



# CMOs on Social Marketing Plans for 2011

**What's the real value of the customer voice?**

## Executive summary: CMOs aspire to measure ROI with a growing awareness of the real value of the customer voice.

In our second annual marketing survey, we surveyed CMOs in The CMO Club about their use, expectations, and measurement of social media, then compared the results to the previous year's survey. In short, 2009 marked the year CMOs embraced social media marketing but struggled to tie their strategies to the bottom line. Many evaluated engagement metrics created from social media — such as the number of click-throughs to the website or number of fans or followers — instead of evaluating business metrics like revenues and conversion. In 2009, CMOs aspired to tie social to the bottom line.

In 2010, CMOs reported similar challenges in tying social media to revenues. In 2011, revenues remain critical, but the additional value of these consumer interactions — even beyond the site — lies within the key insights customers share with brands. These aggregated insights, when analyzed and put into action, create value far beyond the marketing organization, impacting products, vendor relationships, and corporate strategic initiatives.

## 2009 to 2011: How will social media evolve?

### **Social media is an increasingly important part of the marketing mix.**

Companies continue to invest and participate in social media marketing activities, and social media remains a critical part of the marketing mix, despite the fact that CMOs may not always be clear on the ROI that those tools drive. In 2010, 90% of CMOs said they participated in three or more social media activities. The activities that have the most participation across business-to-consumer and business-to-business companies include company blogs (87%), brand communities (86%), and Facebook (79%). While 73% of CMOs report participating in customer reviews, 59% of CMOs reported seeing average or significant ROI — making customer ratings and reviews the top social strategy to drive measurable return on investment.

CMOs for business-to-consumer companies found that customer reviews or ratings and other community tools drove the most value. Business-to-business companies found that customer reviews, community tools, and corporate blogs had the biggest return on investment.

There's no doubt CMOs will continue to gain value from Facebook, Twitter, customer reviews, and interactions with customers on their own sites. The ongoing challenge will involve integrating social media with more traditional media, and working to get the mix right.

## Linking company revenue to social media is the next frontier.

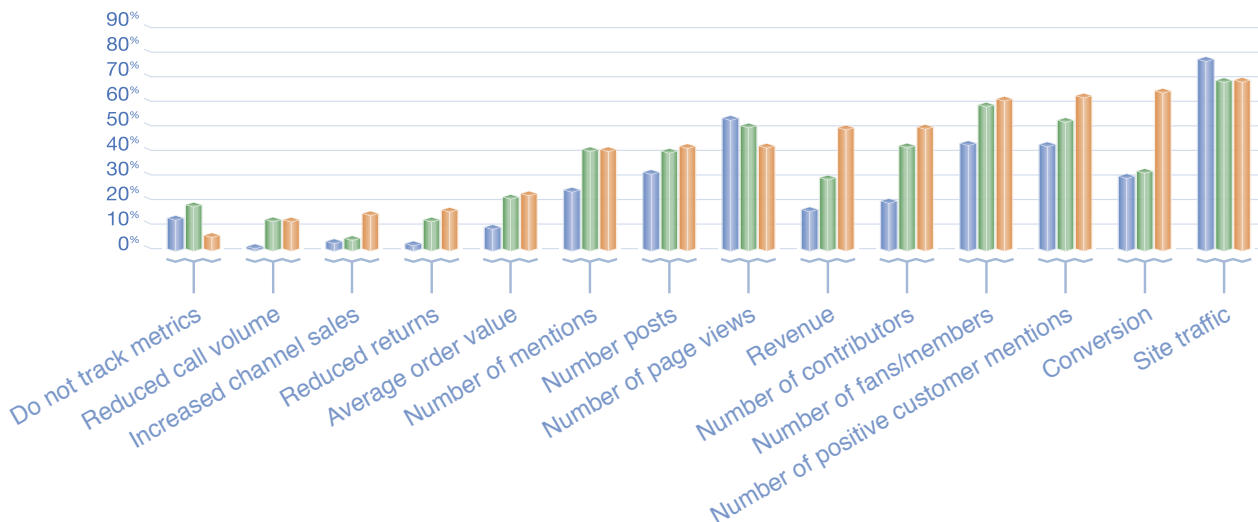
In 2009, CMOs were optimistic about tying social to a percentage of their company revenue — 80% reported that they expected to do so in 2010. However, standard ROI metrics are difficult to measure for many social efforts; in 2010 only 40% of CMOs said they actually achieved tying some percentage of their company revenue back to their social efforts.

