The Key To Successful Cross-Channel Marketing

Sophisticated Cross-Channel Marketers Show Us That Technology Matters Most

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Executive Summary

The time for cross-channel marketing is here. And marketers know it. Yet most are still besieged by challenges that prevent the practical application of cross-channel strategies. Forrester believes that today's sophisticated cross-channel marketers can teach others valuable lessons about how to use technology to prepare for an even more complicated cross-channel future.

ExactTarget commissioned Forrester Consulting to study how well marketers were prepared for cross-channel marketing. Between June 2012 and July 2012, we used an online survey to investigate the outlook and application of cross-channel strategies and technologies of 211 US marketers with annual revenues of $100 million or more.

> Sophisticated marketers show that technology is the key to cross-channel success.

Key Findings

Forrester's study yielded four key findings:

- **Marketers believe in cross-channel marketing.** Marketers don't need the case made for "why cross-channel;" 78% believe cross-channel marketing is important or very important to their business.

- **Challenges still encumber cross-channel execution.** Despite their belief in the power of cross-channel marketing, respondents struggle to understand customer interactions across channels and manage execution across multiple technologies. Additionally, most respondents' cross-channel efforts are hindered by limited staff, budget, and know-how.

- **Sophisticated marketers provide a strong model to follow.** Some marketers are more advanced than others when it comes to current operations and future outlook. Lower-level marketers can develop themselves by following the best practices of more sophisticated firms.

- **Technology is the key to cross-channel success.** Perhaps the greatest factor underlying advanced marketers' cross-channel prowess is their ability to use technology to aid program execution, data collection, and process management across channel managers.

The Current State Of Cross-Channel Marketing

There's no question about it. End users are interacting with brands across multiple platforms. And they have higher expectations than ever that marketers will create consistent experiences across their preferred touchpoints.[1] Marketers get this too. They are beginning to transform their approach to messaging and customer relationships in order to accommodate customer expectations. Jim Roemmer, senior director of the addressable media team at Gap Direct, explains: "Customers don't care that a marketer is organized by channels — they want the marketer to stitch the whole multichannel experience together."

We surveyed 211 cross-channel marketing professionals to see just how ready they are for this cross-channel marketing future. We found that they:

- **Believe in cross-channel integration.** The majority of marketers in our study — 78% — find cross-channel marketing important or extremely important to their business, citing most often that it increases efficiency, improves campaign return on investment (ROI), and customer relationships (see Figure 1). Furthermore, respondents are active in multiple channels today. For example, they practice on-site content optimization, mobile messaging, as well as Facebook and Twitter updates, although with less experience than email and display.

- **Practice multichannel narrowly.** Many respondents already integrate email and display with at least one other channel (74% and 68%, respectively). But many fewer study participants integrate other channels: Half have integrated search retargeting, and fewer than a third have integrated mobile text and app messaging.

- **Rely on multiple technologies for cross-channel support.** Respondents use a host of tools to manage their cross-channel programs (see Figure 2). This is at least partly due to the fact many believe that no single tool accommodates all cross-channel needs (see Figure 3). Yet 76% are interested in an integrated messaging platform to manage all customer data and execute across all digital direct channels (see Figure 4). Respondents say that existing technologies fall short.

