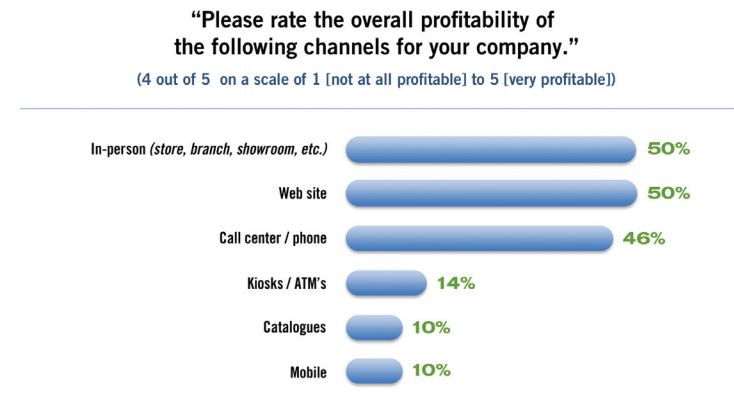


The CMO Imperative: Multi-channel Customer Engagement

**Building an Online Marketing Strategy
to Drive Campaign Effectiveness and
Business Success**

Executive Summary

Digital channels are now competing with offline channels as profit drivers. In fact, websites are neck and neck with in-person channels for profitability. Websites are also the top priority for 2010 investments. Sixty-six percent of eBusiness and channel strategy professionals surveyed by Forrester Research, Inc. rank websites as an investment priority, far ahead of the 39% who cite in-person channels like stores, branches, and showrooms.¹



Source: August 2009 Global eBusiness And Channel Strategy Professional Online Survey

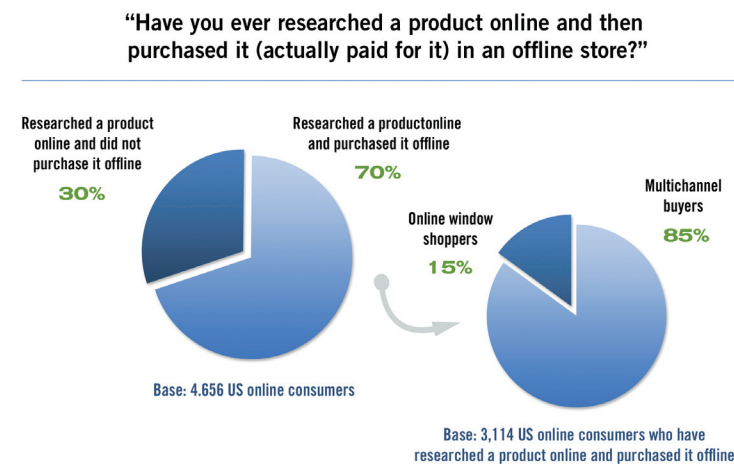
Smart marketers realize the opportunity to seize greater share of market by establishing a strong presence across digital channels. But how can marketers widen their reach while maintaining control over their messaging across so many channels? CMOs worldwide struggle with this paradox as they pursue Multichannel Marketing (MCM) to tap key revenue streams. And ignoring certain channels is not an option. The result is a devastating loss of revenue, as today's competitive environment sees rival companies quickly filling gaps in underserved channels.

This paper outlines the promise of MCM, highlights key pitfalls to avoid when pursuing your MCM strategy, and describes the means for succeeding with MCM: next-generation Web Content Management.

Your Best Customers Are On The Move

Modern commerce knows few boundaries, as organizations across B2B and B2C markets leverage multiple online and offline channels to reach new and existing customers. And the highest spending customers have responded in kind. Not only do they accept this new mode of customer engagement, termed Multichannel Marketing (MCM), they are driving it forward. Today's biggest spenders demand complete purchasing flexibility and the highest levels of service, no matter if they are online or offline. They research and buy along multiple paths or channels that are most convenient to them, often blending paths for a single purchase. Forrester Research states that of the 70% of U.S. consumers that research online and purchase offline, 85% are deemed to be multichannel as they also buy on and offline (see Figure 1)² In fact, many organizations estimate that as much as 50% of their customers — typically those of highest value — purchase across multiple channels.³ As a result, each channel — including brick and mortar, catalog, phone, PC, iPad, smartphone, and in-store kiosks — has risen in importance.

