Forrester Consulting

MAKING LEADERS SUCCESSFUL EVERY DAY

August 3, 2009

How Marketers Can Transform Their Business With Online Marketing

Technology Investment Is Key To Overcoming Measurement And Data Management Challenges

A commissioned study conducted by Forrester Consulting on behalf of Omniture

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Executive Summary

In June 2009, online business optimization firm Omniture commissioned Forrester Consulting to research the current state of online marketing and its measurement. The study evaluated how well marketers were maturing their approach to online marketing. What is their approach to online programs? What skills are marketing executives prioritizing now and in five years? What challenges inhibit further advancement? And what technologies, if any, do they rely on to help with online marketing management?

Key Findings

Forrester's study revealed the following primary conclusions:

- A network of best of breed technologies — what Forrester calls the "online marketing suite" — will support advanced online marketing strategies.

- Marketers should prepare for the online marketing suite *now,* as online is becoming an increasingly strategic part of the marketers' mix.

- While many marketers struggle to embrace technology today, more successful online marketers prioritize technology investments.

- Successful marketers will require an online marketing suite that automates and unifies customer insight and action across channels.

- Firms can prepare for the online marketing suite by growing their agency and vendor relationships, aligning with IT, and creating a long-term data and strategy plan.

- Marketers emphasize strategy and technology integration as critical skills for the future health of their organization (see Figure 1).

Figure 1: Marketers Prioritize Strategy and Technology Integration Skills For The Future

"What skills do you predict will be most critical to your marketing organization over the next five years? (Please rank the top three in order.)"

■ 1st ranked choice ■ 2nd ranked choice ■ 3rd ranked choice

Skill	1st	2nd	3rd
Strategy	48%	10%	4%
Technology integration	12%	8%	12%
Data management and segmentation	5%	15%	12%
Communications	6%	13%	8%
Skill with online applications	3%	12%	12%
Cross-functional coordination	6%	5%	13%
Campaign analysis	8%	8%	7%
Campaign planning	5%	10%	8%
Creative design	3%	7%	8%
Agency management	2%	8%	6%
Budget management	1%	4%	9%

Base: 161 US and UK online marketing decision-makers

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Better Technology Will Mature Online Marketing

Forrester believes that marketers must make better use of technology to mature their online marketing capabilities and take best advantage of the cost efficiencies and direct customer relationships that online tools allow. But current technologies cannot holistically meet all of marketers' online needs because:

- **Traditional enterprise marketing technology vendors lack online marketing expertise . . .** Current vendor offerings automate marketing processes through expensive campaign management and marketing resource management (MRM) applications that need extensive IT support and aren't tailored for interactive marketers.

- **. . . while best-of-breed online marketing vendors are too narrowly focused.** There are hundreds of vendors offering particular interactive marketing solutions but without best-of-breed capabilities in other channels or a means for integrating their data with other channel specialists.

We see an alternative model emerging that will better support online marketing needs than either of the above two technologies. Forrester calls this new technology model the online marketing suite, which we define as:

A network of interactive marketing technologies — held together by a central hub — that supports the entire interactive marketing process from planning and design to execution, measurement, and analysis.

The online marketing suite vendors combine the scalability of enterprise marketing solutions with the best-of-breed expertise of the specialists to provide an integrated suite of online marketing applications.

The online marketing suite differs from existing technologies in its function, user, data model, integration capabilities, and delivery model (see Figure 2). It has two core components: 1) the central hub — the core of the suite that enables marketers to manage and integrate online data, and 2) the network — a thriving community of technology and service partners that delivers execution, targeting, and measurement services.

Figure 2: The Online Marketing Suite Brings New Value

	Current technology options	The online marketing suite
Primary function	Automate highly complex offline marketing processes or execute point interactive campaigns	Support the end-to-end interactive marketing process from planning through execution and optimization
User	Marketing manager	Interactive marketers of all levels, agencies, and marketing operations personnel
Data model	Multiple separate databases that store campaign-specific data	Unified data model that integrates at a consumer level
Integration capabilities	Limited to ad-hoc API integration with select partners	Built on an open source platform to allow for an easy connection with a limitless partner network
Delivery model	On-premise or services-led	Hosted/on-demand

Source: "Defining The Online Marketing Suite," Forrester Research Inc., October 17, 2007

Now Is The Time For The Online Marketing Suite

The online marketing suite sounds good in theory, but why does it matter now? Because, quite simply, online media interactions across multiple channels are gaining critical importance within the marketing mix. Marketers must master online marketing to create cost-effective programs, stay relevant with target audiences, and jockey for competitive advantage. Marketers we spoke with herald the significance of online within their business plans:

> *"Our online spend is 5% of our budget today, but its effectiveness is so much more . . . if we don't have [online marketing], a lot of our other programs fail."*
> —Marketing director at a US-based insurance provider

> *"We've only been marketing online for a year, and it has added about 10% to our revenue."*
> — Vice president at a US graphic design firm

> *"I think our entire revenue is starting to depend on online . . . and people aren't satisfied with a single [Web] page anymore. They want pictures and video, which require bandwidth and service. Every company will have to beef up infrastructure to accommodate [user expectations]."*
> — Vice president at a US travel and tourism company

> *"I see the online market becoming more important over time. Our current marketing budget is 70%:30% traditional to interactive, but this will probably be reversed within the next three to five years."*
> — Director of product marketing at a major US telecom provider

But Marketers Still Struggle With Technology

Our recent study shows that marketers buy into the value of technology — almost 30% of the 161 online marketing decision-makers we surveyed believe that technology could help them manage multiple marketing channels and prove marketing results. But interviewees tell us that even this benefit is hard to weigh against costs to buy needed technologies or to staff skilled internal resources to leverage online technologies:

> *"One major challenge with adopting technology is understanding it and how to calculate its value . . . When I've invested $X in something, how do I know that I will get $Y and $Z in return? Management needs to know how we'll prove success [before we can get investment]."*
> — Director at a US consumer technology manufacturer

> *"I don't think there is an application that can provide me a solution . . . When there are new technologies involved, our staff doesn't have the skills needed to work with them…Because our staff doesn't have needed skills, we're forced to hire consultants, which in turn limits what we can afford to do.""*
> — Vice president at a US travel and tourism company

Limited technology mastery means that online marketers struggle with a number of challenges (see Figure 3).

Figure 3: Poor Technology Use Fosters Myriad Challenges

"What would you say are the greatest internal challenges facing your overall marketing organization today? (Rank top three in order of importance.)"

■ 1st ranked choice　■ 2nd ranked choice　■ 3rd ranked choice

Challenge	1st	2nd	3rd
Proving results to the executive team to garner support and budget	34%	11%	10%
Managing and coordinating multiple marketing technologies	10%	15%	27%
Managing customer and campaign data quality	15%	21%	11%
Automating marketing processes to improve efficiency	9%	16%	17%
Having enough staff to run programs well	17%	14%	9%
Not being able to control marketing projects dependent on IT	9%	13%	15%
Cooperating with other parts of marketing and agencies	6%	11%	11%

Base: 161 US and UK online marketing decision-makers

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

- **Measurement.** Although impressions, views, and clicks from online media can all be monitored, marketers still struggle to collect and gain insight from the right online data. Interviewees told us that they can't find metrics they trust, or "can't get a real-time snapshot" of their efforts. These concerns account for 42% and 28% of respondents who indicated that "attributing results to the right channel" and "measuring results" were their greatest challenges respectively. And marketers focus on near-term results like sales and click-through rate, even though the metrics they value most are longer-term measures of customer relationship health like customer lifetime value and customer satisfaction and retention.

