The Future of Marketing and Customer Loyalty with AI

Karsten Stokking, Nordic Marketing Leader,
Watson Customer Engagement

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9/29/2017

5 Questions That Will *Force* Marketers To Think Differently By 2020

1. Who is your audience?
2. What do your customers (*really*) want?
3. Why don't consumers love brands anymore?
4. Where have all your customers gone?
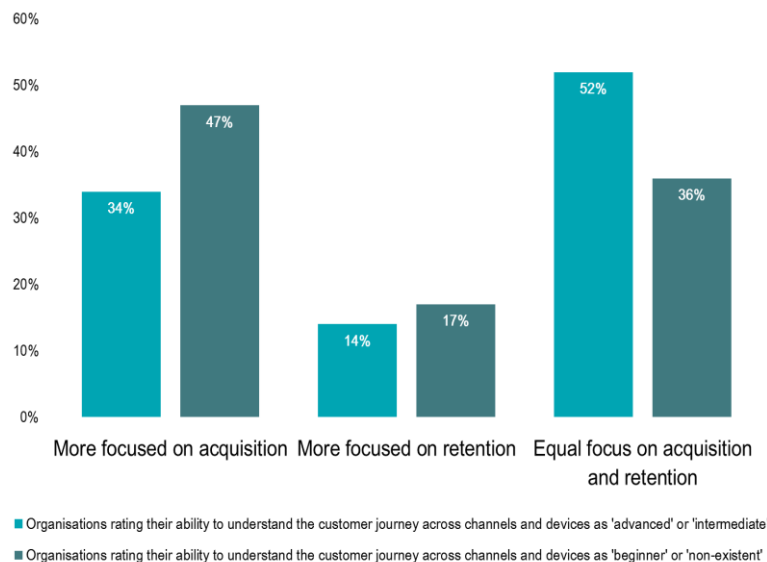5. When are you going to get your customers back?

Are we focused on loyalty?

63% of shoppers believe that loyalty programs are suppose to demonstrate how loyal the brand is to the customer.

66% of marketers believe that loyalty programs are a way for customers to show how loyal they are to the brand

Organizational focus - acquisition versus retention strategies

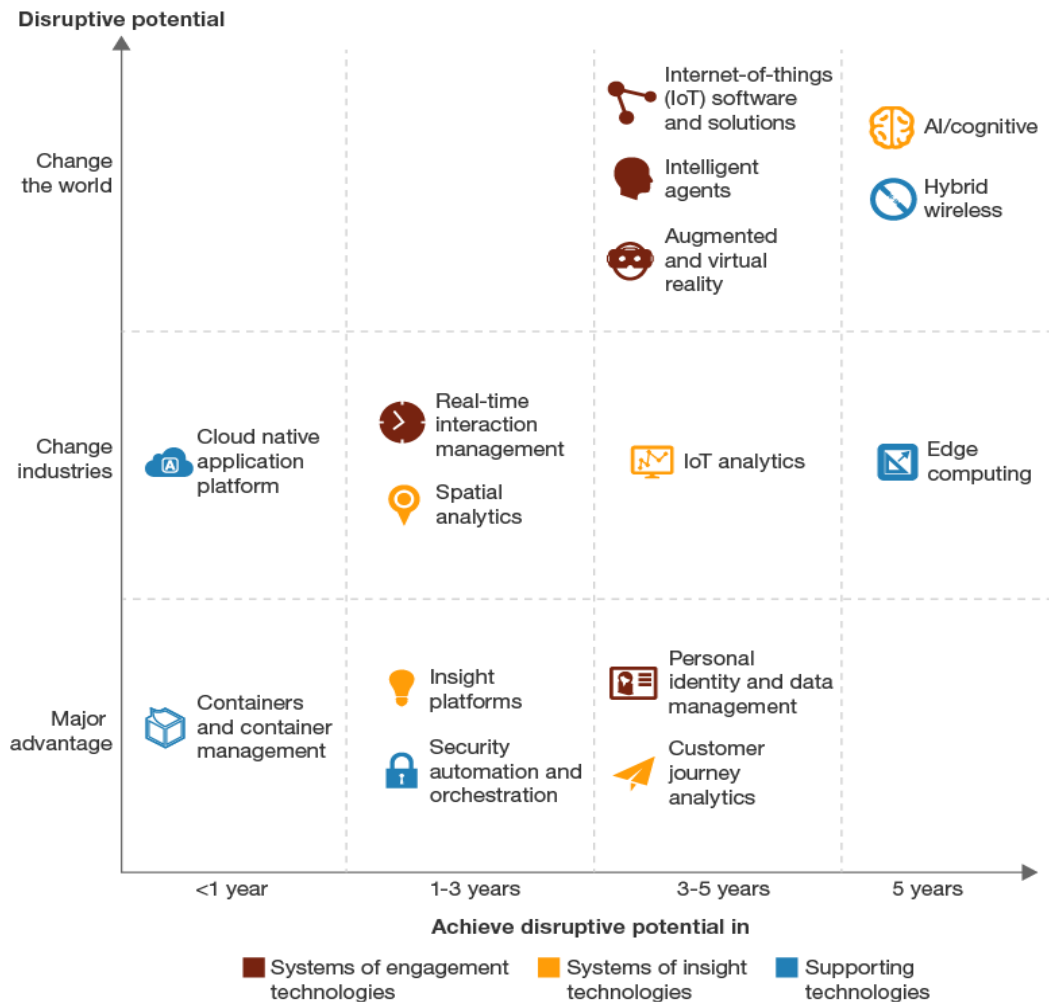Organisational focus - acquisition versus retention strategies chart:

Category	Advanced/intermediate	Beginner/non-existent
More focused on acquisition	34%	47%
More focused on retention	14%	17%
Equal focus on acquisition and retention	52%	36%

■ Organisations rating their ability to understand the customer journey across channels and devices as 'advanced' or 'intermediate'

■ Organisations rating their ability to understand the customer journey across channels and devices as 'beginner' or 'non-existent'

1.

Who is your audience?

Predictions for 2020

30% web browsing will not include a screen.

