

ExactTarget®

A Marketer's Guide to

MULTICHANNEL CAMPAIGN MANAGEMENT

Featuring research from

Gartner®

Dear Marketer,



Marketing is undergoing a radical transformation fueled by the explosive growth of mobile, Twitter, Facebook, and email. In fact, eMarketer estimates that there will be 115.8 million smartphone users in the US by the end of 2012, with that number growing to 176.3 million by 2015. With the power of connectivity in the palm of their hands, consumers have fundamentally changed the way they interact with brands—tweeting, texting, posting, and emailing their way to real-time product reviews, pricing, and competitive alternatives.

This new era of hyper-connected and empowered consumers creates both challenges and opportunities for marketers. Static traditional marketing campaigns are no longer enough. According to Gartner “Marketers need to significantly increase customer access and control and create marketing activities that add relevant value to customers’ decision-making processes, because this is how customers are approaching businesses in the online world.” In fact, they note that “the dictionary definition of “campaign” would be off-putting to many campaign recipients”.

In this exclusive ExactTarget publication, we’re proud to include research from global analyst firm Gartner to provide insights and advice on how to best address the seismic shift in marketing. Featuring research from Gartner Research Director Adam Sarner’s *Digital Marketing: The Critical Trek for Multichannel Campaign Management*, this publication provides the actionable advice you need to evolve your interactive marketing and transform the way you think of marketing campaigns.

The challenge has never been more clear—consumers expect brands to meet them where they are (mobile, email, Twitter, Facebook, and the web) and provide relevant, meaningful information (not sales pitches or one-size fits all campaigns).

“Marketers still need to shift their traditional campaign management strategy around executing campaigns to a customer and move toward a digital marketing, two-way engagement approach that acts more as a mutually beneficial decision journey involving customers’ wants and needs,” wrote Gartner’s Adam Sarner in his 2011 report. “This evolving customer-focused strategy harnesses digital techniques and channels that will increase engagement, response, and conversion rates.”

In our own research, we asked consumers what exactly they expect from brands in today’s hyper-connected world. We asked nearly 1,500 U.S. online consumers how they preferred to interact online to gain new insight into building more effective digital dialogs.

“The challenge has never been more clear—consumers expect brands to meet them where they are (mobile, email, Twitter, Facebook, and the web) and provide relevant, meaningful information (not sales pitches or one-size fits all campaigns).”

¹April 12, 2012. eMarketer: Majority of US Smartphone Owners Use Devices to Aid Shopping.
<http://www.emarketer.com/Article.aspx?R=1008971&ecid=a6506033675d47f881651943c21c5ed4>

HERE'S WHAT WE FOUND BY CHANNEL:²

EMAIL: Email remains the workhorse of interactive marketing with 96% of those surveyed using the channel at least weekly.

KEY DATA POINTS FOR EMAIL INCLUDE:

- 66% have made a purchase after receiving an email marketing message.
- 76% prefer email over all other channels for customer service messages.
- 66% of teens (aged 15-17) prefer email over all other channels for permission-based marketing.

TEXT MESSAGING: Fueled by the explosive growth of mobile, texting is a fast-growing channel for consumer engagement with 68% of online consumers using text messaging at least weekly. But, marketers looking to expand into mobile should take caution. This is a channel reserved for the most urgent messages.

KEY DATA POINTS FOR TEXT MESSAGING INCLUDE:

- 16% have made a purchase after receiving a text (SMS) marketing message.
- 25% prefer text messaging over all other channels for real-time travel alerts.
- 9% of consumers aged 25-34 prefer text messaging over all other channels for delivery of tickets to an event purchased online.

SOCIAL MEDIA: Consumers have flocked to Twitter and Facebook to share updates, photos, and interact. Seventy percent of online consumers use Facebook at least weekly.