Figure 1: 70% of U.S. online consumers exhibit multichannel behavior



¹ Forrester Research, February 11, 2010, Using Digital Channels To Create Breakthrough Multichannel Relationships

² Forrester Research, August 6, 2009 Profiling The Multichannel Consumer

³ Ibid

Unable to ignore any of these channels, organizations have scrambled to address the needs of each. But addressing the marketing and technology complexities of every channel is a daunting task. This challenge is compounded by the need to reach consumers with varying device types who are located in multiple geographies. Few companies can claim to have developed an integrated strategy to address each channel's needs. The reality is that most companies have focused on a limited number of channels or on a single technology. For example, it's not uncommon to see a company with a strong mobile strategy lacking a brick and mortar and in-store kiosk presence. Similarly, companies with leading-edge iPad strategies frequently lack robust catalog and phone services. The marketing mandate is obvious: a company's branding and messaging must appear in more places than ever before.

Engaging in MCM can backfire on companies that attempt to cover all channels with a single message or branding approach. Those CMOs that succeed with MCM do so by developing a discrete strategy for each channel, one that enables them to maintain brand equity while satisfying customer expectations. And the most essential tool for pursuing such a strategy is an online marketing platform that enables CMOs to deliver multichannel customer experience and campaigns. At its core, this new online platform is a next-generation Web Content Management (WCM) platform combined with integration services for Digital Asset Management (DAM) and Social Collaboration (SoCo). Together, these capabilities empower CMOs to deliver media-rich, community-oriented customer experiences that increase brand awareness, drive customer engagement, and build customer loyalty and campaign success.

Though the acronym implies "Web as a singular channel," next-generation WCM solutions are much more than that. They support permission-based publishing across a range of output channels, including email, mobile, social networks, web, and print. They also help ensure that customers are fully engaged independent of channel, device, or geography. In essence, next-generation WCM platforms are multichannel engagement systems.

Know Your Multichannel Consumers⁴

- 70% of US online consumers research online and purchase offline
- Multichannel buyers spend 28% more online than average US online buyers
- Of those consumers, 85% ultimately purchase online
- They are affluent, married with children and well-educated
- They are power users who demand sophisticated features on a website

Ingredients of a Successful and Profitable MCM Strategy

If your company is like most, it has invested millions – perhaps hundreds of millions – of dollars to implement a full-blown MCM strategy. Given the size of this investment, your company should take great care to plan exactly how it will strategically, tactically, and technologically incorporate the following four key ingredients to successful and profitable MCM. Failure to account for any of these elements can quickly manifest itself in lost time, wasted effort, and poor customer uptake and retention.

Ingredient 1 – Ensure Brand Consistency

Maintaining brand consistency across channels, devices, and geographies is no easy feat. Beyond the traditional language and cultural nuance challenges, the very nature of the Internet and social media leads to a certain amount of "brand leakage." In such instances, your company's brand and core value propositions become diluted or altered through messaging delivered by fans of your products and services. Simply put, your fans — or brand advocates — like to discuss your products and services, but are not trained to make statements in a manner that conforms to your branding and messaging. The time and expense required to reinforce your brand following widespread leakage could be significant depending on the reach of the fan chatter. With that in mind, you need to account for as well as leverage the viral nature of today's online media prior to introducing new marketing and branding across channels.

Ingredient 2 – Match Task to Channel

Beyond brand consistency, your customers' experience in a certain channel must precisely match their needs and expectations for that channel. This means having the right tools and processes in place to control the user experience in each channel, while maintaining a view across all channels.

