



Aberdeen *Group*

The CMO's Strategic Agenda

*Building the Marketing-Ready
CPG and Retail Enterprise*

Business Value Research Series

September 2005

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Executive Summary

Aberdeen Point of View

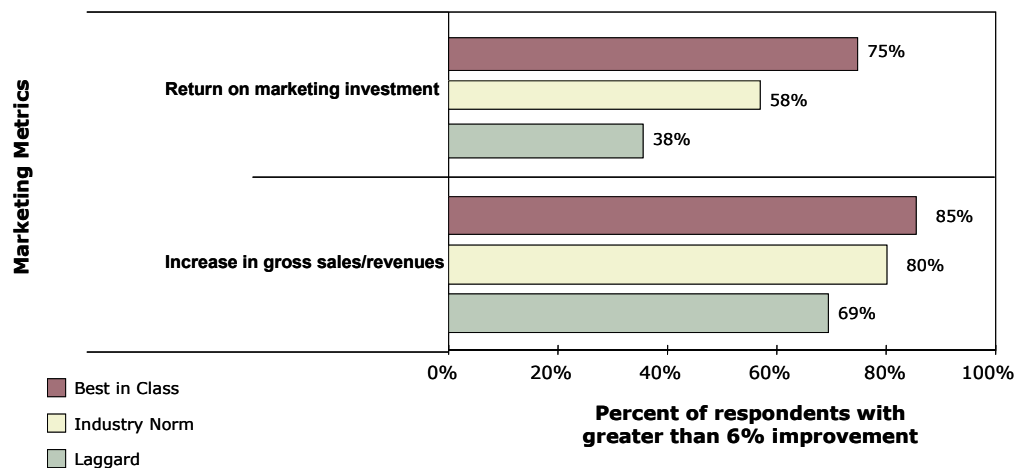
Building a “Marketing-Ready Enterprise” provides organizations with a significantly higher return on investment (ROI) than their peers and should become an imperative for companies across multiple industries. Recent Aberdeen research revealed that 55% of consumer packaged goods (CPG) and retail companies categorized as best in class enjoyed greater than 15% annual improvement in return on marketing investment (ROMI), as well as a greater than 15% increase in gross annual revenues (Figure 1).

AberdeenGroup has defined a “Marketing-Ready Enterprise” as having a set of business processes, role-based functions, and enabling technologies that empower an organization to *profitably interact, build, and manage relationships* with customers and stakeholders.

As marketing processes, competencies, and enabling technologies gain in sophistication, forward-thinking marketing departments are moving toward a more equal balance of “Art and Science” in program execution, intelligence gathering, and overall strategy formation. This has been fueled in part by customer expectations for a higher, more relevant level of communication with CPG and retail companies that seek their purchasing dollars, as well as increased competition among competing brands, co-branded and generic products offered to customers via multi-channel distribution.

Today’s customer is not restricted to selecting retail or consumer products from the local mall, printed catalogs, online stores, call centers, or global distributors. Influenced by TV advertisements, printed media, online banners, storefront windows, or word of mouth, B-to-C companies will need to work faster and smarter to capture a greater share of each customer’s wallet.

Figure 1: Best-in-Class Companies Attain Higher ROMI and Increased Annual Revenues

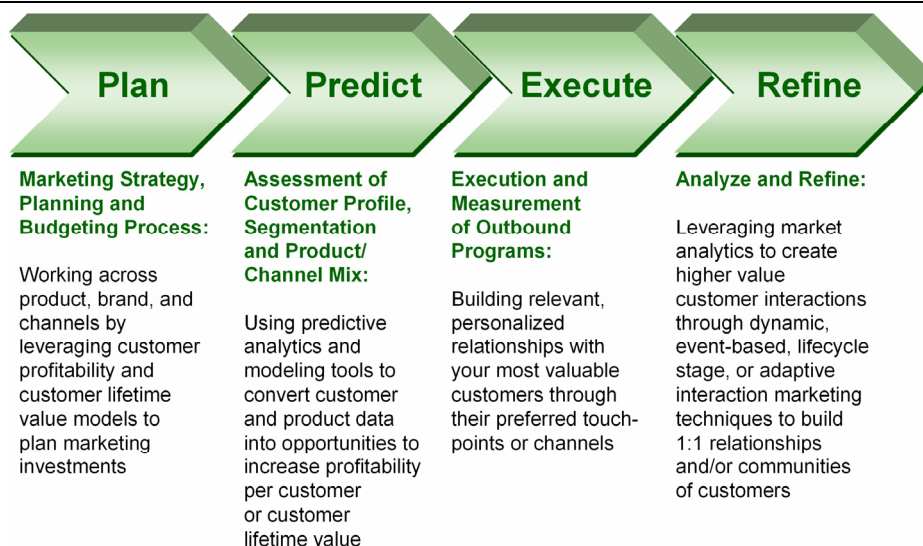


Source: AberdeenGroup, September 2005



Our research suggests that product commoditization, higher customer expectations, shrinking budgets, and channel cannibalization have pressured marketers to increase their interest in building a marketing-ready enterprise. In structuring this research, we have chosen to explore four core marketing competencies that are familiar to most organizations (Figure 2).

Figure 2: Core Competencies of Marketing



Source: **AberdeenGroup**, September 2005

These core competencies are not new. What is new are the complex multi-channel processes, dynamic interactions, extended integration, and leverage of customer information, and increased use of sophisticated technologies required to successfully deploy them.

The good news is that companies acknowledge the need to interact with customers in a more relevant, timely framework in order to influence and capture more of their purchasing dollars and to increase customer loyalty.

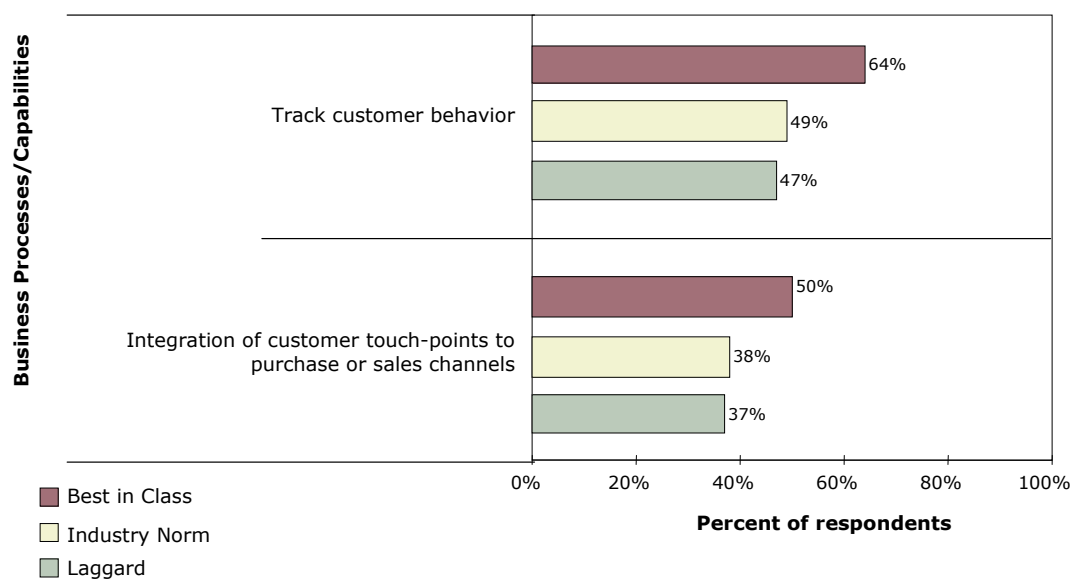
Key Business Value Findings

Aberdeen has found a clear correlation between companies that adopt leadership in building marketing-ready enterprises and companies that attain higher returns on marketing investment as well as increased gross sales revenues (Figure 1). Our research has found that CPG and retail organizations that adopt advanced marketing-ready practices are twice as likely to report a greater than 25% ROMI than companies classified as Industry Norms, and more than three times as likely as those classified as Laggards. In addition, best-in-class companies that reported annual customer retention rates greater than 50% outnumbered their counterparts nearly three to one.