Emerging Technologies Will Unleash Massive Change

Disruptive potential

Change the world
- Internet-of-things (IoT) software and solutions
- Intelligent agents
- Augmented and virtual reality
- AI/cognitive
- Hybrid wireless

Change industries
- Cloud native application platform
- Real-time interaction management
- Spatial analytics
- IoT analytics
- Edge computing

Major advantage
- Containers and container management
- Insight platforms
- Security automation and orchestration
- Personal identity and data management
- Customer journey analytics

<1 year   1-3 years   3-5 years   5 years

Achieve disruptive potential in

- Systems of engagement technologies
- Systems of insight technologies
- Supporting technologies

Customer Experience Analytics

Traverse up & down

Macro view of whole business

Distribution of users across lifecycle

Top customer touch points

View paths by channels
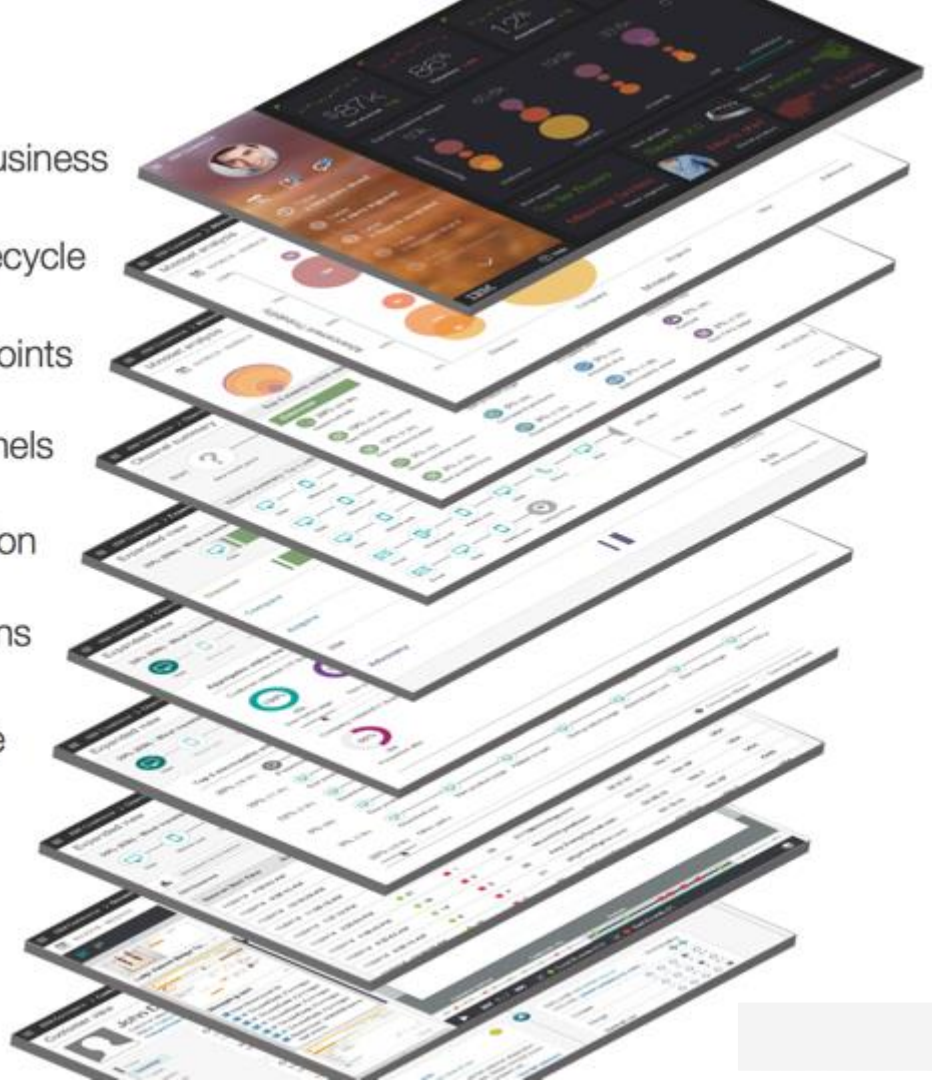
Actual user stage progression

Omni-channel breakdown on actions

Understand actions in sequence

Access level of impact

Determine user's behavior

Understand interactions in context

2.

What do you customers (*really*) want?

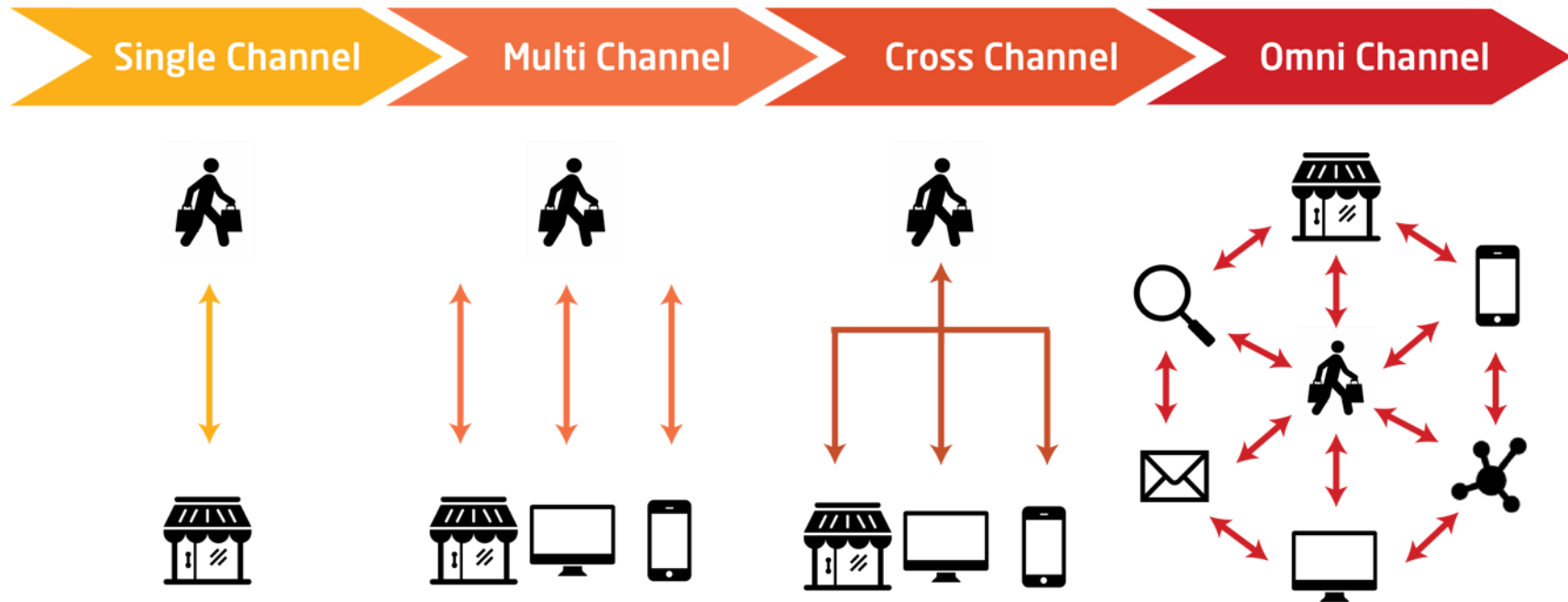|		
1	Value for money, price, cost, competitiveness	
2	Customer Service	
3	Keeping promises, reliability	
4	Quality	
5	Ease of doing business	

What Do CMOs *REALLY* Want?

