

Marketing Got Complicated:

Challenges (and Opportunities) for Marketers at Mid-Sized Companies



Executive Summary

Marketers at mid-sized companies work in a world of constraints. They have less budget and smaller teams compared to marketers at large companies, where the budget for a single project can exceed a mid-sized marketer's entire annual budget.

Marketers at mid-sized companies hold responsibility for a wide range of functions, from lead generation to analytics, from brand management to marketing strategy. Despite the formidable challenges of gaining and holding the attention of target audiences in an increasingly complex marketing landscape, they set ambitious goals for acquiring and retaining customers. Technology tools help, but mid-sized companies don't have the IT support to integrate the solutions or the time to manage multiple vendors—even though the majority of them work with five or more solution providers.

To better understand the challenges facing marketers in mid-sized companies, DNN commissioned a survey of 300 marketing executives at U.S. companies with 50 to 5,000 employees. The study was conducted in February 2014 in collaboration with Lawless Research.

Key Findings

- The top three marketing priorities for mid-sized companies in 2014 are to acquire new customers (87%), increase customer retention (86%), and increase brand awareness (80%).
- 79% of marketing executives say it's a challenge to get (and hold) the attention of target customers, and 72% say it's difficult to find their

target audiences online.

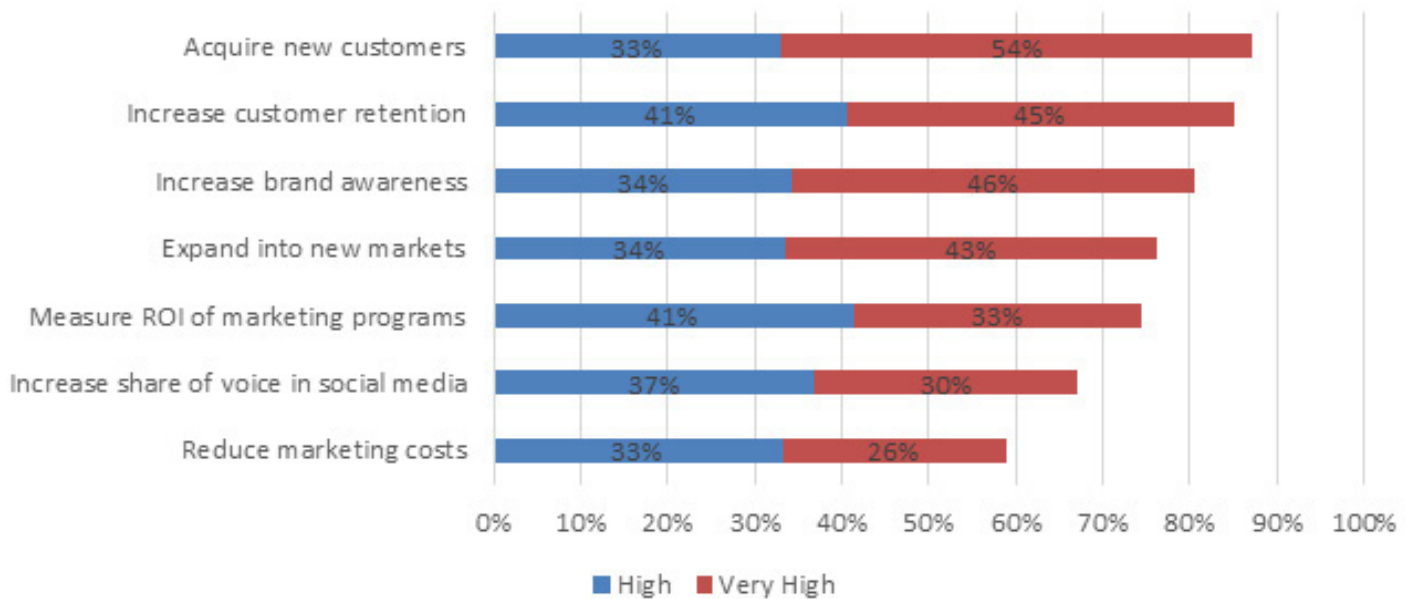
- 70% agree that marketing has become more challenging, despite (or, perhaps, because of) the wide range of technology solutions available to them.
- 53% of mid-sized companies use five or more marketing technology solutions. 15% use 10 or more.
- 79% of respondents somewhat or strongly agree that online communities are a "critical channel" for their marketing efforts. By the end of the year, 77% of respondents say their companies plan to have online communities in place, 90% of them including customers, 77% including employees.

Recommendations

- With smaller teams and tighter budgets, the stakes are higher when mid-sized companies hire new marketing team members. It's essential for them to hire wisely by emphasizing versatility, adaptability, and a genuine, strong interest in learning new tools and techniques.
- The survey results suggest that many organizations are prioritizing execution above strategy in an attempt to get ahead of the rapid development of online platforms. But sound strategy is the cornerstone of a marketing program that makes best use of scarce resources to deliver breakthrough results.
- Integrated technology suites are the key to marketers' ability to meet a wider range of expectations and individualize their messages for a variety of audiences.

