



Executive Summary

IT Marketing Metrics Guide

**2004 Data for Software,
Hardware, & Services Marketers**

Foreword: Four Factors that Prompted This Report's Invention

Since 2000, we've extensively interviewed and written detailed Case Studies on more than 70 software, hardware, and IT services marketers, from Microsoft, IBM, and Oracle to many entrepreneurial firms you've probably never heard of unless you're competing in their particular niche.

Four industry-wide factors became apparent — especially for marketers in small to mid-sized companies:

Factor #1. IT Marketers are underappreciated.

High-tech companies are generally run either by techies or by the sales team, or a combination of the two. Marketing is often the red-headed step-child told to "get some more leads in this quarter!" and otherwise left alone to their own devices. Sales don't like marketers because the leads are never quite wonderful enough. And techies have an innate distrust of anything that smells like advertising.

This means marketers may not have the consistent corporate power or influence they need to sway budgets, strategic direction, staffing, or even campaign timing.

Factor #2. IT Marketers are under-trained.

According to the American Marketing Association, b-to-b marketers rank the lowest for formal job-related training and education. So, IT marketers are a scrappy lot, making up for book learning with common sense and hard-won experience.

Unfortunately during the recent "economic downswing" the technology industry as a whole laid off almost an entire generation of highly experienced marketers. A kid in the cubicle was abruptly promoted to get the campaigns out. How hard could it be after all?

It's hard. B-to-B marketers often handle every tactic by themselves or with a fairly small support staff. You've got to be an expert in direct mail, trade shows, PR, email, search marketing, sales support materials, etc. etc. All too many IT marketers are currently operating in the dark when handling one or more of these tactics. They are doing the best they can, but there's little best practices data to help them make critical decisions.

Factor #3. IT Marketers have little feedback or community.

When we interview marketers, we often get the feeling that they are a bit isolated. "Is that a normal number? Is that a pretty good result?" they ask when they tell us their results. And very often, the marketers we meet who are doing the most amazing work have no idea they are amazing. "Oh, I didn't think it was such a big deal."

If you don't know you are successful — or failing — then you have no measuring stick to use when planning budgets.

Factor #4. IT Marketers are driven to focus on immediate tactics — not long-term strategy.

When we ask marketers why they decided to conduct a particular campaign, almost invariably the answer is something like, "We needed more sales leads before the end of the quarter." We suspect that most marketers are in reactive mode — rather than building campaigns based on long-term strategy. (This is probably fostered at the corporate level.)

The four factors above are the reason why I decided to launch this annual Metrics Guide. It's partly a celebration of marketing as a whole — look at the data on how brand awareness affects sales and you'll see how terribly important your work is. It's also designed to help you when you need to (a) set strategy, (b) pick the most effective tactics, (c) justify a budget or planned test, or (d) see where your results stand in relation to your peers.

You may have noticed that we priced the *IT Marketing Metrics Guide* at about quarter of what other publishers would have priced this type of data at. I picked that price not because I don't feel this is valuable data, but because I want every marketer possible to be able to afford to get their own copy. It may be less profitable for us, but far more profitable for the industry.

And, our job is to serve the industry and make your IT marketing job a bit easier. I sincerely hope this makes a real difference for you.

Thanks for your support,

Anne Holland
Publisher, MarketingSherpa

P.S. Please feel free to contact our Metrics Editor Andrew Latzman at any time with your ideas and feedback for the next edition. He's at andrewl@marketingsherpa.com

