmenting customers is an effective way to understand them in order to take more appropriate actions towards them, thereby improving profits.

Looking at the average value of all of one's customers masks the differences in value across the customer base. By looking at the

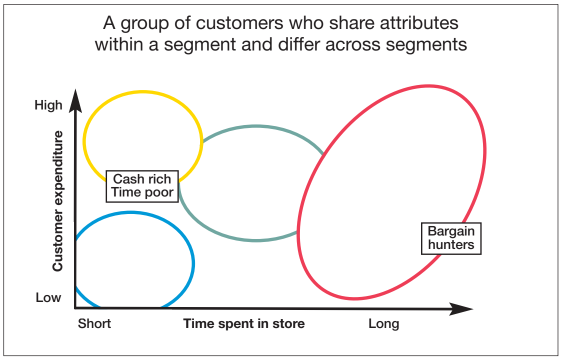

Figure 1: What is a segment?

Information from a churn model is linked to Customer Value segmentation

		Likelihood to churn: Low	Likelihood to churn: High
Customer value segment	Top value	No action required	High cost incentive
	High value	Growth activity	Medium cost incentive
	Medium value	Growth activity	Low cost incentive
	Low revenue	Re-pricing	Re-pricing

Figure 2: Using segments for marketing activity

average value of customers within a segmentation scheme, however, each segment gives a very different perspective. Consider the difference in value to a retailer of the "cash-rich time-poor" customers and the "bargain hunters." This kind of distinction can help you to tailor your products and services and to plan and predict their impact more accurately.

Good segments also help you to take action more productively. Even without additional targeting, a good segmentation scheme identifies segments that are more likely to churn to the competition or that are more likely to respond to new offers.

The basic principle of segmentation is very straightforward: select a population and divide it by some feature. One could, for example, take all the cars in the world and divide them by color. But the first and most important question about a segmentation is: how does it help my business? Car color may be useful for a paint manufacturer, but it is unlikely to be much use for anyone else. Can I send different marketing messages to people because their cars are different colors? Does car color help me to understand my customers better?

Of course, if there is a sensible and interesting way of segmenting customers then it can potentially help improve one's business. Later, the paper will discuss two examples of segmentation that take very different approaches to segmentation, namely value-based segmentation and behavioral segmentation.

How to build and use segmentation schemes

The process of building segmentation schemes is familiar to analysts and follows a series of well-understood steps, outlined as follows:

- Understand the business need
  - why are you doing the segmentation?
  - what kind of segmentation do you want (value, behavior, lifestyle)?
  - how do you intend to use it?

- Understand the available data
  - what data are available now and in the future?
  - what data are reliable?

- Prepare the data
  - choose a sample of customers and get the data into the right format for analysis.

- Build the segmentation
  - use rules or data-mining algorithms;
  - find good names for the segments to help users adopt the scheme.

- Evaluate the scheme with the people who will use it.

- Deploy the segmentation
  - ensure that all customers are mapped into the segments.

- Track the segmentation over time.

These steps are iterative and the actual process is often more chaotic than such a simple list may imply.

The scheme is ready to be used once all customers have been assigned to a segment.

It is worth starting by investigating the makeup of the segments: how many customers are in each segment, what are their ages (mean, median and range), their value, their demographics, their product holdings and so on. This should provide valuable insight into the customer base.

It is also worth taking actions against specific segments. Is one segment more likely to churn than others? Should marketing be targeted towards that segment? If so, how can one ascertain whether it has been successful?

At this stage, it is important to mention control groups. A control group is a set of customers used to test some aspect of the segment-based action being taken. Often they will be randomly selected and will not receive the marketing message. After the action has been taken, these control groups are vital for determining whether the objective has been achieved.

For example, suppose you were launching a campaign to promote new tariffs for mobile internet access. The control group would be a small random set of subscribers that would be insulated from the campaign before measuring their post-campaign take-up of the new tariffs. An effective campaign should show significantly higher take-up in the target market versus the control group. Without the control group, it is impossible to gauge the extent of natural uptake and hence there is no fair benchmark measure.

How to achieve winning segmentation strategies

Key features of a good segmentation scheme include:

- customers within a segment are similar;
- customers in different segments are different;
- the segments say something useful about the business;
- the segments enable profitable actions to be taken;
- there are a reasonable number of segments;
- each segment contains enough customers to be viable.

Do the segments reflect an underlying truth?

This is actually a rather grand way of asking whether customers are similar within a segment and dissimilar across segments. If the segmentation approach is going to be useful then this must be reasonably true according to the relevant business-wise measures.

One thing that is likely to be true is that the segmentation scheme will evolve with experience. When a data-mining tool is used to create segments there is usually a highly iterative process before the final scheme is discovered. A good test of the robustness of a statistical segmentation scheme is whether the same segments are produced when the data-mining tool is given slightly different parameters and starting conditions. This suggests that the segments are robust and significant.

Are you strategic or tactical?

Is the segmentation needed for a specific task or to help with a more general business need? The former type is a tactical segmentation; the latter is a strategic segmentation. Anyone who has ever created a mailing list, including some customers while excluding others, has effectively carried out tactical segmentation. In fact, the two segmentation types are similar in most ways — both can be generated using the same types of approach — but the fact that strategic segments are required to represent some underlying feature of the customers tends to make them both more interesting and also more challenging.

How many segments should you have?

When creating tactical segments, the number of segments is determined by the output that you are trying to create — there could be hundreds of viable segments.

When creating strategic segments, however, the number of segments should be limited. Typically, between five and ten segments makes sense. There must be sufficient segments to describe the customer base, but sufficiently few that they can be clearly distinguished. As a rule of thumb, if you are unable to clearly articulate the difference between two segments then they should not be separate.

Finding the right data

A common misunderstanding surrounding segmentation based on data-mining concerns the need to include everything that you want to understand. In fact, the segmentation should be built using only variables that are directly relevant to the segmentation scheme that has been designed.

The logic behind this is clear: data-mining techniques will try their best to identify consistent groups of customers from the data — but the more information they are fed, the more difficult the process of finding these groups.

This does not mean that it is only possible to interpret the segmentation based on the data used to build it. In fact, additional data can be used to understand the range of customer features or the typical customer within a segment. One might create a value-based segmentation, using cost and revenue information, but then look at the ages of customers within each segment. For example, this might allow one to say that, on average, the high-value customers are in the 26–35 age group, or located in urban areas.

An important note when sourcing data: the data must be available for the entire customer base and must continue to be available across the life of the segmentation scheme.

Segmentation lifetime

By design, a strategic segmentation must be valid for a reasonable length of time. This does not mean that customers have to be static within a segment; rather it means that the segments must maintain a fairly constant size and the customers within them must continue to behave in the same way (and differently from those in other segments).

Unfortunately, this creates two problems. How is it possible to determine, in advance, that a segmentation scheme will be stable over time, and what happens if market conditions change?

In theory, determining the first of these is straightforward — it is simply a case of applying examples of customers from a past time period and comparing the way they are segmented. In practice, however, such data may not be available.

The second problem is even more troublesome — after all, action is only taken against a segment when change is actively wanted, whether that is for customers to buy new products, become more profitable, or become less likely to churn.

If it is not possible to guarantee stability, it is at least possible to measure it. One can trace how many customers come into or go out of each segment, and one can use control groups to establish the extent to which this has been caused by the preceding activities. This effort at least ensures that the segmentation's validity is monitored, providing proper lead time for updating the segmentation when it becomes necessary.