2014 Marketing Priorities: Trying to Do It All

High and Very High Marketing Priority in 2014



The 2014 *Industry Research Report* paints a portrait of marketers who are trying very hard to do it all, do it now, and do it better than anyone else in their industries. In an economy that is still shaky after the 2008/2009 economic downturn, many respondents seem to have adopted ‘all of the above’ marketing strategies that compel them to be everywhere at once.

- When presented with a list of seven priorities for their marketing programs, three-quarters of respondents give five of the seven items a high or very high priority rating.
- The focus on revenue growth means that marketing has now taken on an area of accountability that previously belonged more exclusively to sales. This new interdependence will call for closer coordination, more effective

day-to-day communication, and more robust technology integration for two business functions that sometimes operate in separate silos.

- While new customer acquisition is a priority for 87% of the group, and a very high priority for 54%, customer retention receives a similar score, at 86% and 45%. Increased brand awareness and new market expansion score only marginally lower.
- 74% of respondents place high or very high emphasis on measuring the return on their companies’ investment in marketing programs. This response reflects an emerging focus on data-driven strategies across business sectors, as well as the emphasis on measurement and

evidence in relatively new subspecialties like content marketing.

- Although later survey results point to the importance of social media platforms in building online relationships and driving sales, gaining a larger share of the social media voice is a relatively low priority for marketers compared to more directly definable results.
- Not surprisingly, given the range of expectations they face, only 60% of respondents express strong interest in reducing marketing costs, and scarcely a quarter rate cost savings a very high priority.

These top-line results can be interpreted in a couple of ways. Much of the recent conversation in business management circles has focused on doing a few things very well, and by that measure, a strategy in which five out of seven objectives emerge as top priorities is no strategy at all.

On the other hand, in a fast-moving economy that offers few second chances, it may be unrealistic for any successful enterprise to sacrifice new customer acquisition...or customer retention...or brand awareness...or any of the other priorities covered in the survey. In that case, marketers will only meet their own objectives and their companies' expectations if they have the productivity tools and technology platforms to get every drop of impact out of the human (and other) resources available to them.

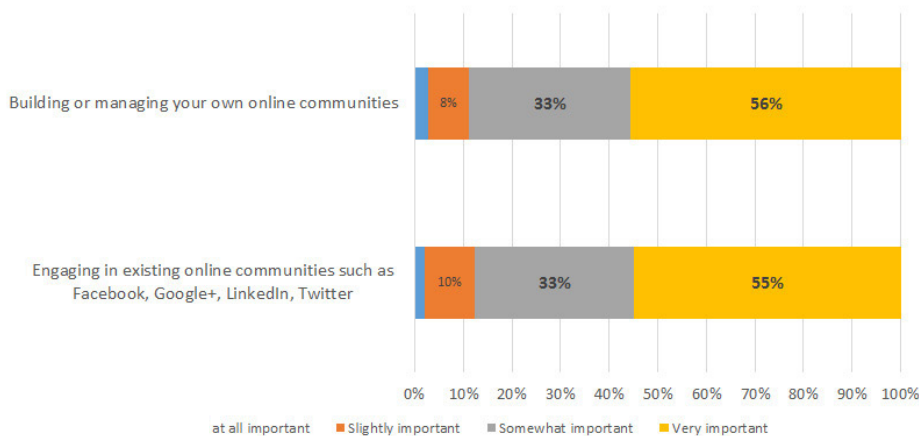
The Rise of Online Communities

They need to attract new customers. Keep existing customers engaged. Raise awareness of their brands. Communicate more effectively with sales.

Small wonder that marketers see online communities as a critical business tool. In the *2014 Industry Research Report*:

- 79% of respondents somewhat or strongly

How important are these types of online communities to your marketing efforts?



- 8 in 10 marketers say building or managing online communities is important to the organization's marketing efforts.

agree that online communities are a “critical channel” for their marketing efforts.

- 89% see it as somewhat or very important to build or manage their own online communities, and 88% say the same about engagement on public platforms like Facebook, Google+, LinkedIn, and Twitter.
- By the end of the year, 77% of respondents say their companies plan to have online communities in place, 90% of them including customers, 77% including employees.

In this transition from traditional to online marketing strategies, the most effective marketing departments will seize the opportunity to multiply their efforts and supercharge their results by mobilizing the power of social networks.

Realistically, most companies will rely on a mix of traditional outbound and more innovative inbound techniques for the foreseeable future. But as they seek to mix, match, and integrate those techniques, many of them will see the advantages in content marketing, as well as the change in approach that is needed to maximize results.