KEY DATA POINTS FOR SOCIAL MEDIA INCLUDE:

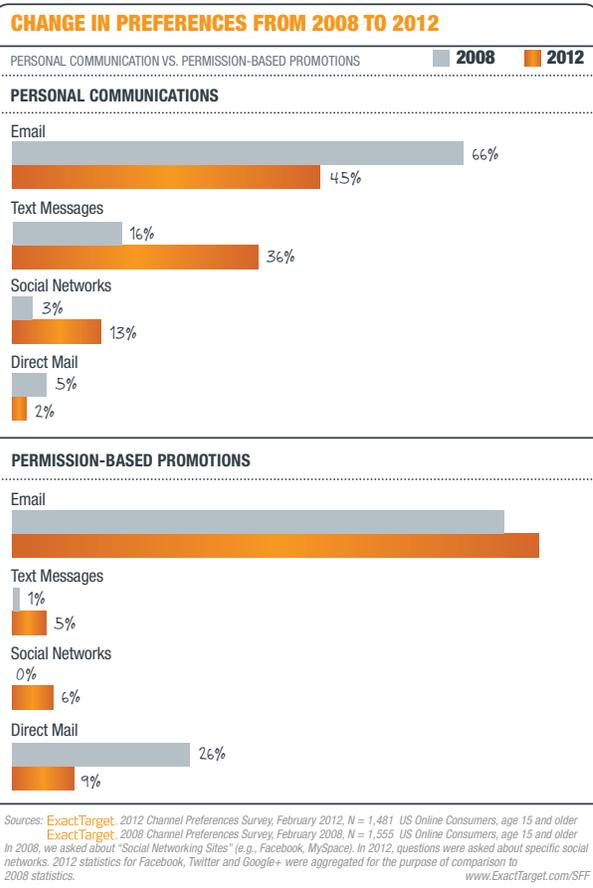
- 20% use Twitter at least weekly.
- 20% have made a purchase after receiving a marketing message on Facebook.
- 32% of teens (aged 15-17) have made a purchase after receiving a marketing message on Facebook.
- 16% of teens (aged 15-17) have made a purchase after receiving a marketing message on Twitter.
- 4% prefer Facebook over all other channels for permission-based marketing.

We hope you find *A Marketer's Guide to Multichannel Campaign Management* insightful. In the following pages, you'll learn how to evolve your interactive marketing mix to meet consumers' channel preferences and their need for cross-channel and multi-channel engagement.

Enjoy the research and be sure to let us know how we can help you along this journey to consumer-centric cross-channel marketing.



Tim Kopp,
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Research from ExactTarget's SUBSCRIBERS, FANS, & FOLLOWERS research series 2012 Channel Preferences Survey

²April 4, 2012. ExactTarget 2012 Channel Preference Survey. <http://bit.ly/JuLeXk>

DIGITAL MARKETING

THE CRITICAL TREK FOR MULTICHANNEL CAMPAIGN MANAGEMENT



by Adam Sarner, Gartner, Research Director

A digital marketing approach to delivering a mutually beneficial customer experience has become campaign management's priority for the next 10 years.

OVERVIEW

The digital marketing approach and its channels are critical for overcoming the declining effectiveness of traditional approaches to campaign management, such as interruptive, push mass-blast campaigning. Marketers need to use engagement techniques that continue to develop from digital marketing for a complete, multichannel campaign management strategy.

KEY FINDINGS

Online activity has shifted back to its roots in interaction and participation among individuals, social communities and company/customer relationships.

Internet use, digital channels, devices, and social and mobile activity are accelerating, and marketers have increasing opportunities to meaningfully engage customers and prospects to become more effective.

Mass marketing is no longer a longterm strategy. Mass-marketing campaigns have a 2% response rate and are on the decline. However, by 2015, digital strategies, such as social marketing, will influence at least 80% of consumers' discretionary spending.

For more than 10 years, marketers have been using digital channels as part of their campaign management strategies, but most marketers are using digital channels for traditional push, mass-marketed, interruption-type execution of campaigns.

Campaign management and digital marketing need each other. Digital marketing needs multiple process and channel orchestration, while campaign management needs new approaches, additional channels and precise attribution metrics.