1. Growing more profitable revenue
2. Increasing loyalty (reducing churn)
3. Dealing with competition in the marketplace

IBM CMO Report

Wish= Single View of Clients

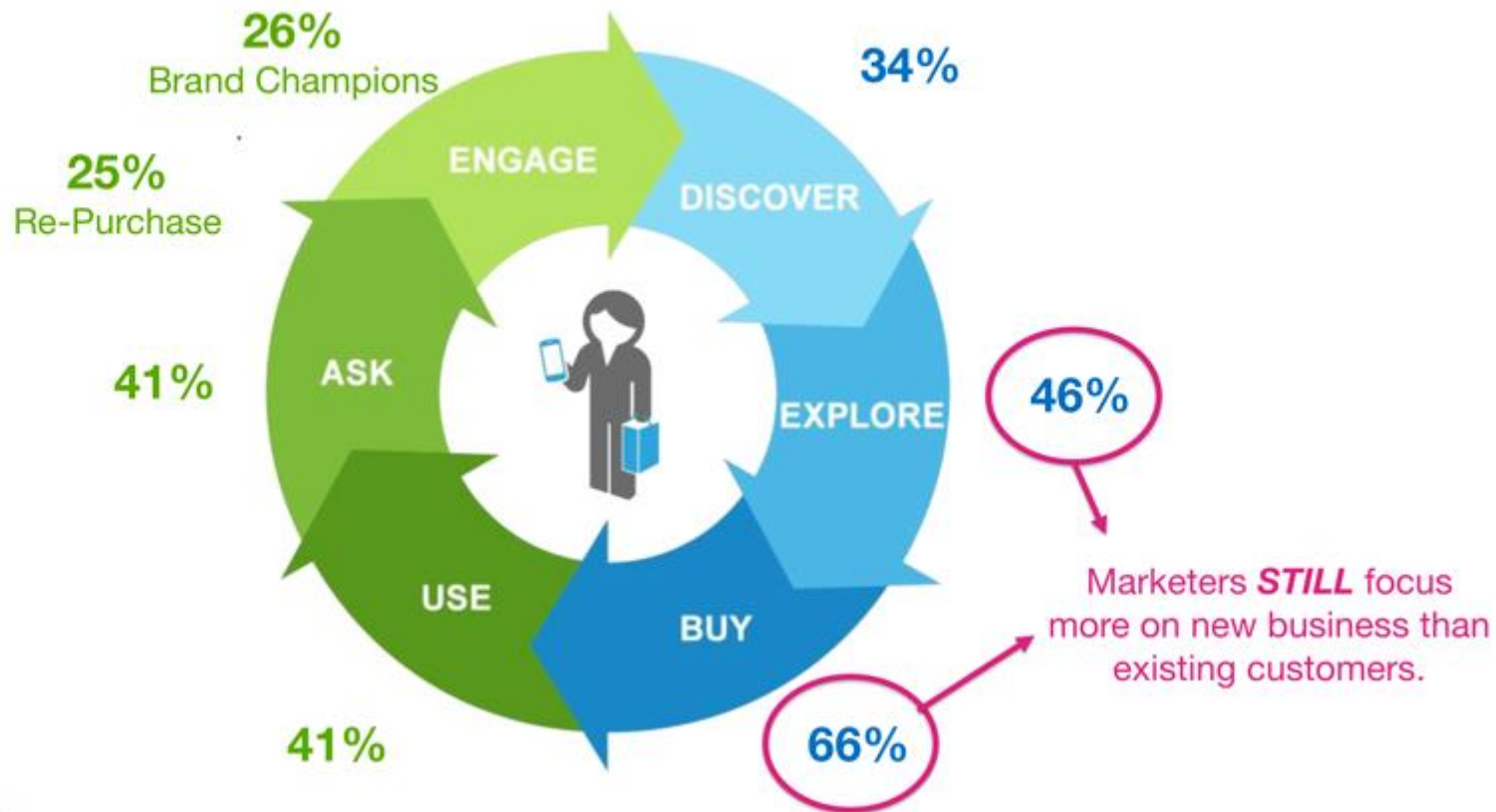By 2020 Customers Will Demand "Perfect Execution"

3.

Why don't consumers love brands anymore?

Customer Journey **Strategy**

*Where do companies create and manage customer journeys in **2016**?*

26%
Brand Champions

25%
Re-Purchase

41%

41%

34%

46%

66%

ENGAGE

DISCOVER

ASK

EXPLORE

USE

BUY

Marketers **STILL** focus more on new business than existing customers.

IBM FORRESTER

"Customers don't want relationships with a brand. They just want experiences that work".

Jeremy Darroch
SKY CEO

Most Consumers Believe Marketers Should Limit the Personal Data They Collect

More than half of US and UK smartphone owners say advertisers should not be collecting any data at all

Amount of Data that Advertisers Should Be Allowed to Collect According to UK/US Smartphone Owners, Jan 2016
% of respondents