To the extent that they make the transition to inbound sales, companies can abandon or at least mitigate the risks in direct mail, cold calling, and other traditional “hard-sell” tactics. By building online conversations, community, and mutual respect, content marketing is an antidote to more transactional marketing relationships that are falling out of favor with many customer groups and, in some jurisdictions, can

violate anti-spam laws.

In a content marketing campaign, customers set the pace and the tone of the conversation—which means that, by the time they’ve toured a website, read a white paper or case study, or chuckled at a particularly interesting infographic, they have some idea of what they want to buy by the time they initiate contact.

But to set up this new brand of high-touch sales, marketing departments will need:

- A steady flow of fresh, compelling content
- A technology platform that lends itself to effective, respectful community-building, and
- New skills and perspectives that match the more community-oriented tone of a content marketing campaign.

The need to learn, test, and execute a new style of campaign, while simultaneously maintaining past marketing efforts, reinforces the low priority marketers attach to reducing the cost of their organizations’ marketing activities. According to their survey responses, 66% of marketers in mid-sized companies had marketing budgets of US \$5 million or less, while 49% had budgets of US \$2 million or less.

2014 Marketing Challenges

In their survey responses for the *2014 Industry Research Report*, marketers reveal the story behind the story of the boom in content marketing.

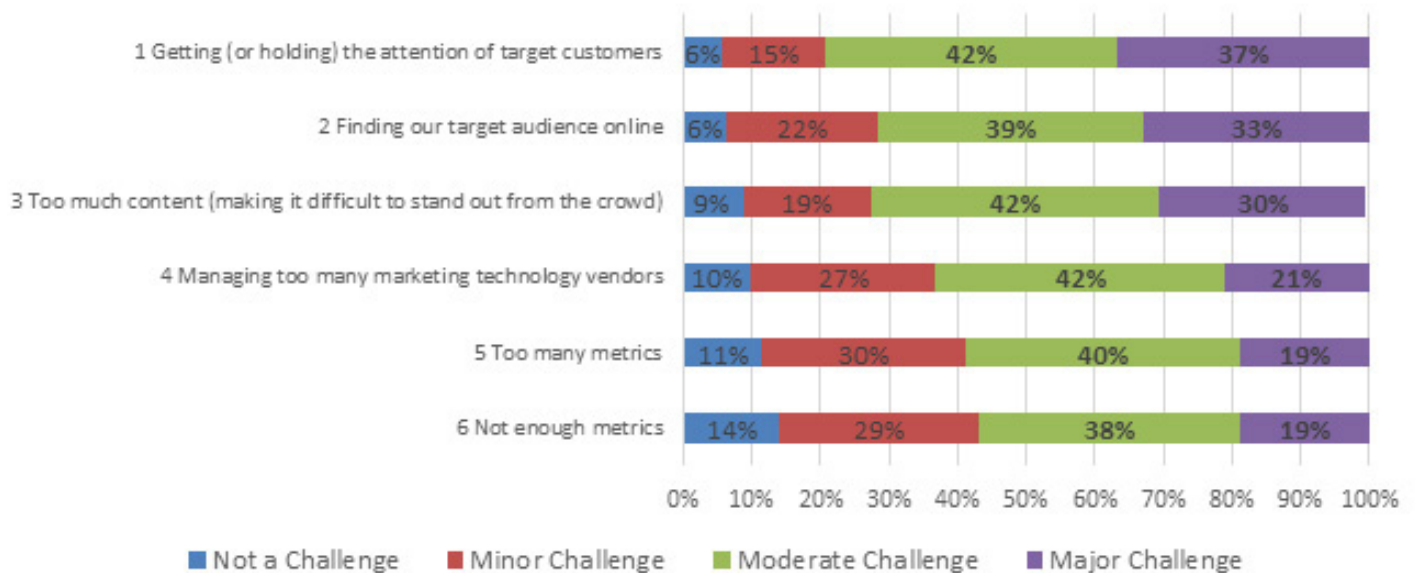
The trend is accelerating, and the theory is sound: by defining and understanding different audiences and fascinating them with a steady flow of solid, original content, marketing organizations can draw their customers into mutually beneficial business relationships that are much bigger and more durable than a set of simple transactions.

