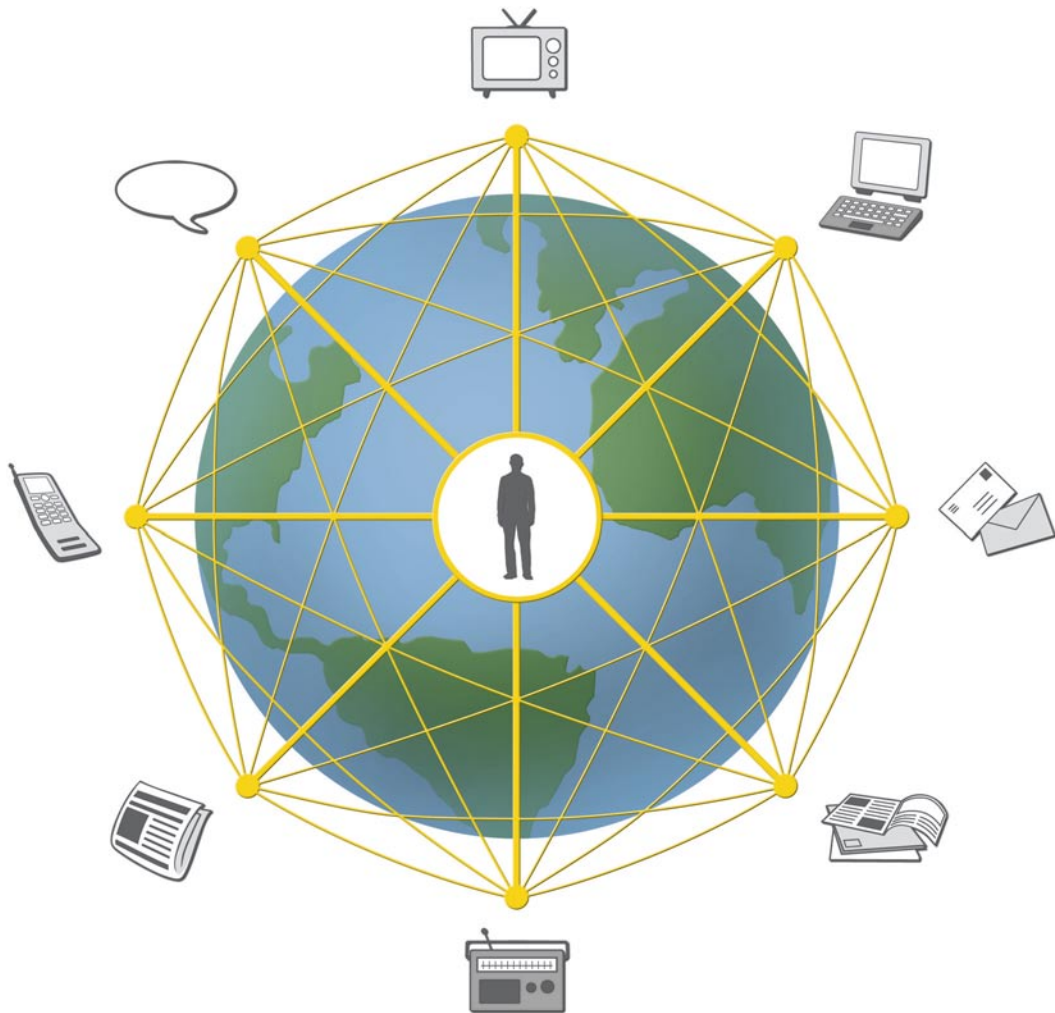


# The future of marketing

## From monologue to dialogue



An Economist Intelligence Unit white paper  
sponsored by Google



## Preface

Early in 2006, the Economist Intelligence Unit and Google launched a research programme to address the future of marketing in the age of the Internet. An advisory board comprised of senior marketing executives from around the world worked with the Economist Intelligence Unit and Google to create an online survey that received responses from over 200 senior global marketing executives and CEOs across a range of industries. Between one-quarter and one-third of the respondents were based in each of North America, Europe and Asia.

The results of the survey were presented in March 2006 to groups of marketing executives in London and New York. Following up on the feedback, the Economist Intelligence Unit conducted in-depth interviews with senior corporate marketers across industries and regions to build upon the survey and analyse some of the issues it raised.

The Economist Intelligence Unit bears sole responsibility for this report. John du Pre Gauntt is the author. The findings and views expressed in this report do not necessarily reflect the views of the sponsor. Our sincere thanks are due to the survey respondents and interviewees for their time and insights.

September 2006



## Executive summary

**T**he past two years have witnessed the first examples of true two-way marketing “conversations” between customers and some of the world’s leading consumer brands. Driven by a confluence of innovation, competition and big shifts in consumer behaviour, the dialogue between brands and their customers is replacing the traditional marketing monologue.

The implications of a two-way interaction between corporate marketers and their customer base are far-reaching. According to a worldwide survey of 228 senior global marketing executives conducted in February 2006 by the Economist Intelligence Unit, in co-operation with Google, chief marketing officers (CMOs) will need to rethink four basic elements of their work—branding, integration, measurement and accountability, and internal organisation—in order to conduct online and offline marketing activities that are relevant, measurable, and accountable to the C-suite in terms it understands, such as top-line growth and speed to market.

In the area of *branding*, the survey and in-depth interviews with senior marketers reveal that online marketing enables marketers to create interactive brand experiences that also contain a path to action for the consumer. Leading firms are discovering that interactive tools and content that enable customers to search and research information about products and services are becoming brand assets in their own right. The result is that online branding has the potential to become the central marketing expression for organisations.

Better branding cannot occur in separate online and offline silos, however. Survey respondents and executives are in the midst of trying to *integrate* their online and offline efforts into a single strategy. One result is that the line separating creative efforts and

media planning/buying functions is disappearing within marketing departments. The necessity for better integration also affects companies’ relations with media and advertising partners. Moreover, the integration of creative, media placement, and distribution requires a greater degree of measurability and accountability than is normally found today.

The research shows that marketers remain dissatisfied with their ability to *measure* the results of current marketing campaigns, both offline and online. But they recognise that better measurability is inevitable, given that chief executive officers (CEOs) want to see direct evidence of a return for any marketing investment. This pressure on marketers to be more *accountable* for marketing results is altering how they organise their internal departments to handle multi-channel, integrated marketing campaigns.

As the role of marketing expands to affect other corporate activities such as joint ventures, alliances and even product development, top marketers recognise a need to create new incentive structures in order to prepare their *internal organisations* for the increased level of accountability. This process will speed up, as the scope of marketing campaigns widens to include nearly all of a company’s brand assets, products and services, not simply its best-selling or newly launched items.

These changes in branding, integration, measurement, accountability and organisational structure are not the result of a single, specific technology innovation. Instead, marketers are responding to a large and growing audience that has integrated the Internet into its daily life. The ability to conduct an intelligent conversation with this audience, regardless of media or marketing platform, will determine whether today’s marketers thrive or struggle.



## Introduction

Until a few years ago, marketing was a monologue. Marketers invested time, talent and money to broadcast messages designed to correspond with each stage of a theoretical buying cycle: awareness, research, consideration, testing, negotiation and transaction. The primary role of marketing was to conduct, some might say squeeze, customers through a hypothetical funnel on their way to a point of sale.

Each stage of the buying cycle typically had its own content, media channel and corporate goals. A marketer might use television or print media to drive awareness or consideration at the funnel's wide mouth and then turn to local radio or direct mail to drive a response as the funnel narrowed. This linear communications model to reach and influence a largely undifferentiated audience dominated the strategies of marketers as well as their media and advertising partners throughout the 20th century.

Online marketing via the Internet has changed things radically. A survey of 228 senior global marketing executives conducted in February 2006 by the Economist Intelligence Unit, in co-operation with Google, shows that online techniques transform the role of marketing from a monologue to more of a dialogue with the consumer. In this new environment, relevance is more important than repetition, and marketing messages are "pulled" by the consumer rather than "pushed" by the marketer.

The ability to create a direct feedback loop between a marketing message and a subsequent action taken by a customer is online marketing's most important innovation. Whether by personalised web pages, search engines, video content, discussion groups, blogs or a host of other interactive tools and models, online marketing enables customers

to volunteer or reveal their preferences and/or intentions surrounding a given product or brand through interaction with content, applications and, increasingly, their own social networks. Such direct feedback enables marketers to perceive better where an individual might be in their particular buying cycle. Marketers can thereby suggest (even intervene) more effectively with more relevant messages.

The ability of online marketing to provide direct feedback has had far-reaching effects. "Every major advertiser today is re-evaluating their entire marketing investment," states Ed Erhardt, president of marketing and sales for ESPN, the US TV sports company. "It's much bigger than simply adjusting the media mix." Online marketing is no longer thought of as "the other medium", in addition to print, television, radio or outdoor advertising. Instead, companies are drawing from their experience with online techniques and technologies to reinvent the entire corporate marketing function.

Today's marketer can no longer just "expose" an organisation's brand or product offerings to a customer. The marketer's challenge is to use brands, content, applications and communications channels to elicit a specific action from a consumer, an action that can be captured, tracked and analysed. "Because marketing channels are turning from push to pull with the consumer in control, communications with the customer have now become an issue that goes all the way to the board of directors," explains Carla Hendra, co-CEO for Ogilvy North America.

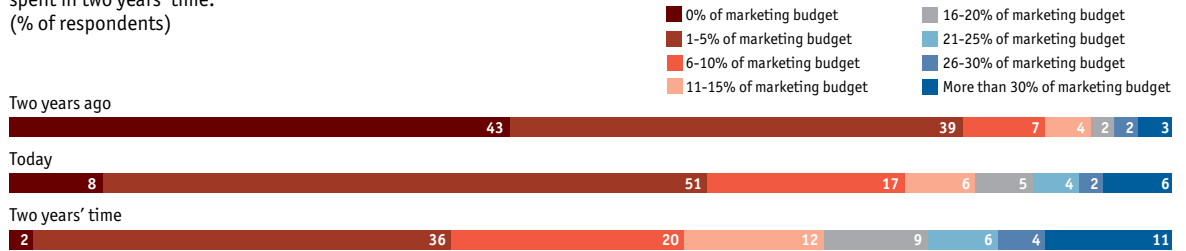
Today's customer can compare multiple brands, products and services rapidly and efficiently via interactive channels. Our research has revealed that the customer's new-found ability to weigh multiple competing offers makes marketing more, rather than



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**Approximately how much does your company spend on online advertising and promotion, as a percentage of its total marketing budget?** Please indicate how much was spent two years ago, how much is spent now, and how much do you feel will be spent in two years' time.  
(% of respondents)



Source: Economist Intelligence Unit survey.

less, important, both for driving new business and for enhancing repeat business. "Previously, we put the car at the centre of all our marketing activities," says Andrea Baracco, vice-president of communications at Renault Italia. "Now, we are putting the client as the central focus of all marketing efforts."

Changing from a product focus to a client focus suggests a new marketing world in which online techniques allow for interaction at all stages of the buy cycle. A unified consumer buy cycle is as challenging as a segmented consumer buy cycle. And it's a world in which CMOs must demonstrate a clear path from marketing activities to sales results. New acronyms such as return on objective (ROO) or return on marketing investment (ROMI) are joining the corporate lexicon, along with the more familiar items such as return on investment (ROI).

These new terms are gaining traction because online marketing provides a clear audit trail of the activities that ensue between marketers and customers. It can measure precisely the action (or inaction) taken by the customer in response to a marketer's suggestion. Around one-half of our respondents agree that the ability to quantify the impact of online marketing initiatives will compel other marketing channels such as television, radio, print and outdoor to become more measurable.

The shift towards more measurable marketing is showing up in budgeting decisions. Thirty percent

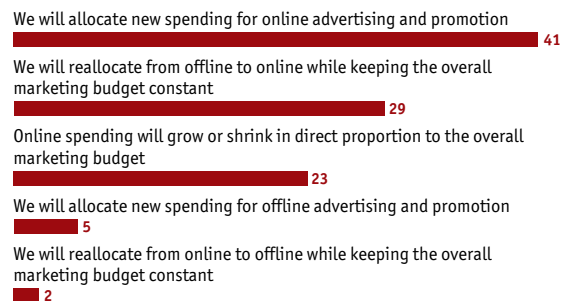
of the surveyed companies plan to devote more than 15% of their total marketing budget to online advertising and promotion in two years' time, up from 7% of the companies two years ago.

