

A STUDY

ONLINE MARKETING TRENDS:

WHAT WORKED IN
2009 AND WHAT
TO EXPECT IN 2010

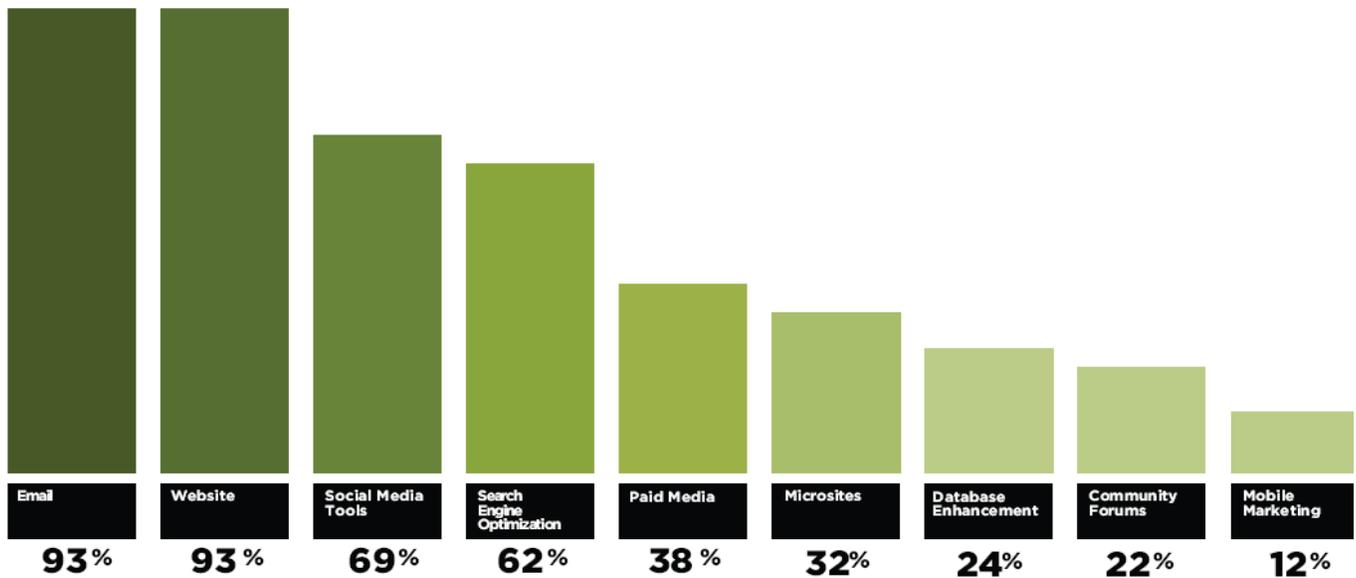
Biggest Online Marketing Wins of 2009

2009 was an interesting year for marketers, to say the least.

With the tumultuous economy compelling many companies to tighten their belts, marketing teams adapted to this reality by placing a greater priority on digital channels. We have seen the array of predictions for 2010, but we at eROI, along with our partners at eMarketing + Commerce, set out to discover which online marketing tactics actually gave marketers the most success in 2009.

