April 4, 2011

The Future Of Interactive Marketing
by Shar VanBoskirk and Emily Riley
for Interactive Marketing Professionals
EXECUTIVE SUMMARY

Interactivity is changing life as we know it, a scope too big for most firms’ siloed, understaffed interactive marketing organizations. The solution? To customize, optimize, respond, and empower (CORE). By championing these directives, interactive marketers will help their firms adapt to the new customer and technology disruptions of the next digital decade. Start your efforts now — no matter your level of interactive maturity — since firms with CORE values will benefit from more meaningful interactions with customers and master algorithms for seeding desire. On a broader scale, CORE makes businesses more altruistic and may even conduct Mark Zuckerberg to the Nobel Peace Prize.

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Related Research Documents

“CMO Mandate: Adapt Or Perish”
November 10, 2010

“The Future Of Online Customer Experience”
January 28, 2010

“US Interactive Marketing Forecast, 2009 To 2014”
July 6, 2009
THE FUTURE OF MARKETING IS INTERACTIVITY

Interactive marketing has come a long way in a short time. It has grown digital properties to the largest businesses in the world, turned centuries old media and agency models upside down, and now represents 15% of all advertising spend. But the next digital decade challenges the model of interactive marketing that most organizations have developed. Because interactivity is:

- **About relationships, not media.** The future of interactive marketing will be about enabling collaborative customer relationships — through any medium or experience — rather than building online campaigns. John Deighton, the Harold M. Brierley professor of Business Administration at Harvard Business School, reminds us that “interactive marketing is not synonymous with online marketing, even though it is facilitated by Internet technology.”

- **Altering life as we know it.** Interactive tools have effects far beyond how we communicate and make purchase decisions. They are transforming education, industry, and government. For example, interactivity spawns multitasking and shorter attention spans among children, requiring new teaching methods. And new innovations such as IBM’s Watson may soon substitute for healthcare or finance professionals. Facebook, YouTube, and Twitter have proven instrumental in inciting and organizing recent uprisings in Egypt and Libya.

- **Penetrating all media.** Interactivity is penetrating traditional media and advertising (see Figure 1). Digital TV subscribers can control camera angles of sporting events they view. Book club members can share margin notes with each other via eReader. Companies like Visible World customize television ads to different households. Print, out-of-home, and in-store ads use QR codes to provide access to promotions, content, or purchase capabilities. Along with changes in media come changes in media buying. Soon, media buyers will manage advertising through marketplaces like DataXu for display or MediaDash for radio.

**Interactive Marketing Structures Can’t Support Future Interactivity**

Today’s interactive teams primarily execute campaigns via digital media instead of leveraging interactivity to enable whole scale business change. They’re constrained by:

- **Limited staff and budget.** While interactive headcount has grown since 2008, 30% of large firms still have fewer than 15 interactive staff members (see Figure 2). And big brand advertisers — like consumer goods or media firms — dedicate just 2% of media spend to interactive channels, even though consumers log 34% of their media hours online.

- **Organizational silos.** We endorse centralized interactive expertise for firms with medium-level interactive sophistication. But firms who have already standardized interactive policies and practices find that a separate, central interactive team locks away vital know-how from the rest of the organization. As Tim Baumgardner, the director of advertising media for big box retailer Meijer, explains, “Creative and production are separate (from interactive marketing) but it needs to be part of the planning.”
• **Tactical responsibilities.** Interactive teams field requests to manage online campaigns from business units, brands, and product teams. This keeps most too busy to adequately innovate or evaluate emerging media. As Misty Ford the director of eBusiness from Russell Investments describes, “We're very reactive; I think more headcount would allow us to be proactive.”

