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Alterian Annual Survey 2009

Are You Ready to Engage?



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Executive Summary

The marketing industry is undergoing a dramatic transformation – from mass marketing to engagement with the individual, and it is consumers who are driving this change and transforming the way that marketers market to them. The rise in social media means customers can express their opinion about a product or service through email and websites, blogs and social networks, and also seek similar content from millions of other individuals who are now free to publish their preferences online. Consumers trust the opinions of strangers over even the largest brands and, as a result, have driven the most significant shift in marketing history.

The way companies do business has had to change which is fuelling the need to transform marketing. 66% of all respondents in the survey reported their planned investment in social media, and 40% anticipated a shift of over a fifth of their traditional direct marketing budget towards digital, interactive or social channels in 2010. A company's website is increasingly becoming synonymous with its brand and in the age of digital engagement the website is the ultimate destination of many marketing campaigns and activities. 57% of respondents plan on investing in engaging individuals on their website with a view to being able to have dialogues with millions of customers and prospects.

However, the survey reveals worrying statistics about how prepared people are for these new marketing techniques and channels – 42% of respondents don't incorporate their clickstream data into their customer database, losing any advantage that this valuable actionable insight could give them. 64% of respondents don't plan on investing in social media monitoring tools, rendering their anticipated investment in social media ineffectual – the key to an effective social media strategy is listening. 40% of respondents felt that their staff are not prepared to take advantage of the new channels. For marketers to 'get ready to engage' they need to be prepared to use the new marketing techniques that are emerging in the digital, interactive and social space. They need to get their processes and systems in order to be able to execute on the insight that engaging with their customers on an individual level gives them.

Customer engagement steps beyond traditional direct marketing as it looks to reduce the reliance on any one channel and coordinate two-way communication across all channels rather than just sending direct marketing campaigns. New service providers are emerging to deliver coordinated customer engagement services to marketers that help them challenge the traditional direct marketing engines that so many marketing departments have grown to rely on. Entering into a dialog with the consumer versus episodic campaign lectures is the evolution being driven by the Customer Engagement Agency (CEA). For the CEA, it is about the optimization of results across the disciplines of creative, strategy, analytics, execution and technology; using data to inform marketing strategy across all channels. With 70% of respondents working with 3 or more suppliers to accommodate all their marketing services, there is clear support from the field for the Customer Engagement Agency initiative.

The mandate for marketers is clear. They need to get ready to engage online – through their own websites and in the communities that their customers and prospects belong to. And they need to get ready to engage with each other, transcending the traditional marketing silos and focusing on delivering a consistent message which provides value for the customer and the company.



Introduction

During October and November 2009, Alterian conducted its seventh Annual Survey, the results of which were published on 21st January 2010. The attitudes and opinions of over 1,000 Marketers, Agencies, Marketing Services Providers (MSPs) and Systems Integrators have been solicited and considered.

Objective & Overview

Alterian's Annual Survey draws a clear picture of the dramatic transformations happening in the marketing industry and provides exclusive insight into the methods and investments that marketers are currently exploring and implementing, and the challenges that they face today.

Set against a backdrop of tight budgets, a damaged economy, increased demand for accountability, the explosion in social media, and informed, active and connected consumers, marketing is moving from mass communication towards multichannel customer engagement. The main objective of this year's survey is to explore how ready marketers are to really listen to, and engage with, their customers. Are their communication strategies integrated? How much importance do they place on the emergence of social media? Are marketers still struggling to coordinate all their suppliers and resources? How many marketing departments actually have staff that are equipped and trained to take advantage of new marketing or customer engagement strategies? The survey also gives valuable figures on what percentage of marketing budgets are shifting from traditional direct marketing to more interactive, digital and social channels.

Special Note

Economic Climate

2009 continued to be a challenging time in terms of the economic climate. It is likely that the respondents' answers were affected by the reverberations of the global recession. The need to be even more creative with marketing budgets has pushed marketers to explore other non-traditional marketing methods and has encouraged providers of services to marketers to re-evaluate their offerings.

"The global recession and credit crunch have been the catalyst for major changes that will impact commercial business models, supply chains and corporate finance for the entire decade ahead" (*Market Sense-Ability Center*)

"Brands should beware of adopting a one-size-fits-all approach to marketing in a recession, and should focus on the values their customers trust." (*Marketing Week*)



Definitions

For the purposes of this survey, the following definitions have been used:

Online Marketing: Online marketing represents all digital and online forms of media and communication, e.g. email, RSS feeds, landing pages, pURLS, websites, search engine optimization, pay per click advertising, banner ads, viral marketing and eVouchers. This category also includes social media channels such as blogs, microblogs, networking sites and communities.

Offline Marketing: Offline marketing represents the more traditional forms of media, for example, direct mail, mail drops, magazine inserts and advertising, telemarketing, company printed collateral and exhibitions.

Marketer: A marketer follows the marketing process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy the customer and organizational goals.

Agency: This category includes agencies which cover a range of serviced including: Web Design/Development, Search Engine Marketing, Internet Advertising/Marketing or e-Business/e-Commerce consulting, advertisement production and placement, and the planning of advertising and direct marketing campaigns. Agencies may also perform other marketing functions, including market research and consulting.

Systems Integrators: A systems integrator (SI) is an individual or business that builds technology solutions for clients by combining hardware and software products from multiple vendors. SIs also help with business implementation, business transformation, and change management of a new solution.

Marketing Services Provider: A marketing services provider (MSP) traditionally focuses on designing, building and managing marketing databases and also offers other marketing related services, such as list services and data sales, print services and lettershops, and call centres.

Thank you

Alterian would like to take this opportunity to thank all the participants who took part in its 2009 Annual Survey.



1,068 Professionals Surveyed Globally



North America – 62%

Europe – 36%

Asia Pacific – 2%



Survey Methodology

Source and Method of Data Collection

The survey was conducted from 1st October 2009 until 3rd December 2009.

Offline Direct Marketing Association Conference and Exhibition, San Diego, US, 17-21 October 2009
Gilbane Boston Conference, Boston, US, 1-3 December 2009
Online Information & IMS 2009, London, 1-3 December 2009

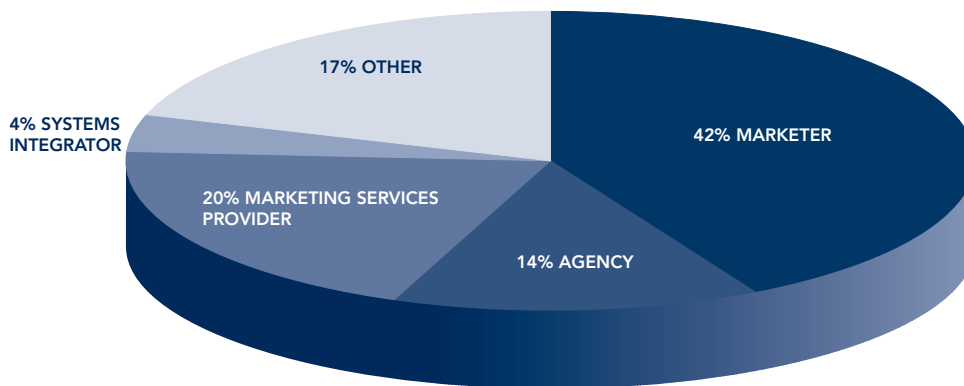
Online Via an electronic submission form on a dedicated landing page on the Alterian website
BtoB Digital Edge virtual trade show US, 3 Dec 2009

The quantity, quality and demographics of the survey provide a firm foundation for analysis.