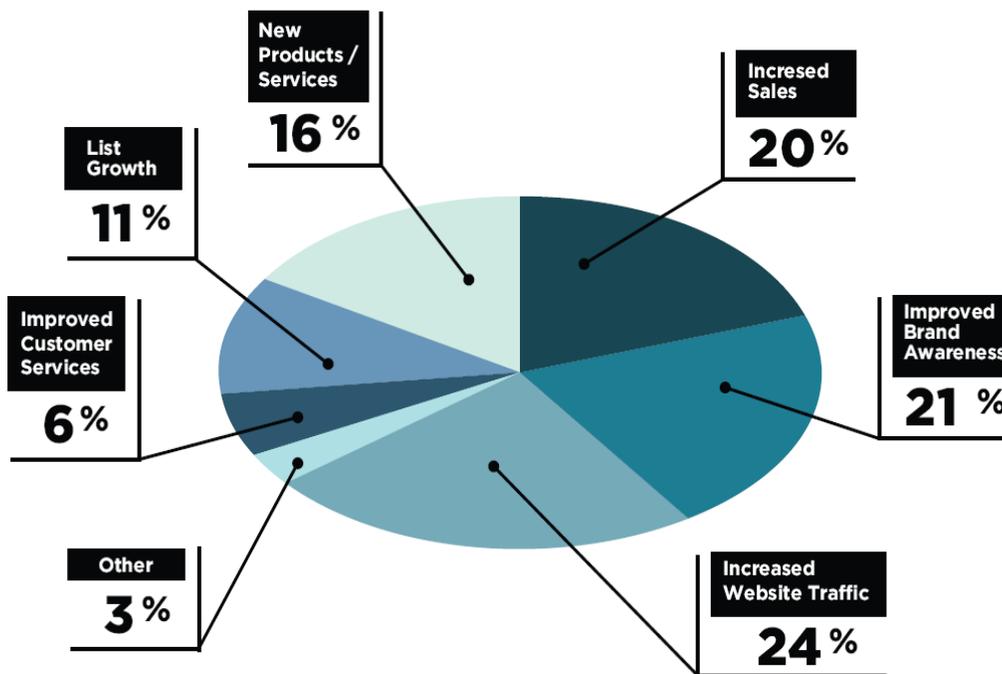
Unfortunately, it took a worldwide economic crisis and nervous CXOs for marketers to finally take interactive initiatives to the forefront of their marketing strategy. However, the foundation has now been set and online marketing has the green light to prove its worth.

In this report, based on our latest survey of 678 marketers, we reveal helpful insights as to which tactics marketers found most effective in achieving different levels of marketing success during 2009 and how we can perfect those tactics in our 2010 plans.



Which one of the following online marketing channels did you use in 2009? (check all that apply)

WHAT WORKED IN 2009, AND WHY...



Which 2009 business win do you attribute most to your online marketing efforts?

According to the survey results, the biggest win for online marketers in 2009 was increased website traffic, followed by increased brand awareness. What were the differences that led to these increases? The data revealed that they are the result of marketing teams dedicating additional resources (budget and time) to email marketing and online communities.

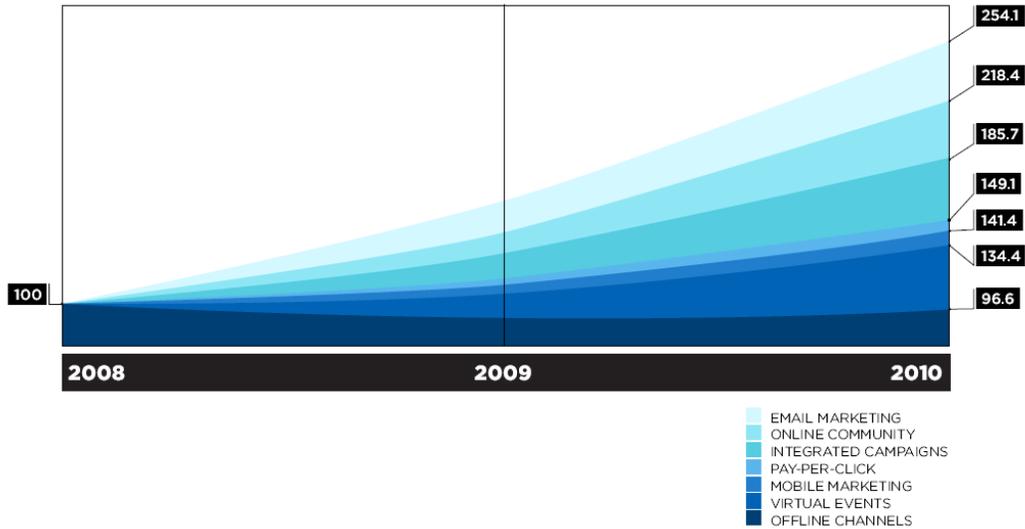
Email Marketing = Traffic, Sales

Online Community = Traffic, Engagement, Awareness

Dedication of Budget

45% of marketers increased 2009 budgets for online community creation/management. This validates that last year's biggest wins were influenced by online community, and marketers have recognized that. 66% of marketers increased 2009 budgets for email marketing, proving that this channel, which generates high ROI, is still going strong. The increased focus on these channels is what led to last year's biggest wins.