Raw numbers on spending only tell part of the story. Nearly one-third of surveyed companies plan to reallocate budget from offline marketing programmes to online advertising and promotion over the next two years.

Moreover, these marketing funds are being reallocated across media types as well. The survey shows a strong preference for an increase in spending on direct media rather than mass media. Along with direct mail (39% of marketing executives expecting to increase investment), live events and sponsorships (53%), Internet-based marketing initiatives (87%)

### Over the next two years, how do you expect your company to allocate online advertising and promotion spend as part of its overall marketing budget?

(% respondents)

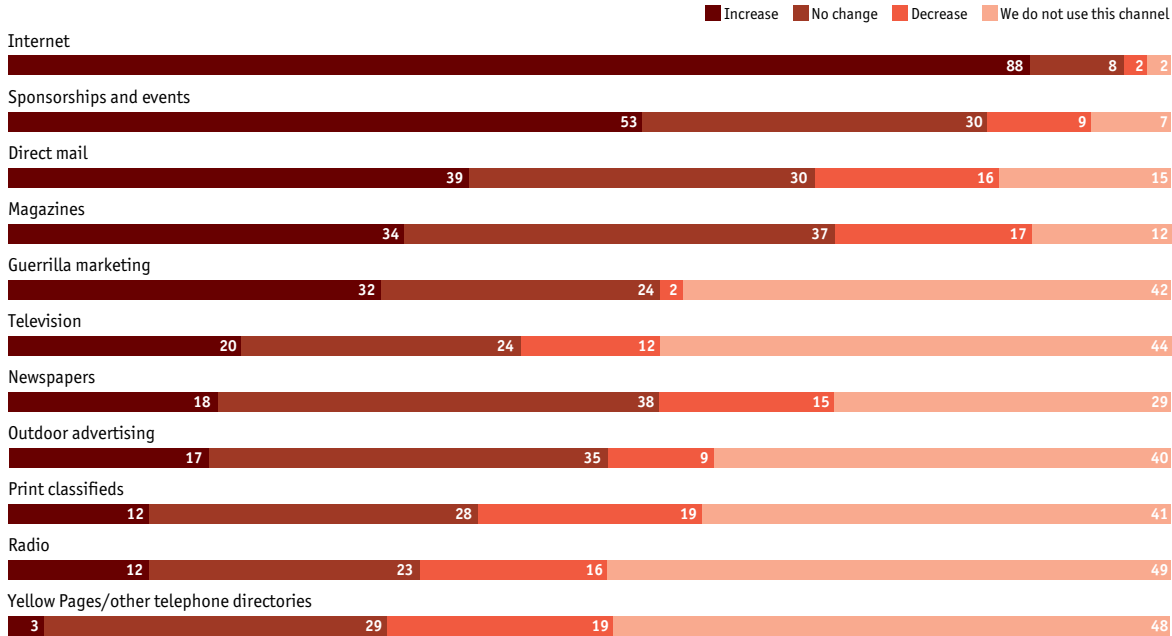


Source: Economist Intelligence Unit survey.

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Over the next two years, do you expect your company to increase or decrease spending on the following media channels?  
(% of respondents)



Source: Economist Intelligence Unit survey.

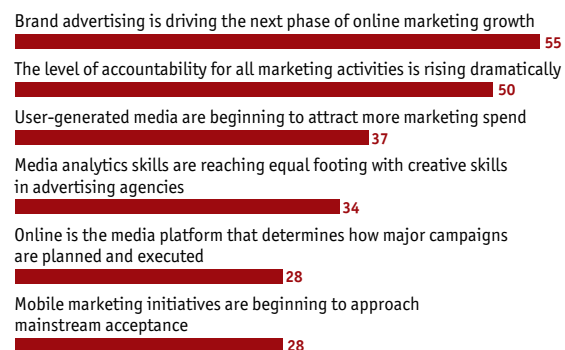
will receive increased funding by executives over the next two years. By contrast, those media areas where executives plan to curtail spending include Yellow Pages and other telephone directories (19% expecting to cut investment), print classifieds (19%) and magazines (17%).

Budget decisions that affect specific media channels are an important, although imperfect, proxy of how organisations think about marketing strategy as a whole. According to the survey, the litmus test for clear budget winners and losers seems to be the degree that a given media type lends itself to direct interaction with the consumer, as opposed to simply exposing them to a marketing message.

How a message is delivered starts to count as much as the content of the message itself. "A fast-increasing number of people don't see a significant distinction between their digital and terrestrial lives," says Patrick Keane, director of field marketing

for Google. "Advertising over the past 100 years has been driven by the creative iconography used by the advertiser to engage a user into thinking about a brand, product or service in a particular way. What I'm seeing emerge is that media execution and media

**Please indicate whether you agree with the following statements regarding interactive marketing today and two years from now.**  
(% respondents)



Source: Economist Intelligence Unit survey.



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buying is becoming the new creative in advertising.”

Marketing executives tend to agree with Mr Keane. In the survey, more than 60% of those asked about marketing innovation over the next two years say that improved analytical skills are one of the most important things to be brought into both advertising agencies and corporate marketing departments.

The marketing function will be deeply affected by the adoption of a more scientific orientation. This crucial transition is likely to occur between now and 2008. During the transformation, executives will navigate by four signposts identified by our research with examples being set by today's pathfinding companies and marketing agencies. The four key areas are:

- Branding
- Integration
- Measurement and accountability
- Organisational innovation

According to the survey findings and executive interviews, CMOs will thrive if they rethink these four elements to create online/offline marketing activities that are relevant, measurable, and accountable to the C-suite in terms it understands (for example, top-line growth and speed to market). Those who do not re-evaluate these four elements will struggle. This report will examine each of these elements in turn.

*A definition of marketing (version 1)*

**Because its purpose is to create a customer, a business has two—and only two—functions, marketing and innovation. Marketing and innovation produce results. All the rest are costs.**

Peter Drucker, management author



## Branding

Online marketing is either the best or the worst thing ever to happen to corporate branding, depending upon whom you ask. Undoubtedly, the Internet has upset long-standing brand relationships now that customers can rapidly assess online the value proposition and price of competing goods and services. But although consumers have powerful tools at their disposal, marketers can use the same techniques to enhance the value of a brand.

“Eight years ago, we managed real estate and rooms where the value of the properties drove the value of the company,” explains Jeff Diskin, senior vice-president for brand marketing at Hilton Hotels. “Now, what we own are brands, which means that the primary asset to be managed is the customer relationship, which drives the value of the company.”

Instead of trying to hamper or circumvent travellers’ ability to compare hotels and room rates online, Hilton has built harmonised websites that attempt to connect the practical (“I need a room”) to the aspirational (“I want to experience something unique”). The company’s main website, Hilton.com, provides information for customers who want to know whether there is a room available on a particular night at a particular place at a given rate. In addition, Hilton has created Hiltonjourneys.com, a website that enables consumers to explore the deeper meaning of travel. By using online to offer both the practical and philosophical aspects of travel, customers are exposed to Hilton’s branding message in multiple contexts.

The Hiltonjourneys website takes the customer through areas where they can be entertained, seduced and empowered by travel. Along the way, Hilton displays various aspects of all Hilton properties, not just a particular hotel. In this way, Hilton is starting to use the web as a central expression of the corporate

### Key concepts:

- The online channel enables marketers to create brand experiences that also contain a path to action for the consumer.
- Interactive tools that allow customers to search and research products and services are becoming branding assets in their own right.
- The web allows online brands to evolve towards becoming an organisation’s central marketing expression.

brand. “Traditionally, the travel and leisure industry viewed online as a transaction engine for selling tickets or driving retention,” says Mr Diskin. “Now, we see online more as a branding vehicle through which we establish a continuous dialogue with the customer. Through that dialogue, we build our business.”

The idea of brand building as business building resonates with marketing executives. Over 60% of those surveyed are looking to their online marketing component to build brand awareness while communicating product or service quality.

The best examples of online branding today blur the distinction between exposing a customer to a brand promise and encouraging them to take an action or accomplish a particular task (see box: Branding as action). Marketers are using the flexibility of the web interface to offer customers various calculators, maps or tools along with traditional brand elements in order to build a positive brand impression.

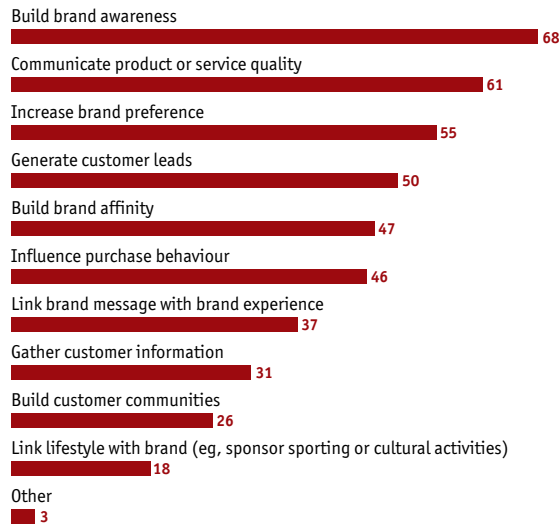
Along with building brands through interactive tools, marketers are looking to tie branding efforts to more tangible business results. The survey suggests that marketing executives aim to bundle tactical goals into their overall branding strategies, such as



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**What are your company's objectives for online brand marketing in 2006?** Select all that apply.  
(% respondents)



Source: Economist Intelligence Unit survey.

generating customer leads (50%), building brand affinity (47%) and influencing purchase behaviour through the brand (46%).

The blurring of the distinction between traditional branding and a tactical call to action is particularly relevant for industries such as the automotive sector, where there is a long time lag between a customer's initial consideration and a final purchase. Knowing whether a customer is merely considering a brand or actually shopping for an automobile it represents determines not only the kind of message ("Would you like a test drive") but also the urgency ("Act now to save money") for automotive brands and their local distributors.

Moreover, automotive marketers are finding that media planning for an interactive sales funnel does not follow the typical, linear progression of using television/radio for reaching broad populations then following up with direct mail to drive a specific customer response. For high-consideration items such as automobiles, new media tools such as search

engines, blogs or video are supplementing, and in some cases, supplanting certain types of marketing techniques. "The guiding principle now is to let the customer perform as much of the shopping process outside of the physical dealership as possible," says George Murphy, senior vice-president for marketing at Chrysler Corporation. "The web has been fundamental for helping us do that."

Mr Murphy notes that online tools such as search engines not only enable a customer to discover unique attributes of a given Chrysler product but link that moment of discovery to a clear path to action. Typical activities could involve the customer going online to explore preferences about colour, options and price ranges. Subsequent actions could involve the customer calculating the economic trade-offs between buying and leasing the automobile. But these steps do not need to follow in sequence. Some customers might want to calculate initially what they can afford and then search for models and option packages that fall in that price range. Others might want to configure the model and options of the automobile they want and then see if they can afford it. Online allows the processes to run in either direction smoothly and efficiently.

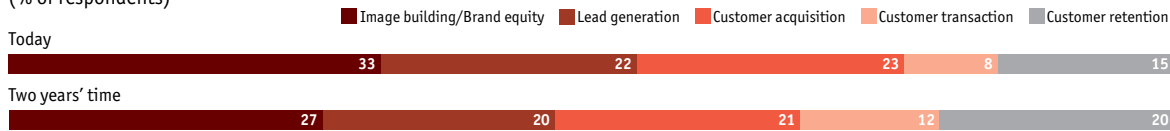
The key aspect, according to Mr. Murphy, involves how well the marketer uses interactive techniques to "listen" to customers in order to be ready with a contextually appropriate message to help customers guide themselves further along the path to a transaction. In a perfect world, this would involve a customer using interactive tools not only to determine what type of car they can afford on a given budget, but also to locate a physical dealership and communicate their intentions.

