

May 22, 2009

SMB Marketing Technology Adoption

by Suresh Vittal
for Direct Marketing Professionals



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Findings From Our Q3 2008 Direct And Database Marketing Panel Data

by **Suresh Vittal**

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EXECUTIVE SUMMARY

Forrester surveyed 224 direct marketers in Q3 2008 about their technology adoption plans. This report drills into the technology adoption trends of our small and medium-size business (SMB) respondents. SMB marketers continue to pursue improvements to the online customer experience with a high level of adoption of email and Web analytics technologies. However, moderate to low adoption of marketing automation and data mining technologies limit SMB marketers' abilities to grow the volume and sophistication of their programs. Forrester recommends that SMB marketers: 1) continue to focus on online marketing channels; 2) add social media marketing techniques to their arsenal; and 3) explore on-demand technology solutions to balance limited budgets with a need for greater customer insight.

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These research findings focus on the small and medium-size business marketer respondents — a subset of the 224 responses — to Forrester's Q3 2008 Global Direct Marketing Technology Benchmark Online Survey from Forrester's Marketing & Strategy Research Panel.

Related Research Documents

["Understanding The Marketing And IT Relationship"](#)
March 30, 2009

["Social Technology Strategies For "Boring" Consumer Brands"](#)
March 24, 2009

["Marketing Technology Adoption 2009"](#)
January 28, 2009

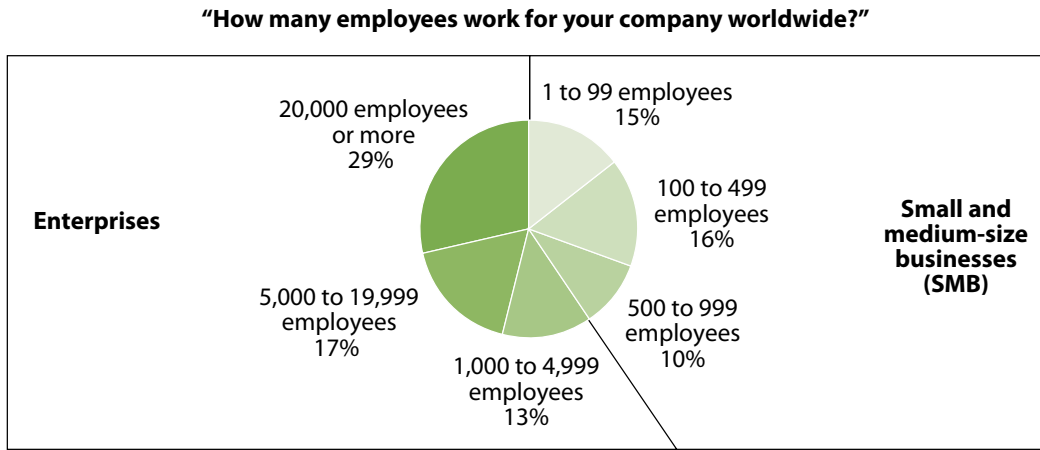
INADEQUATE CUSTOMER INTELLIGENCE HINDERS SMB MARKETING PROGRAMS

Forrester previously published two reports discussing the results of our Q3 2008 Global Direct Marketing Technology Benchmark Online Survey of 224 marketers.¹ This third report looks at the technology adoption plans of our small and medium-size business (SMB) respondents, those from companies with fewer than 1,000 employees (see Figure 1). SMB respondents hail from a range of industries, including media and entertainment (29%), business services (21%), and retail (14%). On average, these companies have \$207 million in revenue and invest \$373,600 in marketing technology and software.

Like enterprise respondents, SMB respondents tell us that customer experience tops their technology themes. While enterprise companies place additional emphasis on measurement and global brand consistency, SMB marketers' secondary technology themes revolve around strategically expanding the marketing technology platform (see Figure 2). Several factors limit SMB marketers in achieving their goals:

- **Marketing measurement tops marketers' challenges.** To improve campaigns, quantify program success, and understand which factors contributed to a given outcome, marketers must measure marketing program results (see Figure 3). Doing this well is a challenge for 56% of SMB respondents and 61% of enterprise respondents.
- **Customer intelligence stymies SMB marketers.** SMB marketers say that their biggest marketing program challenges include: creating a single view of the customer with other marketing channels (52%), creating customer insight to drive decision-making (49%), and managing data quality (47%).
- **Insufficient staff also limits SMB progress.** More than half, 51%, of SMB marketers say that they have insufficient staff to run their programs well. With smaller budgets, it's not surprising that many SMBs also lack dedicated technology support through IT or via a marketing services team. These Independents, 53% of SMB respondents and 35% of enterprise respondents, have a much harder time making the most of their current technology and tend to be less satisfied with all of their technology partners.²

Figure 1 Respondents Hail From A Mix Of Company Sizes



Base: 224 direct and database marketers

Source: Q3 2008 Global Direct Marketing Technology Benchmark Online Survey

54529

Source: Forrester Research, Inc.