Industry Segments

Survey respondents totaled 1,068 professionals. The representation of respondents in this report is strong for Marketers, MSPs and Agencies. Whilst the sample of Systems Integrators is smaller, this is reflective of the maximum pool size from which the respondents were drawn. It is considered legitimate to draw conclusions from all industry segments represented in the survey.

Survey Respondents (by Segment)

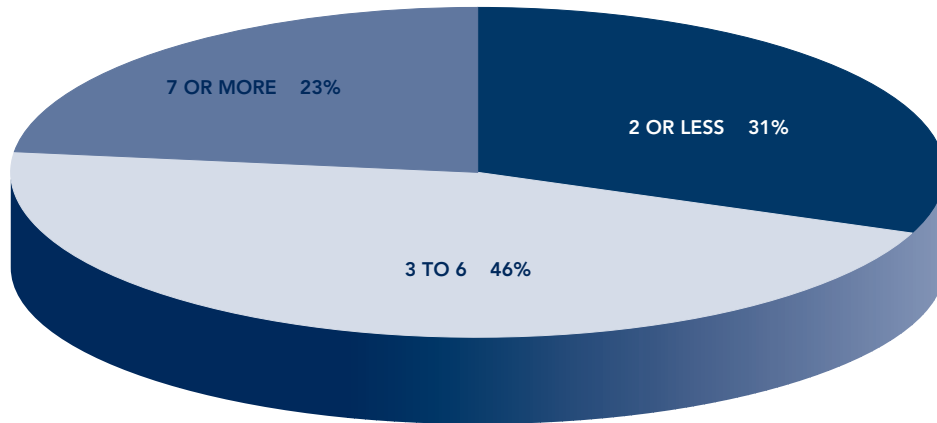


Survey Respondents by Region

Geographically, North America represents 62% of the respondents, Europe 36%, with 2% of the respondents from Asia Pacific and Other. Although North America has a strong majority, the total volume of data collected outside of North America, in particular Europe, validates any analysis and enables legitimate conclusions to be drawn. Caution should perhaps be recommending when drawing conclusions specifically from the smaller Asia Pacific sample.



1. How many different providers of marketing services do you leverage to accommodate services such as digital marketing, database marketing, data hygiene, creative & brand, strategy & consultancy, web analytics, email marketing and statistical analysis?



It is very revealing that almost 70% of respondents work with 3 or more separate suppliers, and almost a quarter (23%) work with a staggering 7 or more suppliers, in order to achieve such objectives as strategy, analytics, digital marketing and creative development. Ensuring the consistency of messaging and brand across so many suppliers is a daily challenge for marketers, made all the more difficult by the marketing team itself working in silos with disparate applications and information.

Partnerships and alliances are key to any business, but when the cost of managing multiple relationships, and the focus of making them strategic and profitable outweigh the benefits received, it is perhaps time to review the situation. Organizations that focus on only one strand of the services which companies require force the customer to purchase in unintegrated, inefficient ways. This lack of integration is costly in terms of customer insight, strategy, data integration and execution and, ultimately, outcomes or results. How is the cost of so many providers being absorbed or paid for by companies? How many internal project managers or external account managers does it take to manage these multiple relationships?

As marketing is transforming, driven by the rise in digital channels and the change in customers' buying approach, the marketer needs help with this transformation and will typically turn to its trusted portfolio of marketing partners, suppliers and experts. But the revolution in marketing calls for a revolution in the strategies of the providers of services to marketers. As marketers focus more on engaging their customers, rather than one-way communication, a necessary repositioning and reinvention will occur – we are already witnessing it in some geographies – of the marketing agency and marketing services provider. Suppliers will have to look at how they operate to help deliver the customer engagement their clients are increasingly demanding.



A new type of partner is emerging – a Customer Engagement Agency (CEA). These agencies manage the combined services and tactics of several of the more traditional providers of services to marketers, for example, analytics, strategy, creative, execution and technology. The CEA does not have a narrow view of the customer but instead takes a multi-dimensional approach to marketing across all channels, to cost-effectively produce rich, relevant experiences through unique capabilities that combine creative capacity, technical know-how and data-driven intelligence. The emergence of this type of agency in turn forces marketers and communications professionals to challenge the silos in which they traditionally work and address their customers consistently across all channels. The brand is informed in a new and differentiated way and will ultimately earn the ear of the Board of an organisation due to the intimate insight they will have on the individual customer.

The Direct Interactive Agencies, Marketing Services Providers, Media and List Providers and Traditional Brand Agencies need to be aware of the emergence of the Customer Engagement Agency. With the stress and cost involved in working with so many different suppliers, which marketer, given the choice, would not select the more obvious option of an integrated agency offering integrated marketing solutions? A mandate now exists for marketers to push for vendors to accommodate skills that cover multiple needs and we will see increasing numbers of organisations doing this over the next 12 months. If one of the biggest problems for marketers is finding a creative talent that understands and leverages analytic outcomes to drive and inform creative strategy, then the marketing services provider landscape will begin to erode if it does not tackle this challenge alongside the marketer.

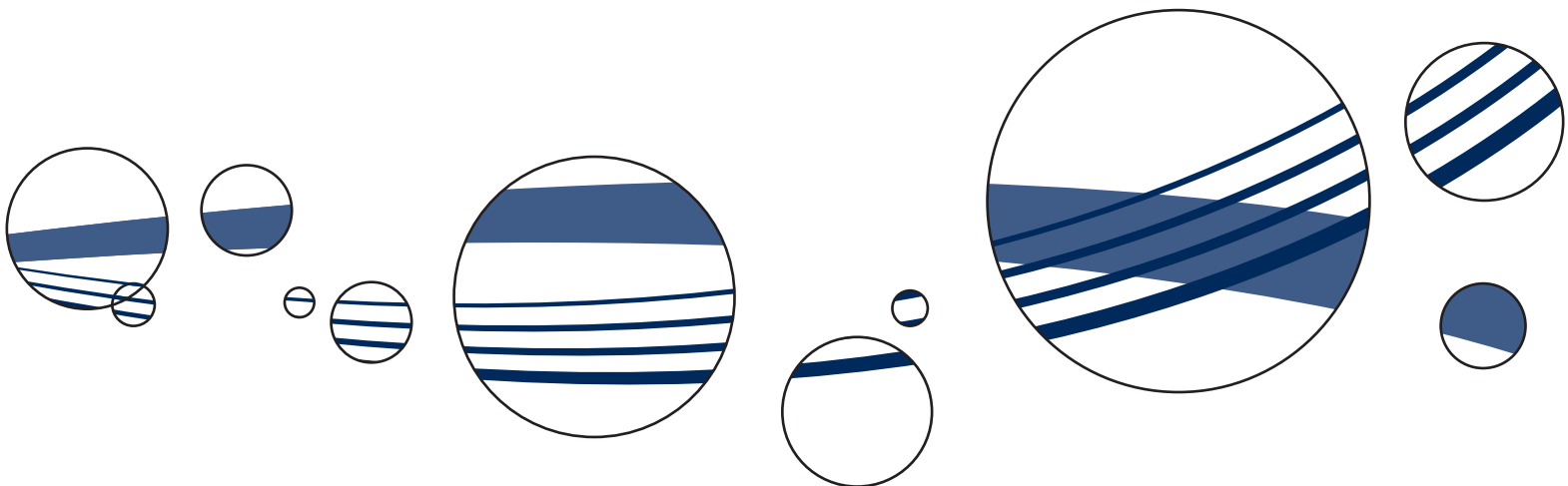
An independent report also states that, "We've hinted before that agencies that can't transition from pushing out messages to nurturing customer connections aren't long for this world. Agency readers, heed our warning. Services firms that lack data management, analytics, listening, social media execution, and strategy expertise will dry up."¹