RECOMMENDATIONS

To remain effective in a growing digital environment, marketers must shift traditional thinking regarding campaign management, its channels and approaches as customers' approaches to companies have changed.

Marketers must focus on areas such as open customer access and a two-way participation approach to campaigns that continue to develop from evolving digital marketing trends. Successful marketers will create marketing activities that add value to the customers' decision processes and positive customer experiences.

Consider campaign management as a way to orchestrate complete online and offline marketing automation strategy complexity with execution complexity.

WHAT YOU NEED TO KNOW

This document was revised on 25 February 2011. For more information, see the [Corrections page](#).

Marketers still need to shift their traditional campaign management strategy around executing campaigns to a customer and move toward a digital marketing, two-way

engagement approach that acts more as a mutually beneficial decision journey involving customers' wants and needs. This evolving customer-focused strategy harnesses digital techniques and channels that will increase engagement, response and conversion rates. It helps marketers measure effectiveness and profoundly shifts traditional campaign management strategies and customer relationships.

ANALYSIS

The Internet was built on the idea of users collaborating. Once the Internet was commercialized (Web 1.0), collaboration was overshadowed by transactional commerce and push-type marketing techniques that focused on one-directional "hard sells." Today, activity on the Internet has shifted back to its roots in interaction and participation among individuals, social communities and company/customer relationships. The hard sell isn't working in this new environment, and successful campaign management strategies have shifted from interruptive push toward two-way conversations and addressing mutually beneficial approaches to customers' wants and needs, which a digital marketing approach can provide.

The online environment continues to expand, and marketing organizations have more opportunities to be effective. There are 1.8 billion Internet users, and the number is growing. By 2014, 6.7 billion devices will be connected to the Internet. Mobile marketing in the U.S. reached \$877.2 million in 2010, up 138% from the \$368 million spent in 2009. The developing social CRM application market reached \$600 million in 2010, and it is expected to reach \$1 billion by 2013.

Marketing departments are the most likely organizations to launch social projects in a company (see "Predicts 2011: CRM Enters a ThreeYear ShakeUp"). New channels and approaches are appearing at a faster rate with more-connected consumers. This represents new monumental reach for marketing in virtually any industry—business-to-business (B2B) or business-to-consumer (B2C)—to connect with customers and prospects on an increasingly wide scale.

However, most marketers still need to shift much of their traditional thinking regarding marketing, campaign management, its channels and approaches. Even the dictionary definition of "campaign" would be off-putting to many campaign recipients. Definitions include "a systematic course of aggressive activities for some specific purpose: a sales campaign" and "military operations for a specific objective." Marketers need to significantly increase customer access and control and create marketing activities that add relevant value to customers' decision-making processes because this is how customers are approaching businesses in the online world.