TRENDED BUDGET GROWTH INDEX

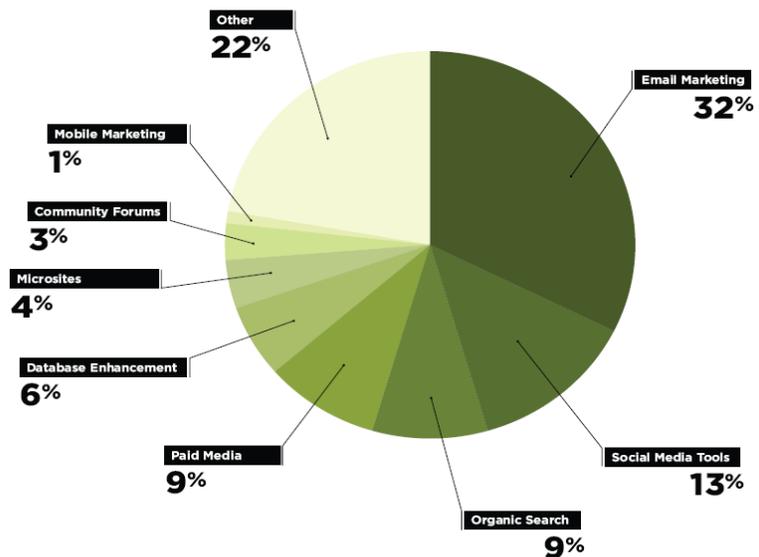


85% of marketers say that online marketing is increasing in priority. Further supporting this fact is that only 6% of marketers are planning to actually decrease budget for online marketing in 2010.

Dedication of Time

Marketing teams are spending 32% of their time on email marketing and 15% of their time on social media. Online community and social media are poised to demand more mindshare and man hours, which validates why, for those companies that hired in 2009, nearly one-third of the positions were social-facing jobs.

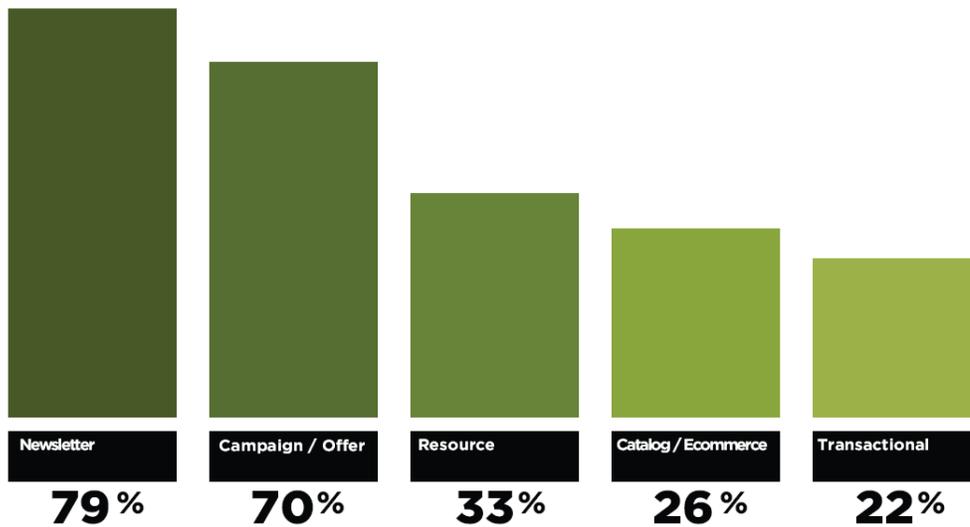
What percentage of your team's time is spent on each online marketing channel?



