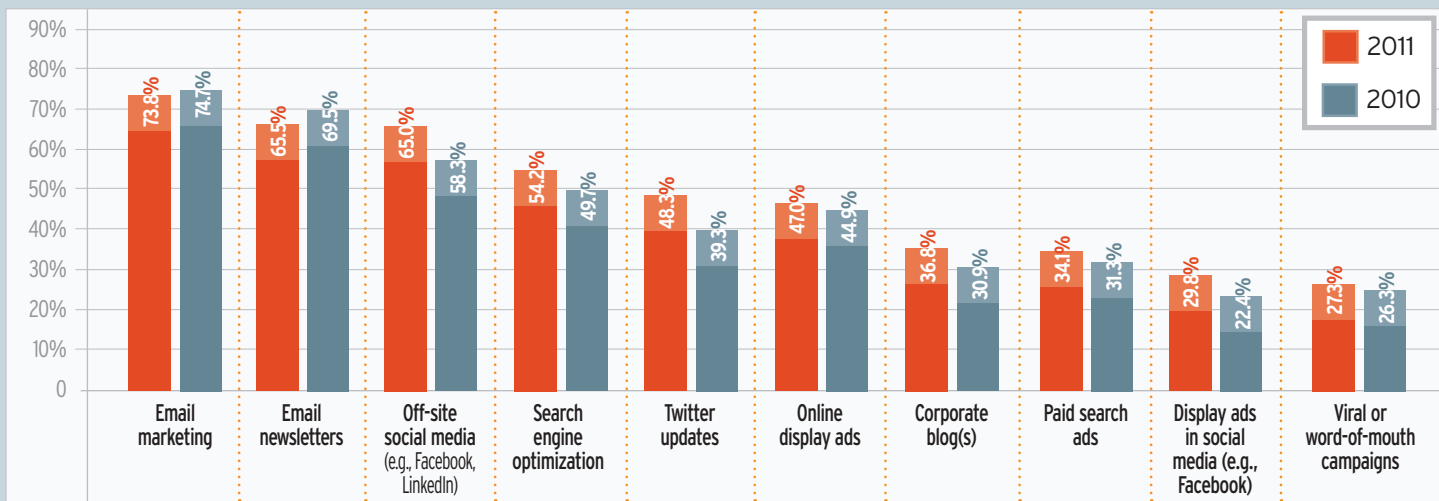


BY BRIAN QUINTON

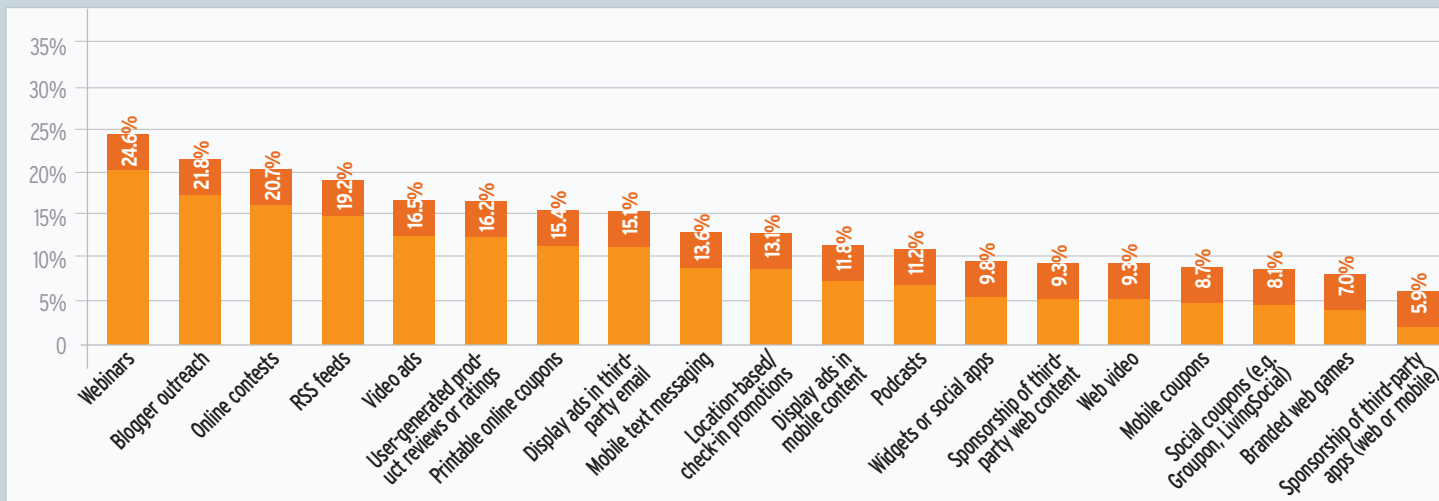
MORE TOOLS, MORE TRYOUTS FOR INTERACTIVE MARKETERS

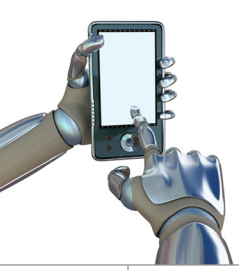
Surveying for interactive channel use is a moving target; each of the three years Chief Marketer has run this survey, the list of available online tools for marketers has grown larger. This year, we asked about 20 different digital marketing platforms, and we could have asked about 20 more. Marketers acknowledge that the metrics are not in place for many of these new interactive tools, nor have they found a way to prove out hard and fast ROI. But they're not waiting for those