Figure 1

Respondents See Multiple Benefits Of Cross-Channel Strategies
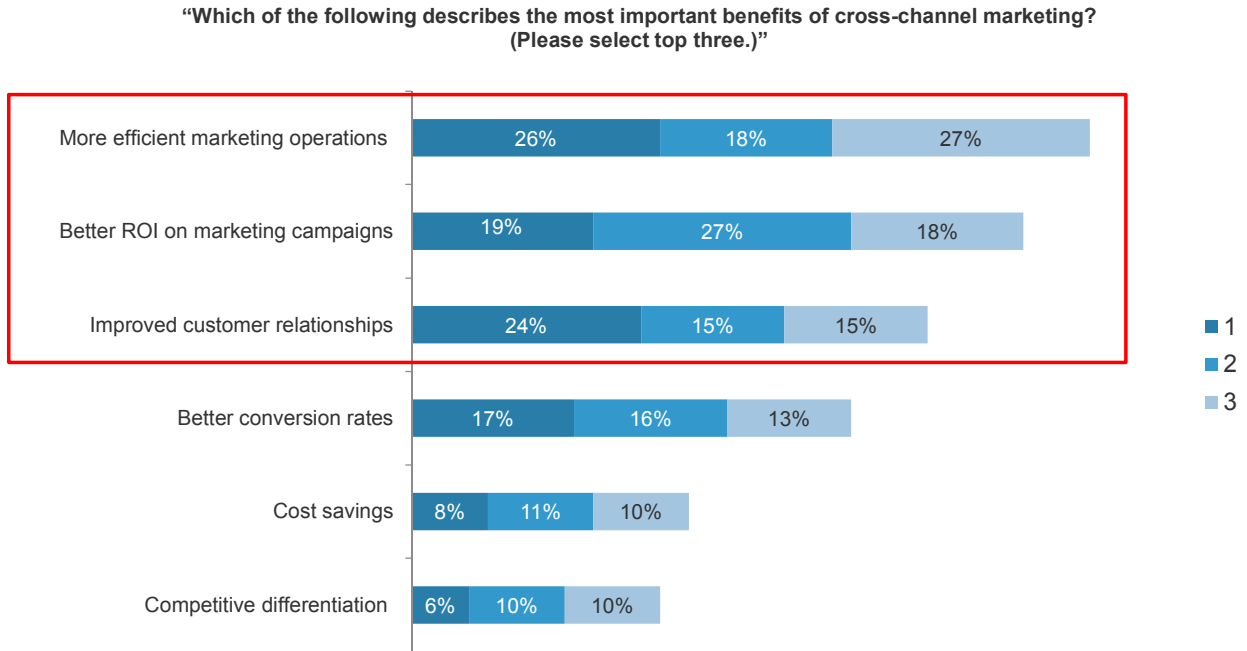
**"Which of the following describes the most important benefits of cross-channel marketing?
(Please select top three.)"**

	1	2	3
More efficient marketing operations	26%	18%	27%
Better ROI on marketing campaigns	19%	27%	18%
Improved customer relationships	24%	15%	15%
Better conversion rates	17%	16%	13%
Cost savings	8%	11%	10%
Competitive differentiation	6%	10%	10%

Base: 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget, June 2012

Figure 2

Marketers Rely On A Mix Of Technologies To Support Cross-Channel Efforts

"What technologies do you currently use to manage your cross-channel messaging efforts today? (Select all that apply.)"

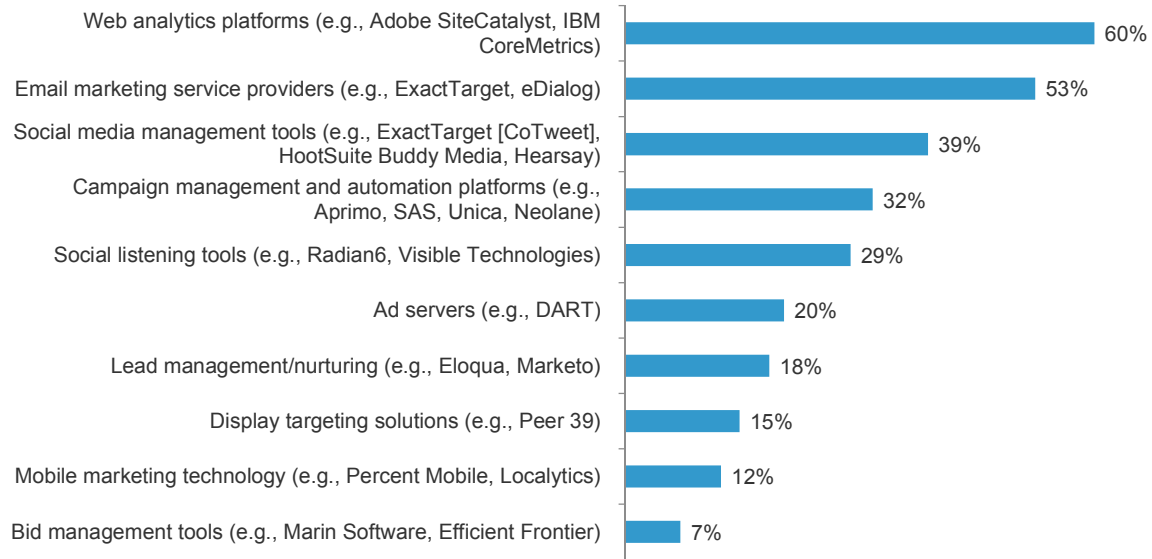| Technology	%
Web analytics platforms (e.g., Adobe SiteCatalyst, IBM CoreMetrics)	60%
Email marketing service providers (e.g., ExactTarget, eDialog)	53%
Social media management tools (e.g., ExactTarget [CoTweet], HootSuite Buddy Media, Hearsay)	39%
Campaign management and automation platforms (e.g., Aprimo, SAS, Unica, Neolane)	32%
Social listening tools (e.g., Radian6, Visible Technologies)	29%
Ad servers (e.g., DART)	20%
Lead management/nurturing (e.g., Eloqua, Marketo)	18%
Display targeting solutions (e.g., Peer 39)	15%
Mobile marketing technology (e.g., Percent Mobile, Localytics)	12%
Bid management tools (e.g., Marin Software, Efficient Frontier)	7%