When asked about their main barriers in measuring ROI on social activities, CMOs reported they have trouble tying social to conversion and sales metrics, determining the right metrics and how to track them, getting CEO buy-in on metrics, finding the resources to focus on measurement, and implementing such measurements globally. Despite these challenges, CMOs are still aspirational — roughly three out of four CMOs expect to tie social media to revenue in 2011.

In 2009, CMOs measured the value of social media activities through metrics like website conversion, number of fans and followers, and overall increased website traffic. Their goal for 2010 was to tie social to bottom-line results like revenues. However, in 2010, the struggle to tie social to business results remained, with CMOs reporting that much of their metrics involved customer engagement measures instead.

For 2011, however, CMOs are clear on where they want to make the most progress — the largest measurement gap between where CMOs want to be and where they are today exists in measuring sales conversion, with driving revenues through social media as the second most noted opportunity in measuring the success of social media marketing. The question is, will CMOs finally make the shift in 2011 to really drive ROI measurement that correlates to the bottom line?

### What metrics are you using to measure the value of your social marketing activities?



The path to tie social to the bottom line has been slower than expected.

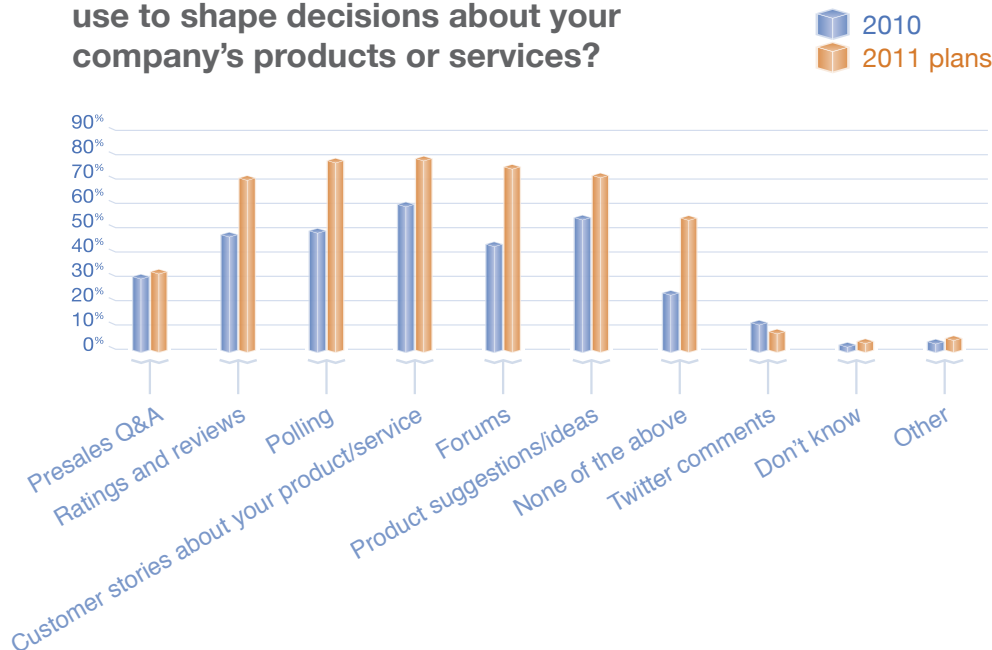
## CMOs use customer-generated content to inform product and service decisions.

This is the big shift in the power of social media and user-generated content — brands are starting to organize these voices, pay attention to them, and take action on their insights within the business.

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In 2010, 89% of CMOs used some form of user-generated content to inform product and service decisions. In 2011, 93% of CMOs plan on using some form of user-generated content to inform product and service decisions. Top forms of user-generated content used in 2010 include customer stories (59%), product suggestions or ideas (54%), polling (49%), and customer reviews (47%).

### What user-generated content do you use to shape decisions about your company's products or services?



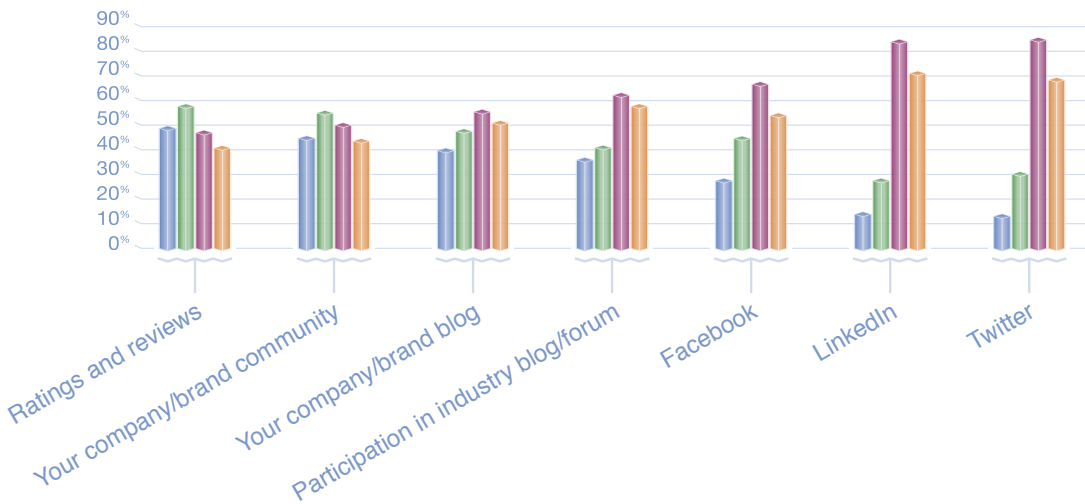
**In 2011, CMOs will look to more user-generated sources to inform product and service improvements.**

