



The Power of Modern Digital Marketing Automation

How to Achieve Relevant Interactions with Always-On, Empowered Customers

WHITE PAPER

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Introduction

Modern consumers are Web-savvy, mobile-loving people who typically spend more time online than reading magazines and watching TV. These changes in behavior are fundamentally changing the face of marketing – and in ways that are bringing about the convergence of direct marketing and mass marketing. For example, if you are a direct marketing professional executing targeted email campaigns and mobile marketing strategies, you are likely bumping up against mass-marketing campaigns. Why? Because like you, mass marketers are investing more in online ads than ever before – at the expense of TV commercials and print ads.

Why are both sides of the marketing ecosystem coming together in the digital world? Because consumer behaviors and expectations have radically changed in recent years – and in ways that blur the lines between direct and mass marketing. Regardless of what side of the “marketing house” you work for, if you want to reach today’s consumers, you must meet them where they like to play – on the Internet, through their mobile devices and on social media sites. At the same time, you need to find ways to personalize messages, tailor offers and engage customers in interactive dialogues that build trust and drive loyalty. This requires sophisticated **marketing automation** technologies that leverage customer intelligence, optimize interactions across channels, and monitor and respond to changes in customer behaviors.

For example, if you are a direct marketer of outdoor gear and you want to target busy professionals who like to fish, you’d likely have an e-commerce site where they can get their shopping done after hours. Ideally, you would track each customer’s virtual footsteps through your website; combine this data with point-of-sale transaction data, loyalty card data and demographic data; analyze it all in real time; and generate analytically driven, direct email offers with special pricing for each customer. At the same time, you’d probably want to place banner ads on websites like outdoorlife.com (where mass marketers would likely be posting ads), host a blog about fishing, engage in customer conversations on your company’s Facebook fan page, and set up a Get Satisfaction site where customers could discuss how to use and improve your products. Through these social media interactions, you could engage in *public, one-to-many* dialogues with your most enthusiastic customers and help them become more effective advocates for your business. In this way, you would (by default) blur the lines between direct and mass marketing.

This paper explores these trends in detail and considers their implications for marketing professionals and their technology choices – both today and in the future.

The World of Marketing Is Undergoing a Massive Transformation

According to IDC, investments in digital marketing (which include company websites, email, search and display ads, digital events, search engine optimization and social networking) are growing at the expense of traditional advertising.

So what's driving these changes? Let's take a look at some of the most important and influential trends.

A Power Shift to Consumers via the Internet and Social Media

Over the past few years, there's been a continuous power shift to consumers. Customers can share their opinions online and influence tens of millions of people to buy from you – or not. According to a Nielsen Global Online Consumer Survey¹ of more than 28,000 online consumers throughout 56 countries, 36 percent now own a smartphone – a 15 percent increase over 2010 numbers. Nielsen also found that 35 percent of online respondents worldwide are likely to make payments with their phones. These metrics reinforce the need for organizations to provide consistent, relevant and personalized messages across multiple channels. Consumers want to determine how and when companies can engage with them, and they now hold the power to control that engagement – at any time, in any place – and with their own personal mobile devices.

Media Fragmentation

The attention of consumers is fragmented across a wide range of media channels and devices. The Internet, mobile applications, email, Twitter and other channels have cannibalized the once-dominant position of influence held by TV, direct mail, and magazine ads.

The Demand for Consistent, Personalized Attention Across Channels

Today's customers demand product and service information that's personally relevant, timely and delivered via preferred channels when they choose to interact through them.

The Data Explosion

The world contains an unimaginably massive amount of digital data today – and it's increasing tenfold every 10 years. Companies are collecting, storing and linking massive amounts of data. For example, Wal-Mart handles more than 1 million customer transactions every hour and stores them in 2.5 petabyte databases, which is equal to 167 times the number of books in the Library of Congress.²

“The convenience of mobile connectivity has revolutionized how people are engaging with digital content and each other around the world. With the growth of smartphones, mobile video consumption is on the rise for entertainment content, particularly in emerging markets where many consumers leapfrog home Internet altogether in favor of the all-in-one smartphone.”³

Dounia Turrill
Senior Vice President,
Client Insights, Nielsen

1 A Nielsen Report, “Global Online Consumers and Multi-Screen Media: Today and Tomorrow,” May 2012. nielsen.com/us/en/reports/2012/global-online-consumers-and-multi-screen-media-today-and-tomorrow.html

2 “Data, Data Everywhere,” The Economist, Feb. 25, 2010. economist.com.