Two successful segmentation methods

Value-based segmentation

There are two types of segmentation: segmentation based on rules and segmentation created using data-mining techniques.

Segmentation based on rules is valuable and relatively straightforward to create. For example, one of the most popular types of segmentation is customer value segmentation. This has the potential to be very useful: if one can easily identify high-value customers then one can differentiate one's actions and products.

The starting point for customer value is being able to access detailed information about the costs and revenues generated — at the most detailed level possible. For example, it is more useful to have information at a transactional level than at a customer level.

Creating a calculation that brings these elements together can be tricky — not from a mathematical perspective, but because of business issues and user expectations. An example of a business issue that causes problems is how to deal with joint accounts or products: how should one distribute income and costs? An example of a user expectation that causes problems is when there are diverse functions that want to use the same segmentation or calculation.

Once the calculation has been performed, it is possible to group customers into an appropriate number of segments, based either on quantiles or specific value points. If equally-sized segments are important, then quantiles are appropriate; if users need to understand the segments easily, then specific value points are more useful (for example, a break between segments of over or under £100 is easier to comprehend than a break at £96.82).

A final word of warning on value-based segmentation is obvious but too often overlooked: when changing a product's price, it will have a profound impact on the customer segmentation — potentially far more than any change in customer behavior.

Behavioral segmentation

Using rules implies that you know in advance how you will segment your customers. For behavioral segmentation, however, it is not clear, in advance, how behaviors might group your customers, so a different approach is needed. Here, the paper turns to data-mining and specifically an approach known as clustering.

Clustering algorithms take in a set of customers and return a grouping of the customers that makes sense from a statistical perspective. The algorithm attempts to find the customers that are similar to each other given the data.

The output of the algorithm is either to return the description of a typical customer within each cluster, or to describe the range of attributes within each cluster. These clusters are described in a cryptic manner such as "cluster A has attribute 1 in the interval [3.67, 9.76], attribute 2 in the interval [132.21, 152.10]…"

These descriptions are not very helpful and, indeed, using clustering requires significant effort to interpret the results to make sure they fit with common business sense. This should reach the point where it is possible to describe, in a short meaningful phrase, the essence of each segment. For example, a mobile operator may end up with behavioral segments such as "young and tech enthusiast," "business user, roaming, cash-rich, high service demands," or "close family and voice only."

If the analyst is not happy with the results, then they can add data to describe customer behavior more appropriately. This cycle goes on until the clusters make sense from a business perspective and the results are robust. In this case, robust means that if the clustering algorithm is launched with slightly different parameters, or a with a different random customer sample, the resulting clusters will be the same.

As before, the benchmark of value is that the result must help business users understand their customers and take action to increase profits.

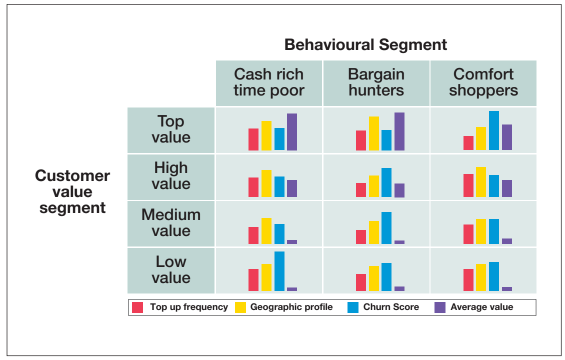

Figure 3: Integrating different segmentation schemes

Two final thoughts

There is a very quick and potentially profitable way to extend the segmentation approach and provide depth of information to one's business. This can be done by combining the segmentation schemes.

For example, were one to perform both a value-based and a behavioral segmentation, as described above, this would provide two schemes with, say, seven segments (four for value, three for behavior). By combining these and looking at where the two schemes intersect it is possible to identify a rich new vein of information (Figure 3). The customers can now be placed in one of 12 meaningful segments with no extra work.

The final comment is perhaps trivial, but it is one that will affect the success of any segmentation scheme: the choice of name for your segments. There is no doubt that a memorable name that instantly says something about the segment will have more of an impact than calling a group of customers "segment 24." In fact, some well-named segments have even been taken up by the media and there can surely be no greater honor than that. So to the creators of the Silver Surfer segment (older people with high internet use), the Cash-Rich Time-Poor segment, Generation X and the Baby Boomer segment — stand up, we salute you!

Appendix: Winning segmentation checklist

- Strategic or tactical? This will determine your approach and the business value that can be achieved.

- Identify those who will use the segmentation. Do they have specific needs? How will they understand the segments?

- Determine the approach: rule-based or data-mining based?

- Find the right data — data for building the segments and data for interpreting the segments.

- Get the right number of segments — too many and they will not be easy to understand, too few and you will be unable adequately describe your customers.

- Track your segments — things will change!

- Great names make for happy users.

Marketing resource management: Driving rapid, measurable business value

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Brad Bohrer is the Sr. Director of Strategy and Product Marketing for Unica Corporation's marketing operations and cross-channel execution products, driving product strategy and go-to-market efforts. For the past five years Brad has helped build Unica into a leader in the area of marketing resource management (MRM) software. During his ten years in the enterprise marketing management (EMM) space, Brad has worked with hundreds of companies across a wide range of industries to apply software to improve marketing effectiveness across both offline and online channels. Prior to Unica, Brad operated a marketing operations solutions consulting practice and was an early employee at one of the pioneering MRM software vendors.

Abstract
Today, marketers face unprecedented complexity, resource restraints, and demands for accountability. To succeed, they need marketing resource management (MRM) software that integrates and streamlines all their activities, including operations/process management, budgeting/expense management, and centralized asset storage. This paper demonstrates dramatic operational improvements this software can deliver in five areas: velocity, visibility, capacity, alignment, and compliance. Next, drawing on extensive experience in enterprise deployments, it offers a proven model for estimating ROI. The model focuses on savings in three key areas: internal labor, agency fees, and media/production/materials. In a marketing organization that will spend $80M per year, the model demonstrates annual savings of $11.6M.

Introduction

Marketers can no longer rely on heavy investments in advertising to attract customers or retain loyalty. In today's customer-centric environment, they must run more finely-targeted cross-channel programs, drawing on more data, and selecting from more diverse media options. They must plan, create, test and deliver programs more quickly, with fewer resources. They must meet tougher standards of accountability for each program's contribution to business goals. And they must comply with mounting restrictions that touch everything from compliance to privacy.

How can marketers manage all this new complexity, while making the most of their new opportunities? The solution requires new processes and approaches — but these will only succeed if the infrastructure exists to support them. These marketing resource management (MRM) solutions offer marketers immense long-term opportunities. However, most marketing organizations will only be able to implement them if they can demonstrate rapid return on investment.

This paper is designed to help marketers understand the multiple ways in which MRM systems can quickly drive real, measurable value. It first explains what MRM is and the benefits it generates. Next, it demonstrates how to cost-justify the investment in an MRM system, using a proven financial model based on the experiences of dozens of enterprise MRM implementers. This easy-to-use model is based on work by Unica, as well as the extensive experience of Aquent Consulting, a leading process consultancy for marketing and creative organizations.[1]

The core challenge: Disconnected systems and processes

Worldwide, marketers spend over $1trn each year. Yet most still manage their projects via a hodgepodge of spreadsheets, word-processing documents, e-mail and other disconnected applications.