Recreational cruises are another example where customers often spend considerable time gathering information online. "The web plays a huge role in the education process for consumers, especially for complicated products like a cruise," says Chris Arnholt, vice-president of marketing services for Carnival Cruise

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**Which marketing objectives do your company's online advertising/promotion activities target today, and which will they target in two years' time?** Select all that apply.  
(% of respondents)



Source: Economist Intelligence Unit survey.

Lines, which is based in Miami, Florida. Ms Arnholt notes that from a marketing standpoint, the online component is especially relevant for cruise operators given that many customers opt to research and even transact outside of traditional business hours. "Online plays a critical role in our marketing strategy. We depend on it to ensure that we are available continuously with the information customers need to make a purchase decision," she adds.

Firms such as Carnival Cruise Lines are finding that a rising number of customers are not only conducting their research online. They are also completing their

purchase online in greater numbers. According to the survey, by 2008 marketing executives aim to position their online presence with respect to customer transaction and retention (12% and 20% respectively) almost as closely as to image building and lead generation (27% and 20% respectively).

Building brands while driving direct business results is a delicate balancing act, all the more so depending on the various branding structures employed by firms today. Jim Speros is the chief marketing officer of Marsh & McLennan Companies (MMC), an American holding company that owns seven

### Branding as action

Traditionally, branding has been about repetition. An organisation designs an iconic message of its promise to the customer, and then exposes them repeatedly to the message until the desired association sticks.

However, an increasing number of companies are rethinking how to engage customers with their brands by helping the customer research options or accomplish a task. This is especially important for the insurance industry, where highly regulated companies offer complex and configurable services.

Steve Moya is CMO of Humana, which provides health insurance to approximately 9m members in the US. Humana has built a

multitude of consumer online tools for helping members navigate the large menu of choices surrounding a healthcare plan.

One web tool allows members to enter a medical condition and postal code as well as other search criteria (outpatient services, etc), and then click the "Compare Hospitals" icon on the Search Results page. Once the first list of institutions is returned, the member can evaluate the likely candidates according to outcomes (how clinically effective is the hospital in treating the selected condition or procedure); process (how often does the hospital follow best practices demonstrated to lead to better outcomes); and structure (how well does the hospital adhere to quality and safety practices developed by an independent third-party health safety organisation).

"We're using online tools to give

members paths and options so they can be smarter consumers of healthcare services", explains Mr Moya. Helping members become better customers of healthcare services hits branding strategy on multiple levels.

Better self-service removes some of the "hassle factor" insurance customers have come to expect when interacting with their provider. Another Humana branding goal for the web tools program is to instill among members the idea that the company actively works with them for the optimal, individualised solution. "From a branding standpoint, online tools help us evolve from just a health premium and payment processor into a partner that helps members maximise their healthcare budget", says Mr Moya. "But we don't make decisions for them. The reality today is that only members make decisions."



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fully branded firms in the financial services industry. Mr Speros notes that different tactical approaches must be used whether a company is a “branded house” like an IBM, AT&T or Target, where all activities lead back to a single brand, or if a company is a “house of brands” in which numerous brands are assembled under a corporate umbrella.

“It’s not about driving results through advertising anymore because markets have become so fragmented,” he says. “It’s about using all your marketing points of presence as spokes that drive into the central hub of the brand promise.” Hence, Mr Speros uses MMC’s online presence mainly to explain to customers the thinking that lies behind the various specialty brands, and then provide customers with a framework for working across the

MMC subsidiary companies.

Regardless of the particular interactive techniques used by companies such as MMC, Carnival Cruise Lines, Chrysler, or Hilton, the goals for branding online remain to establish and/or reinforce familiarity with a brand promise (every day, low prices, etc) and then to make this association more relevant and valuable to a consumer. The online branding difference is that when customers search, give permission to receive a message or offer, or engage in another type of interaction, they reveal their thought processes and preferences about a brand’s performance.

Intelligent marketers can use this knowledge to evolve brands online from being just passive representations of a promise towards becoming an active, central expression of an organisation.

### *A definition of marketing (version 2)*

**If the circus is coming to town and you paint a sign saying, “Circus is coming to Fairgrounds Sunday,” that’s Advertising. If you put the sign on the back of an elephant and walk him through town, that’s a Promotion. If the elephant walks through the Mayor’s flower bed, that’s Publicity. If you can get the Mayor to laugh about it, that’s Public Relations. And, if you planned the whole thing, that’s Marketing.**

Anonymous



## Integration

**J**ohn Deighton, a marketing professor at Harvard Business School, has a simple description of how corporate marketing objectives currently mesh with advertising campaigns. “Typically, clients do the integration while advertising agencies specialise,” he says. Until now, advertising agencies have specialised in two ways, the first based on an agency’s media specialty (eg radio, TV, print), and the second based on the agency’s marketing specialty (eg branding, design, media planning). Given such separation of creative and media specialties, it was common for a corporate marketer to organise overall strategy and agency relationships as a series of layers with little interaction between them.

The Internet blurs the line separating creative media and media planning/buying functions, offering marketing executives new scope to integrate these activities. Online tools, especially search engines, help marketers combine two important elements for truly integrated marketing: intelligence into customer thinking and intentions generated by other media.

Intelligent marketers are studying consumer search behaviour intently not simply to understand how users navigate the Internet. Far more interesting for marketers is how keyword selection and search behaviour can reveal the way a customer navigates their individual buy cycle. By collecting and analysing massive troves of searches and their results, marketers can generate a specific taxonomy for a specific marketing objective.

Armed with such insight, a marketer can season various offline and online media outlets with keywords and other creative content that connects the user from one media type to the next. For example, a customer might be exposed first to a marketing message via television that inspires them to search for

### Key concepts:

- Online marketing is removing the historic separation between creative work and media planning/buying functions.
- The challenge to integrate marketing goals will grow as marketers expand the mixture of online and offline media campaigns.
- Tighter integration of creative, media planning/buying and types of media will require higher standards of measurement and accountability.

additional information online. In so doing, the user not only moves closer to a possible call to action, they also indicate the relative influence of other media (in this case television) on their buy cycle.

Optimising the influence of various media channels on one another becomes more important when launching new branded products. In Italy, the venerable Lavazza coffee brand employed an integrated multi-channel campaign to reach young Italians with “Carmencita Coffee”, a recently launched Lavazza brand. According to Giuseppe Lavazza, strategic marketing director and member of the board of directors, the key test for the marketing strategy entailed whether it could speak in the codes and formats young people expected, but also in a way that reflected the company’s long tradition in Italy.

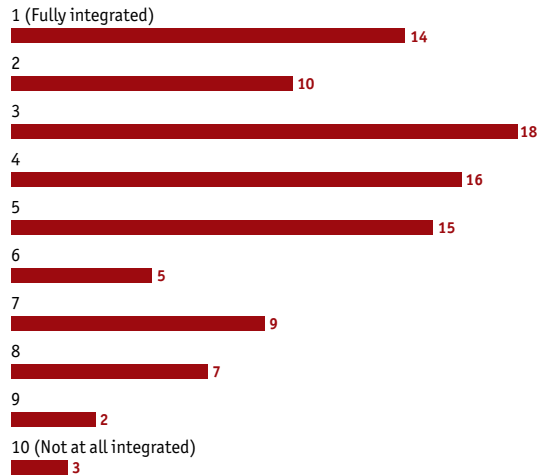
The answer came in the form of a series of 12 two-minute episodes for television, web, and mobile phone starring “Carmencita”, an animated spokesperson for the Lavazza brand during the 1960s. “Carmencita’s comeback on various media screens enhanced Lavazza’s image as a historic Italian brand that has migrated through innovative communications channels to be closer to today’s



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**To what degree are online and offline marketing combined into a single strategy at your company?** Rate on a scale of 1 to 10, where 1=Fully integrated and 10=Not at all integrated. (% respondents)



Source: Economist Intelligence Unit survey.

customers”, says Mr Lavazza.

The 12 short episodes of the Carmencita sitcom aired during October 2005, on Italia 1 at 7.30pm, with support provided by 15-second promo and teaser commercials broadcast on Canale 5 and Italia 1 in the follow up to the first broadcasts. Concurrently, a purpose-built website ([www.carmencita.it](http://www.carmencita.it)) was launched, offering a broad range of content, including the episodes of the sitcom and curiosities about the characters in it. Additionally, Vodafone and H3G mobile phone users were able to download episodes of the sitcom to their phones.

This Carmencita series was repeated in March 2006, concurrent with 30-second TV commercials for Carmencita’s “Agony Aunt” website column, and a print campaign in the weekly women’s magazine *Donna Moderna*, in which the Carmencita character answered agony aunt questions from imaginary readers. Carmencita also became the imaginary author of a book at the Turin book fair in 2006, in which she told of her adventures, drawing inspiration from the

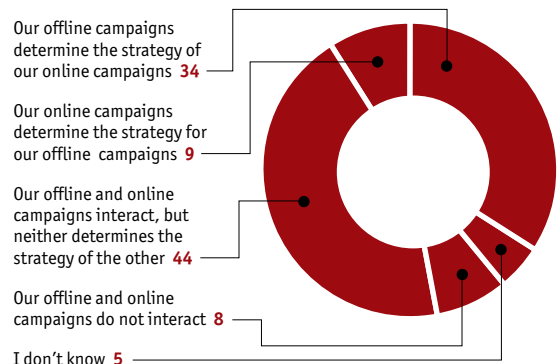
sitcom. Finally, the website hosted a competition for customers to win a Lancia Y car by answering some simple questions about the first five episodes in the sitcom.

Using a historic brand icon to launch a new product is not revolutionary. But Lavazza updated Carmencita via multiple media channels in order to reach those who remembered her and to introduce her to a new audience, while building a campaign around a new blend of coffee.

Lavazza’s example suggests that integrated marketing campaigns will become the norm for new product launches. At the moment, however, the survey showed that marketing executives continue to grapple with the challenges of integration even as they recognise both its importance and inevitability. When asked the degree to which online and offline marketing initiatives are combined into a single strategy at their companies, the opinions of survey respondents tilted in favour of more integration.

This could be expected. After all, it is hard to argue the case for separate marketing activities when asked in the abstract. More telling of the current state of integration is the influence that online and offline marketing campaigns have on each other. It follows

**How do your company’s online and offline marketing campaigns influence each other? Select the most applicable statement.** (% respondents)



Source: Economist Intelligence Unit survey.



that integrated marketing strategies would manifest themselves through tightly woven campaigns that combine offline and online marketing assets and objectives.

The survey however, revealed that in early 2006 online and offline campaigns still do not influence each other to the degree that would be expected from a tightly integrated strategy. Some 52% of surveyed executives admit their online and offline marketing efforts either run in parallel or are not integrated at all.

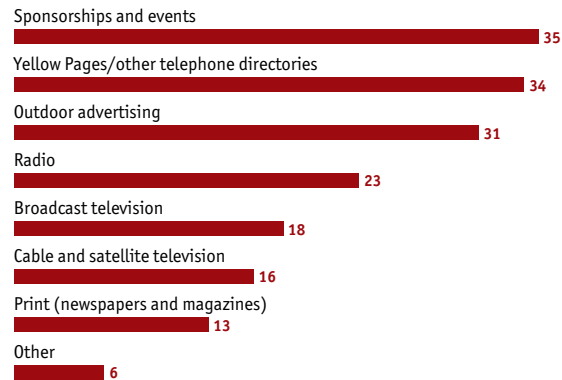
One factor that could contribute to this apparent contradiction is the sheer difficulty of measuring combined media types in the first place. Respondents to our survey said that traditional media channels such as Yellow Pages and outdoor advertising will remain among the most difficult to integrate with online media in terms of measuring results. Another media format that is difficult to integrate with online is sponsorships and live events. A possible reason for this is that few attendees at live events bring interactive devices, whereas computers, televisions and radio are commonly found in people's homes. That said, marketing executives expect this situation to change quickly as mobile devices become more sophisticated, enabling companies to launch and integrate a greater number of mixed media campaigns.

