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Revisiting The Online Marketing Suite

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EXECUTIVE SUMMARY

After several years of relative obscurity and false starts, the online marketing suite is poised to gain steam as marketers focus on resolving multichannel complexity and as vendors seek out new avenues for revenue growth. The online marketing suite defines itself through the integration of multichannel campaign execution, content management, and analytics into a single platform, but its true potential is enabled by a central hub incorporating management, measurement, data, and integration points. Several categories of vendors are converging on the online marketing suite, each from their own perspectives. Given the complexity and diversity of the interactive marketing environment, several variations of the online marketing suite will persist for the foreseeable future.

THE ONLINE MARKETING SUITE IS MORE RELEVANT THAN EVER

Immediately following the publication of Forrester's original research defining the online marketing suite, the limited availability of legitimate technical solutions and marketers' comfort with traditional interactive marketing workflows stymied adoption. Fast-forward to 2011, and the picture is changing rapidly. Why? Marketers' long-standing challenges — such as siloed measurement, disjointed customer experiences, and flawed attribution — are still serious problems, and the convergence of several market factors puts the online marketing suite back on the table:

- **Interactive channels are marketing's growth engine of choice.** Marketers' commitment to interactive marketing continues to grow in both absolute and relative terms.[1] The recession and current austere recovery further encourage the trend as marketers find sanctuary in interactive channels as an effective and cost-efficient method to grow their businesses.[2]

- **Emerging channels take marketers out of their comfort zone.** The very definition of marketing continues to expand as new touchpoints move from the experimental to the mainstream. In particular, social and mobile channels that were nascent only two years ago are on the tipping point of becoming the darlings of the marketing mix.[3] Managing these highly involved and rapidly evolving channels ups the ante for content management, campaign execution, and analytics.

- **Expanded product suites help vendors continue growing.** Best-of-breed vendors representing several technology segments — such as web analytics, web content management, and messaging — have achieved a relatively high level of maturity in an increasingly challenging competitive landscape, forcing a scramble to locate new routes of growth and differentiation. Diversification by vendors into related or tangential markets is a common strategy in a bid to sell more products to
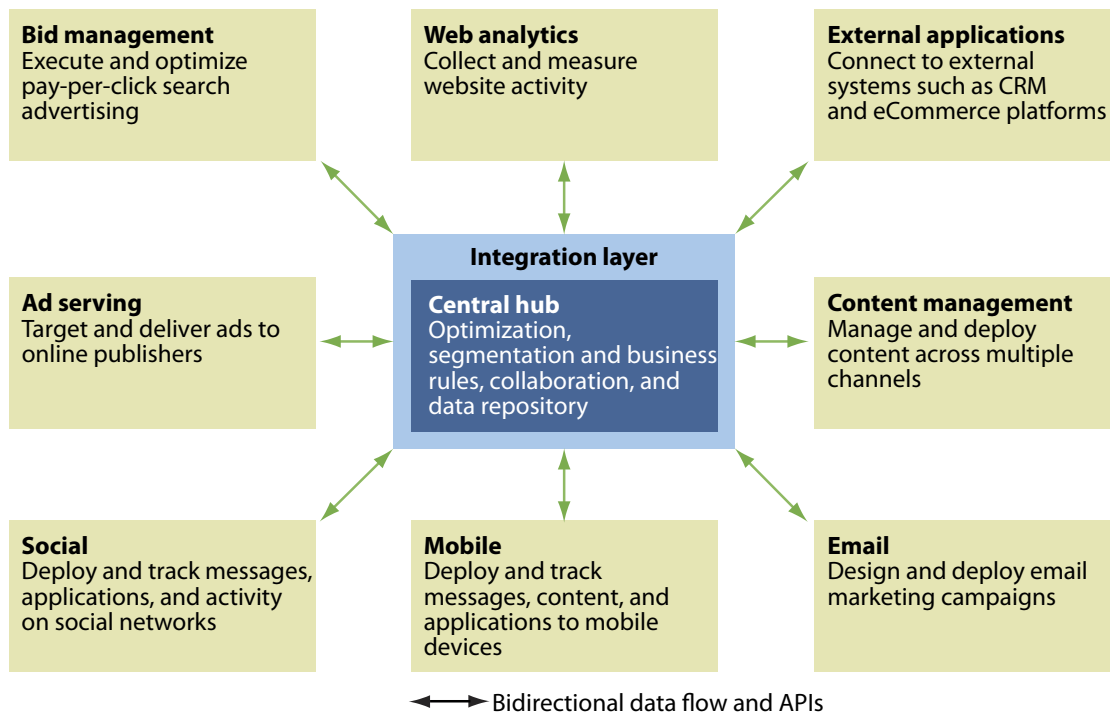
existing customers and expand the universe of prospective customers. Vendors see the online marketing suite as an extension of their existing capabilities into new revenue streams.

