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Coke's new marketing platform bubbles to the surface

By Jeff Zabin

TWO AND A HALF YEARS AGO, a team of marketing execs met in their downtown Atlanta headquarters to chart the future of their brand in the uncertain frontier of interactive marketing. What makes the story unusual is that the brand is one of the most recognized trademarks in the world, with a market value of nearly \$100 billion. Even more remarkable is the nature of the online initiatives that were set into motion and are only now starting to come to fruition.



Jeff Zabin

The brand, of course, is Coca-Cola, a paragon of traditional advertising and a longtime exemplar of innovation. In a world being rapidly transformed by media fragmentation, channel proliferation and persistent connectivity, the “Coke challenge” was to figure out how to build a vehicle that could effectively drive consumer mindshare and brand loyalty—and, ultimately, increased product consumption—on an ongoing basis.

The idea from the start was to do something that had never been done before, by harnessing some of the newly emerging potential in web technology and customer data analytics. To get there, however, the Coke team resolved that it would first need to fundamentally rethink its overall approach to consumer marketing. The vision, however lofty, was to launch a revolution in brand relationship-building for the 120-year-old soft drink behemoth.

Connect, collect and perfect

“A big factor in our thinking was understanding drivers of consumer behavior,” explained Doug Rollins, Senior Interactive Brand Manager at Coke, speaking in May at Fair Isaac’s InterACT conference in San Francisco. “Consumers want control of when, where and how they receive and experience content,” he said, noting that more and more TV viewers are not only “time-shifting” but also “location-shifting” the programs they watch, by downloading digital content to portable media devices.

Another key trend influencing Coke’s online strategy was the notion of participation—i.e., giving people access to interactive tools to create, share and discover user-generated content that was spurring the rapid growth of youth-oriented social networking websites. Fortunately, Coke already had solid experience in this area, owing to the success of CokeMusic (now part of MyCoke), a branded virtual meeting place for teens with a passion for music that was launched in 2002.

With these drivers of consumer empowerment in mind, and eager to capitalize on the changes in media consumption habits that were taking place, Coke partnered with Fair Isaac to bring the vision to fruition. The decision to engage Fair Isaac was largely made based on the firm’s track record helping other major companies leverage next-generation technologies and analytics to deliver multi-channel, context-sensitive messages and offers at a micro-segment level.

The key components of Coke’s consumer-centric vision were threefold: connect, collect and perfect. Simply put, Coke aimed to create an innovative solution that could effectively address the following questions: “How can we connect with consumers?” “How can we collect relevant information from consumers?” And finally, “How can we perfect those relationships over time?”

“Precision marketing helps us make sense of all the different messages—and that for us is a key value driver.”



—Doug Rollins,
Senior Interactive Brand Manager at Coke

Part of the thinking lay in the realization that it’s relatively easy for companies to populate a consumer database with peoples’ names, addresses and other demographic data—as well, as in some cases, their buying patterns. The far bigger challenge is how to then capitalize on that data asset. Few, if any, consumer brand companies were adept at leveraging their data to reach out to consumers with the messages, offers, recommendations, discounts, rewards and other enticements that would likely resonate in the context of their specific wants, needs and interests, and thereby elicit a greater number of positive responses.

Moreover, the Coke team realized that few, if any, consumer brand companies were adept at building upon their existing databases by expanding the scope of registered users from one campaign to the next and also by enhancing the data with psychographic, behavioral and other information to create more robust—and, ultimately, more actionable—profiles about each individual consumer. Instead, companies tended to start from the ground up with each new marketing program, essentially ignoring the fact that they may have already established a relationship.

Building the platform

For these reasons and others, Coke decided in early 2004 to invest in a decision management platform that could serve as the foundation for all of the company's interactive marketing programs going forward, across all thirteen brands within the Coke product portfolio and on a global scale. As envisaged, the platform would provide Coke with a significant competitive advantage, enabling the company to make intelligent marketing decisions about the treatment of individual consumers each and every time it touched them.

By tailoring messages around highly relevant content and rewards, Coke can deliver powerful brand experiences in a consumer-driven interactive environment.

The platform is built upon a business rules management solution that automates the decisioning process in terms of which consumers see what content—and, importantly, when. A dynamic survey engine captures relevant pieces of information at various iterations, and through multiple touchpoints, while an analytics application rates consumers on their different passions, from sports gaming to the great outdoors, assigning scores to segment them into the most appropriate buckets.

In turn, the program interface displays different page views with dynamically generated content tailored to consumers' individual passions. Also determining what content gets served up are their product preferences, their consumption behavior, their geographic location, their demographic characteristics and a vast array of other considerations derived from various sources of data input.

"It's more than just a technology platform," says Rollins, noting that the consumer data is housed in a centralized repository and updated on a real-time basis such that its value increases over time as the relationships expand and deepen. In fact, he calls it a relationship-building platform. "It's an asset that establishes an ongoing, two-way dialog with consumers," he says, "as opposed to simply pushing a message and not caring if anybody wants to interact back with us."

My Coke Rewards

As a first step in establishing that two-way dialog, Coke wished to present consumers with a value proposition so compelling that they wouldn't think twice about entering into an interactive relationship with the brand. And what better way to engage consumers than to reward them for their loyalty?

That's the idea behind My Coke Rewards. According to the press release, My Coke Rewards is "unique in its ability to

personalize the consumer's experience with Coca-Cola.... [It] taps into consumers' passions and tailors their online experience to offer them what they really want." And indeed, precision marketing decisions are being made every time somebody loads a page.

To participate, consumers register on the website and then enter unique codes under the caps of specially marked Coke products—billions of codes during the first ten months of the program. When they have accumulated enough points to redeem a reward from one or more of the program's 30 participating partners, including companies like Delta, Blockbuster and Sony, they make their selection and the points are deducted from their account.