- Anything not personal 9.5%
- Any at all 2.6%
- Moderate 7.5%
- None 55.0%
- Very little 26.0%
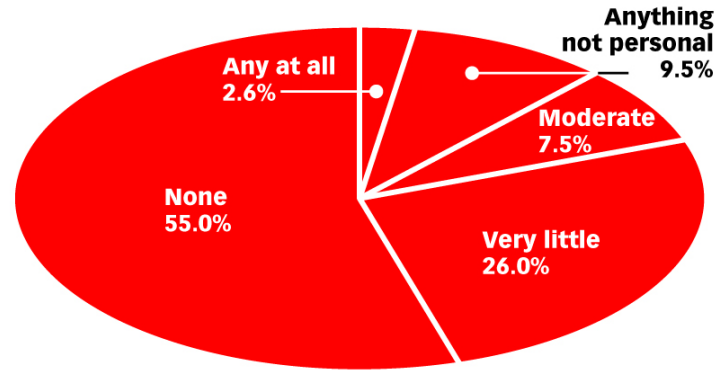
Note: n=3,939; numbers may not add up to 100% due to rounding
Source: Tune, "Mobile Ad Blocking 2016: Ad Blocking App Installs Just Spiked 3x (Here's What Marketers Need to Know)," March 8, 2016
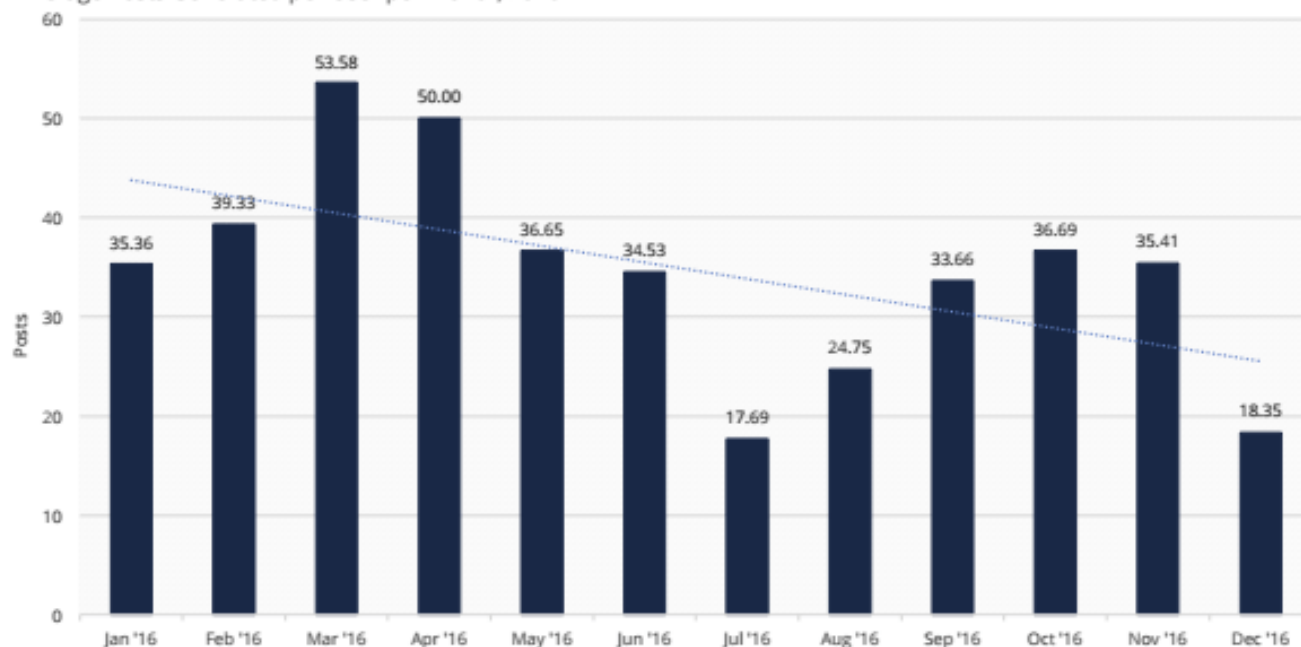
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www.**eMarketer**.com

4.

Where have all your customers gone?