The Online Marketing Suite Helps Marketers Dig Out Of A Deep Hole

A common response by marketers to the complexity of interactive marketing is the tendency to run campaigns in isolation from one another, defining relationships by the channel rather than the customer. Shortcuts that sacrifice multichannel coordination for expediency shortchange relevance to consumers and gut marketers' ability to perform accurate analytics and attribution. Organizations must proactively invest in integrating multichannel analytics, content management, and campaign execution to sidestep the inevitable long-term impact of siloed approaches on the customer experience and marketing ROI.

The online marketing suite offers a solution to this challenge. Forrester defines the online marketing suite as a comprehensive platform to serve the entire interactive marketing life cycle spanning data, content, workflow, optimization, measurement, and channel execution (see Figure 1).[4] The online marketing suite supports the business case for integration by providing: 1) cost efficiencies from coordinated processes; 2) measurement to identify areas of strong and weak performance; and 3) improved marketing relevance from the coordinated design and delivery of multichannel campaigns.

Figure 1 The Online Marketing Suite In 2011

Bid management
Execute and optimize pay-per-click search advertising

Web analytics
Collect and measure website activity

External applications
Connect to external systems such as CRM and eCommerce platforms

Ad serving
Target and deliver ads to online publishers

Integration layer

Central hub
Optimization, segmentation and business rules, collaboration, and data repository

Content management
Manage and deploy content across multiple channels

Social
Deploy and track messages, applications, and activity on social networks

Mobile
Deploy and track messages, content, and applications to mobile devices

Email
Design and deploy email marketing campaigns

◄──► Bidirectional data flow and APIs

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Source: Forrester Research, Inc.

The Online Marketing Suite's Central Hub Is A Game Changer

The online marketing suite offers many configuration options because functionality is delivered natively or via integration with third-party technology or service providers. The online marketing suite's central hub makes this flexibility possible by enabling:

- **Optimization across the entire funnel.** The online marketing suite offers consolidated optimization functionality — such as A/B and multivariate testing — to facilitate consistent testing across individual and multiple channels. For example, an insurance company that had previously tested email and the website in isolation now incorporates multiple channels in tests to understand how interactions across channels drive conversions and campaign performance.

- **A single set of segments and business rules.** The online marketing suite centralizes segmentation and business rules as a service to all other functions, to be informed by and shared across all activities. For example, a multichannel retailer that historically defined campaign inclusion and exclusion rules in an analytics environment and subsequently translated those rules to each individual channel benefits by setting up a single set of rules that are automatically and consistently made available for execution across channels.

- **Collaboration tools for efficient processes.** The online marketing suite provides a workflow to guide campaign production and analysis across stakeholders, ensuring consistency, process visibility, and time and cost efficiencies. For example, a CPG firm that previously experienced coordination challenges with its agencies — leading to delays and campaigns going live without data collection mechanisms in place — benefits from a structured workflow that incorporates process tasks, notifications, and approvals for both internal stakeholders and third parties.

- **A data repository to build a single view of the customer.** The online marketing suite collects data across channels in a unified repository to deliver a view of the entire interactive marketing mix from a single application. For example, a retailer that previously relied on myriad applications for channel-specific analytics consolidated disparate sources of campaign and customer data into a single data source for measurement, segment development, and data mining, yielding much more robust and effective analytics.

- **An integration layer to synchronize third-party applications.** The online marketing suite is built on a standards-based architecture and supports tight integrations with third-party applications and service providers. These may be available via packaged integrations or programmatically via API or scheduled batch data exchanges. For example, a media company needed to replatform its web analytics solution but wished to continue working with its existing advertising partners; the integration layer permitted them to swap out the website measurement technology without disrupting their other data feeds and integrations.

