

A Forrester Consulting Thought Leadership Paper Commissioned By Sitecore

The Multichannel Maturity Mandate

A Research Study Finds Proven Results, Significant Faults, And A Path To Higher Gains

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FORRESTER

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Executive Summary

Today's customer has much more control over the buying process than today's marketer does. Now that the Web and social media are part of virtually everyone's daily life, buyers have more choices (more sources, more outlets, more offers) and more opinions (from pundits to peers) to consider.

The approach that marketers have adopted to manage and optimize customer engagement across the burgeoning landscape of customer touchpoints is generally referred to as multichannel marketing. In late 2011, Sitecore commissioned Forrester Consulting to research current and planned practices in multichannel marketing. We found that marketers who have adopted multichannel marketing practices have realized significant business benefits, ranging from improved campaign performance to higher return on marketing investment (ROMI). Evidence suggests there is opportunity for additional, significant gains through better organizational alignment, process definition, and technology integration.

Key Findings

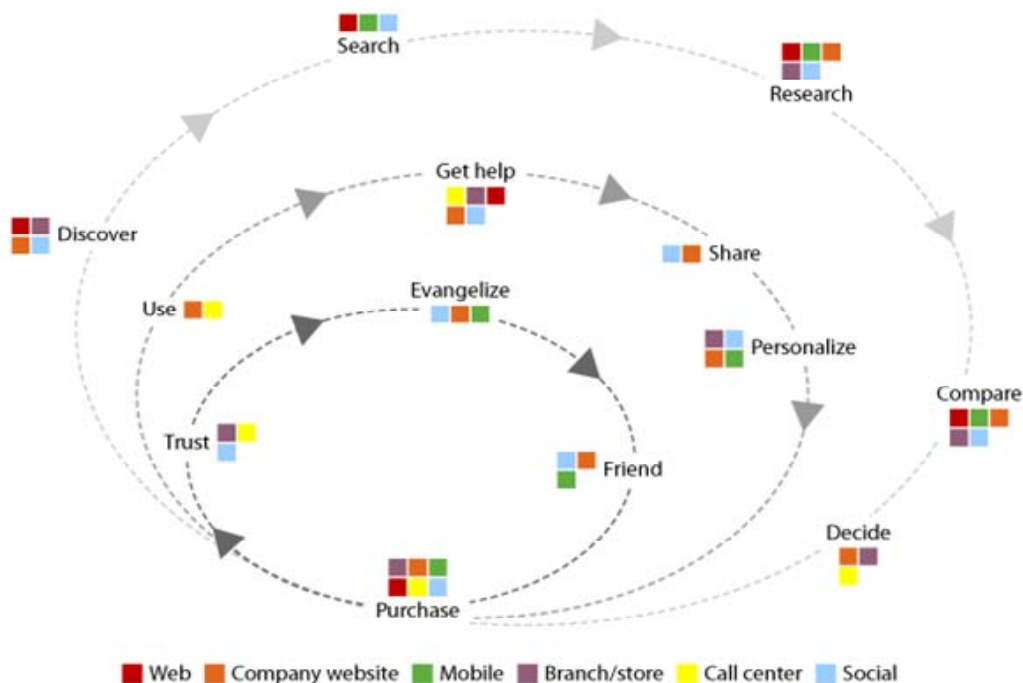
Forrester's study yielded five key findings:

- **Marketers have accepted multichannel marketing as common practice.** Marketers are familiar with the concepts and practices of multichannel marketing. Forty percent of our survey respondents assessed themselves as mature practitioners of multichannel marketing. Another 40% were in transition. Only 5% of respondents had no plans to implement multichannel marketing.
- **Perceived skills gap impedes multichannel marketing efforts.** Respondents who were not practicing multichannel marketing had high perceptions of the potential value. When we asked them why moving toward an integrated multichannel marketing strategy was not more of a priority, the responses pointed toward a lack of knowledge and skills, as well as a dependence on external marketing services partners.
- **Mature practitioners have realized significant business gains.** Marketers who claimed to be mature practitioners of multichannel marketing reported significant business gains. Benefits range from the tactical (improving campaign results) to the strategic (increasing ROMI).
- **Mature practitioners have significantly different practices.** Those marketers who self-assessed as mature reported significant differences in their approach to multichannel marketing: They are more likely to be aggressive adopters of technology; they are more inclined to work in close partnership with IT; and they collaborate more with sales on setting goals and executing programs.
- **Even the most mature multichannel marketers have opportunity to improve.** Disjointed marketing processes, which are only partially automated, represent the norm. Further process integration, supported by newer technologies, offers significant opportunity to drive incremental benefit from multichannel marketing efforts.

Multichannel Marketing Is A Proven Discipline

The number and variety of channels through which buyers interact with sellers has proliferated dramatically in just a few years. Buyers are accessing these channels from an increasingly diverse array of devices (smartphones, tablets, PCs) adding to the complexity (see Figure 1). Marketers, channel strategy leaders, and content managers have reacted to the multi-touchpoint customer with multichannel marketing strategies; these strategies use a combination of process, technology, and organizational alignment to engage current and prospective customers in all of the digital, social, and offline channels that are part of the buyer's purchase process.