¹"US Interactive Forecast", Forrester Research, Inc., July 2009



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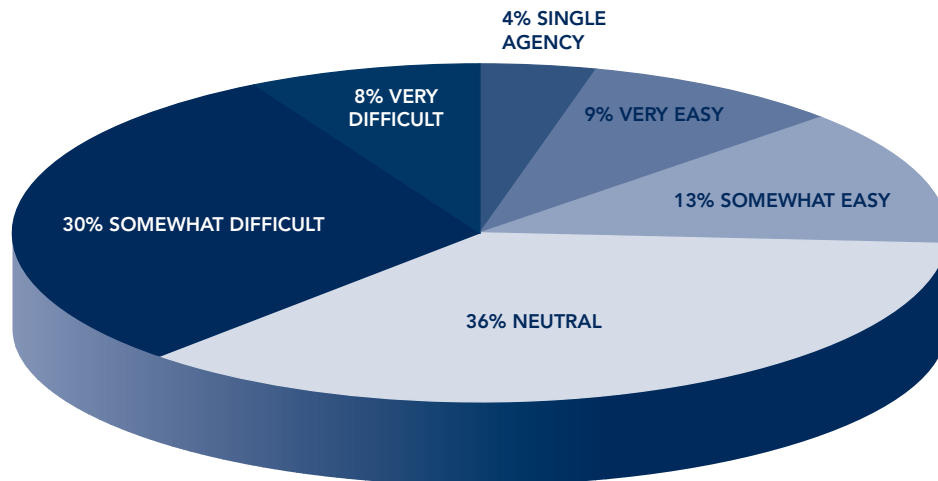




2. How difficult is it for you for coordinate resources across your digital agency and direct marketing agency?

The obvious difficulty that people have in coordinating resources across agencies is further highlighted in these responses. Almost 40% (38%) of respondents reported that they found this 'somewhat' or 'very' difficult, and only 9% cite the process as 'very easy'.

Percentage of respondents experiencing difficulty in coordinating resources across digital agency and direct marketing agency



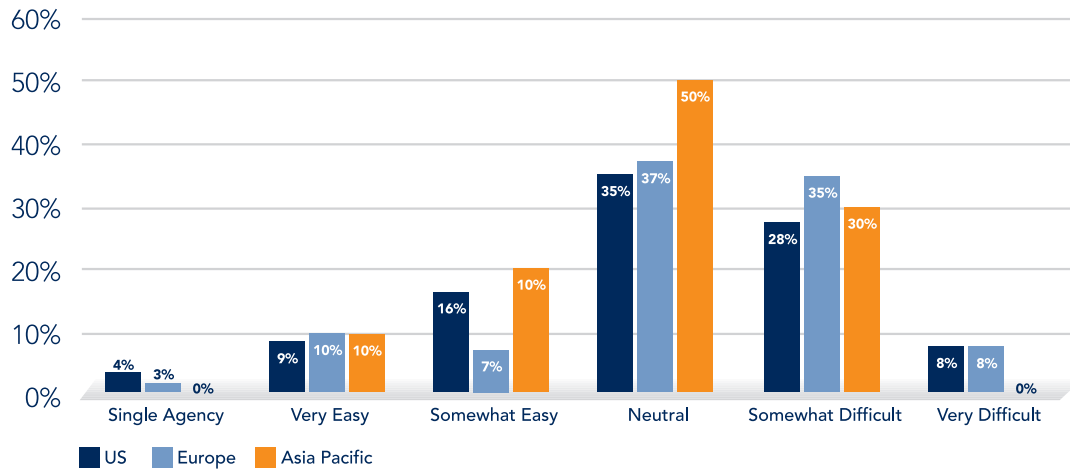
Whilst only 4% of respondents currently work with a single agency for their digital and direct marketing requirements, we are likely to see an increase in this number over the coming months. Clearly what marketers need is not a direct marketing agency who claim to be digital experts, or a digital agency turning its hand to print – but a truly integrated agency that solves the problems marketers are having over coordinating their resources.

A very significant proportion of the respondents (72%) state their level of difficulty of coordinating resources across their digital and direct marketing agencies, from somewhere between 'neutral' to 'very difficult'. This is a staggering number of marketers who do not find it easy to get the best out of their agencies.

Due to the silos that exist with organisations, even within the marketing department itself, it is possible that the full impact and cost of managing multiple vendor relationships is not truly understood. It is not just the overheads associated with managing a vendor – time, fees, software, hardware, staff, etc – but the risk of the brand being compromised or skewed as several different vendors attempt to grasp and communicate it. As the Customer Engagement Agency begins to deliver services that are fully integrated and which transcend traditional silos, organizations will be forced to look at cost management.

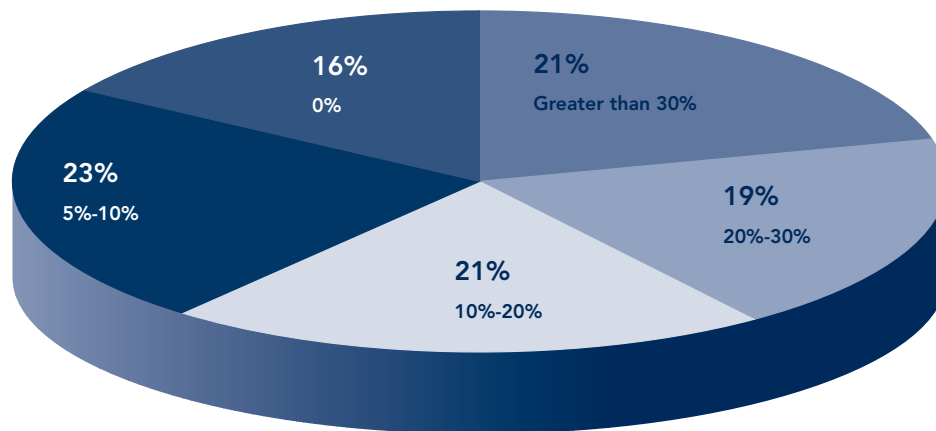


Regionally, we can see that respondents from Europe and Asia Pacific have even more difficulty coordinating resources across their agencies than the US (80% of respondents in both Europe and Asia Pacific cited their level of difficulty lay between 'neutral' and 'very difficult' versus 71% of US respondents). This may be due in some part to the more traditional and formal approach that is taken to marketing and its suppliers outside of the US.





3. During the next 12 months, how much of your marketing budget do you see shifting from traditional direct marketing (direct mail/telemarketing) to digital/interactive/social channels?



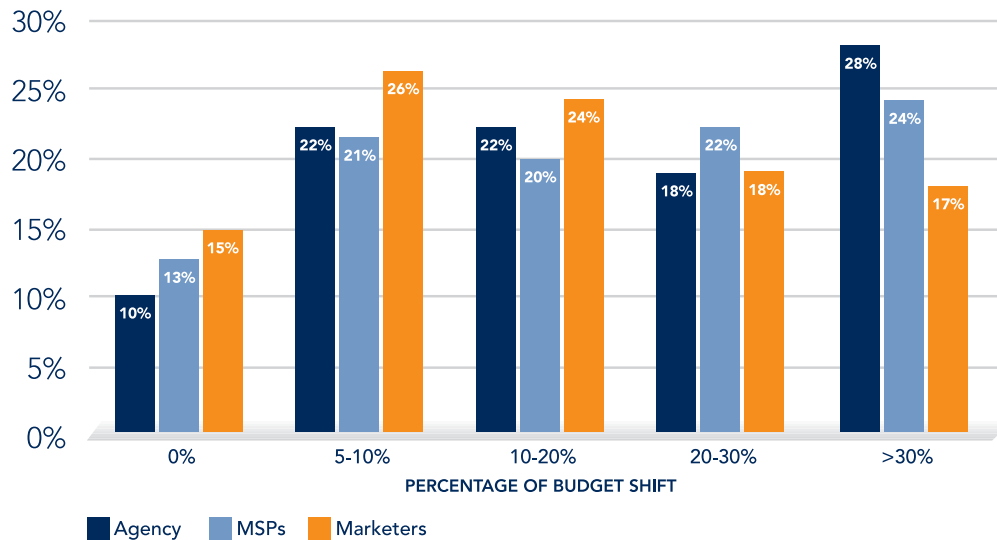
It is clear to see from the results of this question that marketing budgets are shifting away significantly from traditional direct marketing towards digital, interactive or social channels. 40% of respondents anticipate a shift of over a fifth of their budget towards digital channels, with 21% of respondents predicting more than a third of their budget will shift.

