Online Marketing:

How to create measurable value from today's digital environment

CMOs and Marketing VPs today are primarily focused on three goals: connecting to new customers, building customer loyalty, and clearly demonstrating the value of marketing. These goals are not new; what's new are the tactics used to achieve them. The Internet, social media, and mobile technology have changed the way customers learn about businesses, purchase products, and interact with companies. But these technologies have also given CMOs new tools for engaging with customers and improving the effectiveness of their marketing programs. In this paper we'll look at the trends driving online marketing and show how an online marketing solution can help marketing executives achieve their three most important objectives.

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Introduction

What do Chief Marketing Officers care about most? According to recent studies, the top three priorities for CMOs are:

- Connecting to new customers in today's digital environment
- Building loyalty among the customer base
- Demonstrating the value of marketing

In a sense, these goals are not new. They reflect the core questions that concern all marketing executives: Where do you find customers, and how do you interest them in your product or service? How do you build long-term relationships with customers after the initial purchase? And how do you measure the success of your efforts so you can continually improve your marketing processes?

What's different today is not the strategy so much as the tactics. Technology – especially mobile technology, social media, and the Internet – has changed the way customers learn about businesses, purchase products, and interact with the companies they do business with. The Internet has also changed the balance of power to some degree, reducing the effectiveness of traditional marketing tactics and requiring companies to find new ways to communicate with customers and deliver value.

At the same time, however, new technology has also given companies opportunities to better measure customer activity and tailor communications to more precise demographics. Technology not only makes it easier to manage your brand and message but allows you to analyze and improve your marketing processes – from creating campaigns and content to enabling conversations with customers and prospects.

OpenText Online Marketing solutions help CMOs achieve greater Return On Marketing Investment (ROMI) through increased productivity and more effective marketing programs. OpenText Online Marketing solutions enable CMOs to better accomplish these goals by:

- Attracting high-value audiences. Reach online audiences in any location with targeted campaigns and microsites that deliver rich media content and socially enabled tools.
- Converting visitors into customers. Build customer relationships by providing digital content that is personalized and adaptive to diverse online audience personas.
- Measuring customer ROI. Analyze online activities and behavior throughout the campaign and measure performance relative to pre-established KPIs.

In this paper, we'll look more closely at how an online marketing solution aligns with the top three priorities of CMOs, and why a holistic approach to online marketing is a necessity today. But first, we'll look at some statistics that tell a compelling story about online marketing.

REASONABLE GOALS* THAT MOST ORGANIZATIONS SHOULD EXPECT TO ACHIEVE WITH A CONSOLIDATED ONLINE MARKETING STRATEGY:

20% to 30%	Reduction in cost per lead
15% to 25%	Increase in revenue per visitor
20%	Reduction in time to market for updated messaging

* These statistics were calculated by OpenText based on interviews with industry analysts and customers and data from trade association surveys and academic studies. For more information, please contact value@opentext.com

How Important is Online Marketing? Statistics Tell the Story.

The first step in marketing communication has always been to go where the customers are. When newspapers were the dominant information source, businesses used this channel for communicating to customers and attracting them with product promotions. The same principle holds true today, although the environment is much different.

Today, the dominant medium is the Internet, and the primary channels for reaching customers include social media websites like Facebook® and Twitter™, mobile applications, search engines like Google™, content delivery sites like YouTube™ and Yahoo!® , partner and affiliate websites, email, and even mobile games like those offered by Zynga®. Traditional media, such as newspaper, radio, and television are still important, but it's clear that people are spending more time today on new media enabled by the Internet and mobile devices.

The mobile market is especially important – and growing more so every year. In the US, approximately 50% of all mobile phones today are smartphones. Purchases made on smartphones were expected to hit $8 billion in 2011, up from $3.4 billion in 2010, according to market research firm ABI Research.[1] This purchasing power of mobile users was on full display during the holiday season of 2011. On the day after Christmas, for example, 16.4% of all retail site online sessions were initiated from a mobile device, up from 7.8% the year before. Sales from mobile devices that day grew to 11.3%, compared to 4.3% on December 26, 2010.[2] No matter how you slice it, the market for retail purchases from mobile devices (smartphones and tablets) is growing 130% to 150% year over year.