The need to account for all channels while delivering channel-specific experiences makes this ingredient challenging to incorporate. You must first discipline yourself to avoid what McKinsey terms the "3E Trap" of trying to be everything to everyone, everywhere. Not only is it impossible to satisfy these three simultaneously, it is not what your customers want. Savvy marketers recognize that customer needs vary by location, device, and transaction type as demonstrated in Figure 2. What works on an iPad may fail miserably on a PC. Therefore, to ensure a sound MCM strategy, you must prioritize the channels of most value to you. Once you've established these priorities, you can target and modify your messaging based on specific endeavors and scenarios that your company leads or pursues.

Figure 2: Optimizing to a Customer's Context



Ingredient 3 – Optimize Resources

Many marketing organizations dedicate separate teams to manage differing channels. While this may help maintain focus, it most often leads to massive inefficiencies and frequent message and marketing program conflicts. Devoting an entire team to create a site for customers on mobile devices makes little sense if the content is much the same as existing content in another channel. Instead, you should seek to reuse content, processes, and templates wherever possible.

Ingredient 4 – Achieve Agility

Conditions change quickly across today's marketing channels. Consider, for example, rapidly changing customer demands surrounding big events, such as the 2010 World Cup Soccer tournament. In an instant, one team or person becomes an Internet darling, while another becomes the villain. You must be prepared to respond to the ever more fickle desires of your customers. Yet you must do so while delivering a consistent customer experience and messaging. This requires tools that enable you to make content changes across all delivery channels in seconds, not hours or days.

Best Practices for Effective MCM Execution

To achieve the strategic goals of MCM, you need to employ methods that correspond to the four key ingredients of an effective MCM strategy. Without attention to detail around these marketing tactics, the best-laid plans will go awry.

Start the Conversation

Most CMOs recognize that static websites consisting of one-way information broadcasts have lost their effectiveness and are disappearing. Today, you need to stimulate a conversation with your prospective customers — as well as their peers — to form an ongoing relationship. This will raise their level of connectedness with your company and help to stem customer drift to the many competitors who are merely a click or touch away. Done right, you become a trusted provider who understands, listens to, and responds to their needs.

One of the easiest ways to start the conversation and encourage interaction is to establish an online forum. The feedback found in the forum alone is an invaluable source of buyer profiling. Analyzed correctly, this information provides you with tremendous insight into how purchasing decisions are made, which influencers to target, and which messages impact prospects the most and in what ways. Establishing a forum for real and meaningful conversations compels you to support the common features that your customers have come to expect, such as the ability to comment, rate products, and share video.

Segment and Target

With the right analytical tools, you can leverage social media data analysis to develop user or buyer personas faster than ever. Instead of spending vast amounts of time on primary and secondary research, you can leverage WCM technologies to create more accurate psychographic segments that move far beyond the "urban hipster" or "Midwest soccer mom." And today's web analytics enable you to obtain the information you need without running the risk of gathering Personally Identifiable Information (PII).

⁴ Forrester Research, Inc., Profiling the Multichannel Consumer, July 2009

Because common WCM analytics include such information as referring websites, purchasing behavior, and campaign-offer responsiveness, your future marketing campaigns will grow in effectiveness as you gain a broad view of where your prospects originate across channels. In addition, your marketing organization can actually cross the line into revenue-generating sales by leveraging basic engagement management tools. These tools target your messages on the fly, increasing your relevancy to individuals as they research purchase options.

Respond to Customer Interests

Fad frequency is clearly on the rise. Not only do tastes change quickly, they vary widely by geography and user type. If you can recognize the difference between a prospect in New York and one in Wichita, you can increase acquisition and retention rates. But doing so requires moving beyond a 'set and forget' mindset. Leading WCM technologies help you sense and respond to customer interests with agility. Through multivariate testing, you can change the type and presentation of an offer instantaneously to engage customers before they lose interest — and maximize revenues in the process.

It may be overwhelming to consider mapping your marketing programs to constantly revolving user groups and changing interests. But modern multichannel engagement systems dramatically simplify and automate this process.