things. If they're not jockeying to be absolute first movers, marketers seem to prefer being part of the first wave and not the back of the pack. All the mainstream tools below are seeing more use now than they did a year ago (except email, holding steady.) And the "niche" channels are seeing small but real adoption; guaranteed that a few of those will break the 25% usage barrier in 2012. As one anonymous respondent said, "Since the invention of the DVR, interactive is the new gold standard, replacing TV."

WHICH TYPES OF INTERACTIVE MARKETING DO YOU USE? (MAINSTREAM)



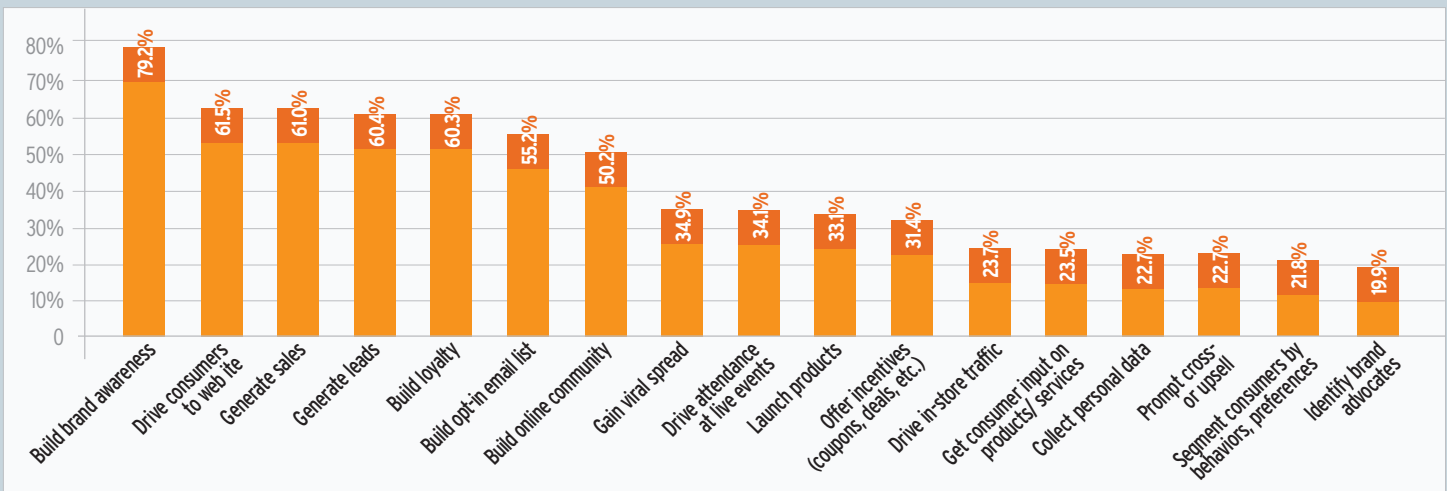
WHICH TYPES OF INTERACTIVE MARKETING DO YOU USE? (NICHE)