Implications & Analysis

Leveraging enabling tools and processes that have, until recently, been the domain of “power users” or IT departments will be a challenge for most marketers in retail and consumer products companies. On average, 52% of senior marketers reported using technology to track customer behavior while only 41% could aggregate unique customer touch-points and track interactions to actual purchase or sales channels. Conversely, 64% of companies that have adopted best-in-class marketing-readiness practices were able to track customer behavior, and 50% of these reported being able to aggregate unique customer touch-points to actual purchase or sales channels (Figure 3).

Figure 3: Tracking Customer Behavior and Integration of Touch-Points



Source: [AberdeenGroup](#), September 2005

Recommendations for Action

Best-in-class companies currently enjoy a performance advantage over their peers in understanding not only who their customers are, but what type of relationship their customers want with them. Additionally, core competencies of leaders are enhanced by use of market analytics, customer interaction applications, business processes, and infrastructure *that is integrated* across product lines, brands, media, purchasing, sales, and distribution channels. This integration empowers them to better understand, target, and retain their most valuable customers. Thus, companies serious about building a marketing-ready enterprise will need to rethink how they create processes around customer interactions and how they invest in technologies that support advanced, rules-based communications.



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Chapter One: Key Business Findings

Key Takeaways

- Building a marketing-ready enterprise positively impacts ROMI, annual gross revenues, and customer retention rates.
- Marketers are challenged to attain revenue targets while under pressure to offer their *most valuable customers* the optimal mix of products or services through multiple campaigns and channels.
- Integration and analysis of customer intelligence data across marketing, advertising, and promotion combined with location analysis and footage assessment increases customer satisfaction and retention.

Benchmarking “Marketing-Readiness”

Our research methodology utilizes a competitive framework to benchmark organizations as falling into one of three levels in regard to their state of “marketing-readiness.” We group survey respondents into one of three categories — Laggards, Industry Norm, or Best in Class — based on their characteristics in four key categories: process, organization, knowledge, and technology. Aberdeen designed the survey questions to elicit a sampling of responses from each category, which were then cross-tabulated with marketing and corporate performance metrics to determine if building a marketing-ready enterprise yielded a genuine ROI.

Aberdeen has defined a “Marketing-Ready Enterprise” as having a set of business processes, role-based functions, and enabling technologies that empower an organization to *profitably interact, build, and manage relationships* with customers and stakeholders.

Customers Have Higher Expectations

In the last 10 years, use of technology has created a double-edged sword for many marketers. It has enabled them to increase the frequency, reach, sales, number of distribution channels, and types of interactions they have with customers, yet it has also raised customer expectations to the point of creating challenges greater than previously envisioned. Today’s customer expects companies to provide the capability to shop online; in-store; via phone, fax, mail, PDA or catalog — and on a global basis, 24/7. She also expects companies to develop highly targeted product and service offerings as well as a relationship with her through multiple, relevant interactions communicated via various media. Additionally, customers have been educated to expect a seamless “brand experience” no matter which channel they choose for interaction or purchase decisions. Customers are in the driver’s seat as never

Competitive Framework Key

The Aberdeen Competitive Framework defines enterprises as falling into one of the three following levels of practices and performance:

Laggards (30%) — practices that are significantly behind the industry average

Industry norm (50%) — practices that represent the industry average or norm

Best in class (20%) — practices that are the best currently being employed and significantly superior to the industry norm

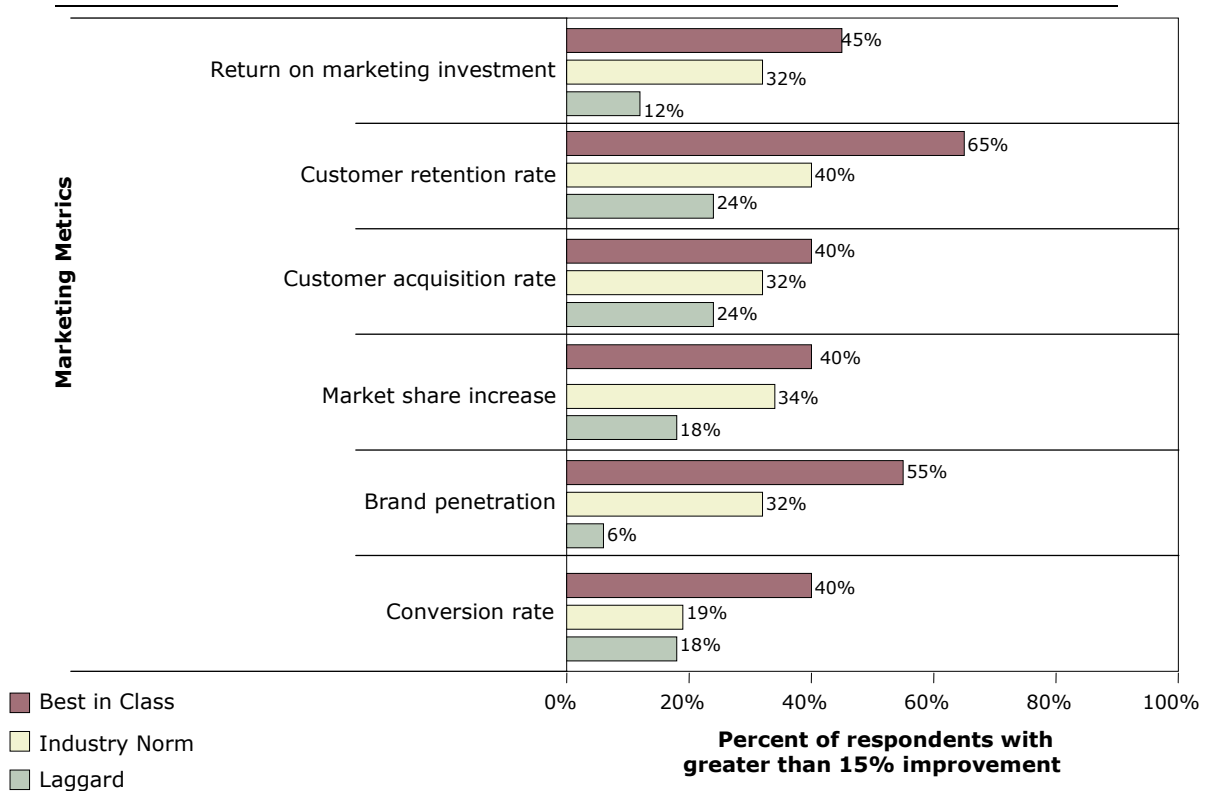


before, and marketers are under pressure to develop and deploy best-in-class competencies necessary to capture purchasing dollars from customers defined as *high value or most profitable*.

Defining “Most Valuable” Customers

Aberdeen has found that taking a long-term approach, one that focuses on creating customer loyalty, pays off across numerous performance metrics (Figure 4). Given consumers’ sensitivity to pricing, it is not surprising that retail and CPG companies, operating on low gross margins, depend on high-volume transactions and loyal customers to attain performance goals.