This approach results in unnecessary cost and delay. It restricts coordination and collaboration. It makes metrics difficult to capture, and even more difficult to leverage in process improvement.

As marketing becomes more deeply involved in shaping customer experiences and ongoing dialogues across multiple touchpoints and channels, marketing projects become more sophisticated and complex. Using legacy applications, managers, analysts, creative and production staffers find it increasingly difficult just to keep pace — never mind identify and leverage new opportunities. The result: greater employee turnover, lower quality, higher costs, and increasingly poor performance.

The solution: Integrated marketing planning and management

From supply chains to sales-force management, many business functions have faced similar challenges and found a similar solution: invest in a flexible, integrated application that supports best-practice processes. Now, with MRM, the same approach is available to marketers.

MRM is software that systematically addresses marketers' requirements for better planning, budgeting, process management and tracking. Using MRM as a foundation, marketers can optimize virtually all their processes, refocusing scarce resources on understanding their customers, defining strategies and delivering more creative solutions.

MRM provides a collaborative framework for marketers to manage all their activities and easily share project specifications and production data with colleagues and partners. It provides solutions for planning workflows, assigning tasks and resources, and tracking projects. It helps organizations establish repeatable processes for developing campaign logic and creative materials, automating approvals and auditing. And, with MRM, successful programs can be reused quickly, easily and at extremely low cost.

MRM brings together:

- operations and process management: MRM provides a central place for establishing and communicating objectives, defining activities to achieve them, managing execution, and tracking and analyzing results;

- budgeting and expense management: MRM helps marketers manage budgets and expenses to meet their own needs and those of other stakeholders;

- storage of reusable work: with MRM's secure, centrally-managed storage, any deliverable created by marketing — be it a specific creative file or something less tangible such as the product specification of an envelope, the details of a trade show venue or the definition of a target audience for advertising — can be easily accessed and reused by any authorized user, using a standard web browser.

Utilizing these capabilities, marketing organizations can achieve dramatic operational and cost improvements, benefiting from best-practice processes without imposing new complexity or stifling creativity.

Assessing MRM's benefits

MRM adopters have achieved powerful improvements in multiple areas. Five of the most crucial are velocity, visibility, capacity, alignment and compliance — these are explored below.

Velocity

By capturing project management best practices and establishing standard processes for campaign logic, creative development, program execution and analysis, organizations can streamline campaign delivery and systematically eliminate delays.

MRM eliminates approval-related bottlenecks by making materials more accessible for review and automating approval workflows, including reminders that keep reviewers on schedule.

Through customized project templates, MRM helps organizations improve coordination, quickly implement best practices and eliminate rush fees, rework, compliance fines and duplication. Templates ensure that everyone — even new employees — understands what must be done next, by whom and when.

Visibility

As a marketing "system of record," MRM provides immediate visibility into all marketing operations. Instead of relying on meetings, e-mail and voicemail, project stakeholders have a clear, current view of activities, project status, budgets, resource availability and performance. Managers can consistently measure and track programs throughout their lifecycles. Teams can identify issues faster and make timely course corrections. Managers can optimize budgets, improve resource utilization, synchronize market activities and determine true return on investment (ROI) for each program. It is easier to halt underperforming initiatives and reallocate their funds.

Finally, decision makers gain detailed benchmarking data for continuous improvement. Outside vendors can be tightly linked and closely managed, improving accountability and reducing cost. Moreover, MRM can support vendor consolidation strategies that can drive even greater efficiencies.

Capacity

Adopters report that MRM increases their capacity, helping them respond effectively to growing demand. With MRM, marketing teams can design, develop, execute and analyze more programs, because they are freed from inefficient processes and resource-consuming bottlenecks in project development and approval.

Secondly, using MRM's central project repository, project teams have immediate access to best practices and existing program templates. They can staff and launch new projects more rapidly, drawing on up-to-date information about resource availability and accurate historical information about comparable projects.

Thirdly, the storage and management of reusable work enables marketers to leverage existing creative briefs, graphics, direct mail, advertising copy and even promotional themes, specifications, offers and targeting.

Alignment

Marketing expenditures have greater impact when marketing is consistently aligned with strategy, but companies have found alignment difficult to achieve. MRM promotes it in several ways.

First, MRM creates a top-down planning workspace where high-level marketing plans and budgets are captured and communicated to the entire organization. Next, MRM can centralize strategic goals, marketing plans and budgets, helping companies ensure that all new projects reflect agreed goals, objectives and tactics. For example, MRM is typically configured to prevent expenditures that are not matched to a specific marketing objective.

The system's increased transparency makes it more difficult for projects to run off track, or operate "under the radar." Finally, centralized asset management ensures that every marketer utilizes the same approved creative resources.

Compliance

Changing compliance rules, privacy regulations and customer preferences introduce new risks for marketers. MRM's standard approval processes, collaborative markup, automatic revision logs, version control and audit trails ensure that every finished deliverable has been carefully reviewed and tracked. Finally, the best MRM systems easily integrate with other enterprise systems, ensuring that external stakeholders — from finance and counsel to line managers — have easy access to compliance information.

Assessing MRM's return on investment

Thus far, this paper has considered the broad benefits of MRM systems. It now turns to assessing their return on investment.

There is extensive evidence that MRM systems can and do deliver exceptional payback. For instance, according to Gartner, one MRM adopter accelerated creative approval timeframes from 14 to 2 weeks. Another saved over $200,000 per brand through improved reuse of existing work. Unica's customers have reported payback in six to nine months and project cycle-time decreases of 50 percent or more.

While these experiences are certainly relevant, a more important question may be: what kind of ROI can you expect in your own organization? Working closely with Aquent, one of the world's leading marketing management consultancies, Unica has developed a financial model to credibly estimate the percentage savings that the marketing organization can reap by implementing an MRM solution. The information generated using this model will make sense both to marketing leadership and to the financial and C-level executives who must compare MRM payback against that offered by alternative investments.

Three key sources of cost reduction
The financial model calculates three sources of savings in marketing spend, each of which can be achieved without compromising marketing effectiveness:

- internal labor spend: the total cost of labor for a company's marketing workforce;
- agency fee spend: the aggregate cost of fees and hourly/project labor costs for any external agencies and associated vendors such as designers, web programmers and production artists;
- media/production/materials spend: all spend on such tangible expenses as media buys, printing, postage and film.

At this point it is important to note that while these savings are typically the easiest areas to quantify, they are not the only areas where MRM can drive business value. For example, implementing modern MRM systems can improve collaboration across the marketing function, thereby making it easier for marketers to create personalized, cross-channel, two-way dialogues with individual customers. This deeply interactive approach is emerging as the most effective way to market in the age of the internet — the best way to cut through clutter, overcome resistance and improve marketing performance. The present paper makes no attempt to quantify benefits such as these, which — in the long-term — could dwarf the savings that are discussed.

Model assumptions
The model incorporates various facets of a typical client's marketing and creative services operation: internal staff size and labor spend, staff utilization, quantity and types of projects, and external spend on agencies, vendors and media.

Using these typical indices, the effect of an MRM solution is modeled on the relevant operation, assuming significant ''fixes'' to the use of people, processes and technology. The ''what gets fixed'' categories include eliminating wasted jobs, increasing utilization to reduce canceled jobs, and shifting work from high-cost vendors to lower-cost internal options. The model makes these specific assumptions:

- staff of 20, being paid for 38,400 hours per year (or 1,920 hours per staff member);
- internal labor costs of $1.33m;
- agency and vendor labor costs of $4m;
- production, materials and media spend of $75m;
- total spend: $80m.