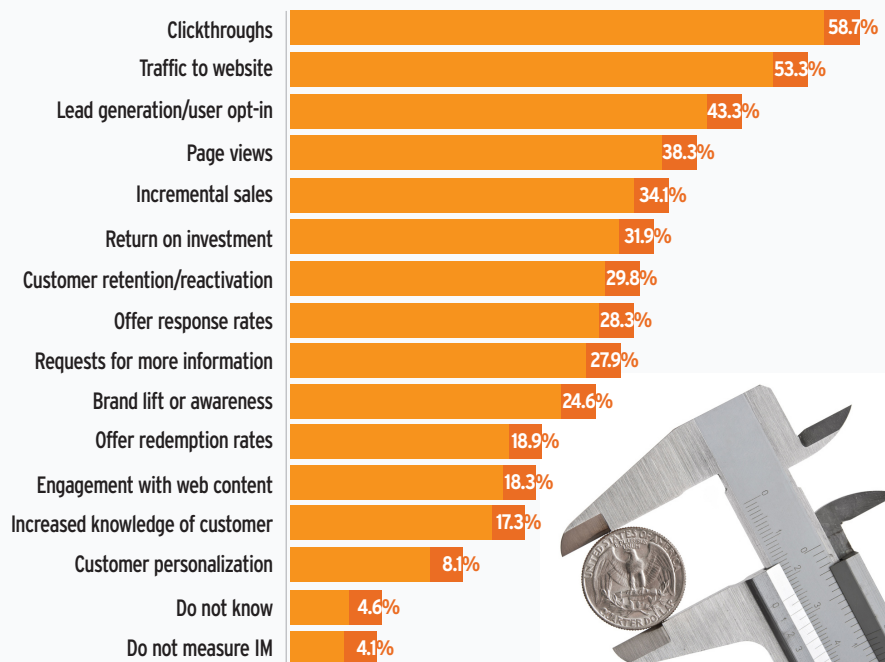
SETTING GOALS Although the response group was evenly distributed among direct-response and brand marketers, brand awareness topped the list of strategic aims for online marketing campaigns in 2011. It's not possible to say whether that means getting one's brand associated with responsive new tech or tapping into opportunities for viral spread of a message. But the next few categories—driving traffic, generating sales and leads, building loyalty and building house lists, all goals cited by more than 50% of respondents—drive to the bottom line and are sufficiently hard-edged as metrics to satisfy a demanding CEO. Beyond that, aims diverge according to a company's business model and competitive situation. But it's notable that interactive channels can span from both live events to listening for consumer input on products.

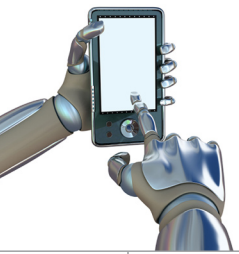
WHAT ARE YOUR MAIN STRATEGIC AIMS IN INTERACTIVE CAMPAIGNS?



THE LOOK OF SUCCESS The main yardsticks applied to gauge impact of interactive campaigns tend to be related to a Web site or ad or an online action. Attributing offline sales to an online campaign is a persistent problem; but it's relatively easy to determine click traffic, page views and how many users opted in to receive future messaging as a result of a digital campaign. For that reason "return on investment" is solidly mid-field among the metrics marketers apply, and in fact dropped a bit from last year's 38.4% response. Interestingly, while "building brand awareness" was the leading aim cited for interactive campaigns, less than one quarter of respondents said they are actually measuring that brand effect. Apparently, many marketers are just taking that brand benefit on faith.

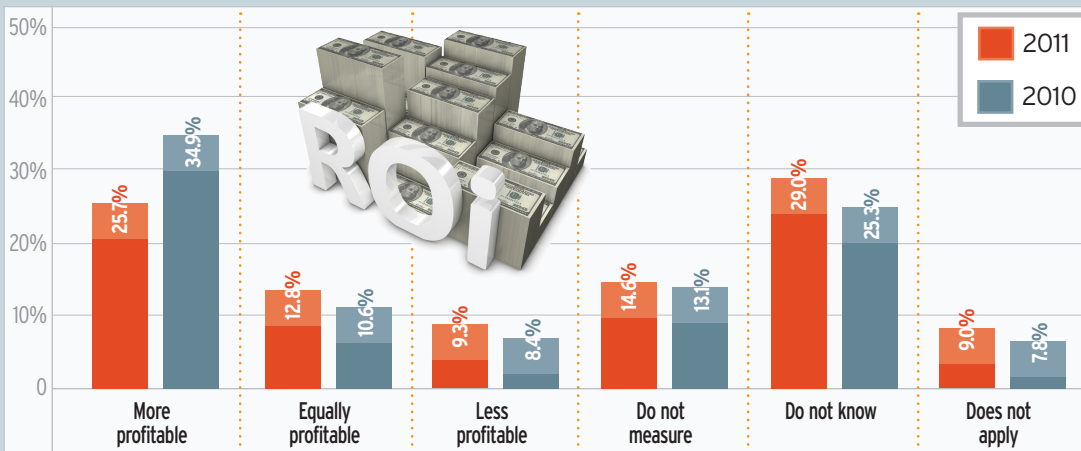
WHAT METRICS DO YOU USE TO GAUGE THE SUCCESS OF INTERACTIVE MARKETING?