TODAY'S ONLINE MARKETING SUITE REFLECTS DIVERSE PERSPECTIVES AND NEEDS

Forrester's vision for the online marketing suite as a combination of infrastructure, best-of-breed functionality, and seamless integration is a tall order. In today's environment, no comprehensive online marketing suite exists from a single provider. However, vendors are making encouraging steps forward as they converge on the online marketing suite based on their respective historical competencies and perspectives (see Figure 2). Vendors representing four key marketing technology segments are aggressively pursuing the online marketing suite today:

- **Web analytics platforms provide visibility throughout the entire funnel.** Web analytics vendors base their vision for the online marketing suite on their heritage of on-site web measurement. As the website increasingly acts as a central touchpoint in the customer life cycle, these vendors are extending their capabilities beyond core web analytics to incorporate data warehousing, site optimization, search marketing, advertising, and tracking emerging channels such as social and mobile. These vendors typically lack native campaign execution functionality and content management. For example, Adobe Omniture's Genesis program brings a wide range of online marketing activities like SEO and content syndication to marketers through a turnkey integration layer and Webtrends has expanded into search, social, and mobile channels through acquisitions and partnerships.

- **Web content management systems deliver content in the right format to each device.** Web content management vendors base their vision for the online marketing suite on their heritage of managing content on the Web. In response to escalating demands for dynamic, rich web experiences, these vendors are extending their capabilities to incorporate site optimization, traffic measurement, segmentation, social and user-generated content, campaign management, search, and eCommerce. These vendors tend to lack native deep analytics and data repository capabilities. For example, Autonomy's Promote product line incorporates WCM, online testing, and measurement based on a common application and analytics framework, and the Sitecore Online Marketing Suite integrates multichannel CMS, measurement, and campaign management.

- **Email service providers deliver messages across channels.** Email service providers base their vision for the online marketing suite on their heritage of messaging services, predominantly email. As digital touchpoints expand the palette of messaging options, these vendors are expanding into mobile messaging, social media messaging and sharing, and campaign management. These vendors tend to lack native multichannel content management and deep analytics capabilities. For example, ExactTarget offers the Interactive Marketing Hub to support multichannel messaging and campaign management, and the Responsys Interact Suite provides campaign management, reporting, workflow, and data integration.

- **Marketing automation suites manage multichannel campaign flows.** Marketing automation vendors base their vision for the online marketing suite on their heritage of traditional

campaign management and marketing resource management. As interactive marketing expands to occupy a growing share of marketing budgets at the expense of traditional direct marketing, these vendors are expanding into messaging across digital channels, and supporting online marketing processes. These vendors tend to lack native content management and deep analytics capabilities. For example, Unica offers Interactive Marketing OnDemand to support integrated web analytics, WCM, and email, and the Neolane Conversational Marketing platform incorporates marketing resource management, campaign management, lead management, and messaging.

Figure 2 The Online Marketing Suite Contenders

Online marketing suite category	Example vendors	Native strengths	Native weaknesses	Best fit for
Web analytics	• Coremetrics • Adobe Omniture • Webtrends	• Measurement and analytics across interactive channels • Site optimization • Data warehousing	• Limited campaign execution capability • Limited involvement in content management components • Limited workflow capability	• Users focused on interactive analytics and optimization • Users focused on complementing best-of-breed campaign execution capabilities with consolidated analytics
Web content management	• Autonomy • SDL Tridion • Sitecore	• Content management across interactive channels • Supports a broad spectrum of website interactions	• Limited analytics capability • Limited data warehousing capability to support analytics and marketing	• Users focused on website engagement • Users focused on providing marketing and analytics capabilities to content contributors
Email service provider	• e-Dialog • ExactTarget • Responsys	• Messaging across interactive channels • Campaign management across interactive channels	• Limited analytics capability • Limited involvement in content management components	• Users focused on campaign management in interactive channels
Marketing automation	• Agillic • Neolane • Unica	• Campaign management across online and offline channels • Marketing resource management • Integration points with offline channels and data stores • Decision and offer management	• Limited analytics capability • Limited involvement in content management components	• Users focused on extending legacy marketing infrastructure • Users focused on campaign management spanning online and offline channels • Users with advanced process and workflow requirements

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Source: Forrester Research, Inc.