Figure 4: Performance Across Key Metrics



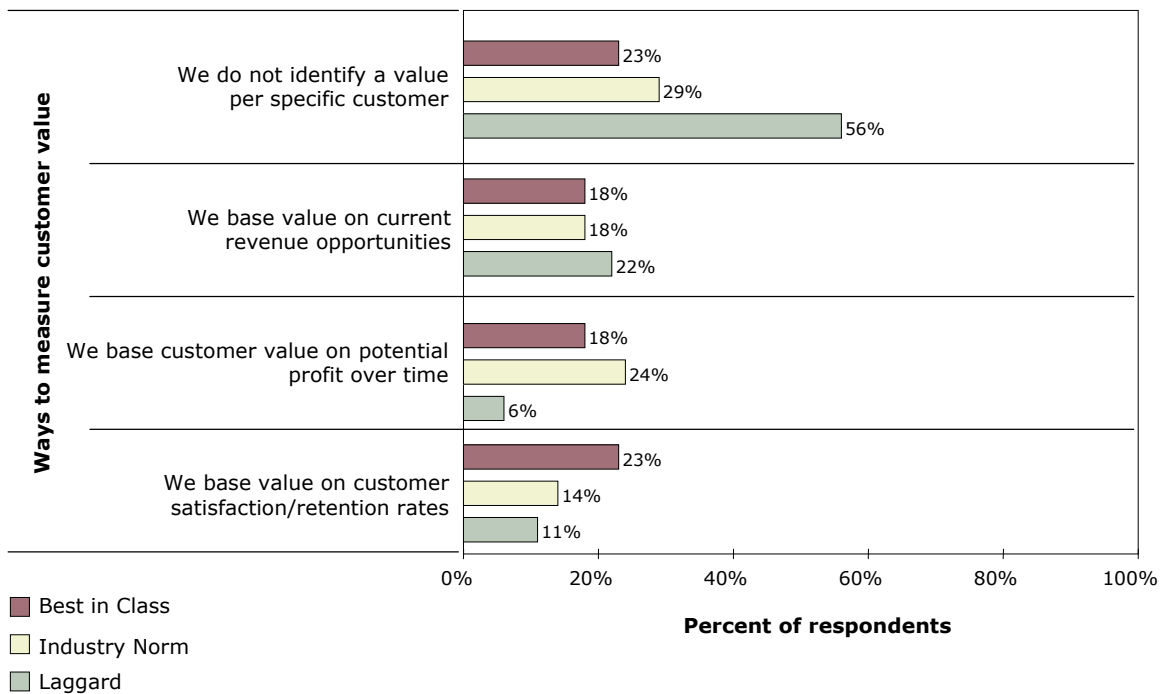
Source: AberdeenGroup, September 2005

Best-in-class retail and CPG companies utilize three main “customer value” metrics in modeling and predicting which mix of customer segments, products, promotions, advertising, communications, sales, and distribution channels will support them in attaining revenue targets:

- Customer satisfaction or retention rates
- Potential profits over time
- Current revenue opportunities

In contrast, Laggards take either a more transactional, short-term approach, focusing solely on current revenue opportunities, or do not identify a value per specific customer (Figure 5).

Figure 5: Measuring Customer Value



Source: [AberdeenGroup](#), September 2005

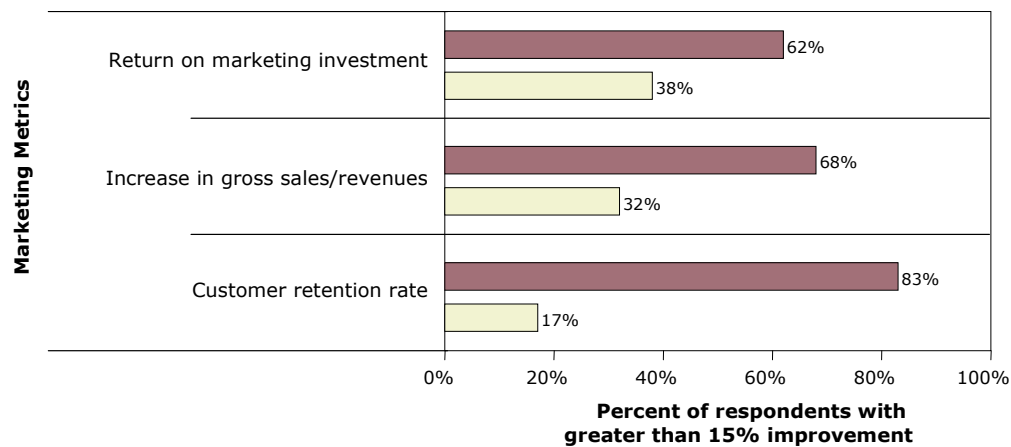
Marketers Are Challenged to Attain Higher ROMI

Retail and CPG organizations are challenged to move from a brand or product-centric marketing approach to one that is more customer-centric and includes differentiators such as extended warranties, free shipping, or enhanced customer experience for competitive advantage. This has been driven in part by product commoditization combined with the complexity of choices available to consumers.

With multi-channel touch-points, such as direct communications, advertising, promotion, branding, in-store or online sales, and distribution channels all an option for investment in customer loyalty, understanding and responding to individual customers through their preferred channel requires more intelligence — not just more information. Utilization of advanced profiling, segmentation, predictive analytics, and dynamic rules-based customer interaction tools has shown to significantly and positively impact customer retention, annual revenue increase, and ROMI. In short, interacting with customers when they are predisposed to making a purchasing decision helps to capture a greater share of their wallets (Figure 6).



Figure 6: Understanding Customer Interaction Preferences Impacts Performance



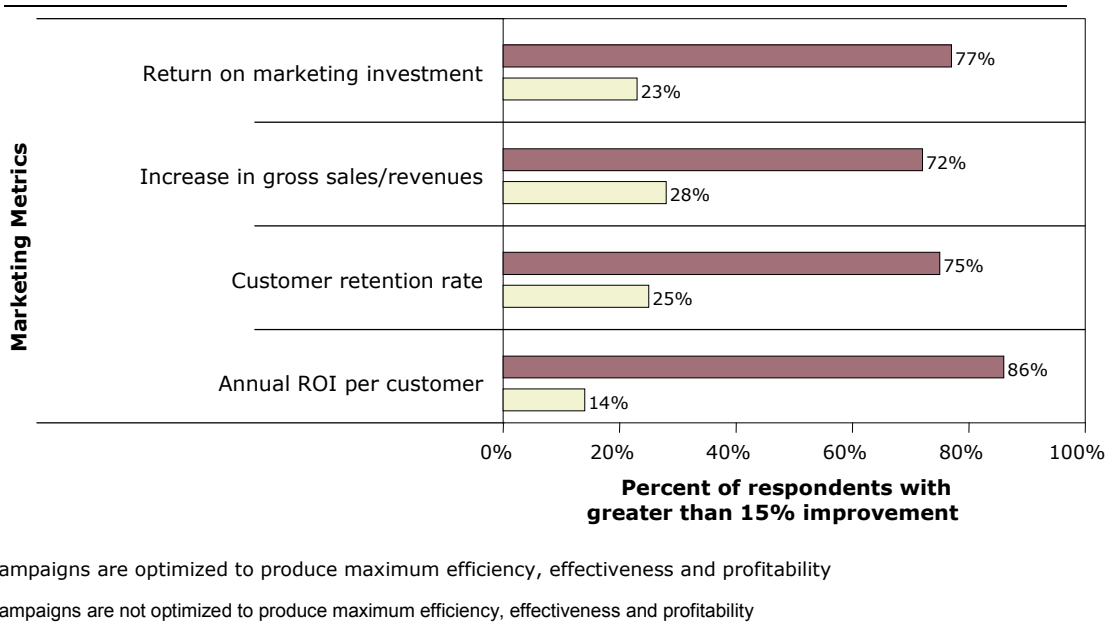
■ Our information infrastructure allows us to understand how customers want to shop, buy and interact with us
□ Our information infrastructure does not allow us to understand how customers want to shop, buy and interact with us