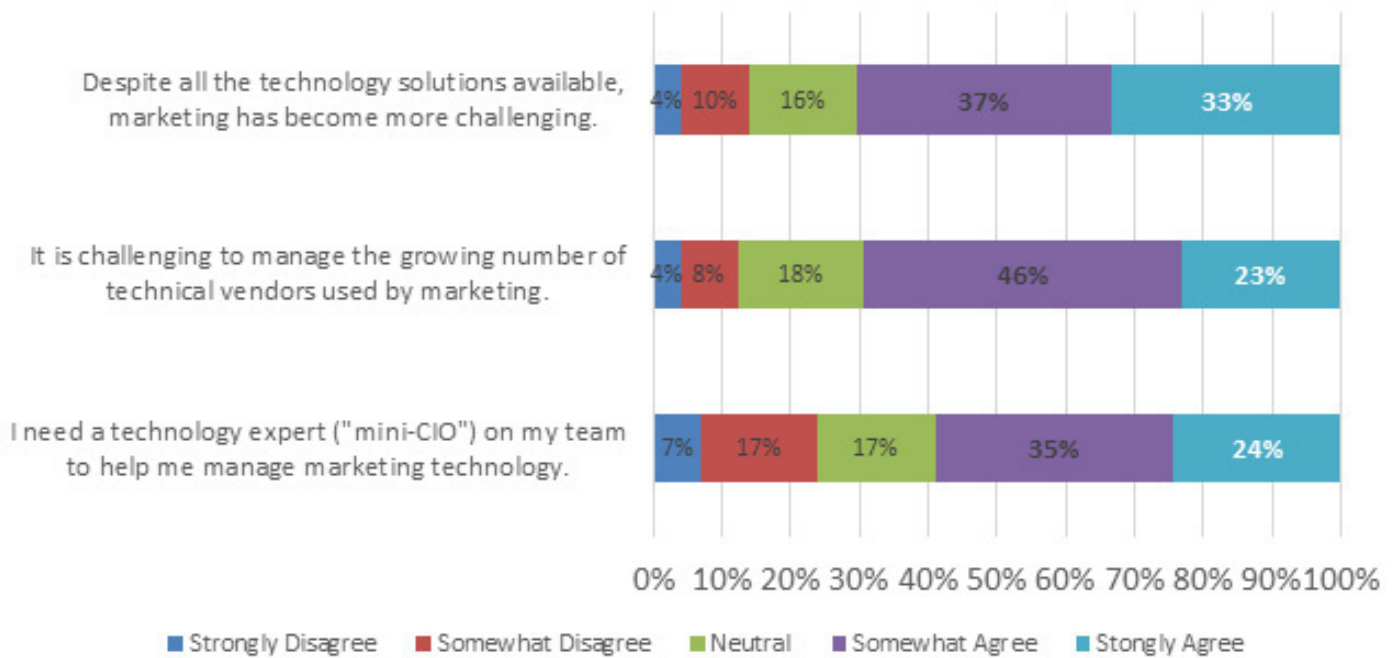
But delivering on a reengineered marketing strategy is more complicated than it might initially seem. In the survey:

- 79% of respondents say it's a major or moderate challenge to get customers' attention.
- 72% are having trouble finding their target audiences online.
- 72% say the sheer volume of online content makes it difficult for them to stand out from the crowd.

- 63% say they have too many marketing technology vendors to manage, and more than half say they need a mini-chief information officer (CIO) to help them manage the flood of technology options.

How challenging are the following factors for your marketing organization?





The survey results reflect three broad challenges that are becoming more evident as content marketing comes of age.

Content Shock?

In the early months of 2014¹, content marketers began to worry that the cascade of online content was becoming a kind of online arms race, in which brands were so intent on out-promoting each other that they ended up overwhelming end users. The term “content shock” quickly gained prominence to describe a market so overburdened that no marketer would be able to acquire and retain the audience they needed.

The conversation continues in content marketing circles. The reality is that the volume of content isn’t likely to fall off. The reassurance is that there’s still a place

for brands that can position themselves as sources of smart, reliable, compelling content that reflects an understanding of specific audiences’ needs and interests.

The brands that do the best job of delivering value are standing out from the crowd and generating strong ROI, as audiences gain confidence in their online presence. But the responses to the *2014 Industry Research Report* point to one of the most obvious signs of overload in online platforms, with 44% of marketers concerned that the quality of content on the web has decreased.

That means the future belongs to companies that can consistently generate solid content and target it to the specific, deliberately defined audiences they need to reach.

1. The debate began with an early January post by Mark Schaefer, <http://www.businessesgrow.com/2014/01/06/content-shock/>. And it continued from there...

The Resources to Do the Job

Sometimes, brands have trouble mounting effective content campaigns because of a misconception about online marketing.

When social media first began to emerge as an effective and powerful marketing tool, many organizations leapt at what they saw as an opportunity to cut costs. If content really “yearned to be free,” as commentators suggested at the time, it meant companies could get the same or better results without investing in the production services—not to mention the marketing strategy—that were central to their more traditional marketing activities. And if social platforms were the domain of the Millennial Generation, why not assign social media management to the intern?

It’s becoming clear to more and more organizations that free content is not a sustainable production model, that social media are one of the keys to reaching multiple generations, and that guiding a company’s social media presence requires skills, experience, and judgment that are often beyond the scope of the more junior people on the production team.

But until communicators acquire the skills and organizations put together the staffing to run effective content marketing campaigns, many brands will have trouble finding and reaching their audiences and holding their attention online. One recent survey in the United Kingdom found that:

- 87% of companies that tried to maintain a regular blog were unable to keep it up.

