THE RISE OF THE PLATFORM MARKETER: CONNECTED CRM IN A DIGITAL WORLD
In 2011 we introduced the concept of the “Age of the Customer” and how we believed we were entering a new age of marketing.
In 2012, we introduced the concept of The Connected Consumer and how we believed it would be the new battleground for competitive advantage.
In 2013, we introduced the Connected CRM framework as a structural way to implement customer centric business strategies.

Enterprise segmentation, which includes value and lifecycle dimensions, forms the foundation of CCF.

<table>
<thead>
<tr>
<th>Customer Strategy</th>
<th>Experience Delivery</th>
<th>Financial Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Strategy</td>
<td>Media Planning</td>
<td>Measurement &amp; Attribution</td>
</tr>
<tr>
<td>Segment Strategy</td>
<td>Channel Planning</td>
<td>Budget Allocation</td>
</tr>
<tr>
<td>Program Strategy</td>
<td>Targeting &amp; Personalization</td>
<td></td>
</tr>
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These strategies are then translated into actionable media and channel plans that result in highly personalized, targeted experiences.

Experience delivery performance is continuously attributed across media and channels which, in turn, drives optimized budget allocation.

Financial management informs customer strategy and experience delivery decisions as a closed loop process.

Infrastructure & Business Process

| What data, processes, systems, tools and technology will be necessary? |

Leadership & Organization

| What outcomes are we trying to create and how do we organize to enable them? |
Wow, has a lot changed over the last few years

Facebook and Twitter rollout truly addressable platforms at massive scale

CRM audience on-boarding match rates driving even more scale with partners like LiveRamp and datalogix

Google launches audience based targeting and customization!

Arms race has pulled in Pinterest and Instagram with others following fast
As a company rooted in direct, response and database marketing, we dreamed of a day when we could target known individuals in the digital world… well that day has come.
Introducing the addressable audience platform
The emerging opportunity in Addressability At Scale (AAS) is the key driver of competitive advantage in the age of the customer.

Addressability at scale (AAS) is defined as the opportunity to create competitive advantage through the ability to deliver targeted, personalized experiences to consumers.

AAS is enabled through the application of data and analytics to the digital audience platform marketplace that is now at massive scale.

<table>
<thead>
<tr>
<th>AAS 1.0</th>
<th>AAS 2.0</th>
<th>AAS 3.0</th>
<th>AAS 4.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name &amp; Address</td>
<td>Phone #</td>
<td>Email Address</td>
<td>Cookie &amp; Device ID</td>
</tr>
</tbody>
</table>

1990 to 2014
Amidst all of this scale and automation, the addressability of channels and media is increasing every day.

Addressability uses customer data (anonymous or identified) to increase the targetability and relevance of marketing impressions and experiences.

The Addressability Spectrum

Identification:
- Anonymous
- Partially Identified
- Identified

Knowledge:
- Unknown
- Some Knowledge
- Well Known
Addressability is reaching new levels of sophistication and scale due to the rise of the Addressable Audience Platform.

An Audience Platform is a digital technology that enables automated, targeted, personalized experiences to individuals (known and anonymous) at scale utilizing first and/or third party data.
Each of these companies is working to extend the ability to reach their users off network which will result in absolutely massive scale.

Audience Platform already at scale on network

Soon we will see audience extension off network at massive scale

But these will become closed networks forcing the advertiser to answer how to create a single customer view using first party identity management.
The Audience Platform has revolutionized digital and paid social media in the last four years.

**Digital & Social Media Evolution 2009 - 2013**

<table>
<thead>
<tr>
<th>Level of insight</th>
<th>Contextual</th>
<th>Real-Time Bid (RTB)</th>
<th>CRM Targeted RTB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>How many people visit site, and their profile</td>
<td>Cookie &amp; Third Party data on unknown individuals</td>
<td>Addition of data repository including all media and CRM data</td>
</tr>
</tbody>
</table>

**Targeting**
- Based on inferred match between audience & publisher
- Anonymous user behaviors
- Retargeting
- Anonymous user behaviors tied to CRM data
- 1st party data targeting (name and address)

**Optimization**
- Publisher performance
- Anonymous cookie data
- Performance by customer
  - 1st & 3rd Party Cookie
  - Device ID
  - Known individual

**Platforms & Format**
- PC
- Banners
- PC
- Display & Video
- Channel specific
- Cross Media/Cross Device
- PC
- Mobile
- Tablet
But this is not just happening in media – search is evolving very quickly as well

