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2006 WebTrends CMO Web-Smart Report

In a shifting marketing landscape, the web is the key to proving and improving results.

In our recent CMO Web-Smart Survey of more than 250 marketing executives, we set out to discover how big an impact the web would have on marketing in the next year—and how confident CMOs and other executives were in their ability to measure online marketing performance and create an ROI mind set throughout their organizations.

The extraordinary results of the survey demonstrate the huge increase in the influence of the web on every aspect of business, as well as the need for greater accountability: in short, the ability to prove how the increased spend on the web translates into growth and profitability, as well as the ability to continually improve how marketing campaigns perform. Some key findings include:

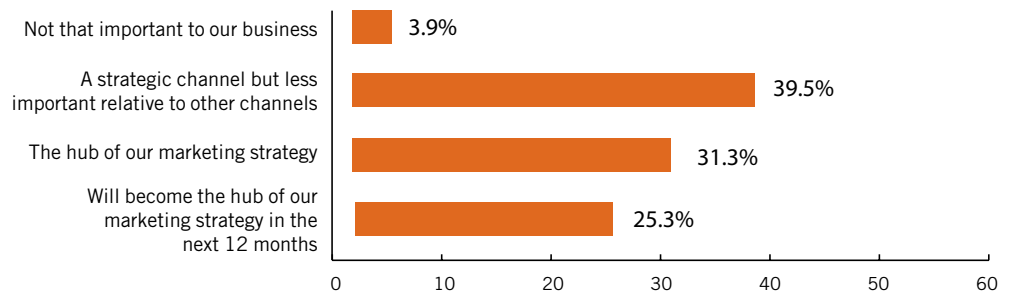
The web is the hub: Over 56 percent of marketing executives said that the web was either the hub of their organization's marketing strategy, or that it would become the hub in the next year.

Organizations aren't feeling ready: Marketing executives aren't grading themselves or their organizations very highly when it comes to their collective knowledge of the latest web marketing trends, strategies and technologies. On average, execs rated themselves 6.3 on a scale of 1-10. And they rated their staffs even lower, at an average of 5.5.

Marketing teams will be even more accountable: Most marketing executives plan to increase accountability by investing in training and building metrics into employee reviews and compensation.

- **Take five minutes to read the full report** and learn more about the key trends and challenges marketers face today—you might be surprised by the findings. Then, share it with your colleagues. Discuss it with your team. It's time to make sure that everyone in your organization understands the importance of the web in their marketing mix, that they're all fully accountable for their marketing performance, and that they're all feeling equally web-smart.

Which of these best describes the role of the web within your overall marketing mix?



SURVEY RESULTS

Over 56 percent of marketing executives said that the web was either the hub of their organization's marketing strategy, or that it will become the hub in the next year.

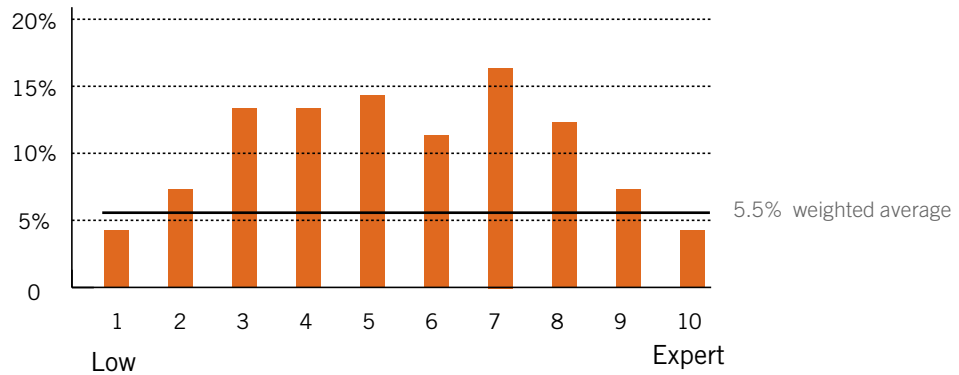
39 percent indicated that it was a strategic channel, but less important than other channels. And almost no one (less than 4 percent) said that the web was not important to their business.

Marketing is changing, and CMOs know it. Consumers have more control over how they see advertising. They have more options, more channels, and more chances to interact with the new media. Of course, there's also a lot more money moving to online marketing. According to a recent study by Three Deep Marketing and MarketingSherpa, the number one challenge marketers are facing today is determining the payback on dollars spent. When asked what their specific marketing problems were, most marketers said they had trouble managing data—getting the right message to the right person.