- 82% of companies that tried for a minimal Twitter presence fell short—even though the minimum target was one tweet per month, which in some ways is worse than no Twitter presence at all.²

So the good news is that the participants in the *2014 Industry Research Report* aren’t alone. But both surveys point to the urgent need for more effective, integrated content marketing strategies, as well as the powerful competitive advantage that will accrue to the leading companies that are first to improve their practices.

Too Many Options

The 63% of respondents who say they have too many marketing technology vendors to manage are identifying a common problem. Keeping track of all the apps, platforms, and online services available to content marketers could easily be a full-time job—to the extent that anyone who had the time to keep up would likely lack the time to mount a campaign using the month’s latest “best of breed” technology.

The flood of technology development is not likely to diminish...but for marketers who have to deliver breakthrough results, the only answer is to do the research, make a choice, and move on. The best path is to look for an established, integrated solution that:

- Covers the widest possible range of marketing needs, recognizing that no single solution is likely to meet 100% of a company’s needs and expectations.
- Offers an audience-friendly solution that

engages users with an immersive, engaging experience.

- Can point to a solid track record, ideally with tens or hundreds of thousands of successful installations.

A Search for Integration

Even with a sound content marketing strategy, the rapid proliferation of social media platforms is making it very difficult for brands to locate their audiences online.

Once an audience persona has been defined and characterized, it makes more sense to place content and start conversations where they already congregate online. But knowing where to find them requires a constant ear to the (virtual) ground, to keep track of new networks and platforms that may be supplanting the old.

So it's no wonder that:

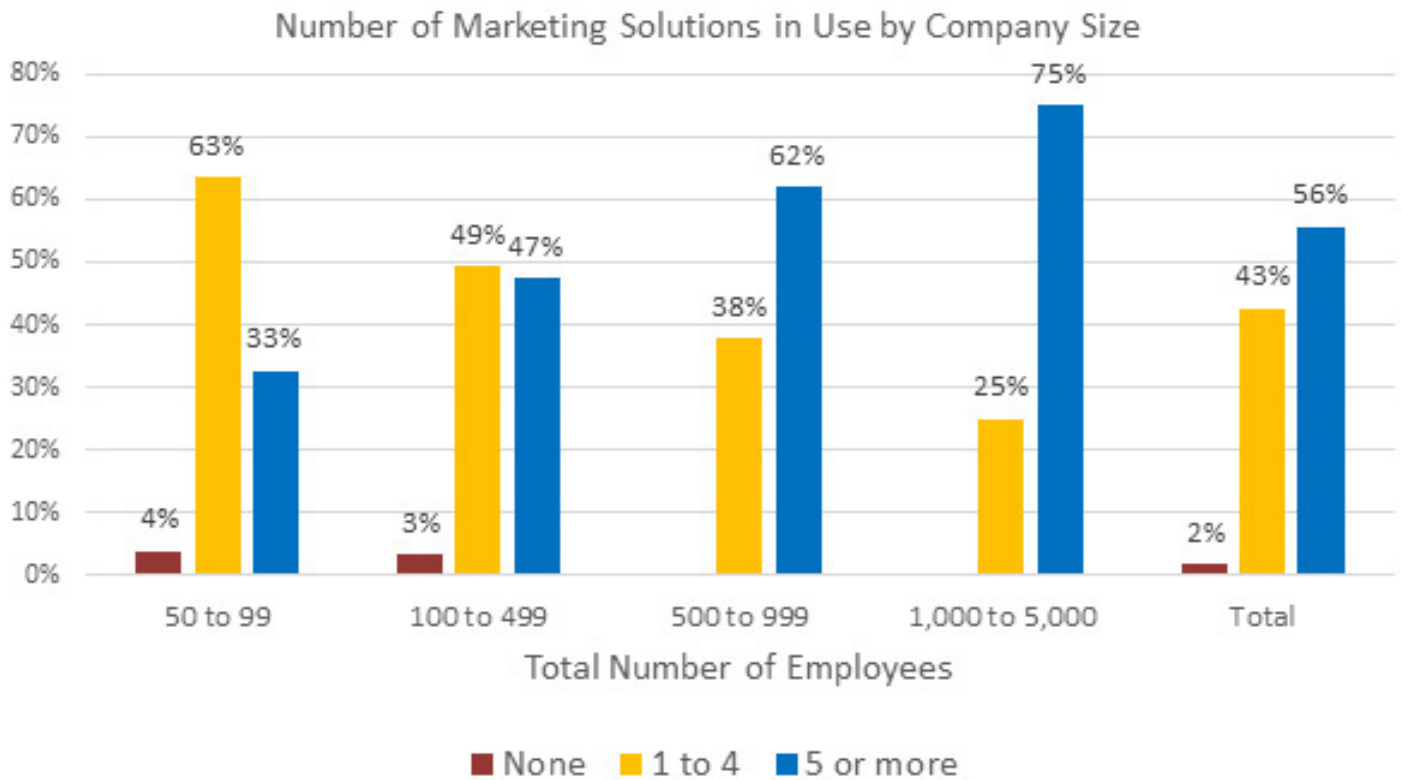
- 60% of marketers who responded to the 2014 Industry Research Report say the growth of social networks makes it difficult to prioritize their efforts.