Base: 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget, June 2012

Figure 3

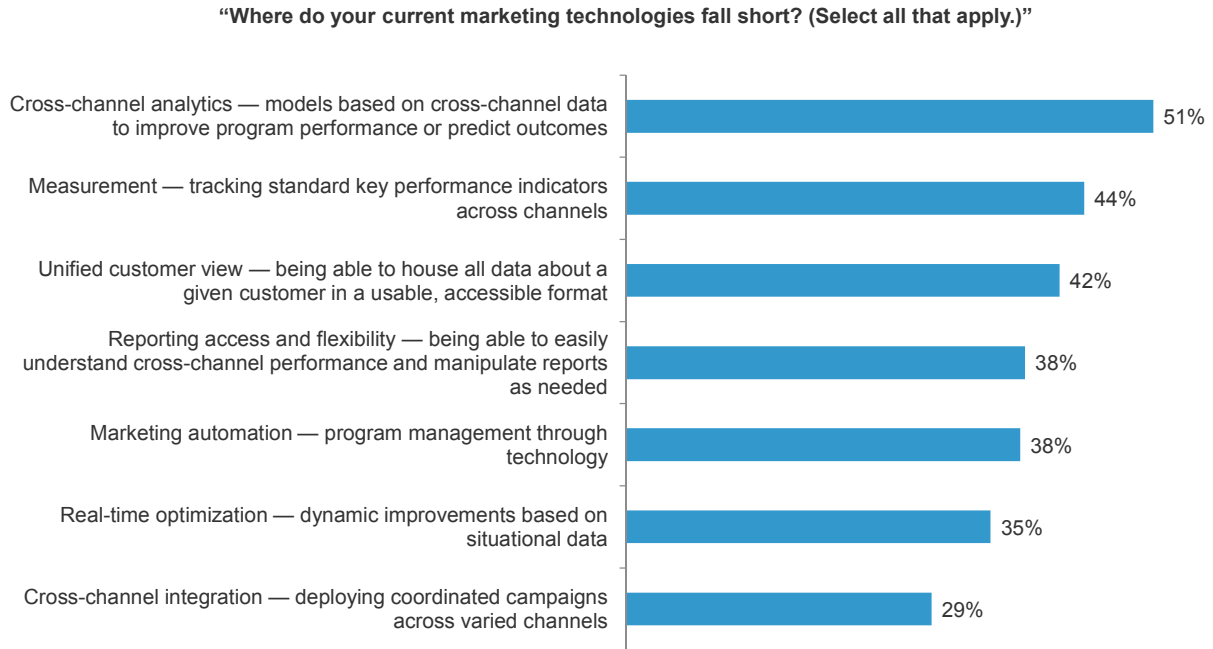Current Technologies Don't Meet Marketers' Needs

"Where do your current marketing technologies fall short? (Select all that apply.)"