Improvements in planning, organization and operational processes

Improved planning
MRM makes possible major improvements in the way marketing organizations prepare, coordinate and staff projects (see Table 1):

- Eliminate wasted jobs: When marketers have a platform for seeing and measuring every project and initiative planned across business units and affiliates, they can eliminate those that are ineffective, redundant or no longer connected to specific marketing goals.
- Shift work from high-cost vendors to lower-cost internal options: Segmenting projects to distinguish between those of higher complexity and lower complexity allows an organization to develop lower-cost in-house solutions that focus on lower-complexity projects and thereby better manage their external spend on higher-complexity projects.
- Increase utilization: Marketing schedules are seldom static — the workload rises and falls with seasons or business demands. Using an MRM solution to forecast peaks and valleys,

Table 1: Potential cost savings due to improvements in planning

What gets fixed	Typical improvement	*Percentage savings* Internal labor spend	Agency fee spend	Media/production/ materials spend
Eliminate wasted jobs	Potential to eliminate 10 percent of marketing initiatives by identifying ineffective legacy projects or those that do not align with overall marketing objects	10%	10%	10%
Shift work from high-cost vendors to lower-cost internal options	One-third of internal hours (the savings generated in the above categories) can be used to assume work now being done at agencies; the organization can replace $150/hour labor (external resource) with an internal resource at $35/hour (market-dependent)	Taking on agency work internally can approximately double the savings from the above efficiency gains	28%	<1%
Increase utilization	Increase in internal staff utilization from 75 percent to 80 percent	6%	0%	0%

Table 2: Potential cost savings due to improved project organization

What gets fixed	Typical improvement	*Percentage savings* Internal labor spend	Agency fee spend	Media/production/ materials spend
Increase reuse of existing designs through templates	Simplify the work effort on 10 percent of projects	7%	7%	Less than 1%
Improve work-title match	Use lower-skilled resources on 6 percent of hours assigned to projects	2%	0%	0%
Reduce time spent on approvals	Eliminate at least one review on 80 percent of projects, with corresponding decrease in management time	5%	3%	<1%

Table 3: Potential cost savings due to improved operational processes

What gets fixed	Typical improvement	*Percentage savings* Internal labor spend	Agency fee spend	Media/production/ materials spend
Reduce rounds of revision	Eliminate at least one round of revisions on 30 percent of projects	4%	3%	<1%
Reduce canceled jobs	Cut jobs stopped midcourse from 5 percent to 3 percent	1%	1%	<1%
Reduce time spent searching for existing assets or recreating assets	Reduce asset search time by ten minutes per project; eliminate asset recreation on 2 percent of projects	1%	0%	<1%

Table 4: Total costs before and after implementation of MRM

Category	Before MRM	After MRM	Savings (%)
Internal labor costs ($)	1,330,000	855,000	475,000 (36%)
Agency and vendor labor costs ($)	4,000,000	1,900,000	2,100,000 (52%)
Production, materials and media spend ($)	75,000,000	66,000,000	9,000,000 (12%)
Total spend ($)	80,330,000	68,755,000	11,575,000

marketers can shift work schedules to match available resources and improve utilization.

Improved project organization
MRM can ensure that more complex or strategically important projects receive a higher level of skill and greater management attention (Table 2):

- Increase reuse of existing designs through templates: Instead of creating each new project from scratch, marketers can use templates — for projects with particular characteristics — to reuse existing designs.

- Improve work-title match: Staffing each job to the lowest appropriate skill set reduces the average labor rate and frees up senior team members to focus on more strategic initiatives.

- Reduce time spent on approvals: Managing approvals taxes marketers' time and resources. Automating the approval process lets all reviewers see others' comments and collaborate more efficiently.

Improved operational processes
MRM can ensure that each project moves through established processes optimized for the specific type of project (Table 3):

- Reduce rounds of revisions: A precise, more efficient project request process requires marketers and their clients to clarify project goals and expectations before work begins. A better project request process yields more complete information, reduces miscommunication and cuts back on revisions.

- Reduce canceled jobs: Following a specific, automated project request process with safeguards and ''gates'' before initiation reduces mid-project surprises and the chance of job cancellation.

- Reduce time spent searching for existing assets or recreating assets: Far-flung organizations with multiple locations, agencies and vendors spend too much time searching for or recreating assets. The digital asset and/or content management capabilities of an MRM solution alleviate this problem.

What to do with the savings
As shown in Table 4, this model suggests that a comprehensive MRM solution can reduce a typical $80m enterprise marketing budget by $11.6m. Presented with these results, a corporate decision maker will ask, ''What would we do with the savings?'' The following scenarios represent choices that Unica's marketing clients have made when they have actually achieved results of this magnitude:

- Reduce or slow the growth of next year's operating budget: For some organizations, the choice is clear — translate reduced work directly to dollars saved, via reduced budgets or slower budget growth.

- Extend reach and impact of current initiatives without a budget increase: With more time and resources available, marketing organizations can build on the success of current initiatives without increasing costs. They can target more segments, translate their messages into more languages and test more direct mail campaigns. In short, they can extend the reach of their traditional marketing programs.

- Launch new initiatives that require more labor spend than media/production/materials spend: Interactive, internet-based and new media marketing initiatives typically demand more human capital than financial capital. Reallocating resources toward people-intensive processes and projects allows organizations to test and explore new channels without costly media buys and with minimal financial risk.

Conclusion
Today, marketing has unprecedented opportunities to connect with customers in more personal and relevant ways than ever before, using channels and technologies that did not exist even a few years ago. But to fully

leverage these opportunities, marketers must systematically optimize their processes and structures and deepen their expertise.

MRM offers the best path to attaining these goals. Better yet, it does so while enabling sizable and rapid cost savings in all major areas of marketing expenditure — internal labor costs, agency and vendor labor costs, and production, materials and media spend. It is the truest form of win-win investment: one that saves money now while positioning you for top-line improvements for years to come.

Appendix: Internal assessment worksheet

As you measure your own marketing organization against the benchmarks presented in this paper, you will want to carefully consider how you are structured now, how efficiently you operate and the improvements that might be made to people, processes and technology were the systems in place to support those improvements. Ask yourself the following sets of questions. In each case, if you find room for improvement, MRM can help facilitate that improvement.

- Project planning
  - Do we have a standardized project request process?
  - Does the team follow the project request process?
  - Do clients respect the project request process?
  - Must each new project meet established criteria?
  - Is each project vetted for alignment with the organization's objectives?
  - Are projects frequently cancelled prior to completion?

- Task assignments
  - Do we have a standardized process for assigning resources to each project?
  - Do our staff's talents align with our changing responsibilities?
  - Do senior team members frequently work on tasks that are below their skill level?
  - Have we established criteria for assigning tasks to external vendors?

- Execution
  - Do we have a standardized process for managing projects?
  - Have we established workflows for typical job types?
  - Are there fewer than three rounds of revisions for most projects?
  - Does the individual who approves a project output vary by the importance and/or the complexity of the project?
  - Are a high percentage of projects on budget?
  - Are a high percentage of projects on deadline?

- Measurement
  - Have we established criteria for measuring a project's success? (eg cost-effectiveness, quality, adherence to brand)
  - Do we know how our team measures against industry benchmarks?