- **Data management.** Respondents struggle with data collection, management, and analysis because they have many collection points and multiple, disparate databases. As one financial services firm explained, "Data collection is not standard across forms, so we have to convert data collection fields to match each other." An interviewee from a major US telecom provider believes poor data management contributes to measurement difficulties: "Measurement has two problems: 1) integrating all available data; 2) analyzing that data once it's integrated. Big companies have a lot of data, but it simply isn't accessible."

- **Lack of automation.** Marketers can't keep up with the cost, staff, and skills required to scale programs manually. Plus, today's marketers can't afford to learn by trial and error. One interviewee told us that they shut down any new site tools that they don't see consumers using immediately. Automation is a key to offloading labor from staff to technology, and automating programs and tools also prevents errors and increases scale.

Online Marketers Must Prioritize Technology

The solution to overcoming the above challenges and improving online marketing efforts seems simple: Online marketers should invest in technology. But tight budgets don't allow for indiscriminate spending.

> *"Our No. 1 barrier to growth is budget, in terms of resources and tools. When [our company] makes cuts, the first thing hit is marketing."*
> — Director at a US consumer technology manufacturer

> *"We'd like to get onto one integrated system, but we never get to the point where we can look at new products, because we're too busy evaluating legacy products. If we had four years without any big [corporate] changes, then we could determine how to approach new things."*
> — Vice president at a US national bank

The Technology Habits Of Sophisticated Marketers

To determine what resources marketers should pursue to advance their online efforts and prepare for the online marketing suite, Forrester profiled the respondents in this study according to their approach toward online marketing and the internal challenges they found most difficult. Then we segmented respondents according to their sophistication level — basic, intermediate, advanced, and sophisticated — to evaluate differences.

We found that sophisticated marketers are aggressive adopters of technology: 77% score themselves a 4 or 5, on a scale where 5 is the most aggressive. And 32% spend more than one-fifth of their budgets on technology.

> *"Our primary focus last year was getting the technology strategy and road map right. Our management is convinced that to support true cross-channel marketing, we will need to emphasize technology and analytics as much as creative and experience."*
> — Vice president at a US media company

> *"We created a marketing operations team that owns our technology strategy, vendor relationships, and execution channels. Creating this operations team was our approach to increasing the emphasis on marketing technology management.*
> — Director at a US brand manufacturing company

> *"Just as we define style and design guides, we are also defining approaches to consumer engagement. These approaches are based on a common technology and agency plan across regions for each brand"*
> — Director of marketing technology at a global beverage brand

What habits can you learn from sophisticated online marketers?

- **Prioritize technology integration and agency management skills.** While our overall sample expects technology integration to be a critical skill, we learned that it is paramount to sophisticated marketers compared with others' priorities. Additionally, more sophisticated respondents than any other segment — 32% — select "agency management" as one of their top three most crucial future skills.

- **Track value-based metrics.** Basic and intermediate marketers gravitate toward transactional metrics like click-throughs and conversion rates. But sophisticated marketers gauge customer value through more complex metrics like share of customer wallet and customer lifetime value.

- **Support foundation technologies and emerging media.** When asked which technologies would help them overcome current challenges, sophisticated marketers eschew those focused on executing simple functions like email delivery or Web analytics. Instead, they prioritize technologies like content management and data warehousing that provide the backbone for whole strategies, not just individual initiatives. More sophisticated respondents also believe in the effectiveness of tools to support emerging media like mobile advertising and bid management technologies.

Prime Your Firm For The Online Marketing Suite

Embracing technology via the online marketing suite will help marketers create advanced, customer-centric online marketing programs. But graduating through the best practices of sophisticated online marketers listed above may feel easier said than done. To help your organization prepare for the online marketing suite we recommend that you:

- **Emphasize strategy skills.** What's clear from this study is that online marketers must go beyond their traditional role as the owner of the online presence and content to focusing on customer behavior and insight generation. This requires marketing organizations to bolster their current skills portfolio to include strategists and analytically-focused talent that can understand consumer behavior and generate insights to support changes to go-to-market strategies and create operational efficiencies that impact the top and bottom line.

- **Work with partners.** Our interviews for this research found that marketers either love or hate their vendor partners. But outsourced support can answer the immediate need for online measurement and technology integration skills. And partners can also help you convert others in your organization into online believers — championing your success improves their chances for further business. We also find that within reason, vendors are willing to work with firms with recession-constrained budgets. Ask them for a forecast of expected results upfront or to offer performance-based pricing so that you can make sure your investment with them will pay off in results.

- **Align with IT**. Outsourcing, however, cannot be a complete substitute for internal IT support. Since few firms can boast having a marketing technology backbone, or even cooperative marketing/IT relationships, we recommend that marketing build bridges with specific IT resources instead of trying to instigate an organizational change that would better align technology and marketing resources.

- **Spotlight the metrics that matter.** The ubiquity of data and commoditization of storage makes it hard for marketers to hide behind the data availability excuse. However, this also poses a challenge that overwhelms many marketers: They must wade through the large quantities of data to prioritize insights that affect the business. Instead of trying for the measurement approach that will make sense of everything, marketers should identify the metrics and performance measures that help them improve their online business.[1] Do this by 1) defining your business goals; 2) identifying what consumer behaviors or behavior changes will indicate progress toward your goals; and 3) determine online indicators of these behaviors. You can certainly catalog more and more data as you mature, but sticking to this measured, deliberate approach will keep clutter out of your data warehouse.

- **Build a long-term plan.** Marketers moving toward sophistication should not lose their focus on the end state in the name of immediate gratification. This means doing away with ad hoc online initiatives and creating a five- and 10-year vision for your marketing organization. What do you want your customer relationships to be like? How will you deepen these relationships? What capabilities will you have in order to be the type of firm that you want to be in this vision? Near-term programs and goals should only win investment if they also support the ultimate vision.

Appendix A: Methodology And Segmentation Approach

In this study, Forrester surveyed 161 senior marketers at firms across the US and UK to evaluate the current state of online marketing and measurement. Survey participants represented firms in the financial services, retail, consumer goods, telecom, media and leisure, electronics, business and consumer services, travel and transportation, and logistics industries from enterprise-level companies (see Figure A-1). Each firm surveyed was well-tenured in online marketing (see Figure A-2). Those surveyed and interviewed included primarily director-, VP-, and executive-level roles familiar with their firms' online marketing initiatives. We also conducted in-depth interviews with 11 respondents screened from the quantitative survey.

Respondents of the survey were members of an online panel. The 11 in-depth interviewees were offered a gift card of up to $50 value as a thank you for time spent on the interviews. The study began in May 2009 and was completed in June 2009.

Figure A-1: Respondents Represent Enterprise Firms Across Industries

"What are the total annual revenues of your company? Please use your best estimate."

- More than $100 million to $500 million, 9%
- More than $500 million to $1 billion, 22%
- More than $1 billion to $5 billion, 33%
- More than $5 billion to $10 billion, 12%
- More than $10 billion, 25%

"Which of the following best describes the industry to which your company belongs?"