Figure 1
Multichannel Marketing Is Necessary To Engage The Multi-Touchpoint Customer



Source: "The Emergence Of Customer Experience Management Solutions," Forrester Research, Inc., August 10, 2011

Optimizing a multichannel customer engagement model is a challenging endeavor. Which channels are customers using for research; which to compare; which to buy? How does experience in one channel affect behavior in another? How is it measured? How is it leveraged? Without the knowledge, derived from data, about the customer's experience and engagement, across email, websites, and social channels, marketers cannot devise a strategy to sustain profitable engagement across the entire customer life cycle. Worse, inconsistent or contradictory experiences across channels create barriers (sometimes ones that can never be removed) to customer engagement.

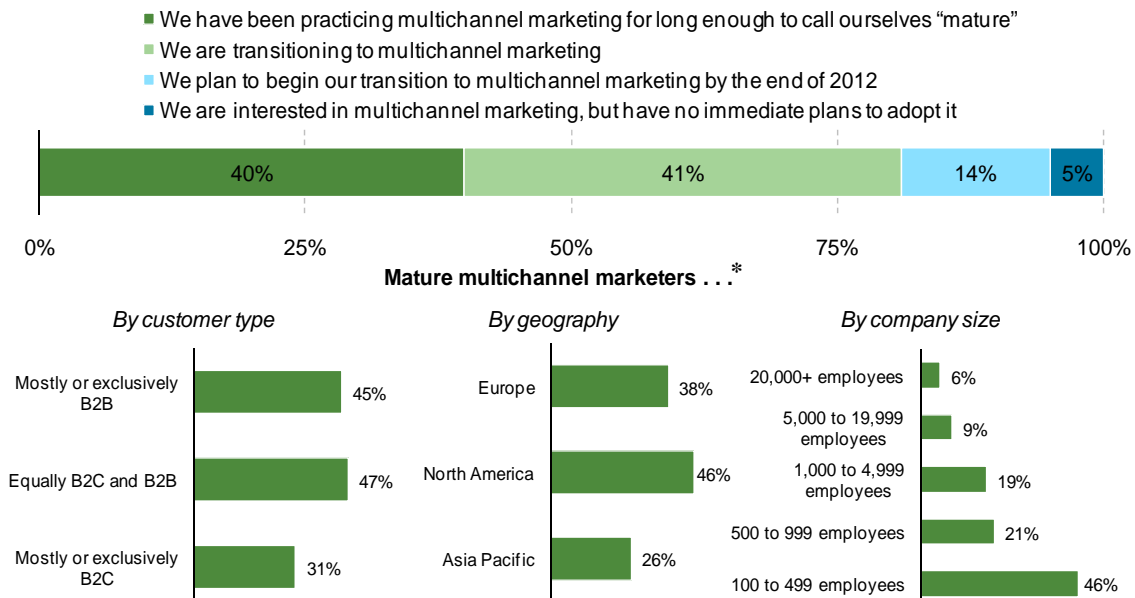
Understanding the customer journey across these touchpoints is essential to the success of any marketing program. Marketers need to understand which specific channels customers use, when they use them, and how they engage with these channels. With data, and the knowledge it drives, marketers can provide targeted content and offers that serve to both improve the customer experience and increase conversion rates.

Forrester Consulting surveyed 226 marketing professionals in North American, Europe, and Asia Pacific geographies. Survey participants came from multiple industries and represented a mix of B2C, B2B, and B2B2C companies. We asked survey participants to detail their perceptions about multichannel marketing. We asked about current organization and processes. We asked about the technologies used for multichannel marketing. And, we asked respondents to validate the benefits and realized gains from their investments in multichannel marketing. Our research found that:

- Multichannel marketing is a widely adopted practice.** In our survey, 40% of respondents called themselves “mature” in the practice of multichannel marketing. Forty-one percent reported that they are transitioning to multichannel marketing. The discipline of multichannel marketing has been applied to largely the same extent regardless of the company size or the customer type, and across geography (see Figure 2).
- Multichannel marketing is an opportunity.** We asked survey respondents to reveal their perceptions about multichannel marketing through a series of declarative statements (see Figure 3). Despite the challenges that channel proliferation has generated, marketers regard multichannel marketing as an opportunity for gain and improvement, rather than as a solution to a problem. For example, 77% of respondents agreed or strongly agreed with the statement, “We will drive more sales and profit by evolving into an effective multichannel marketing company.” Only 35% responded in kind to the contrapositive statement, “We lose business because we are not able to integrate customer interactions across multiple channels.”

Figure 2
Multichannel Marketing Adoption And Maturity

“Which of the following best describes your marketing organization's stance toward multichannel marketing?”