CMOs are beginning to realize that the sheer numbers of fans and followers do not always equate to bottom line business metrics, and conversion and revenues are more important indicators of success. However, social interactions with consumers have a huge impact that can largely be missed by CMOs — and the executive suite at large. These interactions can drive compelling, real-time, and trended insights that help guide brands to improve their businesses based on consumer input. The challenge involves gathering, analyzing, and sharing these results in consumable, usable ways across the company.

CMOs will continue to track their return on investment for social media over the coming years; however, ROI may mean more than just increased conversion. Companies will look to the customer engagement social media provides to help guide overall improvements in the way they market, build products, support customers, and more. This will continue to evolve as investments in new media continue to challenge the status quo.

### What social marketing activity brings you the highest return on investment?

- Average to significant, 2009
- Average to significant, 2010
- Don't know or none, 2009
- Don't know or none, 2010



**CMOs that use customer reviews and ratings find they create the highest return on investment.**

## Real-time consumer insights drive value far beyond marketing and sales metrics.

When the value of customer insights moves beyond online conversion or even revenues, the value of these interactions multiplies exponentially. The real value lies in the processes that help real customer insights get to the most relevant departments to improve the business overall. CMOs told us they want to use customer insights throughout their organizations. Here are some of the ways insights from online social interactions can directly impact areas of the business:

### **Consumer input uncovers what customers love or dislike about products and brands.**

When the product development group reads, analyzes, and integrates customer input — specifically, reviews of distinct products — they can create the next generation of products that focus directly on consumer-stated needs and wants. For example, Dell Corporation strongly considers customer reviews when developing products, and strives to create products that are rated with four or five out of five stars across the business.

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### **Marketing effectiveness improves when it revolves around customer wants.**

While marketing copywriters generally get input from brand or product managers, using the words of customers can be more impactful. Customer quotes gathered via social media can be used in all types of cross-channel marketing. For example, in 2009, fashion brand Burberry launched the “Art of the Trench” campaign, encouraging customers to send photos of themselves in this iconic brand. After using this customer-generated content in a marketing campaign, Burberry reported increased sales, due in part to some of its fresh, user-generated campaigns.

## **Retailer/manufacturer relations improve based on customer feedback.**

Social media gives retailers real-time customer feedback in the sales channel, which retailers can share with manufacturers. This information helps retailers negotiate, predict inventory needs, and work with brands to improve products much earlier in the sales cycle — before a lot of customer returns are amassed. For example, a clothing retailer noticed negative reviews about a pair of boots, specifically relating to a problem with the color of the leather. They quickly notified the manufacturer, who noted and fixed a dye lot issue, preventing future customer returns.

## **Social media enables real-time market research.**

While brands spend millions on market and consumer research, the immediacy of social media and customer feedback gives real-time — and less expensive — feedback. It also gives brands ways to interact and respond to customer input.

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## **Looking ahead to 2011 and beyond: Brands must find the true value of social.**

Social media is here to stay, and soon CMOs will become even more comfortable with and reliant on this media in the mix. Brands that look beyond short-term sales goals and web metrics — using these insights to fuel improvements across the business — will be the big winners in 2011 and beyond.

CMOs should champion the customer voice and bring other executive leaders to the table to use consumer input to improve all areas of the business. By bringing the insights to bear across the business, the impact becomes much greater than site traffic, conversion, or even revenue goals. Consumer insights enabled by social media become a focal point to help guide brands for future growth.

Determining what success looks like is more important than ever, and social media does not stand on its own. The boundaries are blurring between results from traditional media and social media, and the two will continue to converge. CMOs will continue to meld social marketing into the mix and gain value from all aspects.