- Travel and hospitality, 6%
- Transportation and logistics, 2%
- Business and consumer services, 7%
- Financial services and insurance, 29%
- Electronics, 7%
- Media and leisure, 10%
- Retail, 17%
- Telecommunications services, 11%
- Consumer product manufacturing, 11%

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure A-2: Most Respondents Have More than Six Years Tenure Online
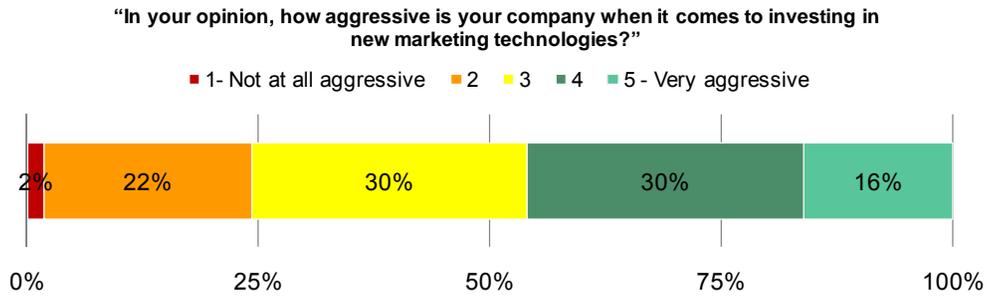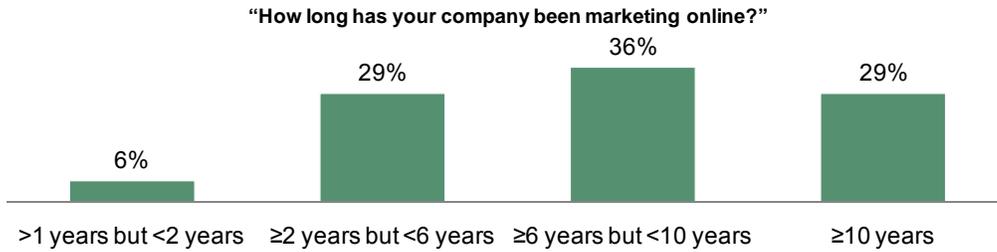
"How long has your company been marketing online?"

| >1 years but <2 years | ≥2 years but <6 years | ≥6 years but <10 years | ≥10 years |

"In your opinion, how aggressive is your company when it comes to investing in new marketing technologies?"

■ 1- Not at all aggressive ■ 2 ■ 3 ■ 4 ■ 5 - Very aggressive

Base: 161 US and UK online marketing decision-makers

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

How We Developed The Sophistication Spectrum

Forrester Consulting built the segmentation used in this study by focusing on two critical topics: 1) internal challenges for online marketers; and 2) level of online marketing maturity. Together these topics helped us create a sophistication spectrum that categorized marketers based on their challenges, basic and advanced, as well as their online maturity. The outcome? A better description of online marketing sophistication both in terms of the problems each segment tackles and the solutions that address these problems.

Figure A-3: The Sophistication Spectrum

Scoring based on composite responses to each question shown

Base: 161 US and UK online marketing decision-makers
Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Appendix B: Analysis of Survey Responses

Figure B-1: Online Marketing Is A Primary Responsibility For Almost All Respondents

**"For which of the following functions is your marketing organization responsible?
(Select all that apply.)"**

Function	Percentage
Interactive or online marketing (email, display, search, etc.)	84%
Product marketing/management	84%
Company/product Web site	80%
Traditional advertising and media (TV, radio, print, etc.)	72%
Brand identity	72%
Competitive intelligence/market research	69%
Marketing technology purchase and management	68%
Customer analysis and segmentation	68%
Channel marketing/trade promotions	62%
Customer experience/service	61%
Public relations/corporate communications	58%
Direct or database marketing	56%
Customer retention	49%
Lead/demand generation	48%
Sales	35%

(!) More marketers are responsible for online marketing than common traditional functions like branding, channel marketing, and PR.

Base: 161 US and UK online marketing decision-makers
(multiple responses accepted)

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-2: Marketers Expect Online Media Budgets To Grow Dramatically

"What percentage of your program budget (excluding personnel/salaries) is spent on online media _today_? What percentage of your program budget do you predict will be spent on online media _five years from now_?"

■ Today ■ Five years from now

Category	Today	Five years from now
30% or more	16%	44%
20%-29%	17%	24%
11%-19%	20%	17%
6%-10%	22%	12%
1%-5%	21%	1%
Less than 1%	1%	—
Don't know	1%	1%
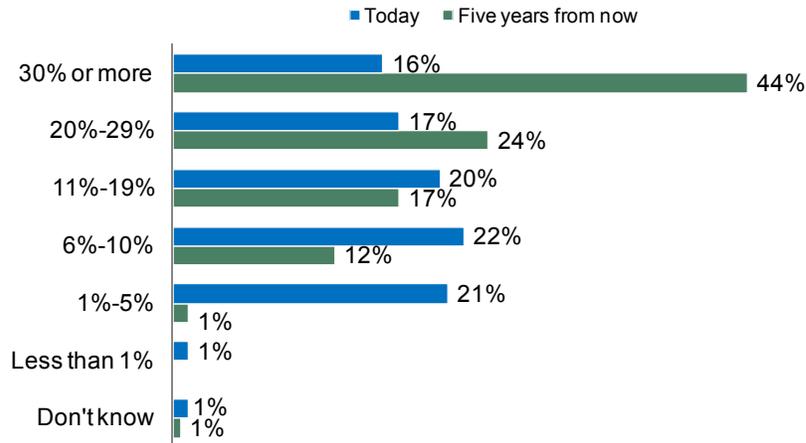
Base: 161 US and UK online marketing decision-makers
(percentages may not total 100 because of rounding)

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-3: Measuring ROI And Attributing Results Are Key Challenges

"What would you say are the greatest measurement challenges facing your marketing organization today? (Rank up to three in order of importance.)"

■ 1st ranked choice ■ 2nd ranked choice ■ 3rd ranked choice

Challenge	1st ranked choice	2nd ranked choice	3rd ranked choice
Measuring results and ROI effectiveness (sales, customers, retention, marketing ROI) regardless of channels	28%	30%	8%
Attributing results (sales, orders, customers, etc.) to the correct marketing channel or marketing program	42%	11%	9%
Leveraging customer insights to drive decision-making	8%	15%	27%
Creating a single view of the customer	13%	19%	17%
Measuring how results in one channel influence/correlate with results in another channel	10%	3%	4%

The most respondents selected "measuring ROI" as one of their three top challenges, but "attributing results to the correct channel" was ranked first most often.
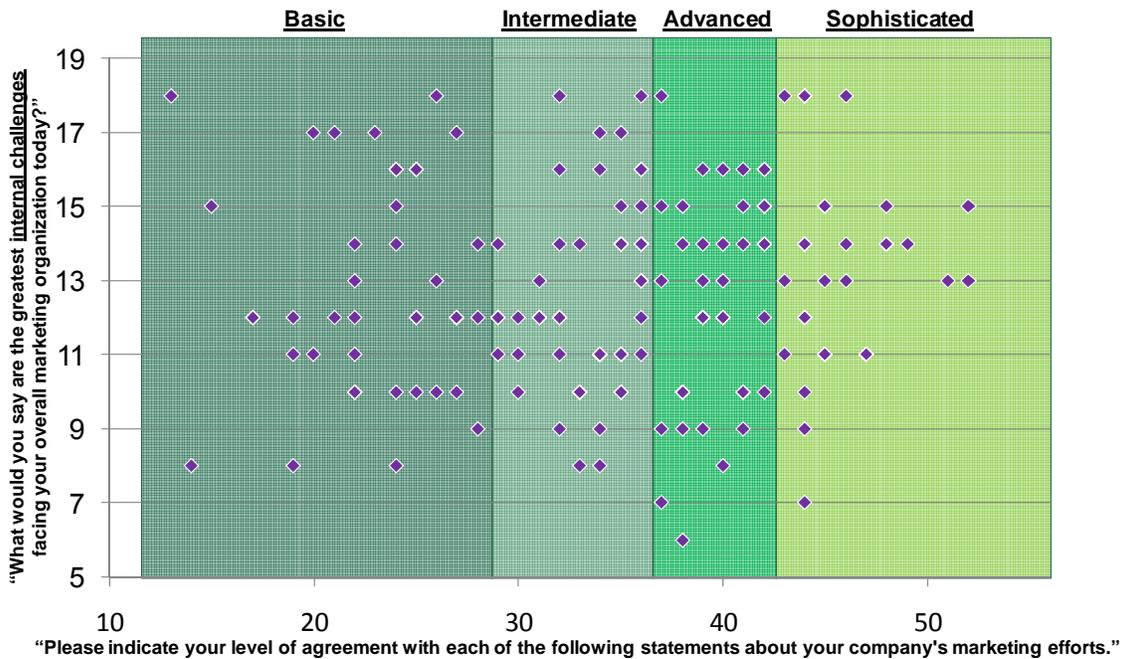
Base: 161 US and UK online marketing decision-makers