MORE THAN NUMBERS Perhaps in a growing acknowledgment that interactive marketing's bottom-line value is hard to quantify, the share of respondents claiming that online campaigns are more profitable than offline actually declined nine percentage points in this year's survey, down to 25.7% from 34.9% last time. While those claiming online tactics were less profitable or equal to offline efforts edged up slightly, the largest increase—almost four percentage points—was among those who admit that they simply do not know if interactive marketing turns more profit than other methods. Once again, marketers seem to have reconciled themselves to uncertainty on the cost-effectiveness of interactive. The risk of not being part of the online conversation seems to outweigh the downside of wasting some resources in the effort.

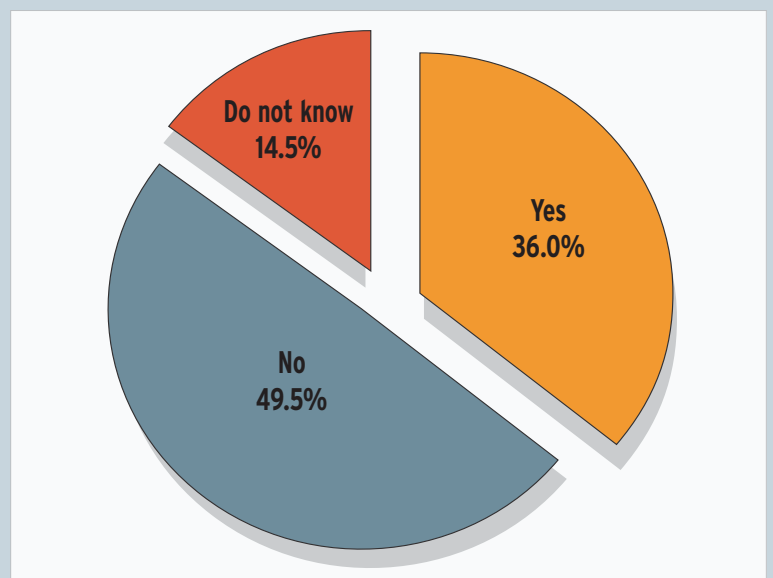
HOW DOES THE ROI OF INTERACTIVE MARKETING COMPARE WITH OFFLINE MARKETING?

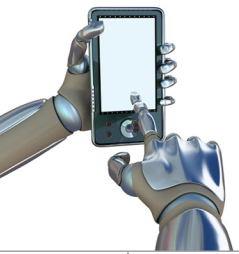


THE RISK OF NOT BEING PART OF THE ONLINE CONVERSATION OUTWEIGHS THE DOWNSIDE OF POSSIBLY WASTING RESOURCES.

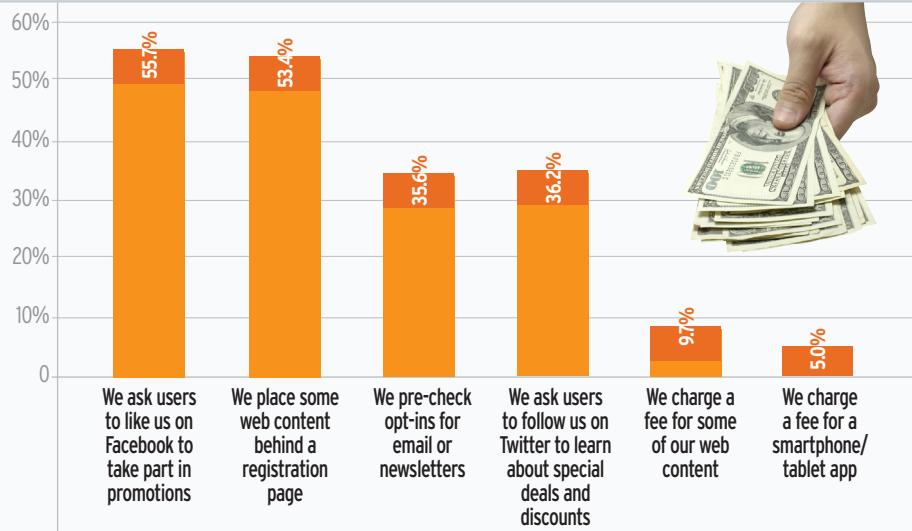
LEAVING TRACKS When it comes to using cookies to follow customer behavior or serve up content tailored to their path on the Web, most of the respondents to the 2011 survey say they don't. That doesn't mean that they don't run display ads on third-party Web sites that drop their own cookies to remarket to customers or serve behaviorally targeted content. But it does suggest that the Web sites of the responding marketers are not relying on cookies to deliver highly personalized Web sites to visitors—possibly opting instead for a log-in. It's significant that respondents also rate collecting personal data and segmenting customers by behavior fairly low among strategic aims for interactive marketing (22.75 and 21.8% respectively), and that only 16.5% of brands have an officer responsible for information privacy.

