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## **IDC CMO Advisory Best Practices Series: B-to-B Online and Interactive Marketing . . . Cutting Through the Hype**

Online advertising, social networking, search engine marketing (SEM), Internet broadcasting, wikis, Web 2.0 ... what do these terms mean for your marketing strategy? How do you harness the power of this new medium without straying from your current strategy? The new and constantly changing digital marketplace represents great opportunity for your marketing organization and your company; however, many tech marketers are off to some operational false starts in this area.

IDC completed this study of online and interactive marketing in technology companies to refine industry definitions for online and interactive marketing and to uncover best practices in this area. More specifically, the objectives were to determine what programs and activities are being conducted in this area and how these activities are measured.

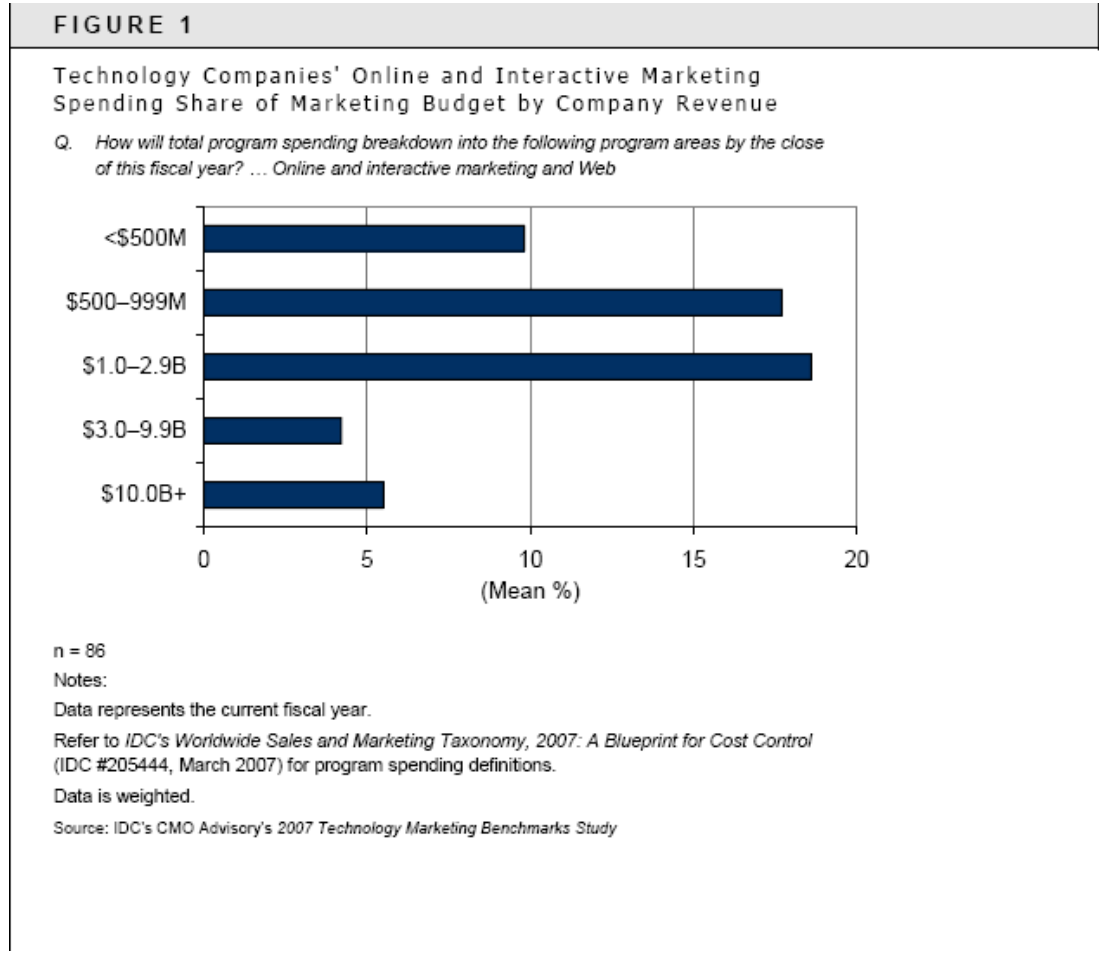
IDC conducted executive interviews with online and interactive marketing professionals in 11 major technology companies: Adobe, Avaya, Autodesk, BearingPoint, Citrix, EMC, HP, IBM, Intel, Quest Software, and SAP. Revenue for these organizations ranged from \$500 million to more than \$20 billion. We spoke with senior marketing people responsible for these roles; most of the respondents were VPs or directors.