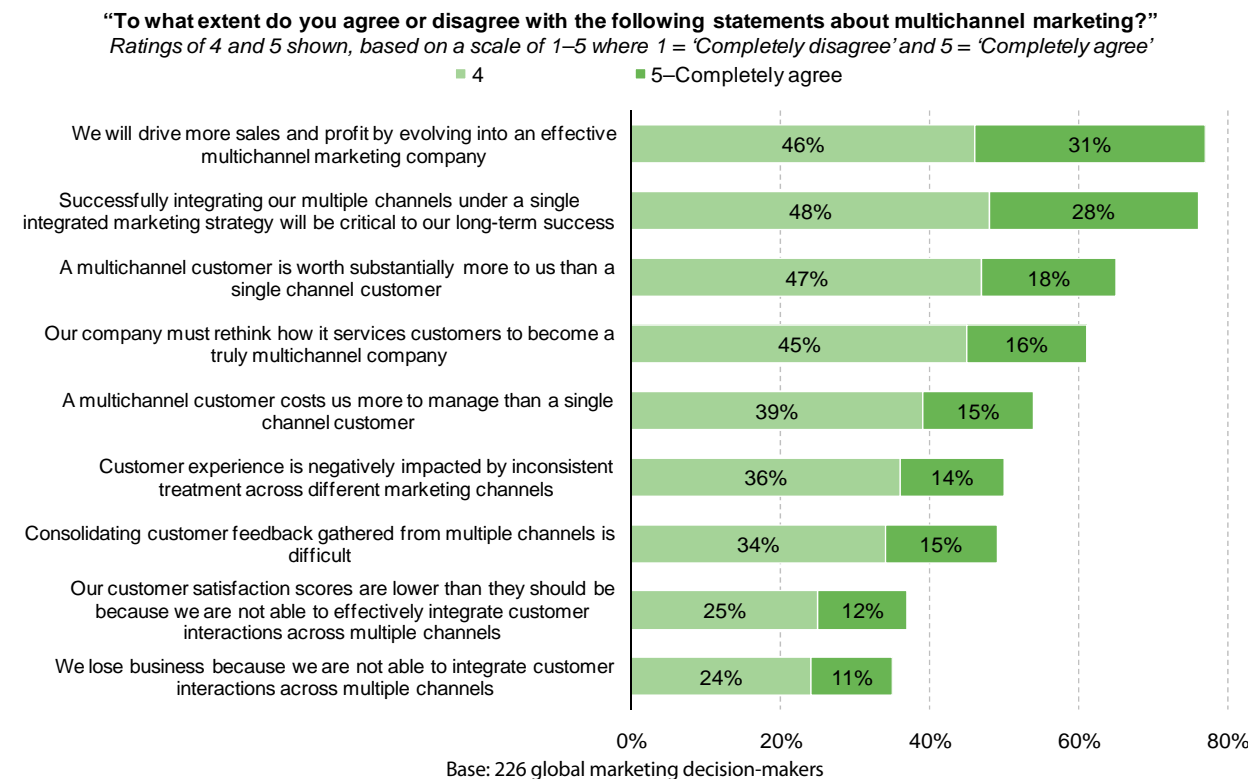
Base: 226 global marketing decision-makers

*90 global marketing decision-makers who consider their organizations to be “mature” practitioners of multichannel marketing

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

Figure 3

Perceptions About Multichannel Marketing Are Positive And Aspirational



Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

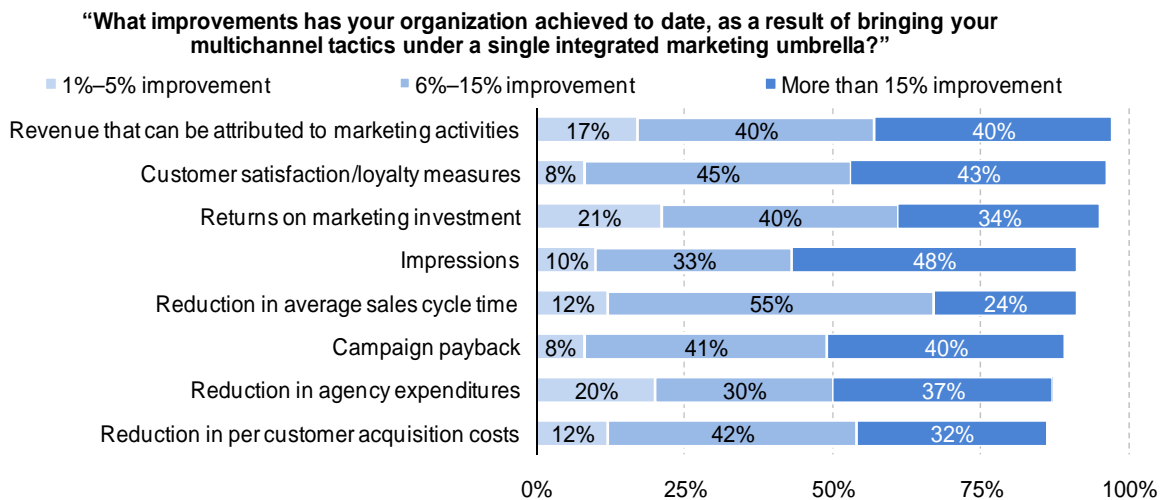
Multichannel Marketers Reveal Significant Business Gains

Companies that identified themselves as mature multichannel marketers have achieved significant benefits (see Figure 4). The biggest gain reported by respondents was in the dimension of reach, with 48% of respondents reporting more than 15% increase in impressions. The second highest benefits were realized in customer satisfaction, with 43% of respondents reporting more improvements of more than 15%. Realized benefits extended beyond the marketing organization; 24% reported more than a 15% reduction in sales cycle times. Our research found a mix of strategic and tactical gains for a variety of stakeholders:

- **Marketing practitioners experience improvements in campaign performance.** Effective use of multichannel marketing techniques has been proven to improve campaign performance by improving clicks and conversion rates and increasing customer engagement. More than 60% of the mature multichannel practitioners reported more than a 10% increase in campaign payback.
- **Marketing executives found improvements in operational performance.** Forty percent of mature multichannel marketers reported increases of more than 15% in revenue that are attributed to marketing programs. Sixty percent reported a gain of more than 10% in return on marketing investment. Mature practitioners also reported that they were more involved in business strategy formulation and adjustment than less mature peer companies.