The apparent gap between the aspirations of full integration of marketing activities and real difficulties encountered on the ground cannot be attributed solely to deficiencies in the marketing department. Along with the inherent difficulties in combining media channels, marketers must also respond to the fact that organisations buy and sell each other almost as frequently as they try to drive transactions with their customers. Marketing professionals are often confronted with launching new corporate-level brands as a result of changes in ownership in addition to challenges in the market.

When Lenovo, a China-based corporation,

**Which areas of media are hardest to harmonise with Internet media in order to plan, execute and evaluate an integrated marketing campaign?** Select up to three.

(% respondents)



Source: Economist Intelligence Unit survey.

purchased IBM's PC hardware business in 2005, the acquirers inherited both the advantage and the difficulty of expanding the venerable ThinkPad product line of notebook computers. According to Craig Merringer, vice-president of marketing strategy for Lenovo, the company has started integrating IBM's long-standing online marketing presence with a series of initiatives designed to speak to the customer with a single newly branded voice. "We do traditional activities such as banner ads and email," Mr Merringer explains. "But we're also looking at new practices such as word-of-mouth marketing, viral marketing and using social tools such as blogs and wikis in order to engage the audience in a direct conversation as opposed to treating them as an impression."

Lenovo enjoys the advantage of having combined the already popular ThinkPad line of computers with an ability to try new initiatives under a different brand name. According to Mr Merringer, the company has invested heavily in the main corporate website, [Lenovo.com](http://Lenovo.com), where customers are able to learn more about the new brand while being able to buy products directly. Lenovo also works with media

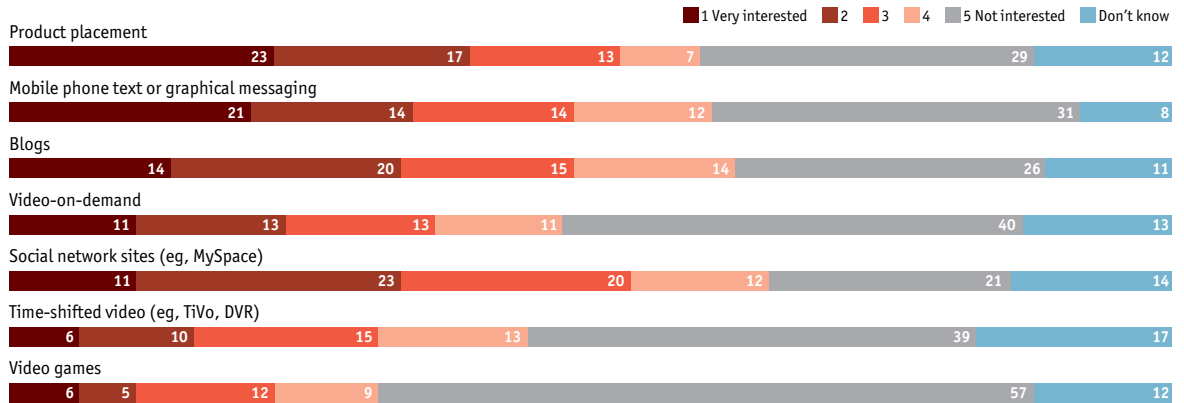


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#### Over the next two years, how interested will your company be in marketing in the following emerging media channels?

Rate each on a scale of 1 to 5, where 1=Very interested and 5=Not interested.  
(% of respondents)



Source: Economist Intelligence Unit survey.

services companies such as Nielsen Buzz Metrics to monitor and participate in conversations about Lenovo products and services that occur outside of the company's primary online presence.

Other organisations, such as Coldwell Banker Real Estate, an American corporation, have fielded integrated marketing and media strategies. According to Charles Young, senior vice-president of marketing at Coldwell Banker, the company runs TV advertisements that present branding messages in the context of the main website. In one example, a TV advertisement shows an actress facing the camera with a notebook computer. "Do you want to know how much your home is worth?" she asks. Just as the camera begins to zoom towards the notebook screen, the actress changes the angle and encourages viewers to visit Coldwellbanker.com, where they can use the company's Home Value Calculator to get an idea of current house prices. Other TV advertisements drive viewers towards the website where they can research the four questions they need to ask any real estate professional about selling their home. "We went from 2005 where our TV advertising had a pure

brand message to this year where there is a very heavy element of direct response," says Mr Young.

The problem of integrating various marketing goals will grow as more models of interaction with the customer take shape through weaving online and offline media into a single customer experience. The survey reveals that marketing executives are actively interested in emerging media channels such as product placement (23% "very interested"), mobile-phone text or graphical messaging (21%), and blogs or social network sites (25%).

Although marketers are exploring the use of new media channels for reaching their audience, this does not imply that they are ready to abandon existing channels. Indeed, a consistent thread in the research is the idea that online does not "kill" existing media channels as much as it changes how they are used. "The entire media mix is still relevant," says Bob Greenberg, founder of R/GA, a digital advertising agency. "But the industry needs to develop better tools to measure the effectiveness of individual components."

On the client side, the measurement challenge



## What's the Big Idea?

Marketing agencies have always been about the "Big Idea", the single, unifying creative concept around which all marketing collateral is created. The pinnacle of creative messaging in terms of big ideas has been the famed 30-second advertisement that runs on national broadcast television.

As online marketing and broadband video distribution gain prominence, the inevitable "Death of the 30-Second Spot" commentaries have cropped up in the general and trade press. The typical thesis is that mass media is dying compared to targeted media and that the 30-second television spot has become an anachronism.

For marketing agencies that are navigating their way to the next level, the future of the 30-second spot does occupy management attention, but not in the way

depicted by popular accounts. Carla Hendra, co-CEO for Ogilvy North America, comments: "As an agency, we're past the point of asking 'Is the 30-second spot dead?' We don't think it's a relevant question anyway. The more important question is where big ideas will come from. It's no longer the case that you come out with a creative idea, create the TV ads, the print ads, and then bolt on some online stuff and some PR. The big change we've undergone is to recognise that big ideas can come from anywhere. Previously, a big idea would likely come from the creative team responsible for 30-second spots. Now, it can come from our brand integration group, for example, or our digital creatives."

Being able to harvest creative ideas from multiple sources will grow more important as the nature of customers and their media habits change. Lest we forget, mainstream use of online channels, especially the broadband variety, is still in its early days. But more important is the fact that the

first online generation has just started graduating from university. According to Bob Greenberg, founder of R/GA, a digital advertising agency, demographics will play a large role in determining how agencies manage big ideas in the future. "We're at a point where young adults, with high purchasing power, have grown up with these technologies. It's a simple fact that agencies not focused on the digital landscape are out of touch with how to reach this audience."

Hence, the Big Idea is neither dead nor is it severely wounded. But it is different now that consumers experience a marketing proposition via multiple entry and exit points. "I think that the proliferation of media channels means that Big Ideas are essential," says Sarah Alspach, the global director of retail branding and communication at London-based Shell International. "You need them to drive coherence across an abundant sea of choice."

looms large for companies that are seeking to integrate their marketing efforts in order to achieve quantifiable business results. "The challenge is how to measure it effectively, not only to gauge the success

of a particular marketing campaign, but to integrate those results back into the goal of continuous improvement for your brand", responds Gregory Lee, chief marketing officer for Samsung of South Korea.

*A definition of marketing (version 3)*

**The management process of anticipating, identifying and satisfying customer requirements profitably.**

Chartered Institute of Marketing, UK



## The future of marketing

From monologue to dialogue

# Measurement and Accountability

**M**arketers are dissatisfied with their present ability to measure almost all marketing campaigns. The old adage about not knowing which half of the marketing budget is being wasted still rings true for many clients and their advertising agencies. “If you can’t measure it, it’s probably not worth it because you really don’t know the relationship between what you’re doing and the behaviour you’re trying to influence,” remarks Keith Pardy, senior vice-president for global marketing at Nokia.

Mr Pardy observes that nowadays the correct timing of a product launch and awareness campaign for a new mobile phone is as crucial to its ultimate success as the features and functions of the phone itself. “Communicating based on features and benefits alone is just not going to cut it,” he says. “The value you add through your philosophy and point of view as a brand is becoming equally important. The barriers to entry have never been lower, which means that the barriers to success have never been higher.”

The success of an integrated marketing campaign rises and falls based upon the marketer’s ability to measure results and tie them back to specific goals. According to the survey, image building/brand equity is the only area where marketing executives feel they are able to measure the results of a campaign effectively, with over one-half respondents reporting their ability to measure as “very effective” (26%) to “good” (29%).

Conversely, the ability to measure results such as customer acquisition, customer transactions and retention scored far lower. More telling is the fact that slightly more than one-third of surveyed executives did not even know how they measured customer transactions as a function of marketing. Customer retention was not far behind, with 26% of those surveyed not knowing the relationship between marketing efforts and their effect on retaining customers.

Despite the fact that online marketing campaigns are considered by respondents to be far more measurable than their offline counterparts, the survey shows that there is still considerable room for improvement. A number of marketers simply do not know how to measure results flowing from online activities.

Undoubtedly, there are many types of online advertising and marketing efforts that are still so new that there is no clear consensus on how to measure them. Nevertheless, many companies are ploughing ahead on the assumption that a pinch of confusion is not always a bad thing. It can create a clear advantage for those organisations that take the lead and learn how to measure their efforts rather than waiting to see what others do.

Mr Lee believes that the marketing issue for

### Key concepts:

- Marketers are dissatisfied with their current ability to measure results of marketing campaigns, both offline and online.
- The ability to measure results will improve, however, given that CEOs are requiring direct evidence of a return for marketing investment.
- Greater accountability will change how corporate marketers organise their agency relationships and how they interact with media providers.
- The current landscape shows some contradiction between how CMOs spend their management time between formulating strategy and assessing performance in the field.

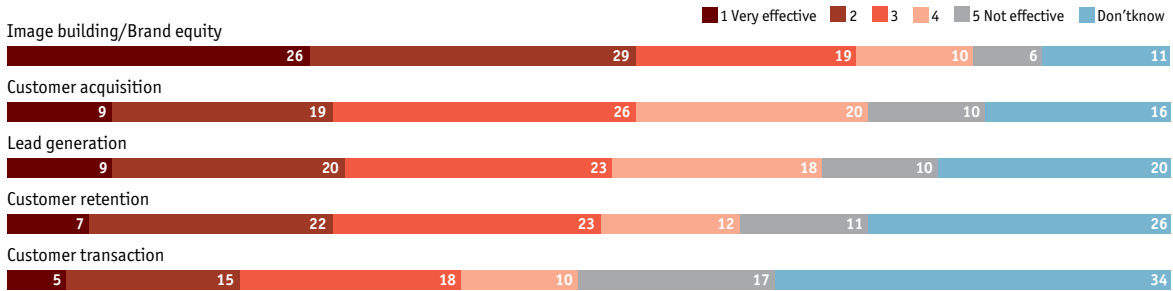
## The future of marketing

From monologue to dialogue



### How effective are your company's online advertising/promotion activities at meeting marketing objectives in these areas?

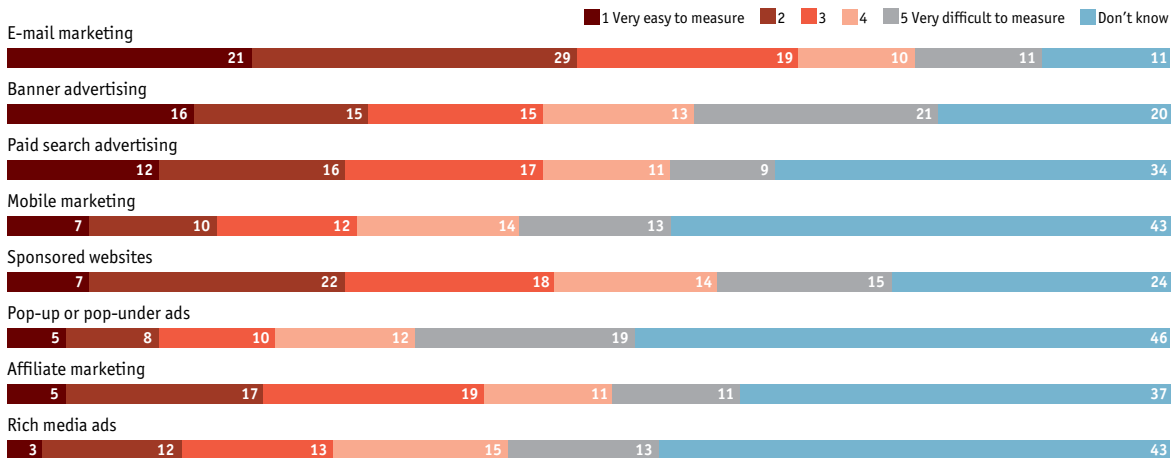
Rate on a scale of 1 to 5, where 1=Very effective and 5=Not effective at all.  
(% of respondents)



Source: Economist Intelligence Unit survey.