References

1 *For 20 years, Aquent has led the way in transforming how companies find and utilize marketing and creative talent to execute their brand strategies. Aquent's pioneering approach to staffing and services has helped thousands of companies — including two-thirds of the Fortune 500 and 90 of the Fortune 100 — build their internal marketing and communication capabilities. Headquartered in Boston, Massachusetts, Aquent has 70 offices in 17 countries with more than 11,000 professionals working at over 3,000 companies. Aquent Consulting is a division of Aquent and can be contacted by writing to aquentconsulting@aquent.com.*

About Unica

Unica Corporation (NASDAQ: UNCA) is a leading global provider of enterprise marketing management (EMM) software and services. The most comprehensive EMM suite on the market today, Unica's Affinium® software streamlines the entire marketing process from analysis and planning to project management, execution and measurement. More than 600 companies worldwide depend on Unica for their enterprise marketing management solution. Unica is headquartered in Waltham, Massachusetts with offices around the globe. For more information, visit www.unica.com.

Marketing asset management: Making assets actionable and engaging

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John Thomson is president and CEO of Saepio Technologies, a leading provider of powerful, yet simple-to-use marketing asset management technology for corporations with distributed marketing networks. These solutions are in use at hundreds of leading companies and organizations, including many of the world's most powerful brands. John oversees all facets of Saepio's operations on a worldwide basis. Prior to joining Saepio, John gained more than a decade of experience in the technology sector at EMC and Cerner corporations.

Abstract
As the foundation of an enterprise marketing strategy, marketing asset management (MAM) technology meets the demands of instantaneously assembled marketing assets, delivering the right message to the right person at exactly the right time. Often referred to as the engine that powers advertising, MAM combines digital asset management, collateral customization and marketing automation into a single, comprehensive technology platform that drives intelligent marketing campaigns. While each of these technologies individually provides value, combined as part of MAM they provide benefits that significantly outperform what any single system can do on its own. MAM delivers on its promise to improve brand compliance while engaging distributed marketers and empowering them to produce ads that address the needs of their local market. In addition, MAM quickly provides a measurable return on marketing investment, eliminates repetitive tasks such as the resizing of ads, and enables speed-to-market so that marketing messages reach targeted customers and prospects much faster. This paper discusses why MAM is a core piece of the enterprise marketing strategy and the impact it has by taking the waste out of the advertising process and making marketing messages more relevant to customers and prospects.

Introduction

Marketing asset management (MAM) should be at the foundation of an organization's overarching enterprise marketing management (EMM) strategy.

As a vital part of the advertising process, MAM combines digital asset management, collateral customization and marketing automation technologies into a single, seamless process that:

- improves brand compliance;
- advances measurable return on marketing investment;
- eliminates repetitive tasks;
- enables speed-to-market; and
- engages distributed marketers.

This paper will look at each of the three foundational MAM components in detail. But first, it is important to review where MAM fits within an EMM strategy; how it integrates with other components of an EMM infrastructure; and why the organization must have a MAM strategy in place in order to meet the demands of engagement-based marketing and to stretch marketing dollars further.

Where marketing asset management fits within EMM

There are many different models that depict the components of an EMM system. For example, Forrester Research[1] describes the major steps as plan, design, execute and measure. Gartner[2], meanwhile, lists 27 specific stages, while Frost & Sullivan[3] defines the modules of marketing process optimization solutions as product and campaign management, strategic planning and budgeting, MAM, marketing content generation, and reporting and analysis. The present paper focuses on customer relationship management (CRM), business intelligence/analytics, marketing resource management (MRM), MAM and customer nurturing as key components.

Regardless of the description and/or definition, similar functions emerge:

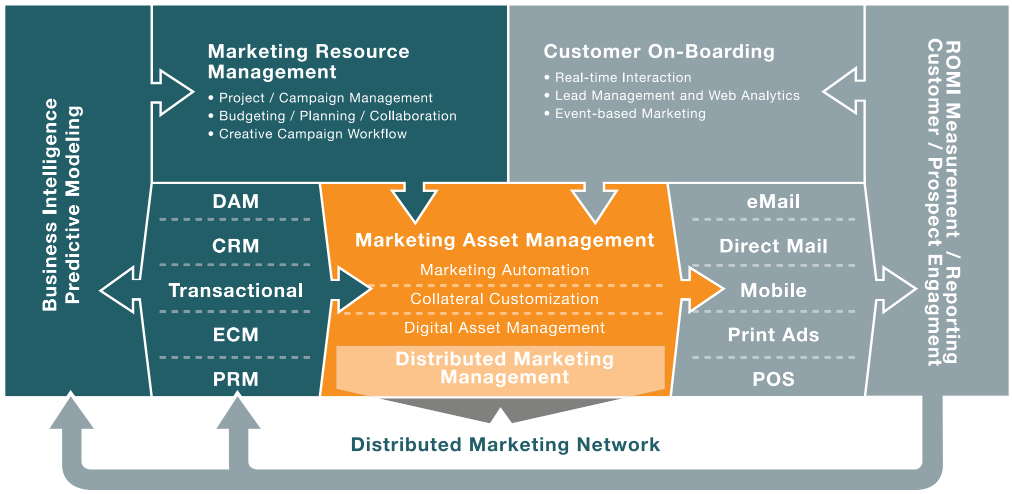

Figure 1: Marketing asset management's role within an enterprise marketing management strategy

- a process of data capture, cleansing and storage;
- business intelligence/analytics applied to data that — along with market research — can help guide product development, market segmentation and positioning initiatives;
- campaign planning, creation and budgeting steps related to MRM;
- the process of creating marketing content and delivering it to consumers/customers;
- the process of capturing data that can provide insight into the interaction with the consumer/customer; and
- the process of nurturing consumer/customer relationships based on interactions and the capture of information about those interactions.

As Figure 1 shows, MAM addresses several of these functions. MAM may interact with a CRM system or other data repository to determine what content to assemble and deliver, to determine where to deliver a message, or to insert CRM data into a marketing communication.

MAM also is often heavily integrated with an MRM system. Through the MRM system, marketing assets are loaded into the MAM digital repository, campaign rules are established, the assignments for creating collateral customization templates are developed, and marketing automation processes are defined.

Finally, MAM can play a key role in a customer/prospect's onboarding process. Ongoing communication that is driven by an onboarding technology — whether designed to support lead nurturing or customer development — often gives instructions to the MAM system for content creation and automated delivery of the marketing piece to the targeted recipient.

Because of this foundational and behind-the-scenes role, MAM is sometimes referred to as the engine of the EMM or advertising process. It touches many elements of the EMM process, making the data repositories, MRM workflows and nurturing technologies "actionable" as delivered marketing content that is significantly relevant to targeted customers and prospects.

Importance of MAM for engagement-based marketing

One of the most critical contributions of an EMM platform is that it enables speed-to-market, which empowers marketers to dramatically reduce the time it takes to get advertising materials to the customer or prospect. Not only does this create efficiencies and provide competitive advantages, speed-to-market is quickly becoming the expectation of the consumer.

Not long ago, marketing was all about interruption. As you watched television, marketers interrupted you with a message. Print ads begged for your attention as you read the newspaper. You were interrupted with ads as you listened to the radio. Outdoor boards interrupted your focus. A stack of direct mail awaited you when you arrived at your mailbox.

For decades, these interruptive tactics alone were effective. They often had integrated brand positioning and coordinated creative messaging across different media. Whenever possible, these messages included specific calls to action designed to drive the desired consumer behavior.

