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# RIGHTNOW TECHNOLOGIES



# VITAL MARKETING

## Ten Core Tactics to Improve Marketing Campaign Effectiveness and Efficiency

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**Vendor Research**

**February 14, 2004**

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## **Ten Core Tactics to Improve Marketing Campaign Effectiveness and Efficiency**

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# Executive Summary

## Vital Marketing Components Drive Successful Campaigns

With sophistication of marketing tools and number of media increasing tenfold during the past decade, the difficulty of keeping customers engaged has also increased. Reaching qualified prospects at the right time, and through the right channel, remains an obstacle, as the volume of marketing messages both online and off-line continues to increase year over year.

A JupiterResearch executive survey revealed the prevalence of these opinions. When respondents were asked about top challenges during the coming 12 months, developing new targeting tactics was second only to e-mail delivery issues. However, a key barrier companies face is cutting through the complexity of enterprise marketing automation applications, and productively embracing vital marketing components for successful campaigns. Begin building campaigns by using the following essential marketing tactics:

- Gathering and building robust customer profiles
- Optimizing registration pages and landing pages
- Carving customers into basic segments that will evolve as the amount and sophistication of your customer data increase
- Becoming proficient at testing to determine which tactics are impacting campaign performance
- Tailoring offers through personalization
- Coordinating campaigns across your organization to support increasingly broad company goals

This paper provides an overview of how to efficiently and effectively deploy these vital marketing tactics, allowing your organization to focus on driving results versus deploying and optimizing an IT-centric marketing solution. Additionally, this paper provides insight into the benefits of employing these vital marketing tactics, compared with marketers that do not utilize these basic building blocks.

## Section One

### Assessing the Landscape

#### Expensive Enterprise Suite Applications Fail to Deliver

Marketers often fail to implement the vital marketing tactics—in part, because organizational and technical hurdles keep customer intelligence in disparate silos. Further amplifying this problem, the disjointed user experience of many applications falls short in delivering a seamless work flow, which would make the implementation and management of marketing campaigns an efficient, usable experience across the marketing organization. Even worse, many companies have tried to resolve this issue with large and expensive enterprise software applications. However, they have little to show for it. In a recent JupiterResearch executive survey, more than one-half of companies said these enterprise customer relationship management (CRM)/marketing applications cost more than planned because of professional-services cost overruns, excessive user training, and longer-than-anticipated deployment times.

#### Holistic Customer-Centric Marketing Is Not Yet Mainstream

Despite investments in marketing automation and CRM technology, service, sales, and marketing systems and organizations are still extremely disjointed. For example, only 15 percent of companies use customer service data as a customer segmentation attribute in their marketing segmentations, with the majority continually marketing to their customers while ignoring their rich customer support/servicing behavior and attitudes. However, when applied to sales, this holistic picture looks comparatively more disjointed. Only 12 percent of companies leverage multichannel customer spending data in their marketing segmentations. The challenge of tying three or more systems together to develop the customer picture is at the heart of this issue. However, company efficiency is further challenged by the lack of interdepartmental collaboration within these applications, which further burdens the disparate silos and typically fails to develop any real cooperation across departments.

#### Marketing Technology Is Becoming More Accessible to Smaller Companies

E-mail will remain the primary interactive advertising/marketing medium to communicate with customers. In 2004, 81 percent of online marketers embraced e-mail campaigns to market to existing customers, and another 12 percent planned to do so in the next 12 months. Also, overall spending on e-mail marketing will increase, keeping pace with spending on other online advertising tactics, such as paid search. However, large companies have dominated the use of online marketing. Only 56 percent of companies with revenues of less than \$1 million conduct e-mail marketing, compared with 80 percent of companies with revenues of \$10 billion or more.

However, during the next 12 months, increasing parity in the use of e-mail marketing will develop. Driven by low effectiveness of off-line campaigns and availability of affordable and usable hosted on-demand applications, more small companies will engage in e-mail marketing. During the next 12 months, 32 percent of these companies plan to add e-mail to their marketing mix. Ultimately, these additional deployments across both business-to-consumer and business-to-business sectors will increase marketing clutter vying for customers' attention, further underscoring the need to send highly relevant customer communications.

