Increasing sales opportunities and customer retention with relationship marketing.
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Abstract

Relationship marketing—leveraging technology to build and nurture valuable customer relationships—opens up new sales possibilities and improves customer retention while increasing your walletshare. To fully take advantage of relationship marketing capabilities, you need to not only adopt an integrated business strategy but implement the right technology.

IBM WebSphere® Commerce Suite Accelerator,¹ included with IBM WebSphere Commerce Suite, is a user-friendly, browser-based control panel that puts full-featured relationship marketing capabilities into the hands of business managers and marketing executives. With this robust, Web-based toolset, marketers can easily make adjustments and initiate changes based upon analysis of customer and market dynamics. Categorize customer preferences, predict shopper behavior, define campaign parameters and target specific customer groups by leveraging out-of-the-box marketing analysis tools.

The relationship marketing software capabilities mirror all the functions of an intelligent marketing administrator and a customer sales representative (CSR), supported by a smooth-running back office. Bottom-line benefits include increased customer loyalty and retention and maximized revenue per customer.

Introduction

The consistently dynamic Internet continues to drive explosive growth in e-commerce. According to AMR Research, Internet retail sales are projected to reach $100 billion by 2003, up from $29 billion over the last four quarters.² Analysts also predict business-to-business (B2B) e-commerce will continue to be a major growth area with forecasts for B2B trade in 2004 beginning at $2 trillion and reaching as high as $7 trillion.

As pressure for global free trade increases and price differentiation from one geography to the next is eliminated, price and functionality are replaced with new drivers for e-commerce success and longevity—customer service and value-added relationships.
Whether your customers choose to interact with you through your Web site using a traditional desktop over the Internet or mobile phones, PDAs, kiosks and call centers, you must meet their needs consistently — regardless of the channel. By establishing long-term, worthwhile relationships with your customers at all encounters, you can get to market faster and stay there. Accessing leading-edge technology that implements customer relationship marketing techniques will help you compete and grow customer loyalty, mindshare and marketshare.

The advantages of conducting business on the Internet are numerous: increased accessibility, improved service, lasting customer relationships and global reach to all members of your value chain. And with a solid customer relationship management software solution, you can more specifically:

- Strengthen customer loyalty
- Turn browsers into buyers
- Drive shopper revenue
- Increase inventory turns while decreasing carrying costs

Begin by leveraging the customer data you currently possess. Examining the data you've collected through traditional channels, as well as online-generated customer demographics, interests and purchasing histories, will help you convert this information into a competitive asset. By applying this valuable data, your business managers can identify the appropriate customer segments and create targeted campaigns based on this understanding. And with the relationship marketing capabilities of Commerce Suite Accelerator, your e-commerce site will reflect the right product offerings at the right time to maximize customer revenues.

Typically, business and marketing managers know what types of programs and offers they need to push, but often lack the technical know-how to initiate them. Commerce Suite Accelerator provides a comprehensive, intuitive solution for managing online stores and operations. It empowers managers to dynamically create and manage marketing programs and promotions on their sites, without involving the IT department for more than a one-time investment of initial back-end setup.
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WebSphere Commerce Suite drives relationship marketing

WebSphere Commerce Suite software provides a robust set of programs, tools and utilities so that you can confidently engage in e-commerce. WebSphere Commerce Suite software enables B2B or business-to-consumer (B2C) organizations to conduct business with each other and their customers seamlessly. An award-winning, flexible and comprehensive set of e-business software, a WebSphere Commerce Suite solution allows you to adapt on the fly as markets shift and business goals evolve. With Commerce Suite Accelerator, WebSphere Commerce Suite not only supports but drives relationship marketing, providing capabilities that leverage and combine customer data, content and business intelligence. It also gives users the ability to personalize customer information into deliverable, audience-specific formats. And it is fully interoperable with other IBM business applications.

Within WebSphere Commerce Suite software, relationship marketing functionality is managed with a user-friendly GUI. Designing campaigns, profiling customers and applying existing marketing resources is intuitive and easy to manage — without the hassle of developing spreadsheets, learning scripting languages or using command-line programming.