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-4: Current Metrics Focus Most On Immediate Campaign Results
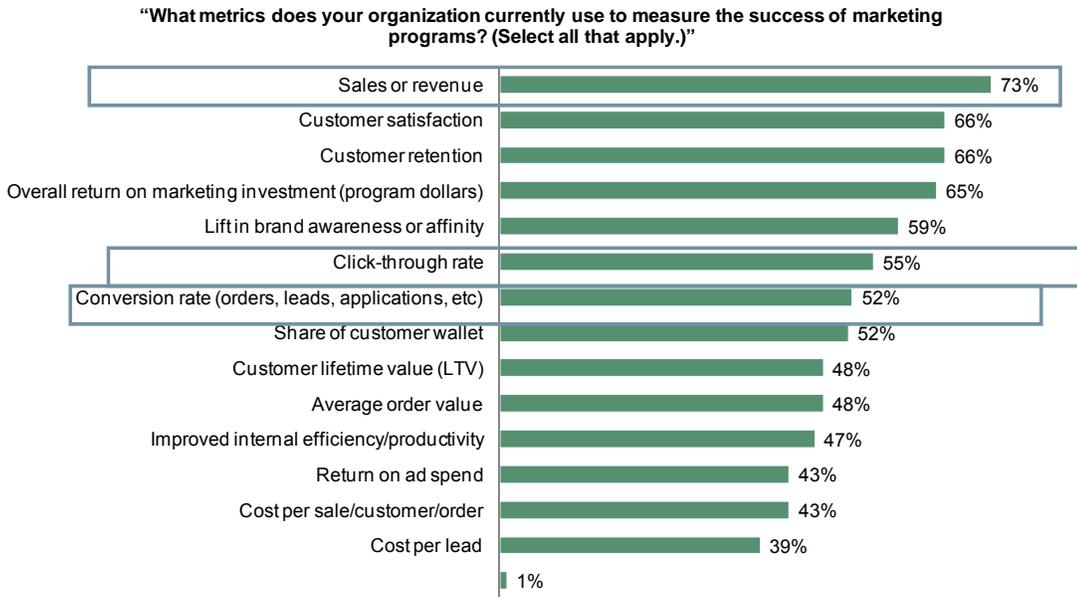
"What metrics does your organization currently use to measure the success of marketing programs? (Select all that apply.)"

Sales or revenue	73%
Customer satisfaction	66%
Customer retention	66%
Overall return on marketing investment (program dollars)	65%
Lift in brand awareness or affinity	59%
Click-through rate	55%
Conversion rate (orders, leads, applications, etc)	52%
Share of customer wallet	52%
Customer lifetime value (LTV)	48%
Average order value	48%
Improved internal efficiency/productivity	47%
Return on ad spend	43%
Cost per sale/customer/order	43%
Cost per lead	39%
	1%

Base: 161 US and UK online marketing decision-makers
(multiple responses accepted)
Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-5: Marketers Want Longer-Term Results Measures

"Of the metrics that you are not currently measuring, which would provide the most value to your organization? (Rank up to three in order of importance/value.)"

■ 1st ranked choice   ■ 2nd ranked choice   ■ 3rd ranked choice

	1st ranked choice	2nd ranked choice	3rd ranked choice
Customer lifetime value (LTV) (n=84)	19%	19%	10%
Return on ad spend (n=92)	14%	21%	11%
Cost per sale/customer/order (n=92)	14%	19%	12%
Customer satisfaction (n=55)	20%	16%	9%
Overall return on marketing investment (n=57)	11%	14%	16%
Customer retention (n=55)	22%	9%	9%
Share of customer wallet (n=78)	14%	9%	13%
Lift in brand awareness or affinity (n=66)	20%	6%	9%
Sales or revenue (n=44)	14%	7%	11%
Click-through rate (n=72)	11%	11%	10%
Improved internal efficiency/productivity (n=86)	11%	5%	16%
Conversion rate (n=77)	14%	8%	5%
Average order value (n=84)	8%	8%	7%
Cost per lead (n=99)	9%	8%	4%
Don't know	8%		

0%   10%   20%   30%   40%   50%

> (!) Neither current nor desired metrics focus on internal process efficiencies.

Base: US and UK online marketing decision-makers who are NOT currently using each marketing metric

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-6: Marketers Believe Technology Can Help With Current Challenges

"Regardless of the current challenges you indicated, which internal marketing challenges do you think technology could most help you overcome?"

■ 1st ranked choice ■ 2nd ranked choice ■ 3rd ranked choice

Challenge	1st	2nd	3rd
Managing and coordinating multiple marketing technologies	29%	14%	9%
Proving results to the executive team to garner support and budget	29%	11%	9%
Managing customer and campaign data quality	12%	21%	14%
Automating marketing processes	11%	16%	15%
Having enough staff to run our programs well	9%	13%	11%
Not being able to control marketing projects dependent on IT	6%	9%	12%
Finding the skills needed to increase program sophistication and results	2%	9%	15%
Cooperating with other parts of marketing and agencies	3%	8%	14%

Base: 161 US and UK online marketing decision-makers

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-7: Overall Spend On Technology Is Still Low

"What percentage of your current overall marketing budget goes toward the purchase and maintenance of technology applications?"

Don't know	4%
20% or more	21%
10%-19%	44%
5%-9%	19%
Less than 5%	12%

Base: 161 US and UK online marketing decision-makers

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009
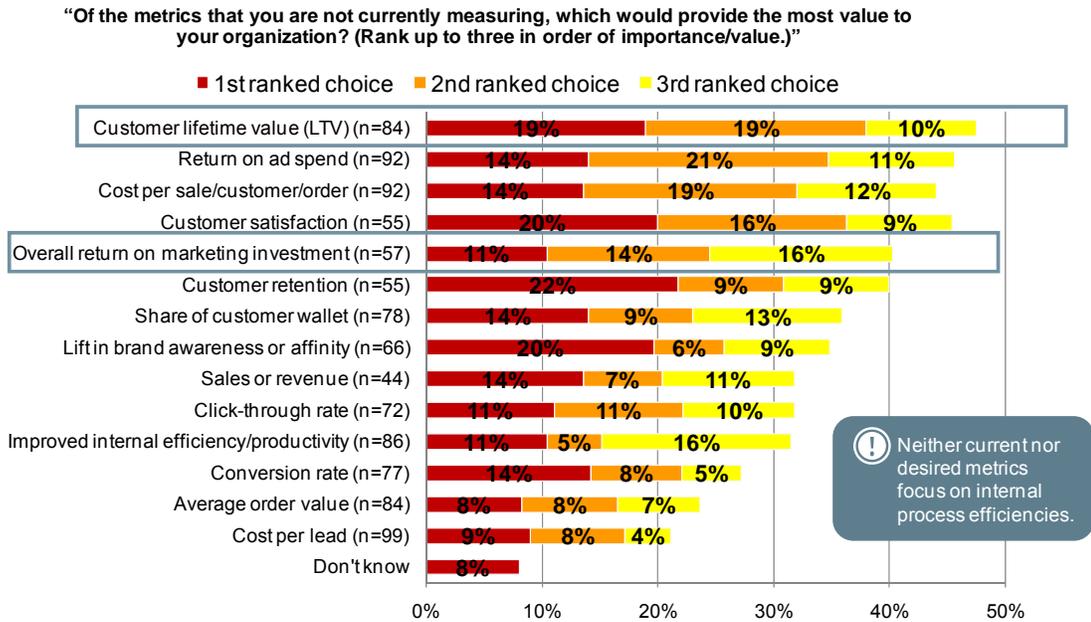
Figure B-8: Biggest Barriers to Tech Adoption Are Cost/Return Related