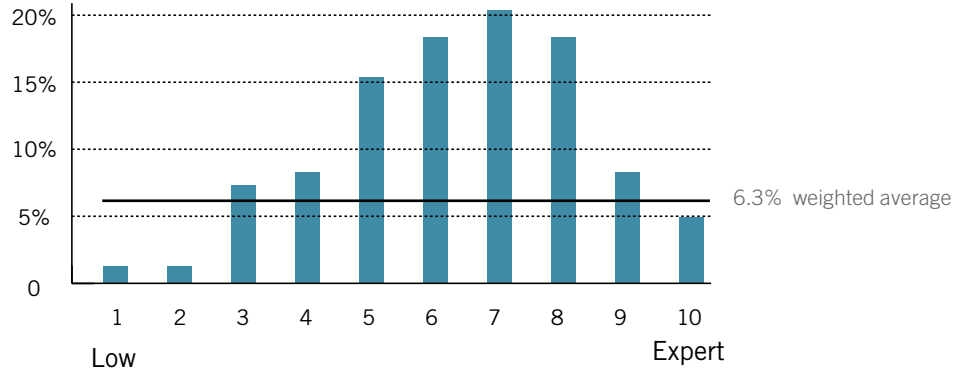
These challenges provide opportunities for marketing executives to improve the way they do business. With the right information and solutions, marketing executives can take action with confidence in a changing world—to understand customers, target them and deliver exactly what they want when, and where they want it. And the web is the key.

How would you rate your staff's collective knowledge of the latest web marketing trends, strategies and technologies?

How CMOs rate their staff's collective knowledge



How CMOs rate their own knowledge



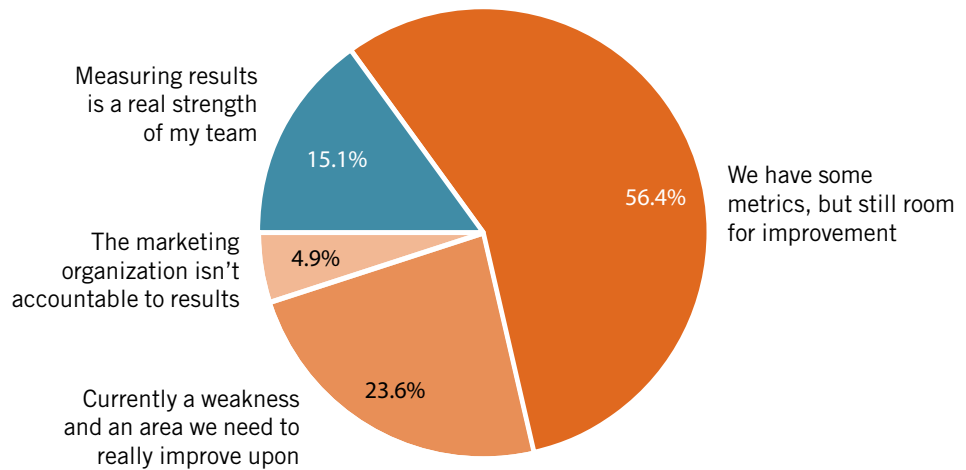
SURVEY RESULTS

Only 4 percent of CMOs rate themselves and their staff as “experts” on web marketing trends, strategies and technologies.

On a scale of 1–10, the weighted average rating for the staff was 5.5. Clearly, marketing executives don’t rate them very highly. It’s a strong indicator that organizations need to educate their teams from the ground up, or hire experience.

On the same scale, marketing leaders gave themselves a little more credit for being web-smart—the weighted average response was 6.3—but not much. CMOs are indicating that they, too, have a lot to learn.

How would you currently rate your organization's ability to measure web marketing performance?