Cross-channel analytics — models based on cross-channel data to improve program performance or predict outcomes	51%
Measurement — tracking standard key performance indicators across channels	44%
Unified customer view — being able to house all data about a given customer in a usable, accessible format	42%
Reporting access and flexibility — being able to easily understand cross-channel performance and manipulate reports as needed	38%
Marketing automation — program management through technology	38%
Real-time optimization — dynamic improvements based on situational data	35%
Cross-channel integration — deploying coordinated campaigns across varied channels	29%

Figure 4

Marketers Express Interest In An Integrated Messaging Platform
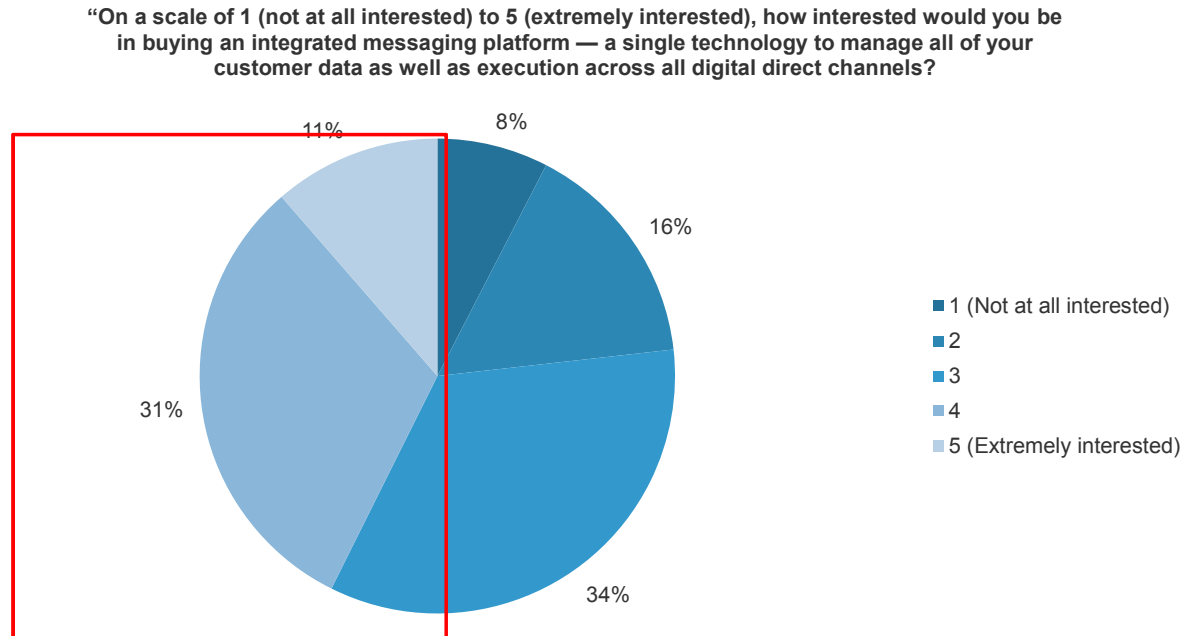
"On a scale of 1 (not at all interested) to 5 (extremely interested), how interested would you be in buying an integrated messaging platform — a single technology to manage all of your customer data as well as execution across all digital direct channels?"

- 1 (Not at all interested)
- 2
- 3
- 4
- 5 (Extremely interested)

Base: 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget, June 2012

Marketers Require Budget And Staff To Prepare For Cross-Channel

Seventy-five percent of marketers in this study consider themselves prepared for cross-channel marketing (see Figure 5). Even so, they admit that cross-channel efforts pose significant challenges for them. Most respondents struggle to understand customers' cross-channel interactions and to manage execution across multiple technologies (see Figure 6). This is due in large part because they:

- **Are not organized to support cross-channel programs.** Companies in our study represent both centralized and channel-specific organization models (see Figure 7). But neither of these models proves more effective than the other for cross-channel management. Respondents from both organizational models feel understaffed, siloed, or staffed with inadequate skills (see Figure 8).

- **Cannot supply significant technology budget.** Marketing is increasingly owning the budget for technology needed to power cross-channel interactive programs; 70% of survey takers fall into this camp. But this budget is still quite small. Half of respondents own less than 10% of their company's overall technology budget.