Figure 4

Mature Multichannel Practitioners Reported Significant Business Results



Base: 90 global marketing decision-makers who consider their organizations to be “mature” practitioners of multichannel marketing

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

- Multichannel marketing increased alignment between sales and marketing.** The self-assessed mature multichannel marketers reported several outcomes about improved collaboration and alignment with sales. These marketing teams are 11% more likely to be a primary contributor to the sales pipeline, and 40% more likely to collaborate with sales on field programs. In addition, 60% of this group attributed a reduction in the end-to-end sales cycle time of more than 10% to their multichannel marketing efforts.
- Multichannel marketing has significant impact on customer satisfaction.** When we asked survey respondents about perceived benefits from investments in multichannel marketing, “customer satisfaction” was at the top of the list with 27% of respondents listing it as their top choice. In fact, the survey results revealed significant gains in customer satisfaction, with 69% of mature practitioners reporting CSAT (customer satisfaction) improvements of more than 10%.
- Tactical results drive strategic gains.** Our research uncovered links between tactical results (such as increasing campaign conversions) and strategic gains such as improving return on marketing investment (see Figure 5).

Figure 5

Tactical Results From Multichannel Marketing Drive Strategic Results



Base: 90 global marketing decision-makers who consider their organizations to be "mature" practitioners of multichannel marketing

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

Mature Multichannel Marketers Employ Different Practices

Although multichannel marketing is perceived to be a mature discipline, our research found significant differences in actual practice. Our research revealed that mature multichannel practitioners:

- Collaboratively engage with sales.** Mature multichannel marketers have a higher recognized contribution to pipeline and higher revenue attribution than other marketers. So, it's not surprising that they also indicated better collaboration with their sales colleagues. The enhanced interaction ranges from executing field programs to working, jointly, on collateral and messaging (see Figure 6).
- Aggressively adopt technology.** Sixty-four percent of mature multichannel marketers reported that they are at the forefront of technology adoption, versus only 42% for the average company. A scant 14% said that they are in-synch or lag the wider market, versus 22% for the average (see Figure 7).

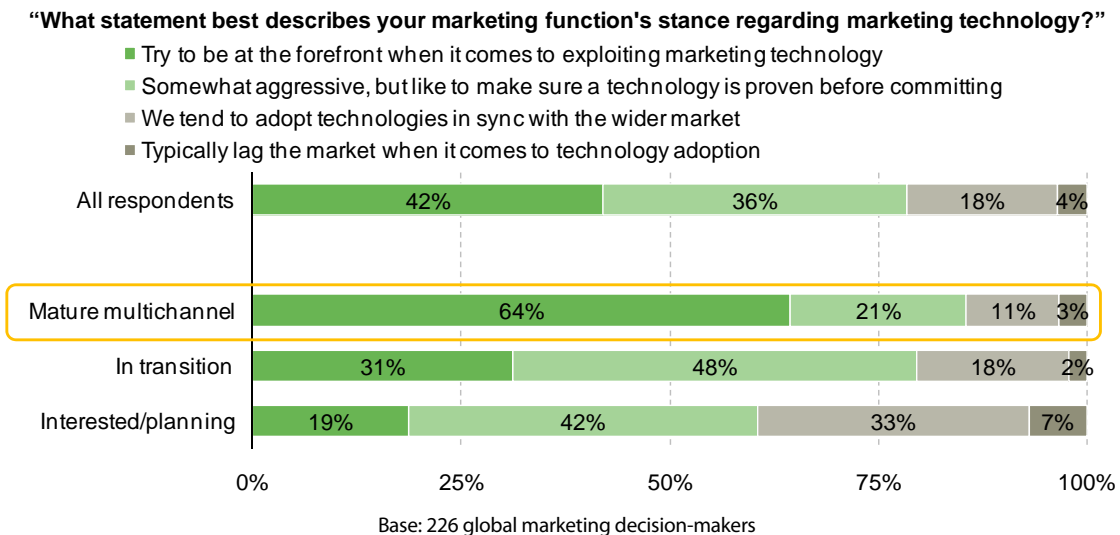
- Align with IT.** Fifty-six percent of mature multichannel marketers reported an “excellent” relationship with IT, and characterized the relationship as one in which IT “understands our requirements and we almost always achieve our technology objectives.” Only 28% of the marketers who said that they were interested or planning more multichannel investment reported an “excellent” relationship (see Figure 8).