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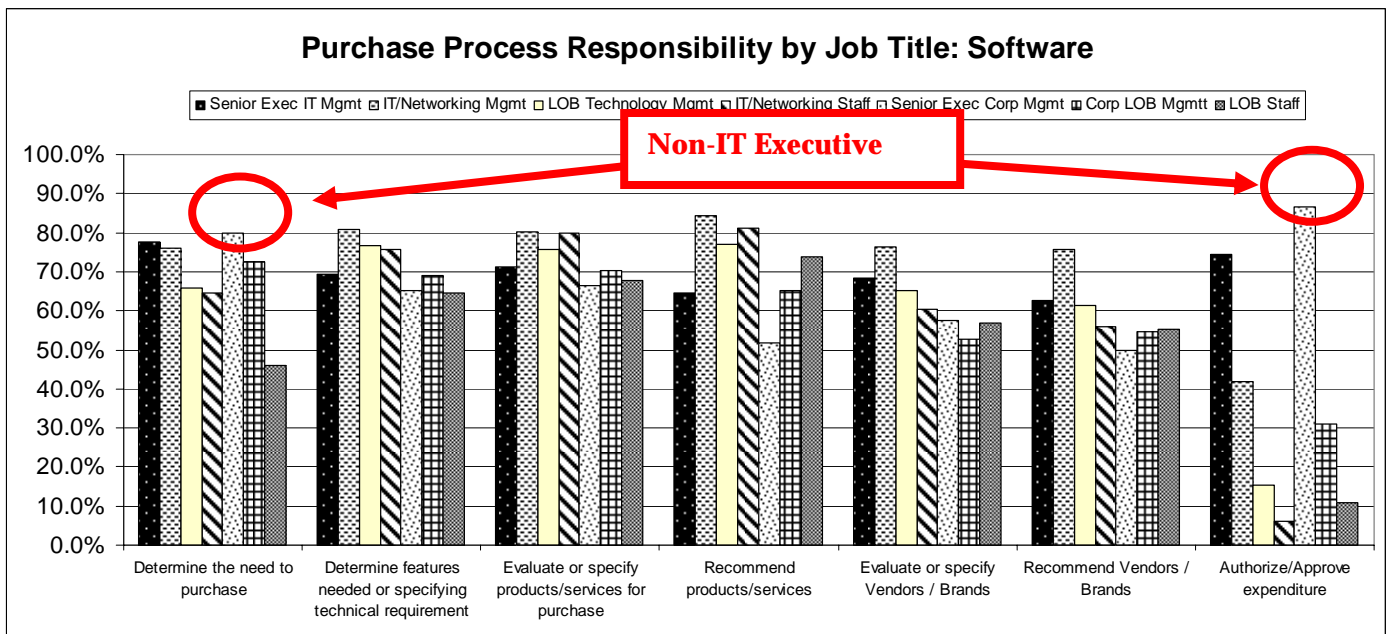
Executive Summary: Five Key Lessons that May Affect Your Marketing

As we conducted research for this *IT Marketing Metrics Guide* from February-April 2004, we discovered five key overarching lessons for marketers promoting business software, hardware, and related services

Lesson #1: The “All-Powerful IT Decisionmaker” is dead. Instead, target the “IT Decisionmaking Team.”

More than 47 million individuals in the US influence, specify, authorize, or directly purchase software, hardware, or related services for businesses and organizations. Here’s the critical factor – senior non-IT execs now have equal footing with senior Executive IT Management when it comes to initiating the need for new technology and approval of most software, hardware and IT-related services.

The growing role of the non-IT executive in IT decisions may not be a recent trend, but it is certainly an increasing one. As technology drives a greater part of an organization’s mission, strategy and objectives, the need for IT solutions and subsequent purchasing decisions are made by an executive “team” made up almost exclusively of senior IT and senior non-IT execs.



To improve your lead generation effectiveness and to shorten the typical sales cycle, you must understand the media, information habits and messaging preferences of the entire IT influencer population both as a whole and by unique sub-group.

Lesson #2: Brand awareness marketing is profoundly important.

According to our March 2004 survey of IT marketers, the average marketer is spending roughly less than 20% of their total budget on brand marketing such as print advertising, PR, and brand-focused online ads.

IT marketing is hugely sales lead generation and direct sales driven. This focus means brand awareness campaigns take a back seat to direct response tactics. However, data reveals that 44% of IT decision-makers will strongly consider buying a product with high brand awareness, v.19% who would favorably consider buying a brand they've hardly heard of.

Brand awareness affects more than just your sales close ratio - it also directly impacts the success of your sales lead generation campaigns. Prospects are more likely to raise their hands when they've heard of you. For example, when MicroStrategy, an enterprise software firm targeting the Global 500, ceased offline brand advertising for 2001-2002, they discovered by early 2003 their cost per sales lead generated by email marketing increased by 40% - and yes, their fairly sophisticated database could determine the two factors were directly related.

This data means that you need to re-consider your entire marketing budget and how you're messaging all your marketing. Are your prospects going to click on your next email if they don't know who you are?

Lesson #3: Offers at not interchangeable – match your offer to the sales cycle.

Research data shows that certain offers are particularly suited to certain points in the sales process. In other words, popular techniques such as webinars, white papers and trial demos are not interchangeable tools. All too many IT marketers seem to pick an offer out of a hat when conducting outbound campaigns. Or, they post a single offer on the company website, assuming it will appeal to all types of prospects

Data featured in this *Guide* shows that you not only need to invest in having a variety of offers available at all times, but you also need to orchestrate an ongoing support campaign presenting different offers to each lead throughout the sales cycle.

Leads and one-time site visitors can no longer go into the black hole. You can't hand them off to sales (or your site's conversion process) and assume your job is done. You must track and message them throughout a lifecycle.

Many marketers have begun this process in the past few years by launching regular email newsletters. We suspect as the email newsletter tactic matures, we'll see more marketers segmenting their list to launch different newsletters and automated email messages to various prospects depending on their job title, industry segment, and placement in the sales cycle.

