



# From Stretched to Strengthened

Case studies from the  
Global Chief Marketing  
Officer Study

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### **IBM Institute for Business Value**

IBM Global Business Services, through the IBM Institute for Business Value, develops fact-based strategic insights for senior executives around critical public and private sector issues. This case study compendium is based on an in-depth study by the Institute's research team. It is part of an ongoing commitment by IBM Global Business Services to provide analysis and viewpoints that help companies realize business value. Additional studies from the IBM Institute for Business Value can be found at [ibm.com/iibv](http://ibm.com/iibv)

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## Deliver value to empowered customers

The most effective CMOs focus on getting to know individuals, not just markets. They mine new digital information sources. And they use customer analytics to turn data into insights on which their organizations can act.

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Innovators featured in this section:

General Motors India

Mahou-San Miguel

# General Motors India

Conversations drive customer satisfaction

The Chevrolet nameplate celebrates its centennial in 2011, yet it is a relative newcomer to India. But the brand is steadily increasing in popularity, rising from eighth to fifth in India in 2010.

A big part of this success stems from the relationships General Motors (GM) India is building with its customers. "India is a country in which more than 55 percent of our population is less than 30 years of age," says Sumit Sawhney, Vice President, Sales, Marketing & Aftersales. "To connect with that audience, we began a social media initiative last year and now have more than 113,000 fans on our Facebook page. But we can't target only youth, because our population is so diverse. So we have multiple channels in the digital space where customers can interact with us in real-time. We are creating not just advertising, but a moment of dialogue with customers."

Additionally, GM has platforms in place that provide direct interaction with company executives. "I get a lot of communication from customers. Our entire marketing program is based on having conversations with customers, listening to them and meeting their wants and needs." This engagement gives GM the ability to quickly address customer concerns. "If any customer issue remains unresolved for more than 24 hours, it gets escalated to my level," Sawhney said.

The result? Chevy's brand consideration scores have gone up by more than 42 percent in 2010, Sawhney notes. Additionally, he said the company claimed the No. 2 spot in J.D. Power dealer satisfaction ratings, coming in only slightly behind the leader.

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Links to IBM videos featuring this organization's CMO:

**Varying brand communication by market**

**Finding messages that cut across a diverse customer base**

**Creating brand ambassadors from your satisfied customers**

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# Mahou-San Miguel

Customer engagement is key to success

Spanish brewer Grupo Mahou-San Miguel, S.A. developed a new brand of beer, “Mixta,” to appeal to the younger drinking-age customer. Capturing a loyal following for a new brand is never easy. “Brand awareness is not enough today,” says Javier Herrero-Velarde, Mahou-San Miguel’s CMO. “You have to build an emotional link as well.”

Capitalizing on the passion this targeted generation has for all things digital, the company decided to bypass traditional media at product launch and dedicate its resources to social media. To engage and entertain these “digital natives” and exploit the power of viral networking, Mahou-San Miguel developed more than 30 Mixta commercials for YouTube and Internet outlets.

The results to date have been truly impressive. Herrero-Velarde said the Mixta campaign, with more than 10 million views, is in a battle for second place among all YouTube brand views in Spain. The company is also active in social media with its other brands. The company’s flagship brand, “Mahou,” for example, has more than 100,000 Facebook fans, he said.

The impact of social media goes beyond the numbers of views or fans, however. Particularly gratifying for Herrero-Velarde is the engagement of consumers with the brand, such as the emergence of user-generated imitations of Mixta ads and a social media “club” of Mixta fans.

Mixta has clearly connected with its audience, and the active engagement of customers with the brand is key to its continued success. “We are receiving ideas and initiatives from our consumers with original brand concepts,” he said. “For us, that level of interactivity and affinity is a big part of the ROI of social media.”

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## Capture value, measure results

CMOs need to be accountable to the business for marketing spend, but to do that, they need to have the right mix of digital, analytical and financial capabilities – and lead by example.

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Innovators featured in this section:

Kraft Foods

First Tennessee Bank

# Kraft Foods

Customer engagement delivers “slam dunk” for Oreos

Kraft Foods’ Oreo cookie was first introduced in China in the 1990s. But it wasn’t until the company began actively engaging with consumers that sales began to take off.

In communicating with customers, Kraft found that the original Oreo was too sweet for local palates and the package too big for small Chinese families. So in 2006, after testing 20 different prototypes, Kraft reformulated both the cookie and its packaging.

To reintroduce the Oreo, Kraft capitalized on the desire of Chinese citizens to interact with national celebrities and their affinity for digital media. The company tapped NBA basketball star Yao Ming — then China’s most famous export to the United States — as a brand ambassador.

Using online gaming, the company encouraged younger consumers to “compete” with Yao Ming in Oreo “Twist, Lick and Dunk” contests. Mothers in China, the ultimate audience, were encouraged to share their “Oreo Moments” in an online diary on China’s popular QZone social network.