Those organizations with the resources to do so have responded to this cascade of new platforms and options by pulling in any resources they can find. Survey respondents didn't indicate whether their organizations had opted for multiple vendors because no single technology platform would meet their needs, or because they were still bringing together the in-house knowledge, strategy, and systems to better integrate their

content marketing activities.

Either way, the survey captured a moment in time when coordination of several vendors is a significant challenge for a large proportion of companies.

- 53% of marketing organizations manage five or more technology vendor relationships, and 15% manage 10 or more.
- The number of relationships varies by the size of the organization: Three-quarters of companies with 1,000 to 5,000 employees, compared to 33% of companies with 50 to 99 employees, are working simultaneously with five or more marketing solutions.



Adding to the mix, 44% of respondents say their companies plan to introduce online community management solutions in 2014, and 41% expect to implement some form of social media listening. Over time, the ability to integrate most or all of those solutions in a single platform could be the key to boosting marketers' productivity and effectiveness, all contributing to the ROI they deliver back to their organizations.

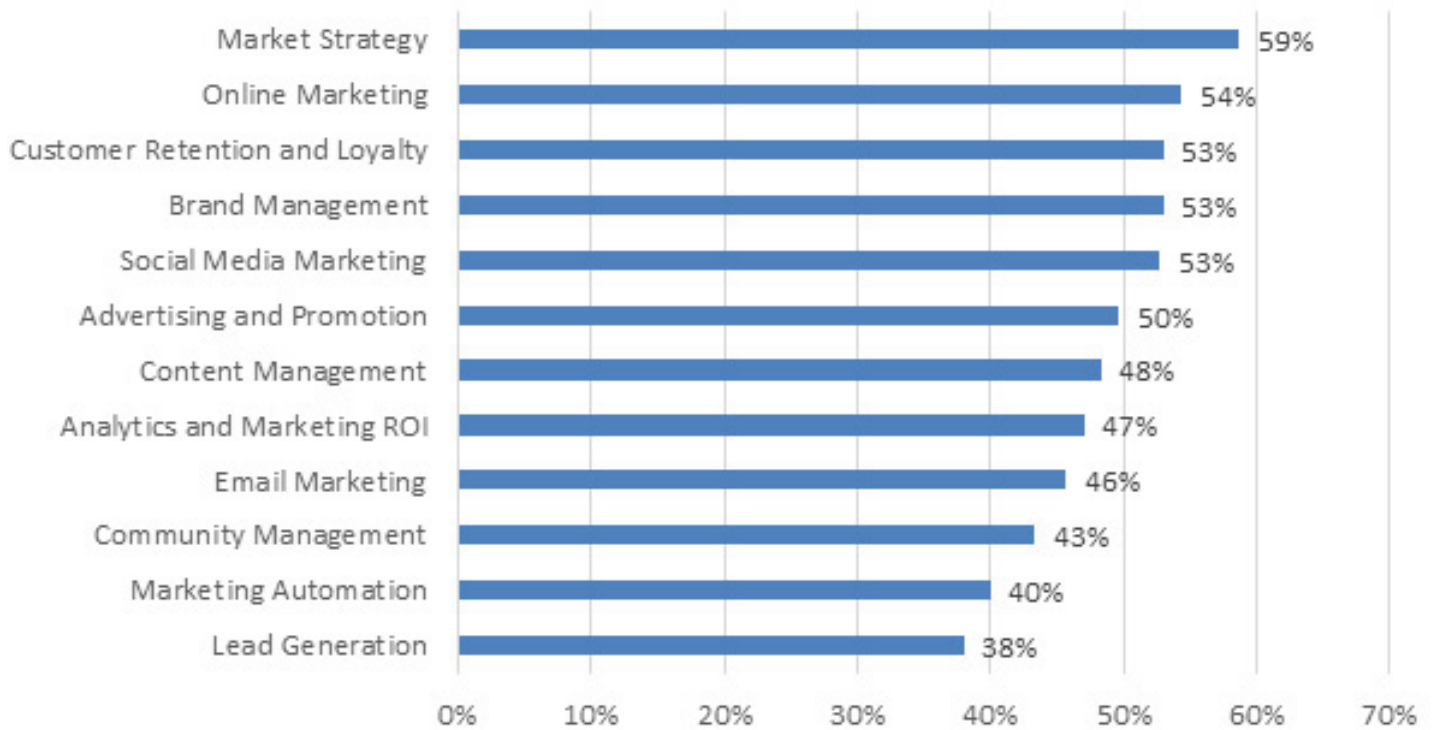
Rising Expectations on Marketers

Over the next couple of years, interest in integrated social media and content marketing solutions could also be driven by the huge range of expectations that marketers face every day.