Source: **AberdeenGroup**, September 2005

Additionally, this complexity around mass marketing, mass customization, micro-marketing strategies, event-based, relationship, and 1:1 marketing techniques challenges CPG and retail providers to plan and predict (Figure 7) the correct mix of portfolio offerings, outbound marketing channels, and customer profiles or segments necessary to optimize and align their marketing investment with marketing performance goals such as:

- Return on marketing investment (ROMI)
- Increased annual sales/top-line growth
- Customer acquisition, satisfaction, or retention rates
- Increased market share
- Brand reach or penetration
- Annual profitability/net profits
- Profitability per customer and/or customer lifetime value
- Conversion rates (from lead to sale)

Figure 7: Aligning Marketing Investment with Performance Goals



Source: [Aberdeen Group](#), September 2005

Break Down Data Silos for 360° Decisions

Case History: Major European Retailer

With over three million branded charge-card accounts and approximately 10 million transactions per week, this well-known retailer decided to exploit the vast data treasure-trove at its disposal to leverage its customers’ multi-channel buying patterns. This decision has paid off. Within two years of deployment, half-year profits rose by 20%, and the company has continued to use customer data to drive their corporate strategy.

Long-term profitable growth would come from capturing greater share of each customer’s wallet and brand loyalty rather than from acquiring more customers. With low profit margins, customer sensitivity to pricing, store location and brand experience a constant in the retail game, this organization knew it could not rely on its reputation to spur continued growth. Basing future decisions on data and intelligence rather than intuition was necessary to making customer-centricity a reality.

A customer insight unit, comprising members from marketing, promotions, footage assessment, location analysis, and customer relations, spearheaded the selection and implementation of multiple applications that provided seamless automation, collection, analysis, and reporting of data from various enterprise platforms and databases. By fully exploiting customer information, market analytics capabilities, decision-support tools and dashboard reports, members of the corporate marketing group and senior management became empowered to turn their customers’ information and transactional data into intelligence.



Turning Information into Customer Intelligence

Equipped with multi-channel point-of-sale and demographic information on each customer, the retailer was able to apply various analytical techniques on the data captured such as cluster and discriminate analysis, gravity analysis, and footprint analysis. Cluster analysis enabled marketers to refine their customer segmentation processes and identify 11 distinct profiles. This intelligence was then used to tailor messages and offers according to customers' preferences and purchasing patterns. Additionally, this retailer discovered it could improve profits and better serve customers by stocking each store according to the customer profiles identified and the types of products most often purchased at each particular location rather than by square footage — as had been done previously.

Profiling and Predicting Build Profits

Changing to a customer-centric strategy required building customer profiles and modeling behaviors in order to predict the appropriate audience for each store location or point of sale (POS) such as catalog, direct mail, or online store. However, the company decided to expand its store locations to a more complex environment — railway terminals. Using predictive analytics to model customer buying patterns based on various types of business travelers, rather than static demographic households, gave this retailer the intelligence necessary to rapidly plan, stock product, and respond to customers more effectively. Breaking down the information silos that existed among marketing, promotions, advertising, distribution channels, product, and location analysis (through use of customer intelligence) has had a measurable impact on financial results. Becoming marketing-ready has allowed this major retailer to focus on customers and to be driven by their needs.

Core Marketing Competencies

Companies acknowledge the need to interact with customers in a more relevant, timely framework in order to influence decision-making, capture more of their purchasing dollars, and increase customer loyalty.

Chapter Two reveals how CPG and retail organizations are deploying the complex multi-channel processes, dynamic interactions, extended integration and leverage of customer information, and increased use of sophisticated technologies required to successfully implement them.

Figure 8: Core Marketing Competencies



Source: AberdeenGroup, September 2005

Chapter Two: Best in Class Leverage Technology

Key Takeaways

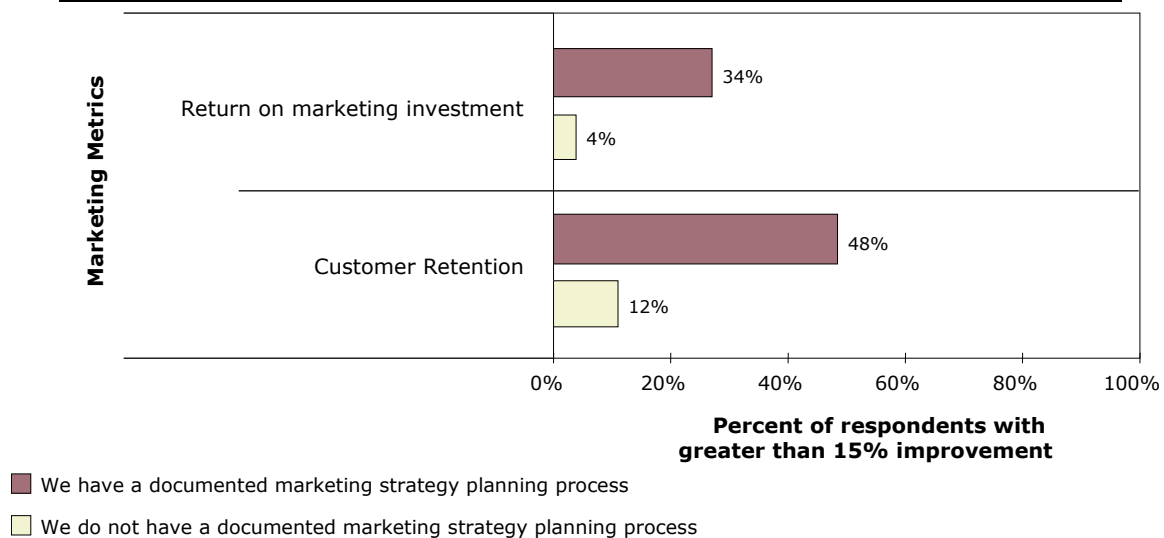
- Marketing leaders plan across silos to gain profitability.
- Best-in-class organizations benefit from leveraging enterprise marketing data to more accurately predict, optimize, and capture share of wallet from their most valuable customers.
- Leaders leverage business intelligence, market analytics, and marketing automation tools twice as often as their counterparts.
- Marketing-ready has become a competitive imperative.

Leverage Technology and Processes in Planning

Marketers in the CPG and retail industries understand the need to plan effectively. Fully 70% of survey respondents reported having a documented marketing strategy process in place that is regularly reviewed and adjusted to provide a sustainable competitive advantage. This disciplined approach pays off — with more than 35% of companies reporting greater than 15% increase in both ROMI and customer retention (Figure 9).

Additionally, many CPG and retail companies have invested in various enabling technologies in the last decade. These platforms, applications, and tools include customer relationship management (CRM), data mining, market analytics, and call center solutions — all implemented with a goal of automating processes, enhancing productivity, and increasing revenues.