Deliver the Most Compelling Offers and Messages

All marketers recognize the need to evolve messages over time, but the best marketers learn and adjust faster than their competitors. Agile WCM platforms enable you to combine testing, analytics, and customer interaction data into a set of actionable data that helps you refine messaging and the presentation of offers. With this input, you can present the best offer and messages for a given prospect, helping you multiply marketing effectiveness and maximize revenue opportunities.

Tapping into the Promise of MCM with WCM

Many WCM initiatives are initially driven by a need to control chaos versus a desire to leverage new digital channels for customer engagement. For certain, with microsites appearing seemingly overnight to support a new brand or marketing program, companies across industries are contending with growing website sprawl. As a result, most WCM requests for proposal mistakenly center on the concept of a single repository and framework for permission-based publishing. CMOs can be steered to a basic WCM solution when in reality they need to seize the opportunity of MCM.

As noted earlier, the traditional definition of Web Content Management can be misleading, and is far too limited, when applied to MCM. This is particularly true for next-generation Web Content Management platforms that have evolved into multichannel engagement systems. While control is critical, reach across new digital channels is what drives revenue. From a business goal standpoint, a multichannel engagement system must:

- **Optimize** interactive marketing budget spend
- **Engage** high-value customers with rich and alluring media
- **Retain** customers through personalization in every digital interaction

In fact, according to Forrester Research, WCM is only a small portion of these multichannel engagement systems. Today, they also provide document output management (DOM), search, eCommerce, and marketing functionality.⁵

As a result, CMOs should only consider next-generation WCM solutions offering a suite of interactive tools and capabilities, supported by partnerships that enhance the effectiveness of marketing initiatives and create a competitive advantage. Specifically, they should seek a platform with the following capabilities:

- **Standards-based repository** – Unlike 'stovepiping' that results from use of proprietary solutions, advanced, standards-based solutions help stave off obsolescence. Perhaps more importantly, they ensure platform viability across and outside of your organization. As was the case with web servers, Apache has produced what is becoming a standard foundation for Web 2.0 applications: the Java Content Repository (JCR). Make sure the WCM platform you choose supports standards such as Content Management Interoperability Standards (CMIS) Representational State Transfer (REST) and the OSGi framework. Adherence to these standards future-proofs and even enhances your investment by providing access to a rich ecosystem of applications and utilities that are pre-built to interoperate with the multichannel engagement platform.

- **WCM agility** – Speed to use is a major factor in successful MCM. Tools should be intuitive and require little training so they can be used quickly and widely across your organization. In addition, they should feature easy to use workflows to create parent-child relationships necessary for multi-site management that is typical in online marketing.
- **Digital Asset Management** – On today's websites, rich media – including images, video, online presentations, and more – is what attracts and engages audiences most. As you repurpose digital assets to address multiple devices, formats, encoding rates, and metadata, you'll find yourself dealing with an explosion of assets. An easy to use system helps tame this chaos and enables syndication of assets across multiple channels.
- **Social collaboration** – Every brand has a fan base but not every CMO is leveraging it. Next-generation WCM allows you to create a network of relationships between prospects and the loyal customers that influence their purchasing decisions. These online communities serve other benefits – they help build brand loyalty, which in turn leads to more repeat sales while at the same time offloading customer support functions. Features to look for include a shared calendar, the ability to comment, reviewing functions, rich media, and document sharing.
- **Search Engine Optimization (SEO)** – Most site visitors find you via the search engines. Tuning content to keep pace with top search terms is critical, but can be a chore. Next-generation multichannel engagement systems are purpose-built with hierarchical architectures that out-of-box, support generation of Search Engine Friendly (SEF) links that boost page rankings in search results. In addition look for platforms that provide APIs to databases like Alchemy for keyword enhancement and are involved in efforts like the Interactive Knowledge Stack that aim to make content more visible to search engines.
- **Content targeting** – Unlike old media, digital channels offer a range of information that marketers can use to better target their messages. Whether it is as simple as geography or as complex as past buying behavior, a solid marketing platform enables you to tap into critical data and customize messages so every experience is engaging and optimal.
- **Multivariate testing** – Sense and respond is the mandate for today's CMOs. With support for A/B testing in a platform, marketers can sense audience preferences and promote or pull campaigns based on response rates.
- **Analytics** – Because CMOs live (and die) by reports, gaining an instant and historical view into campaign performance is critical. Best-of-breed solutions include integrated analytics that can interface with leading standalone analytic offerings.
- **Localization** – Marketing has no geographic boundaries and, like online commerce, is global. As a result, you need to adjust to local audience needs without compromising your brand. Advanced WCM allows a single change to be proliferated across sites without delays.
- **IT agility and the Cloud** – Best-of-breed solutions should work across multiple IT environments but, most importantly, need to be deployable on Cloud-based services like Amazon's Elastic Compute Cloud (EC2). This provides the ability to instantly scale and ensures that CMOs are never victims of their own campaign success.