EMAIL MARKETING

Email marketing, the oldest online marketing channel, has proven its way into being the key tactic upon which most online marketing strategies and campaigns are built. It has become a popular supplement, or in many cases, replacement for direct mail and other traditional, offline tactics.

Email, as a tactic, has a learning curve gentle enough to make it accessible to the vast majority of marketers, and proven ROI effectiveness that makes it a must-keep when budgets are evaluated.



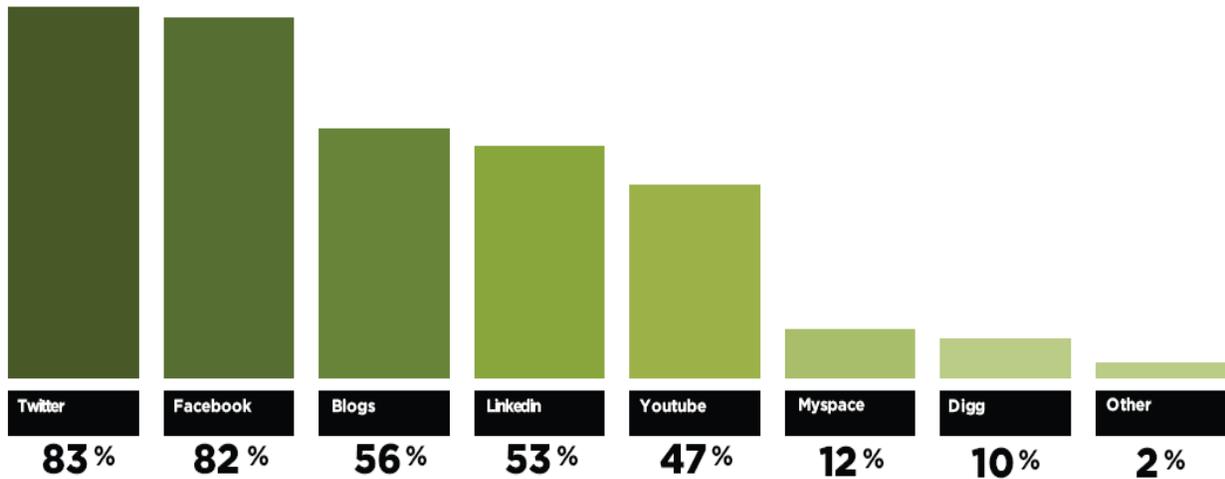
What type(s) of emails did you use in 2009? (check all that apply)

A majority of marketers reported newsletters and offer campaigns to be the most common types of emails sent. Since a key function of any email newsletter is brand engagement, often linking to content living on a website, the emphasis put on newsletters in 2009 clearly played a part in making increased website traffic and brand awareness the top wins of the year.

As we look ahead to this year, 60% of marketers reported an increase in their email marketing budgets over 2009. With budgets starting to regain some of their pre-recession shape and cost cutting becoming slightly less critical, it is interesting to see that marketers are remaining focused on digital tactics such as email, instead of revering back to the traditional channels they were forced to cut. Are marketers getting savvier and putting their trust in the reliable ROI of email even as they get back the resources to take more risks?

SOCIAL MEDIA

While email marketing is the original online marketing tactic, social media is undoubtedly the darling marketing tactic of 2009. It was a breakout year for social media, but it was just the start. Facebook more than doubled its visitors from 2008 to 2009 (eWeek.com) and Twitter users grew 500% as of November 2009 vs. November 2008 (Nielson). The question of “why social media” has been answered, and the new conundrum is “how” to most efficiently and effectively use this medium.