Figure 9: Marketing Strategy Planning Process — Impact of Technology



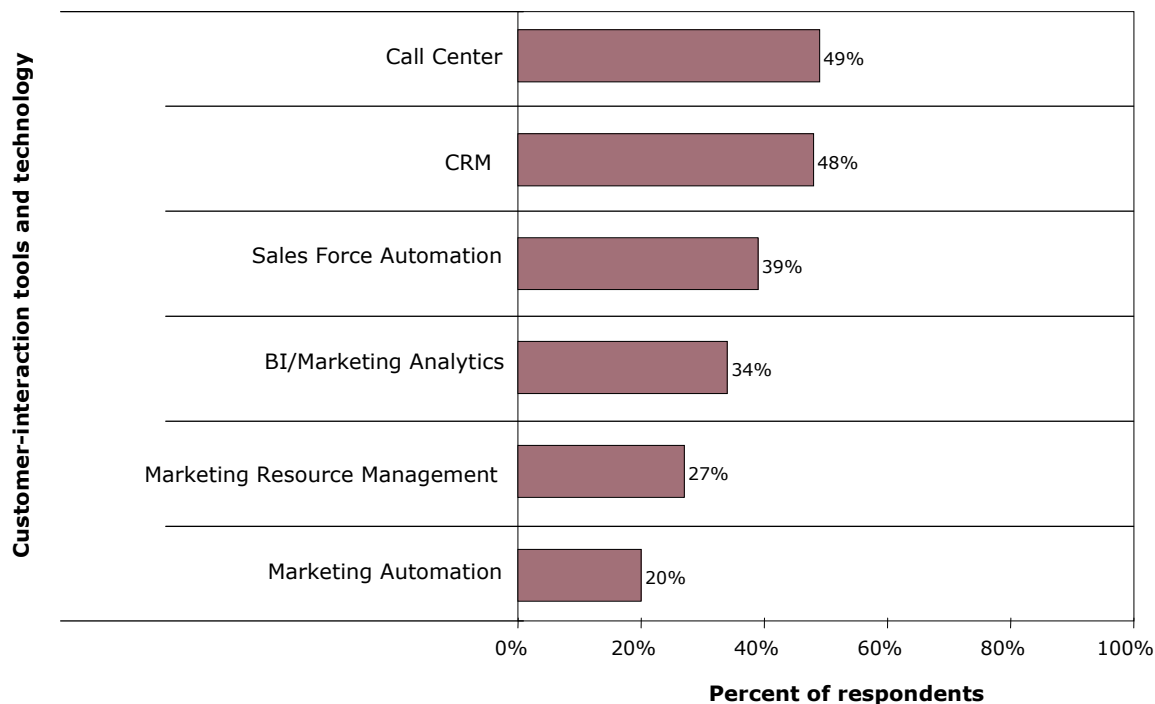
Source: [AberdeenGroup](#), September 2005



However, these changes have been largely incremental, with less than 50% utilizing enabling technologies. Among senior marketers who reported having these enabling technology tools at their disposal (Figure 10), only 11% have the processes and infrastructure in place to automate and integrate their outbound campaign planning across multiple marketing, promotion, advertising, or communications channels. In fact, 37% of marketers that do integrate their planning processes do so manually.

Aberdeen research suggests that senior marketers still spend much of their planning time e-mailing or sharing printouts of “spreadmarts” in multiple meetings that end with more data being reentered or imported into multiple databases. Informational silos — whether by product or brand and by function, such as product marketing, promotion, advertising or corporate marketing — reduce productivity and are an impediment to the flow of customer information across the enterprise, a key indicator of an organization’s state of marketing-readiness.

Figure 10: Use of Customer-Interaction Tools and Technologies



Source: [AberdeenGroup](#), September 2005

This inefficiency suggests that, despite the availability of tools designed to enhance the level of customer knowledge throughout and within an enterprise, informational silos still abound.

Capturing Greater Share of Wallet

Turning client information and transactional data into client intelligence enables CPG and retail firms to better focus on their most valuable and profitable customers.



Case History: National North American Department Chain

For this well-known department chain, the game is not name recognition or branding; it's about customer loyalty. This organization focuses on its core customers and defines them as “a segment of shoppers who represent the majority of this company's business and provide the best opportunity for incremental growth through frequent transactions” versus one-time shoppers who may purchase a big-ticket item once every several years.

Profiling and Predicting Build Profits

Using market analytics techniques such as regression modeling in conjunction with a robust database of customer information enabled the marketers to predict which customers are most likely to respond to outbound campaigns such as direct mail, catalog, promotions or advertisements. Customers were then segmented into distinct profiles and scored so that they received the campaign or offer that's most likely to trigger a purchase. Within two years of deployment, the marketing group has seen ROMI improve by millions of dollars.

Optimization Fuels Incremental Growth

With nearly 400 regional marketing campaigns, and millions of advertisements placed and mailed each year, small increases in campaign response rates had a significant impact on the bottom line. Not only can this organization enhance communications with their most valuable customers, but they can also reduce their investment in marketing by identifying which customers are less likely to respond to certain offers, campaigns, or interaction channels. Marketers are now enabled to invest their shrinking budgets in communication or advertising channels that have a higher probability of ROI. Utilizing and optimizing key information translates into increased revenues, reduced costs, greater customer loyalty, and enhanced branded experience.

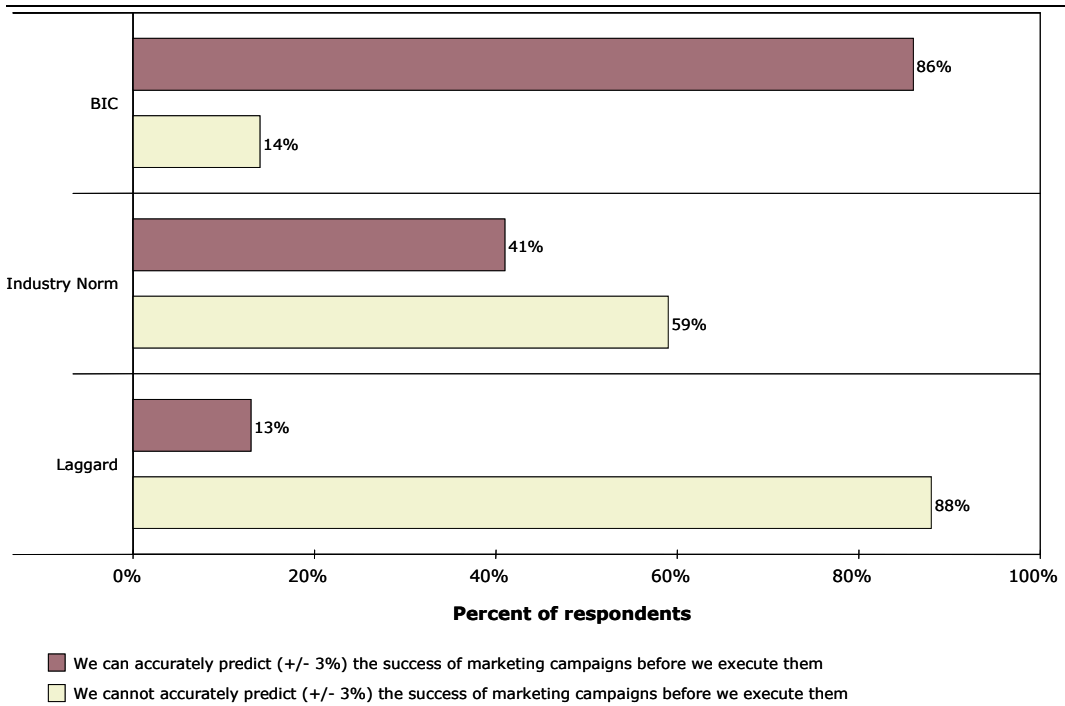
Multi-Channel Campaign Optimization Increases ROI

Marketers continue to make advances in tracking and understanding customer behaviors. Best-in-class marketing-ready enterprises have developed competencies that enable them to drill down into both transactional and interactional customer information to predict, model, and report on their markets, customers, product mix, channel, and campaign effectiveness. Marketers, analysts, statisticians, and/or IT support run reports and perform predictive analytics and/or “what if” planning scenarios to assess probable results from various campaigns that are planned well in advance of actual execution.