But this is no longer the case. As most corporate marketers are painfully aware, the effectiveness of historically strong interruptive tactics is plummeting. It would be easy just to blame the proliferation of digital video recorders and a multitasking audience, but it is not that simple. Marketers today face consumers who want marketing to be on their terms and on their timeline. Simply put, today's consumers expect to be engaged, not interrupted.

This is a tall order — it is not something marketers can fix with stronger creative messaging, more innovative positioning or buying more ad space. Instead, marketers must engage in real-time, meaningful dialogue with consumers in a consistent and brand-compliant manner using an ever-expanding breadth of advertising media.

Not even the best collection of ad agencies can meet this challenge effectively. No army of production artists can assemble content fast enough. But MAM technology can. By its very design, MAM meets the demands of instantaneously assembled assets to facilitate the delivery of the right message at the right time to the right person.

How MAM works

The technologies contained within MAM include:

- digital asset management provides order, structure and easy access for digital marketing assets such as images and art files;
- collateral customization, sometimes called ad builder or web-to-print, uses a template approach to create variations on a layout;
- marketing automation, a broadly-defined term, streamlines processes by automating any task that was previously done manually.

While each provides unique value, these technologies provide exponential benefit to corporations when they are integrated together as a MAM system.

Digital asset management within the context of MAM

MAM technology is highly asset-centric yet very different from traditional digital asset management (DAM) or enterprise content management (ECM) systems.

From a marketer's perspective, DAM systems are traditionally expected to:

- store assets (images, artwork, etc) in a centralized system;
- provide easy search (metadata indexing and search methodologies);
- push content (in the case of web content management);
- enable easy sharing of assets across business units; and
- create efficiencies.

Yet these systems come with challenges. First, each time a new version of marketing collateral is created (eg ads, direct mail, product brochures), it must be indexed and stored.

Version control soon becomes challenging as the DAM begins to bloat with previous versions of marketing content that are unlikely ever to be touched again.

Another challenge comes with image management. Each unique ad size requires a new crop and a newly-indexed slight variation of the same image. As the inventory grows, finding the proper version becomes more challenging, which can result in the creation of even more duplicate files.

In contrast, MAM takes a different approach. MAM works from the philosophy that a DAM system should be a living repository that can make assets immediately actionable, transforming them into relevant marketing collateral.

To accomplish this, MAM treats assets differently. While a traditional DAM approach stores assets as finished artwork (eg a print ad that includes a headline, image, copy, dealer information, map and logo), a MAM system stores each of the components of the finished artwork individually as marketing objects. This enables cross-purposing of these assets and facilitates content that is always current. Because they are individual parts, marketing objects can then be assembled in real time using the collateral customization portion of the MAM system.

As an example, a template could assemble one version of a print ad for use in Portland, Maine, and a different version for use in Portland, Oregon, solely by calling on different marketing objects within the database. In other words, the ''recipes'' for creating content in real time are stored within the DAM portion of the MAM system instead of multiple versions of finished art, some of which is completely outdated. Another difference between traditional DAM and MAM is in the treatment of images. While a traditional DAM system stores various crops of a single image as new images with new associated metadata, MAM stores a single image and applies virtual crops. This is an important differentiation that empowers real-time assembly of content such as the ability to resize marketing collateral through marketing automation.

As an example, a major wireless communications provider has the need to insert a print ad in multiple sizes based on the varying requirements of newspapers across a region or the entire country. Using the virtual crop functionality within the company's MAM system, the process can be fully automated. The focal point of the image is identified and crop dimensions allow for expansion or reduction within set designations as the ad resizes. This functionality also has significant relevance in delivering content to mobile phones where screen sizes and shapes vary dramatically.

In summary, DAM functionality within MAM is approached differently to enable:

- real-time/just-in-time content delivery;
- delivery of always-current content;
- better brand management;
- streamlined workflow; and
- more efficient digital storage.

Collateral customization within MAM

Collateral customization is the key to turning the digital marketing assets into living marketing effectiveness tools. While it is an oversimplification to label collateral customization ''templated'' artwork, that is its fundamental role.

As part of the MRM or marketing workflow, production artists create templates that end users use to create customized, finished layouts in minutes.

MAM templates can vary widely in flexibility and the amount of customization or ''versioning'' allowed. Templates are assembled from content contained within the DAM component of the MAM system, from external data sources such as a CRM system, or through content uploaded via an end-user interface. Assembly can be dictated through a user interface within a web browser, through batch automated processing, or through the opening of a previously saved work in which a recipe for regeneration is invoked.

At the point of creation, rules about content assembly can be associated to the template.

These rules can cause the template to react differently based upon individual users or user groups. They can also cause the template to react differently based upon the selections users make within the template (eg a product photo selection) or based upon individual user characteristics.

For example, a simple rule might be importing a store location map based upon the user's login information. Another, in a national retail application, could be to limit the product inventory that is available for display within the layout based on the region of the individual accessing the MAM system. The possibilities are endless and can be applied for one-to-one, one-to-few and one-to-mass marketing objectives using multiple media.

Looking at examples like these, one begins to see the true power and the immense possibilities of a MAM system. Additionally, because content is centrally controlled, brand management remains strong, utilization reporting is simplified, and return on marketing investment can be calculated.

In summary, collateral customization within MAM enables:

- efficient creation of marketing collateral;
- repurposing of assets across multiple applications;
- effective brand management;
- accuracy of content; and
- real-time, situation-relevant communication with customers and prospects.

Marketing automation within MAM

Marketing automation within MAM is easy to define. It is simply the automation of any process that was previously a manual process. Marketing automation within MAM is where the most profound return on marketing investment occurs. It is also essential for engagement-based marketing to occur.

To illustrate the power of marketing automation, two simple case examples are given below.

In case example one, a large consumer services company promotes its products across North America. These products are available from an extensive authorized dealer network. Print advertising is a strong element in the advertising mix. This example will look at the placement of ads in 75 weekly publications. Prior to implementing a MAM system, the workflow was as follows:

- Production artist spends from 30 minutes to an hour adjusting ad size for each ad insertion.
- If an agency is involved, triple the time for account service and approval processes.
- Total time = 2.5 hours.
- Total weekly cost = $23,437 ($125 per hour × 2.5 hours × 75 ads)

With the marketing automation of ad resizing within the MAM system, the workflow changes to:

- Traffic manager enters ad dimensions into database and clicks submit.
- Total time = 1 hour.
- Total weekly cost = $125 ($125 per hour × 1 hour).

In addition, the MAM system would also have automatically routed the ad with insertion order to the publication.

Case example number two involves a large national healthcare system and the creation of brochures for healthcare procedures. Prior to implementing a MAM system, the workflow was as follows:

- Marketing communication coordinators, copywriters and production artists at each of the 150 hospitals would create a unique version of a brochure on the same procedure.
- Six hours of project coordination.
- Four hours of copy development.

- Three hours of production design.
- Internal employee cost of $40 per hour.
- Total time: 13 hours per hospital.
- Total cost = $78,000 ($40 per hour × 13 hours × 150 locations).

With MAM automation, it is possible to save $74,360 by creating a single template for the brochure with all the variable local hospital information placed within the DAM component to facilitate batch processing of versioning. Through this use of the MAM system, the workflow changes to:

- Corporate marketing places assets (images, copy) in DAM, creates templates, links to local marketing data-based assets.
- Six hours project coordination.
- Four hours copy development.
- Six hours of production design.
- Internal employee cost of $40 per hour.
- Local marketer accesses MAM system and approves local version in 30 minutes or less.
- Total time: 16 hours at corporate + 0.5 hours at each hospital.
- Total cost = $3,640 ($40 per hour × 16 hours + $40 per hour × 0.5 hours × 150 locations).
- Total savings = $74,360 for one procedural brochure. (This number can be multiplied for each of the procedure-based brochures across the system.)