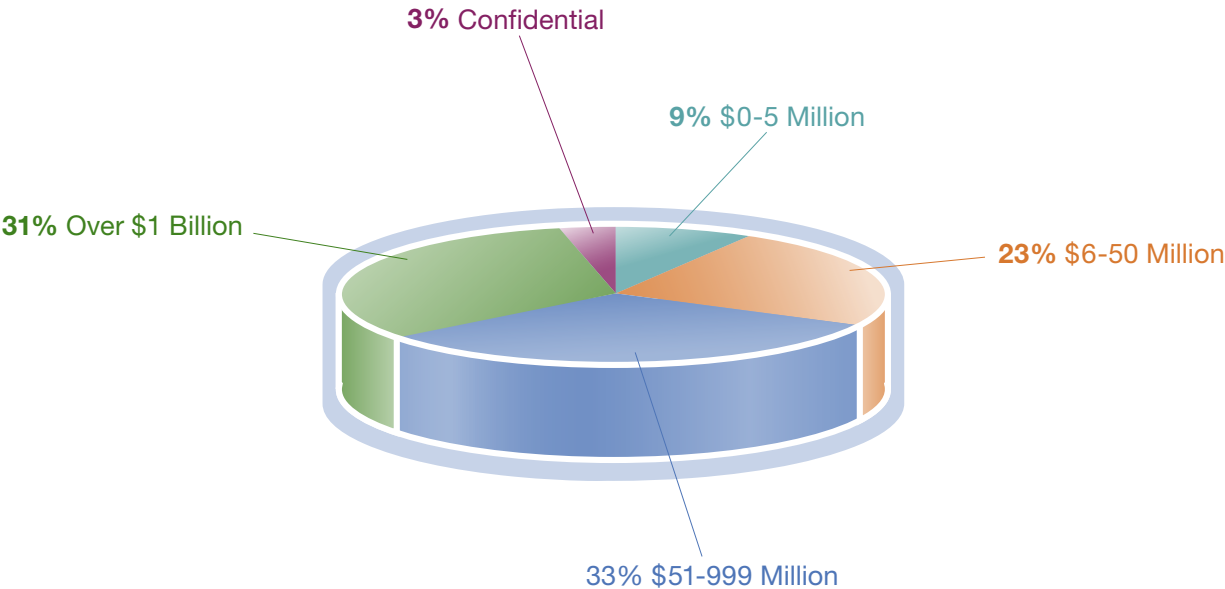
# Methodology

Bazaarvoice and The CMO Club surveyed 175 CMOs on their biggest challenges, plans, and expectations for social media in October 2010. We heard from business-to-consumer companies (39%) and business-to-business companies (47%). Fourteen percent of the responding brands served both consumers and businesses.

## Industry breakdown

- Software/hardware (21.7%)
- Finance/insurance (12.2%)
- Consumer goods (12.2%)
- Travel/hospitality (6.9%)
- Media/publishing (7.4%)
- Retail (5.8%)
- Manufacturing (5.3%)

## Annual revenues of companies surveyed



Most of the CMOs surveyed were from organizations with more than \$51 million in annual revenues.

## About Bazaarvoice

Bazaarvoice's Software as a Service (SaaS) powers customer-generated content on more than 1000 brand web sites like Best Buy, Blue Shield of California, Costco, Dell, Macy's, P&G, Panasonic, QVC, and USAA in 36 countries. The company connects organizations to their influencers through a unique network that reaches hundreds of millions of consumers around the globe, enabling authentic customer-powered marketing. Through syndication, analytics, partnerships, and consulting, Bazaarvoice brings the voice of the customer to the center of their clients' business strategy, proving "social" can drive measured revenue growth and cost savings for manufacturing, retail, travel, and financial services companies. Headquartered in Austin, the company has offices in Amsterdam, Düsseldorf, London, Paris, Singapore, and Sydney. For more information and access to client success stories, visit [www.bazaarvoice.com](http://www.bazaarvoice.com), read the blog at [www.bazaarvoice.com/blog](http://www.bazaarvoice.com/blog), and follow on Twitter at [www.twitter.com/bazaarvoice](http://www.twitter.com/bazaarvoice).

## About The CMO Club

The CMO Club was founded by Pete Krainik, a veteran chief marketing officer and a recognized deal maker in the industry. The CMO club is comprised of more than 700 chief marketing officers and almost half of the membership represents companies in excess of \$1 billion in sales and cumulatively managing more than \$100 billion in marketing advertising budgets. The CMO Club is an exclusive organization where chief marketing officers can confidentially speak to their peers about all aspects of marketing, advertising, leadership, and deal making in the 21st century in a non-vendor selling environment. In addition, the Club is focused on fostering major partnerships for CMOs in the club, driving new ideas and deals for companies through the leadership of CMOs around the world.