**"Please indicate the single biggest barrier, if any, that prevents your marketing organization
from adopting new marketing technologies."**

Barrier	Percentage
Uncertain ROI	30%
Cost is too high	19%
Lack of executive support/sponsor	12%
No budget allocation	10%
Unfamiliarity with appropriate technologies and vendors	8%
Lack of marketing technology skills and resources	7%
Difficulty working with IT for implementation	6%
None. There are no barriers preventing us from adopting new technologies	7%
Other (please specify)	1%

Base: 161 US and UK online marketing decision-makers in each region

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture June 2009

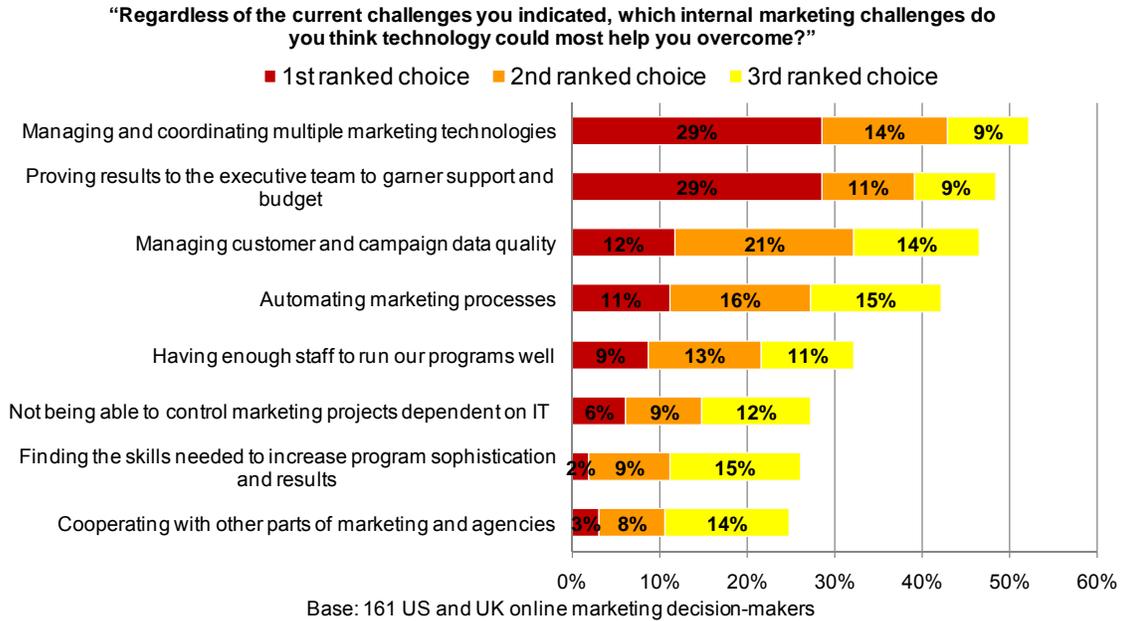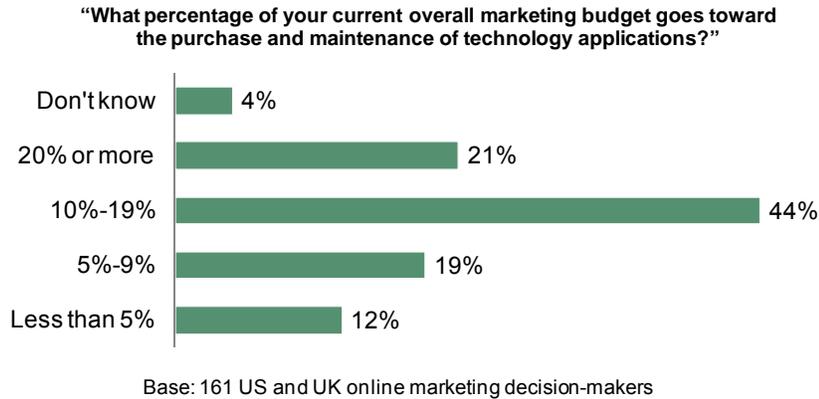**Figure B-9: Sophisticated Marketers Are Aggressive Technology Adopters**

"In your opinion, how aggressive is your company when it comes to investing in new marketing technologies?"

Legend: ■ 1- Not at all aggressive ■ 2 ■ 3 ■ 4 ■ 5 - Very aggressive

Segment	1	2	3	4	5
Sophisticated (n=31)		3%	19%	35%	42%
Advanced (n=39)		3%	28%	54%	15%
Intermediate (n=50)	2%	30%	36%	24%	8%
Basic (n=41)	2%	49%	32%	10%	7%

Base: US and UK online marketing decision-makers in each sophistication segment
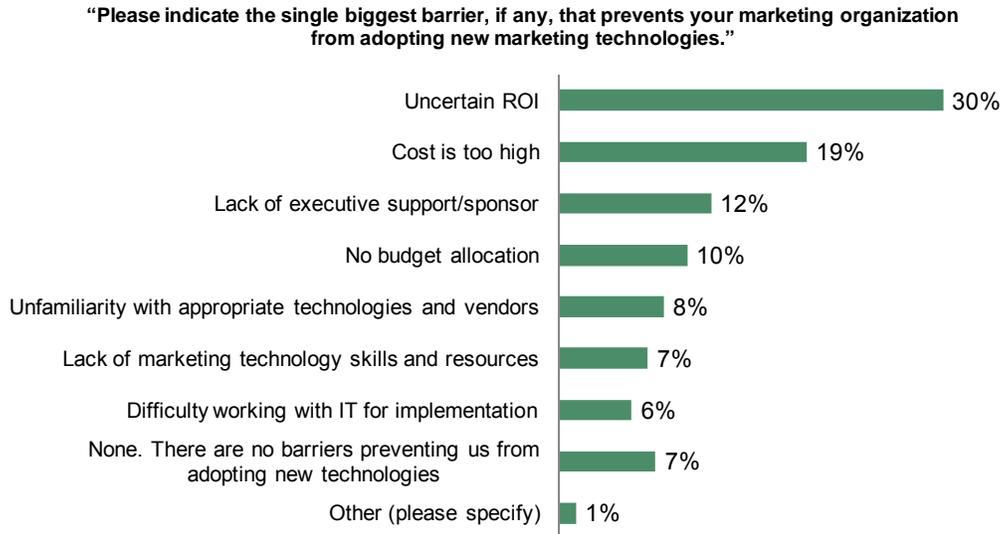(percentages may not total 100 because of rounding)

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-10: Sophisticated Segments Also Spend More On Technology

"What percentage of your current overall marketing budget goes toward the purchase and maintenance of technology applications?"