Figure 2 Customer Experience Tops Technology Themes



Base: 84 direct and database marketers from companies with 1,000 employees or more
*Base: 45 direct and database marketers from companies with fewer than 1,000 employees (multiple responses accepted)

Source: Q3 2008 Global Direct Marketing Technology Benchmark Online Survey

54529

Source: Forrester Research, Inc.

Figure 3 Measurement And Customer Insight Top Marketing Program Challenges



Base: 84 direct and database marketers from companies with 1,000 employees or more
*Base: 45 direct and database marketers from companies with fewer than 1,000 employees (multiple responses accepted)

Source: Q3 2008 Global Direct Marketing Technology Benchmark Online Survey

54529

Source: Forrester Research, Inc.

TODAY’S SMB TECHNOLOGIES FOCUS ON THE ONLINE EXPERIENCE

On average, SMB respondents have adopted fewer marketing technologies compared with enterprise companies: 5.5 versus 7.9, respectively. SMBs also adopt a different mix of technologies. We found that:

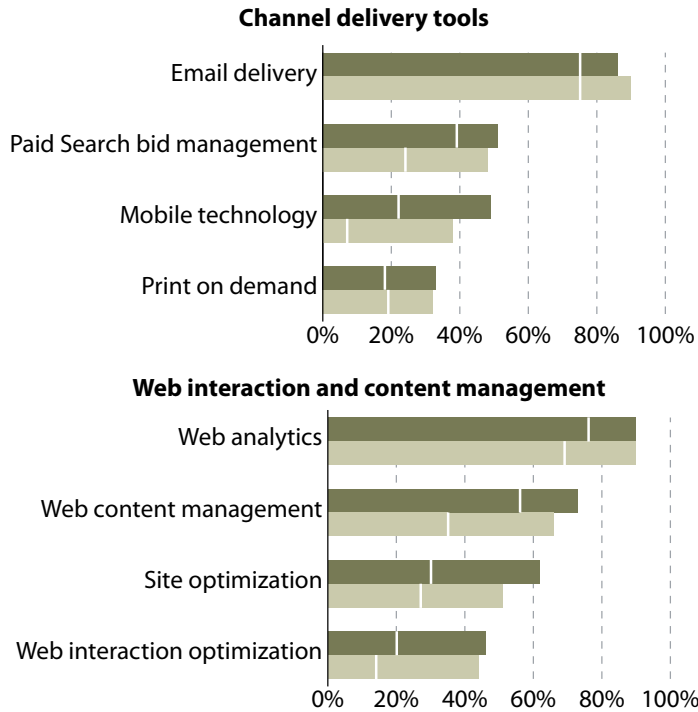
- **Email and Web analytics anchor SMBs’ online technology.** Focused on the online experience, SMBs are on par with their enterprise counterparts in email adoption (75%) and Web analytics adoption (69%). Site optimization and Web interaction optimization — for testing and targeting on-site campaigns — are tracking close to enterprise adoption levels but are still in very limited use. Looking to expand these capabilities, 30% of SMB marketers expect to add Web interaction optimization, and 31% plan to add Web content management (see Figure 4).

- **SMBs have only partially embraced customer analysis and data mining tools.** Only 51% of SMBs have a customer data mart, and fewer have business intelligence tools for reporting (31%) or data mining and modeling tools (35%) (see Figure 5). Without these technologies, SMB marketers are at a disadvantage when it comes to measuring programs and deriving customer insight. To find a way around staffing limitations, SMB respondents are more likely to outsource their data warehouse — 31% versus 18% for enterprise respondents.
- **Marketing automation is also less popular with SMBs.** Nearly half, 47%, of SMB respondents lack campaign automation or management technology. Without automation, SMB marketers struggle to create targeted customer experiences. Low adoption of inbound interaction, marketing resource management, and marketing asset management also prevent SMB marketers from automating offline campaign offers as well as managing vendor and monetary resources.