USERS GENERATED LESS ORGINAL CONTENT IN 2016: 29.49% DECREASE IN POSTS PER USER

Average Posts Generated per User per Month, 2016

POSTS PER USER

▼ **-29.49%**

ANNUAL GROWTH RATE

Based on analysis of 25.4 million posts via the Maveri Platform
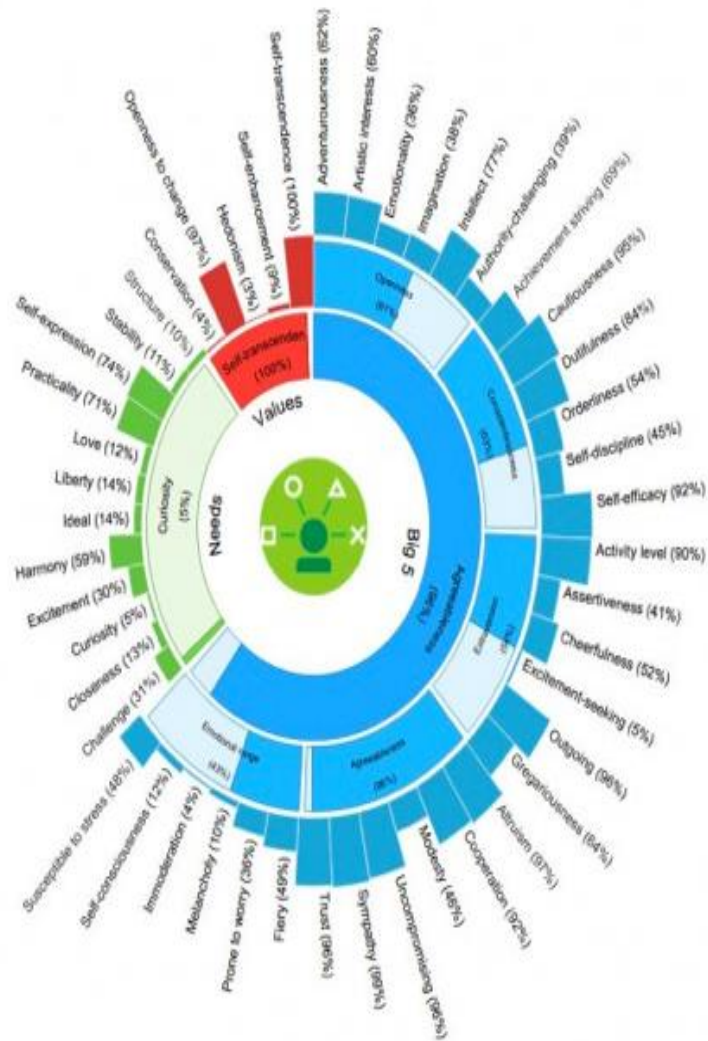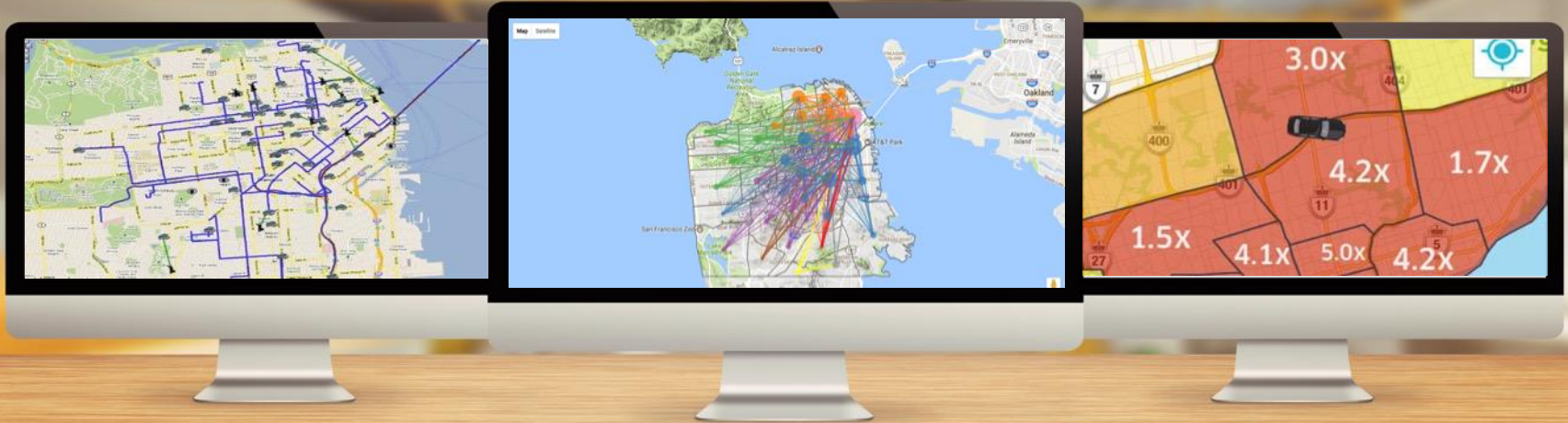
Customer Engagement is Declining
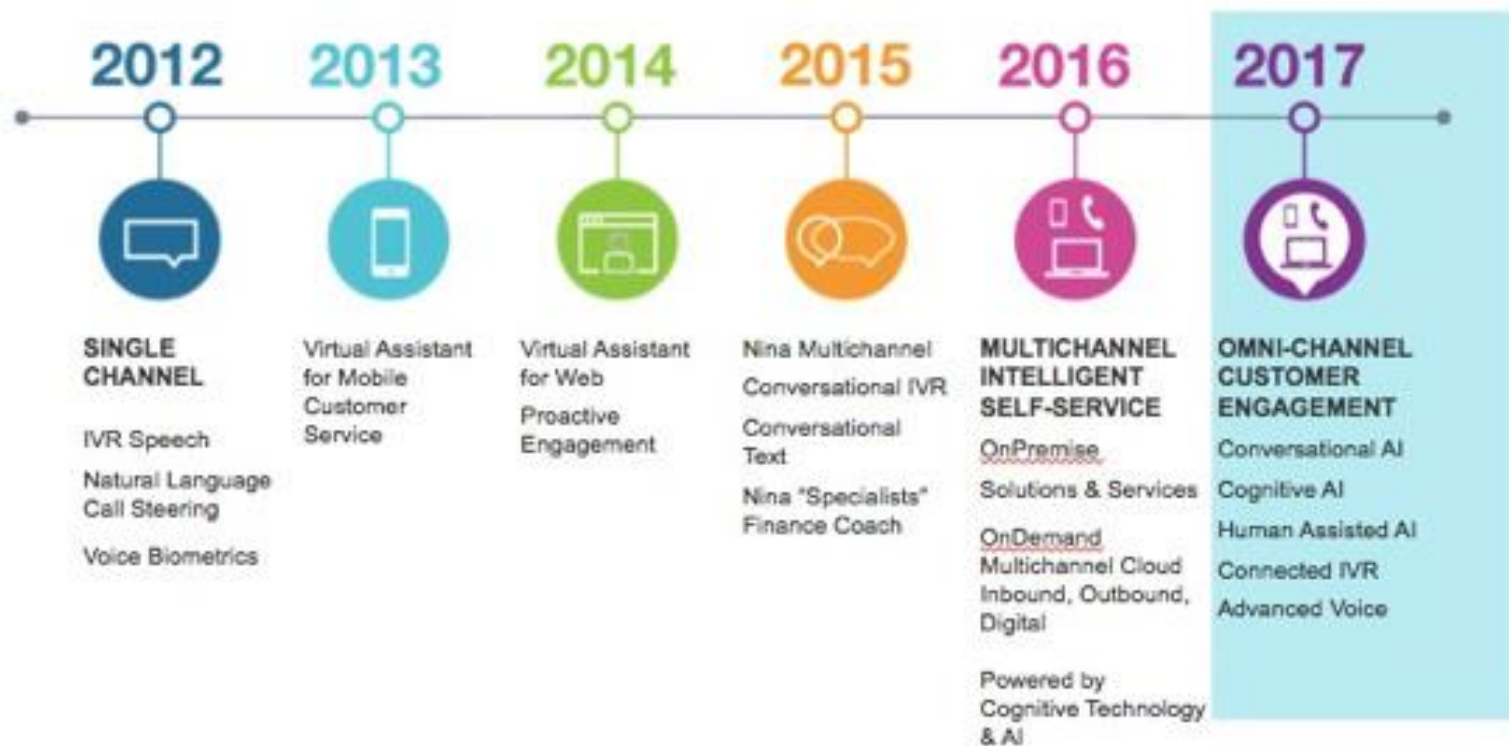
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5.