SURVEY RESULTS

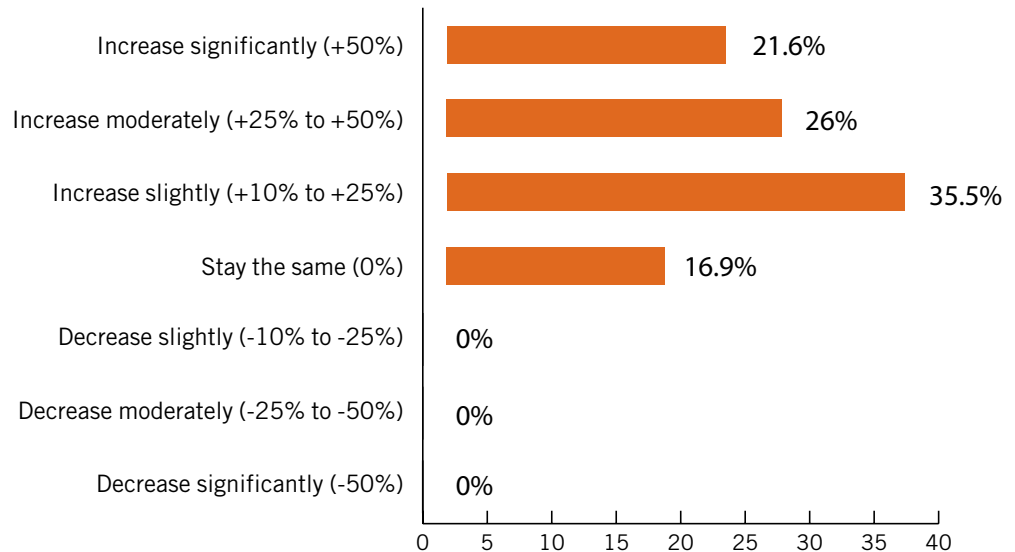
Over 84 percent of CMOs rated their organization's ability to measure web marketing performance as having room for improvement, weak, or non-existent.

As noted previously, over 56 percent of marketing executives said that the web was either the hub of their organization's marketing strategy, or that it would become the hub in the next year. Yet here we see that only 15 percent of them indicate that measuring results is a real strength of their team. A huge majority said that it's an area of weakness or that there's room for improvement.

Not surprisingly in this time of increasing scrutiny, only 4.9 percent said that the marketing team wasn't accountable for measuring results.

WEB MARKETING SPEND

How will your investment in the web change relative to your marketing plans in 2006?



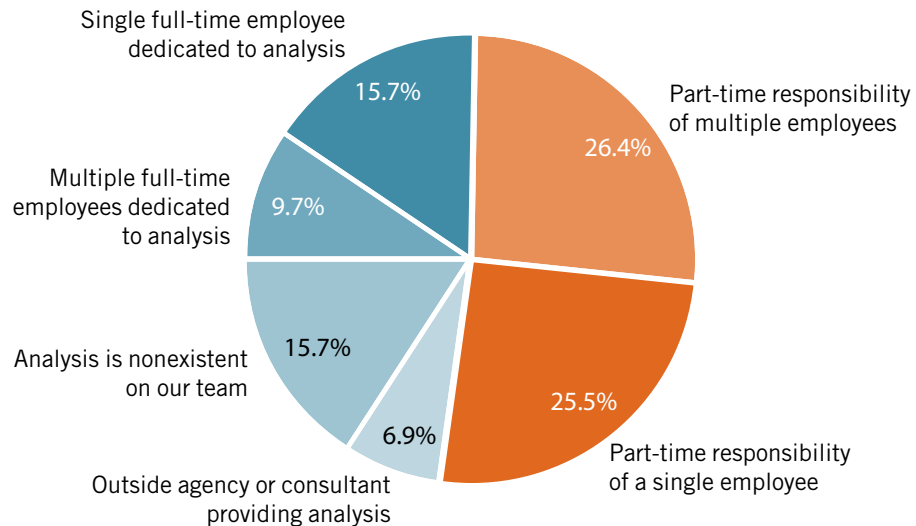
SURVEY RESULTS

Over 83 percent of marketing executives plan to increase their investment in the web in 2006.

Everyone is going to be investing more in the web in 2006. Without exception, not a single marketing executive said that they would decrease their online spend. The majority (35 percent) said they would increase it slightly. 26 percent said they'd increase it moderately. And 21.6 percent said they would increase their budgets significantly. According to a December 2005, report from Piper Jaffray, "Online advertising is now positioned to exceed \$55 billion globally by 2010." When you consider that kind of growth potential, it's clear that accountability will become more and more critical.

Since this increase is allocated across many channels, the ability to gain a deeper understanding and optimize results is critical. Organizations are spending their valuable marketing dollars across multiple channels and partners to reach customers in new ways—Google, Yahoo, MSN, online publications, email, mobile and more. The key to success will be to consolidate performance data and customer information into a single consistent metrics framework within a complete reporting system.

How are you currently staffing your team for measuring web marketing performance?



SURVEY RESULTS

52 percent of organizations make measuring web marketing performance the part-time responsibility of multiple employees or a single employee.

15.7 percent of marketing executives said that analysis is non-existent on their team. When you consider how significantly online marketing budgets will increase, it's hard to believe there's no accountability for it. 26.4 percent said it was the part-time responsibility of multiple employees, which signifies the need for consistency in metrics (and agreed-upon key performance indicators) across departments. And 25.5 percent said it was the part-time responsibility of a single employee.