Neither of these examples addresses the increasingly important need to immediately deliver personally and locally relevant content to customers and prospects when they want it and how they want it. No human-dependent workflow can accomplish that looming demand.

In summary, marketing automation with MAM takes processes that were previously dependent on human labor and automates them, saving a tremendous amount of time and money, and quickly providing a justifiable return on marketing investment.

Integrated system versus assembled components

As the overviews have illustrated, each of the MAM components independently provides a unique benefit. Traditional DAM, ad builder functionality and marketing automation provide strong benefits. However, the combination of these functions into a MAM system results in an exponential benefit that far exceeds what any single system can do on its own.

Organizations exploring the creation of a MAM system as part of an EMM initiative will need to compare the benefits of a native MAM system versus assembly of the core components that may already be in place from different providers. The foremost consideration when examining this option is in how effectively the systems will integrate.

A good starting point is to thoroughly review the capabilities of a pure-play MAM provider, prioritize those capabilities for the specific organization and then examine the feasibility of connecting legacy or independent components into a seamless MAM solution.

Consider this: few DAM systems are structured to facilitate collateral customization. This does not mean that a legacy DAM cannot be used as part of a MAM strategy. It simply means that there must be a careful review to determine what configurations or custom development will be needed to achieve the desired MAM integration. While some companies do choose to maintain legacy systems as part of a MAM initiative, most look for a transition path to pure-play MAM solutions.

Summary

Marketing asset management has earned the label of ''the engine of advertising'' within EMM for good reason. It combines the data from CRM, the knowledge of business intelligence, the creative materials and campaign timelines from MRM, and the communication needs from customer onboarding and lead nurturing. MAM works seamlessly behind the scenes to power an organization's marketing by:

- delivering personalized, relevant marketing content;
- dramatically reducing expenses;
- providing strong brand control;
- enabling speed to market;
- improving workflow and marketing effectiveness; and
- engaging distributed marketers.

Because of this broad reach into each element of an EMM platform and the immediate tangible benefits to efficient marketing operations, savvy marketers will look closely at making MAM the foundation component of an effective EMM implementation.

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Onboarding systems: Utilizing automation technology to create, nurture and maintain customer relationships

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Abstract
The shift to ROI-based marketing and customer-centric messaging poses unique challenges for marketers unaccustomed to tying the creative aspects of campaign development and execution to integrated technologies and rigorous analysis. But the availability of powerful, yet easy-to-use new platforms for developing automated, multi-channel marketing programs now make it possible for even the most non-technical practitioners to create, execute and analyze complex campaigns and programs.

Will Schnabel outlines these challenges and shows you how you can create, nurture and maintain customer relationships, improve response rates, help sales close more business and demonstrate the power and value of your marketing organization.

Introduction

As digital and multi-channel marketing opportunities continue to unfold at a rapid pace, companies likewise must move quickly to stay in front of the changes — and the competition. To compete successfully and win new business, top marketers must demonstrate both the value they bring to their companies as well as to their customers and prospects. In most cases it requires significant investment to implement the strategies and technologies necessary to acquire and maintain customers in today's marketplace. To help make the case for marketing's initiatives, the ability to accurately track and measure its impact on sales is crucial. It establishes the value of the marketing organization as well as its contribution to company revenues.

In addition, with the rise of the internet and the widespread availability of information and choice, customers have gained control of the marketing relationship. Today, if marketers want their attention, they must earn it. The only way to do this is through timely and relevant messaging. Successful marketers focus on establishing and nurturing one-to-one relationships through personalized communications based on individual data and measured behaviors.

This shift to marketing based on return on investment (ROI) and customer-centric messaging poses unique challenges for marketers unaccustomed to tying the creative aspects of campaign generation and execution to integrated technologies and rigorous analysis. But the availability of powerful, yet easy-to-use new platforms for developing automated, multi-channel marketing programs now makes it possible for even the most non-technical practitioners to create, execute and analyze complex campaigns and programs.

Create a closed-loop process through marketing automation platforms

A powerful marketing automation platform typically utilizes a single relational database to collect, manage, segment, execute, automate and integrate all marketing campaigns. This allows for complete, accurate, timely and unbiased ROI reporting. Marketing automation platforms allow companies to manage their full demand generation process, from lead generation, lead scoring, nurturing and relationship marketing programs, delivering a steady stream of sales-ready opportunities along with full, closed-loop ROI reporting.

In addition to traditional business-to-business (B2B) marketing metrics such as number of leads generated in a specific campaign, B2B marketers can learn how much revenue is created by a specific lead source. They can also measure the average number of touchpoints from marketing or sales necessary to close a lead, or which marketing offer produces the most leads.

Because all the data exist in one relational database, this marketing automation design allows B2B marketers to collect, score, segment, route and track leads from any source. It gives all key stakeholders visibility into marketing initiatives and makes accessible data that can help various business units improve performance.

Closed-loop marketing

The term ''closed-loop marketing'' refers to the feedback loop between a customer and the company sending the marketing message. The marketer uses customer data and behavior to increase the relevancy of the messaging in order to nurture the relationship and ultimately increase marketing ROI.

For business-to-business marketers and others with complex sales processes, the term is used to refer to the system in which data can easily be exchanged between marketing and sales departments, and customers and prospects can be tracked through the entire buying cycle. This technique provides visibility into the marketing and sales process, and gives both sides a common point of reference.

Marketing automation improves response rates

In August 2008, a Silverpop benchmark study of online lead management practices measured the impact of automated lead nurturing programs on the sales programs (both drip and single-message campaigns) of 250 B2B companies.[1] Such campaigns are defined as follows:

- Drip campaign: A campaign (e-mail and/or direct mail and telesales) that uses a series of messages based on prospect data, timing and/or user actions. Messages typically include calls to action that, when acted on, may increase a person's lead score and potentially move that person into a new message track or lead status. Drip-campaign messages typically launch automatically based on an action such as a download or information request and center on the prospect's interests.

- Single-message campaign: A campaign in which every subscriber receives the same message every time, regardless of his or her place in the sales cycle, preferences, interests or behavior. These include campaigns such as periodic newsletters or solo promotions. Single-message campaigns typically do not build on previous responses, are launched manually and reflect company goals more than recipient interest or action.

The results of the study were telling. Among other things, it was found that e-mail drip campaign response rates consistently outperformed single-message campaigns, often 2-to-1, and even 3-to-1. Even the lowest-performing drip campaigns outperformed nearly all of even the best-performing single-message campaigns. Marketers using the drip approach also sent more frequently, but to fewer people at a time, in small batches of relevant e-mail triggered by behavior and time-based events. The study found that this culminated more often in customer wins compared with their single-message counterparts.

The study also found that ''update'' forms populated with previously collected data were completed at a rate 20–25 percent higher than new-lead forms. Forms that were able to be completed the most quickly were most likely to be finished, while those that took longer were more often abandoned midway through.

