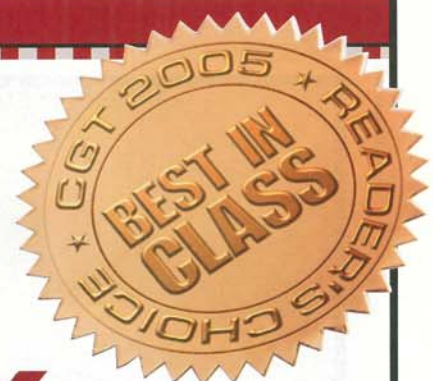


CUSTOMER RELATIONSHIP MANAGEMENT

Consumer Goods
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NEW TOOLS ON THE BLOCK



Analytics, promotions and POS data create a hotbed of activity in the CRM marketplace

BY SCOTT HOVANYETZ, CONTRIBUTING EDITOR

Technology that helps consumer goods (CG) manufacturers manage promotions and get a clearer picture of consumers who use their products are the hot CRM items of the moment, say analysts, who also predict expanding investment in CRM technology by CG companies in 2005. Point-of-sale data and how its availability and usefulness can be increased is also top of mind.

"The purse strings are opening up in the area of customer-facing investments," says Laura Preslan, research director for customer management at **AMR Research**. "The two hottest areas in consumer goods companies today are tools to improve promotion effectiveness and the creation of point-of-sale repositories to create better promos, improve demand forecast accuracy and optimize the marketing speed mix."

BREAKOUT WINNERS

CUSTOMER EXPERIENCE: **Interactive Edge**
RECOGNITION FACTOR: **Siebel**
SMALL/MID-MARKET: **SAP**

Analytics Heats Up

In addition to point-of-sale data and promotions, another area that is heating up is analytics, Preslan says. It includes tools that can provide traffic pattern analysis and shows information that point-of-sale data can't, such as whether a consumer pulled a product off the end-cap or off the regular display shelf. Nick Handrinis, partner at **Deloitte Consulting**, sees CG companies interested right now in three categories of CRM tools.

The first category is strategic account management and promotional management. It includes technology that allows CG companies to manage trade dollars, track how their sales forces interact with retailers and coordinate how the different products offered by the company will be jointly promoted with retailers.

The second major category is customer analytics, Handrinis says. It uses point-of-sale data to allow CG companies to see how offers and promotions are motivating consumers to buy products. The technology enables CG

companies to enact precision marketing strategies. For example, prices can be targeted regionally based on demand.

"You take management science and apply that to various customer and consumer challenges," Handrinis says.

The third category is consumer marketing and relationship management, Handrinis says. This technology provides CG companies visibility directly through to the consumer. In the past, manufacturers depended on retailers to provide them with information about consumers. Now, CG companies are using strategies such as Web sites and newsletters to open a direct channel to consumers and capture data about them. The data can be aggressively mined and segmented so various marketing propositions can be made to consumers.

The Count of Three

In 2005, CG manufacturers will invest in these three categories in an effort to bring their CRM technology, still lagging behind in many cases, up to par, Handrinis says. There will be a focus on technologies that facilitate growth, or at a minimum, make CG companies more aware of what they need to do to drive growth.

"Not all consumer goods companies have enough of a foothold in the three categories," says Handrinis. "My expectation is that investment to build upon the core or foundation will continue, and perhaps accelerate, as the pressure to grow the business continues."

One emerging area is marketing resource management, Handrinis says. This technology for brand managers allows tracking and planning national campaigns and measuring ROI. This technology will provide tools to track spending, get answers on incremental sales and help answer the often-difficult question of whether national brand campaigns are working.

"Brand managers need a set of technology tools that historically have been lacking," Handrinis says. "I think brand managers will get the tools that will help them and enforce discipline in terms of ROI."

Another emerging area of interest is price management, Preslan says. Contract pricing is out of control at most companies, leading to revenue and margin leaks. CG companies are just beginning to tackle the problem by taking advantage of technology offered by price management vendors to work on pricing on contracts outside trade promotions management.

CUSTOMER RELATIONSHIP MANAGEMENT

RANK	COMPANY
1	SAP
2	SIEBEL
3	ORACLE
4	PEOPLESOFT
5	CAS
6	MEI
7	INTERACTIVE EDGE
8	MICROSOFT
9	ASTUTE
10	SALESFORCE.COM

CGT TOP TEN

High Priority

Preslan believes that CG companies will have a higher priority than CRM in 2005: The supply chain. In 2004, there was an increase of 12 percent in spending on CRM in the manufacturing sector, and most of that increase went to data cleaning and integration of CRM systems with back-office enterprise resource planning tools.

"Spending on CRM is secondary to improving supply chain operations at most consumer goods companies that AMR Research works with today," Preslan says. "The best marketing plan in the world will not work if the supply chain is not able to respond to increased demand for products," she continues.

On the technology vendor front, there continue to be few major scaleable solutions for CRM available, Handrinis says. However, there are numerous niche providers within the analytics space.

Going Mainstream

Preslan predicts that technology providers will continue to work on trade promotion management, marketing, complaint management as well as point-of-sale repositories throughout 2005.

However, CG companies are, for the most part, sent out on their own to cobble together comprehensive solutions from multiple applications. "There is one more round of maturity, especially in the promotions effectiveness and point-of-sale repository areas, before these tools will become mainstream," says Preslan. **CG**