Figure 6
Marketing Multichannel Marketers Have Better Collaboration With Sales



Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

Figure 7
Mature Multichannel Marketers Are At The Forefront Of Technology Adoption



Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

Figure 8

Mature Multichannel Marketers Have The Most Positive Collaborative Relationships With IT



Base: Global marketing decision-makers at each stage of transition to multichannel marketing practices

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

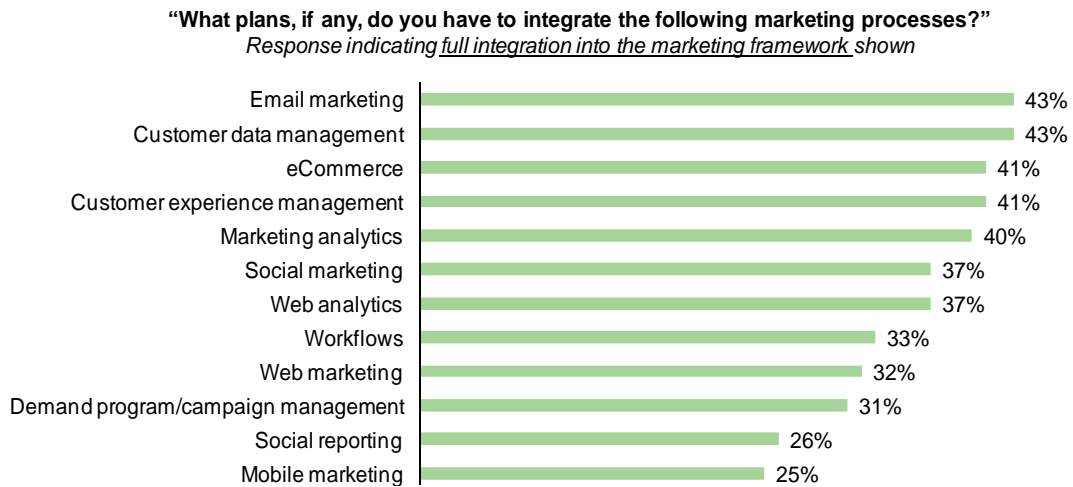
There Is Still An Opportunity To Improve

While companies have exercised multichannel strategies for years, even the most mature practitioners struggle to support integrated customer interactions across multiple channels. Our research indicates that there is a real opportunity to take multichannel marketing to the next level. Many issues in the practice still remain, such as:

- **Processes are only loosely integrated.** We asked respondents to assess how well 12 different marketing processes are integrated in the overall marketing business system (see Figure 9). “Customer data management” claimed the high mark as a well-integrated process at 43%. “Mobile marketing” ranked at the bottom with only 25% of respondents indicating that processes for mobile marketing were well integrated into the overall marketing mix. Further process integration offers significant opportunity to drive incremental benefit from multichannel marketing efforts.
- **Non-integrated point solutions dominate the technology landscape.** Marketing teams are challenged when creating and managing customer experiences on their websites and other digitally enabled touchpoints because the ecosystem of solutions they use is siloed (see Figure 10). Email campaigns are designed and delivered with one system; social media campaigns with another; digital events with yet another. Marketing programs and customer engagement is planned with no insight into customer behavior on the website. These technology silos make it impossible to understand both the impact of campaigns, and the behavior of customers, across multiple channels.
- **Customer experience is still largely managed across organizational silos.** Organizational silos are a legacy problem that still plagues many firms. Too often, they organize personnel, customer data, and marketing technology within individual lines of business or channels (see Figure 11). The net result? Customer experience becomes more complex, disjointed, and fragmented.

Figure 9

Mature Practitioners Report More Fully Integrated Processes, Channels, And Technologies — With Room To Grow