Figure 5

Many Think They Are Well Prepared To Manage Cross-Channel Marketing

"Using a scale of 1 (very unprepared) and 5 (extremely prepared), please indicate how well prepared your company is to manage cross-channel marketing."
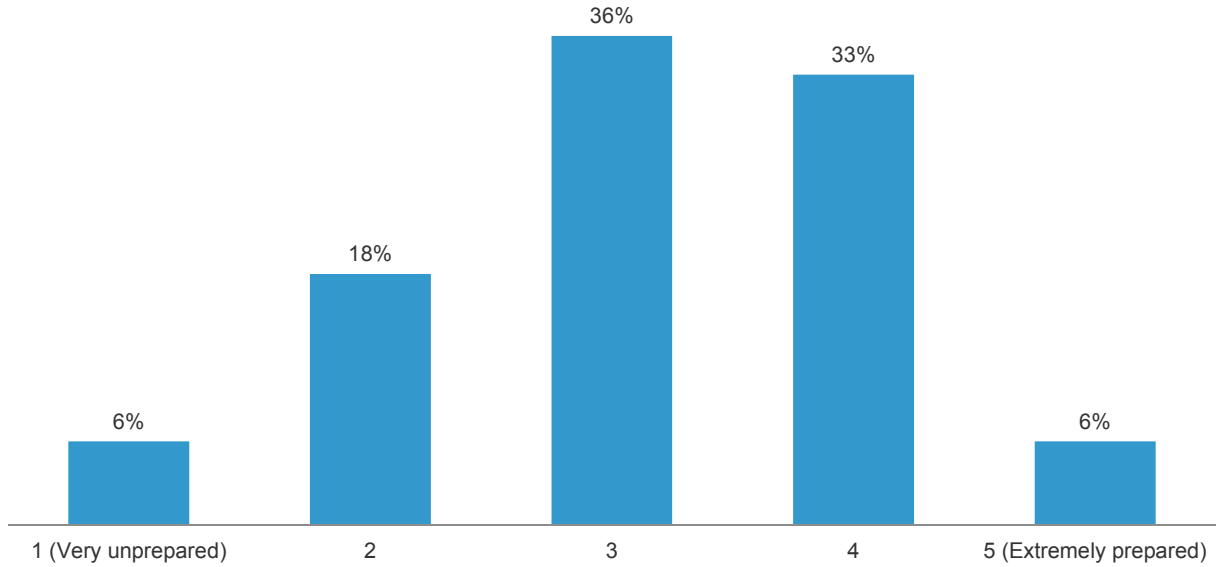
Base: 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget, June 2012

Figure 6

Current Cross-Channel Efforts Pose Challenges For Everyone

"What are the top three greatest challenges you experience with your current cross-channel marketing programs?"

Challenge	1	2	3
Understanding customer interactions across channels	8%	13%	12%
Managing campaign execution across multiple marketing technologies	8%	12%	15%
Controlling marketing project budgets that are dependent on IT collaboration	7%	10%	8%
Coordination with internal groups or external agencies	6%	9%	10%
Organizing to allow for cooperation	4%	7%	6%
Responding to customers in real time	4%	9%	4%
Automating repetitive marketing processes	2%	5%	7%

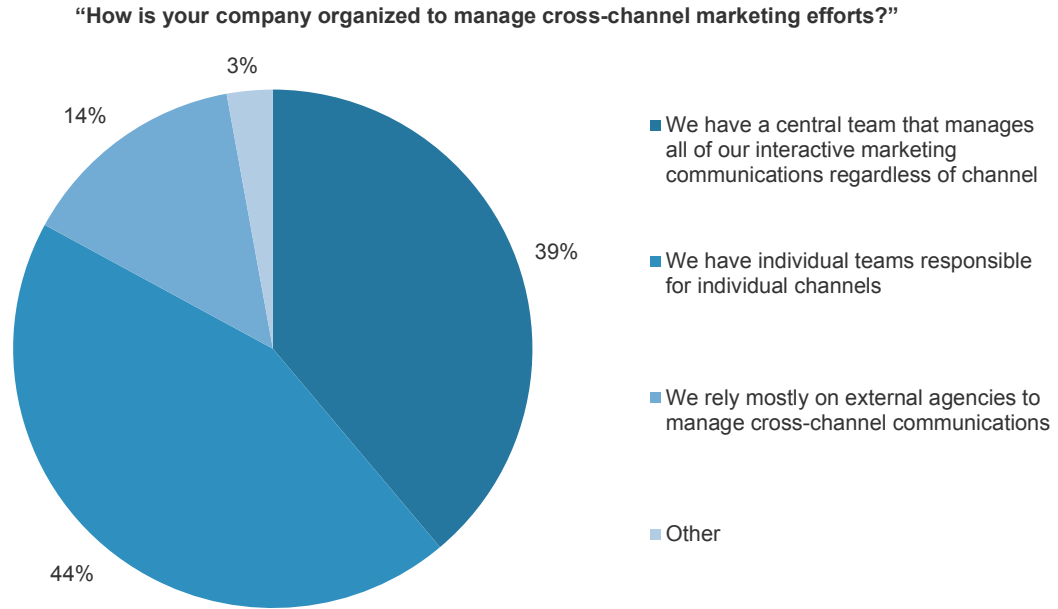Greatest challenges: understanding customer behavior and managing multichannel execution

Base: 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget, June 2012

Figure 7

Companies Are Split Between Centralized And Channel-Specific Organizational Models

"How is your company organized to manage cross-channel marketing efforts?"