**Figure 1 Traditional Media Is Giving Way To Digital**

<table>
<thead>
<tr>
<th>Today</th>
<th>2016</th>
<th>The increasing influence of digital</th>
</tr>
</thead>
<tbody>
<tr>
<td>US TV households</td>
<td>![Image]</td>
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<td>US connected TV households (Wi-Fi or ethernet jack built-in)</td>
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<td>US adults who read print newspapers</td>
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<td>US adults who read news online</td>
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<tr>
<td>US mobile subscribers</td>
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*Source: North American Technographics® Consumer Technology Online Survey, Q1 2011 (US)
†Source: June 12, 2009, “US Email Marketing Forecast, 2009 To 2014” report
‡Source: Forrester Research World Mobile Adoption Forecast, 2010 To 2014 (Global)
CORE: INTERACTIVE MARKETERS’ NEW DIRECTIVES

The future of interactive marketing is neither an ideal organization nor a set of characteristics to layer into a multichannel campaign. Rather, the future is for interactive marketers to master four directives. Once mastered, these will give your entire marketing organization the CORE it needs to adapt to new trends and technologies as they emerge. Interactive marketers, your mission is to:

- Customize marketing experiences.
- Optimize decisions and processes.
- Respond to changing marketing conditions.
- Empower staff and customers to advocate for you.

You may be thinking that CORE sounds familiar. Indeed the notions of customize, optimize, respond and empower are best practices that Forrester has addressed independently in previous research. But the future for interactive marketers is to determine how to advance on all four at once — that is how, when, and to what degree to apply each of the directives to achieve a lucrative balance (see Figure 3).
<table>
<thead>
<tr>
<th><strong>Figure 3</strong> The Definitions Of The CORE Directives</th>
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<tbody>
<tr>
<td><strong>Customize</strong></td>
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<td><strong>Empower</strong></td>
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Source: Forrester Research, Inc.
Customize By Balancing User And Business Goals

Tom Daly, The Coca-Cola Company’s group manager for mobile and search reminds us that customization works best for most firms when it is done within the structure of a clear brand strategy. He explains, “You can’t go so far into CORE that it tears the fabric of your brand.” We agree. It’s best to:

- **Give consumers options, not free rein.** Too much choice paralyzes users and endangers your business. More scalable: Set up a few overall options with select customizable elements that support your business goals. NIKEiD lets users customize the color, logo, and size of several models of footwear, clothing, and equipment. But Nike engineers its products, and it doesn’t accept solicitations for high heels or teapots or other products outside of its core brand and product offering.

- **Customize up to the point of diminishing returns.** Marketers overspend for the value they get from a one-to-one marketing ideal. Instead, use your customer personas and brand attributes to identify the level of customization that yields the most return. Email marketers find their sweet spot is often customizing to just two groups — business and leisure travelers, for example. This can gauge how to approach product customization as well. Nike might find that customized shoe design improves loyalty or attracts new buyers. But low-consideration brands like Charmin may not need to bother. And premium brands like Tiffany & Co. may find that the best customization remains a personal monogram because customers want the sterling designs and turquoise box that come standard with the brand.

- **Use interactivity to build product relevancy.** If product customization doesn’t make sense for your brand, you customize online experiences to build relevancy. Old Spice did this with its “The Man Your Man Could Smell Like” campaign. Here, a little customization went a long way. Following up its smash Super Bowl spot, Old Spice produced videos directly for @mrskutcher and @PingChat among others, delighting them and building relevancy with millions of others who watched and commented.

Treat Optimization As A Discipline, Not A Technology

Optimization is an overused descriptor of solutions as disparate as campaign management tools, web analytics packages, online ad marketplaces, and media mix models. But it is not a single technology solution nor a blanket statement that means, “Fix everything that is currently underperforming.” Instead, optimization is a process-focused effort that applies to a host of varied marketing decisions. Furthermore, among the directives, optimization deserves special attention because it influences how you customize and respond, plus it can require significant incremental budget. So to optimize, you must:

- **Determine what needs tuning.** Step one here is to determine the marketing decision that you want to optimize. Prioritize optimization opportunities that will: 1) improve internal efficiency; 2) increase marketing effectiveness; and 3) not require costly changes. Our recommendation is
to start with decisions within your charter like “which ad copy to use” or “how often to contact a customer group.” Save things like market mix optimization for a time when you have the experience to apply it to more complex, cross-organization decisions.