Impressive as that is, the mobile channel is still small compared to the overall online market. Web sales overall during the holiday season totaled $35.3 billion from November 1 through December 26, 2011, up 15%, according to the Wall Street Journal. That figure greatly outpaced US retail sales, which grew a relatively healthy 3.8% compared with a similar period a year earlier. Retail sales in the US seem to be bouncing back from the 2008 recession, but online sales are vaulting ahead.

Whether customers are doing their shopping on mobile devices or laptops, most people today use search engines to locate products and services. As a result, having a solid search marketing strategy – including optimizing your web properties for search engines and publishing targeted, timely, and compelling content – is necessary to help your business rise above the competition. And that competition is intense. Forrester estimated that in 2011, for example, North American organizations spent more than $17 billion on search marketing, competing to attract high-value visitors to their websites. Most businesses simply can't afford to under-invest here.

PURCHASES MADE ON SMARTPHONES

Bar chart: 2010 = $3.4B, 2011 = $8.0B
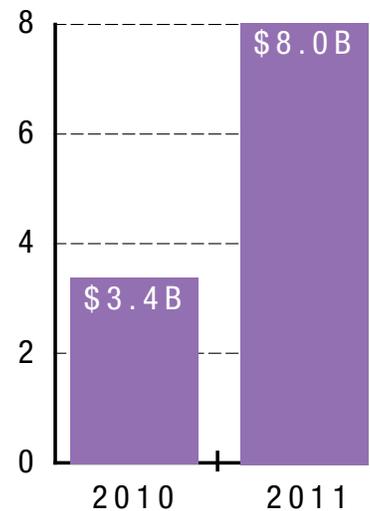
Less than 5% Percentage of 2010 online holiday sales using smartphone or tablet

More than 10% Percentage of 2011 online holiday sales using smartphone or tablet

Global e-commerce sales are growing at 19.4% per year, according to Goldman Sachs, which estimates that worldwide web retail sales will reach nearly US $1 trillion by 2013.

We can't talk about search engines without acknowledging the emerging channels that may eventually overtake them in importance. Facebook, in particular, is a thriving channel. In the US, 93% of adult Internet users are on Facebook, and according to comScore, one out of every eight minutes online is spent on Facebook.[3] Those are compelling stats and help to explain why Facebook's revenue from display ads is expected to reach $5 billion in 2012.[4] Amazingly, with respect to display ads Facebook should easily eclipse Google, which is expected to generate $2.5 billion this year. Clearly, businesses have begun prioritizing Facebook over search engines as a way to attract customers – with good reason: of all new social media channels, including blogs, Facebook drives 67% of B2C conversions.[5]

And, Facebook isn't the only social media property driving business. According to research, two-thirds of US Twitter users are more likely to buy brands they follow.[6] Other social media sites such as Yelp®, Google+, and Foursquare™ can help draw customers to your business through the power of recommendations and location-based searches. Moreover, blogging and other content-based inbound marketing strategies can work in conjunction with these social media sites to attract customers to your website. In fact, according to Hubspot®, companies that blog have 55% more website visitors, and B2C companies that blog will generate 88% more leads per month than those that do not.[7]

Ultimately, what all of this suggests is that reaching customers requires a complex, multifaceted approach that must account for a number of direct and indirect channels. Technology is your partner in this goal – if your online marketing solution provides an efficient process for communicating through all channels in a unified, consistent way.

GLOBAL E-COMMERCE SALES

Projected, Sales in Billions (US$)

Year	Sales
2010	$572
2011	$680
2012	$820
2013	$963
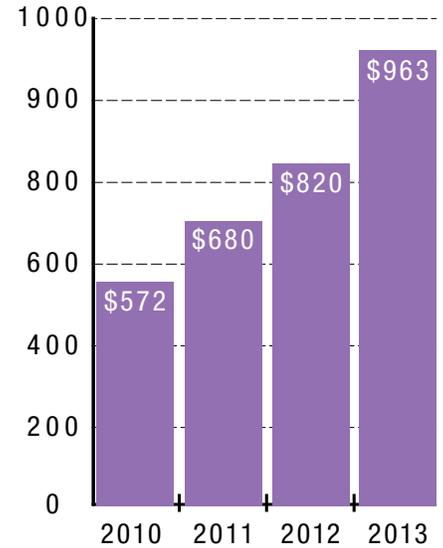
OpenText Online Marketing: Right for Today's Digital Environment

OpenText Online Marketing solutions help businesses take a multi-channel approach to reaching out to prospective customers, which analysts such as Aberdeen Group consider a best-in-class marketing practice. Attracting prospects to your site is important, but you also need to provide a compelling experience wherever your prospects happen to be. OpenText Online Marketing enables you to optimize the customer experience with rich media, social communities, mobile applications, and social media integrations. Lastly, OpenText Online Marketing provides insight to help marketing teams know how well they're reaching their targeted audiences and adjust as necessary. In short, OpenText can help you attract high-value audiences, convert visitors into customers, and measure the return on your technology investment.