■ We have a central team that manages all of our interactive marketing communications regardless of channel

■ We have individual teams responsible for individual channels

■ We rely mostly on external agencies to manage cross-channel communications

■ Other

Base: 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget, June 2012

Figure 8

Respondents Don't Have Enough Of The Right Staff

"What are the greatest organizational issues you face when it comes to cross-channel communications? (Select all that apply.)"

Category	Percentage
We don't have enough staff	49%
We don't have the technical expertise in-house needed to execute and measure cross-channel marketing efforts	42%
Staff is structured into separate groups with no visibility into each other's programs	37%
Managers of various marketing programs don't collaborate well	24%
Staff has conflicting goals/incentives	23%
We can't effectively manage internal and external resources together	20%
Our staff has the wrong or inadequate skills	18%

Base: 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget, June 2012

Follow The Lead Of Sophisticated Cross-Channel Marketers

So how can marketers overcome the challenges currently preventing them from making good on their cross-channel aspirations? To answer this question, we sorted marketers according to their sophistication in four areas.

1. **Measurement.** We evaluated how capable marketers are in measuring results across online and offline media for both branding and direct-response goals.

2. **Organization.** Here we gauged if marketers organize staff by customer rather than by channel. And we looked at how well employee goals enable cooperation across internal teams.

3. **Technology.** This criterion looked specifically at how marketers automate marketing processes and use technology to execute campaigns in emerging media.

4. **Data.** Lastly, we studied how dynamic respondents' data capture practices are and how they use data to customize marketing experiences.

Four Levels Of Cross-Channel Marketers Emerged

We segmented respondents into four levels of sophistication based on their answers to our questions about the above themes. Here is a snapshot of each marketer segment.

- **Level 1.** This group accounts for 11% of our sample and is the least sophisticated group in the study. Five times more level 1 marketers than the average are extremely unprepared for cross-channel marketing. More firms in this group suffer from limited knowledge, budget, data, staff, and technology than the average. Being slightly more likely to be high-tech and retail companies than other segments, this group finds that its current marketing technologies fall short in every function we asked about (see Figure 9).

- **Level 2.** This group has middle-of-the-road multichannel capability and vision. Exactly half of respondents land in this segment. So not surprisingly, their characteristics are mostly on par with study averages. Just more than one-third — 37% — of level 2's say that limited technology hinders their multichannel efforts. This is slightly more than the average, but 24% fewer than the percentage of level 1's saying the same. Level 2's index slightly higher than average for financial services and consumer goods firms.

- **Level 3.** This segment represents 34% of respondents. Nearly 90% of level 3's think that they are prepared or well prepared for cross-channel marketing. We are not surprised. More in this group than average already integrate email, display, Twitter feeds, search ads, and on-site content with other channels. This group includes a mix of industries and company sizes.

- **Level 4.** Our most advanced segment is also our smallest. But this 5% demonstrates behaviors significantly different from study averages. Level 4's are tenured interactive marketers that are already integrating all of the channels they apply. They indicate fewer challenges to enabling cross-channel. And the challenges they face are more advanced than other groups'; level 1's struggle to execute cross-channel campaigns, while level 4's want to improve their cross-channel customer insight. Fewer level 4's are dissatisfied with their technologies. This is perhaps because 60% of them own more than 10% of their company's technology budget. Level 4's skew toward big companies from the media industry.