Figure 4 SMB Marketers Have High Adoption In The Online Market

“Which technologies does your firm currently use or plan to use?”

Currently using or piloting | Short- or long-term planning
 ■ Enterprise (1,000 employees or more)
 ■ SMB (fewer than 1,000 employees)*



Base: 133 direct and database marketers from companies with 1,000 employees or more
 Base: 91 direct and database marketers from companies with fewer than 1,000 employees
 (multiple responses accepted)

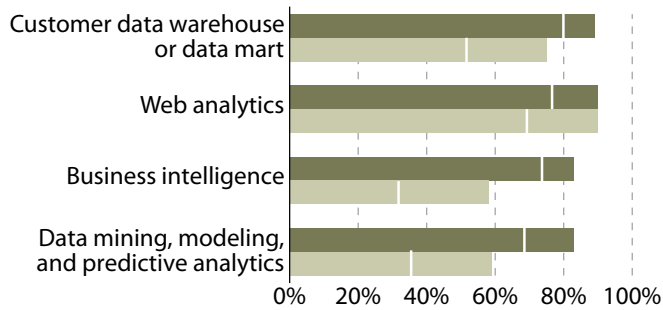
Source: Q3 2008 Global Direct Marketing Technology Benchmark Online Survey

Figure 5 SMBs Are Behind In Analysis, Reporting, And Planning Software

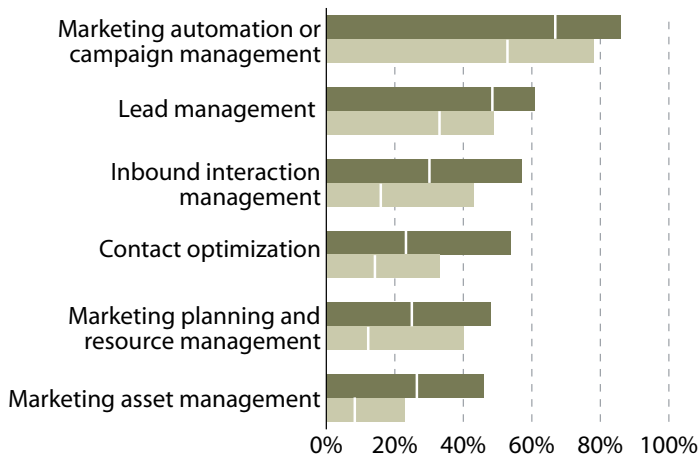
“Which technologies does your firm currently use or plan to use?”

Currently using or piloting | Short- or long-term planning
 ■ Enterprise (1,000 employees or more)
 ■ SMB (fewer than 1,000 employees)

Customer analysis tools



Enterprise marketing software



Base: 133 direct and database marketers from companies with 1,000 employees or more
 Base: 91 direct and database marketers from companies with fewer than 1,000 employees
 (multiple responses accepted)

Source: Q3 2008 Global Direct Marketing Technology Benchmark Online Survey

RECOMMENDATIONS

BUILD CUSTOMER INTELLIGENCE DESPITE A TIGHT BUDGET

To overcome their budgetary and staffing constraints while still increasing customer intelligence, SMB marketers should:

- **Stay the online marketing course.** More than 60% of US adults have broadband, and 95% of US online adults with an email account subscribe to at least one email marketing program.³ SMB marketers should continue to enhance their email and online activities. By adding analytics and data mining tools, SMB marketers will be able to identify key segments for targeted communications and drive incremental revenue.
- **Explore on-demand solutions.** SMB marketers, limited by small staff and tight budgets, should consider on-demand email and campaign automation solutions. On-demand solutions offered by vendors such as Datran Media, Entiera, and Lyris are worth exploring because they offer subscription-based pricing models without large capital investments. This allows marketers to test solutions with little downside risk.
- **Invest in social tools to gain access to online targets cheaply.** Three in four US online adults now use social tools to connect with each other compared with just 56% in 2007.⁴ SMB marketers should take advantage of the multitude of free and/or economical technologies, like Hubspot, that allow them to tap into this groundswell.⁵ Specifically, SMB marketers can use online communities, including social networks, by: 1) joining existing communities or creating their own branded network to track conversation about brands and products; 2) establishing a dialogue with customers to reduce customer service costs; and 3) testing ideas, offers, and messages while saving on the costs of more traditional approaches like market research — as Fiskars has done with its “Fiskateers” blog and community.⁶

SUPPLEMENTAL MATERIAL

Methodology

Forrester’s Q3 2008 Global Direct Marketing Technology Benchmark Online Survey was fielded to 224 direct and database marketing professionals from our ongoing Marketing & Strategy Research Panel as well as to clients from several enterprise marketing platform vendors. The panel consists of volunteers who join on the basis of interest and familiarity with specific Marketing & Strategy topics. For quality assurance, panelists are required to provide contact information and answer basic questions about their firms’ revenue and budgets.