When are you going to get your customers back?
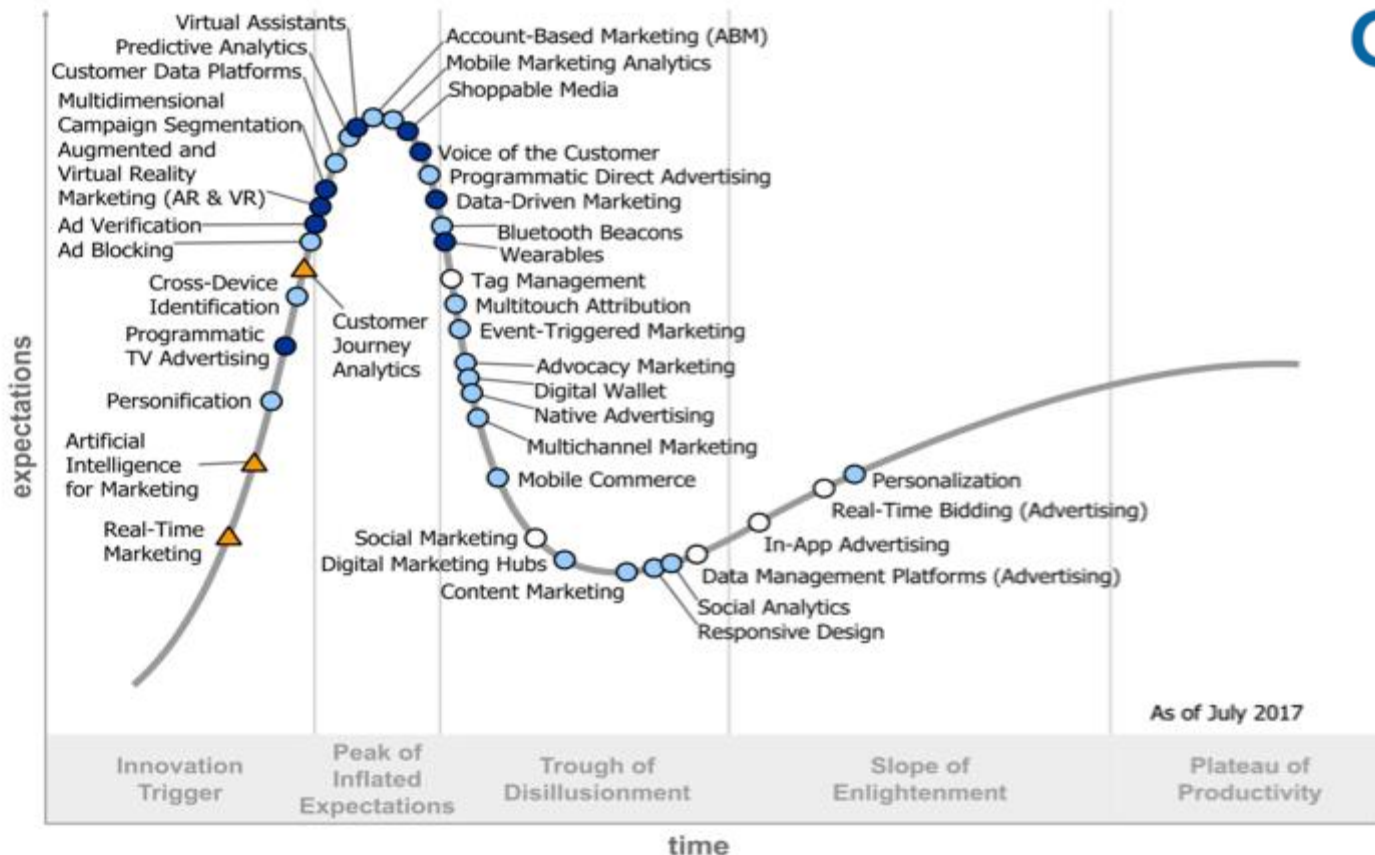
COGNITIVE IS THE NEW CRM

"I DON'T NEED TO KNOW EVERYTHING ABOUT EVERYBODY,
I JUST NEED TO KNOW A LITTLE BIT ABOUT A LOT OF PEOPLE".
BRADLEY VOYTEK

IBM

Single Channel >> Multichannel >> Omni-Channel Customer Engagement

2012

2013

2014

2015

2016

2017

SINGLE CHANNEL

IVR Speech

Natural Language Call Steering

Voice Biometrics

Virtual Assistant for Mobile Customer Service

Virtual Assistant for Web

Proactive Engagement

Nina Multichannel

Conversational IVR

Conversational Text

Nina "Specialists" Finance Coach

MULTICHANNEL INTELLIGENT SELF-SERVICE

OnPremise Solutions & Services

OnDemand Multichannel Cloud Inbound, Outbound, Digital

Powered by Cognitive Technology & AI

OMNI-CHANNEL CUSTOMER ENGAGEMENT

Conversational AI

Cognitive AI

Human Assisted AI

Connected IVR

Advanced Voice

Gartner

expectations (y-axis)

time (x-axis)

- Virtual Assistants
- Predictive Analytics
- Customer Data Platforms
- Multidimensional Campaign Segmentation
- Augmented and Virtual Reality Marketing (AR & VR)
- Ad Verification
- Ad Blocking
- Cross-Device Identification
- Programmatic TV Advertising
- Personification
- Artificial Intelligence for Marketing
- Real-Time Marketing
- Customer Journey Analytics
- Account-Based Marketing (ABM)
- Mobile Marketing Analytics
- Shoppable Media
- Voice of the Customer
- Programmatic Direct Advertising
- Data-Driven Marketing
- Bluetooth Beacons
- Wearables
- Tag Management
- Multitouch Attribution
- Event-Triggered Marketing
- Advocacy Marketing
- Digital Wallet
- Native Advertising
- Multichannel Marketing
- Mobile Commerce
- Social Marketing
- Digital Marketing Hubs
- Content Marketing
- Social Analytics
- Responsive Design
- Data Management Platforms (Advertising)
- In-App Advertising
- Personalization
- Real-Time Bidding (Advertising)

As of July 2017

| Innovation Trigger | Peak of Inflated Expectations | Trough of Disillusionment | Slope of Enlightenment | Plateau of Productivity |

Plateau will be reached:

○ less than 2 years   ● 2 to 5 years   ● 5 to 10 years   ▲ more than 10 years   ⊗ obsolete before plateau
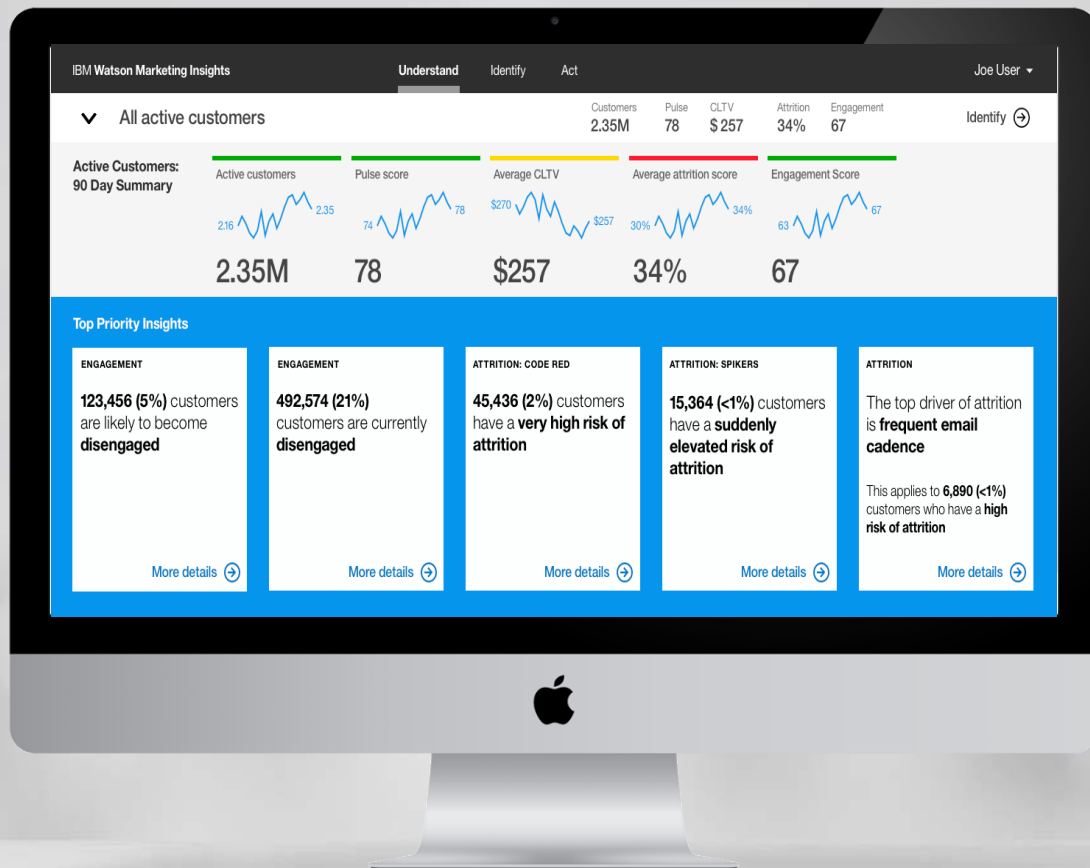
"The cognitive approach reveals what people say, think and feel about The Championships, helping us make quicker, more informed decisions."

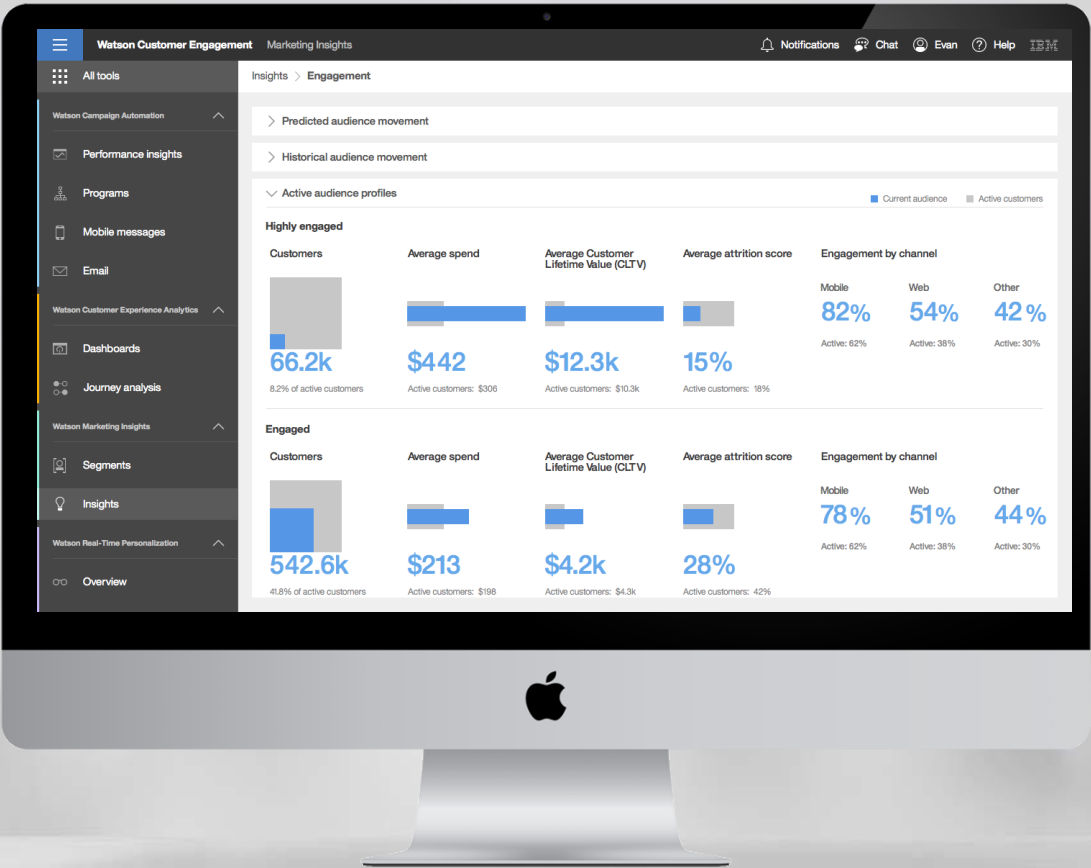**Alexandra Willis**, *Head of Communications AELTC*

9/29/2017

With Watson, know what audience you need to target based on customer behaviors.