### **Consumers' Confidence in Marketing Is High, but Their Attention Is Comparatively Constrained**

The volume of e-mail messages individuals receive is up both at work and in the home. Because consumers are wading through increasing e-mail, marketers must make every effort to ensure messages are contextually relevant to their customers. Despite the clutter, online and off-line marketing continues to be effective, with 70 percent of consumers saying they have taken action on ads.

## Section Two

### Implement Vital Marketing Tactics to Improve Campaign Performance

#### Vital Tactic One: Share Customers' Profiles Across the Organization

Developing successful marketing campaigns requires decent customer data that not only depict the value of your customers, but also are accessible across a variety of company functions, such as sales, service, and marketing. For example, maintaining customers' profiles in a data store available to both service and sales allows these front-line individuals to easily assess marketing-campaign exposure. With this scheme in place, marketing could similarly segment customers by their service behavior. Such data can be used proactively to move prospects through a sales pipeline, or send service alerts—instead of marketing campaigns—to customer segments most sensitive to support. Moreover, profiles should be easily accessible so they can be augmented with data from other systems. Realizing the promise of customers' shared profiles requires thinking big and acting pragmatically, ultimately containing deployments to the vital core functionality required. Simply having more data is not necessarily an ingredient for success. However, having reliable, ready access to multichannel customer data is necessary. Use of a mechanism for marketers to easily access a variety of customer data assets without the intervention of IT is a critical element in building successful campaigns.

#### Vital Tactic Two: Optimize Customer Data Collection

With customers' shared profiles in place, better leveraging customers' interaction to build increasingly robust profiles is possible. When using any of these tactics, determine the approximate value of a customer's profile or profile attribute (e.g., e-mail address). Doing so ensures the cost of collecting data does not exceed the long-term value of the data. With this understanding in mind, employ the following tactics to optimize customer data collection:

- **Keep registration forms simple.** Keep Web site registration pages short. Use a handful of fields to collect only critical data you will immediately use. Use standard form field names, which will leverage the autocomplete capabilities of Internet Explorer and ultimately create a more efficient experience for your visitors.
- **Incrementally collect data.** With the kernel of customers' profiles in place, capitalize on interaction in the call center by asking customers for additional information for later use in segmentation schemes. Additionally, surveys and polls embedded on Web site landing pages or in e-mail campaigns offer great opportunities to incrementally collect intelligence about your customers.



- **Verify customers' information.** With a shared customer data store, reconfirming customers' information or collecting new e-mail addresses to replace those that have gone bad becomes much easier. With easy access to the data, for example, sales or customer support representatives can leverage their regular interaction with customers to update these data. Such tactics will help ensure accuracy of your customer data over time.

### **Vital Tactic Three: Correlate Goals with Behavior and Available Customer Data**

Centralized goals that encompass acquisition and retention strategies should guide organizations' marketing campaigns. However, these campaigns should only be deployed if the correct customer data are in hand. For example, e-mail campaigns should not highlight a call center's phone number without understanding the impact this tactic has on call center volume. Ultimately, understand customers' behavior, and determine if their behavior aligns with the goals of your organization. Such understanding requires testing the tactics and the ability to segment customer data by any number of attributes. In this example, one of those behaviors would be call center contact. Before embarking on such an exercise, determine if you have the customer data to accomplish these goals, and if the data are sufficient to do testing and conclude the impact of customers' behavior on company resources.

### **Vital Tactic Four: Testing Is Vital Part of Improving Campaign Performance**

Improving campaign performance requires a marketing application capable of performing not only rigorous testing, but also effortless testing. About 40 percent of marketers employ e-mail testing strategies on a regular basis (i.e., at least every other mailing). Without testing, segmentation or targeting through personalization is a futile exercise that wastes resources. In fact, a JupiterResearch executive survey found marketers that test on a regular basis are more likely to have e-mail conversion rates that exceed industry averages of one percent to two percent, compared with marketers that do not test. Forty-seven percent of marketers that conduct testing on a regular basis said their e-mail marketing campaigns generate average unique conversion rates of three percent or more, compared with 34 percent of non-testers. Two of the greatest inhibitors to testing, and its related impact on campaign performance, are time and resources. Often, testing is too complicated, obscured in the labyrinth of marketing automation suites rather than simple, intuitive central features. When selecting a marketing or CRM application, pay particular attention to the usability of the solution's testing capabilities. Without intuitive testing features, determining which campaign attributes are having the greatest impact on performance will be more difficult and costly.