The results of these two campaigns have been astounding. The total number of clicks on the online gaming site has topped 1.2 billion, with nearly 5 million page views and 1.5 million unique visitors. The first six months of the social media campaign on QZone saw 38 million unique visitors and more than 40 million user-generated “Oreo Moments.”

Since the inception of the first digital campaign, Kraft representatives report that sales of Oreos in China have increased by more than 80 percent and in-store sales in some regions have tripled. By listening to consumers, understanding their product wants and communicating with them through the media they prefer, Kraft has made the Oreo the best selling cookie in China.

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# First Tennessee Bank

Marketing comes “full circle” to boost campaign ROI

First Tennessee Bank had an extensive data warehouse of customer information generated from multiple touch points, but deriving meaningful insights from all that data was a challenge. With six different home-grown sales and CRM systems that produced spotty feedback on leads, and no event-driven capabilities, First Tennessee knew it was missing opportunities both to connect with customers and more accurately measure campaign ROI.

By integrating its CRM solution into a single system, First Tennessee now gets real-time updates, custom triggers and analytics that create relevant offers, which can be viewed through a single dashboard. This new “full circle” marketing approach is a combination of database marketing, sales force automation, CRM, and e-commerce rolled into one. Analytics help predict customer attitudes and behavior to better target its marketing efforts. Campaigns are now fine tuned to assist cross-selling of checking accounts, saving accounts, CDs, and home equity lines of credit across all channels.

For example, an unusually large deposit can trigger an alert that a high priority lead needs attention. The system can identify potential customer needs, based on the availability of additional funds and the customer's profile, and populate the agent's dashboard with the best fit of products and services for that customer's portfolio. The resulting courtesy call by a banking relationship manager can intercept that customer shopping for possible investments vehicle, boosting the response rate of the bank's telemarketing efforts.

The results of the new First Tennessee system have been dramatic: an increase in customer contact rates of over 85 percent in some lines of business, a response rate of more than 8 percent and a remarkable 600 percent increase in ROI on outbound marketing campaigns, which the bank can now calculate with confidence.

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## Foster lasting connections

To cultivate meaningful relationships with customers, marketing must engage with them beyond the transaction phase. And how an organization behaves is as important as what it sells.

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Innovators featured in this section:

[Footsmart](#)

[wehkamp.nl](#)

# Footsmart

Analytics help deliver cross-sell success

Online commerce provides empowered customers with the opportunity to conveniently shop for products and services that precisely meet their needs. At the same time, marketers are challenged by the sheer number of customers whose buying habits they must understand. Businesses can meet this challenge by applying automated customer interaction systems shaped by sophisticated analytics.

FootSmart, a direct-to-consumer retailer of foot and lower-body health care products with more than 1.9 million customers, knew there was untapped potential in online sales. But to capitalize on this, the company needed algorithms that parse both individuals' previous behavior and overall patterns in the firm's customer data.

To more efficiently identify the most relevant and profitable cross sells, while weeding out the underperformers, FootSmart engaged an analytics partner to capture the lifetime behavior of customers on its site and the comprehensive browsing, shopping and purchasing information stored in the system.

Carefully targeted offers are now generated automatically, resulting in online customers receiving relevant products much more likely to delight them. Analytics have helped FootSmart realize impressive numbers as a result: a 147 percent increase in cross sells as a percentage of total online sales; a 97 percent increase in sales for cross-sell items; a 31 percent increase in its cross-sell conversion rate; and a 19 percent increase in average order value when cross-sell products are purchased. Satisfied online customers now generate 65 percent of FootSmart's sales.

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## wehkamp.nl

### Retargeting program multiplies ROI

Online shoppers are discerning consumers with short attention spans. Looking for the best value, they browse pages, compare products and add items to their shopping carts—only to abandon their sessions to continue researching elsewhere on the web. Retailers are challenged to quickly reacquire these consumers after they leave a site, or risk losing sales to their competition.

The Netherlands' largest online retailer, wehkamp.nl, looked to increase the ROI of its marketing efforts by focusing on these browsers with a comprehensive behavioral “retargeting” program. By using analytics to glean insights from customers' shopping behavior, marketers can now send targeted, real-time ads to would-be buyers immediately after they leave wehkamp.nl's site. The ads— informed by data on customers' personal interests and shopping history— feature the merchandise they researched and targeted relevant offers, making it easy for customers to return to wehkamp.nl with a single click.

Focusing on each customer as a unique individual with specific needs is paying off handsomely for wehkamp.nl. It is enjoying click-through rates of nearly 1 percent with these targeted banner ads—about five times the performance of untargeted banners. And the ROI of the targeted ads is more than 15 times that of untargeted ads. wehkamp.nl recognizes that retargeting is an essential component in a broader strategy of personalized online marketing. With its impressive ROI results and increased customer satisfaction, the personalized retargeting is clearly a win-win for retailer and customer alike.

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U.S.A.

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