- Among survey respondents, the average marketer at a mid-sized company is responsible for six marketing functions.
- 25% are responsible for 10 to 12 functions.

The detailed responses on job responsibilities point to the complexity of the marketing function and the mix of skills and knowledge required to deliver a comprehensive marketing program. Several of the functions—including online marketing, social media marketing, content management, analytics and ROI, and community management—would not likely have scored as high in a survey conducted two, three, or five years ago. Some functions, including two of the top five, would scarcely have existed.

Which of the following functions do you manage or direct?



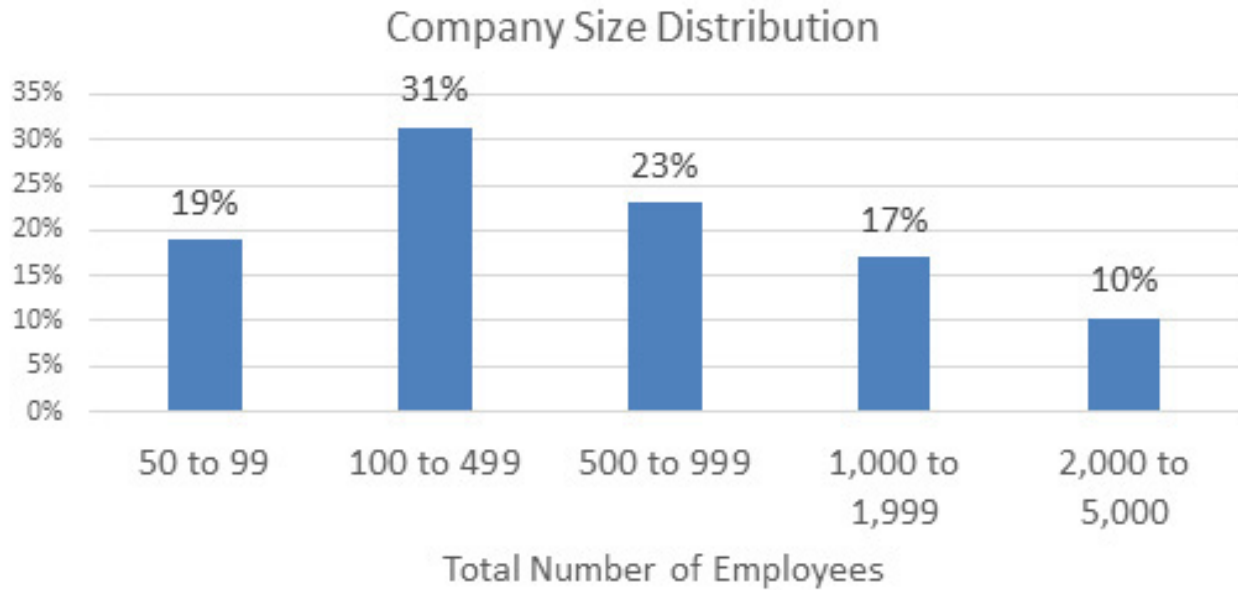
The expectation on marketers to deliver a far more complex mix of services, across an unprecedented range of rapidly-changing platforms, goes a long way to explaining the high number of technology vendors in the mix. But it's one thing to explain the phenomenon, something else again to suggest that marketers will be able or willing to sustain that many separate, distinct business relationships over the medium to long term.

As social media management and content marketing mature, marketers' effectiveness (not to say their ability to avoid massive burnout) will hinge on their partnerships with integrated technology vendors that can deliver large, diversified programs, while giving audiences the rich content and collaborative tone they will

increasingly expect online.