3 A Nielsen Report, “Global Online Consumers and Multi-Screen Media: Today and Tomorrow,” May 2012.

Succeeding in the 'New Normal'

The trends described above point to a gradual convergence of direct and mass marketing models – and the establishment of a “new normal”: the need for a one-to-one marketing model that’s customer-centered, interactive, personalized, multichannel and powered by marketing automation. In this new world, as customer data and interactions become increasingly digital, the need for marketing automation increases proportionately.

In the new normal, we’re not just talking about a new direct marketing paradigm. What we’re talking about is much more dynamic: marketers generating unique customer insight and feeding it into marketing automation technologies to improve real-time dialogues with customers when and where they choose to engage. At the same time, we’re talking about moving customer insight from the IT department to the marketing department – and then to the front lines where customer interactions occur – stores, websites, call centers and beyond. When analytically driven insight informs the interactions and experiences that customers have with your business, you can build trust, engage in meaningful dialogues with customers and improve business outcomes. You can even turn customers into advocates who promote your business through social media and their personal address books.

What’s Needed: Marketing Automation That Supports Integrated, Multichannel Campaign Management

The big question is: What’s needed to actually manage multichannel marketing campaigns and one-to-one interactions with customers around the clock? You need automated multichannel campaign management (MCCM) solutions that enable you to deliver highly personalized, integrated and relevant communications across channels. Personalization is made possible by leveraging sophisticated customer intelligence and applying it to marketing plans, tactics and one-to-one interactions.

There are three main functional areas that automated MCCM must include:

Customer Insight

Customer insight is critical to creating successful marketing campaigns. By having insight into your customers’ preferences, attitudes, behaviors, profitability and risk, you can make smarter decisions about how, what, when and where to communicate with them. There are two primary components of good customer insight, including:

- **Quality customer data:** The foundation for good customer insight is quality customer data that can provide a complete view of your customers.
- **Customer analytics:** The second essential element is a set of models that analyzes things such as purchase and/or response propensity, churn analysis, marketbasket analysis, customer profitability, credit scoring and more.

Campaign Management and Optimization

A well-orchestrated marketing campaign requires a coordinated and synchronized process across multiple channels, including both inbound and outbound. The primary components of a campaign management and optimization solution include:

- **Campaign management:** With the number of customers and level of sophistication required for successful campaigns, a campaign management system must be capable of automating the campaign process, coordinating offers across multiple channels, and reporting results.
- **Campaign optimization:** Issues such as competing business goals across divisions, managing multiple marketing programs against business constraints, controlling budgets, and managing customer contact policies can all be resolved with campaign optimization.
- **Real-time decision management:** Being able to make analytically driven decisions about what offers to make (and not make) during real-time customer interactions is critical to ensure a positive customer experience.

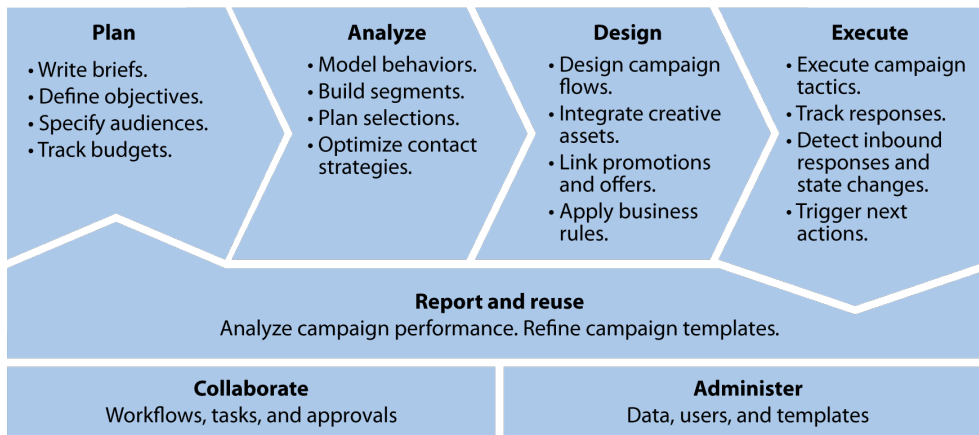
Marketing Performance Management

To instill accountability and continuous improvement in marketing processes and results, the following components are required:

- **Marketing analytics:** To uncover insight into marketing process efficiencies and improvement opportunities.
- **Scorecards and reporting:** Provides complete visibility of all marketing activities and processes through key performance indicators and metrics.
- **Budgeting:** Optimize the budget across marketing by continuously monitoring the cost of campaigns and other marketing investments.
- **Planning:** Plan sophisticated multichannel campaigns that engage customers while aligning with your marketing strategy.

The most advanced generation of marketing automation technology seamlessly combines the capabilities in the preceding list to produce a centralized, fully integrated MCCM environment for total marketing performance. Forrester Research shows how there's an improved integration between inbound and outbound execution, which helps realign MCCM to meet the need for customer dialogue today (see Figure 1).

Cross-channel campaign management



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Source: Forrester Research, Inc.

Figure 1: Activities Marketers Perform Within a CCCM Application.
 (Source: "The Forrester Wave™: Cross-Channel Campaign Management, Q1 2012,"
 Forrester Research, Inc., January 2012)

The Critical Enabler: A Centralized 'Marketing Brain'

At the heart of this solution is a "central marketing brain," or decision engine that when fueled with unique customer insight, enables you to manage customer dialogues during actual customer interactions. These interactions can be managed as part of both inbound and outbound communications, across all customer touch points, and at any time based on customer demand.

For example, if a customer visits your company's website at 2 a.m., the software can analyze his Web behavior in real time and determine that he has a particular need. It will then access all current data about this customer in your data warehouse, feed it into an analytical model about this customer, and calculate the offer that will achieve the best outcome for the customer and your company – all in seconds. This same approach to optimizing live customer interactions based on real-time data and analytics can apply to any channel, such as call center interactions.

Creating this unique customer insight requires a single source of trusted data that unifies everything your business knows about each customer across all channels, as well as powerful analytics that can turn this data into insight. This combination gives you an operational, multichannel view of each customer to drive personalized interactions and optimize offers in real time.⁴

4 "The Intelligent Approach To Customer Intelligence," Forrester Research, Inc., October 2009.

The Current State of Automated, Multichannel Campaign Management

Even with an MCCM solution in place, managing multiple marketing campaigns across channels isn't easy. This is due in part to the fact that most marketing organizations lack an enterprisewide, multichannel communication strategy. Deciding which campaigns are sent to which customers over which channels can be a very volatile issue. Having effective customer dialogue while staying within budget, enforcing contact policies, and maximizing ROI is very challenging. But to do so when there are multiple products offered over multiple channels in hundreds of campaigns to millions of customers is a task that far exceeds the scope of human intuition and experience.

Marketers should look for campaign management tools that integrate customer insight, support multiple channels and two-way customer conversations, and provide the ability to optimize the mix of campaigns to effectively execute a sophisticated multichannel marketing strategy. Yet many MCCM solutions are unable to keep up with the host of new digital, inbound and emerging channels through which companies need to engage consumers. Additional challenges include:

- **Scaling for size and performance:** With extremely large customer databases (exceeding 100 million records in some cases), the speed and performance of the MCCM solution becomes very important to productivity and ultimately marketing ROI.
- **Customer analytics:** Whether for new customer acquisition, customer retention, or customer growth, reliable predictive models supported by quality customer data are critical elements of a successful marketing campaign.
- **Integration of inbound and outbound channels:** To provide customers with a consistent and satisfying experience, it is necessary that inbound and outbound communications be coordinated and complementary.
- **Integration of social channels:** Customers are communicating over all kinds of new social media channels. It is becoming increasingly important to leverage these channels in support of your campaigns.