Figure 9

Fewer Level 4's Are Dissatisfied With Technology, But Level 1's Fall Short
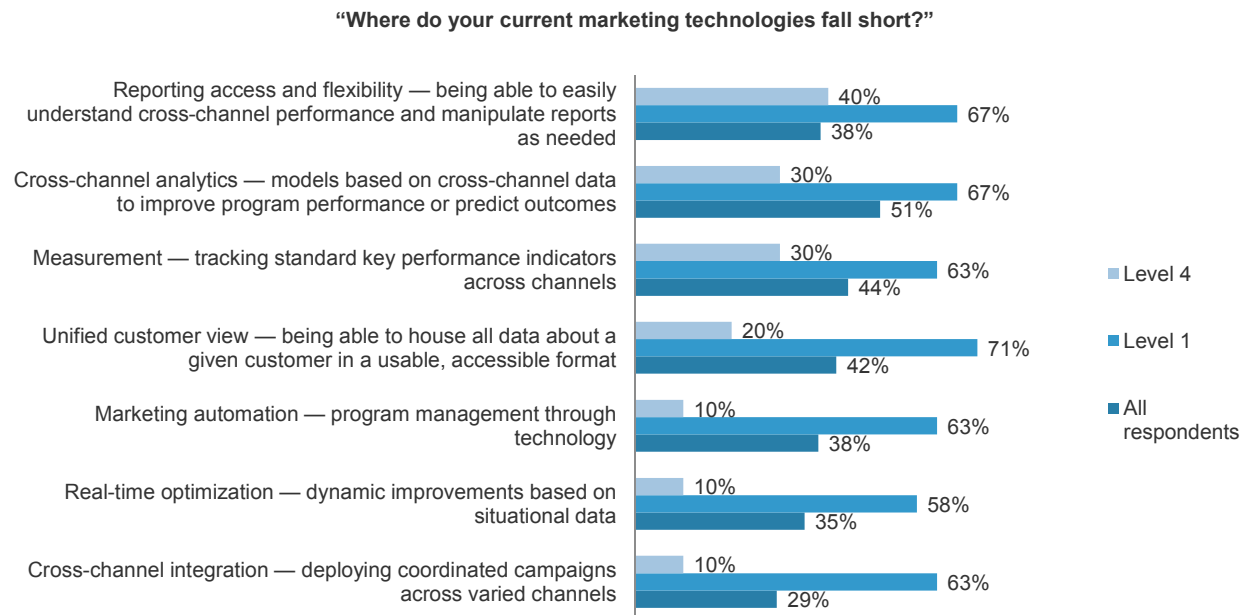
"Where do your current marketing technologies fall short?"

Base: 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget,June 2012

Advanced Cross-Channel Marketers Value Technology

No doubt about it, level 4's are just better prepared than others for cross-channel marketing; 10 times more of them are extremely prepared to manage cross-channel initiatives than the study average. What can other marketers learn from these advanced firms that will help their own cross-channel marketing efforts? One theme underlies the responses from level 4: Embrace technology. Here are the lessons we learned from advanced cross-channel marketers:

- **Adopt an integrated technology platform.** Forty-two percent of all study respondents and half of level 4's are very or extremely interested in a single platform to manage cross-channel programs. This marketer appeal is consistent with what Forrester finds in our syndicated research. In fact, Forrester believes that marketers should invest in an online marketing suite in order to sidestep the inevitable long-term impact of siloed approaches on the customer experience and marketing ROI.[2]

- **Lobby for more technology budget.** Nearly 80% of level 1 marketers controlling their companies' interactive technology budgets can access less than 10% of their company's overall technology spend. This explains why unsophisticated cross-channel marketers are disappointed in how well they can execute cross-channel campaigns, manage measurement, collect critical data, and customize marketing experiences. They have inadequate technologies for doing so. In contrast, level 4's control more budget, can invest in tools they need, automate more cross-channel management tasks, and are subsequently better pleased with their efforts.

- **Organize for collaboration.** We know. This is easier said than done. Even the level 4's have this as one of their critical challenges. But the level 4's still teach us something about the right approach here. More of them than average have individual teams managing specific channels. And more of them than average use marketing automation tools to offload operational tasks. This frees up internal staff to focus on cooperation, creating a consistent view of the customer across channels and joint planning of cross-channel campaigns.

Determine Your Own Cross-Channel Marketing Sophistication

We encourage readers to plot their own cross-channel marketing sophistication against the sample in this study. Do this by taking the following self-test (see Figure 10). Scoring guidance in the figure will inform you about the sophistication level that matches your current capabilities.

Figure 10

Cross-Channel Marketing Sophistication Test

Please indicate how well the following statements describe your current approach to cross-channel marketing to determine the level of your cross-channel marketing sophistication.