- **Establish tools and process.** Select technologies that specialize in optimizing your most critical marketing decisions. Keep in mind that optimization is not a one-time-project delivered through a single solution. For example, Nickelodeon turned to Omniture's Test&Target to optimize the on-site experiences of its gaming site Shockwave.com. This process differs vastly from that of brands with large paid search budgets using vendors like Kenshoo or Marin Software to optimize bids across a portfolio of keywords. Ideal optimization partners will also help you bake a control-test-learn orientation into your standard process for any decision you want to optimize.

**Respond Quickly But Not Exhaustively**

The CMO's mandate is to make her organization act continuously to avoid analysis paralysis. As her lieutenants, interactive marketers must create processes nimble enough to provide immediate reactions. To do this:

- **Eliminate barriers to fast reactions.** Your job is to simplify interactive marketing processes or to use interactive tools to aid overall marketing efficiency. In December 2010, L’Oréal began an agency review in order to streamline its digital media buying process and costs. Tools like Clickable alert marketers when campaign performance falls below a performance threshold, so they can correct. Unica OnDemand provides a single dashboard to allow visibility into operations like campaign proofs, timelines, and expenses.

- **Fail fast and quietly.** Because they are cost-effective, targetable, and closed loop, interactive marketing channels serve as a low-risk testing ground for larger, pricier campaigns. Dennis Shirokov, the marketing manager for interactive marketing at FedEx Services explains, “Interactive marketing provides a platform for trial that is easier than traditional channels. It provides data needed to quickly make decisions around messages and offers.” Tests through interactive media can also portend potential negative response, giving marketers critical insight into how to plan for crisis situations.

- **Don’t respond to everything.** Firms will find that it is impossible to profitably respond to every customer comment, competitor move, and market shift. But it is critical to stay ahead of the activities that matter most. Microsoft listened to web chatter as part of its Windows 7 launch. It flagged critical issues and responded with targeted media buys and comments in order to avoid crises and increase brand favorability.
Empower, Don’t Exploit, Influencers

Empowered behaviors like consumers vocalizing brand opinions through online video or employees building new applications outside of IT will only escalate as new technologies further facilitate development. The adaptive CMO responds to this phenomenon by turning customers into her most valuable marketing channel and employees to her best source for innovation. As interactive marketers, you make this happen by:

- **Identifying influencers.** Step one here is to figure out who your strongest employee and customer advocates are. Internal influencers shouldn't be hard to spot. Forrester calls these folks highly empowered and resourceful operatives (HEROes). They have a high “get ‘er done” quotient, proactively connect with others, and volunteer new ideas. Navigating subtle social behaviors to find the right consumer influencers is trickier. But Forrester’s Peer Influence Analysis segmentation can help you identify the online loudmouths who matter to you as well as which minority groups have the biggest collective voice.

- **Enabling innovation.** You can encourage the natural tendencies of influencers through tools and training. We see this playing out in three ways: 1) empowering interactive staff to enrich customer relationships (e.g., Zappos.com employees use personal communications to express corporate values of “Deliver WOW Through Service” and “Create Fun and A Little Weirdness”); 2) encouraging customers to innovate for you (e.g., Groupon allows anyone to download an API key in order to develop ways to extend or improve Groupon); and 3) inspiring non-interactive staff to think digitally. This can happen through formal training or through a gradual mingling of traditional and digital marketing practices.

- **Honoring the permissions of the community.** Empowering does not mean forcing a community to comment on areas that are outside of your scope of access. For example, GlaxoSmithKline’s weight loss community MyAlli.com gives GSK purview into women’s health issues but does not permit GSK to tap the community about erectile dysfunction. Manage for this by establishing safety principles that guide influencers to focus on accessible innovations. Search marketing agency iProspect has an annual innovation drive, where employees conceptualize or invent new capabilities. Then executives determine which ones will be reasonable to build, align with the business and brand mandate, and have the most client impact.