Ultimately, the goal is to shorten the sales cycle and convert the highest possible number of leads to sales. So, it's critical to remember successful IT marketing is not about a one-off lead generation.

(Note: If your focus is direct sales, this translates into getting three to seven messages, or website visits, to a prospect before they bite. So, for example, you may need to serve three Google ads before a prospect will click.)

Lesson #4. Websites and landing pages could be optimized for stronger results.

Although the vast majority — 82.8% — of surveyed IT marketers said their website was one of the very most effective lead generation vehicles, only 5.3% of respondents rated their sites as "excellent" in terms of potential leads generated.

This *Guide* includes charts showing which specific website lead generation tactics work the best, and which marketers are currently using. As you can imagine, while there are some overlaps, these lists don't match. Most commonly used tactics are not always the most effective tactics. Instead of copying your competitor's site, we hope you'll use this data to decide which tweaks and improvements you'll invest in.

Marketers are using landing pages for both offline and online campaigns — asking prospects to sign up online for an offer. Data in this *Guide* from a well-known online IT publication, who track their advertisers' landing page results, reveals that conversion success varies dramatically.

Average conversions of an ad clicker to a lead generated can range from a low of 5% to a high of 26%. So, if you do a really good job designing your landing page, you can generate a vastly higher number of sales leads. This clearly indicates many marketers are leaving potential leads on the table. If optimizing your landing page would cause leads generated to rise by only a fraction of this — perhaps by 50% — why aren't you investing in significant landing page design improvements?

All too often, in our experience, the landing page is an afterthought. Marketers focus on designing their outgoing campaign and "let the IT guy slam up a form with our logo on it."

Last but not least, our research indicates marketers targeting the US Federal Government should be working closely with the Department of Defense's EMALL — an online purchasing system that all branches of the government are eagerly embracing. EMALL is growing extremely rapidly, even as direct mail as a favored communication method to Feds has plummeted.

Lesson #5. Keep offline tactics in your marketing mix.

IT marketers were the very first group to embrace the Web and email as a marketing medium. You put other industries to shame.

According to MarketingSherpa's May 2003 survey of a group of 741 b-to-b marketers (dominated by high-tech marketers), marketers were spending 40% of their budgets online. Our March 2004 survey of IT marketers (with a high overlapping rate of respondents) indicated marketers spent 45.7% of budgets online.

However, marketers surveyed in March 2004 indicated that four specific offline tactics were extremely effective lead generation tools: in-person seminars/road shows (80.7%), telemarketing (72%), direct postal mail (65.9%), and trade shows (64.6%).

Now that marketing tactics like paid search and webinars can gobble up a huge portion of the marketing budget, marketers appear to be choosing tactics that can be turned around pronto (why bother with "snail mail" when email is so much faster?). We worry that some marketers may ignore proven offline techniques disproportionately in favor of the faster-to-implement and less-error-prone online tactics.

When making marketing tactics and media channel decisions, you should also return to the very first lesson in this Executive Summary. Data shows that IT purchasing decisions are made by senior IT management in tandem with C-level management from operations, finance, and other key departments. You need to answer the question: "Which marketing media will mostly expose senior management to my brand?"

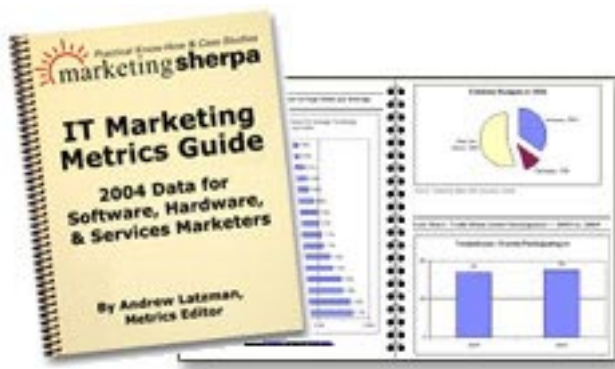
In summary:

As an IT marketer, your job is to educate prospects — not just grab their names and contact information — and this can take time, careful budgeting, and a comprehensive strategy.

Remember that oftentimes your product is elective and it is not required for the survival of your prospects' companies, or your product is one of dozens or even hundreds that appear to be almost identical to the uninformed eye.

Also, certain lead generation and direct sales tactics work better at different price points to different company sizes (small business usually has a higher response rate than bigger businesses), different industries to different types of the IT influencers and at different parts of the purchase process.

Putting all of these variables together and coming out with a real strategic plan is how you make your marketing work.



IT Marketing Metrics Guide: 2004

Real-life numbers to base your lead generation and direct sales plans on (and compare your results against)

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