DOES YOUR COMPANY/BRAND/AGENCY USE SOFTWARE COOKIES TO TRACK WEB BEHAVIOR?





HOW DO YOU MONETIZE OR MINE YOUR WEB OR MOBILE CONTENT?

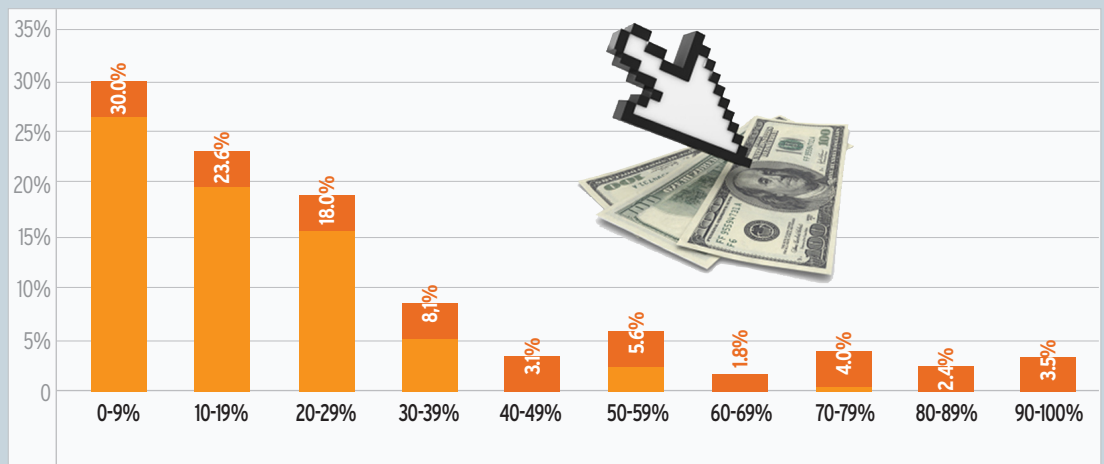


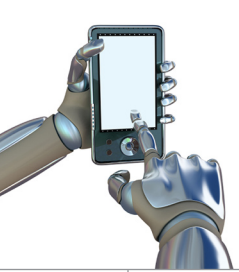
GETTING PAID Marketers may not be obsessing about interactive ROI, but they're definitely interested in a chance to build either a fan following or a database. More than half of those polled for this year's survey say they regularly ask users to "like" the brand as a gating requirement for taking part in a promotion run on Facebook. (According to Facebook's rules, that's the outer limit of what they can require for participation.) Meanwhile almost as many (53.4%) say they are encouraging site visitors to surrender some amount of personally identifiable information to access all their Web content. Relatively few marketers are making their content a profit center by charging for it, or by charging a fee for their branded smartphone apps, as Kraft Foods has done successfully with its iFood Assistant.

BUDGET BENCHMARKS Budget allocations for interactive marketing roughly track with the trend seen in previous years, with most companies reporting that 30% or less of their overall marketing spend will go toward digital campaigns this year. In fact, the average allocation for online marketing in 2011 is 25.2% of total budget. In total spending terms, the largest proportion of all respondents (32.8%) said they will spend under \$5,000 on interactive marketing this year. However, 8.5% of those polled expect to spend \$1M or more on digital campaigns this year, and 2% said they will spend \$2M and up, bringing the average reported interactive spend for the response group to \$1.3M. B-to-B marketers expect to devote a slightly higher proportion of their marketing budget to online campaigns than their B-to-C counterparts (26.2% vs. 24%), but their average spend will be much smaller: about \$537,000 in 2011 compared to \$1.4 M for B-to-C brands.