Attracting high-value audiences

What's the value of attracting the right customers? Our research and our own experience helping large businesses implement these processes have demonstrated that it's possible to achieve a 20% – 30% reduction in Cost Per Lead (CPL) with an effective online marketing solution.

Real-world scenario: CPL varies from industry to industry and depending on what you consider a "lead." That said, research indicates that the cost for a solid lead among B2B organizations averages around $375. Therefore, the cost of 10,000 leads would average around $3,750,000. A 25% reduction in that cost would generate savings of $937,500.

OpenText Online Marketing solutions can help you:

- Distribute the same message to your corporate website, on your Facebook page and other social media, in banner ads, in email campaigns, and on landing pages
- Provide a mobile-optimized site for smartphones and tablets
- Post social media updates, feeds, and user comments on your site
- Enable customers and prospects to share your content and act as ambassadors for your brand
- Improve search-engine optimization through the use of automatically generated and customizable search terms
- Quickly launch microsites and landing pages to generate awareness and drive traffic
- Build online communities where people can gather who share an interest in a topic related to your company's products or service
- Adjust messaging to target audiences as campaign analytics become available

Converting visitors into customers

What's the value of converting more visitors into loyal customers? A good measure of the value of this solution is Revenue Per Visitor (RPV). We believe that organizations should target a 15% – 25% increase in RPV with an effective online marketing solution.

Real-world scenario: For the purposes of benchmarking, let's start with Amazon.com®, a heavily visited site that we realize gets significantly more traffic than most. With 600 million visitors per year, or 50 million per month, Amazon generates $14 billion in revenue. That's $23 per visitor. If Company X gets 1/1,000th the number of visitors as Amazon (or 0.1%) and

generates 80% as much revenue per visitor, that's equal to $18.40 per visitor times 50,000 visitors per month. If Company X could increase revenue by 20%, it would realize an additional $184,000 per month (50,000 visitors/month x $18.40 revenue/visitor x 20% increase in revenue/visitor) or $2,208,000 per year.

OpenText Online Marketing solutions can help you convert your website visitors into loyal customers by creating a personalized and compelling online experience. OpenText enables you to:

- Continually update your web properties with fresh articles and other content created by anyone within your organization
- Encourage visitors to delve deeper into your website by using semantic technology to increase relevancy and recommendations
- Leverage social features, such as ratings and reviews to encourage trust
- Use the "wisdom of the crowd" and community ranking to surface the most popular content
- Publish dynamic, rich media in all formats, including video and gaming features
- Provide a slimmed-down mobile version of a site that customers can read and interact with on the go
- Localize campaign content with automated workflows
- Unify the customer experience across multiple channels by allowing the same campaign content to be published to many places at once

Measuring customer ROI

What's the value of incorporating analytics into the marketing process? Research suggests that best-in-class organizations are more likely to track and analyze how their online content is used, consumed, and responded to. These organizations are also more likely to increase conversion rates and ROMI. If using analytics to improve processes, such as content creation and publishing, could lead to even a conservative 0.25% increase in conversion rates, the revenue could be significant.

Real-world scenario: Let's say Company Y gets 10,000 visitors per day, and each completed customer transaction is worth $100. Increasing conversion rates by 0.25% would create an additional $5,000 per day (10,000 x 0.0025 x $100) or $912,500 per year.

Evaluating campaigns and programs is an essential part of the online marketing process, and a key priority for CMOs today. With OpenText Online Marketing, you can measure the success of your marketing programs across channels and use that information to optimize online performance. OpenText can help you:

- Perform real-time reporting with web and social analytic tools that augment products like Adobe's Omniture and Google Analytics, allowing you to instantly gauge the effectiveness of your online programs
- Leverage closed-loop marketing to discover what's working and improve what's not
- Measure and increase the effectiveness of your marketing message through social networks, mobile devices, and web-based widgets
- Increase your ROI as you tailor your message and delivery based on customer preferences and how they're interacting with your brand on various online channels
- Understand what your customers are doing and saying, and adapt your online marketing strategy accordingly
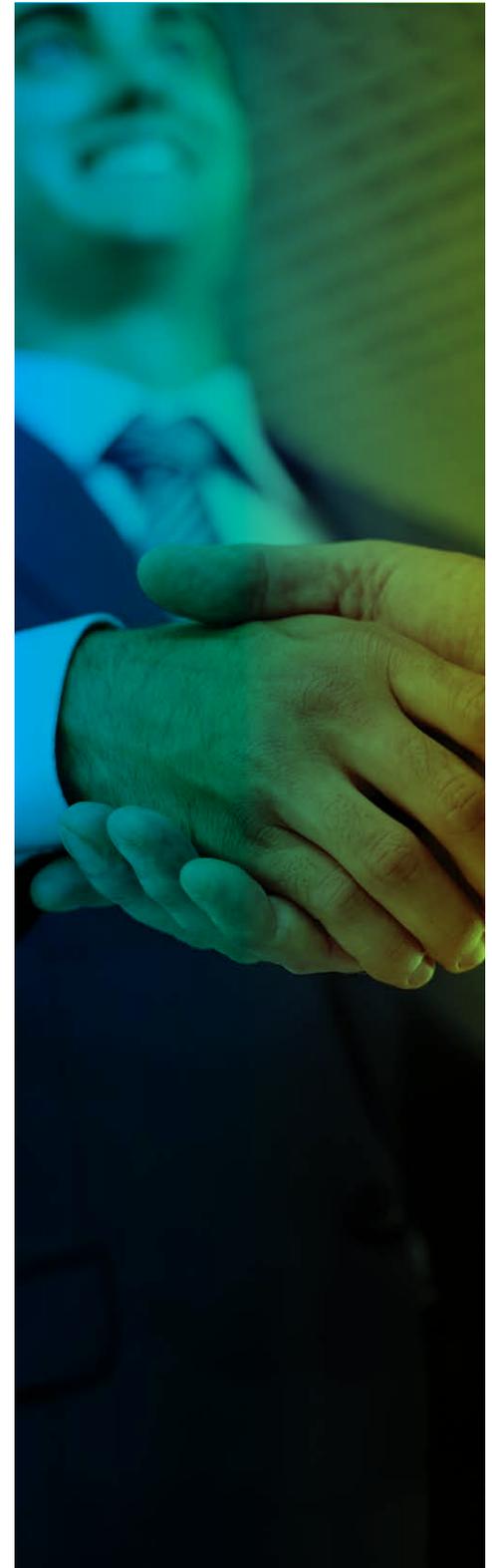
Case Study: Houston Community College

Houston Community College (HCC) is one of the largest community college systems in the country. Since opening in 1971, it has trained over 1.3 million students in various associate and technical degree programs.

But despite top-notch faculty, expanded degree plans and course offerings, and new educational facilities, the HCC website was not adequately communicating the value and strengths of the school. In addition, HCC has six colleges, each with its own distinct personality, and HCC wanted each college's website to reflect the individual style of each campus while maintaining security and a clear, consistent brand message.

The new HCCS.edu site, built on OpenText Web Experience Management, was successfully launched in only nine months. "The [new] website is a living, breathing thing and constantly in a state of change and evolution, which is exactly why we went with the OpenText solution," explains Belinda Allison, Manager of Application Development at HCC. "We wanted to empower our content editors with the ability to keep their sites fresh and new and make changes to their sites without being dependent upon the IT department to make those changes for them."