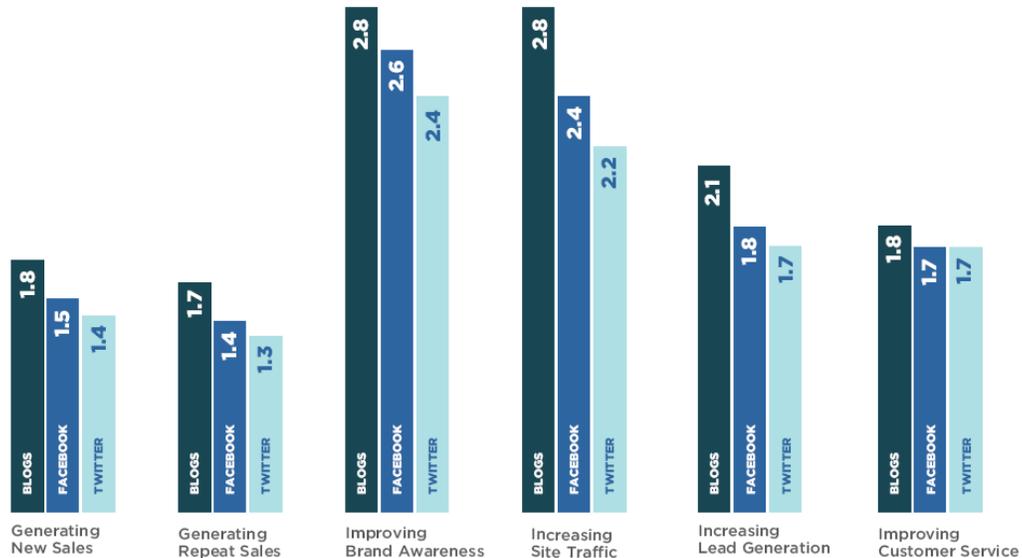
Which Social Media tools did you use in 2009? (check all that apply)

With the growth of Twitter, and Facebook rising to the #2 most visited website (doubling visitors to over 100 million in 2009), it has certainly been a wild ride. Marketers as a whole have adopted social media and started to learn of its power to engage. In fact, marketers who reported brand awareness as their biggest win overwhelmingly used both Twitter and Facebook in 2009. When comparing Facebook vs. Twitter side-by-side, Twitter showed to have a slight edge as the preferred social media outlet for marketers this past year.

What Is Different about Social Media for 2010?

While 2009 was the year social media became truly unleashed upon the marketing world, 2010 will be the year where social media becomes subject to the same fundamental scrutiny and accountability as other marketing tactics. It will be essential to step beyond haphazardly defined goals and not only master how to calculate the ROI of social media efforts, but start connecting them to top level marketing objectives. It is time to prove it — consistently.

A major testament to the popularity of social media is the increased online marketing budget being allocated to make way for additional, bigger, better social media campaigns, rather than being applied to other online tactics such as SEM. Coke recently announced they are abandoning plans for campaign websites and microsites to invest more heavily in social media and, as our study showed, many other companies are trending the same way.



As related to each action, how do you value these Social Media tools? (1 = low value 5 = high value)

The Elusive Metric: Calculating Social Media ROI

What will really help social media turn the corner is the ability for marketers to calculate and prove its ROI. 69% of our respondents used social media tools in 2009, allocating about 15% of their marketing team's time to it. While marketers have certainly adopted the use of social media, they are still trying to grasp the true bottom-line impact of the channel. Many recognize that there is "value" in it, but need to begin tying the efforts to real dollars (ROI) to prove impact. It is time to ask — How much sales revenue are you making off your blog? Your Twitter followers? Your Facebook page? Are you able to go beyond just measuring impressions and also show the quantifiable financial impact of your social media program?

“69% OF OUR RESPONDENTS USED SOCIAL MEDIA TOOLS IN 2009, ALLOCATING ABOUT 15% OF THEIR MARKETING TEAM’S TIME TO IT.”

ROI vs. Value

It is important to differentiate the difference between value and ROI. While value is certainly an important metric, can be quantifiably measured, and can be impactful in many different ways, financial impact can not be truly be claimed until real dollars (ROI) are tied to it.

Don Bartholomew explains the difference between the two metrics on his MetricsMan blog:

“ROI is a financial metric — percentage of dollars returned for a given investment/cost. The dollars may be revenue generated, dollars saved or spending avoided. ROI is transactional. ROI lives on the income statement in business terms.

