

Tough Times Call For Tough Measures ~ SURVEY RESULTS

Executive Summary and Analyses, by Jim Sterne

In a nutshell, upper management is starting to get it. The economic downturn has not hugely impacted those who are responsible for marketing optimization and a lack of qualified analysts is still hampering most firms' ability to aggressively take advantage of marketing optimization tools.

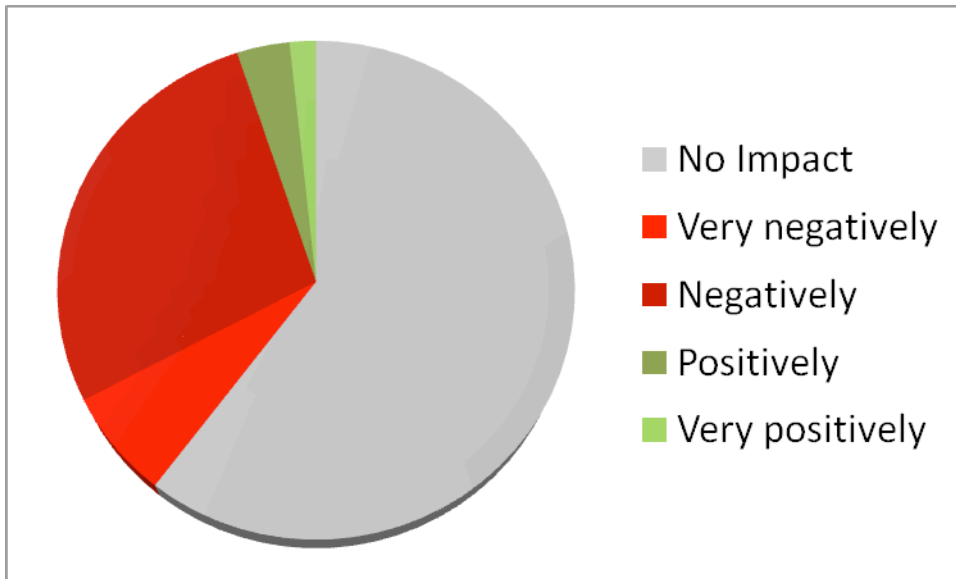
Responses for the Tough Times Call for Tough Measures survey were collected for about three weeks. The respondents were people who read my newsletter "Sterne Measures," follow the Web Analytics Forum on Yahoo Groups and/or read a handful of influential bloggers.

The survey was designed to discover how the current economic situation is affecting business and marketing budgets and how web analytics is playing a role in maximizing the effectiveness of each marketing dollar. It is clear that marketers are turning to metrics to optimize their efforts. Even senior management is waking up to the value that marketing analytics can drive to every aspect of their business.

Results in Detail

1. How has the economic situation in the U.S. affected your company's overall marketing budget?

- Very negatively 6.9%
- Negatively 27.6%
- Neither negatively nor positively 60.3%
- Positively 3.4%
- Very positively 1.7%



Analysis: Nearly 2/3 (65.4%) of respondents said that their budgets were not affected or they were positively affected by the current economy. Less than 7% responded with "very negatively."

2. Do you plan to increase, decrease or maintain your budget for each of these marketing channels in 2009?

CHANNEL	Increase or Maintain	Decrease
Email	83.6%	10.9%
Online Advertising	77.2%	12.3%
Keyword Search Campaigns	75.5%	12.3%
Social Media	61.8%	14.5%
Video Advertising	38.2%	12.7%

Analysis: The majority (83.6%) of respondents plan to increase or maintain their budgets for email marketing. This may be due to the fact that email is relatively inexpensive compared to other channels or that many companies have found it demonstrably effective. It is also interesting that 34.5% of respondents' marketing budgets are negatively impacted by the economy but only 10-15% of respondents are cutting budgets on online channels. This would suggest that confidence in online marketing effectiveness continues to grow.