**Search Evolution 2010 - 2013**

**Level of insight**

<table>
<thead>
<tr>
<th>Universal Platform</th>
<th>Differentiated by Device</th>
<th>Integrated Media and Site Targeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keyword</td>
<td>Keyword</td>
<td>Keyword</td>
</tr>
<tr>
<td><strong>Targeting</strong></td>
<td><strong>Keyword</strong></td>
<td><strong>Keyword</strong></td>
</tr>
<tr>
<td>• Based on exact keyword search behavior with not personalization</td>
<td>• Anonymous by device type and carrier</td>
<td>• Audience profile data from prior site visitation</td>
</tr>
<tr>
<td>• Match type and keyword</td>
<td>• Extended match types</td>
<td>• Unique experiences based on user profiles</td>
</tr>
<tr>
<td>• Pure text only</td>
<td>• Device Targeting for Mobile</td>
<td>• Performance by customer</td>
</tr>
<tr>
<td></td>
<td>• Location specific ads and costs</td>
<td>• Segment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Intent</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Site Links</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Video</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Form Extensions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Product Price Ads</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Maps/Location Extensions</td>
</tr>
</tbody>
</table>

**Optimization**

- Segment
- Value
- Intent

**Formats**

- Video
- Form Extensions
- Product Price Ads
- Maps/Location Extensions
Why does this matter?
How does addressability create business value?

- Short term gains in marketing efficiency
- Mid-term gains in growth and margin
- Long term gains in competitive advantage and market share
For most organizations, the impact of effectively leveraging this platform is in the hundreds of millions of dollars.

<table>
<thead>
<tr>
<th>NPV of Revenue Impact</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Years 4+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$39MM</td>
<td>$104MM</td>
<td>$201MM</td>
<td>$452MM</td>
</tr>
</tbody>
</table>

### Acquisition of new customers
- 1%-3% increase in customer acquisition over 5 years
- Increased response/conversion from digital media efficiency by connecting Anonymous Data to CRM data for better targeting, measurement and segmentation
- Increased effectiveness of remarketing and personalization (offer/package) in Search, Display, Site and Email
- $15MM
- $43MM
- $93MM
- $256MM

### Reduction in churn
- Roughly 1bp (~31k subs) reduction in Voluntary Churn YoY over next 5 years
- Combine Customer service, Billing contacts with customer data to improve churn rates
- $24MM
- $61MM
- $109MM
- $196MM

### Improvement in NPS Scores over Baseline*
- Use Connected data to understand/predict/model NPS results across subscriber base and target subscribers for Promoter maintenance or Detractor intervention strategies
- +5
- +25
- +10
- +5
Today, most of the market is constrained in its ability to scale its addressable spend and make a significant impact.

Adverse selection is a big problem in non-addressable media – “people I don’t want are the one’s I get to respond”

This results in lack of quality and scale of the remarketing pool.

Inability to use addressability to engage high value leads in a relevant experience drives down conversion of those that are quality.

As a result, marketers cannot scale budgets due to inefficiencies above in the funnel, thus, the “targeting dilemma”.

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**Awareness**

**Consideration**

**Remarketing**

**Conversion**
Marketers taking advantage of AAS are “widening the pipe” and driving greater scale and effectiveness through the funnel.

**Impact of AAS 2.0**

- **Available Addressable Impressions:** +400%
- **Addressable Media Spend:** +300%
- **Cost Per Lead:** -30-40%
- **Targetable Re-Marketing Pool:** +500%
- **% Personalized Interactions:** +300%
- **Cost-Per-Conversion:** -40%
- **Average LTV per Customer:** +60%

**Addressability at Scale**

- **Unqualified Leads & Waste**
- **Customer Remarketing**

**Audience 1**

- Auto
- Property
- Multi-line

**Audience 2**

- High-value customer

**Audience 3**

- Unknown
- Low-value customer
A new kind of marketer
Introducing The Platform Marketer

The Platform Marketer wears many hats and embodies the collective competencies needed to successfully operate in this world of addressability at scale

- In the highly digitized world of AAS, a new set of competencies must be attained by the marketer
- We call the personification of those collective skills The Platform Marketer
- While new processes, data, and technologies must be implemented (what we call Connected CRM), these digital platform competencies must first be addressed
- Marketers must evaluate their own competency level and decide how best to fill gaps internally and with external expertise
The Platform Marketer™ embodies the collective competencies needed to successfully exploit addressability at scale.

There are 9 critical competencies that must be mastered:
The Platform Marketer – The Audience Management Expert

The Platform Marketer has a data-driven view of its audience segments and actively manages strategies and tactics through this portfolio.

<table>
<thead>
<tr>
<th>Segment</th>
<th>US Market</th>
<th>Leads</th>
<th>Customers</th>
<th>Lapse Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movers &amp; Shakers</td>
<td>34%</td>
<td>30%</td>
<td>47%</td>
<td>8%</td>
</tr>
<tr>
<td>Family Matters</td>
<td>22%</td>
<td>26%</td>
<td>30%</td>
<td>12%</td>
</tr>
<tr>
<td>Mature Planners</td>
<td>27%</td>
<td>26%</td>
<td>13%</td>
<td>7%</td>
</tr>
<tr>
<td>Passives</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Loners</td>
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</table>

- Lead Volume
- Lapse Rate
- Conversion

Summary:

- PSF
- YTD
- All Segments
- # of Customers
- Optimize
- ROI
- LTV

Comparison View:

- Product Penetration
- Product A
- Product B
- Product C

2014 Merkle’s CRM Executive Summit
The Platform Marketer is a master of the ever evolving Audience Platform targeting and optimization capabilities.
The Platform Marketer – The Addressability Expert

Platform marketers bring addressable data skills that facilitate the exchange of identity and data for personalization and relevance.