Value is created when people become aware of us. [The impact happens] when they engage with our content or brand ambassadors, are influenced by this engagement, and take some action like recommending to a friend or buying our product. Value creation occurs over time, not at a point in time. Value creation is process-oriented. Value lives on the balance sheet.” - <http://metricsman.wordpress.com>

SEO/SEM

29% of marketers reported an increase in budget allocation for SEO/SEM from 2008 to 2009, while 15% reported a decrease. This seems to be holding steady in 2010: 38% of marketers reported an increase in SEO/SEM budget while only 10% a reported a decrease.

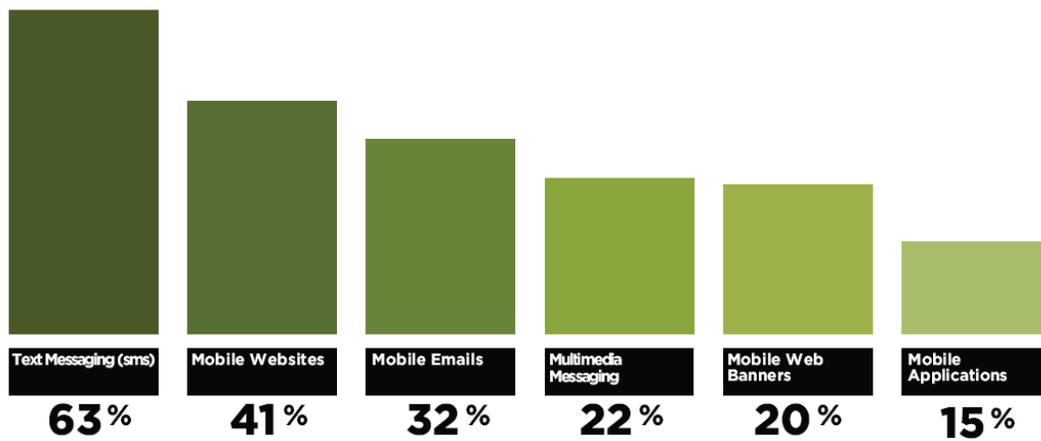
“THE TREND [IN SEO] SEEMS TO BE SHIFTING FROM “WHERE YOU ARE” TO “WHAT YOU HAVE TO OFFER.”

While many budgets for SEO/SEM continue to grow and remain part of most marketing plans, it is not the hot medium that it was just last year. In the world of PPC, cost-per-click has been consistently rising and many companies, especially larger brands, are choosing to move away from it. Interestingly, with some creativity and careful campaign management, this trend could be a real opportunity for many smaller brands.

With constant improvements by Google and other search engines in regards to SEO, pages are being judged more so on the merits of their actual content, rather than quick, spiffy SEO tactics with little substance. The trend seems to be shifting from “where you are” to “what you have to offer.”

MOBILE

Although mobile marketing is still feeling its way through the dark a bit, it will certainly be a hot topic for 2010. 80% of marketers reported no change in budget from 2008 to 2009 with regard to mobile. With the rapid adoption of smart phones this channel has potential to be a solid source of ad revenue, and has displayed an amazing reach with audiences, but marketers are still fumbling with its finer points.

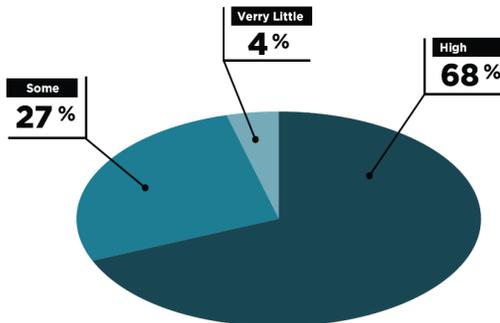


What type of Mobile Marketing did you use in 2009? (check all that apply)

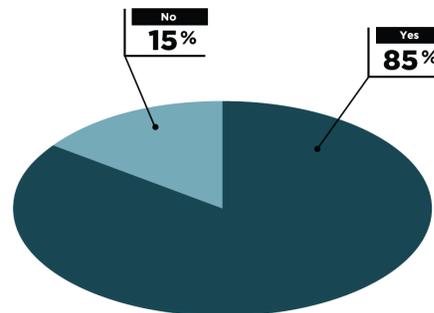
It is encouraging that 30% of marketers reported increases in mobile marketing budgets for 2010. This will give them the resources to keep perfecting the design and user experience of mobile websites and increase the use of mobile components in their integrated campaigns.