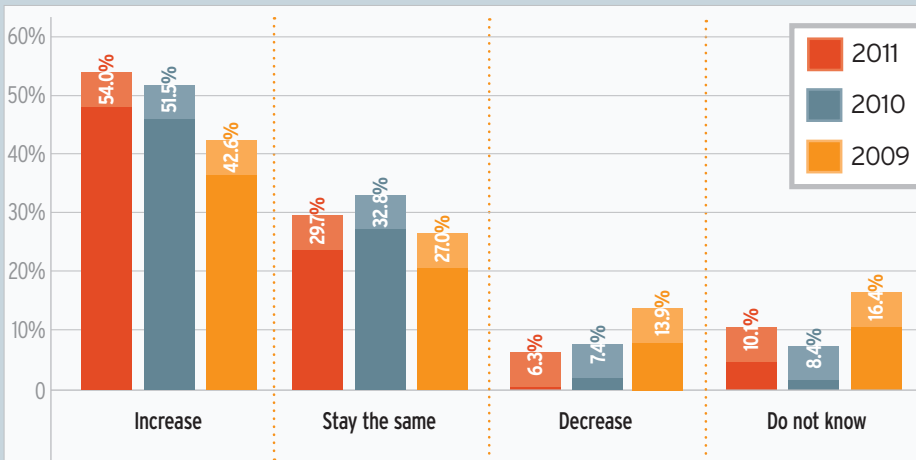
"RECOVERY HAS BEEN VERY SLOW BUT STEADY, AND [DIGITAL] EXPERTISE IS CRITICAL TO FUTURE BUSINESS GROWTH."

WHAT PERCENTAGE OF YOUR 2010 MARKETING BUDGET WENT TO INTERACTIVE?





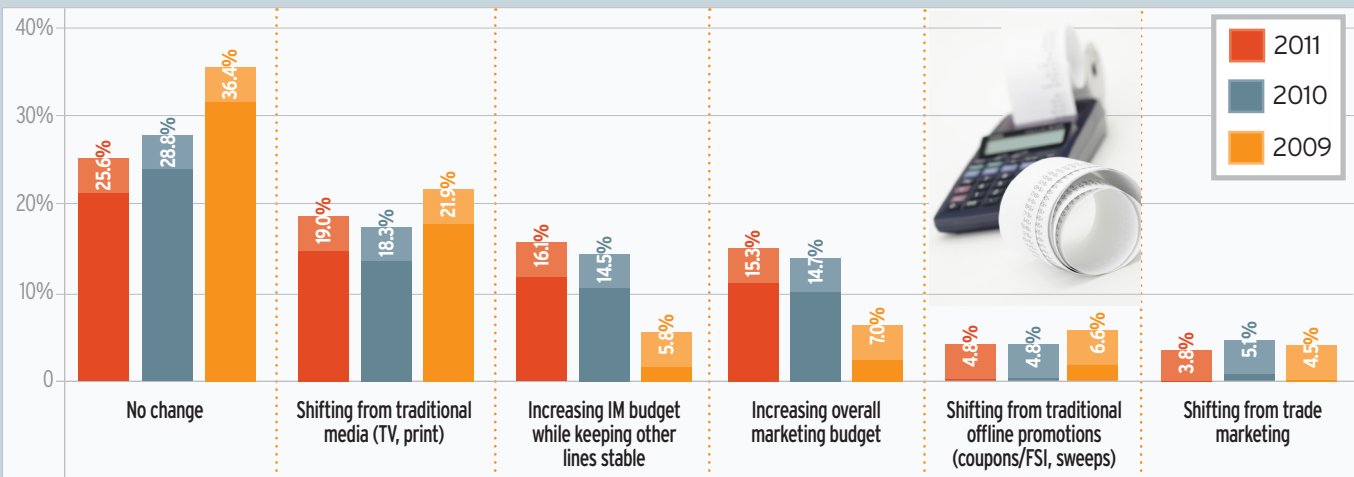
WILL YOUR INTERACTIVE BUDGET INCREASE THIS YEAR, DECREASE, OR STAY LEVEL?