HCC has been successful in creating a consistent brand across all of their websites. The sites have the potential to become powerful recruiting tools to attract future students, while providing full support for HCC's current students, faculty, and staff. "We are very, very proud of our website," says Allison.
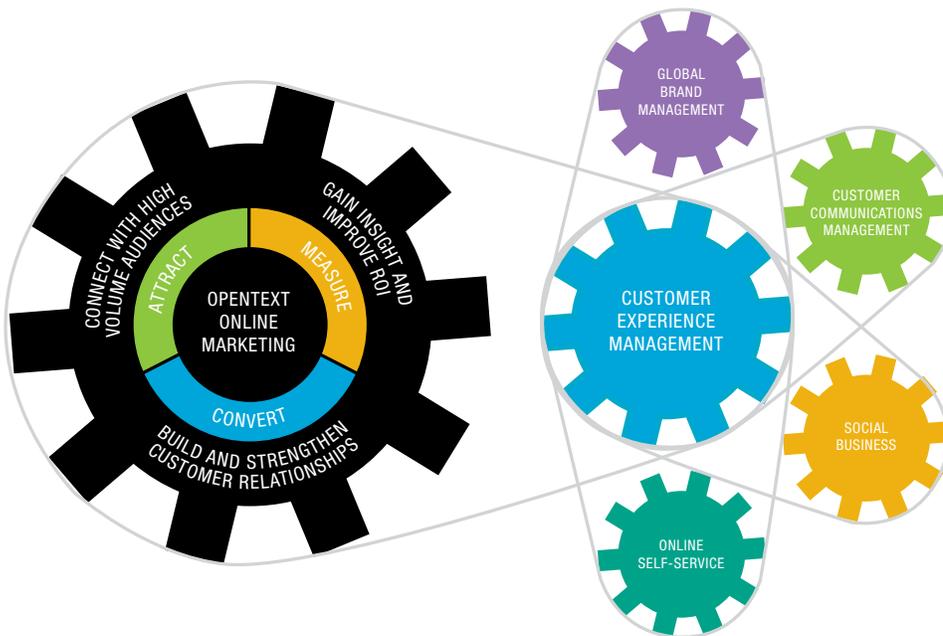
OpenText Online Marketing is one of five inter-related solutions for Customer Experience Management (CEM).

Summary: The Value of an OpenText Online Marketing Solution

OpenText provides online marketers with a comprehensive set of relevant and useful capabilities to help them maximize their ability to reach and attract, upsell and convert, analyze, and improve the results of online marketing investments.

As consumer technology continues to evolve and expectations continue to grow, the need for a sophisticated, mature, and highly integrated online marketing platform built to encourage continuous process improvement becomes more necessary: the consumer experience must be relevant, accessible, social, and immersive. At the same time, marketing must "own" the platform to maximize quality and agility, and minimize IT "chokepoints". OpenText understands this need and encourages our customers to rethink their online marketing strategies, processes, and technology.

OpenText firmly believes that organizations must adopt an online strategy that enables the measurable and profitable use of targeted multi-lingual, multi-channel, and multi-device marketing initiatives. Companies must take advantage of emerging web, social, and mobile technologies to provide interactive, real-time content experiences and create powerful emotional connections to visitors and customers.

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Before You Invest, Talk to OpenText

OpenText Value Engineering is here for your benefit. Before you invest in enterprise technology, such as an online marketing solution, the CFO and CEO will certainly want to understand the total cost and return on that investment. Moreover, the CEO will eventually want to know whether the solution met the goals it promised. However, creating the business case is not a core competency for most marketing organizations. Many struggle to find and assemble industry and customer benchmarks, empirical data, and the proof points required to justify the project investment as part of an effective business case. Moreover, there's a cost involved in doing that work, and the CMO is typically not eager to front that cost.

That's why we built OpenText Value Engineering. The mission of OpenText Value Engineering is to help organizations understand and document the potential value of an investment in OpenText solutions, and then to guide customers toward realizing that value. As a service that OpenText offers current and prospective customers, it's a zero-risk proposition for you with the potential to deliver substantial value before, during, and after your technology deployment. For more information about OpenText Value Engineering, contact us at *value@opentext.com*.

ABOUT OPENTEXT

OpenText provides Enterprise Information Management software that enables companies of all sizes and industries to manage, secure, and leverage their unstructured business information, either in their data center or in the cloud. Over 50,000 companies already use OpenText solutions to unleash the power of their information. To learn more about OpenText (NASDAQ: OTEX; TSX: OTC), please visit *www.opentext.com*.

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1   *Cited in "Retailers Try to Thwart Price Apps," by Dana Mattioli, Wall Street Journal, December 23, 2011.*

2   *http://www.clickz.com/clickz/news/2134697/santas-billion-dollar-online-baby*

3   *comScore, February 2011. Cited in "100 Awesome Marketing Stats, Charts & Graphs," Hubspot.*

4   *http://www.clickz.com/clickz/news/2134041/facebook-eclipse-usd5-billion-sales-2012*

5   *"State of Inbound Marketing Report 2011," Hubspot.*

6   *Edison Research, 2010. Cited in "100 Awesome Marketing Stats, Charts & Graphs," Hubspot.*

7   *"Website 'Must Haves' For Driving Traffic, Leads & Sales," Hubspot.*

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