The good news is that leading software vendors now offer enterprise-class MCCM solutions that address these challenges. These scalable solutions integrate and automate core MCCM activities, support detailed measurement and sophisticated analytics, and reduce the cost and complexity of managing technology by offering a platform-based solution.

MCCM Best Practice: Create a Customer Contact Governance Council

A solid technology framework for MCCM isn't enough to optimize marketing outcomes. You also need to establish a customer contact strategy that governs and orchestrates individual customer contact for all products and channels across the enterprise and the customer's lifetime. Forrester suggests that companies create a customer contact governance council to make policies and enforce them. "A contact governance council – consisting of marketers, technologists, and business and product managers – builds consensus and defines a contact strategy that supports the business objectives of the different products while respecting customer preferences."⁵

In other words, a customer contact strategy builds trust because it demonstrates to customers that the company's right arm knows what its left arm is doing. They never receive duplicate communications, conflicting messages and offers, or offers and information that aren't relevant to them in some way.

⁵ "Creating a Customer Contact Governance Council," Forrester Research, Inc., September 2009.

The Future of MCCM: Managing Conversations Across Social Media

Looking ahead, MCCM solutions enabling optimized, analytically driven customer interactions across channels will be the foundation for every successful business's marketing operations. It is expected that interactive marketing will continue to become more important and consume more of the marketing budget. This increased investment is in response to expectations that customer empowerment and influence through social media channels will grow significantly. For example, over the next few years, social channel communications by consumers, including blogs, opinions, Twitter messages, and LinkedIn and Facebook networking, will continue to grow unabated. At the same time, expect increases in customer-initiated contact, which will force companies to react in real time based on customer insight – and shift away from “push” marketing even further (for example, by providing mechanisms for customers to self-educate at will through different channels).

In response, SAS expects that MCCM solutions will evolve in ways that will allow you to exploit the growth of social networking and customer influence as a valuable source of new customer and trend insight. Technologies are already available that harness the power of social networks in new and powerful ways – for example, to capture net-new consumer insight and understand how consumers are talking about your products and company, and influencing others online. In addition, marketers can identify social communities based on relationships between customers, measure and segment customers based on their social influence, and target customers based on changes within their social communities.

Other tools enable you to integrate, analyze and act on intelligence gleaned from online conversations occurring across professional and consumer-generated social media sites. For example, you can identify and respond to shifts in the marketplace by analyzing conversation data; identify advocates of, and threats to, corporate reputation and brand; and quantify interaction among traditional media/campaigns and social media activity. Armed with this insight, you can establish a framework for a social CRM strategy.

In the near future, these kinds of tools will be central to the MCCM functionality discussed previously in this paper. The insights gained through social media analysis will be fed into the central marketing brain and used to turn increased customer empowerment and social media influence into ways to use customer insight to provide richer customer experiences and perceived value to customers.

According to Forrester Research, “Today, Customer Intelligence executives enable organizations to successfully manage relationships with highly empowered customers who have a dwindling tolerance for marketing. Tomorrow, they will create Customer Intelligence command centers to drive corporate strategy and create competitive advantage.”⁶

6 “The Intelligent Approach To Customer Intelligence,” Forrester Research, Inc., October 2009.

The SAS Approach to Automating Multichannel Campaign Management

As the prior discussion suggests, you can't orchestrate multichannel communications and live interactions without the right technology foundation. SAS is the only company that can provide an integrated solution that addresses all aspects of marketing automation and optimization in real time, as summarized by Forrester Research in Figure 1. Our customer intelligence solutions – delivered through the [SAS® Customer Intelligence](#) suite – offer the most advanced generation of marketing automation technology that seamlessly combines these capabilities to produce a centralized, fully integrated environment for total marketing performance.

SAS Customer Intelligence solutions enable you to achieve this vision by:

- **Deepening customer insight.** SAS enables you to manage customer data and understand the behavior patterns of your best and worst customers. By having insight into your customers' attitudes, behavior, profitability and risk, you can make smarter decisions for your marketing organization.
- **Choreographing customer interactions via marketing automation.** A well-orchestrated marketing campaign requires coordination and synchronization across multiple channels. SAS provides the ability to choreograph a comprehensive, multichannel marketing communication strategy that optimizes every resource to effectively achieve your goals and maximize your ROI.
- **Continuously improving marketing performance.** SAS provides the scorecards, reporting and analytical capabilities needed to instill accountability and have complete visibility across your marketing process and the resulting performance so you can make midcourse corrections when you hit a bump in the road.