20% or more
- 32%
- 26%
- 16%
- 15%

10%-19%
- 52%
- 51%
- 42%
- 32%

5%-9%
- 16%
- 13%
- 22%
- 22%

Less than 5%
- 5%
- 14%
- 27%

Don't know
- 5%
- 6%
- 5%

- Sophisticated (n=31)
- Advanced (n=39)
- Intermediate (n=50)
- Basic (n=41)

Base: US and UK online marketing decision-makers in each sophistication segment

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009
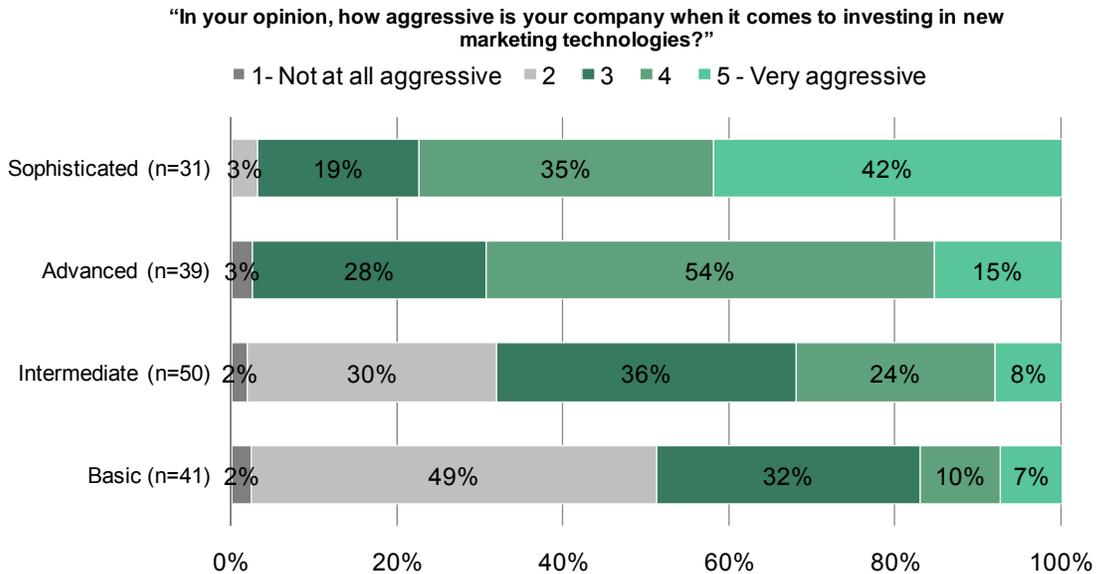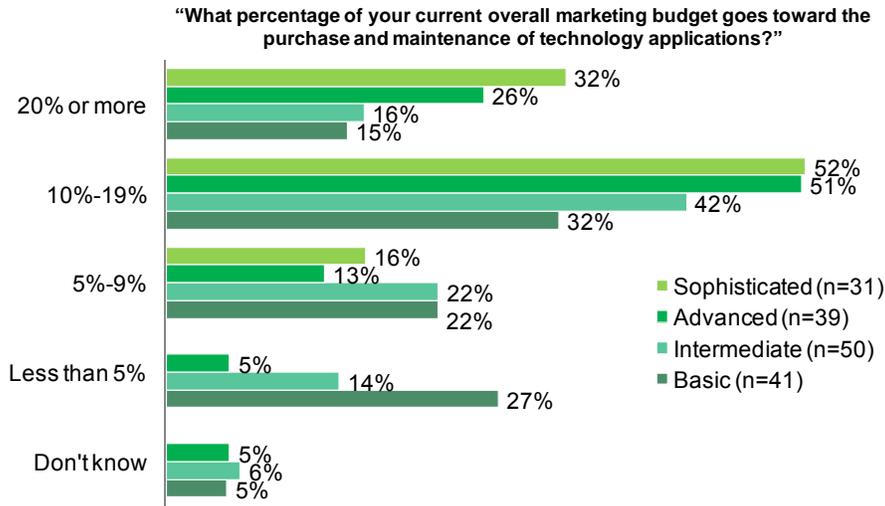
Figure B-11: Strategy and Technology Integration Is Key For Sophisticated Marketers

"What skills do you predict will be most critical to your marketing organization over the next five years? (Rank top three in order of importance.)"
1st-3rd ranked skills shown in total

Strategy
- 45%
- 54%
- 66%
- 76%

Technology integration
- 42%
- 36%
- 28%
- 27%

Communications
- 35%
- 36%
- 22%
- 24%

Agency management
- 32%
- 21%
- 14%
- 5%

Skill with online applications (like ad servers, email services, Web analytics, community platforms)
- 29%
- 31%
- 18%
- 27%

Data management and segmentation
- 26%
- 21%
- 30%
- 44%

Campaign planning
- 26%
- 21%
- 30%
- 20%

Creative design
- 23%
- 28%
- 16%
- 10%

Campaign analysis
- 23%
- 18%
- 32%
- 20%

Cross-functional coordination
- 13%
- 18%
- 30%
- 32%

Budget management
- 6%
- 18%
- 14%
- 17%

- Sophisticated (n=31)
- Advanced (n=39)
- Intermediate (n=50)
- Basic (n=41)

Base: US and UK online marketing decision-makers in each sophistication segment
(multiple responses accepted)

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009
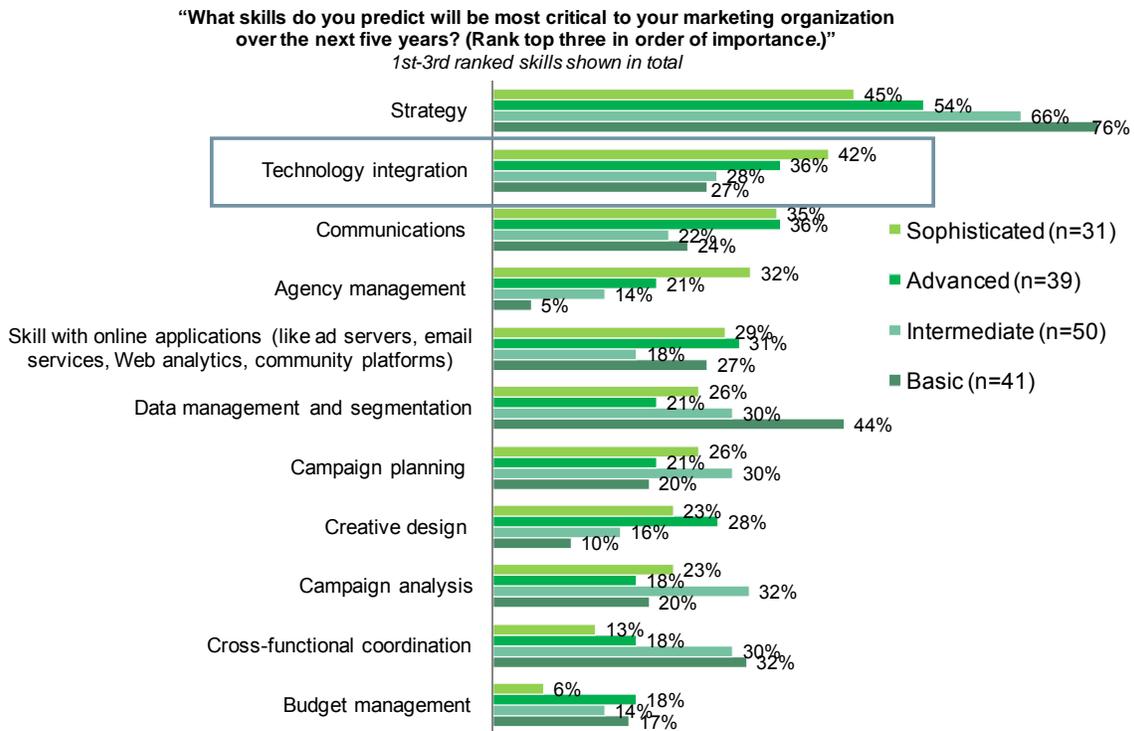
Figure B-12: Sophisticated Marketers Gravitate Toward Value-Based Metrics

"What metrics does your organization currently use to measure the success of marketing programs? (Select all that apply.)"