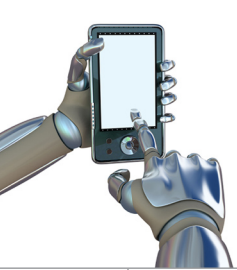


THE MONEY TAP As the chart shows, more marketers than ever say they are increasing their interactive budgets over last year's spending: 54%, compared to 51.2% in 2010 and 42.6% in 2009. And not only is the proportion forecasting a decrease in on-line spending down again (about half the size of the group predicting digital budget cuts in 2009), but even the percentage anticipating spending level to last year is smaller. Clearly, marketers are literally investing more in the interactive channels. One of those areas of spending might well be hiring new marketing staff with digital capabilities. Asked if brands and agencies will hire more interactive staff in 2011, a large majority of respondents said yes. "Departments will hire, because recovery has been very slow but steady, and this area of expertise is critical to future business growth," said one respondent.

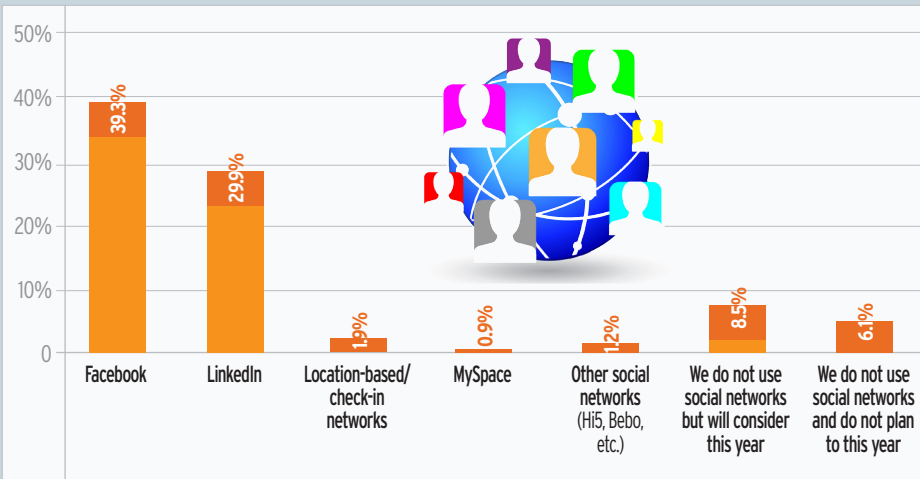
FINDING THE FUNDS Asked where they are finding the budget to do these enhanced levels of interactive marketing, most respondents' answers tracked pretty closely with those of last year's survey: About a quarter say they are keeping interactive spending level, while one-fifth say they are shifting funds from traditional media such as print, TV and mail. A smaller percentage (16.1%) say they will be able to increase spending for online marketing while keeping offline spending level; and a fortunate 15.3% report they have been able to increase marketing spend across all channels. B-to-B marketers showed a greater propensity to increase both their interactive budgets and their overall marketing spending than B-to-C.

WHERE ARE YOU FINDING THE BUDGET FOR INTERACTIVE MARKETING?





IN WHICH SOCIAL NETWORKS IS YOUR COMPANY/BRAND ACTIVE?



FACEBOOK'S SOCIAL SUCCESS

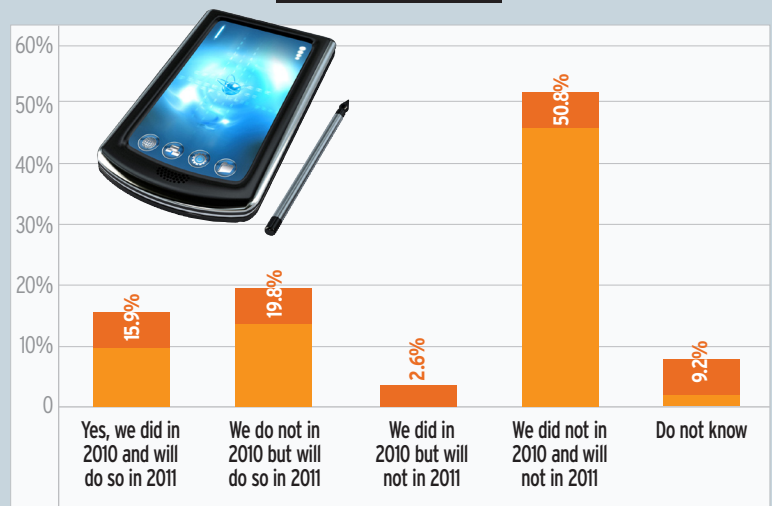
Back in 2009, MySpace had a fighting chance, with 22.1% of marketers running campaigns there compared to 38.1% on Facebook—and LinkedIn nowhere to be found. No more: Almost two-fifths of respondents report having a Facebook brand presence in 2011, while almost 30% are active in LinkedIn. Meanwhile, MySpace barely registers with less than 1%. That's smaller than the number of marketers who are experimenting with one of today's niche platforms: geo-located social check-in networks such as Foursquare and Gowalla (1.9%) As one would expect, the number of respondents who say their companies plan to get active in social media is much lower than last year: 8.5% of respondents as they will launch their brands' first social presence this year, compared to 17.7% who said the same in the previous study.