The Platform Marketer knows he/she must maximize his addressable market through high coverage of consumer identifiers and knowledge in the database.

This requires mastery of consumer addressability in the database and constant collaboration and leadership with technology.

It also requires deep consumer insight and experience skills to design and implement the experiential "value exchange" that incents consumers to provide data (e.g., why should a identify on a site with their facebook log-in?)
The Platform Marketer – Programmatic Media Buyer

Programmatic Media Buyer:

The Platform Marketer brings programmatic buying skills to the enterprise.
The experience blueprint elaborates on the segment plan and provides a detailed view of the customer journey.
Similarly, The Platform Marketer implements and manages a cross-channel personalization platform that creates a singular consumer experience.

- **Personalization** is driven through an integrated, data driven skill set focused on the holistic consumer experience.
- **Cross-Channel planning and decisioning** is the “conductor” that sits on the channel specific applications allowing for a singular consumer view and experience execution.
- **Real-time data and integration services** allows data “currencies” to flow bi-directionally back forth from the Conductor to the end point execution apps.
- The net result being a singular, highly relevant consumer experience.
Platform Marketers have strong expertise in state of the art and emerging marketing technology and how it drives business value.
All of these enabling capabilities are managed by the design and integration of the technology stack.
Leverages a fractional approach to attribution and quantify the incremental impact of each marketing activity.

- **Actual experience**
  - Day 8-30
  - Day 1-7
  - Day 0-1
- **Direct or Rules Based**
- **Modeled**
  - 3% 14% 3% 5% 5% 5% 5% 15% 5% 5% 40%

Credit over applied to bottom of funnel touches. Other touches often 'invisible' creates flawed financial view of performance.

Model-adjusted interaction is most accurate and actionable.

- **Mass and Offline**
  - Direct mail sent
  - TV view
  - Alt Media
- **Digital**
  - Display view
  - Website visit
  - Email
  - Paid search click
Implementing customer centric business strategy in an addressable world
If the marketing database and addressability are the new key drivers of competitive advantage, it will become increasingly difficult to understand what your competitors are doing.

Brand, media and channel can be observed by the marketer.

The specific data assets, technology, analytics, business and optimization process that drive customized experience cannot be easily observed or copied.
Connected CRM is the framework through which we aid our clients in the organizational transformation to required to exploit AAS

The Connected CRM Framework (CCF)

Enterprise segmentation, which includes value and lifecycle dimensions, forms the foundation of CCF

Customer Strategy

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Financial Management

- Measurement & Attribution
- Budget Allocation

Financial management informs customer strategy and experience delivery decisions as a closed loop process

What data, processes, systems, tools and technology will be necessary?

What outcomes are we trying to create and how do we organize to enable them?
It’s not just about capabilities, we need to develop capabilities and define the proper operation model.

**Operating Model**

- **Over-invested (poor return on capital)**
  - Bottom-up path builds infrastructure and seeks to leverage incremental gains to expand effort and drive organizational change (requires permission)

- **Under-invested (poor return on management bandwidth)**
  - Top-down path compels Organizational change and rapidly enables infrastructure for efficiency and effectiveness (requires sponsorship)

**Capability Maturity**

- **Level 1**: Infrastructure focus, basic capabilities
  - [Director]

- **Level 2**: Single campaign, simple data, little offer and customer customization
  - [Vice President]

- **Level 3**: Basic multi-channel, model integration, and campaign automation
  - [CMO]

- **Level 4**: Contact Optimization, multi-touch campaigns, integrated measurement platform
  - [C-suite]

- **Level 5**: Customer Value Optimization fully integrated programs & campaigns
  - [CEO]

**Ideal investment zone**

- Bottom-up path builds infrastructure and seeks to leverage incremental gains to expand effort and drive organizational change (requires permission)

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Phased Evolution: Leveraging a Customer Centric Business Strategy

Phase 1: Email and DM
Phase 2: Digital Media Integration
Phase 3: Mass Media Integration
Phase 4: Digital Channels Integration
Phase 5: Offline Channel Integration

Fully Integrated Experience
We will also need to get the organization aligned

The new “adaptive” organizational approach that integrates the core competencies needed for AAS 4.0
Implementation will require a highly disciplined and structured approach

Connected CRM is about re-aligning how the business operates both internally and with its partners.
Key Takeaways

The audience platforms have become highly addressable and are reaching massive scale

Marketers seeking growth and competitive advantage will now be investing aggressively on these platforms moving huge amounts of budgets from mass media and traditional direct marketing

We are already seeing marketers moving budget at scale and seeing 20-40% lift in yield – and we are just getting started

But the challenge is that today’s marketer does not have the skills and tools to really go beyond the haphazard “bag of tactics” and gimmicks to really leverage the opportunity
Thank You and enjoy the Summit!

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