**HOW INTERACTIVE MARKETERS CAN STRENGTHEN MARKETING’S CORE**

Accomplishing CORE ultimately catalyzes a broad marketing revolution beyond your interactive team. That said, as interactive marketers, you have the special traits to introduce CORE directives to your marketing organization. Remember that you manage critical junctions within your organization because you:
• **Bridge the customer and the business.** Many interactive marketers today communicate directly with end users on behalf of brand or product groups. This blend of business and user perspective makes the interactive marketer a change agent at many firms. David Reynolds-Gooch, the group manager for interactive marketing at 3M, says it is his role “to move the company along by thinking about what is different about customers’ behaviors.”

• **Relate across the organization.** Interactive marketing teams also tend to have a blend of marketing, technical, and business skills. One consumer goods firm we talked to admitted that most of its digital team members are internal recruits from brand management and IT. This means that, collectively, most IM teams can talk data or creative, branding or direct response, strategy or technology — thereby enabling them to translate the same idea to multiple constituents.

• **Evangelize emerging tools.** Because of their penchant for new technologies, interactive marketers frequently identify and pilot new tools — even those that don’t end up with marketing applications. As a result, interactive marketers often build the case for and coach emerging media skills. Director & Head, Digital Marketing, Chris MacDonald of Scotiabank is “always on the road talking about new ideas” to internal and external audiences. While Jim Cuene, General Mills’ director of interactive marketing “teaches classic mass marketers how to think like direct marketers.”

**Move To Your CORE No Matter What**

There is no wrong time to adopt the CORE directives. No matter if you are an interactive veteran or a greenhorn, the following plan will guide your CORE journey.

• **Determine your interactive maturity.** Forrester’s interactive marketing maturity model already helps you establish the sophistication of your interactive organization, technology, measurement, and planning process. We’ve modified this model slightly in order to identify what efforts toward CORE you already have underway and how you should start your concerted CORE strategy (see Figure 4 and see Figure 5).

• **Develop a unified customer database.** You can't get far along any of the CORE directives without a single view of your customer across channels. Mondy Beller, the VP of eCommerce at PacSun, says this is the key enabler of her multichannel strategy. But best to ask for expert guidance from your Customer Intelligence colleagues on this one; unifying customer data into a single database is on their to-do list too.

• **Distribute interactive resources into business functions.** As interactivity slowly penetrates all media and life tasks, so too must interactive resources gradually seep across business lines. We see this starting with interactive advocates knighted new champions around their firms through education and gradually moving into a new organizational structure. Lea Kamarianakis, the director of member management at Optimal Payments, expects that soon her “interactive marketing organization will be a matrix across product groups.”
• **Create a plan to retain digital talent.** Capable digital staff is expensive and elusive. So, interactive marketers need career maps that will attract new hires and compel them to innovate. As Tim Baumgardner, the director of advertising media at retailer Meijer, explains, “I want to create a culture focused on innovation that will be a destination for great talent.” Craft your digital retention plan through two steps: 1) Sort employees and target employees into segments of like-individuals, focusing on what makes them tick, and 2) tailor goals and benefits specifically to the different values of each type of employee.

• **Work with connected agencies.** Adaptive Marketing — and the CORE directives that enable it — require a level of dynamism that won’t be possible for some marketers without outsourced support. We think agencies can lead marketers into the Adaptive Marketing era, if they are masters of ideas, interaction, and intelligence. For example, Rosetta helped Kimberly-Clark customize and empower with the idea to help consumers design their own Kleenex boxes and an interactive palette to enable them to do so.
**Figure 4** Maturity Determines Where To Launch Your CORE Strategy

| Please rate your level of agreement with the following statements based on the scale below. Tally up your scores to determine the level of your CORE maturity. |
|---|---|---|---|---|
| 0 | 1 | 2 | 3 |
| Completely disagree | Somewhat disagree | Somewhat agree | Completely agree |

**Customize**
- **Organization**: Our firm prioritizes digital in strategic planning.
- **Technology**: We use technology to create customized marketing experiences wherever appropriate.
- **Planning**: We plan marketing experiences based on what we know about a customer.
- **Measurement**: We use common brand metrics across interactive and traditional channels to inform multichannel customer experiences.