Commerce Suite Accelerator functions like an application wizard, guiding the business user through the step-by-step process of setting up these programs — a process that can be completed in less than five minutes. By using Commerce Suite Accelerator, marketing and business managers can define and segment custom content to display on any page of the e-commerce site. The marketing manager works with IT to define marketing spots — a series of targeted, online locations driven by marketing initiatives — dedicated to marketing messages and product descriptions. Using the Commerce Suite Accelerator GUI, the manager can easily use the wizard to select one of the marketing spots and add or change the custom content for a particular segment.
The functionality is not limited to business users. CSRs can also take advantage of the customer information mined from sales channels to up-sell and cross-sell products. With a multichannel view of customers, CSRs can support and manage customer relationships more effectively—and proactively. Infused into the sales process, CSRs become vital contributors to your sales volume.

Robust customer data management utilities allow WebSphere Commerce Suite to create and continuously update explicit customer profiles for all site visitors—and to process and refine implicit behavioral customer data sets. This capability enables a marketing manager or administrator to customize the company’s home page, maintain multiple customer lists and automatically schedule orders and reorder reminders for the customer. By making use of built-in catalog and rules-based capabilities, it is also possible to provide unique and personalized information to customers on the home page.

Figure 1. Building blocks of a successful relationship marketing solution
Increasing sales opportunities and customer retention with relationship marketing.

Business intelligence capabilities enable WebSphere Commerce Suite to provide out-of-the-box reports that organize Web site data and customer behavior. Report categories include revenue, orders, products, customers, page views by region, site overview, product, click paths and customer search results. The existence of ready-to-use, predefined reports saves you the time and expense of hiring a report writer to produce scores of different reports.

IBM WebSphere Site Analyzer and IBM WebSphere Commerce Analyzer enable you to make even more factual e-commerce decisions. React accordingly with usage analysis about individual pages, time spent on each page and impressions; and visitor analysis, which includes classifying visitor origins, visitor interests and visitor navigation behavior. Analysis results can be used to create a campaign model, run it against sample data sets and deploy the optimized campaign. WebSphere Site Analyzer functions and reports focus primarily on site operation analysis—broken-link analysis, performance analysis and browsers used—while Commerce Analyzer reports focus on commerce analysis—campaign and initiative impressions, clicks, business results and sales by category. Both products produce reports that help to enhance Web site operation. Additional business intelligence, in the form of data mining, can uncover hidden or implicit patterns of consumer purchasing behavior.

Implementing a closed-loop relationship marketing solution

Commerce Suite Accelerator provides four areas of functionality: marketing, merchandising, operations and customer service. By combining demographic and profile-oriented templates, non-technical users can define, personalize and maintain campaigns and initiatives focused on the company’s unique business requirements.

WebSphere Commerce Suite Accelerator delivers a closed-loop marketing approach. By relying on tools designed specifically for business users, marketing managers and other non-technical staff can manipulate, customize and manage the entire lifecycle of a relationship marketing campaign on an ongoing basis.

Business and marketing managers can implement the following functions with the aid of an easy-to-use GUI that includes:

- **Powerful rules engines, Brokat Advisor and Brokat Innovator to create and manage business rules**
- **Runtime engine that executes rules and renders Web pages**
- **Development tools to extend various e-commerce business processes to everyone in your value chain**
A virtual placement interface, WebSphere Commerce Suite Accelerator control panel lets marketing managers determine to whom they will offer a marketing initiative. WebSphere Commerce Suite Accelerator lets you define segments or customer profiles so you can target specific ads and promotions. For example, you can deliver a targeted, time-based awareness ad to seniors with a household income over $60,000 and who play golf. The business user can set it up so it runs every Tuesday, Thursday and Saturday between the hours of 2 P.M. and 4 P.M. And by applying the advanced rules technology within the software, the user can identify previous purchase history.

Based on this information, you can target each individual and present the appropriate offer based on the profile he possesses. Your campaign return will be higher due to the targeted nature of your promotion as a result of the fact-based and personalized information you have collected and analyzed. The Commerce Suite Accelerator development process—how a marketing executive implements it and how it relates to customer lifecycle support—is illustrated in Figure 2.
Next, business intelligence routines analyze the activities that occur online and generate a range of reports such as revenue, orders, products and customer search results. Based on the report output, marketing managers can adjust the original campaign model accordingly. They can change the content of predefined marketing spots and populate them on an as-needed basis. Once the refined model is in place, more data can be collected and the cycle begins again on a more finely tuned basis. The result is a continuously running, closed-loop management capability that allows marketing and merchandising managers to optimize a customer relationship marketing campaign. This can be achieved by either making incremental adjustments or radically reorganizing the campaign model, depending on realtime feedback.