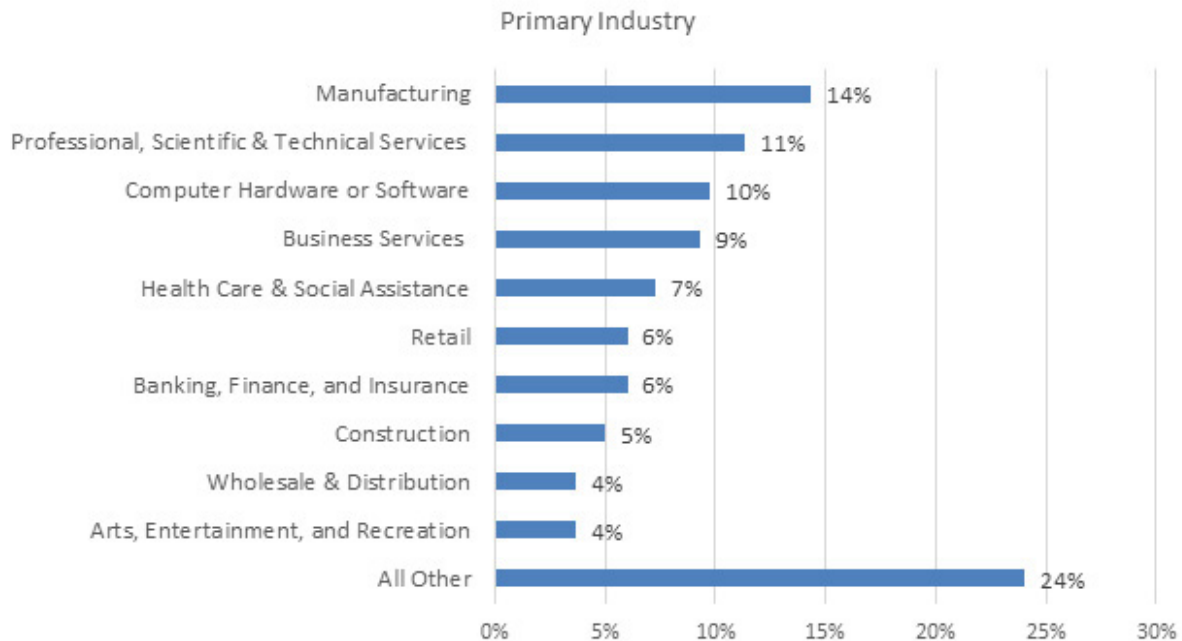
About the Research

DNN Software commissioned Lawless Research to conduct a study on the marketing priorities and challenges of mid-sized companies. The research focused on companies in the United States with 50 to 5,000 employees. In February 2014, 300 marketing executives completed an online survey hosted by Qualtrics, a leading enterprise survey technology provider. Survey Sampling International identified respondents from its online panel of marketing decision-makers, and Lawless Research performed the data analysis. The margin of error for the study is $\pm 5.7\%$ at a 95% level of confidence.



Respondent Profile

- 54% of respondents were from companies with 100 to 999 employees.
- 30% were owners, CEOs, chief marketing officers, or vice presidents of marketing.
- Respondents were drawn from a broad range of industries and sectors.



Conclusions and Recommendations

From our analysis of 300 marketers at mid-sized companies, DNN Software concludes that:

- **Mid-sized marketers have modest means to achieve high expectations.** The average marketer at a mid-sized company has an annual budget of \$2 to \$5 million to orchestrate six distinct marketing functions, five marketing solutions, and five marketing technology vendors. Within these parameters, the marketer must drive revenue by simultaneously acquiring new customers and retaining existing ones.
- **The marketing systems at mid-sized companies have never been more complex.** Marketing systems are useless unless data can be passed back and forth between systems. With five technology solutions across five vendors, the majority of marketers at mid-sized companies see the need for a “mini-CIO” to integrate and support these systems.
- **Marketing is about so much more than just technology and metrics.** Marketers at mid-sized companies find it challenging to hold the attention of their target audiences and make their content and messaging stand out from the crowd. While technology and metrics are central to any marketing program, they can’t replace the day-in, day-out functions of listening, sharing, communicating, and building community at the heart of an audience-centered content marketing campaign.

DNN recommends that marketers at mid-sized companies should:

- **Hire wisely.** Facing a wide range of expectations and functional needs, marketers at mid-sized companies are stretched thin. Few organizations or team members have the luxury of focusing all their efforts on a single technology or discipline. This makes it imperative for companies to hire versatile, adaptable, well-rounded team members, with a wide range of skills and a genuine passion for learning and adopting new technologies, disciplines, and practices.
- **Emphasize strategy first, execution second.** With the majority of mid-sized marketers managing five or more technology vendors, and 15% juggling 10 or more, it seems obvious that organizations are scrambling to catch up with online platforms by putting execution ahead of strategy. The impulse is understandable. But it’s a mistake. The time invested to map out a sound strategy pays huge dividends, pointing the way to the most valuable market opportunities and the integrated technology solutions required to take full advantage of them.
- **Deploy integrated technology suites.** Mid-sized marketers identify integration of marketing technology solutions as a high priority. While no single vendor can provide 100% of an organization’s marketing technology, a suite of solutions lessens the need for integration. It might even mitigate the intense pressure many organizations feel to deploy a “mini-CIO” to make sense of their available technology resources.

About DNN

DNN provides a suite of solutions for creating rich, rewarding online experiences for customers, partners and employees. Our technology is the foundation for 750,000+ websites worldwide and our customers include True Value Hardware, Bose, Cornell University, Glacier Water, Dannon, Delphi, USAA, NASCAR, Northern Health and the City of Denver. In addition to our commercial solutions, DNN is the steward of the DotNetNuke Open Source Project.

SOURCES

¹ <http://www.businessesgrow.com/2014/01/06/content-shock/>

² <http://home.passle.net/wp-content/uploads/2013/08/The-State-of-Business-Blogging-2013.pdf>

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