**Optimize**
- **Organization**: We have a team of engineers and analysts dedicated to improving execution and measurement of interactive programs.
- **Technology**: We have the advanced technology we need to meet our marketing goals.
- **Planning**: We have a flexible marketing plan that is based on facts developed through statistical analysis.
- **Measurement**: We measure how channels work together to accomplish a desired outcome.

**Respond**
- **Organization**: We have resources dedicated to listening to customers.
- **Technology**: We can enable interactive conversations with our customers whenever and wherever they want.
- **Planning**: We follow a documented process for how to respond to customers in different marketing channels.
- **Measurement**: We use qualitative and quantitative customer feedback to inform our processes.

**Empower**
- **Organization**: Our IM team has a good, cooperative relationship with other parts of marketing, IT, and sales.
- **Technology**: Our teams are encouraged to test new technologies.
- **Planning**: The interactive team heavily influences the marketing agenda at our company.
- **Measurement**: We use quantitative and qualitative insights to identify our influential customers.

**CORE maturity model scores:**

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<thead>
<tr>
<th>Total</th>
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<tbody>
<tr>
<td>0 to 16 Skeptics</td>
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<tr>
<td>17 to 31 Experimenters</td>
</tr>
<tr>
<td>32 to 40 Practitioners</td>
</tr>
<tr>
<td>41 to 48 Conductors</td>
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</tbody>
</table>

**Source**: Forrester Research, Inc.
Figure 5: A CORE Strategy Road Map

**Level of maturity:**

<table>
<thead>
<tr>
<th>Skeptics</th>
<th>C</th>
<th>O</th>
<th>R</th>
<th>E</th>
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<tbody>
<tr>
<td>Focus</td>
<td>Tailor content and offer to user profiles</td>
<td>Audit available data, performance barriers</td>
<td>Establish tools and process in order to anticipate market dynamics</td>
<td>Identify consumer and employee influencers</td>
</tr>
<tr>
<td>Action</td>
<td>Target messages to specific user groups</td>
<td>Begin the case for a unified database</td>
<td></td>
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</tr>
<tr>
<td>Requirement</td>
<td>Behavioral and motivational data</td>
<td>Support from customer intelligence colleagues</td>
<td>Listening platforms (e.g., Converseon)</td>
<td>Social Technographics data</td>
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<tr>
<td></td>
<td>Audience data from media sources</td>
<td>Business intelligence tools (e.g., Unica)</td>
<td>Marketing dashboards (e.g., Omniture)</td>
<td>Social intelligence tools (e.g., Crimson Hexagon)</td>
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<th>Experimenters</th>
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<th>R</th>
<th>E</th>
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<tbody>
<tr>
<td>Focus</td>
<td>Tailor customer interactions across platforms</td>
<td>Buy media through exchanges</td>
<td>Cut out process bottlenecks</td>
<td>Build tools to enable idea sharing</td>
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<tr>
<td></td>
<td>Define segment-specific media plans and metrics</td>
<td>Apply dynamic content</td>
<td>Streamline agency and vendor resources</td>
<td></td>
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<tr>
<td>Action</td>
<td></td>
<td>Craft a contact strategy</td>
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</tr>
<tr>
<td>Requirement</td>
<td>Device preference and behavior data</td>
<td>Past performance and cost data</td>
<td>Corporate acceptance of process change</td>
<td>Collaboration platforms (e.g., Lotus Quickr)</td>
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<tr>
<td></td>
<td>Usage data from carriers, platform providers</td>
<td>Demand side and bid management platforms (e.g., Turn, Efficient Frontier)</td>
<td>Case studies of process best practices</td>
<td>Community management tools (e.g., Jive)</td>
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<td></td>
<td></td>
<td>Dynamic ad servers (e.g., Tumri)</td>
<td>Connected agency partners</td>
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<td></td>
<td></td>
<td>Contact optimization tools (e.g., Fair Isaac)</td>
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Source: Forrester Research, Inc.
### Figure 5 A CORE Strategy Road Map (Cont.)