3. Which campaign optimization services/functions do you currently out source? (check all that apply)

▪ Advertising Optimization	61.1%
▪ Conversion Optimization	41.7%
▪ Traffic & Pageview Monitoring	38.9%
▪ Website Performance Optimization	38.9%
▪ Behavioral Targeting	33.3%
▪ Customer Satisfaction Monitoring & Optimization	33.3%
▪ Customer Segmentation Analysis	30.6%
▪ Navigation & Usability Optimization	30.6%
▪ Online Competitive Analysis	30.6%
▪ Cross Channel Metrics	27.8%
▪ Dashboards	22.2%
▪ Multivariate Testing	19.4%
▪ Predictive Analytics	13.9%
▪ Reputation Management	13.9%

Analysis: It's quite appropriate that Reputation Management is managed in-house. Brand stewardship should always be kept close. But tweaking and testing for better conversion are not a core competency for most firms. Traffic monitoring and performance optimization are easily handed to specialized agencies with tacit proof of value. That said, traffic monitoring and performance optimization are the first expense cut when the budget gets thin (see #4 below).

4. Which services/functions have you brought in-house in the past year to cut costs associated with campaign optimization (check all that apply)

▪ Traffic & Pageview Monitoring	50.0%
▪ Website Performance Optimization	40.9%
▪ Advertising Optimization	40.9%
▪ Customer Segmentation Analysis	40.9%
▪ Cross Channel Metrics	36.4%
▪ Customer Satisfaction Monitoring & Optimization	36.4%
▪ Online Competitive Analysis	31.8%
▪ Dashboards	31.8%
▪ Conversion Optimization	27.3%
▪ Behavioral Targeting	22.7%
▪ Multivariate Testing	18.2%
▪ Navigation & Usability Optimization	18.2%
▪ Predictive Analytics	18.2%
▪ Reputation Management	13.6%

Analysis: Of the respondents who have brought optimization in-house to cut costs in the past year, the most common in-house functions are Traffic & Pageview Monitoring (50%), Advertising Optimization (40.9%), Website Performance Optimization (40.9%) and Customer Segmentation Analysis (40.9%). Three out of four of the top ranked services in the last two questions have been the same. This suggests that, whether in-house or

outsourced, Website performance, advertising and traffic and pageview monitoring are among the most important optimization functions for respondents.

5. Has the current economic situation caused you to increase, decrease or maintain your budget in web analytics tools and services?

- Increase 21.3%
- Decrease 12.8%
- Neither increase nor decrease 66.0%

Analysis: *An impressive 87.3% of respondents plan to increase or maintain their budgets for web analytics tools and services in the face of the current economy. More revealing is that almost twice as many are increasing their budgets than are decreasing their budgets in this area. Web analytics helps us maximize the effectiveness of our shrinking marketing dollars by pointing out our strengths and weaknesses and providing an actionable roadmap to our most impactful ROI channels online. Tough times really do call for tough measures.*

6. Using the options below, which statement most accurately reflects your feelings toward web analytics staffing within your organization?

- My organization's web analytics department is over-staffed 5.7%
- My organization's web analytics department is adequately staffed 25.7%
- My organization's web analytics department is under-staffed 68.6%

Analysis: *Nearly 70% say they are under-staffed. This is no surprise. Business insights from web analytics are becoming more valuable in marketing and overall business decisions. The Web Analytics Association continues to sell out its online classes and is building a backlog of people awaiting certification.*

7. Have you seen increased interest from senior management in analytics as a tool to refine marketing efficiency over the last six months?

- Yes 80.4%
- No 15.2%
- I don't know 4.3%

Analysis: *In past years, eMetrics Marketing Optimization Summit attendees have described this as a pain point. It is very promising that over 80% of respondents have seen increased interest in analytics from senior management. This may directly correlate to the increase in budgets for web analytics tools and services and certainly points to an increased need for more analysts and consultants.*

8. How do you prove the effectiveness of online campaigns to your bosses? (open ended)

Analysis: *The open ended responses included:*

Reports: 32.3%

ROI/Conversions: 32.3%

Other (Content management, SEO, KPIs, Site traffic): 16.1%

N/A: 12.9%