WHAT IT MEANS

THE ONLINE MARKETING SUITE REMAINS A WORK IN PROGRESS

Despite tangible progress in recent years, the online marketing suite remains a considerable challenge to marketers and vendors alike. Marketers must coordinate internal teams and budgets to take full advantage of the online marketing suite's breadth, and vendors must solve the twin challenges of seamless technical integration and robust functionality that will appeal to users. The online marketing suite is out of infancy but maturity is several years away. But the online marketing suite brings value in its current iteration and portends the following market trends:

- **A complete online marketing suite still requires multiple investments.** No online marketing suite option does it all. Marketers should select the platform that most closely matches their requirements and users — or the option that builds on existing investments and expertise — and plan to integrate the rest. Most vendors try to complement their online marketing suite with integration options and partner programs to accommodate capabilities that are not natively supported such as ad serving and eCommerce.

- **Analytics is the glue of the online marketing suite.** The primary value of the online marketing suite is the promise of increased ROI through efficiency and effectiveness, which fundamentally relies on measurement and analytics. In fact, measurement and analysis functionality is the central function that spans all variations of the online marketing suite. Furthermore, the online marketing suite will cement its position as a must-have technology with deeply embedded optimization and the introduction of advanced analytics such as data mining that go beyond basic reporting and dashboards, further exploiting the value of integrated campaign execution and content management.

- **Multiple perspectives on the online marketing suite will persist and coexist.** The online marketing suite is a diverse array of functionality used by a wide variety of personnel. Marketing requirements and enterprise buying centers will remain divergent, reducing the likelihood of a comprehensive online marketing suite emerging in the short term to midterm. Analytics components will be absorbed first into other variations of the online marketing suite as a service function; messaging, content, and marketing automation will remain specialty components.

- **Marketing is moving to the cloud.** The concurrence of software-as-a-service-centric online marketing suites and marketers' preference for simplified, fast implementations and reducing capital expenses is driving a nascent movement to migrate marketing technology and data to the cloud. Even in cases where data or legacy investments must remain on-premise, many marketing components such as business rules, workflow, reporting, and campaign metadata are moving to the cloud with increasing regularity. As firms gradually replatform legacy solutions and develop comfort with cloud-based solutions, the transition from on-premise to SaaS marketing data management and applications will accelerate.

- **The vendor landscape will get more crowded before it consolidates.** The online marketing suite appeals to more technology segments than those outlined in this report. Many marketing technology segments find it impossible to resist the siren call of multichannel interactive marketing and its potential revenue. For example, Google offers a variety of integrated products based on a search marketing perspective. Forrester sees variations of the online marketing suite from CRM and eCommerce vendors. Additionally, enterprise technology vendors such as IBM will play a part as they integrate various assets and acquisitions in the online space.

- **Ultimately the online marketing suite is a limited application.** Optimizing interactive marketing is critically important but nevertheless encompasses only a portion of the total customer experience. Eventually, online and offline marketing capabilities must converge into a comprehensive marketing platform. An integrated online marketing suite and enterprise marketing platform is an extremely long-term vision, and data and functional integrations will be the solution for the near future.

ENDNOTES

1 This year, more marketers are shifting budget from traditional to interactive media rather than supporting interactive efforts with new monies as they have in years past. Also see Figure 4: Forecast: US Interactive Marketing Spend, 2009 To 2014 for specific CAGR growth data. See the July 6, 2009, "US Interactive Marketing Forecast, 2009 To 2014" report.

2 The majority of marketers find that interactive tools are more effective than traditional ones, especially in a recession. When faced with budget cuts or the need for immediate sales, these marketers find that interactive tools are less expensive, more measurable, and better for direct response than traditional media. See the July 6, 2009, "US Interactive Marketing Forecast, 2009 To 2014" report.

3 Forty-five percent of marketers now create social media — like blogs, discussion boards, or communities. And 27% more intend to within 12 months. This means created social media has become as mainstream as display media and SEO. Also, more marketers plan to pilot mobile programs than are doing so today. Most current adoption is of mobile social (30%), followed by mobile display ads (26%), mobile search (22%), and WAP sites (21%). But similar percentages — between 21% to 31% — expect to pilot the same mobile programs within 12 months. And about 20% of marketers think they'll trial mobile coupons, video, and games, the three least adopted mobile tactics today. See the October 5, 2010, "Interactive Marketing Channels To Watch In 2010" report.

4 The complete suite has two core components: 1) the central hub — the molten core of the suite that enables marketers to manage and integrate online data, and 2) the network — a thriving community of technology and service partners that deliver execution, targeting, and measurement services. See the October 17, 2007, "Defining The Online Marketing Suite" report.