The integration built into the [SAS Customer Intelligence](#) suite enhances the capabilities of the various applications so you realize greater value from them. For example, SAS Real-Time Decision Manager and SAS Marketing Automation share the same design and administration clients, reducing the costs associated with training and maintaining multiple clients. They also share a common reporting model that captures results of customer interactions based on a common contact and response history. The history can be fed back into the central marketing brain to direct the next-best actions across multiple channels and campaigns in a unified manner, whether inbound or outbound.

SAS solutions also reflect the fact that in the new normal, a well-planned offer delivered too late is just as bad as a poorly targeted offer delivered in real time. That's why, in addition to outbound channels like direct mail and catalogs, SAS solutions help companies to coordinate their inbound, outbound and event- and behavior-based communications. They do this by monitoring and tracking customer behavior and other events, and capitalizing on them appropriately to benefit both the customer and your business.

“SAS really has a good sense of what a business needs.”

Rene Bettio
*Senior Manager, Database Marketing,
ING DIRECT Canada*

“SAS's quick integration of Assetlink's program-planning features into its customer intelligence suite rounds out the company's advanced capabilities in optimization, analytics, and campaign design.”

*“The Forrester Wave™: Cross-Channel Campaign Management, Q1 2012,”
Forrester Research, Inc., January 2012*

The Value of a Framework-Based MCCM Solution Powered by Marketing Automation

Capitalizing on these kinds of changes and trends will require ever-more sophisticated MCCM solutions that are flexible, adaptive and able to cost-effectively integrate with new data sources (such as new social data sources). Equally important, these solutions must be extendable, supporting add-on applications that will meet new needs over time. Point solutions will curtail what you can do in the future because customer data gets scattered across them, and they can't support integrated, coordinated inbound and outbound communications. The only way to achieve this kind of flexibility, scalability and extendibility is to deploy an open, enterprise-grade, framework-based MCCM solution that supports and orchestrates both inbound and outbound communications.

Learn More

For more about SAS Customer Intelligence solutions, visit: sas.com/software/customer-intelligence

To download the free SAS white paper *Analytics in Real-Time Online Marketing*, visit: go.sas.com/pr41pj

To read more thought leaders' views on marketing, visit the Customer Intelligence Knowledge Exchange: sas.com/knowledge-exchange/customer-intelligence

To get fresh perspectives on customer analytics from marketing practitioners on the Customer Analytics blog, visit: blogs.sas.com/content/customeranalytics

Analyzing the Total Economic Impact of SAS® Solutions for MCCM

SAS commissioned Forrester Consulting to examine the total economic impact and potential return on investment (ROI) that companies can realize by deploying SAS Marketing Automation and SAS Marketing Optimization.

- SAS Marketing Automation:** Interviews with a customer using the software – a US-based retailer – revealed that ROI for the company is 358 percent, with a break-even point (payback period) of just 4.1 months after deployment. Complete study available at: sas.com/resources/whitepaper/wp_59152.pdf.
- SAS Marketing Optimization:** The Forrester Research study of Commerzbank's use of SAS software found that "the ROI produced by the framework, using conservative financial assumptions for the bank's direct marketing business, produced an ROI of 484 percent, with a breakeven point (payback period) of less than 4 months after deployment." Complete study available at: sas.com/resources/whitepaper/wp_16715.pdf.

Learn More About SAS® Customer Intelligence Solutions That Enable Marketing Automation

SAS offers a broad set of integrated customer intelligence solutions that you can explore in more detail at sas.com/customerintelligence.