1 Strongly disagree	2 Somewhat disagree	3 Somewhat agree	4 Agree	5 Strongly agree	
We can measure established interactive media like email, banner ads, and search.					☐
We target relevant messages across multiple channels to the same customer.					☐
We accurately measure both the branding and direct-response value of our interactive marketing campaigns.					☐
Our performance goals enable cooperation, not competition, between channel marketing teams.					☐
We accurately measure the influence of online and offline marketing campaigns on each other.					☐
We can measure emerging interactive media like mobile, social networks, etc.					☐
Our online advertising is highly customized for different users.					☐
We have established practices or tools for managing emerging media formats.					☐
We can collect real-time behavioral data across multiple platforms.					☐
We have adequate budget to support all of our cross-channel marketing needs.					☐
We organize staff, data, and technology resources by customer, rather than by channel.					☐
We have a single view of each of our customers across interactive channels (email, social, mobile, and other online channels)					☐

Total ☐

Cross-channel marketing sophistication scores

12-24	Level 1
25-39	Level 2
40-51	Level 3
52-60	Level 4

Source: A commissioned study conducted by Forrester Consulting on behalf of ExactTarget, June 2012

KEY RECOMMENDATIONS

To implement some of the lessons learned from more sophisticated marketers, we recommend that you:

- **Apply more interactive tools.** Perhaps the simplest lesson learned from our level 4 sophisticated marketer group is to apply a mix of interactive marketing tools. Doing so exposes you to your users across a spectrum of touchpoints, provides learnings from one medium to apply to the next, and forces you to manage the data and technology complexity that comes with using multiple channels. Don't worry, this does not need to get expensive. Small trials are fine. Most enterprise marketers spend around $1 million on social media annually.[3]

- **Take a gradual approach.** We know that you want to get your organization as quickly as possible from a level 1 to a level 4. But doing so may cost more or be more error-prone than taking a gradual approach. That is, you can learn how to do more complex integrations from doing lower-cost, lower-profile ones, preventing highly visible gaffes. And sometimes the biggest incremental lift in program results comes from the initial shift to automation or customization beyond batch and blast. For example, P.F. Chang's China Bistro generated 50,000 in-restaurant visits (40% from brand-new customers) with a simple cross-channel campaign. It used email and its website to drive traffic to its Facebook page where users could download a coupon.[4]

- **Consider outsourced support.** If trying to coordinate your needs with the project schedule of your IT team keeps your technology needs from being met, or if you simply don't have enough headcount to pull off cross-channel programs, look outside of your company's walls. Today, myriad technology providers offer viable options for cross-channel program and process support.[5]

Appendix A: Methodology

In this study, Forrester interviewed 211 cross-channel marketing professionals at companies with $100 million or more in annual revenue. Questions provided to the participants asked how they currently manage cross-channel digital marketing and asked them to identify challenges in execution. The study began in June 2012 and was completed in July 2012.

Appendix B: Endnotes

[1] Thanks to the mobile devices we carry during our waking hours and the always-on connections of desktops, laptops, and tablets, users access messages in many ways and expect relevant messages across channels. Source: "The New Messaging Mandate," Forrester Research, Inc., August 8, 2012.

[2] Forrester defines the online marketing suite as a comprehensive platform to serve the entire interactive marketing life cycle spanning data, content, workflow, optimization, measurement, and channel execution. Source: "Revisiting The Online Marketing Suite," Forrester Research, Inc., February 7, 2011.

[3] Forrester estimates per-company spend by industry. This number represents primarily spend on integrated social media campaigns and social media management tools. Source: "US Interactive Marketing Forecast By Industry, 2011 To 2016," Forrester Research, Inc., November 15, 2011.

[4] Learn more about P.F. Chang's cross-channel campaign through these articles. Source: "A Facebook Coupon Offer Drives Foot Traffic Into P.F. Chang's," Facebook (http://www.facebook-successstories.com/pf-changs/); "Success Story: P.F. Chang's," ExactTarget (http://www.exacttarget.com/clients/success-stories/p.f.-changs.aspx).

[5] Forrester evaluated 12 products from 11 vendors in its evaluation of campaign management. We found a market populated by both familiar and new vendors, each racing to adapt campaign management for a future where the customer dictates the pacing and content of campaigns. Source: "The Forrester Wave™: Cross-Channel Campaign Management, Q1 2012," Forrester Research, Inc., January 31, 2012.