BIGGEST OPPORTUNITIES FOR 2010

How much priority does online marketing have in your company's overall marketing plan?



Is your company looking to increase that priority in the future?



Social Media

A major opportunity that many brands have in regards to their social media efforts involves increasing their investment in quality content to release through these channels. Having an extensive social media reach is great, but it is only truly effective when your content is consistently relevant, engaging, and new.

Facebook Connect will be a major focus for 2010. This technology, which gives users the ease of web-wide log-in, provides site owners with multiple benefits as well. By integrating Facebook Connect with their sites, brands are able to increase site traffic, encourage engagement in the form of activity and page views, gather user generated content, and easily execute website registration.

As of December 2009, CNET reports that approximately 80,000 websites and 60 million people were using Facebook Connect. As this technology continues grow, the opportunities for everything from engagement, to dissemination of content, to new applications, will increase as well.

“HAVING AN EXTENSIVE SOCIAL MEDIA REACH IS GREAT, BUT IT IS ONLY TRULY EFFECTIVE WHEN YOUR CONTENT IS CONSISTENTLY RELEVANT, ENGAGING, AND NEW.”

Many B-to-B organizations are taking advantage of other social tools like LinkedIn, integrating data from the popular business social networking site into their CRM systems. Marketers are recognizing how storing lead information as a data point in their CRM can improve marketing intelligence and provide valuable content for sales enablement.

Mobile

SMS marketing is still infantile with only 35 respondents using texting (SMS and MMS) as a marketing tool. Sites and emails created specifically for mobile use are however on a quick uprise and, from a marketing standpoint, will increase in importance as the smart phone userbase continues to expand. In fact, Gartner has predicted that by 2013 mobile phones will overtake PCs as the most common web access device worldwide, exceeding 1.82 billion units.

Another trend and opportunity to watch in 2010 is the rise of location-based applications, such as Foursquare, Gowalla and BrightKite. These apps, combining social networking with GPS technology, present a unique engagement opportunity, allowing marketers to reach consumer segments in their everyday favorite places. This opportunity is not just for big brands, but also smaller, local brands that want to make a splash in their own niche.

“BY 2013 MOBILE PHONES WILL OVERTAKE PCS AS THE MOST COMMON WEB ACCESS DEVICE WORLDWIDE” - GARTNER

Integrated Campaigns

We have talked about email marketing, social media, websites, search engine marketing, mobile, and more. But the best way to achieve maximum success from your online efforts is to bring all of these channels together with integrated online campaigns.

It is important to remember that successful integrated campaigns require integrated analytics. Tie everything together, including the behaviors, activities, and touch points of your segments, and you will be able to see how every tactic contributes to your funnel.

CONCLUSION

The online marketing world has found itself in an evolutionary cycle. It seems that every six months or so a mutation takes place that changes how marketers do their jobs.

The latest era in this evolution was that of social media, and 2009 proved to be a true coming-of-age for the channel. Marketers began to firmly take hold of the various social media offerings. With tremendous pressure to increase sales, traffic, awareness, and more, marketers are moving to where their consumers are conversing. Since many of these social channels are new to marketers, they have not yet found the best way to gauge value, effectiveness, and reach.

Social media does not “cost” anything (no CPM, no CPC, etc.), but it does take significant man hours to manage. This is shown in the hiring trends of organizations placing most new marketing positions in the function of social media and community management. These new positions will need to be justified, and these new “social workers” will have to implement quantifiable goals and metrics to which they will be held by upper management. Of course, while they feel their way through these social channels, marketers can rely on the “traditional” online marketing mediums, especially email marketing, which they have already found comfort in.

Regardless of the online channels they use, the marketer that can appear genuine, capture their audience and be able to visually present quantifiable metrics will be the rock star in 2010.