- Data integration
- Social marketing analysis
- Customer analytics
- Customer profitability
- Forecasting
- Online insight
- Credit risk
- Campaign management
- Email/mobile marketing
- Event-triggered marketing
- Real-time decision making
- Optimization
- Marketing performance reporting
- Marketing mix optimization
- Marketing metrics and scorecards

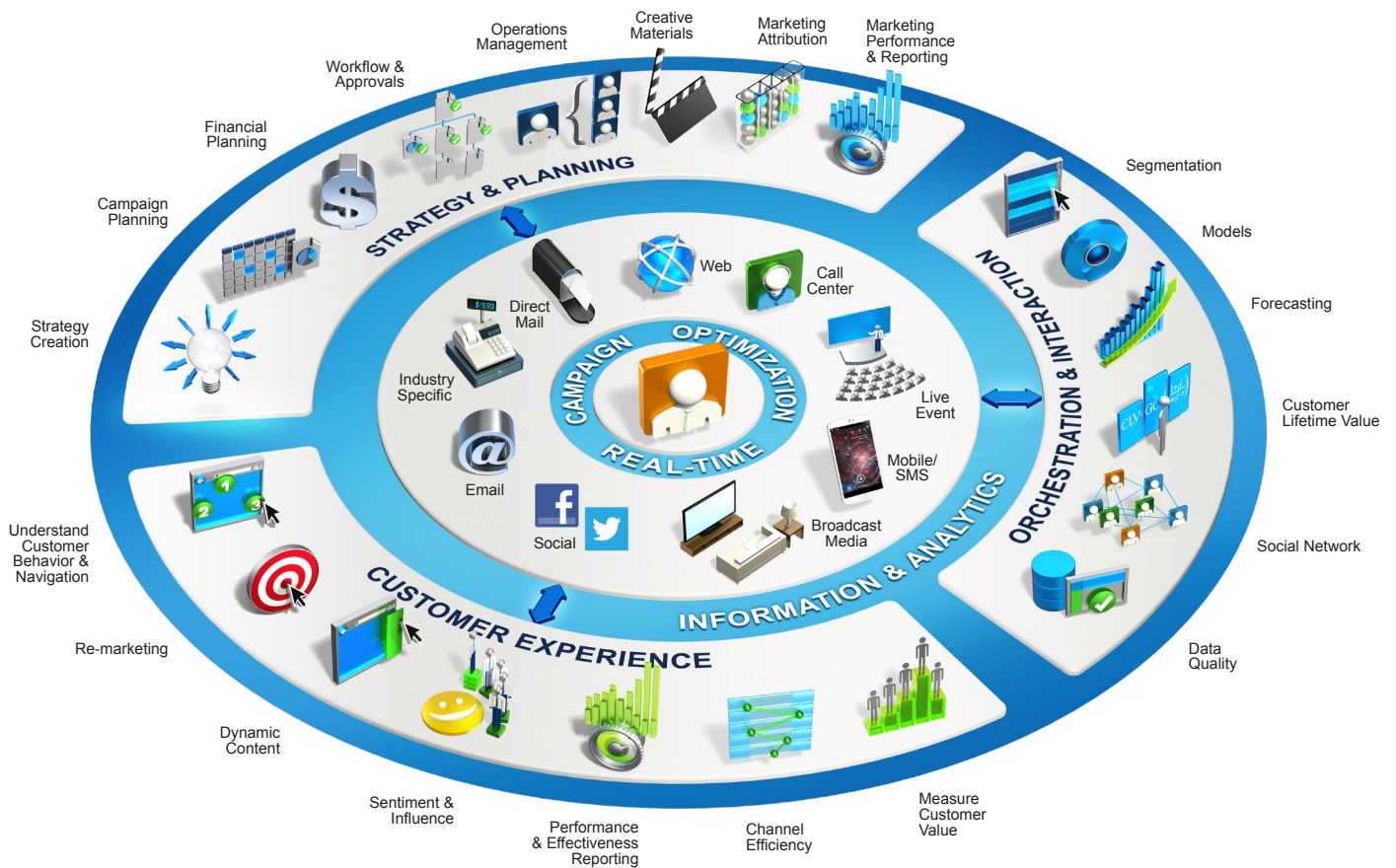


Figure 2: SAS Customer Intelligence integrated marketing management.

About SAS

SAS is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions, SAS helps customers at more than 60,000 sites improve performance and deliver value by making better decisions faster. Since 1976 SAS has been giving customers around the world THE POWER TO KNOW®.



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