Customer retention — 65%, 64%, 54%, 78%

Share of customer wallet — 65%, 51%, 39%, 54%

Sales or revenue — 61%, 74%, 78%, 73%

Customer lifetime value (LTV) — 61%, 44%, 46%, 44%

Customer satisfaction — 58%, 72%, 54%, 76%

Overall return on marketing investment (program dollars) — 55%, 49%, 76%, 73%

Lift in brand awareness or affinity — 48%, 67%, 49%, 68%

Improved internal efficiency/productivity — 45%, 49%, 62%, 27%

Cost per sale/customer/order — 45%, 41%, 58%, 24%

Return on ad spend — 42%, 44%, 52%, 32%

Average order value — 42%, 46%, 66%, 32%

Cost per lead — 35%, 38%, 40%, 39%

Conversion rate (orders, leads, applications, etc) — 35%, 56%, 51%, 60%

Click-through rate — 26%, 62%, 60%, 66%

We do not have specific metrics in place for measuring the success of marketing programs — 5%

Legend:
- Sophisticated (n=31)
- Advanced (n=39)
- Intermediate (n=50)
- Basic (n=41)

Base: US and UK online marketing decision-makers in each sophistication segment (multiple responses accepted)

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009
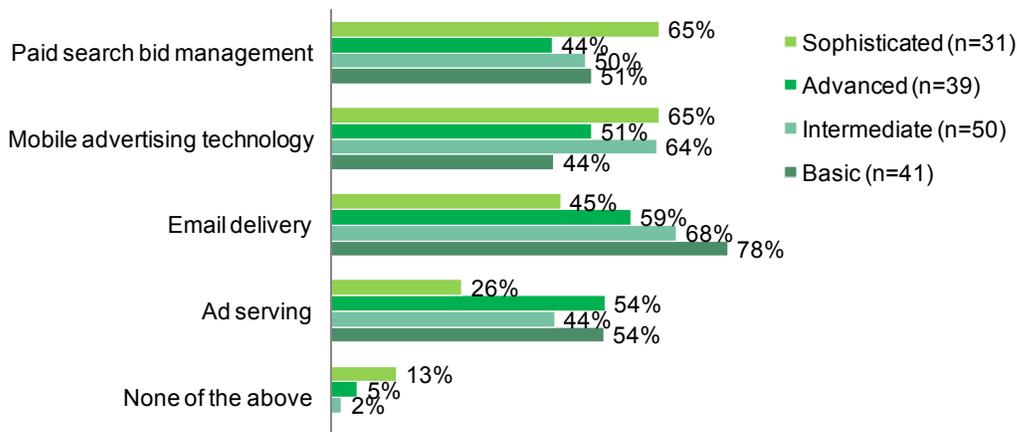
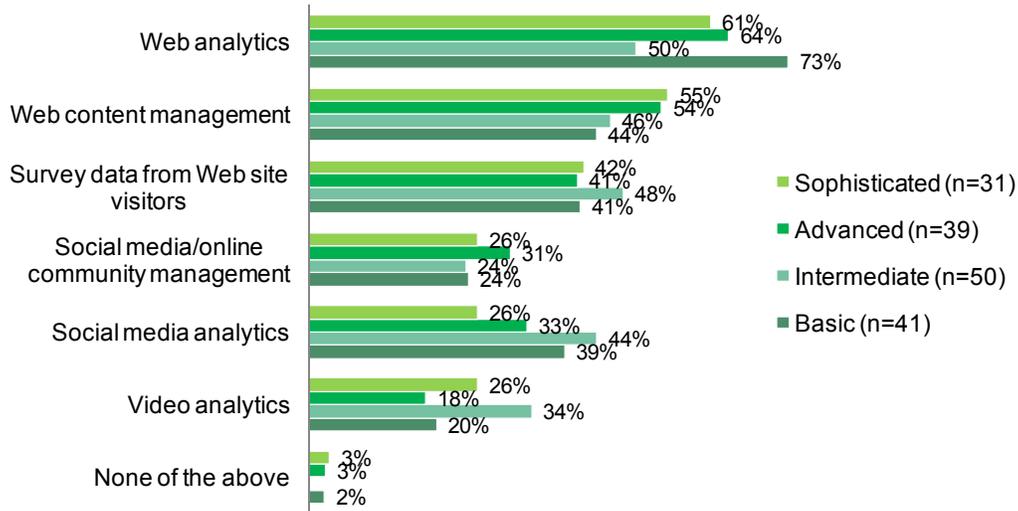## Figure B-13: Sophisticated Firms Value Emerging Campaign Execution Technologies

"Regardless of current use, which of the following <u>campaign execution</u> technologies do you think can <u>most</u> help you overcome your current marketing challenges? (Rank <u>up to three</u> in order of potential effectiveness.)"

1st-3rd ranked skills shown in total

Paid search bid management — 65%, 44%, 50%, 51%

Mobile advertising technology — 65%, 51%, 64%, 44%

Email delivery — 45%, 59%, 68%, 78%

Ad serving — 26%, 54%, 44%, 54%

None of the above — 13%, 5%, 2%

Legend:
- Sophisticated (n=31)
- Advanced (n=39)
- Intermediate (n=50)
- Basic (n=41)

Base: US and UK online marketing decision-makers in each sophistication segment

Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-14: Content Management Skews High For Sophisticated Marketers

"Regardless of current use, which of the following <u>online measurement</u> technologies do you think can most help you overcome your current marketing challenges? (Rank <u>up to three</u> in order of potential effectiveness.)"
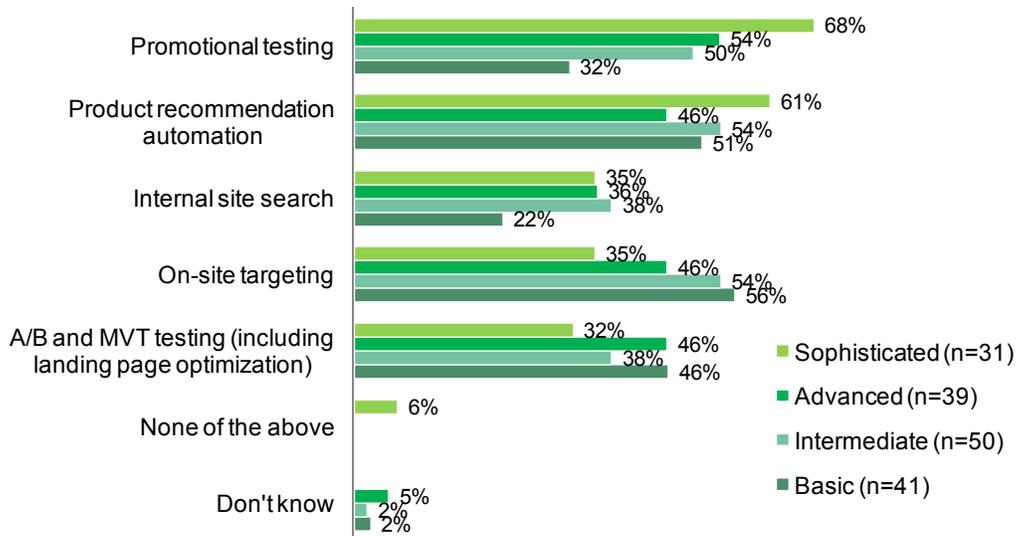*1st-3rd ranked skills shown in total*