<table>
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<tr>
<th>Practitioners</th>
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<th>E</th>
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<tr>
<td><strong>Focus</strong></td>
<td>Customizing pricing, placement, products</td>
<td>Optimizing online interactions</td>
<td>Responding</td>
<td>Empowering business model</td>
</tr>
<tr>
<td><strong>Action</strong></td>
<td>Determine how custom these elements should be</td>
<td>• Deliver profitable, relevant cross-channel conversations</td>
<td>• Monitor market conditions</td>
<td>Apply innovations to reinvent business processes</td>
</tr>
<tr>
<td><strong>Requirement</strong></td>
<td>• Organizational buy-in to this level of customization</td>
<td>Online marketing suite</td>
<td>• What-if scenario checklists</td>
<td>• Distributed mobile, social and video devices to employees and influencers</td>
</tr>
<tr>
<td></td>
<td>• Tools to support custom pricing, product design, and fulfillment</td>
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<td>• Staff dedicated to listening</td>
<td>• Framework for collecting and evaluating crowd-sourced innovations</td>
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<th>Conductors</th>
<th>C</th>
<th>O</th>
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<th>E</th>
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<tbody>
<tr>
<td><strong>Focus</strong></td>
<td>Customizing relationships</td>
<td>Optimizing media management</td>
<td>Internalizing</td>
<td>Empowering strategy</td>
</tr>
<tr>
<td><strong>Action</strong></td>
<td>Empower customer-facing functions to customize their interactions with end users</td>
<td>• Model effectiveness of media mix</td>
<td>Foster cross-organization responsiveness</td>
<td>• Bring customers and employees into the development process</td>
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<tr>
<td></td>
<td></td>
<td>• Apply optimization to business and process decisions</td>
<td></td>
<td>• Create an empowered corporate culture</td>
</tr>
<tr>
<td><strong>Requirement</strong></td>
<td>Unified customer database</td>
<td>• Dashboards of marketing and business productivity</td>
<td>Unified customer database</td>
<td>• Executive support for empowerment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Evidence of past successes with optimization</td>
<td></td>
<td>• Benefits and retention programs that reward employee risk taking</td>
</tr>
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</table>

Source: Forrester Research, Inc.
WHAT IT MEANS

CORE MAKES MARKETING CHANGE THE WORLD

Working to CORE will certainly improve your program results, customer relationships, and internal processes. But we think the push to CORE will result in innovations that will extend well beyond marketing to change the nature of business and society as we know it. By the end of the next digital decade, we expect that:

• **Everyone will become an interactive marketer.** As interactivity seeps into all media and business functions, strategy decisions will consider digital, and employees around the enterprise will develop specialty digital skills. This means that the interactive marketing organization as the digital marketing go-to will diminish. In fact, we think that interactive marketers will know they have done their jobs well when interactivity is too ingrained at their firms to be managed by just one team. Jim Cuene of General Mills estimates that this will make interactive teams go away. He expects, “In 5 to 8 years just about everything will be interactive.” We agree. Over time, interactive marketers will relinquish their titles and standalone positions in order to share responsibility for interactivity with every customer-facing employee instead.