### How difficult is it to measure the impact of the following online marketing activities?

Rate on a scale of 1 to 5, where 1=Very easy to measure and 5=Very difficult to measure.  
(% of respondents)



Source: Economist Intelligence Unit survey.

Samsung is to raise the status a single global brand from “well-known” to “preferred” for a very large portfolio of electronic products that ranges from mobile phones, MP3 players and integrated circuits all the way to domestic white goods such as air conditioners and kitchen appliances. Mr Lee sees better measurement and reporting tools as vitally important to achieve this objective. “For the past 18 months we’ve put together CEO-level dashboards about the overall business to support the marketing

dashboards that managers use in their day-to-day work,” he says. “A marketing dashboard would have a financial component, a brand component as well as a product component. For example, the financial component should provide information about a return on marketing dollars spent. The brand component measures preferences while benchmarking the Samsung brand against other brands. On the product side, we’re measuring product competitiveness on several dimensions against the competition.”

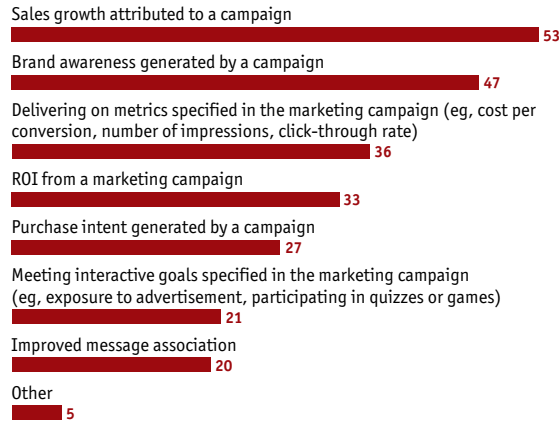


## The future of marketing

### From monologue to dialogue

#### Which measurements does your company use to evaluate the overall impact of its online marketing programmes?

Select all that apply.  
(% respondents)

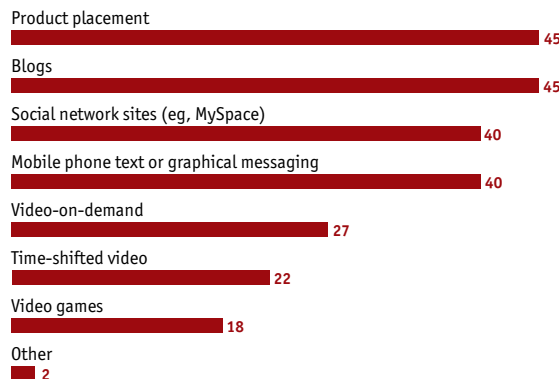


Source: Economist Intelligence Unit survey.

This is not measurement for its own sake, but for strategic purposes. For Mr Lee, the goal of corporate-level measurement is to enable Samsung marketers to take appropriate steps in each country where the company has a presence. “We would bring together all this macro-level information down to where a high-level marketer in a given country has a framework and process to think about the kind of spending they need

#### Which three areas of emerging media and marketing do you see the greatest need for an improved set of audience measurements?

Select up to three.  
(% respondents)



Source: Economist Intelligence Unit survey.

to do in a way that meshes with corporate objectives,” he remarks.

The ability to tie marketing results to corporate results has made quantification a top priority, according to the survey. When asked about the measurements for judging the success of marketing campaigns, sales growth eclipsed brand awareness in the minds of both marketers and other corporate managers. Organisations now expect to see as direct a return as possible from the resources invested into marketing, which can be an unsettling thought for many traditional corporate marketers. “Advertising has always been sold on faith,” notes Professor Deighton. “As an industry, advertising hates the idea of its revenue stream being contingent on results.”

Be that as it may, the tide is shifting decisively towards a more measurable, and hence more accountable, future for corporate marketers and their agencies and media partners. Quantification not only measures the effectiveness of a marketing campaign, it also provides a negotiating currency for marketers and agencies. Mr Murphy comments: “It typically takes six months from consideration to a transaction in the auto industry. So as a marketer, you need to be holding the customer’s hand all the way down the sales funnel. And because the web allows you to follow behaviour and model it, it’s simply the most powerful medium right now. I can see where people are in their buying process and will pay more or less to reach them depending on where they are in that funnel.”

Marketing executives concur that without better measurement, all marketing activities are equal in terms of their relationship to corporate results. “Having deep analytics is a crucial component to better understanding the ROI of your marketing campaign,” says Mr Keane of Google.

Return on investment (ROI) is accountability by another name and a burning concern of CMOs. “Accountability is the single biggest issue in the industry today,” says Bob DeSena, director of active

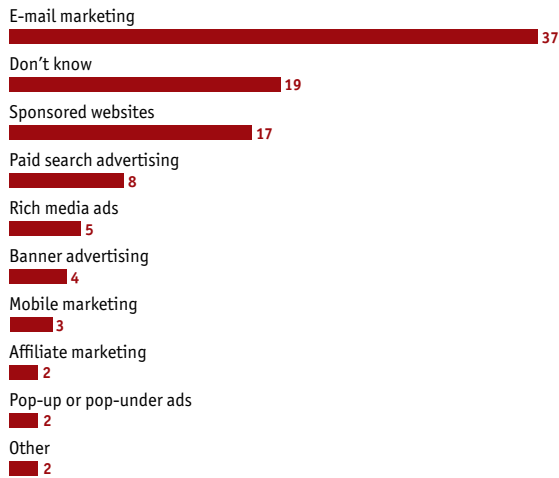
## The future of marketing

From monologue to dialogue



### Which online advertising strategy produces the best ROI for your company? Select one.

(% respondents)



Source: Economist Intelligence Unit survey.

engagement for mediaedge:cia, a communications planning and implementation agency that is part of London-based WPP.

It is hard to argue against the virtue of greater accountability. The problem, however, is that greater accountability can be difficult to demonstrate using the current measurement models at the disposal of the CMO. "All of the traditional indicators we use such as reach and frequency are not wrong," says Mr DeSena. "It's just that they were appropriate for a marketing environment of 20 or 25 years ago."

The survey showed that even in the online segment

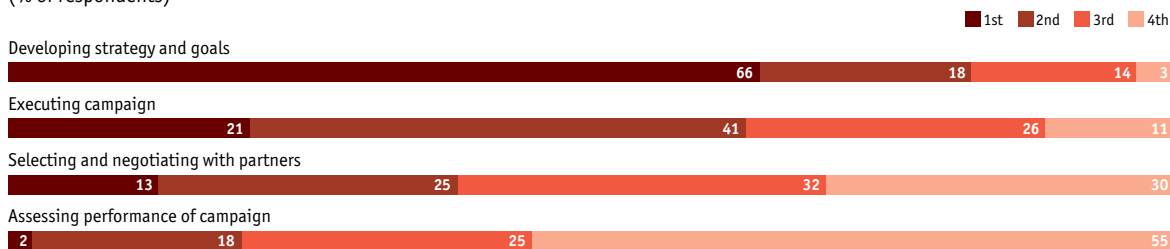
CMOs rely more on time-tested direct marketing activities such as e-mail marketing (37%) for demonstrating the best marketing ROI. The tight correlation between customers receiving an e-mail message with subsequent action on their part helps marketing executives to feel more comfortable about being held accountable than when conducting other online activities.

The accountability issue will become more important as firms launch a flurry of marketing campaigns that combine online and offline elements, all of which require harmonised measurement. Reconciling the data sets of offline media such as television and radio with online media in order to be accountable for the results will test the skills of many corporate marketers.

As such, the pressure exerted on CMOs to be more accountable to the rest of the C-suite is affecting the negotiations among corporate marketing departments, their advertising agencies and media providers themselves. According to Mr Erhardt of ESPN, the conversation between media providers and corporate brands no longer starts with negotiations over the price of a timeslot for a major sporting event. More strategic topics now lead the conversation. "We've developed a concept called return on objective (ROO)," he explains. "It's about helping them measure marketing objectives as it relates to their investment with us. The conversation starts with both parties

### In which part of an advertising or promotion campaign does your company invest the most management time?

Rank in order from 1st (most investment of management time) to 4th (least investment of management time).  
(% of respondents)



Source: Economist Intelligence Unit survey.



## The future of marketing

### From monologue to dialogue

### Selling commodities for a premium

Perhaps the greatest marketing challenge involves convincing people to pay a premium for something that many consider a commodity. For example, petrol. Most customers on the street perceive petrol as something to be differentiated solely on price and volume.

Trying to change such perceptions led London-based Shell International to carry the branding programme for its new Fuel Economy petrol blend around the world and into the Guinness Book of World Records through its online presence. According to Sarah Alspach, global director of retail branding and communication for Shell, the new petrol blend promises to increase overall fuel efficiency and thereby allow motorists to “go further” on the same amount of petrol. But how to communicate that promise in an engaging manner taxed

the company’s marketing planners.

The answer came in the form of an attempt at a Guinness World Record in fuel efficiency modelled after Jules Verne’s book, *Around the World in 80 Days*. The company sponsored a husband and wife team to drive a standard Volkswagen Golf almost 29,000 kilometres (18,000 miles) around the world from January to April 2006, using the new Shell petrol blend and employing driving practices that stretch fuel consumption. (The car required 24 tanks of fuel to complete the trip, averaging 22 km per litre or 52 miles per US gallon.)

Coupled with the world record attempt was a rich media website that allowed users to follow the journey online. The website provided daily statistics, mileage records, daily blog entries from the team, photos of the various exotic locales, and background on “FuelStretch”, a programme offering by Shell to help its customers raise their general fuel efficiency.

“Among the goals of the marketing programme was to provide customers with the ultimate model of fuel efficiency and then invite them to try it for themselves,” says Ms Alspach. Shell seeks what Ms Alspach calls the “motoring enthusiast”. While a certain portion of this market is attracted by the technical or performance characteristics of their cars or fuel, a larger component embraces motoring as part of a lifestyle.

Instead of engaging this market segment through repeated exposure to a message, Shell has encouraged interaction with a continuing story (eg the Guinness World Record Attempt) as the context for informing and gathering feedback from lifestyle-driven motorists. “In Europe, we’re well established in terms of brand awareness so the marketing objective for us is to drive purchase preferences,” she says. “At the end of the day, we are still a volume business so a 1-2% change in customer loyalty is huge.”

being able to answer the question, ‘What are we trying to accomplish with this multimedia idea that we’ve both agreed we want to do’.”

Given the forces that are pushing marketers to greater accountability, one finding of the survey is particularly surprising. When executives were asked on which part of marketing and advertising campaigns their companies spend their management time, over one-half say that assessing the performance of a marketing campaign is their lowest current priority.

It stands to reason that a gap between top-level commitments to accountability coupled with a somewhat laissez-faire approach to the gritty details of measurement may prove temporary. Too much is at stake now for marketers to attempt to craft a strategy without detailed knowledge of what is happening on the ground. Mr Lavazza sums up: “We are constantly trying to measure the precise impact of our marketing initiatives. It’s simply not possible to compete effectively if you can’t do that.”



## The marketing organisation of the future

The problem of measurability is being overcome by technology and a growing cadre of third-party vendors that can spot an opportunity in quantifying the effectiveness of marketing campaigns. Their cause is supported by senior executives and board members who want to make the marketing department more accountable. But even with the most accurate measurements and top-level commitment, success will prove elusive unless marketing departments are reorganised.