Base: US and UK online marketing decision-makers in each sophistication segment
Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

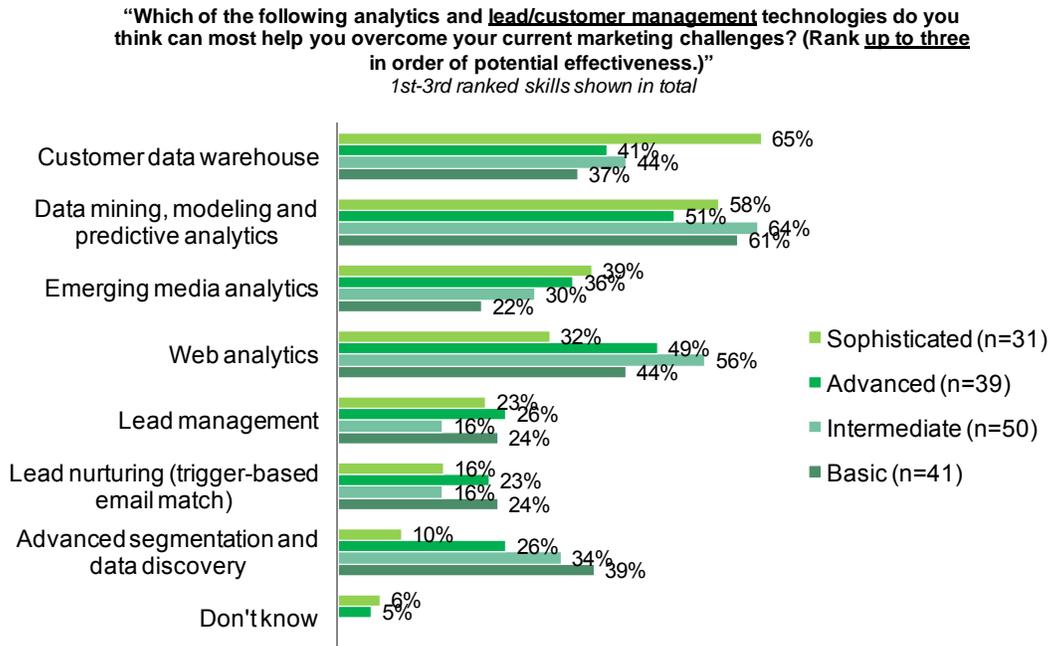**Figure B-15: Sophisticated Marketers Lean Toward Automation And Testing For Conversion**

"Regardless of current use, which of the following <u>conversion</u> technologies do you think can most help you overcome your current marketing challenges? (Rank <u>up to three</u> in order of potential effectiveness.)"
1st-3rd ranked skills shown in total

Base: US and UK online marketing decision-makers in each sophistication segment
Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Figure B-16: Customer Data Warehouses Are Most Valued For Customer Management

"Which of the following analytics and lead/customer management technologies do you think can most help you overcome your current marketing challenges? (Rank up to three in order of potential effectiveness.)"
1st-3rd ranked skills shown in total

Customer data warehouse
65%
41%
44%
37%

Data mining, modeling and predictive analytics
58%
51%
64%
61%

Emerging media analytics
39%
36%
30%
22%

Web analytics
32%
49%
56%
44%

Lead management
23%
26%
16%
24%

Lead nurturing (trigger-based email match)
16%
23%
16%
24%

Advanced segmentation and data discovery
10%
26%
34%
39%

Don't know
6%
5%

■ Sophisticated (n=31)
■ Advanced (n=39)
■ Intermediate (n=50)
■ Basic (n=41)

Base: US and UK online marketing decision-makers in each sophistication segment
Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009
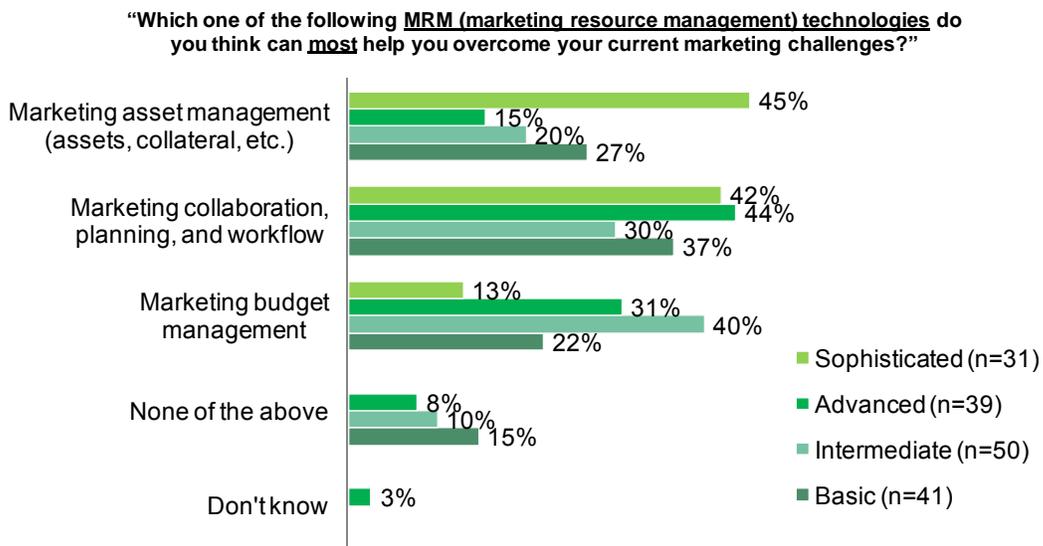
Figure B-17: Asset Management Matters Most To Sophisticated Marketers

"Which one of the following MRM (marketing resource management) technologies do you think can most help you overcome your current marketing challenges?"

Marketing asset management (assets, collateral, etc.)
45%
15%
20%
27%

Marketing collaboration, planning, and workflow
42%
44%
30%
37%

Marketing budget management
13%
31%
40%
22%

None of the above
8%
10%
15%

Don't know
3%

■ Sophisticated (n=31)
■ Advanced (n=39)
■ Intermediate (n=50)
■ Basic (n=41)

Base: US and UK online marketing decision-makers in each sophistication segment
Source: "Next-Generation Marketing And Measurement," a commissioned study conducted by Forrester Consulting on behalf of Omniture, June 2009

Appendix C: Supplemental Research

Related Forrester Research

"US Interactive Marketing Forecast: 2009 To 2014," July 6, 2009

"Interactive Marketing Channels To Watch In 2009," June 4, 2009

"Listening Metrics That Matter," May 29, 2009

"Redefining Attribution In The Social Computing Era," March 3, 2009

"The Interactive Marketing Maturity Model," November 19, 2008

"Defining The Online Marketing Suite," October 17, 2007

"The Marketing Technology Backbone," August 17, 2006

Appendix D: Endnotes

[1] Data-driven marketers already struggle with the problem of data overload. For instance, most firms must combine data from transactions, behavioral insights, Web site visits, and several other disparate sources to build deep customer profiles and support cross-channel marketing programs. Now firms find that more consumers than ever actively use social technologies, creating an explosion of public opinion online. See the "Listening Metrics That Matter" Forrester Research Inc., May 29, 2009, report.