Create and manage an effective campaign

For customer relationship campaigns that support a complete, flexible marketing strategy, three primary components must exist: the actual campaign, campaign initiatives and campaign initiative conditions. Tightly integrated, the three components provide marketing managers with different levels of control over their marketing messages.

The first step is to define the campaign. Each campaign represents a major marketing effort that relies on collected data. Campaigns have unique names, start and end dates and associated business objectives that function as containers for other objectives. Objectives may include selling excess inventory; winning business back from infrequent customers; and offering enticements and special discounts to potential new customers.

Next, the marketing manager must describe the campaign initiatives. Campaign initiatives — coordinated activities designed to achieve the overall goal of a program — deliver personalized content to the customer. Initiatives typically consist of two types: awareness advertisements — designed to increase a customer’s awareness, for instance, of upcoming events or brand awareness; and suggestive selling initiatives — product recommendations that associate products together in an attempt to up-sell or cross-sell products to a customer. The advertisements may map to a previous purchase or the current contents of the customer’s shopping cart. Campaign initiatives also involve one or more target locations or marketing spots.
Finally, in order to define campaign initiatives, the marketing manager must delineate the campaign initiative conditions by associating each condition with an individual initiative. Conditions detail the scenarios under which a particular initiative’s content presents itself. Within Commerce Suite Accelerator, a Q&A format is used to describe:

- **Who the initiative should target**
- **When (which day of the week) to consider the initiative**
- **What content to display**
- **Which customer behaviors to target**

By answering these questions, situations where a particular condition will prove true are defined in addition to how the personalized content will be displayed. Conditions also enable users to present multiple messages in the same marketing spot under different situations. However, this is true as long as only one message displays at any one time. Figure 3 provides a simple example that illustrates the relationship between marketing spots, customer profiles, awareness advertisement initiatives and conditions in a campaign with a Mother’s Day theme.

![Figure 3: Defining marketing spots, customer profiles and initiative conditions](image-url)
An online store runs a spring campaign that includes a Mother’s Day initiative, with a promotional message appearing within the predefined marketing spot on the home page. The marketing manager will offer different messaging and images based on a variety of criteria that includes:

1. If the customer is younger than 18 years old and the current day is the weekend before Mother’s Day, an advertisement reminding the customer to buy flowers for his mother is displayed.

2. If the customer is a married male and his shopping cart does not contain flowers, an advertisement reminding the customer to buy flowers for his wife is displayed.

3. If the customer is female, household size is at least two people and her shopping cart has a current value of less than $20, an advertisement reminding the customer to buy flowers for herself is displayed.

4. If the customer does not fit any of these profiles or if the situation does not meet the specific criteria, no advertisements are displayed.

Once marketing spots, customer profiles, awareness advertisement initiatives and conditions are created and implemented, business intelligence routines can be used to analyze the campaign and to inform the marketing executive, using a number of customized report types. Leveraging the Commerce Suite Accelerator closed-loop management model, the marketing manager or other business user can easily modify various aspects of the campaign model to meet changing market conditions.
**Conclusion**

Based on their stored profiles, what they have placed in their shopping carts, or other scenario-based criteria, customers receive targeted, personalized information about products they’re interested in. They can more easily find what they want (because they have been directed) and purchase it. By anticipating their needs, a relationship marketing approach makes buyers feel valued. Ultimately, a successful relationship marketing implementation—due to its ability to provide all the members of a company’s value chain a 360-degree customer view—will leave customers feeling that every contact and transaction has been remembered.

Relationship marketing architecture consists of distinct but interconnected software layers optimized for sales and service, order processing and decision support. Together, these layers mimic all the functions of an extremely intelligent marketing administrator and a personal CSR, supported by a smooth-running back office. The payoffs for implementing a relationship marketing solution are significant. With a strategic and effective customer relationship program in place, you can create worthwhile experiences for your customers, regardless of how they choose to interact with you. And one that sets you apart from the competition.

**For more information**

To learn more about IBM WebSphere Commerce Suite Accelerator—included with WebSphere Commerce Suite—and other e-commerce solutions, contact your IBM marketing representative, IBM Global Services, IBM Business Partner or visit:

[ibm.com/software/commerce](http://ibm.com/software/commerce)
1 All mentions of WebSphere Commerce Suite Accelerator apply only to WebSphere Commerce Suite, Version 5.1.
2 "The Report on Retail Applications."
AMR Research, 2000.