Gone are the days when product departments threw a new item or service over the organisational wall for marketing departments to figure out how to sell. Along with being compelled to quantify their direct contribution to the bottom line, the survey reports that marketers expect to be involved much earlier in the product or service development process (57% expecting to be involved earlier in various corporate decisions). In addition, marketing departments expect that over the next two years they will become more deeply integrated in decisions regarding strategic partnerships and alliances (45%).

Yet even the most innovative marketing organisation can struggle with more pedestrian

### Which of the following describe likely transformations in your company's marketing efforts over the next two years?

Select all that apply.  
(% respondents)

Marketing will be forced to quantify its direct contribution to the bottom line more than before **66**

Marketing departments and campaigns will be integrated much earlier in the product or service development process **57**

The marketing department will become more deeply involved in decisions regarding our strategic partnerships and alliances **45**

The current distinction between online and offline marketing efforts will blur to the point of irrelevance **43**

Source: Economist Intelligence Unit survey.

#### Key concepts:

- Marketing departments are getting involved in other corporate activities earlier in the process.
- A crucial milestone for taking on this expanded role involves creating an appropriate incentive structure for marketing departments.
- Greater involvement with the rest of the business plus new incentives are necessary steps as marketing departments widen the scope of their campaigns to include nearly all of an organisation's brand assets, products and services.

activities, such as internal compensation that fits a new way of doing business. "You're never going to move a new vision along if you don't pay people according to what you're suggesting the change needs to be", asserts Mr DeSena of mediaedge:cia.

Certain companies are trying to create the right balance of measurements and incentives so that marketing departments can approach new responsibilities proactively. At Lenovo, Mr Merringer reports that there is a common set of global key performance indicators (KPIs) concerned with brand targets that are used to pay all of the marketing staff. "We built a consolidated brand score that everyone gets paid on whether they are headquarters marketing, geographic marketing, or even a general manager outside of the marketing department," he explains. "Part of the bonus structure for general managers involves brand health."

Structuring an incentive system that reflects the new accountabilities and duties of marketing departments is only one step towards the marketing organisation of the future. Another important step involves the balance between centralised and local



## The future of marketing

### From monologue to dialogue

control. In the case of Nokia, which markets mobile phones in more than 100 countries, Mr Parady notes that he is assigned to accomplish a similar outcome (eg expanding sales) with different drivers according to region.

Aside from the fact that roughly half of the world's cellular operators do not sell phones directly to the public but use third-party distributors, Nokia's challenge is further complicated by the need to drive different brand and marketing goals depending on region. Mr Parady comments: "In Europe, Nokia has near-100% brand awareness so the goal in that region is to drive customer retention, whereas in many developing economies we are in fierce competition to establish and grow positive awareness of the brand."

It therefore requires a formal process to reconcile the central marketing message from Helsinki with requests for local marketing initiatives. For example, a Nokia marketing manager for Germany may request funds for a localised marketing project tied to the World Cup. Or a Chinese or Indian marketing manager believes that the local marketing opportunity is big enough to justify an indigenous campaign. In both cases, remarks Mr Parady, the key factors that determine whether funds will be allocated for local activities are the business case and their supporting metrics. "You always try to manage globally for scale, locally if you can prove the business case. And if there is a tie between how you score global versus local efforts, then speed wins."

New ways to compensate performance and clear processes for resolving the inherent tensions between global and local initiatives take on added meaning when taking into account just how few products and services are actively marketed by organisations. It's not unusual for a firm to advertise less than 10%

or so of its possible wares. Historically, organisations have applied a similar "blockbuster" orientation towards their range of products and services that media companies applied to their content properties.

Mr Keane of Google offers the example of the Sunday circular advertisements by retailers to illustrate that the actual number of products and services being marketed by most organisations represents only a small slice of their entire portfolio. In a circular inserted in a newspaper, a retailer might list 150-200 products when their catalogue or inventory might list thousands of stock keeping units (SKUs) that identify different products or services. According to Mr Keane, the marketing organisation of the future will specialise in providing "asset connections" between the total number of marketing assets of an organisation and its entire customer base.

The idea of a marketing asset is bigger than simply the number of items in a firm's catalog. An organisation can digitise and make searchable nearly all of the information and marketing materials using integrated online/offline techniques. For example, if a customer wishes to know if a television they are considering supports a given recording format, they might research that question online instead of telephoning the manufacturer or physically travelling to a retail outlet. By helping a customer look up product or service information online quickly and efficiently, the firm can influence the consumer's buy cycle better than a competitor that does not make all of its marketing assets searchable. "We are looking to help firms digitally manage the attributes and communications

related to a given SKU and take that bundle to a connection point where a user can engage or buy that product or service," says Mr Keane. "It's about turning marketing into distribution rather than a cost centre."

*A definition of marketing (version 5)*

**The Optimist says, "The glass is half full."**

**The Pessimist says, "The glass is half empty."**

**The Marketing Consultant says, "The glass needs resizing and a different logo."**

**Anonymous**



## The future of marketing

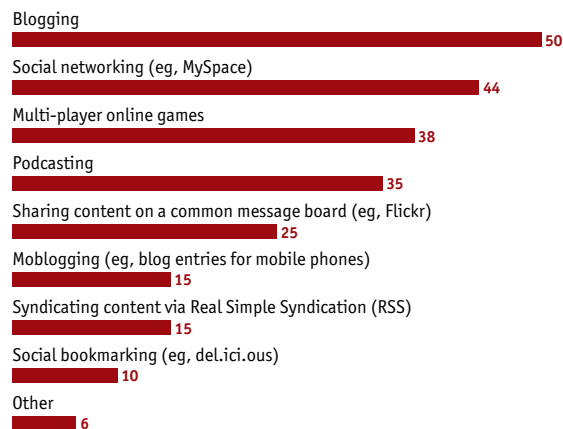
In order to find out about what trends to expect in future, we asked survey takers and executives about the online trends they learned during the previous 12 months from their children or other young people.

The top three new trends—social networking, podcasting and multi-player video games—barely register in current marketing budgets. And yet marketing executives easily rattle off online company names such as MySpace, YouTube and Bebo along with terms such as mash-up\* to discuss the future of marketing.

It is likely that these executives are using the previous examples not so much to describe where technology is heading as to depict a new audience they must reach. “It’s not simply technology. We have a demographic of young people who grew up digital that are moving into the home buying phase,” remarks Mr Young of Coldwell Banker.

The new digital tribes produce, share and experience content as well as opinions about brands, products and services according to new rules. They are entirely open to interaction with a brand but only if that experience is relevant and, dare we say, authentic. Instead of offering messages and advertisements that *display* in a certain way, future marketing leaders will employ all the previously mentioned factors to deliver messages and advertisements that *behave* according to what the customer expects at a given stage of their

**Which Internet trend(s) did you discover in the last twelve months through your children or other young people?** Select all that apply.  
(% respondents)



Source: Economist Intelligence Unit survey.

buying cycle.

Using integrated offline and online marketing techniques that enable customers to form an emotional attachment with a brand with a clear path to action is a far cry from the early days of online marketing. Granted there remains a huge amount of work to do, but the future of marketing looks bright as today’s pioneers learn how to position brands within integrated campaigns, measure their impact and be accountable for the results. “The web is a huge laboratory for innovation,” says Mr Keane. “Longer term, it’s a strategic vision for turning marketing and advertising into a profit centre.”

\*mash-up: a website or application that seamlessly combines content or services from more than one source to create a new, integrated experience.

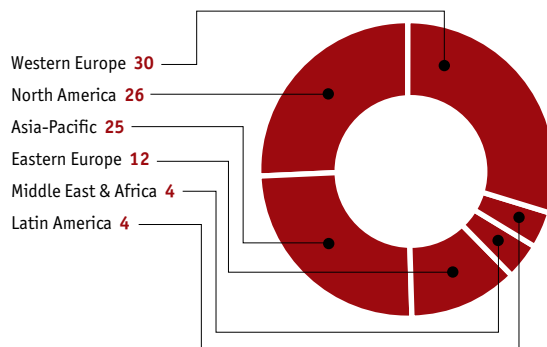
## Appendix I

The future of marketing  
From monologue to dialogue

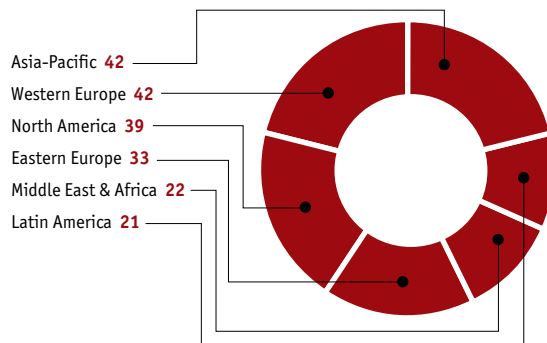
# Appendix I

An advisory board comprised of senior marketing executives worked with the Economist Intelligence Unit and Google to create an online survey that received responses from over 200 senior global marketing executives and CEOs across a range of industries. (For a list of board members, see appendix II, page 32)

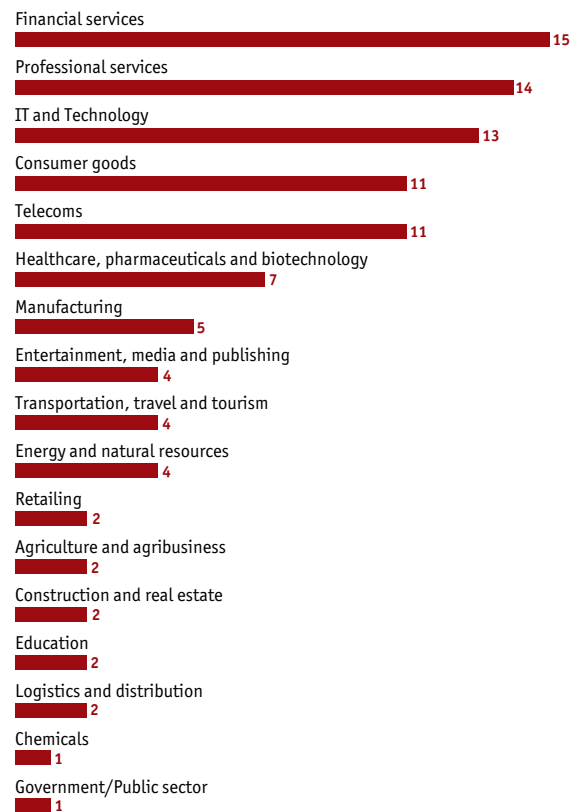
### In which region are you personally based? (% respondents)



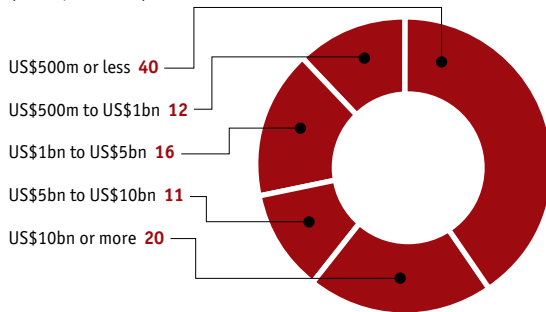
### For which region(s) do you have responsibility for, or influence over, marketing decisions? (% respondents)



### What is your primary industry? (% respondents)



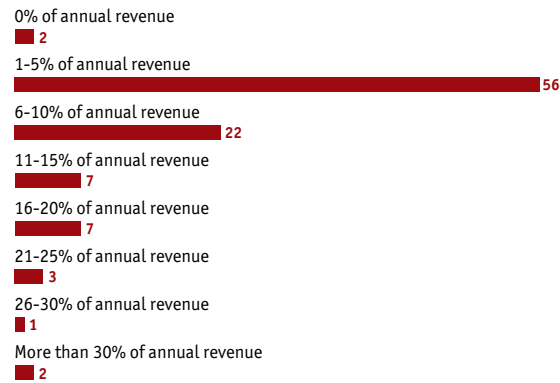
**What are your organisation's global annual revenues in US dollars?**  
(% respondents)