My Coke Rewards is also unique in that it's the first program to incorporate all of the different brands in the Coke portfolio under one promotional roof. It capitalizes on the fact that, to more effectively share the brand equity of the Coke trademark, the Coke marketing organization recently restructured its operations. Rather than act as separate brand teams that function fairly autonomously, the organization now functions as a single entity that can orchestrate a coordinated marketing effort across all of the different brands.

With My Coke Rewards, a big challenge was to serve all the different brand messages from a single website. And that's where the platform's advanced content management and precision marketing capabilities come into play. Consider: Signage on Diet Coke invites consumers to visit My Coke Rewards for a chance to attend the Academy Awards while signage on Coke Classic entices consumers with an NCAA competition contest. Meanwhile, if you purchase a Coke product in a Mexican bodega, you may encounter a point-of-sale message about a chance to win a trip to a Mexican National Football team game.

Each "pillar program"—whether it's NASCAR, "American Idol" or the FIFA World Cup—has its own promotional extensions designed to appeal to a different consumer segment. Collecting the right consumer information in order to automatically deliver the right promotions and rewards—even modifying the look and feel of the site to match the consumer's inferred sensibilities—is a complicated process. "Precision marketing helps us make sense of all the different messages," says Rollins. "And that for us is a key value driver."

My Coke Rewards has enjoyed tremendous uptake since its launch. In the first two months, consumers entered more than 6 million codes (10% of which were entered via a mobile device), better than any under-the-cap code program in Coke's history. By November, nearly 3 million people had registered to join the program. Collectively, they entered more than 60 million codes and redeemed more than 100 million points, which amounted to more than a million rewards (reported valued at close to \$50 million). Coke recently announced that it will extend the program due to its overwhelming popularity.

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Thinking ahead

Coke views its current interactive marketing efforts as a way to achieve improved marketing efficiency, ultimately reducing the company's reliance on traditional mass media spending, including broad-based TV advertising promotions. In some cases, such promotions can even be alienating to certain segments of consumers.

By November, nearly 3 million people had registered to join the My Coke Rewards program. Coke recently announced that it will extend the program due to its overwhelming popularity.

"There's no reason to serve a blanket message to every consumer," says Rollins. By tailoring messages around highly relevant content and rewards, Coke can deliver powerful brand experiences in a consumer-driven interactive environment.

Coke is also exploring ways to leverage its consumer data into the retail channel, to help its customers market more effectively. In addition, with over a billion serving occasions of its products every day, Coke is exploring other consumer connection points and opportunities to drive traffic and participation. Coke's two million vending machines in the US may provide one such opportunity to further "collect, connect and perfect".

Rollins makes the point that shareholders and consumers expect the Coca-Cola Company to be at the forefront of innovation and marketing. The concept of relevant micro-rewards, precision marketing and access to tailored brand experiences would certainly seem to fit well into those expectations. **VP**

Jeff Zabin is Director of Marketing Solutions at Fair Isaac.

Fair Isaac recognized as Business Rules Management Systems market leader

LEADING ANALYST FIRM IDC has recognized Fair Isaac as the worldwide revenue leader in the Business Rules Management Systems (BRMS) software market.

In the new IDC report titled "Worldwide Business Rules Management Systems Software 2006–2010 Forecast and 2005 Vendor Shares" (IDC #203627, September 2006), Fair Isaac leads the worldwide BRMS revenue category in 2005 with revenues of \$45.1 million, growing a strong 28.6 percent compared to revenues of \$35.1 million in 2004. Fair Isaac is ranked as the leader in BRMS market share with 23.9 percent worldwide and 33.4 percent in the key America market.

Business rules management tools centralize the definition, discovery, storage, and submission of the vast quantity of rules used in business operations to provide organizations with greater automation, more responsiveness to change, and less expensive distribution and maintenance of their business activities. IDC anticipates that revenue for the worldwide BRMS market will continue to grow from its 2005 level of \$188.5 million to \$455.1 million in 2010, based on "the strong role that business rules management systems will have in building out the application infrastructure platforms."

"Business rules management systems are poised to become a common facet of application development," said Stephen D. Hendrick, group vice president for IDC's Application Development and Deployment research group. "Business rules management systems also play a key role in Enterprise Decision Management (EDM), which combines data analytics, predictive modeling, decision model optimization and policy-level control to help organizations define and manage their automated business systems for improved efficiency and greater profitability."

"The IDC ranking reflects the market's continued trust in Fair Isaac's decision management technologies at a time when more businesses are realizing the value of taking a more sophisticated, enterprise-level approach toward their critical decision processes," said William Waid, vice president, EDM Technology and Custom Solutions, Fair Isaac. "Our rules management technology continues to provide a foundation for EDM that is focused on helping businesses reach new levels of agility, consistency and precision in an increasingly complex, competitive and regulated global economy.

"Users who choose Blaze Advisor™ business rules management system as part of the Enterprise Decision Management suite of products get far greater decision-making capabilities with their rules management," adds Waid. "Predictive modeling and rules management are combined in EDM to give organizations strong analysis and decision-making capabilities to aid in their planning and portfolio management."

The latest release of Fair Isaac's Blaze Advisor™ business rules management system includes the advanced Rete III inference engine for best-in-class performance within complex, enterprise-class deployments and powerful rules management capabilities. Blaze Advisor BRMS is used by many of the world's leading companies. It is the first rules engine to support Java, .NET and COBOL deployment of the same rules. The multi-platform solution supports Web Services and SOA, Java 2 Enterprise Edition (J2EE) platforms, Microsoft .NET and COBOL for z/OS mainframes. **VP**