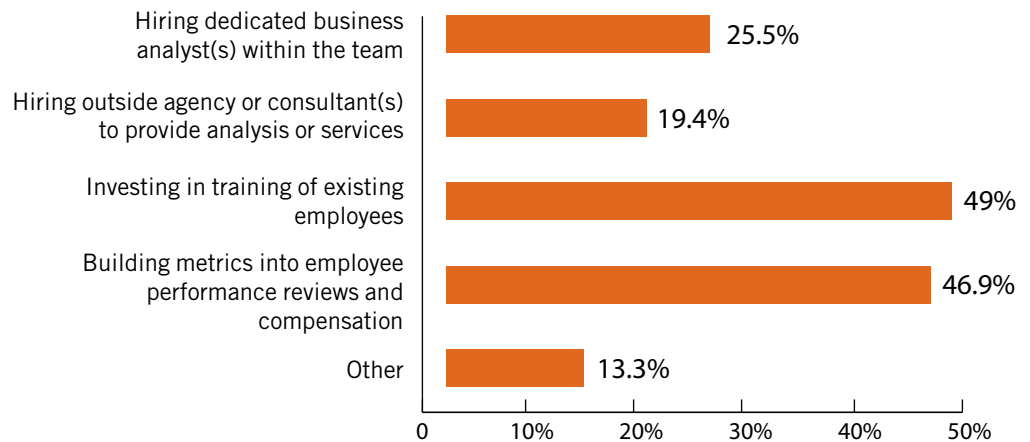
Managers considering hiring a dedicated web marketing analyst shouldn't wait. A recent JupiterResearch study, *Web Analytics: Framework for Using Data to Drive Business Success*, stated that:

"...companies assigning at least one dedicated resource are at least twice as likely as those assigning none to measure conversion rates, integrate external search marketing data, measure marketing spending, as well as use A/B testing strategies and funnel analysis tools to incrementally improve Web sites... which JupiterResearch believes is fundamental to achieving analytics success."

JupiterResearch also went on to note that... "assigning many partial resources is sub-optimal, rarely producing the quality associated with dedicated resources."

ACCOUNTABILITY TO RESULTS

What are you doing to breed an ROI mind set within your organization, and to increase the accountability of the marketing function in 2006?



SURVEY RESULTS

Most marketing executives plan to increase accountability by investing in training and building metrics into employee reviews and compensation.

Training (49 percent) was followed closely by building metrics into performance reviews and compensation (46.9 percent), so accountability is clearly moving top-down in many organizations. Talk about a need for accurate metrics... clearly, in order to create a system that impacts employee salaries, it's vital to have consistent measurement standards across the organization.

25.5 percent planned to hire a dedicated business analyst and 19.4 percent said they would hire an outside agency or consultant to provide analysis services.

CONCLUSION

Marketing executives are seeing clearly that the web is central to future success. Performance metrics for online campaigns, including search, email, and advertising, will let them run their marketing with confidence. The measurability of the web, along with an integrated online marketing performance management solution, lets every member of a marketing team instantly understand the cause and effect of their marketing programs. And the interactivity of the web, paired with a powerful relationship marketing solution, lets them understand customers, and nurture profitable relationships through targeted, relevant campaigns.

The engaging, interactive, user-controlled nature of web-based media is causing it to supersede traditional mass marketing models. This paradigm shift has caused uncertainty among marketers on how best to reach customers, but it also creates new opportunities for businesses to redefine how they communicate by leveraging the power of interconnected media channels.

ABOUT THE SURVEY

This report includes data collected from survey responses from October to December 2005, as an online survey of CMOs and other marketing executives produced by WebTrends. Survey respondents represented a diverse sampling of business types and industries:

Business Type:

52% B2B
10% B2C
34% B2B & B2C
4% Other

Title:

18% CMO
26% Marketing VP
29% Marketing Director
27% Other

Industry:

4% Retail
3% Financial Services/Insurance
9% Media
2% Entertainment
4% Travel/Hospitality
4% Healthcare/Pharmaceutical
8% Manufacturing
5% Consumer Goods
2% Telecommunications
29% Technology
12% Professional Services
1% Government
17% Other

About WebTrends

Thousands of web-smart organizations worldwide, including more than half of the *Fortune* and *Global 500*, depend on WebTrends to improve their web site conversions and optimize their marketing performance for maximum return on investment. As the worldwide market leader for web analytics and marketing performance management, WebTrends has become the trusted standard not only for award-winning technology, but also for a full range of consulting services and unmatched industry expertise. By delivering accurate and actionable metrics through both on-demand and software options, WebTrends ensures that its customers are positioned for both immediate and long-term success with a solution that can adapt to ever-changing business and technical requirements.

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