### **Vital Tactic Five: Develop a Customer Segmentation Strategy**

One of the many benefits of centralized customer profiles is easy access to various customer attributes to develop customer segments. Such segments can be used to target customers

with comparatively meaningful and relevant content. However, many marketers fail to embrace even the most basic segmentation tactics. Challenged by disparate customer data sources, less than one-third (31 percent) of marketers use click-through information from previous e-mail campaigns for audience segmentation. Only 17 percent of marketers sending promotional offers use multichannel spending data, and just 16 percent use customer service interaction data. A great competitive advantage exists for marketers that make the extra effort to improve their targeting tactics with these infrequently used data. Marketers using segmentation are nearly twice as likely to attain conversion rates of more than three percent, compared with marketers not using segmentation. For example, the greatest number of marketers reporting average unique conversion rates of more than three percent employ attitudinal segmentation (49 percent), compared with less than one-quarter (23 percent) of marketers that do not use any segmentation and attain the same level of results.

### **Vital Tactic Six: Explore Personalization Opportunities**

Although a lofty and perhaps ill-conceived goal, personalized one-to-one marketing is still largely a myth, as it applies to e-mail marketing. Marketers are generally doing little to make e-mail messages personally relevant to their subscribers. Salutation personalization can be easily achieved through common mail-merge functionality, but less than one-half of marketers take their personalization efforts beyond it. Although comparatively more prevalent among promotional marketers, less than one-third of marketers overall alter at least one content element. Despite the prevalence of CRM deployments, the market generally clings to a broadcast mentality that treats all customers the same. At the very least on a segment level, personalizing messages with content that is relevant to these customers is a huge competitive advantage, with so few companies doing it today. Marketers that employ personalization in their e-mail marketing efforts are 40 percent more likely to have average unique conversion rates of more than three percent, compared with those that do not. Forty-two percent of marketers using personalization report average unique conversion rates of more than three percent, compared with 30 percent of marketers that do not employ personalization. Clearly, improving campaign relevancy through the use of personalization can have a dramatic impact on campaign results.

### **Vital Tactic Seven: Investigate Coordinated Multichannel Marketing Opportunities**

Currently, 38 percent of executives implement coordinated online and off-line campaigns, such as sending e-mail before or after an off-line mailing. This coordinated effort can be effective, with nearly one-half (46 percent) reporting improved click-through rates for these types of campaigns. Streamlining campaign elements into a multichannel marketing approach allows for increasingly effective and efficient campaign management. Using one application that coordinates campaign management work flow across channels and allows easy use of content in a variety of channels is a much more efficient approach than

doing the same with multiple applications. Some applications increase ease by providing an intuitive, graphically oriented user interface to quickly configure campaign business logic (e.g., driving response from off-line campaigns to online landing pages). This approach ensures customers or prospects are getting the right message at the right time and through the right channel. Using triggering capabilities to coordinate messages across channels is a good place to start. One simple triggered message is sending postcards to customers when their e-mail addresses go bad (i.e., bounce).

### **Vital Tactic Eight: Develop Company-Wide Integration and Coordination**

Tactic one (i.e., sharing customer data across the organization) is a necessary place to begin optimizing marketing campaigns. However, placing rules and restrictions on how data are used throughout the organization to avoid message overload for subscribers is just as important. Although 79 percent of marketers centrally manage the scheduling of e-mail marketing campaigns to avoid message overload, the majority of marketers (53 percent) select lists at the business level, with no guarantee that another division or unit has not previously used the same list. This lack of coordination creates infighting over which group owns the data. Ultimately, it contributes to companies' overloading customers with messages from multiple business units, breaking their own rigid rules of message frequency. For some, this overload has resulted in increased opt-out rates and customer service calls. Such practices only contribute to clutter and heighten customers' attention deficit. Primary cross-company marketing goals should be to set boundaries, craft rules that define how data will be integrated from a company perspective, and determine how data will be regularly used.