Leaders report using customer profitability modeling techniques at rates that are significantly higher than those of their counterparts. Not surprisingly, these best-in-class organizations also reported being better able to accurately predict campaign profit or loss within +/-3% (Figure 11) as well as tracking and aggregating marketing campaign responses through multiple channels to assess ROMI by product, POS, or campaign (Figure 12).

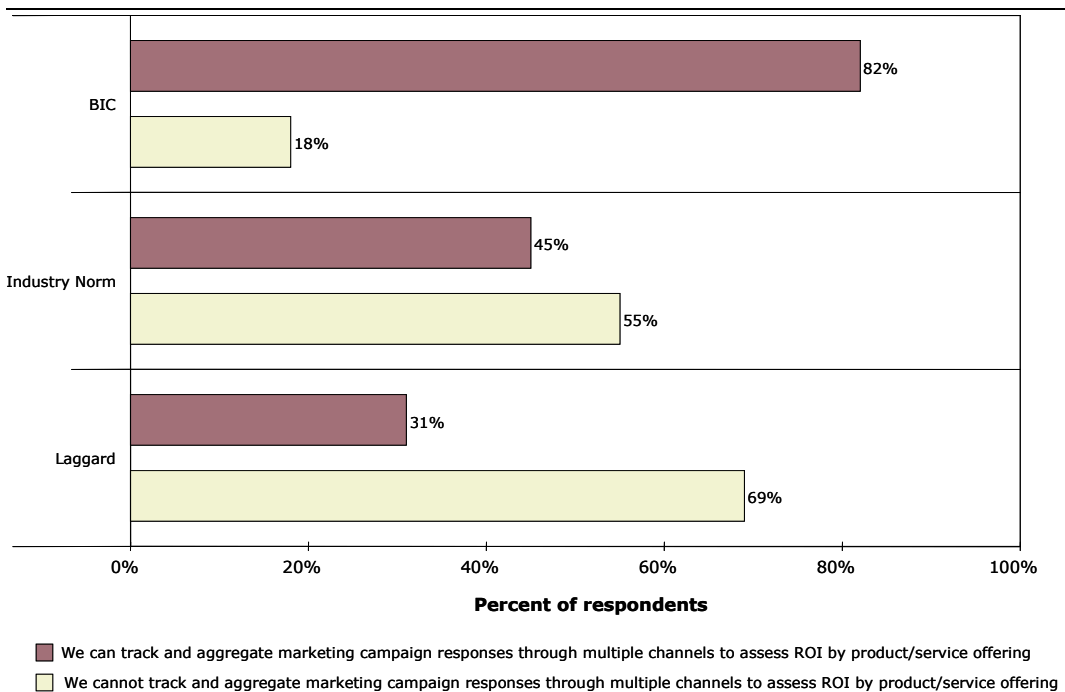


Figure 11: Predicting Campaign Profit or Loss



Source: [AberdeenGroup](#), September 2005

Figure 12: Assess Multi-Channel ROI

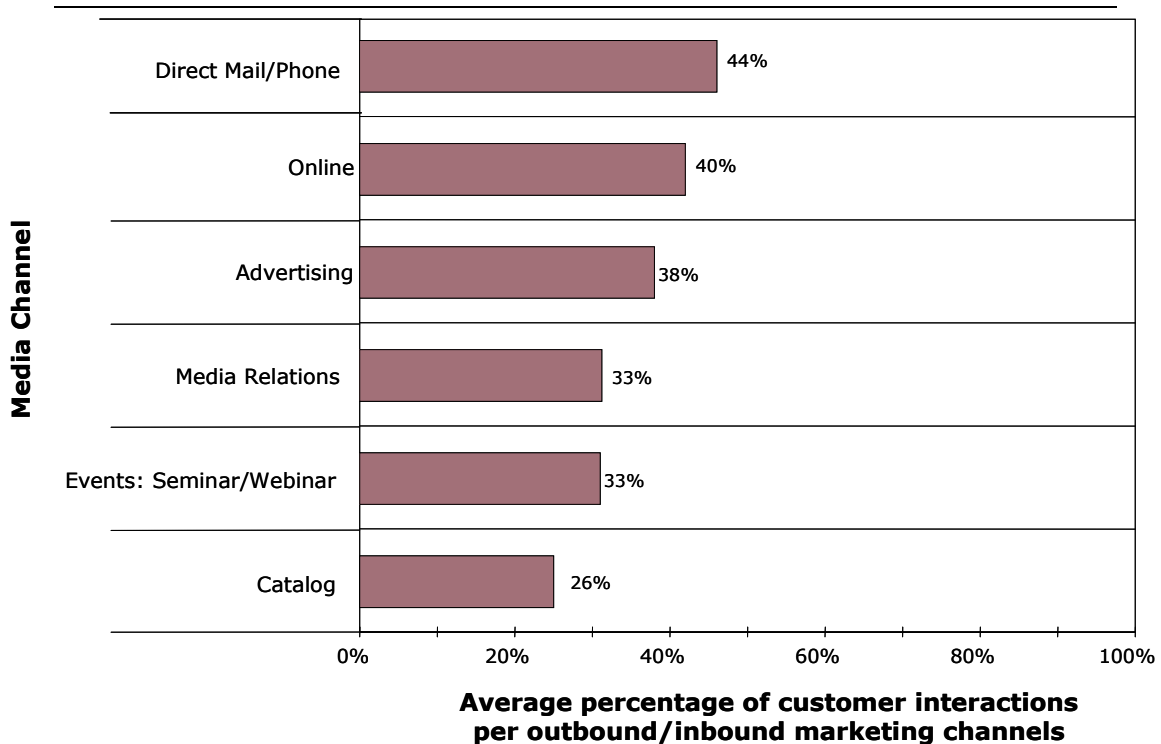


Source: [AberdeenGroup](#), September 2005

Track and Measure Multiple Customer Interactions

Our research shows companies often take an integrated campaign approach and invest in various multi-channel interactions per unique customer (Figure 13). However, if an organization is unable to track or measure the effectiveness of each interaction per customer, it will have a significant impact on its ability to understand which message, offer, touch-point, or number of interactions influences their customers' purchasing decisions. Ultimately, this will also affect customer acquisition and profitability rates.