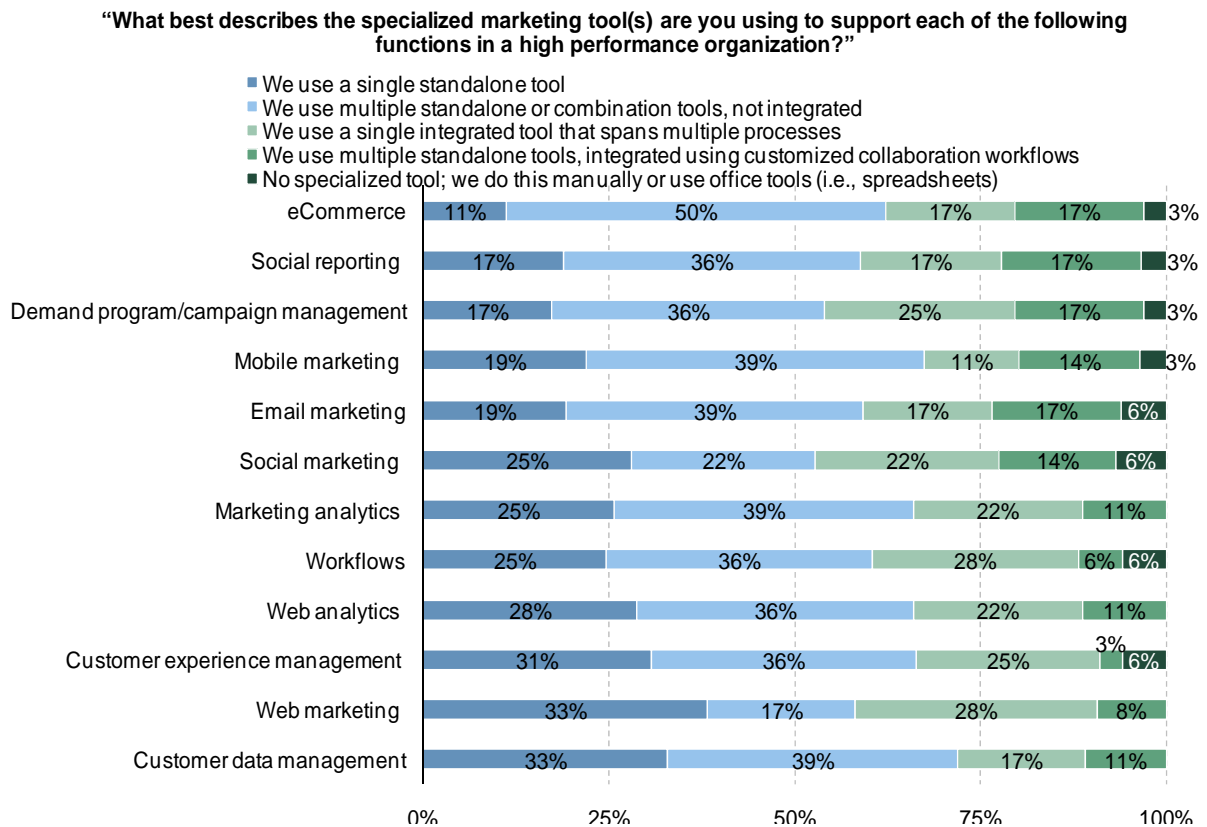


Base: 226 global marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

Figure 10

Standalone, Non-Integrated Tools Predominate In Multichannel Marketing



Base: 226 global marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

Figure 11**Marketing Organizational Structures Complicate Multichannel Marketing**

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

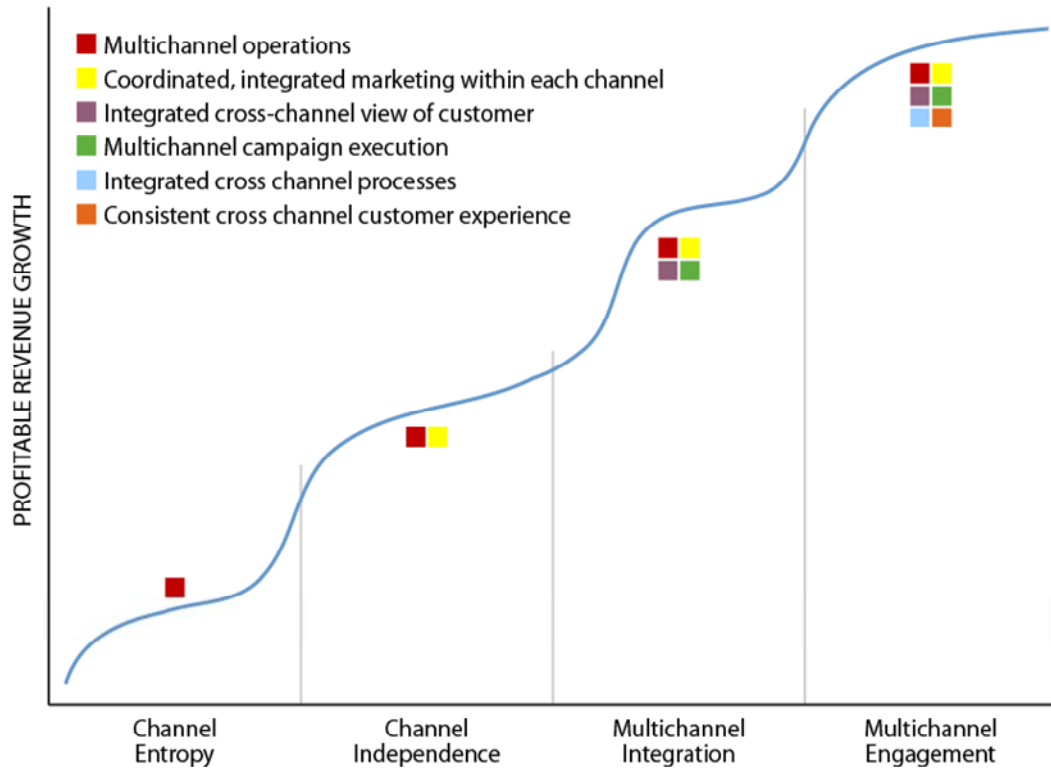
Taking Multichannel Marketing To The Next Level

There is no de facto standard definition of multichannel marketing. Forrester explores the practice by describing four levels of multichannel maturity, identifying the key characteristics of each level (see Figure 12). The four levels are:

- Channel entropy.** Non-integrated channel operations are the baseline of the multichannel maturity model. Marketers in this category independently manage customer interactions within each channel. They may have multiple teams executing programs in the same channel. The business logic behind the customer engagement strategy is different in each channel. Companies operating at this stage maintain independent channel-specific data stores. No true cross-channel capabilities exist across the enterprise. Only 5% of the respondents in our survey fell into this category.
- Channel independence.** Managed channel operation is the mode in the next stage in the maturity model. Marketers in this category still manage customer engagement independently within each channel. However, they have integrated the teams executing programs in the same channel. The lack of process and technology integration we discovered leads to the conclusion that more than 50% of the respondents in the commissioned Forrester survey, who characterized themselves as “mature” multichannel practitioners, fell into this category.
- Multichannel integration.** Integrated, cross-channel visibility characterizes the third stage of maturity. Marketers operating at this level have a single view of customer data, interactions, and transactions across multiple channels, in near real time. The integrated view of the customer’s multichannel interactions enables marketers to execute cross-channel campaigns and to analyze the results. However, this integration is at the data level, not the process level. Customers can, and usually do, have different experiences in different channels.
- Multichannel engagement.** Holistic cross-channel customer engagement is the practice of the most mature multichannel marketers. Marketers operating at this level have a single view of customer data, interactions, and transactions across multiple channels. Processes are consistent across channel and user interfaces. Customer engagement in each channel is aware, and informed by, offers and interactions in other channels. Customers expect and receive consistent, reliable interactions with the company.

Figure 12

The Multichannel Maturity Model



Source: Forrester Research, Inc.

KEY RECOMMENDATIONS

Buyer behavior has irrevocably changed. Marketers must evolve to meet the expectations and demands of the multichannel customer. If you have not already transformed your customer engagement processes into integrated, customer-centric processes, you are behind the vanguard. As you strategize and plan to advance on the multichannel maturity curve, you must:

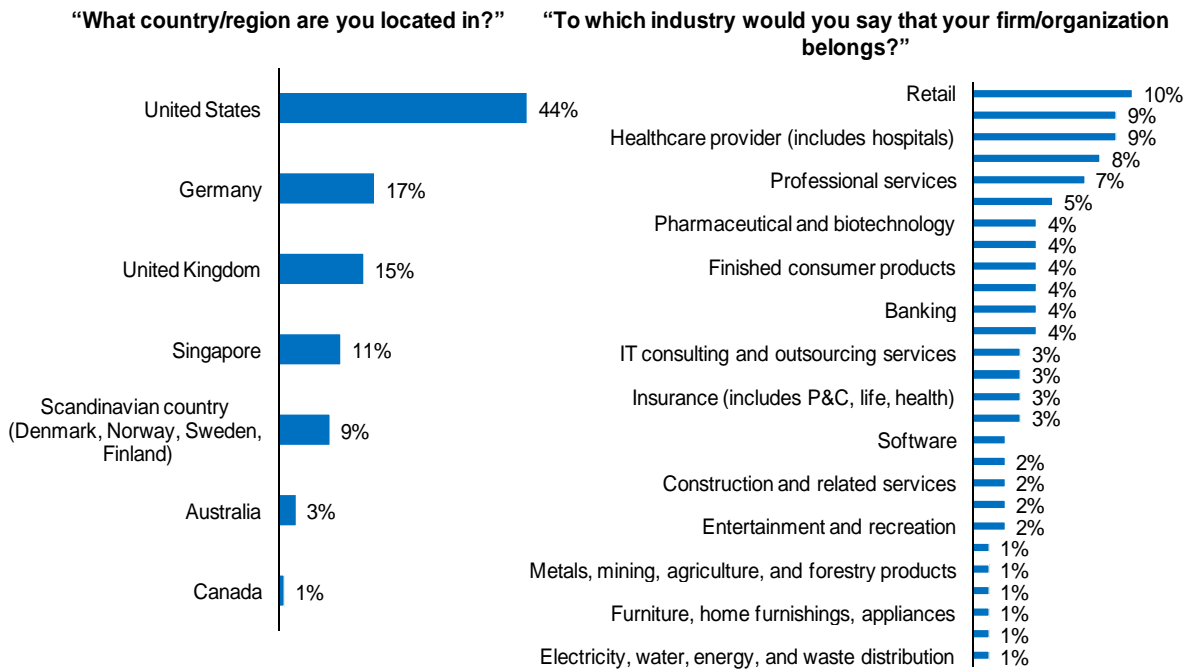
- **Create a culture that worships customer knowledge.** The full promise of multichannel marketing is realized only when all customer interactions are calibrated around the customer's current context and historical interaction with your company. Tackling different types of data and aggregating it for collective insight is an essential characteristic of any multichannel marketing system.
- **Stop thinking about campaigns and start thinking engagement.** Marketers who continue to build campaigns, and make offers, around products and product features will be perceived as "tone deaf" to the multichannel customer. Customers will engage with marketers who meet their needs — their changing needs — for different information and options during the buying journey. Marketers who continue to "go to customer" with product-centric campaigns and offers risk becoming irrelevant.
- **Transform your website into a pervasive customer engagement hub.** Too many marketers have grown accustomed to thinking of their websites as a collection of pages. That thinking is obsolete when virtually all multichannel touches aim to drive customers to your website. Leverage highly dynamic websites to drive unique experiences for customers. Dynamically deliver content, messages, experiences, products, and offers from pools of content assets based upon knowledge of the customer's profile, behavior, and engagement history.
- **Build the technical infrastructure to support dynamic, cross-channel conversations with customers.** It's simply not possible to manage the delivery of dynamic, targeted, consistent content, offers, products, across digitally enabled customer touchpoints when marketing tasks are semi-automated with a series of unintegrated software tools.
- **Find a "trusted IT advisor."** Marketing is — and should be — inexorably bound up in technology, as the majority of customer touchpoints are digitally enabled and the digital landscape of customer experiences is evolving at a breakneck pace. Marketing execs need a trusted IT advisor. Many CMOs will rethink the relationship with IT; some will turn to an external service provider; others will create a shadow IT organization in marketing operations. Whatever the source, find your IT champion.
- **Don't overlook change management.** Multichannel marketing is not about giving an existing team some new tools to go about the business of marketing. It's a strategic initiative that will disrupt, and then transform, your current marketing processes. Your marketing team will be challenged to define new processes, learn new technology, and rethink their role in the company. Keep a constant program of communication and engagement to facilitate the change.
- **Choose technology partners that can help you rack up short-term gains on the path to the full vision.** The secret to selecting technology solutions for multichannel marketing is to partner with a vendor that can immediately help improve your current operations, and also has the strategy and road map to help you realize your long-term vision. Select on vision, but roll out on tactics. The selection of the right vendor will enable a short-term ROMI as well as the surest path to the grand strategy.