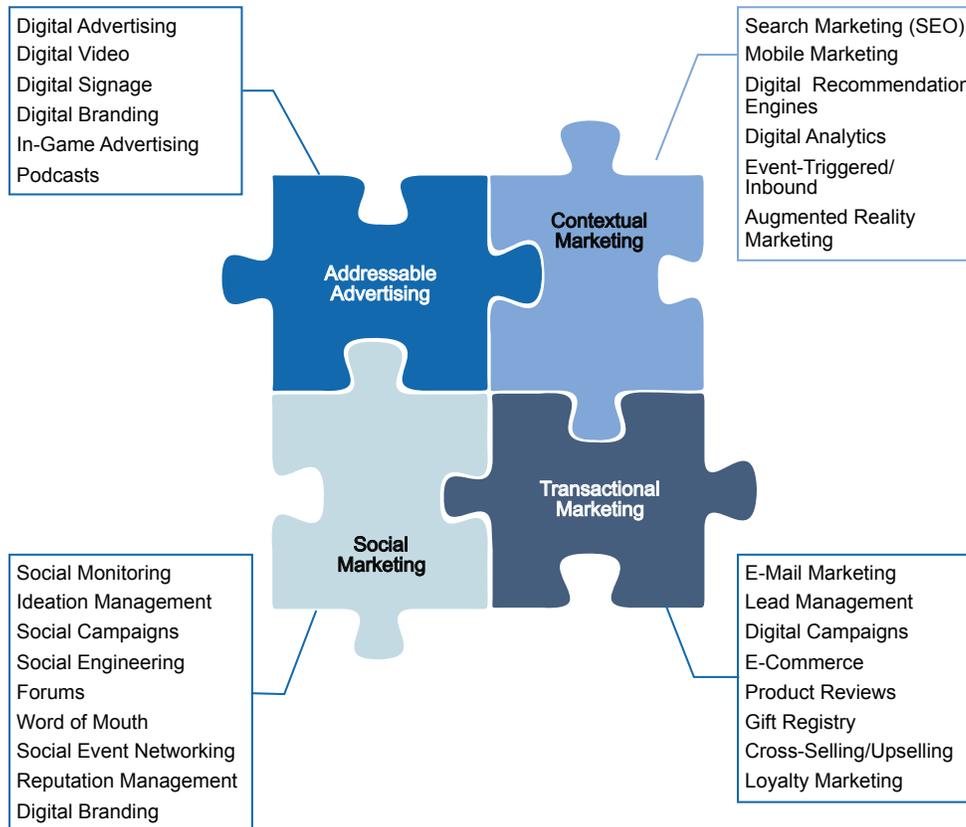
Marketers have been using digital channels for years as part of their campaign management strategies. In Gartner's last survey, taken in 2010, references cited email as their top channel for campaign management, with the Web as the second-most-used channel. However, for marketers and campaign management to use digital channels effectively, these channels can't be just a port for traditional campaign methods. For example, blasting

"Mass marketing is no longer a longterm strategy. Mass marketing campaigns have a 2% response rate and are on the decline."

non-contextual mass advertising out over a social network or a mobile device is still yielding the same low response rate as blasting over a non-digital channel, such as direct mail.

For contrast, take the example of the National Basketball Association's Golden State Warriors. The organization created a social campaign contest for unveiling its new logo using its

Figure 1. Digital Marketing Functionality: Four Types



Source: Gartner (February 2011)

website, where fans participated in the unveiling, as well as social channels, such as Twitter, Facebook and YouTube. This resulted in \$440,000 in increased ticket sales for an investment of less than \$5,000. Mass-marketing campaigns, including non-personalized, non-contextual direct mail, email and mass banner ads are, on average, getting a 2% response rate, and that is declining. Although most marketers are using more than one digital channel, their approach is no different from a spam model, where success is driven by high volumes and attempting to make a profit from nearly everyone who accepts the offer. Just using digital channels is not the answer.

A DIGITAL MARKETING APPROACH

Gartner's operational definition of digital marketing includes addressable branding/advertising, contextual, marketing and transactional Marketing (see Figure 1).

Digital marketing extends the marketing process through channels such as the Web, email, video, mobile applications and social applications, point-of-sale terminals, interactive television, digital signage and kiosks. A functional breakdown follows.

ADDRESSABLE BRANDING/ ADVERTISING

These functions increase awareness, promote brands and often take place outside a company's website—for example, a banner ad leading to a product landing page, or a podcast on iTunes attracting identifiable and unique customer segments, resulting in highly qualified referrals.

ACTION ITEM: Use approaches and channels such as digital advertising, digital branding, digital video, digital signage, in-game advertising and podcasts for measurable reach, brand awareness and promotion. Because these digital marketing activities are addressable, customers can respond to and interact with a brand in real time (that is, click on a display ad, search for more information or request information).

CONTEXTUAL MARKETING

These functions of digital marketing help customers match their needs with a company's offerings, depending on the customer's specific situation or stage in the buying process (e.g., need, awareness, information gathering, evaluation, purchase and post-purchase). For example, in the awareness stage of a buying process, having a relevant search term leading to a product landing page or a location-aware mobile device matches a user's location to a physical store. Apple's iPhone application, Siri, is able to understand language with context such as locale, reputation, times, etc. Siri can understand "find me a reservation at the most highly reviewed Italian restaurant nearby" and actually book the reservation.