Recent headlines and research studies have also highlighted the changing trends in information production, distribution and consumption. A survey² from direct marketing services company, Epsilon, carried out amongst CMOs reported a 59% decrease in traditional marketing spend, whilst 63% said their spending on interactive and digital marketing is rising. Orange reported a 30% rise in its digital marketing spend in 2009 with a prediction of its entire budget shifting to online by 2012.³

By segment it becomes even more apparent that budgets are shifting.



Percentage of marketing budget shifting towards digital/interactive/social channels (By segment)



Agencies are making significant investment online with almost half of respondents (46%) predicting a shift of 20% or more of their budget towards digital channels and almost a third (28%) predicting a shift of greater than 30%. 46% of MSPs are also anticipating a shift of 20% or more of their budget away from traditional direct marketing with a quarter (24%) predicting a shift of greater than 30%. Marketers were more moderate in their responses – with around a third of respondents (35%) predicting a shift of more than 20% of their budget towards digital, but 41% predicting a shift of 10% or less. This perhaps comes from a greater understanding that although large proportions of marketing budgets are still being assigned to traditional, offline media, this is due in part to the higher cost of funding items such as direct mail, direct response TV/radio, events and telephone marketing. It is worth considering at this juncture that the cost of social media should not be underestimated. Although the set up costs are negligible in terms of creating a company account on social networks for example, costs associated with employees’ time should be considered from the outset. As with any new challenge or technique, there are time-related costs associated with research, planning, strategy, execution, monitoring/measuring and reporting. In addition, the adoption of social media is currently being absorbed by current roles. As the channel increasingly becomes an accepted and viable marketing channel, the need to recruit roles to cover the additional work will grow, at further expense to the company.

Success in digital, interactive and social channels would seem to come at a lower cost than success in traditional direct marketing. The fact that social media can be efficiently monitored and the return on investment measured accurately adds to the attraction of these channels. Lee Oden, writing for the Online Marketing Blog, debates the topic of shifting offline budgets to digital marketing and encourages marketers to rely more on data than the headlines to make decisions about moving marketing budgets. “Company marketers will never get the data from digital marketing without testing, so I would encourage those who have not



historically leveraged search, social media, mobile and other interactive advertising channels to do their homework to establish a digital marketing roadmap and start testing and capturing data.”⁴

Shar van Boskirk, in an independent Forrester Research report titled, ‘US Interactive Marketing Forecast, 2009 to 2014’ says, “When faced with budget cuts or the need for immediate sales, these marketers find that interactive tools are less expensive, more measurable, and better for direct response than traditional media.” The report goes on to say, “Empowered consumers today expect a customized, interactive brand experience that goes way beyond a 30-second television spot or two-dimensional print ad.” In answer to the question “How will you fund increases in your company’s interactive marketing budget?” the report cites 60% of respondents as saying “We will increase budget for interactive by shifting money away from traditional marketing”.⁵

It is important to remember in the excitement of new channels, that traditional direct marketing is still important. “Even as marketers are bringing more digital media into their integrated campaigns, traditional media remain a core component of the marketing mix.”⁶

² Epsilon CMO Survey, <http://www.epsilon.com/090808-CMO-Survey/p132-13>

³ <http://www.marketingmagazine.co.uk/news/863221/Digital---Direct-Orange-boss-urges-total-budget-switch-online>

⁴ <http://www.toprankblog.com/2009/01/shift-budgets-digital-marketing/>

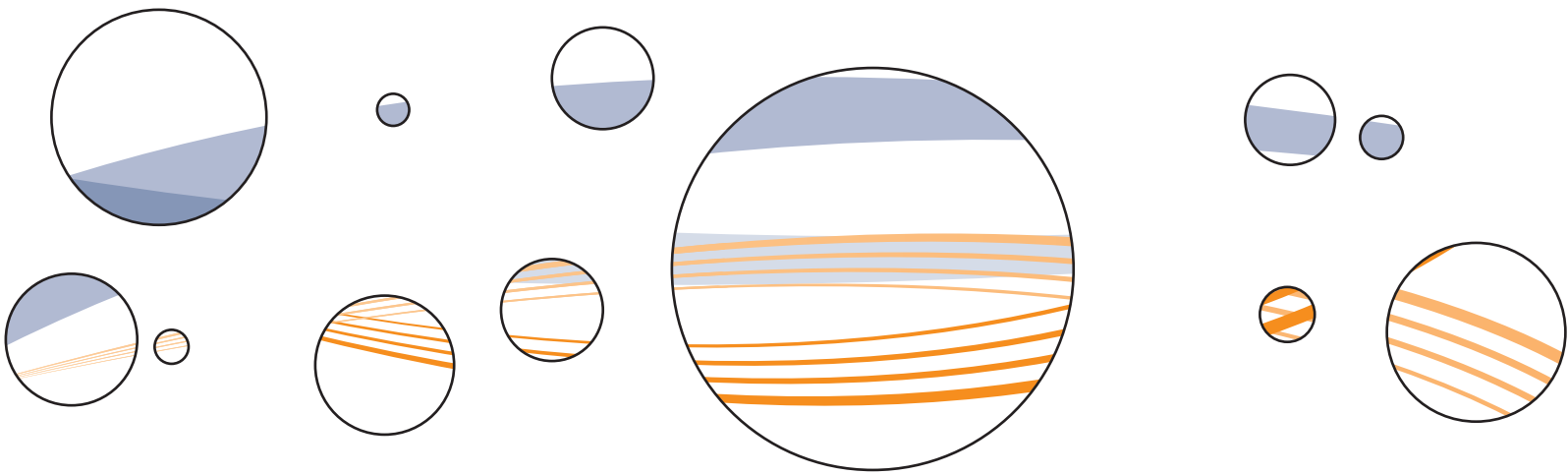
⁵ “US Interactive Forecast”, Forrester Research, Inc., July 2009

⁶ Dr Yoram Wurmser, Research Manager, DMA. <http://www.marketingcharts.com/television/integrated-marketing-media-mix-study-more-digital-with-mainstay-traditional-5287/>



“Company marketers will never get the data from digital marketing without testing, so I would encourage those who have not historically leveraged search, social media, mobile and other interactive advertising channels to do their homework to establish a digital marketing roadmap and start testing and capturing data.”

– www.toprankblog.com





4. Do you incorporate your clickstream/web analytics data into your customer/email database?



Whilst a significant number of respondents do incorporate their valuable clickstream/web analytics data into their customer or email database, there remains a large proportion of marketers, or providers of services to marketers, who do not take advantage of the actionable insight available to them.