**Which of the following best describes your job title?**  
(% respondents)



**Approximately how much does your company spend on advertising and promotion activities (excluding sales) as a percentage of annual revenue?**  
(% respondents)



**Looking just at your company's online advertising and promotion, how is spending apportioned among these activities?**  
Total should equal 100%.  
(% of respondents)

	Average	Highest	Lowest	Standard Deviation
Banner advertisements	12	100	0	17
E-mail marketing	25	100	0	27
Search engine optimisation	13	100	0	19
Paid search advertising	7	100	0	16
Mobile marketing	4	80	0	10
Pop-up or pop-under ads	2	40	0	6
Rich media ads	7	75	0	15
Sponsored websites	15	100	0	23
Other	13	100	0	24

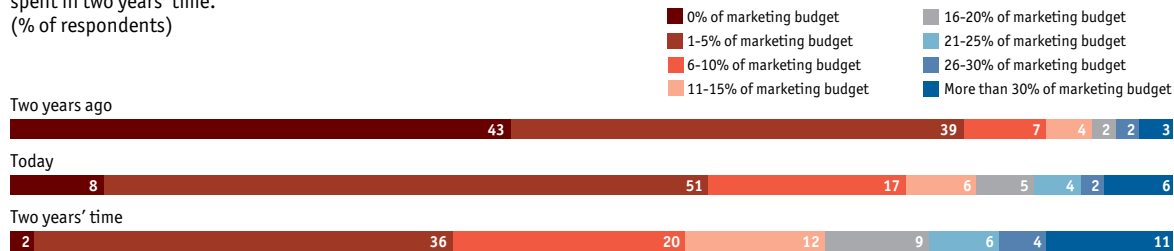
**In two years' time, how do you expect your company's spending on online advertising and promotion to be apportioned among these activities?**  
Total should equal 100%.  
(% of respondents)

	Average	Highest	Lowest	Standard Deviation
Banner advertisements	11	100	0	15
E-mail marketing	25	100	0	24
Search engine optimisation	15	100	0	18
Paid search advertising	7	100	0	14
Mobile marketing	6	80	0	11
Pop-up or pop-under ads	3	70	0	7
Rich media ads	8	75	0	13
Sponsored websites	16	100	0	21
Other	9	100	0	20

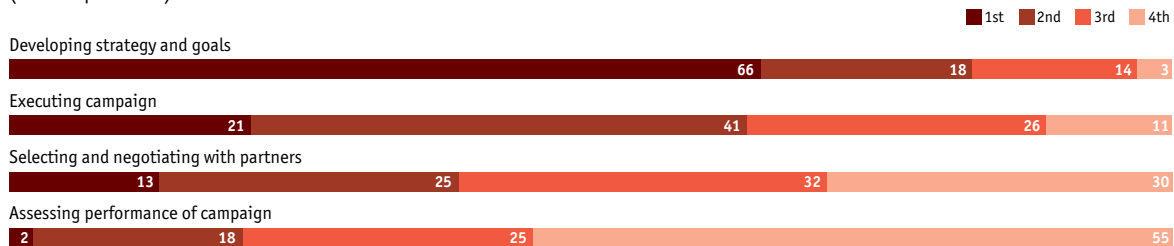
## Appendix I

### The future of marketing From monologue to dialogue

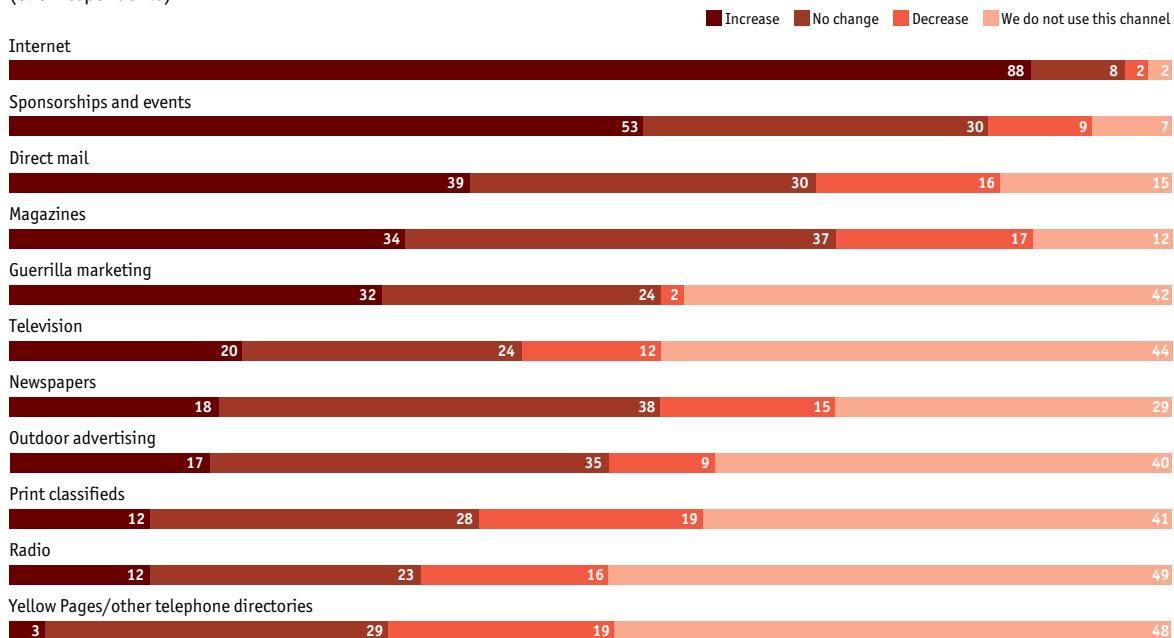
**Approximately how much does your company spend on online advertising and promotion, as a percentage of its total marketing budget?** Please indicate how much was spent two years ago, how much is spent now, and how much do you feel will be spent in two years' time.  
(% of respondents)



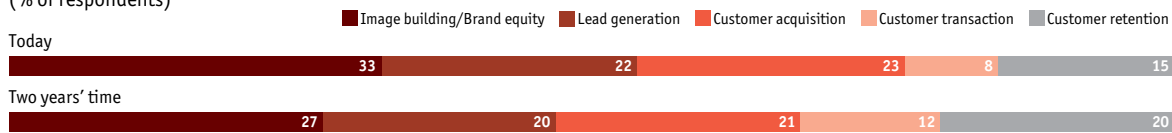
**In which part of an advertising or promotion campaign does your company invest the most management time?**  
Rank in order from 1st (most investment of management time) to 4th (least investment of management time).  
(% of respondents)



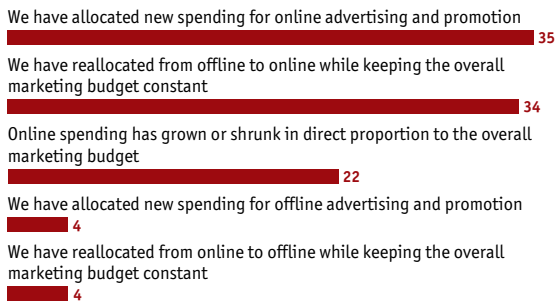
**Over the next two years, do you expect your company to increase or decrease spending on the following media channels?**  
(% of respondents)



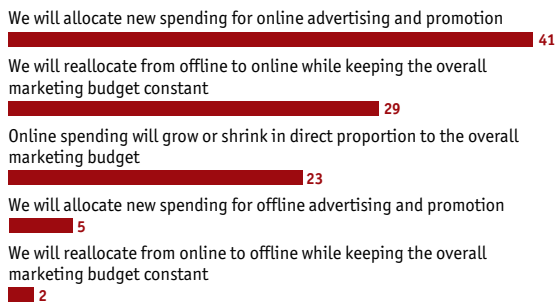
**Which marketing objectives do your company's online advertising/promotion activities target today, and which will they target in two years' time?** Select all that apply.  
(% of respondents)



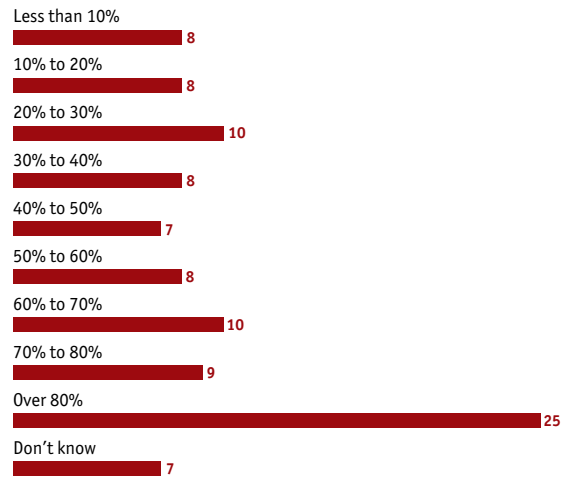
**Over the past two years, how has your company allocated online advertising and promotion spend as part of its overall marketing budget?**  
(% respondents)



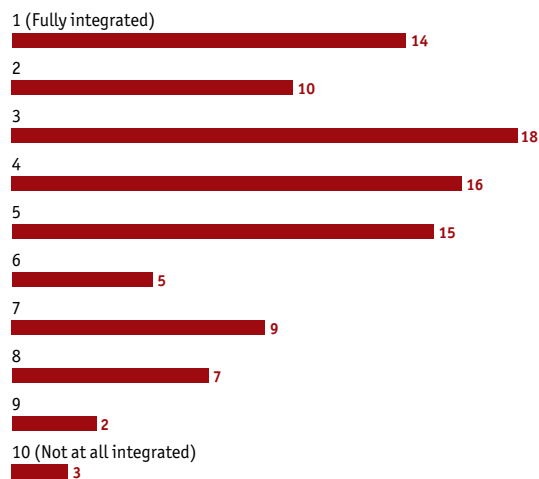
**Over the next two years, how do you expect your company to allocate online advertising and promotion spend as part of its overall marketing budget?**  
(% respondents)



**What percentage of your company's products and services do you generally advertise?**  
(% respondents)



**To what degree are online and offline marketing combined into a single strategy at your company?** Rate on a scale of 1 to 10, where 1=Fully integrated and 10=Not at all integrated.  
(% respondents)



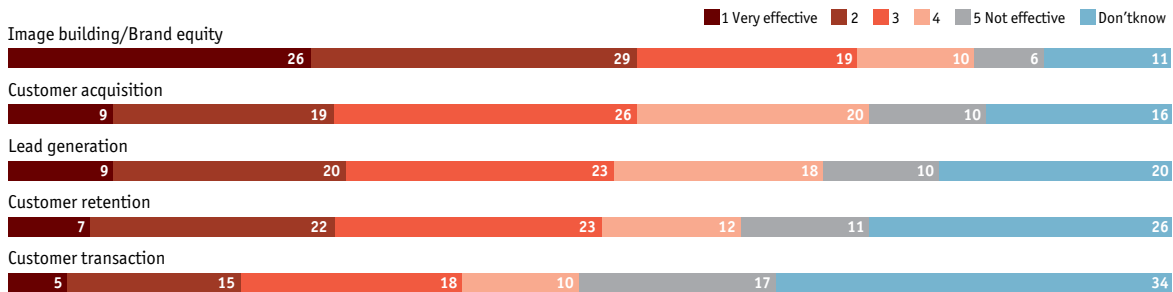
## Appendix I

### The future of marketing From monologue to dialogue

#### How effective are your company's online advertising/promotion activities at meeting marketing objectives in these areas?

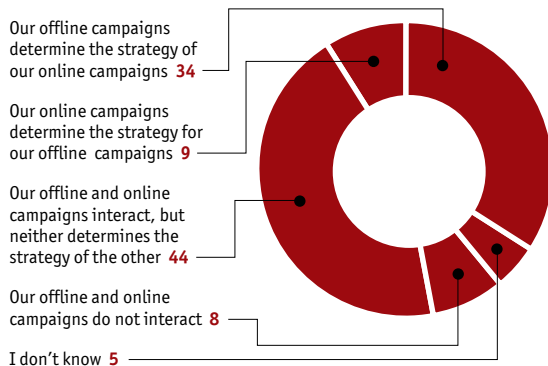
Rate on a scale of 1 to 5, where 1=Very effective and 5=Not effective at all.