• **An algorithm for desire will emerge.** Marketers have always wanted to generate the desire to buy within end consumers. Hence the billions spent on television ads each year. But what if CORE leads us to an algorithm that could determine the ideal combination of creative and media to foster desire within a target? Search engines already use algorithms to deliver results that match searcher interests. And collaborative filtering engines use math to suggest items based on past purchases. Russ Mann, the CEO of search marketing solutions firm Covario, doesn't think an algorithm of desire is that far-fetched. “Through a combination of microeconomic modeling, media targeting, and creative collaborative filtering, we could place desires in people’s heads more algorithmically than we do now, yielding better returns.” We love it. Covario, let us know when your new product is available.²⁰

• **Marketers will do good to do well.** Interactivity makes business practices more transparent to end consumers. So as interactivity plays a larger role in society, firms won’t be able to hide questionable practices behind good PR spin. This, combined with employers’ need to provide a work environment that feeds Gen Y’s desire to “make a difference,” will reorient corporate altruism.²⁰ We expect more firms to sanction time off for volunteer work as Southwest Airlines does. But we think some will ultimately follow the model Blake Mycoskie made successful with Toms Shoes and give away products in order to garner good will, good press, good partners, and top talent.

• **Mark Zuckerberg will win the Nobel Peace Prize.** We know. This one sounds like a stretch. But hear us out: Bolstered by marketers continued investment, Facebook will gain more reach. As it does, it will expose more global audiences to each other while furthering communications and idea sharing across cultures. Facebook will unify populations around
their similarities — like the need to connect to others. It will introduce tools for self-
expression and assembly to markets unfamiliar with these freedoms. This in turn will catalyze
citizens to demand their individual rights, toppling antidemocratic regimes, and rewarding
Facebook’s founder for fostering fraternity between nations.

SUPPLEMENTAL MATERIAL

Methodology

Forrester fielded its December 2010 US Interactive Marketing Online Executive Panel Survey to
252 US interactive marketing professionals; however, only a portion of survey results are illustrated
in this document. The panel consists of professionals with insight and familiarity with specific
interactive marketing budgets and topics. For quality assurance, panelists answered basic questions
about their firms’ revenue and budgets.

Forrester fielded the survey during December 2010. Exact sample sizes are provided in this report on
a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless
otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

If you’re interested in joining one of Forrester’s research panels, you may visit us at http://Forrester.
com/Panel.

For its North American Technographics® Consumer Technology Online Survey, Q1 2011 (US),
Forrester conducted an online survey fielded in January 2011 of 4,784 US individuals ages 18 to
88. For results based on a randomly chosen sample of this size (N = 4,784), there is 95% confidence
that the results have a statistical precision of plus or minus 1.4% of what they would be if the entire
population of US online individuals ages 18 and older had been surveyed. Forrester weighted the
data by age, gender, income, broadband adoption, and region to demographically represent the
adult US online population. The survey sample size, when weighted, was 4,756. (Note: Weighted
sample sizes can be different from the actual number of respondents to account for individuals
generally underrepresented in online panels.) The sample was drawn from members of MarketTools’
online panel, and respondents were motivated by a sweepstakes drawing. The sample provided
by MarketTools is not a random sample. While individuals have been randomly sampled from
MarketTools’ panel for this particular survey, they have previously chosen to take part in the
MarketTools online panel.

Companies Interviewed For This Document

3M
Allstate Insurance Company
Brown-Forman
Coca-Cola
Extreme Arts + Sciences
FedEx
General Mills
jcpenney
MediaMath
Meijer
Optimal Payments      Scotiabank
Russell Investments   Thomson Reuters

ENDNOTES

1 By the end of 2011, Forrester expects that interactive marketing will represent 15% of all advertising spend. See the July 6, 2009, “US Interactive Marketing Forecast, 2009 To 2014” report.

When media is digitized, it ultimately alters how content is produced, distributed, and consumed forcing media companies to develop alternative business models. See the October 9, 2009, “How To Rebuild The Media Industries” report.

Current market conditions complicate the already difficult process of online media buying. But new technologies in the form of demand-side platforms (DSP) are appearing to streamline and improve online media buying. See the March 2, 2010, “Demystifying The DSP” report.


4 Watson is an automated Q&A machine developed by IBM that may soon substitute for human reasoning in industry. Source: IBM Watson (http://www-943.ibm.com/innovation/us/watson/).