The lead management challenge for marketers

When it comes to improving response rates and helping sales to close more business, marketers with high-involvement sales processes face two primary challenges. They must:

- Plug the leaky sales funnel
  – when marketing hands-off unqualified leads, they are wasting sales' time with prospects who are not ready to buy;

  - when sales cherry-picks only the best leads, buyers with longer timeframes to purchase get ignored and leak out of the funnel;
  - marketing spends more to recapture those lost leads, which increases customer acquisition costs.

- Prove marketing's value by showing accountability for budget and activities (ie prove marketing ROI)

The lead management solution

According to research firm SiriusDecisions, only about 53–68 percent of leads qualified by marketing departments as sales-ready are actually accepted by sales. And, of those that are accepted, only about 50–57 percent are subsequently deemed to be sales opportunities.[2] This means that leads frequently fall out of the so-called ''sales funnel'' after being handed off to sales. The bad news is that many of the leads that fall by the wayside do eventually buy — from the competition.

To help close the loop between marketing and sales and drive higher revenues, marketers must institute an automated lead management process that encompasses lead information capture, scoring, routing and monitoring. They must incorporate lead nurturing programs to prevent leads from being lost through leaky sales funnels and to decrease customer acquisition costs. When marketing departments work in concert with sales to understand and focus on the importance of providing quality leads rather than a merely large quantity of leads, they enhance sales' productivity and contribute measurable and attributable ROI for their marketing programs.

By integrating marketing strategy with sales execution and deploying the right tools and techniques, marketers can ensure that sales and marketing share a common understanding of the lead-to-sales process, helping to build a more productive rather than contentious relationship between the two organizations.

Lead scoring: Quickly get hot prospects in front of sales

Leads flood into the marketing organization from all directions and from companies of all sizes. They arrive from tradeshows, online events, white paper downloads, e-mail campaigns, etc. Some prospects are just researching, while others are in an active buying cycle. Some are decision makers; others are end users.

One of the biggest challenges companies face is the inability to touch all prospects in a timely manner. So, if the sales team fails to quickly reach ''hot'' leads that are sitting in the queue, competitors could whisk them away. Marketers must figure out how to sort and tend a wide array of potentially valuable leads. Hot leads must be identified and passed to sales while cooler prospects are ''warmed.'' Otherwise, leads — and the sales opportunities and revenue they represent — can be lost. Marketing automation technology enables lead scoring, a method of assigning points to different criteria for each lead that flows into the marketing organization. It allows leads to be ranked and prioritized and the likelihood of each becoming a customer to be determined. The score is determined by adding up the points on each of the selected criteria. Based on a lead's score, it will either be routed to sales or continue to be nurtured by marketing.

While simple lead scoring can evaluate prospects based on the ''explicit'' information that has been provided (eg industry, job title, location), more sophisticated, automated programs monitor prospect activity on websites, in response to e-mails and other ''implicit'' information. As the lead score of a prospect changes based on behavior, the changing score can trigger rerouting based on predefined rule sets. Hot leads can be automatically flagged in Salesforce.com or other contact management systems to alert sales for immediate follow up. And because the process is automated, sophisticated demand management solutions take much of the resource burden off marketing.

A strong lead scoring model helps close the gap between marketing and sales. Not only does the sales team enjoy a flow of better-qualified leads, marketing is able to monitor the results of its programs and track its successes. Adjustments can be made to the marketing plan to improve the quality of leads generated, and resources can be better managed accordingly.

Lead nurturing: Warm cool prospects until they are ready

Lead nurturing is the practice of maintaining ongoing contact with prospects identified as not yet ready to make a purchase. By implementing marketing programs that gather information about where prospects are in the buying cycle and moving them along in that process while favorably influencing them toward a company and its products and services, marketers are better able to influence and support revenue generation, and to measure the impact of marketing campaigns on sales results.

Lead nurturing is a proven lead-to-sale methodology that can move prospect through the sales funnel toward purchasing a product or service. It consists of a series of automated, timed communications designed to build trust and keep the company top-of-mind until a prospect has received enough information and is ready to buy. Lead nurturing communications can include informative e-mails, direct mail or telephone calls, webinars, white papers, studies, newsletters, product information, industry news and more.

Effective lead nurturing programs can be simple or complex. At one end of the spectrum, they consist of a basic sequence of timed communications to all prospects to keep a company's offerings in sight of prospective buyers. At the other, highly targeted and sophisticated programs include automated, proactive communications triggered by the responses, behavior or prior contact history of each lead.

Analysts at Aberdeen Group found that companies with the highest lead qualification rates and lead-to-sales conversion rates are twice as likely as less successful companies to leverage formalized lead metrics that manage the flow of leads from marketing to sales and back again when warranted.[3]

Marketing automation requires more up-front time to create messages and a system for lead scoring and nurturing, as well as time and behavior-triggers for message sequencing. But once set up, it will automate many formerly manual marketing and communications efforts. The job of the marketing manager will evolve from hands-on campaign execution to monitoring and fine-tuning ongoing campaigns.

Nurturing: It's not just for leads

Winning new business is fantastic, but failing to nurture and satisfy existing customers can be costly. This is the kind of mistake marketers make when they fail to take full advantage of their internal customer data and analytics to increase loyalty and provide up-sell and cross-sell opportunities to their current customers.

According to an April 2008 report by the CMO Council, only half of marketers have a strategy in place for building on their customer relationships. Further, only 15 percent of companies rate themselves as extremely good or effective at integrating disparate sources of customer data, and only 6 percent report having excellent knowledge of customer data such as demographics, psychographics or relational data such as transactional history.[4]

To make matters worse, more than 31 percent of marketers report customer churn rates greater than 10 percent, yet two-thirds report having no system in place to reactivate dormant or lost customers. When all eyes are focused on lead acquisition and lead management, it is easy to lose sight of the value residing within the current customer base. According to the CMO Council's report, a 2 percent increase in customer retention affects profits as much as cutting costs by 10 percent.

During tough economic times, decision makers are less likely to take risks with new vendors or products, preferring to stick with trusted sources and brands they know. Now more than ever, marketers should focus on leveraging customer information to send relevant and timely messages that enhance current customer relationships or re-engage any dormant ones.

Key points to remember

A key attribute of top-performing demand creation marketers is their ability to build processes and systems that track and manage leads effectively.[5] In the past, lead management systems have required a lot of hands-on maintenance, and have been limited in the amount and kinds of information that marketers can use.

Fortunately, powerful solutions are now available that streamline and automate the lead management process and provide access to all the different components, including lead scoring and lead nurturing together in a single platform. Today's demand-generation marketing automation applications enable B2B and other marketers with complex sales processes to develop a complete, dynamic and measurable lead scoring and nurturing process as part of an overall lead management system that also includes lead generation, lead notification and routing and marketing ROI analysis.

A study issued by analyst firm Gartner found that marketing automation is one of the fastest-growing investment areas of customer relationship marketing — a trend it expects to continue through 2011. Gartner estimates that companies that implement lead management solutions will see as much as a 50 percent increase in lead conversion rates.[6]

Advances in internet and software technology have fundamentally altered the ways in which marketers can communicate and measure the results of their messages. Personalized conversations and communications can be automated in real time, driving prospects and customers through simple and complicated sales and marketing processes. The information and technology systems available today enable marketers to make the shift from event-driven, campaign-based, mass marketing to minute-by-minute, fluid and ongoing processes that can be measured and repeated.

Companies today can utilize powerful marketing automation technology to create successful and profitable marketing programs that achieve high customer loyalty and ROI. Such programs enable sales to close more deals, and make the C-suite believers in the true power of the ROI-based, customer-centric marketing organization.

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