### **SITUATION OVERVIEW**

The continued inability to measure the return on more traditional awareness-building investment (e.g., broadcast advertising) coupled with the high cost of these activities is driving more companies to pursue Web 2.0 marketing technologies and channels. Technology marketers are discovering that these channels are significantly less expensive and performance is easier to measure. Best-in-class technology organizations have already made significant strides in taking advantage of this trend; hiring the best online and interactive marketing professionals has been a key success factor in this strategic shift. However, there continues to be a wide spectrum of investment into online and interactive marketing. Most technology marketers know that they must embrace interactive and online marketing, but the specific how is sometimes elusive. In addition, the performance measurement process is increasing in complexity due to the significant volume of data and types of metrics coupled with an increasing shift into more difficult-to-measure areas of interactive marketing such as social networking.

The overall percentage of marketing programming spending allocated to online and interactive marketing averages about 10% across the technology sector. This investment level varies by the size of the company, with companies in the \$500 million to \$2.9 billion range allocating the greatest share of their marketing budget to online and interactive marketing efforts (see Figure 1). Smaller companies have in general been first

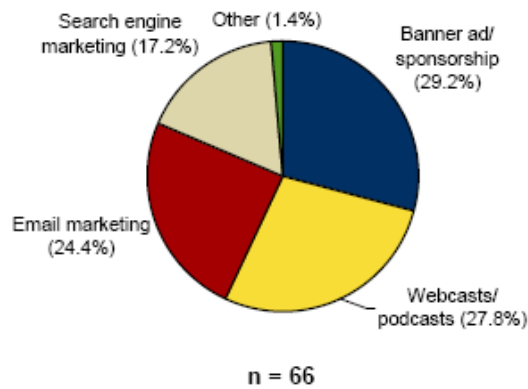
to market in leveraging newer online and interactive marketing strategies as a result of their inability to invest in more traditional, longer-term, and expensive advertising strategies and their creativity and willingness to experiment with newer techniques and technologies. However, larger companies are in the process of significantly increasing their investment in this area in the next 6–12 months. Tech marketers allocate about 9.6% of their marketing programs budget to online and interactive marketing, and of this overall allocation, 17.2% is allocated to SEM, 29.2% to banner advertising/sponsorships, 27.8% to Webcasts and podcasts, and 24.4% to email marketing/electronic outreach (see Figure 2).



**FIGURE 2**

**Technology Companies' Online and Interactive Program Spending Share by Program Area**

Q. *Totalling 100%, how will your total online and interactive program spend breakdown into the following program areas by the close of this fiscal year?*



**Notes:**

Refer to *IDC's Worldwide Sales and Marketing Taxonomy, 2007: A Blueprint for Cost Control* (IDC #205444, March 2007) for program spending definitions.

Data is weighted.

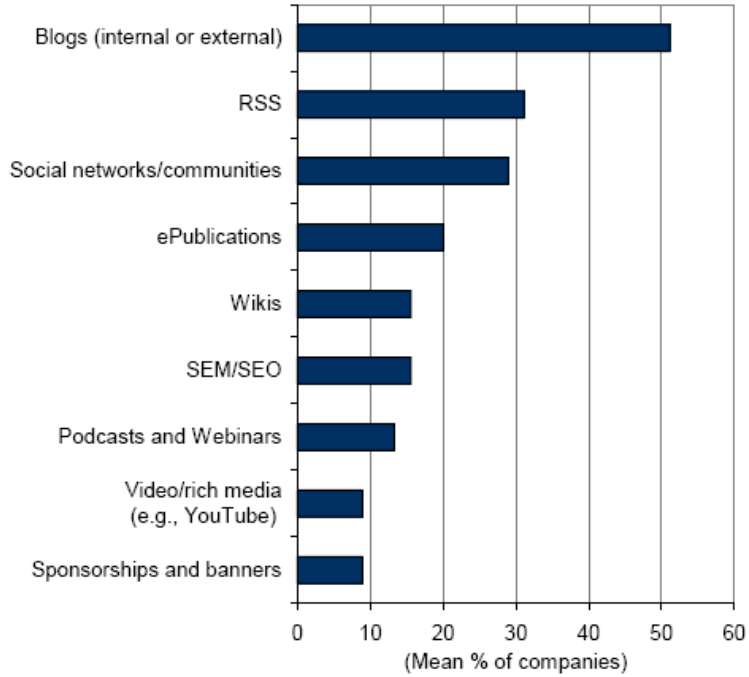
Source: IDC's CMO Advisory's 2007 *Technology Marketing Benchmarks Study*

As investment in online and interactive increases in the next 6–12 months, nearly half of technology companies are planning to engage in internal and external blogs followed by RSS and social networks/communities (see Figure 3).

**FIGURE 3**

**New Online and Interactive Marketing Initiatives for 2008**

Q. Please describe any online and interactive marketing initiatives that your marketing organization intends to deploy in the next 12 months.



n = 45

Notes:

According to Wikipedia, RSS is a family of Web feed formats used to publish frequently updated content such as blog entries, news headlines, or podcasts.

Data is weighted.

Source: IDC's CMO Advisory's 2007 Technology Marketing Benchmarks Study