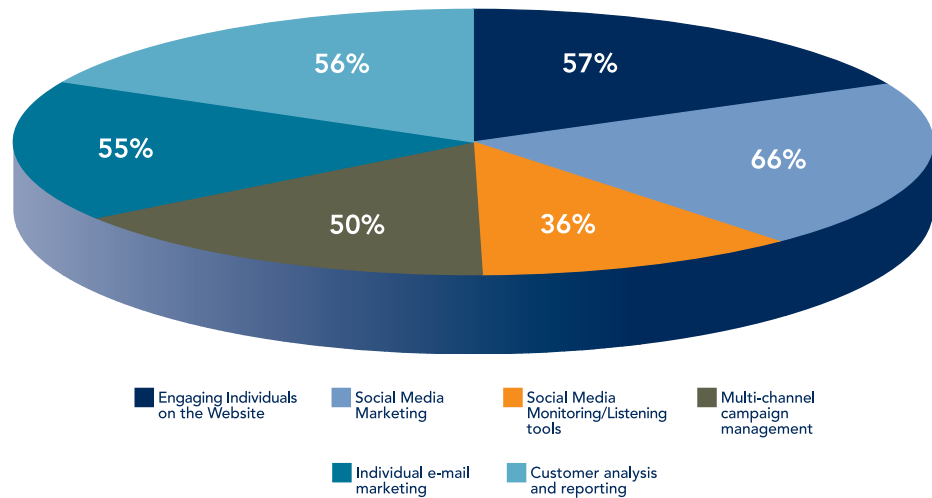
Almost half of MSPs (48%), and over half of all other respondents (Agency 54%, Systems Integrators 59% and Marketers a staggering 61%) reported that they do not incorporate this data.

The main point of clickstream data is to give web managers insight into what visitors on their site are doing; it reveals usage patterns which give a heightened understanding of customer behavior. This use of the analysis creates a user profile that aids in understanding the types of people that visit a company's website. The importance of clickstreams has long been acknowledged but the incorporation of this data into the customer database to inform other decisions about how a company engages with a customer is growing rapidly.

The fact that a significant proportion of respondents (58%) are utilizing their clickstream data shows that this is an important strategy. To truly understand their customers and the behaviors that drive transactional volume and type, these respondents are marrying their online behavioural data with their offline data to give them a 360 degree view of each individual customer. It is very difficult, for example, to drive more value from company websites if they are operated in isolation from the rest of the business. As customer engagement demands two-way marketing based on the individual, a single view of data for customer engagement is required. Suppliers will also have to look at how they operate to help deliver the customer engagement their clients demand. This is where Customer Engagement Agencies – the class of agency who understand and are leading this integration and innovation in the customer engagement market – can help marketers to fully integrate their online and offline data and marketing activities.



5. In which new marketing techniques are you currently investing or plan to invest?



The most popular new marketing technique for which respondents reported current investment, or intention to invest, was Social Media Marketing; two-thirds of respondents (66%) were planning to get engaged in marketing through social media channels.

The 2009 Customer Engagement Report published by cScope/eConsultancy and cited in mycustomer.com⁷ confirms these figures and underlines a shift of emphasis towards social channels, with 61% of respondents predicting an increasing investment in social media in 2010. Forrester Research also report a similar shift, "Social media will see the steepest growth of any channel in our 2009 forecast: a 34% CAGR over the next five years as marketers invest to keep up with consumers' increasingly social use of the Web. Spend on integrated campaigns through social networks and agency fees for creating owned social media assets will top \$3 billion by 2014."⁸

36% of respondents reported their intention to invest in Social Media Monitoring tools. This is a very high percentage, particularly considering the relative immaturity of the channel. It would seem, however, that more education is required in social media strategy to increase this awareness of the need to invest in its measurement.

⁷<http://www.mycustomer.com/topic/customer-experience/report-reveals-extent-social-networking-engagement-efforts>

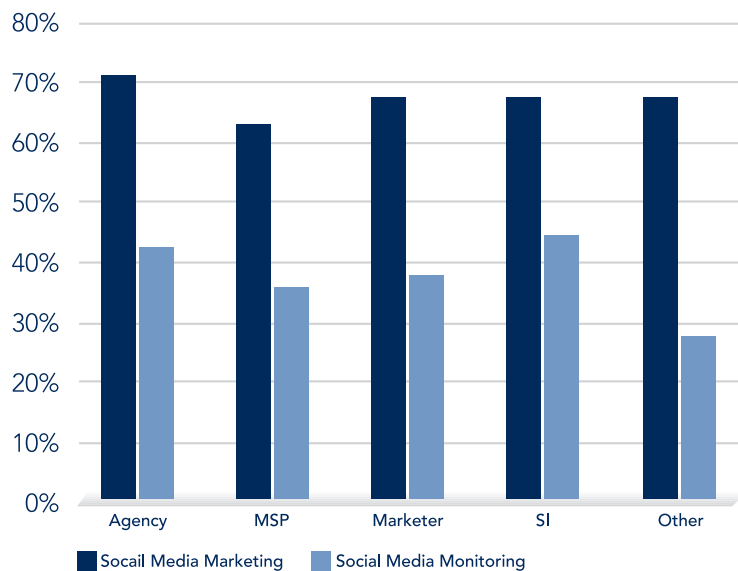
⁸"US Interactive Forecast", Forrester Research, Inc., July 2009





Without the ability to listen to the conversations customers are having, the content of a social media strategy is based on instinct rather than knowledge of what is actually being said about a brand. Marketers need to be able to understand consumers' reactions to their marketing campaigns irrespective of channel, make informed decisions about their marketing program, monitor their brand reputation, identify influencers in their industry, analyze their competitors and execute insightful market research. Social Media Marketing is about listening and providing value. If marketers are not listening, they will not be able to judge whether they are providing value.

From the chart below you can see a trend running through the segments. The first column shows the percentage of respondents in the specific segment planning in investing in Social Media Marketing, the second column shows the percentage of respondents who are planning on investing in Social Media Monitoring or listening tools in order to better measure the success of their Social Media Marketing efforts. Again, the percentages represent a significant investment in Social Media Monitoring, but more understanding is needed.



"It's interesting to note that companies will spend anywhere from \$20,000 to \$150,000 on a good website design, but will fail to implement even the most rudimentary listening tools to move their capabilities to understand the impact of such a site beyond the realm of hits and clicks." (*Chris Brogan, Community & Social Media Blog, 2009*)

Although there are free tools available, such as Google Reader and Technorati, marketers and providers of services to marketers need to be able to have depth and reach, the ability to aggregate data and analyze it, a workflow so marketing teams can respond to the needs of their community and access to historical data to track individual relationships and trends. This kind of insight comes from investing in Social Media Monitoring tools and allows marketers to take hundreds of thousands of conversations about their brand from thousands of sources and put them in one place to view them clearly, analyze them, see trends and respond appropriately.





The second most popular area for investment was 'engaging individuals on the website' (57% of respondents planning to invest) closely followed by 'customer analysis and reporting' with 56% of respondents reporting current or planned investment in this area.

A company's website is increasingly becoming synonymous with its brand and its growing importance means that it can truly help or hinder a company's ability to meet prospects and engage with their customers. Whilst significant investment has been made in Search Engine Optimization (SEO), it is encouraging to see from these results that almost two-thirds of the respondents are planning to invest in engaging individuals on the website – not just getting them there. Customers and prospects now expect websites to be interesting, engaging, two-way, easily understood and navigated, and good enough to understand what they want and when they want it. If companies do not invest in this area then they are missing a great opportunity to engage, persuade and encourage visitors to take their relationship with them to the next stage. It is more than Web Content Management it is Web Engagement – persistently engaging your visitors in a conversation through a dynamic website with relevant, quality content.

The third most popular area for investment, customer analysis and reporting, is, in some ways, the foundation to all other marketing activities.