(% of respondents)



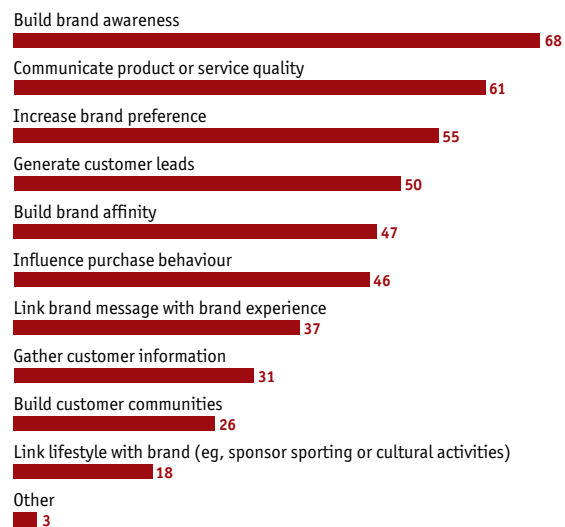
#### How do your company's online and offline marketing campaigns influence each other? Select the most applicable statement.

(% respondents)



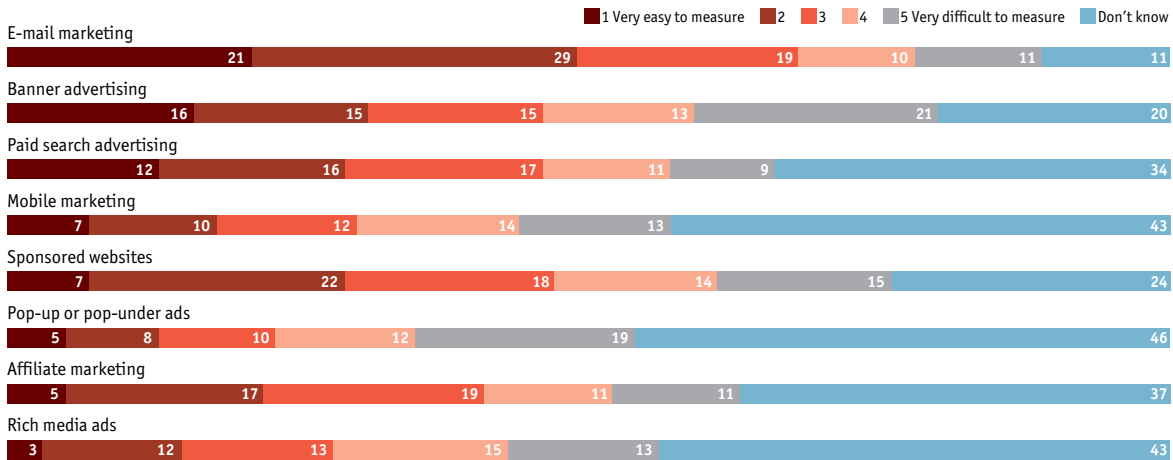
#### What are your company's objectives for online brand marketing in 2006? Select all that apply.

(% respondents)



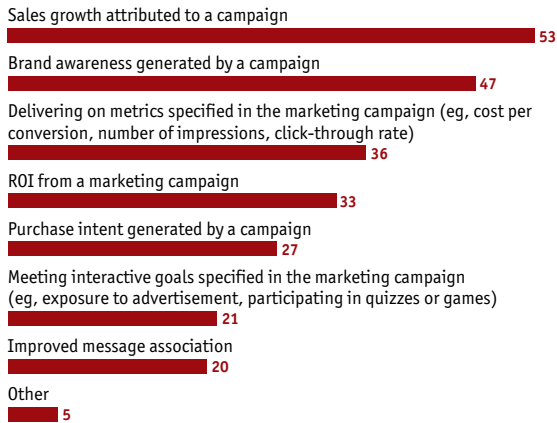
**How difficult is it to measure the impact of the following online marketing activities?**

Rate on a scale of 1 to 5, where 1=Very easy to measure and 5=Very difficult to measure.  
(% of respondents)



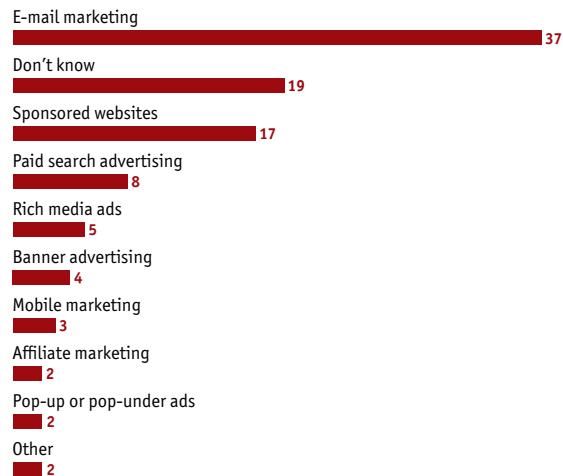
**Which measurements does your company use to evaluate the overall impact of its online marketing programmes?**

Select all that apply.  
(% respondents)



**Which online advertising strategy produces the best ROI for your company? Select one.**

(% respondents)

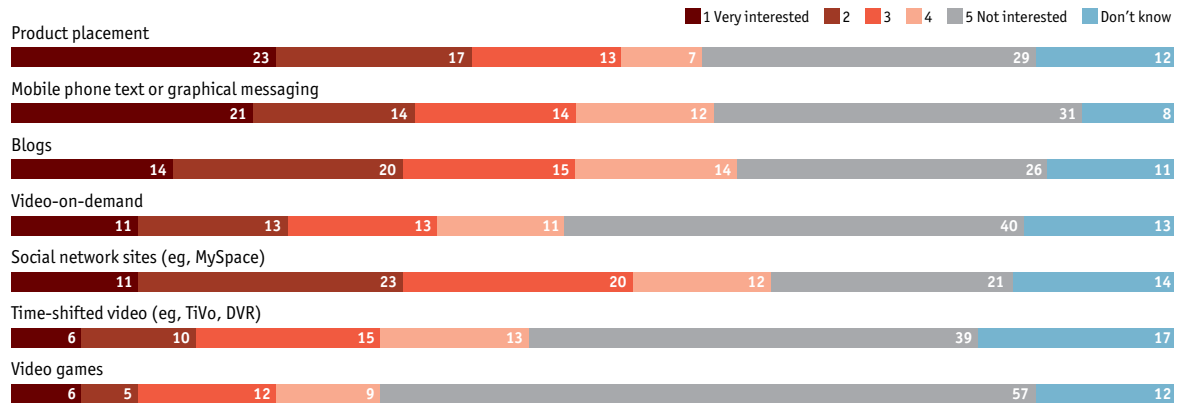


## Appendix I

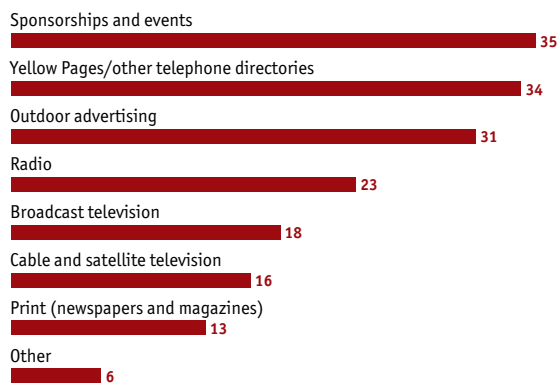
### The future of marketing From monologue to dialogue

#### Over the next two years, how interested will your company be in marketing in the following emerging media channels?

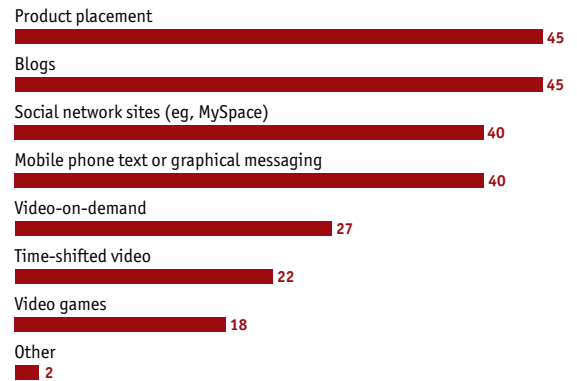
Rate each on a scale of 1 to 5, where 1=Very interested and 5=Not interested.  
(% of respondents)



#### Which areas of media are hardest to harmonise with Internet media in order to plan, execute and evaluate an integrated marketing campaign? Select up to three. (% respondents)



#### Which three areas of emerging media and marketing do you see the greatest need for an improved set of audience measurements? Select up to three. (% respondents)



**Please indicate whether you agree with the following statements regarding interactive marketing today and two years from now.**

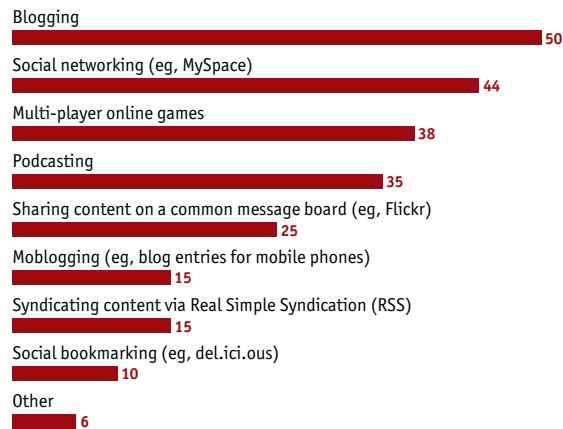
(% respondents)

■ Today  
■ In two years time



**Which Internet trend(s) did you discover in the last twelve months through your children or other young people? Select all that apply.**

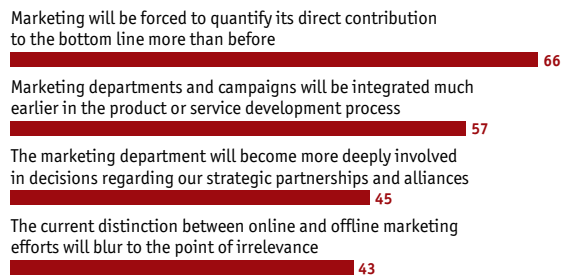
(% respondents)



**Which of the following describe likely transformations in your company's marketing efforts over the next two years?**

Select all that apply.

(% respondents)



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## Appendix II

The future of marketing  
From monologue to dialogue

# Appendix II Advisory Board

In January 2006, the following executives met with members of Google and the Economist Intelligence Unit to discuss the shape and questions for the online survey on the future of marketing.

**Kathy Button Bell**, vice-president and chief marketing officer, Emerson

**Marcus Casey**, director, marketing and customer relations, Americas, Lufthansa Airlines

**Tom Cunniff**, vice-president, director of Interactive Communications, Combe Incorporated

**John Deighton**, Harold M Brierly professor of business administration, Harvard Business School

**Bob DeSena**, director, relationship marketing, Masterfoods USA

**Michael J. Duffy**, director, GMI electronic marketing communications, Merrill Lynch

**Michael Farello**, partner, Catterton Partners

**Donna Goldbloom**, vice-president, strategy and insights, Pepsi-Cola North America

**Diane Gulyas**, group vice-president, chief marketing and sales officer, DuPont

**George Gutierrez**, director, WW Media, Cisco Systems

**Judy Hu**, general manager, advertising and branding, GE

**Mark Kennedy**, chief strategy officer, Landor

**Christian Kugel**, vice-president, Denuo (a member of the Publicis Groupe)

**Kevin Martin**, senior vice-president, customer marketing, HSBC

**Jim McDowell**, vice-president, MINI USA / BMW

**Shun Mishima**, director of corporate marketing, NTT DoCoMo

**Wayne Rose**, vice-president, global business director, Woodford Reserve Bourbon, Brown-Forman

**Thomas V. Ryan**, senior vice-president, digital & mobile strategy and development, EMI Music

**Paul Silverman**, director of media services, Novartis

**James Speros**, senior vice-president & chief marketing officer, Marsh & McLennan

**Brenda Cornwell Thomas**, senior vice-president, corporate diversity and inclusion, Cendant

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