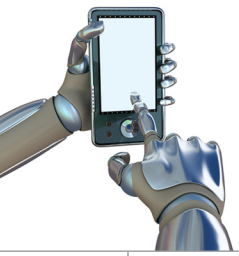
MIXED MOBILE MESSAGE

By contrast, marketers don't seem to be swarming to one specific area of mobile marketing, designing and activating campaigns specifically for smartphones. There is some growth in the respondents who say they now market to these sophisticated Web-enabled devices, up to 15.9% this year from 11.5% who were running campaigns on the devices in 2010. Another 20% say they will launch their first smartphone campaigns this year. But the channel still sees a high proportion of abstainers, with more than 50% of respondents saying they have no plans to market on the devices this year. Since smartphones are approaching dominance of the U.S. mobile market—outnumbering standard feature phones as soon as the end of this year, by some reports—marketers who don't have smartphone strategies may be cutting themselves off from mobile marketing altogether.

MARKETERS WILL STEP UP TO SMARTPHONE MARKETING WHEN THE DEVICES DOMINATE THE U.S. MARKET—AS SOON AS Q4 OF THIS YEAR.

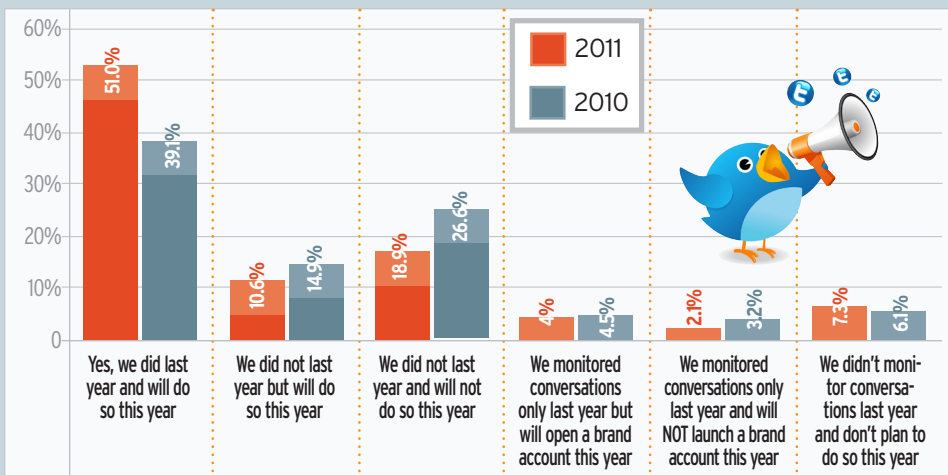
HAVE YOU/WILL YOU RUN SMARTPHONE CAMPAIGNS?





SERIOUS TWEETS Real-time messaging platform Twitter was the butt of jokes when it debuted in 2006 and for years after, but more than half of marketers have stopped laughing and started tweeting, this year's survey found. The proportion of respondents who said they have rolled out Twitter campaigns grew by more than 19 percentage points over last year to 51%, actually exceeding the current survey's reported Facebook use. A further 10.6% said they plan to launch their first Twitter campaign this year. The platform can be used for listening too, of course, and more than half of the 6% of brands that only monitored discussions last year will take the plunge and debut a Twitter account this year. As one respondent put it, "Social media are such a HUGE part of everyday life. If you aren't using social media, you'll lose out to those who are."

**DID YOUR BRAND RUN TWITTER CAMPAIGNS LAST YEAR?
WILL YOU DO SO THIS YEAR?**



TWITTER'S EXAMPLE— FROM JOKE TO MAINSTAY IN TWO YEARS— MAY DRIVE MARKETERS' WILL TO EXPERIMENT WITH INTERACTIVE PLATFORMS.

METHODOLOGY:

The 2011 Chief Marketer Interactive Marketing Survey was conducted online between February 9 and March 20, 2011, and polled 647 active marketing professionals distributed across both business-to-consumer and business-to-business models from brands and agencies working in the manufacturing, retail, financial, healthcare, travel, entertainment, advertising, publishing, database and non-profit sectors.