*"Analytical approaches to marketing have led to more change in the last 24 months than in the last 24 years".
(Sunil Garga, President of Analytical Insights Group, Information Resources, Inc)*

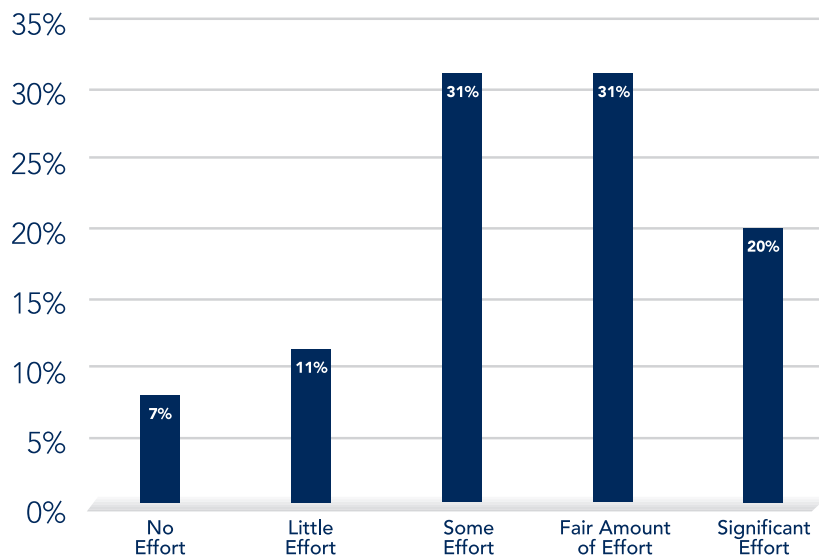
Marketers who work with an analytical capability are able to gain insight into their customer data through using appropriate tools. Effective, modern marketing techniques rely on understanding and acting on vast amounts of data to begin defining and creating campaign data sets which are most likely to be engaging and interesting for the recipient. Analytical and reporting tools allow marketers to visualize a wide variety of patterns and relationships within customer data in a dynamic, 'train-of-thought' manner.



6. How much effort are you placing on integrating your communication strategies e.g. moving from a campaign-centric direct marketing model towards multi-channel customer engagement?

Integrated communication strategies ensure a holistic approach to marketing communication, ensuring consistency of message and complementary use of media across online and offline channels. "Integrated marketing communication is integration of all marketing tools, approaches, and resources within a company which maximizes impact on consumer mind and which results into maximum profit at minimum cost." (Wikipedia)

Level of effort being placed on integrating communication strategies



From the results of this survey we can see that only 7% of respondents are making no effort at all to ensure that they engage with their customers in an integrated fashion across all marketing channels and, reassuringly, over half of respondents (51%) are expending either a 'fair' or 'significant' amount of effort to ensure integration of communication strategies.

The age of sending out silo campaigns is long gone. The only communications tolerated by consumers are those that are appropriate, timely and relevant – regardless of channel. Marketers are taking advantage of various resources to gather and analyze customer data and then execute and report on campaigns based on that analysis. Marketing processes and resource management need to be streamlined to allow for the increasing number of campaigns executed as a result of better insight into the customer data.



Alterian has created a process to give marketers the operational capability required to engage with their customers called the 'Customer Engagement Cycle', which is based on three areas of content, analytics and execution. The engagement cycle is a continuous cycle of learning about when and how the customer is engaging with the organization and what and when to offer to them to satisfy their demands for purchase or service, or help them share in a social network or community. A typical engagement cycle would involve a marketer delivering a message to a customer (via website, direct mail or email etc), capturing the reaction and behaviour of the recipient and entering it into a customer database, analysis of the database to discover insights about the individual, planning of appropriate content requirements, and optimisation of message for the individual in terms of delivery based on metrics such as channel, frequency, probability or location. If the customer is returning to a website, for example, the website itself will be customised to the individual in terms of the messages delivered. It is important to remember that this cycle is continuous and multiple; each cycle learning from the last. Customer engagement, and the move away from campaign-centric direct marketing is not a leap – it is a journey. Once marketers begin the journey – regardless of their starting point – they can begin to integrate their traditional offline marketing activity with the online world and drive excellence in customer engagement with the individual.

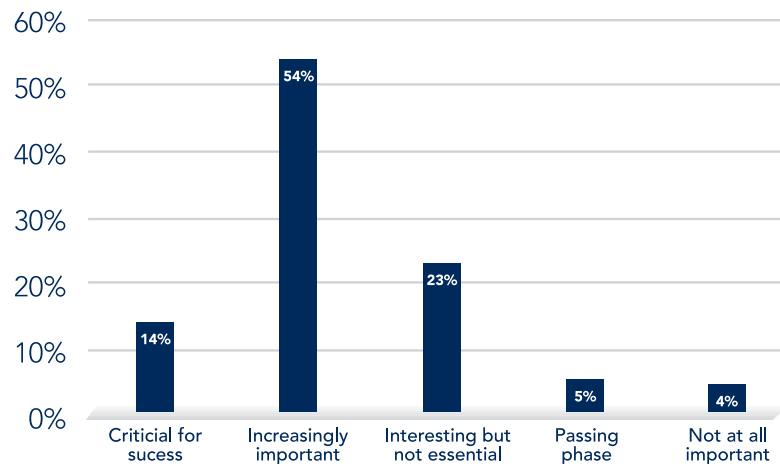
For more information on the Customer Engagement Cycle, please visit www.alterian.com



7. How would you rank the importance of social media (such as social networking sites, user-generated content, blogs etc) to the overall marketing mix?

“Social media isn’t just about big networks like Facebook and MySpace, it’s about brands having conversations.” (Lloyd Salmons, Chairman, Internet Advertising Bureau social media council)

Online marketing channels include any e-marketing campaigns or programs, from search engine optimization (SEO), pay-per-click, email, banner ads, webinars, blog, micro-blogging, RSS, podcast, and Internet TV. Offline marketing channels are traditional print (newspaper, magazine), mail order, public relations, industry relations, billboard, radio, and television. A company develops its integrated marketing communication programme using all the elements of the marketing mix (product, price, place, and promotion).



It is clear from the results of this survey so far, that there is an increased interest in social media and all that this new channel entails. Over half of all respondents (54%) felt that social media was increasingly important, with 14% of respondents believing social media to be critical for the success of their marketing efforts.

However, it is not a case of marketers needing to engage in social media separately from all their other marketing activities, or instead of them.

“Marketing is becoming less about sending a message to consumers and more about conversing and co-creating experiences with consumers. Marketers are calling on a new mix of media to further the communication of their messages.”⁹

⁹<http://www.marketingvox.com/cross-industry-study-marketing-must-move-to-digital-focused-business-system-033674/>