When these capabilities are deployed in tandem, marketers are able to fully utilize and leverage all digital channels without any compromise to their brand. In fact, business value is driven in several areas. First, an agile platform enables faster time to market and revenue. Plus, CMOs see an increase in overall traffic and conversions because they gain the ability to deliver more relevant content.

Organizations realize bottom-line benefits as well. Modern multichannel engagement systems eliminate the redundancies associated with developing content and applications for a single device – such as for an iPad – instead giving business users the ability to repurpose content for use across many channels. Moreover, deploying in the Cloud reduces infrastructure costs and enables a true pay-per-use model that scales with demand.

Summary: Multichannel Marketing is a Must

MCM is a marketing strategy that you simply cannot afford to ignore any longer. As competition heats up across all customer-facing channels, those companies with a strongly articulated vision to optimize marketing in each channel will prevail. The customer data supports this: if the 70% of customers and prospects who are your biggest spenders perform research and purchasing in a multichannel fashion, shouldn't you have a corresponding capability to meet them in every channel?

Look for a vendor offering a next-generation WCM platform versus one that takes a conventional approach to content management. The company should offer a clearly articulated vision for multi-channel marketing, backed by field-tested tools and technologies that deliver on the promise of MCM.

⁵ Forrester Research, Inc., Supporting Your Online Channel Effectively, June 16, 2010

Next-generation WCM platforms enable you to optimize your multi-channel strategy without losing control of branding and the customer conversation.

The challenge for you as a marketer is to optimize your multichannel strategy without losing control of branding and the customer conversation. To do so, you need the tools and processes to control user experiences. Next-generation WCM platforms provide just that, enabling you to effectively and efficiently engage your multichannel customers. With WCM in place, your ability to sense and respond to changing market conditions will be near real time. This will transform your marketing team from a cost center to a profit generator for your organization. And thanks to WCM's ability to analyze and share data across departments, you can streamline use of marketing resources to pursue multiple channels. In this way, WCM helps to improve the bottom line as you deliver a robust MCM strategy.

Over 200 leading brands — including those in the commerce, packaged goods, and travel/hospitality industries — take advantage of Day's CQ5 software as their WCM platform. To see examples of how our software powers MCM efforts and to learn more about how Day can help you succeed, please visit our website, www.day.com to access customer success stories and Webcasts of how CQ5 works.

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Day Software Fast Facts

- Founded in 1993
- Headquarters in Boston, MA and Basel, Switzerland
- 2009 Revenues: \$32.7 Million (profitable)
- Traded on SIX Swiss Exchange: DAYN
- Customers: Over 200 top brands, including Adobe, Audi, Daimler, GM, Intercontinental Hotels, Merck, MTV Networks, McDonald's, NBC, Newsweek, UBS
- Only provider recognized in all three Gartner Magic Quadrants for ECM, WCM, and Social Collaboration
- Leading contributor to Apache Software and Open Source Projects.
- CTO David Nuescheler was a driver in JCR standards and an active participant in OASIS efforts for CMIS
- Chief Scientist Roy Fielding is co-founder of the Apache Software Foundation, author of the Apache Software license, and creator of the Apache web server