Figure 13: Percentage of Customer Interactions per Interaction Channel



Source: [AberdeenGroup](#), September 2005

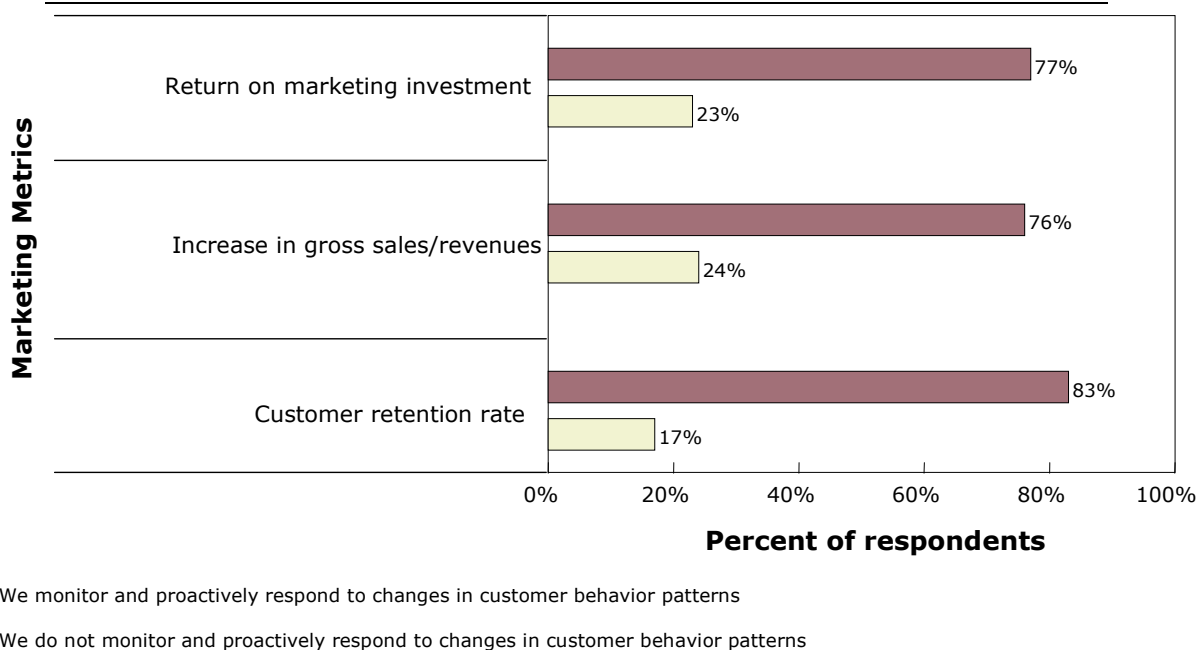
Disconcerting is that fewer than 50% of all companies are able to aggregate and track information about unique customer touch-points or interactions to the point of sale (POS) or distribution channel. Companies that were able to capture information based on a customer's preferred channel of purchase were not always able to track or measure the various multiple touch-points that engaged and influenced a customer's actual purchasing decision. Without greater clarity around which communication or interaction served as the catalyst for the purchase decision, organizational functions such as advertising, promotions, product marketing, brand managers, and marketing operations continue to rely on a mixture of intuition, qualitative information, quantitative data, and analysis for many of their investment decisions.



Marketing-Ready: A Competitive Imperative

In response to customer expectations for a higher, more relevant level of interaction with companies that seek their purchasing dollars, as well as increased competition from the multitude of choices offered to customers, senior marketers increasingly view core competencies that balance Art and Science as a competitive imperative. Additional pressures, such as product commoditization, shrinking budgets, and multiple marketing, advertising, promotion, and distribution channels contribute to an organization's decision to adopt and invest in marketing-ready practices. Our research shows that leaders have invested in enabling technologies, infrastructure, and processes, enabling them to proactively monitor and interactively respond to customer-behavior patterns through any media channel with personalized and event-based interactions (Figure 14). For best-in-class organizations, the rewards include a greater ROMI, increased annual revenues, and higher customer retention rates.

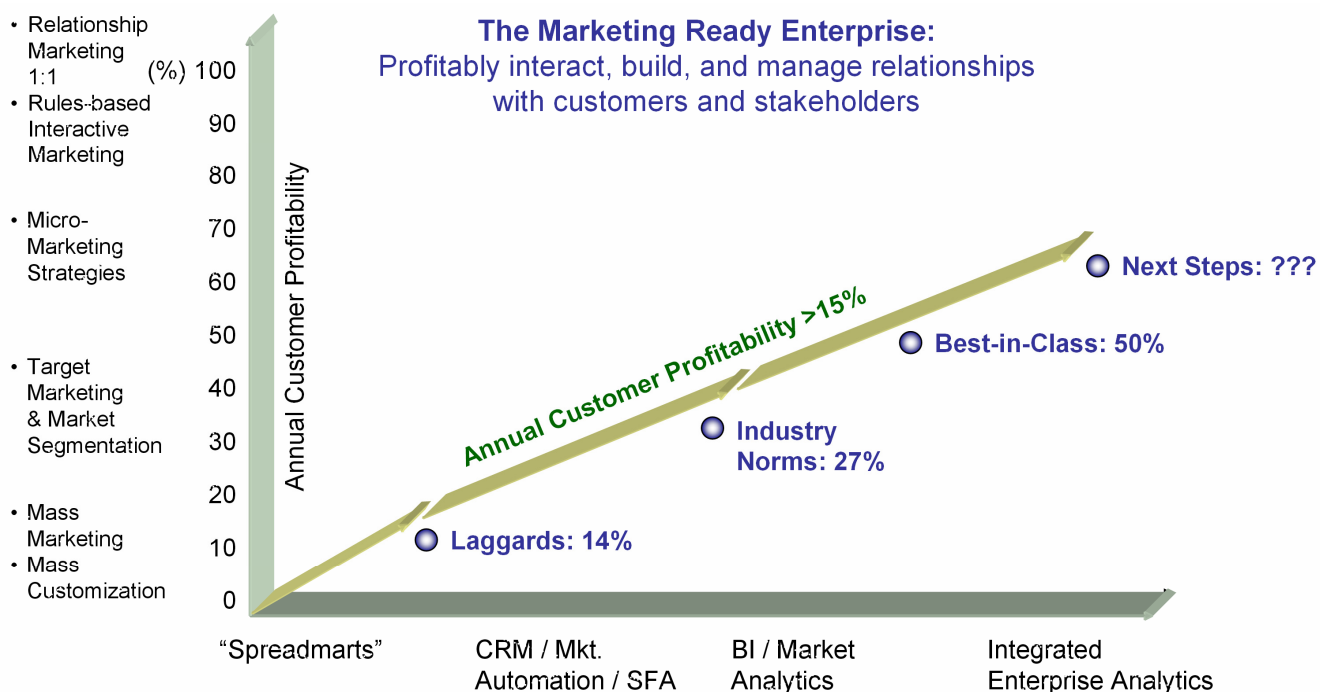
Figure 14: Gains from Monitoring and Proactively Responding to Customers



Source: **AberdeenGroup**, September 2005

Aberdeen research shows best-in-class organizations are better able to understand, predict, and develop higher value relationships with customers through their preferred channels of interaction and are rewarded with higher rates of annual profitability per customer. Additionally, the types of infrastructure, applications, and tools necessary to enable these closer relationships are indicated along the horizontal axis (Figure 15).

Figure 15: Profitably Interact, Build, and Manage Customer Relationships



Source: **Aberdeen Group**, September 2005

Best-in-class organizations utilize enabling technologies more fully than do their Industry Norm and Laggard counterparts. While the rate of CRM usage across the board had no statistical significance in this data sampling, best-in-class organizations differ in their use of applications such as CRM, call center, and market analytics tools nearly twice as often. Moreover, the ability to integrate back- and front-office customer data as well as the capability to perform real-time reporting to support decision-making was reported at double the rate by companies categorized as leaders. Not surprisingly, companies that leverage these technologies are better able to perform the following:

- Track customer behavior;
- Integrate customer touch-points to purchase or sales channel;
- Perform customer profitability modeling; and
- Utilize real-time decision-support tools that are integrated with marketing and customer data.

Leveraging market-facing technologies to support decision-making provides leaders with a significant performance advantage in customer satisfaction and retention, annual revenues, market-share increase, and ROMI compared to their peers.



Author Profile

Leslie Ament,
Director, Market Analytics Research
Supply Chain Research
AberdeenGroup, Inc.