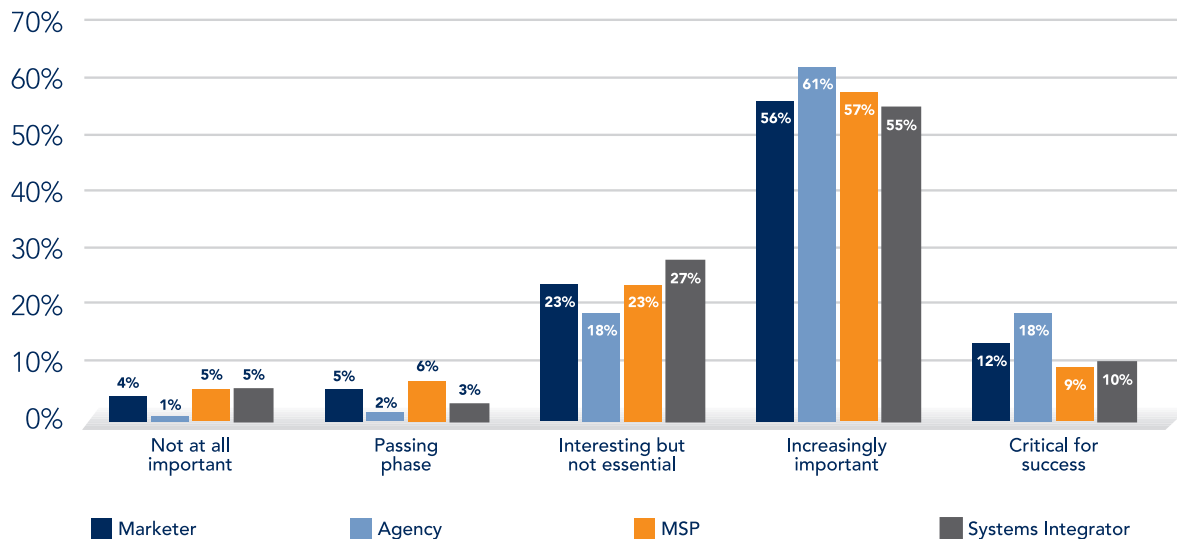
Social media needs to become an integral part of all aspects of marketing, across all channels. Social Media Marketing opens up new opportunities to augment traditional marketing efforts. Brand monitoring offers new options for public relations, market research that is unbiased, ideas for customer service and lead generation, and immediate feedback on advertising efforts. The social web offers many more ways to distribute valuable content to your customers.

Being truly integrated across all marketing channels is the route to success for marketers.

"T-Mobile, OXO and Magners have added an online dimension to recent ad campaigns, aware that the dominance of TV as a brand-building medium is waning... Integration is the watchword with TV ads backed up by interaction online." *(Paul Silburn, Saatchi & Saatchi)*

By segment we can see that there is little difference across the providers of services to marketers, but Agencies are particularly enthusiastic about social media with 61% believing it to be 'increasingly important' and 18% citing it to be 'critical for success'.

Importance of social media to the overall marketing mix (By segment)



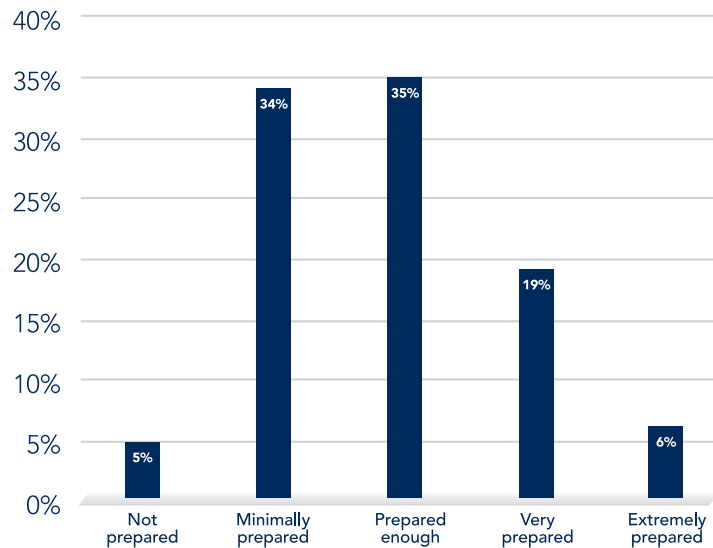
Social media is mainstream now and can't be ignored by marketers. It is important to remember, however, that social media will not save a company. Any organisation thinking of investing in Social Media Marketing or Monitoring needs to get their business in order and their story straight before implementing a strategy.

Social media reflects the way the world of work is moving. "Organizations over the next few years will move from being **closed, selective** and controlling to being **open, random** and **supportive**. This change will be driven by the internet and social media." *(Thomas Power, Chairman, Ecademy)*





8. How prepared do you feel you are to take advantage of the new techniques that digital and social media represent as part of your overall marketing/customer engagement strategy?



Only 6% of respondents felt that they were 'extremely prepared' to take advantage of the new techniques that digital and social media represent as part of their overall marketing/customer engagement strategy. Almost a fifth (19%) felt 'very prepared' and a significant proportion of respondents (35%) felt 'prepared enough'. This left almost 40% of respondents feeling only 'minimally prepared' or 'not prepared' at all. These results reflect the responses to the previous question – the majority of respondents feel that social media, for example, is an increasingly important part of the marketing mix. As more and more marketers realize the significance of this, so the knowledge, training and experience will have to increase.

Many of the new techniques are gaining momentum – not just social media but individualized email marketing, engaging individuals on the website and multi-channel campaign management. The Customer Engagement Report published by cScape/eConsultancy and cited by mycustomer.com¹⁰ revealed that the number of respondents using social networks to improve online customer engagement has almost doubled from 24% to 44%, and the percentage of respondents reporting that Twitter had tangibly improved their customer engagement increased from only 7% to a significant 35%. Email marketing is increasingly more effective as marketers learn to segment and target their customers with individualized, relevant information and offers at a time that is right for them, rather than the organisation. According to Epsilon's Email Trend and Benchmark Report¹¹, volume of email has increased, as too have open and click rates. Deliverability rates have also increased – 91% of email is thought to now hit the inbox compared with 84% in 2008, and bounce rates are on the decline. The advent of social media has enhanced the efficacy of email rather than caused it to decline.

¹⁰<http://www.mycustomer.com/topic/customer-experience/report-reveals-extent-social-networking-engagement-efforts>



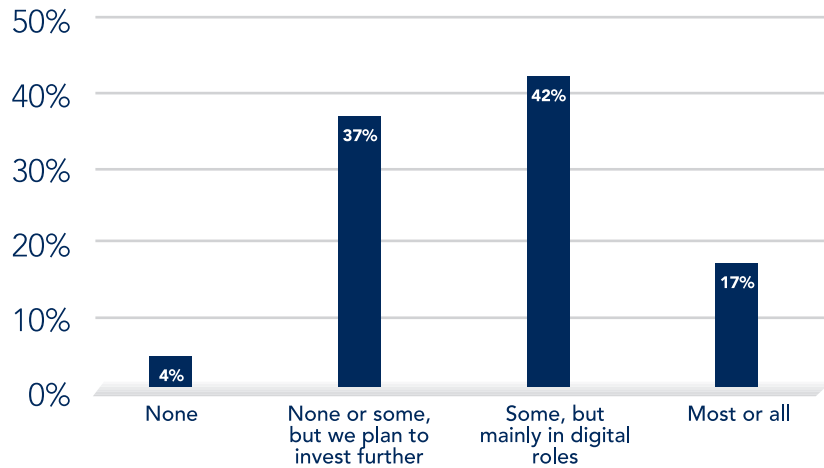
¹¹http://www.epsilon.com/pdf/EPS_EmailTrendandBenchmarkReport_Q3_2009_121009.pdf

The impact of email should not be underestimated – the value of an opt-in list, for example, is highly significant. It represents one of the best ways to establish ongoing dialogue with a customer and is still one of the most popular ways to share or forward information with friends and colleagues. The adoption of many of the new website marketing techniques is hindered by ownership issues. Many marketers are still heavily reliant on IT departments who cannot make content changes as quickly and effectively as the marketers need if they are to dynamically engage their customers and prospects online.

As these channels continue to grow in strength and companies use them more and more, both marketers and providers of services to marketers will need to be prepared to take advantage of these new marketing techniques.



9. How many of your existing marketing staff have the necessary skills required to take advantage of new marketing or customer engagement strategies?