### **Vital Tactic Nine: Build Simple Data Collection Campaigns that Support Company-Wide Goals**

Marketers sometimes become transfixed with executing campaigns for the sole purpose of driving revenue. Of course, this is a necessary and central part of marketers' duties, but consideration should also be given to campaigns that support broad company goals and establish buy-in from other departments. For example, you may discover the quality of your customer data is poor or not sufficiently robust enough to create meaningful customer segments. As mentioned, campaigns that utilize surveys and polls are superb for collecting this information. However, when building these survey campaigns, invite other departments to participate. The support organization may be very interested in gaining an improved understanding of customers' satisfaction level with your company's service. Adding this type of question to polls allows you to do the following:

- Develop better relationships with other divisions and their buy-in to these vital marketing tactics
- Provide the service organization with valuable information
- Provide an attitudinal data element that identifies at-risk customers to enable further segmentation

Also consider using incentives/contests to drive participation in such campaigns, which will increase participation.

### Vital Tactic 10: Select a Strong Technology Partner

Theorizing about marketing strategies that may resonate with customers and prospects is easy. However, turning these theories into reality is much more difficult. As sophistication of the marketing industry increases, successful companies will have one element in common: a strong technology partner. Often, hosted on-demand applications have provisions to deploy the aforementioned customer models (i.e., tactic one) within days or weeks, as opposed to months. Over the years, such on-demand providers have demonstrated their agility, and their applications receive updates on a much more frequent basis than do on-premise enterprise suites. Moreover, on-demand technology benefits from fast deployment time, which prevents costly service overruns that stall technology projects. The ability to integrate data from a variety of applications is key, but marketing technology providers that can extend into the service and sales realm will have more success. They will be much more familiar with the challenges and opportunities that an end-to-end marketing suite presents. The following are key application attributes that marketers should look for when selecting a marketing application:

- **Create efficiency with template and content reuse.** A folder-hierarchy metaphor is an intuitive provision necessary to store and manage content assets and campaign templates to speed campaign development. Furthermore, the ability to leverage not only sales and marketing content but also service content can be an efficient way to reduce customer support costs. For example, including frequently asked questions about products in transactional messages (e.g., order confirmations) is an efficient way to support cross-company goals.
- **Ensure list selection and segmentation capabilities support current needs.** Seek out list segmentation capabilities that support intuitive conditional filtering and can be easily based on campaign response metrics and tracked links of previous campaigns. The value of packaged structured query language or conditional filtering wizards that do not require database administrators to program segmentation queries should not be underestimated. These same query tools should be used to create post-campaign reports.
- **Inspect reporting and analysis capabilities.** Reporting and measurement are central elements of any campaign management application. However, too few quantify the impact of your marketing programs on other areas of the business, such as sales and service. Both viewing customer data through consolidated profiles and tracking effectiveness of campaigns, from marketing execution to sales close, are important. Although this approach may require customized reporting, seek out applications that are built around this philosophy and make these reports standard features within the application.
- **Seek usable solutions with multiple user provisions.** Solutions that provide an efficient user experience have fielded increasingly targeted campaigns without adding head count. The ability to centralize campaign content, data, and business rules is also necessary to support a

marketing organization that has multiple users with different roles (e.g., content, data, approval, analysis). This permission-based system allows various users to securely manage various aspects of campaigns.

### **Improving Performance Is an Iterative Process, Beginning with Vital Marketing**

Employing these vital marketing tactics, along with a commitment to continuously improve and optimize your campaigns through testing, will surely have a positive impact on your marketing organization. Developing customer segmentation schemes, applying personalization, and performing regular testing have all proven to increase campaign performance. Although all marketing tactics must be refined over time, developing successful campaigns begins with a strong foundation built on the aforementioned vital marketing tactics.



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