ACTION ITEM: Use approaches and channels such as search marketing (e.g., search engine optimization (SEO)), mobile marketing, digital recommendation engines, digital analytics, event-triggered/real-time inbound marketing and augmented reality marketing to assist customers through their buying decision processes. These techniques are a natural fit to align explicit information gathering with relevant answers and have become a routine step in the customer buying process.

SOCIAL MARKETING

These functions of digital marketing engage the community for business results, such as shortened product-development cycles, using a community for product ideas and testing, improvements for promotional campaigns, creation and

delivery of word-of-mouth/viral campaigns and using customer product reviews as an influencing tool in the evaluation stage of a buying process.

ACTION ITEM: Use approaches such as social monitoring, ideation management, social campaigns, product review engines, social engineering techniques, hosted communities, word-of-mouth campaigns, social event networking and reputation management for engagement to multiply communications between the company and customers. Considerations such as service, price and convenience are part of the evaluation process. Reaching out to trusted friends, family or social networks to seek out these answers has a substantial impact on transactions. By 2015, Internet-supported social marketing processes will influence at least 80% of consumers' discretionary spending.

TRANSACTIONAL MARKETING

These functions of digital marketing are associated with a website and selling, and take advantage of in-session/onsite visits. For example, transactional marketing uses session behavior to recommend products and services of interest (e.g., "you recently viewed this digital camera, so you might also be interested in camera tripods"). Scotts' Lawn Care asked customers for two pieces of information on its site: the type of grass customers had and their ZIP Code. Scotts moved from mass email campaigns to offer thousands of combinations of personalized offers based on location, type of grass and season. This increased the response rates and lowered costs.

ACTION ITEM: Use approaches such as email marketing, lead management, digital campaigns, e-commerce, product reviews, gift registry, cross-selling, up-selling and loyalty programs for in-session direction toward a purchase. Transactional marketing is geared toward facilitating transactions over digital channels and supports the creation and continuing development of an online relationship.

THE BOTTOM LINE

Digital marketing represents a shift in strategy and approach—not just in channels. Although traditional campaign management thinking involves executing campaigns directly to the customer, successful digital marketing must act more as a mutually beneficial journey aimed at satisfying customers wants and needs. This is a customer-focused strategy approach that will

profoundly shift traditional campaign management strategy. However, campaign management and digital marketing need each other.

Although digital marketing represents an opportunity for two-way engagement, digital channels, access to a customer view and precise attribution metrics, campaign management represents multiple processes and channels, online and offline integration, and a complete customer record. Marketers will need to consider campaign management as a way to orchestrate the complexity of a complete online and offline marketing strategy, while incorporating the evolving customer approach of digital marketing.

STRATEGIC PLANNING ASSUMPTION(S)

By 2015, digital strategies, such as social marketing, will influence at least 80% of consumers' discretionary spending.

Source: Gartner Research, G00210964, Adam Sarner, 24 February 2011

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CONNECT WITH YOUR CUSTOMERS IN A MORE MEANINGFUL WAY



Connecting across interactive marketing channels is tough. But, ExactTarget can help. Your consumers have a megaphone on the real-time web. Through thousands of tweets, emails, Facebook posts, ratings, reviews, and Google searches, they're discussing your brand—and it doesn't take long to become the sum of those conversations.

You need a better way to connect with your customers, and ExactTarget has the answer. We've developed the Interactive Marketing Hub[®], a new category of software that transcends organizational size and industry to solve the root challenges we all face as interactive marketers. We help you bridge the divide between siloed marketing communications and thousands of unique, integrated consumers.

**READY TO CONNECT WITH YOUR CUSTOMERS?
Visit www.ExactTarget.com to discover the power
of the Interactive Marketing Hub!**

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