Marketing Insights –
Audience Insights

With Watson, create target audiences in minutes based on key predictors and connect seamlessly to campaigns.
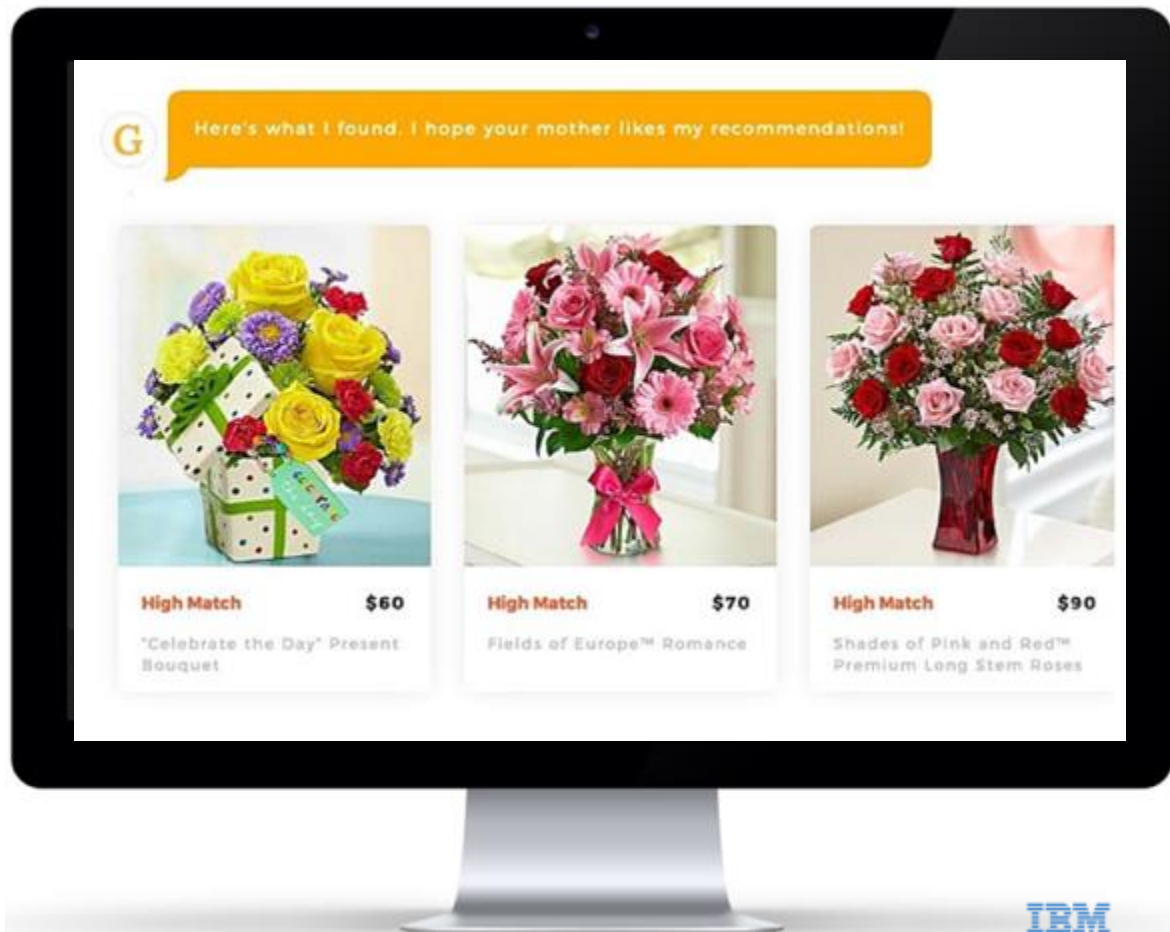
Marketing Insights –
Audience Insights

Consumers Say They're More Likely To Shop With Retailers That Deliver Personalized And Connected Experiences

88 %

Conversational Commerce

1-800 Flowers Personal Gift Concierge

https://www.1800flowers.com/gwyn
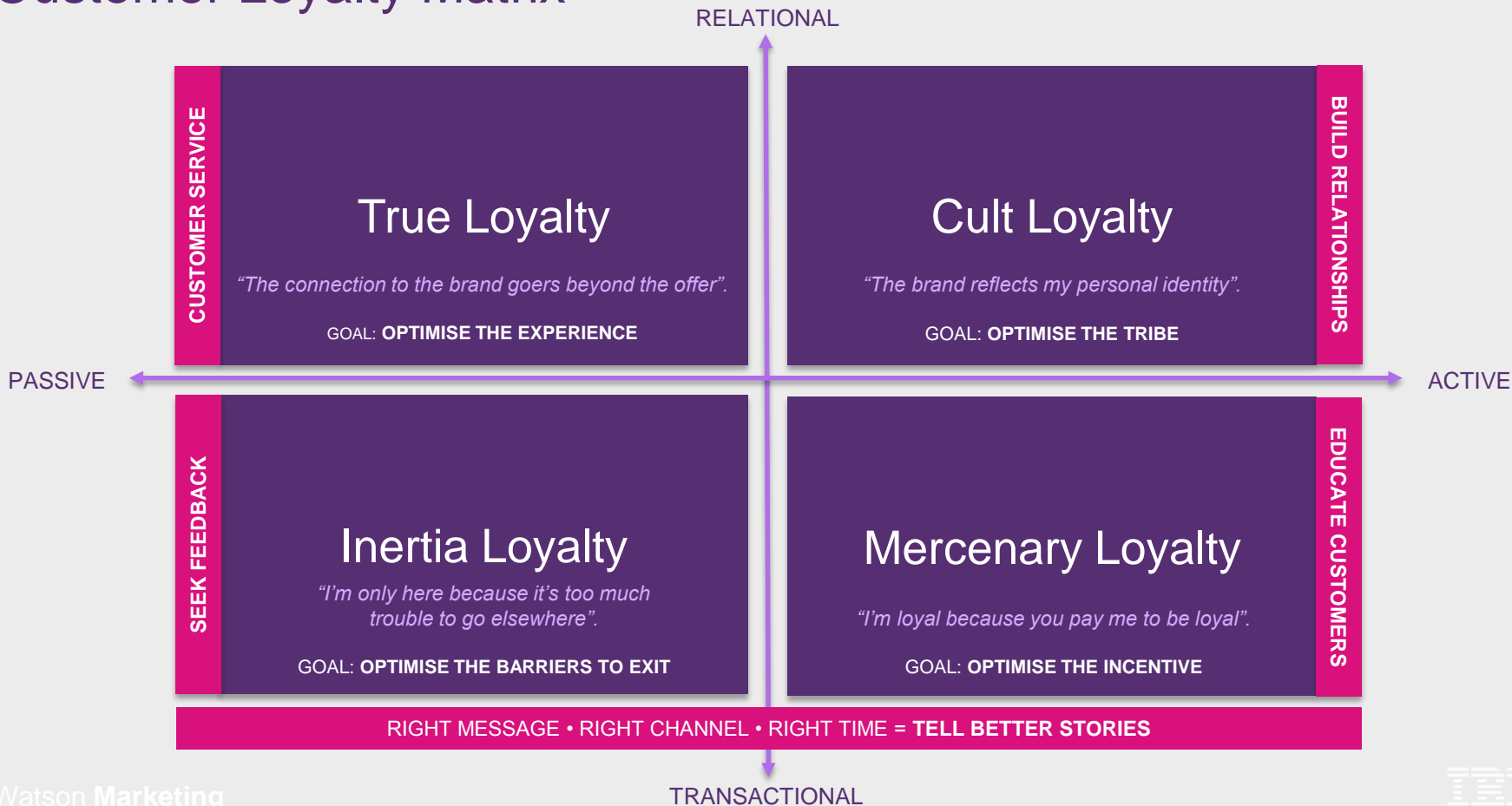
Watson Marketing

Thank You.

Karsten Stokking

Marketing Leader, Watson Customer Engagement