Over 40% of respondents reported that existing marketing staff have either 'none' of the skills necessary to take advantage of new marketing or customer engagement strategies, or 'some' with a plan to invest further (an encouraging 37% were planning to invest). A large proportion of respondents (42%) reported having 'some' of the necessary skills in their team but generally only amongst the staff in digital roles.

David Friedman, writing for streetsavvymarketing.com says, "What do the marketers have to do to prepare themselves for change today? What training is needed to prepare them? What do the marketers need to do to make sure that the CEO values them? There are two aspects the marketer must address. One is to understand how customers are changing. The other is to understand the new tools and techniques that are available that must be considered and integrated into the overall marketing plan."¹¹

Just as in the past marketers have traditionally worked in silos of advertising, direct mail, and website, we are now seeing new digital silos emerging of social media, email, mobile and search – creating further, disparate aims, objectives and priorities. Marketing teams need to invest in adopting new skills but also need to make sure that these strategies are implemented in an integrated fashion with their existing marketing efforts.

Marketers and communications professionals are under increasing pressure to move from mass communication to individual customer engagement, to interact with customers rather than interrupt them. If they do not understand how to engage with customers on an individual level utilizing the new tools, techniques and channels, they will not last in marketing.

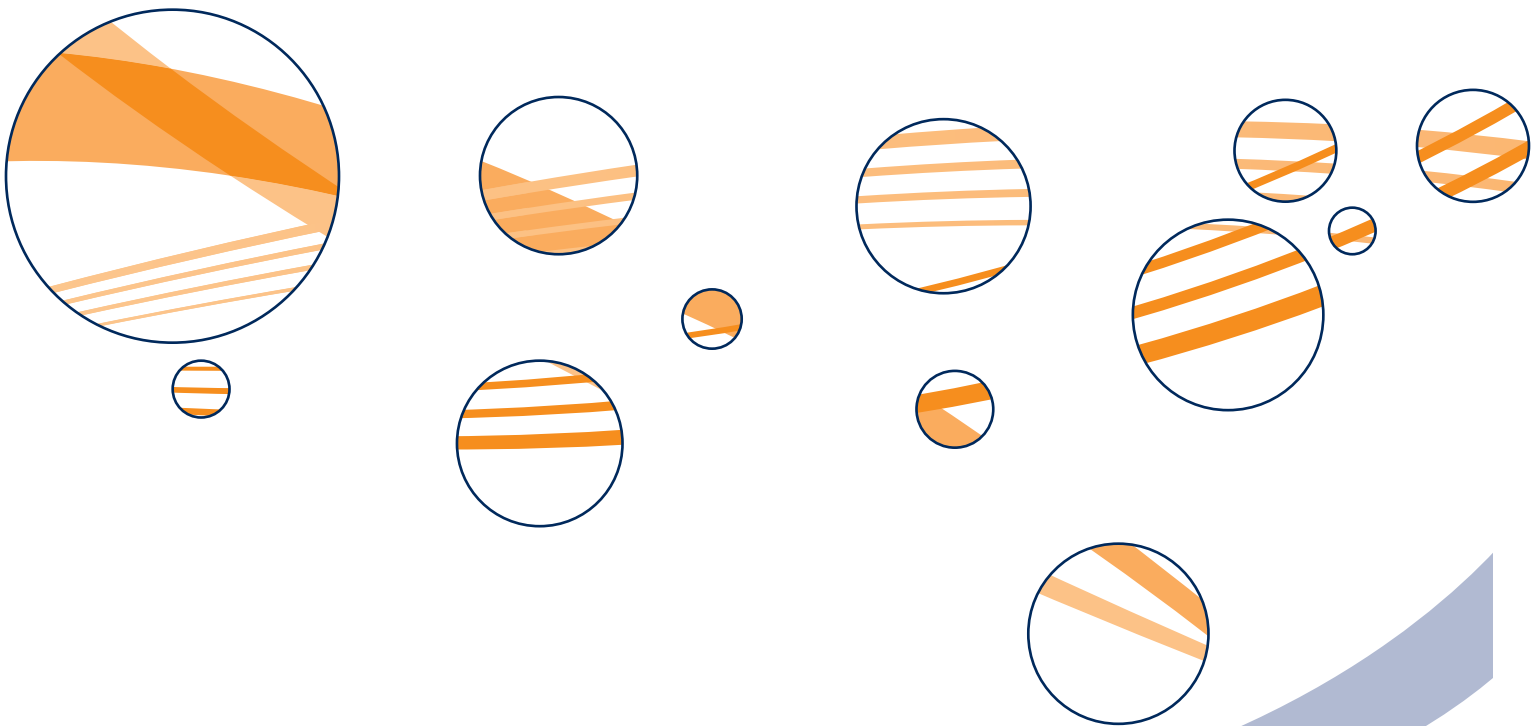
¹¹<http://streetsavvymarketing.wordpress.com/2009/05/26/marketers-need-to-prepare-themselves-for-change-embrace-it/>





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– David Friedman, streetsavvymarketing.com





Key Findings

1. 70% of respondents work with 3 or more suppliers to accommodate marketing services such as digital marketing, database marketing, data hygiene, creative & brand, strategy, web analytics etc. Almost a quarter of respondents (23%), work with a staggering 7 or more suppliers.
2. Only 4% of respondents work with a single agency for their direct and digital marketing requirements.
3. When estimating how much of their traditional direct marketing budget would shift towards digital, interactive or social channels in the next 12 months, 40% of respondents anticipated a shift of over a fifth of their budget, with 21% predicting more than a third of their budget will shift. Almost a third of Agency respondents (28%) predicted a shift of greater than 30% of their traditional marketing budgets towards digital, interactive or social channels.
4. Almost half of respondents (42%) do not incorporate their valuable web analytics data into their customer or email database. Reporting by segment, 54% of Agencies, 59% of Systems Integrators and a staggering 61% of Marketers do not integrate their web analytics data with any other customer data.
5. 66% of all respondents plan to invest in Social Media Marketing in 2010.
6. 57% of respondents reported a plan to invest in engaging individuals on their websites.
7. 36% of respondents plan to invest in Social Media Monitoring tools. It is a worrying statistic that over half of those planning on investing in Social Media Marketing are not balancing that strategy with investment in tools which help them analyse the result of their Social Media Marketing strategy through listening to their customers.
8. Over half of all respondents (51%) are expending a 'fair' or 'significant' amount of effort to ensure integration of their communication strategies.
9. 54% of respondents said social media was 'increasingly important' to the overall marketing mix, with 14% believing it to be 'critical for success'. Agencies were particularly enthusiastic about social media with 61% believing it to be 'increasingly important' and 18% 'critical for success'.
10. Only 6% of respondents felt 'extremely prepared' to take advantage of the new techniques that digital and social media represent with 40% of respondents believing that their staff had either 'none' or 'some – with a plan to invest further' of the skills necessary to take advantage of new marketing or customer engagement strategies.



About Alterian

Alterian (LSE: ALN) empowers organizations to create relevant, effective and engaging experiences with their audience that help build value and reinforce commitment to their brand, through the use of the Alterian Integrated Marketing Platform. Alterian drives the transformation of marketing and communications, making it practical and cost-effective for companies to orchestrate multichannel engagement with the individual.

Alterian's unprecedented integration of analytics, content and execution through industry leading tools, such as the Dynamic Messenger email platform, SM2 Social Media Monitoring platform and the award winning Content Management solutions, enables companies to build integrated communication strategies which create a true picture of the individual.

Alterian works with marketing services partners, system integrators and agencies who recognize the need to plan and deliver coordinated customer engagement services in partnership with their clients. For more information about Alterian, products within the Alterian Integrated Marketing Platform or Alterian's Partner Network, visit www.alterian.com or the Alterian blog at www.engagingtimes.com.

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