Leslie Ament, Director of Market Analytics Research is an experienced consultant, researcher, and presenter on topics ranging from business intelligence, market analytics, customer interaction management, e-commerce, and information management. She advises clients on business issues relating to Market Analytics, Customer Intelligence, Customer Data Management, CRM, Marketing Performance Management, and Micro-Marketing strategies.

Her domain expertise includes enterprise software solutions, applications and infrastructure, manufacturing, media, and management consulting. Previous experience includes executive positions at Arthur D. Little Management Consulting, International Thomson Publishing, and Banta Corporation. She also served on the management team for a supply chain analytics software provider.

Ms. Ament has presented to colleagues of the American Marketing Association, Marketing Roundtable, and provided seminars on “Branding” at the Fletcher School of International Diplomacy and Law at Tufts University. Her professional affiliations include membership in the Arthur D. Little Alumni Association, NETSEA, Software Industry Information Association, American Marketing Association, Association of International Product Marketing & Management, Knowledge Management Forum, and Women in Information Technology.

Education

Ms. Ament holds B.S. and M.M. degrees from Indiana University, Bloomington, IN. She completed her doctorate, Phi Kappa Phi, at the University of Illinois, Champaign-Urbana.

Current Research

- *The CMO's Strategic Agenda: Building the Marketing-Ready Enterprise*
- *Marketing Performance Management: Metrics that Matter*
- *Market Analytics: Best Practices in Customer Interaction Management*
- *Market Analytics: Converting Customer Data into Profits*
- *Using Market Analytics to Manage Uncertainty in the Supply Chain*



Stacey Shipman
Manager, Research and Analysis
AberdeenGroup, Inc.

Area of Focus

Stacey Shipman manages all primary research programs including survey services and data analysis for Aberdeen's benchmark reports. She also oversees partner relationships and service management for clients.

Experience

For nearly a decade Stacey has managed various market research functions in several industry leading companies, largely in Publishing and Direct Selling. She specializes in quantitative survey design and analysis, and focus group moderation.

Education

Stacey received her BS in Marketing and her M.Ed from the University of Massachusetts, Amherst. She receives continued training through the AC Nielsen Burke Institute in quantitative research survey and report writing methods. She is also a trained focus group moderator and has conducted numerous consumer and end-user focus groups.



Appendix A: Research Methodology

During July 2005, Aberdeen and nearly 100 unique members of the American Marketing Association (AMA) examined four core competencies identified as necessary to building a marketing-ready enterprise and created a survey to identify and benchmark best-in-class characteristics vs. industry norms and laggards according to Aberdeen's PACE research methodology (Table 1). Senior marketing executives from CPG and retail industries completed an online survey designed to determine the following:

- Do organizations that adopt best-in-class marketing-ready practices derive greater profitability, market share, ROMI or increased revenues as a result?
- Are organizations effectively utilizing enabling technologies and infrastructure to reduce customer churn and increase customer profitability?
- Are personal and marketing teams' KPIs and actual performance in alignment with corporate goals?
- The degree to which decisions about corporate level strategy and goals are supported by enterprise marketing data.

Aberdeen supplemented this online survey effort through telephone interviews with select companies, gathering additional information from senior marketers from both end-users and vendor organizations.

The study defined the concept of building a marketing-ready enterprise and identified main core competencies. Survey data provided a benchmark as well as a framework by which readers could assess their organization's capabilities.

Respondent enterprises included the following:

- **Job title:** The research sample included respondents with the following job functions: sales and marketing, marketing communications, customer relationship management, product marketing, and marketing. Fully 22% of respondents had the following titles: CMO, EVP, SVP, or VP Marketing; 27% reported their titles as Senior Director/Director of Marketing, while 51% selected Marketing Manager as their title.
- **Industry:** The research sample included respondents from CPG and retail industries.
- **Geography:** 90% of respondents were from North America while the remainder came from Asia Pacific, South America, and Europe.
- **Annual Revenues:** Approximately 23% of respondents were from large enterprises (annual revenues above \$1 billion); 32% were from mid-size enterprises (annual revenues of \$50 million to \$999 million); and 45% of respondents were from small businesses (annual revenues of \$50 million or less).



Solution providers recognized as sponsors or who provided additional information via telephone interviews had no substantive influence on the direction of *The CMO's Strategic Agenda: Building the Marketing-Ready Enterprise* report. Research sponsorships enable Aberdeen and the American Marketing Association to make these findings available to readers free of charge.

Table 1: Aberdeen's PACE Framework

PACE Key
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p><i>Pressures</i> — external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive).</p> <p><i>Actions</i> — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product/service strategy, target markets, financial strategy, go-to-market, and sales strategy).</p> <p><i>Capabilities</i> — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products/services, ecosystem partners, financing).</p> <p><i>Enablers</i> — the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management).</p>

Source: **AberdeenGroup**, September 2005



Table 2: Relationship between PACE and Competitive Framework

PACE and Competitive Framework — How They Interact

Aberdeen research indicates that companies that identify the most impactful pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that it makes and how well those choices are executed.

Source: **AberdeenGroup**, September 2005

Table 3: Competitive Framework

Competitive Framework Key

The Aberdeen Competitive Framework defines enterprises as falling into one of the three following levels of practices and performance:

Laggards (30%) — practices that are significantly behind the average of the industry, and result in below average performance.

Industry norm (50%) — practices that represent the average or norm, and result in average industry performance.

Best in class (20%) — practices that are the best currently being employed and significantly superior to the industry norm, and result in the top industry performance.

Source: **AberdeenGroup**, September 2005



Appendix B: **Related Aberdeen Research & Tools**

Related Aberdeen research that forms a companion or reference to this report includes:

- *Marketing Performance Management: In Search of Marketing's Elusive ROI*, August 2005
- *Market Analytics: Best Practices in Customer Interaction Management*, forthcoming 2006
- *Market Analytics: Converting Customer Data into Profits*, forthcoming 2006
- *Using Market Analytics to Manage Uncertainty in the Supply Chain*, forthcoming 2006
- *Marketing Performance Management: Metrics that Matter*, forthcoming 2006

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.



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Our Mission

To be the trusted advisor and business value research destination of choice for the Global Business Executive.

Our Approach

Aberdeen delivers unbiased, primary research that helps enterprises derive tangible business value from technology-enabled solutions. Through continuous benchmarking and analysis of value chain practices, Aberdeen offers a unique mix of research, tools, and services to help Global Business Executives accomplish the following:

- IMPROVE the financial and competitive position of their business now
- PRIORITIZE operational improvement areas to drive immediate, tangible value to their business
- LEVERAGE information technology for tangible business value

Aberdeen also offers selected solution providers fact-based tools and services to empower and equip them to accomplish the following:

- CREATE DEMAND, by reaching the right level of executives in companies where their solutions can deliver differentiated results
- ACCELERATE SALES, by accessing executive decision-makers who need a solution and arming the sales team with fact-based differentiation around business impact
- EXPAND CUSTOMERS, by fortifying their value proposition with independent fact-based research and demonstrating installed base proof points

Our History of Integrity

Aberdeen was founded in 1988 to conduct fact-based, unbiased research that delivers tangible value to executives trying to advance their businesses with technology-enabled solutions.

Aberdeen's integrity has always been and always will be beyond reproach. We provide independent research and analysis of the dynamics underlying specific technology-enabled business strategies, market trends, and technology solutions. While some reports or portions of reports may be underwritten by corporate sponsors, Aberdeen's research findings are never influenced by any of these sponsors.



AberdeenGroup, Inc.
260 Franklin Street
Boston, Massachusetts
02110-3112
USA

Telephone: 617 723 7890
Fax: 617 723 7897
www.aberdeengroup.com

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