Appendix A: Methodology

In this study, Forrester Consulting conducted an online survey of 226 organizations in the US, Canada, Germany, Scandinavian countries, Singapore, and the UK to evaluate perceptions around and the current state of multichannel marketing practices. Survey participants included marketing decision-makers in both B2B and B2C organizations with 100 or more employees. Questions provided to the participants asked about current marketing practices, processes, and technologies, as well as perceived and actual returns on multichannel investments/practices. The study was conducted in December 2011.

Appendix B: Demographics/Data

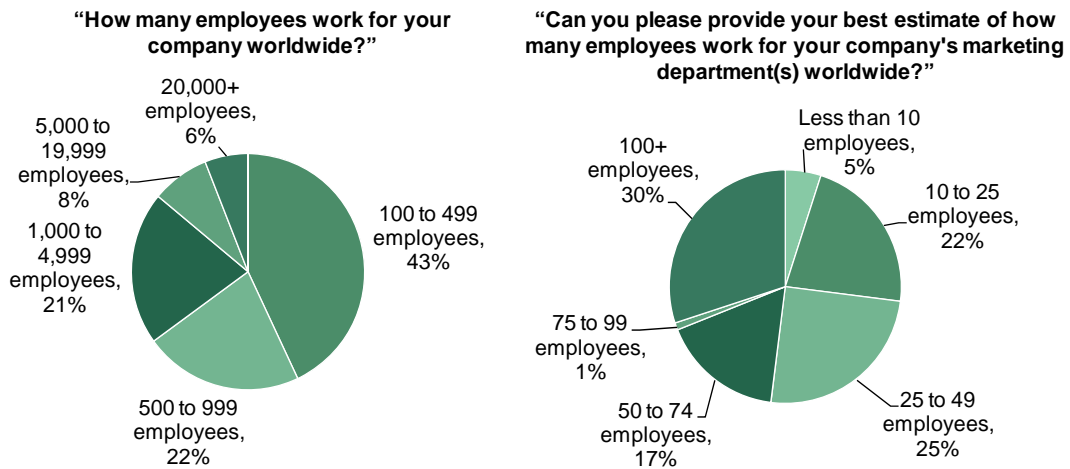
Figure 13
Geographies And Industries Represented



Base: 226 global marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

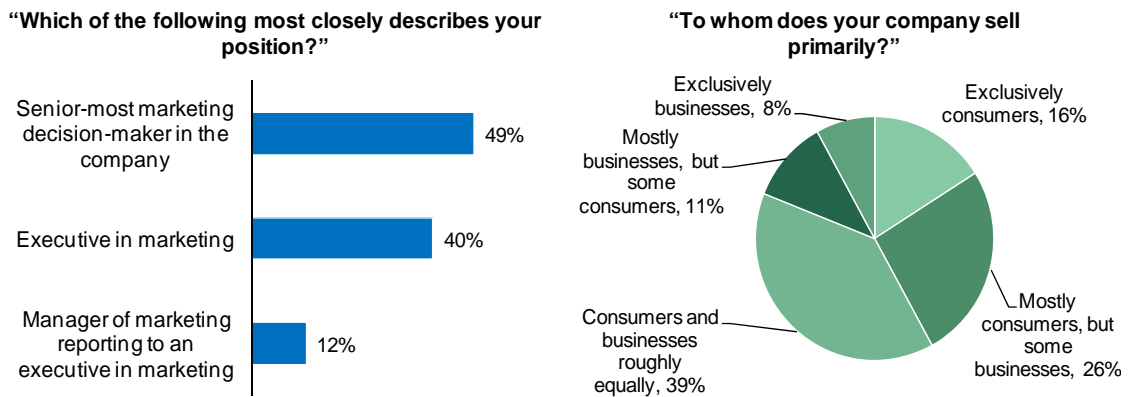
Figure 14
 Respondents' Organizational Size And Marketing Department Size



Base: 226 global marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011

Figure 15
 Respondent Job Level And Customer Details



Base: 226 global marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Sitecore, December 2011