5 It’s hard to ignore Facebook and Twitter as enablers in recent demonstrations in the Middle East. Source: Neal Ungerleider, “Massive Egyptian Protests Powered by YouTube, Twitter, Facebook, Twitpic [Pics, Video, Updates],” Fast Company, January 25, 2011 (http://www.fastcompany.com/1720692/egypt-protests-mubarak-twitter-youtube-facebook-twitpic#).

6 When we last measured, consumers spent 34% of their media hours online. See the July 6, 2009, “US Interactive Marketing Forecast, 2009 To 2014” report.

We estimate that on a per-company basis, consumer goods and media firms spend an average of 2% of their total ad budget online. See the November 11, 2009, “US Interactive Marketing Forecast By Industry, 2009 To 2014” report.

7 To truly transform the marketing department into a more agile and innovative organization, CMOs must adopt these habits: 1) accept change; 2) dare the status quo; 3) act continuously; 4) participate personally; and 5) tear down boundaries. Leaders of Adaptive Marketing organizations will grow their business faster, build stronger brands, and create a competitive advantage in both the short term and the long term. See the November 10, 2010, “CMO Mandate: Adapt Or Perish” report.
8 Forrester believes that four attributes will characterize the next phase of development of the Web. Online experiences will be: customized by the end user, aggregated at the point of use, relevant to the moment, and social as a rule, not an exception. See the January 28, 2010, “The Future Of Online Customer Experience” report.

Customer Intelligence functions that focus on data management, analytics, and optimization can improve customer acquisition, retention, and satisfaction, as well as revenue, profitability, and customer value. See the October 16, 2009, “The Intelligent Approach To Customer Intelligence” report.


10 Not that there is anything wrong with a pair of fabulous high heels. Some Carrie Bradshaws in our analyst ranks won't leave home without them. We love that you can design custom heels on Upper Street (http://www.upperstreet.com/) instead of through Nike.

11 Marketing optimization is the buzzword of the year. Vendors, trade magazines, and marketing gurus are offering up optimization as a panacea to marketing’s woes. We think the hype is unwarranted. Marketing optimization is a process-focused effort, not a quick fix or a technology. See the December 19, 2006, “Marketing Optimization Defined” report.

12 There is no single technology that can optimize everything. For an explanation of the kinds of vendors that support different types of optimization, see the December 19, 2006, “Marketing Optimization Defined” report, and pay particular attention to Figure 1.


14 Based on our surveys, we now know that people in the US generate more than 500 billion online impressions on each other regarding products and services — more than one-fourth the number of impressions advertisers make. Furthermore, 16% of the online consumers generate 80% of these impressions. These numbers come from Peer Influence Analysis a model marketers can use to develop programs that draw in, engage, and unleash the power of influence in social applications. See the April 20, 2010, “Peer Influence Analysis” report.

15 Forrester’s accessible innovation framework helps firms overcome their common aversion toward innovation by empowering interactive marketers to pursue marketing program developments that will solve problems or improve business results. This framework, along with some tools for assessing the risk associated with potential innovations, will place interactive marketers at the center of their companies’ innovation efforts. See the September 1, 2009, “Accessible Innovation” report.

16 Marketers are far from mastering the performance and integration of interactive channels. To mature, they should use Forrester’s interactive marketing maturity model to classify their firms into one of four levels: Skeptics, Experimenters, Practitioners, or Conductors. See the November 19, 2008, “The Interactive Marketing Maturity Model” report.

18 Forrester recommends that you evolve your interactive organization gradually toward a model that distributes interactive resources into brands and business functions across the enterprise. This model will eventually be a cross-company one. See the August 13, 2010, “Organizing For Interactive Marketing” report.

19 To be fair, the idea of the algorithm of desire comes from Russ Mann, used by permission. To see what else Russ is thinking about, visit Actionable Insights, a Covario blog (http://actionableinsights.covario.com/).

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