Forrester fielded the survey from August to September 2008. Respondent incentives included a summary of the survey results and access to a free analyst teleconference.

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://www.forrester.com/Panel>.

ENDNOTES

- ¹ Forrester surveyed 224 direct and database marketers in Q3 2008 to understand their marketing technology usage, plans, and budgets. Direct marketers tell us that insufficient measurement and a lack of a centralized view of their customers limit their marketing programs. Respondents continue to fixate on customer experience and look to a wide variety of optimization technologies to support their efforts. Costs and functional fit continue to drive most marketing technology decisions. But marketers aren't picking technologies on their own — IT continues to play an important role in the selection process. See the January 28, 2009, "[Marketing Technology Adoption 2009](#)" report. Across the board, marketers recognize the need to improve customer information systems and measurement technologies in order to build better online and multichannel customer experiences. Three types of technology support influence how marketers plan to achieve these goals: 1) IT Partners have a dedicated IT support group; 2) Marketing Partners have a marketing services support group; and 3) Independents have neither IT nor marketing services support. IT Partners are consensus-driven buyers looking to quickly expand their technology base to include optimization technology. Marketing Partners have adopted the most technologies but face insight and measurement challenges. Independents have the lowest technology adoption and are less satisfied with all of their technology partners. See the March 30, 2009, "[Understanding The Marketing And IT Relationship](#)" report.
- ² Three types of technology support influence how marketers achieve their technology goals: 1) IT Partners have a dedicated IT support group; 2) Marketing Partners have a marketing services support group; and 3) Independents have neither IT nor marketing services support. IT Partners are consensus-driven buyers looking to quickly expand their technology base to include optimization technology. Marketing Partners have adopted the most technologies but face insight and measurement challenges. Independents have the lowest technology adoption and are less satisfied with all of their technology partners. See the March 31, 2009, "[Understanding The Marketing And IT Relationship](#)" report.
- ³ Email is resilient in a challenging economy because of its cost-effectiveness, speed-to-market, and direct reach. But even as the value of email marketing increases, finding new email subscribers will increasingly plague email marketers unless they shift acquisition tactics. Current subscribers are frustrated by irrelevance and high volumes, and consequently, Forrester expects that subscription rates on the whole will plateau. So what can email marketers do to boost their list sizes, especially when they're short on budget? Find email subscribers among those who've already subscribed to emails in their industries, make use of other marketing efforts like search and social networking, and promote the consumer-related benefits of their email programs. See the July 21, 2008, "[The State Of Consumers And Technology: Benchmark 2008](#)" report, and see the December 24, 2008, "[Winning Email Subscribers In A Down Economy](#)" report.

- ⁴ Social technology adoption increased tremendously in 2008. Three in four US online adults now use social tools to connect with each other compared with just 56% in 2007. What else changed? Ratings and reviews, “voting” for Web sites, and peer-generated video experienced the largest growth, while blogs and tagging closely followed. Older adults are now also more likely to participate socially as Spectators and Critics, placing them in the active rungs of our Social Technographics® ladder. Marketers have to get on board with social now — more advanced marketers will speed up customer-driven innovation, sharpen metrics, and improve customer experience. Those who wait to join in will find it increasingly hard to catch up. See the October 20, 2008, “[The Growth Of Social Technology Adoption](#)” report.
- ⁵ Source: Charlene Li and Josh Bernoff, *Groundswell: Winning In A World Transformed By Social Technologies*, Harvard Business Press, 2008.
- ⁶ Consumers’ rapid adoption of online communities — such as social networks and online forums — attracts a range of marketers. But to do communities right, you need to weigh the options: 1) join existing communities; 2) create your own branded network; or 3) deploy a combination of both. Sadly, many marketers make wrong choices that result in empty communities or, worse yet, brand backlash. In order to make the best decision about building or joining online communities, you need to involve customers in defining, planning, and implementing your online community strategy. The “Fiskateers” blog (<http://www.fiskateers.com/blog>) is an example of a successfully run online community. See the February 28, 2008, “[Online Communities: Build Or Join?](#)” report.

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