4th Annual Online Customer Engagement Survey

Report 2010

Contributing partner

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Some of Econsultancy's members include: Google, Yahoo, Dell, BBC, BT, Shell, Vodafone, Yell.com, Oxfam, Virgin Atlantic, Barclays, Carphone Warehouse, IPC Media, Deloitte, T-Mobile and Estée Lauder.

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cScape is an award-winning, full service digital agency that ranked number 14 in NMA's design and build 2009 top 100 poll. Based in the UK but operating internationally, cScape is part of the AIM-listed cScape Group Limited which has over 110 staff. We offer digital marketing/customer engagement campaign strategy, planning, management and training (including social media governance); graphic design and rich media services including app development and video, and technical health checks/build (intranet, extranet, website and mobile) for customers such as Aviva, Sony, Barclays, the British Council, ExxonMobil, Tesco, Carbon Trust and the Chartered Institute of Personnel and Development.

We practice what we preach in terms of engaging our own clients, many of whom have retained cScape to help them with their digital marketing for many years. So what made these customers choose us? The main reason cited is our unique blend of strategic, technical and creative services, combined with our ability to draw on multi-disciplined engagement experts from around the globe.

Our Customer Engagement Unit (CEU) counts Dr Dave Chaffey, recognised by the Chartered Institute of Marketing (CIM) as one of the 50 marketing 'gurus' worldwide that have shaped digital marketing, and Richard Sedley, the CIM's Course Director for Social Media, as part of its exceptionally qualified team.

We've won multiple awards for our information architecture, user experience and creative work. In addition, cScape is technically strong across the board, with particular expertise in Microsoft SharePoint technologies, holding Gold Partner status with a Microsoft Most Valuable Professional as our Chief Technical Officer.

We've an exciting programme of events planned for 2010 and hope you will be able to join us. For more information about these events, cScape's CEU and other services contact Theresa Clifford: t.clifford@cscape.com.

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4th Annual Online Customer Engagement Report 2010

The definition of customer engagement:

Repeated interactions that strengthen the emotional, psychological or physical investment a customer has in a brand (product or company).

Introduction

Welcome to the 2010 Online Customer Engagement Survey Report. Now in its fourth year, this annual report has become a regular benchmark for organisations wanting to assess their customer engagement strategies. With over 1,000 participants the survey continues to be the largest of its type anywhere in the world. Indeed this year the survey gained the largest number of non-UK participants in its history.

The number of you who consider customer engagement 'essential' to your organisation continues to grow slightly, but what I feel this year's survey reveals best is the extent to which the last 12 months have changed how we will do business in the future. In many ways this was to be expected. The world has just experienced the toughest economic environment since the 1930s and any company not looking to change the way they operate is likely to be suffering the consequences already.

But how to change and into what, have been the hardest questions for most organisations.

Predictably the big 'winners' in this report are social media and micro-blogging tools like Twitter. These are the technologies that companies see as worthy of increased attention and financial investment. If 2009 was the year that saw the main-streaming of many of these social technologies, then 2010 will be the year that social technologies get serious. This will manifest itself not only in terms of marketing investment, but also in the way they begin to impact the internal structure and culture of organisations both large and small.

The reorganisation required to take advantage of these social technologies should not be underestimated. It is worth recognising that the introduction of these tools is unprecedented. Technologies like fax, email and the telephone had all first established themselves (and their associated behaviours) within business before making their way into society as a whole. Today we are seeing the reverse as enterprises struggle to adjust and embrace the pre-established attitudes and behaviours of customers and employees while trying to bring these social tools 'in-house'.

This year we've added a new section to the report entitled Enterprise 2.0. This touches on issues of product development and innovation, customer service and employee engagement, all areas of increasing importance to customer engagement.

Organisations to need focus on quality, simplicity and customer service in the next 12 months.

If I were to make any recommendations based on the results in this year's report it would be that organisations need to focus on quality, simplicity and customer service in the next 12 months. These are three key areas that can foster an understanding of value and emotional connection within the customer.

Since the conception of this survey we have stressed the importance of an emotional connection as part of engagement – our definition has it at it's heart (see above) – and this has never been more important than today. Indeed 'strengthening emotional investment in your brand' showed the biggest year on year increase of all the reasons why organisations are interested in customer engagement.

Underlying much of this year's results is an expressed desire to get closer to our customers, to understand them better and to become a more integral part of their lives.

So it is slightly surprising that the number of companies planning to step into mobile customer engagement is not larger.

More than any other channel, mobile has the ability to connect emotionally with us. The mobile phone is omnipresent and highly personal – I spend more time with mine than I do my family. This poses both challenges and opportunities in equal measure. While 2010 appears to be the year when many more organisations are preparing to get their toes wet with mobile, it appears most are waiting for someone else to start swimming. If that's you, you'll probably have a healthy lead by the time the others dive in.

What the 4th Annual Online Customer Engagement Report reveals to me is that we find ourselves firmly placed in an interregnum – a period between the close of one era of business and the opening of another. This isn't something created by the current troubled economy but what our economic woes have done is focus our attention on the changes happening.

While customer engagement is no panacea for a troubled economy, or changes within the business environment, what it does offer is grounding – an opportunity to stabilise and reap the benefits of increased predictability in our customer relationships. As I wrote back in 2006 in the introduction to the first of these surveys; 'customer engagement is the best measure of current and future performance; an engaged relationship is probably the only guarantee for a return on your organisation's or your clients' objectives'.

There are many interesting observations and insight within this report, probably more than any previous report we have produced. I really do hope you find it useful and stimulating, and look forward to any feedback you care to share.

It just remains for me to thank all those who've continued to help make this a successful report.

To all those who took the time to complete this, the longest survey to date, we salute you. Thanks to Linus and Aliya at Econsultancy – great job guys. To our partners who promoted the survey around the globe, particularly Bruno. To our report contributors – over 30 experts this year – thanks for sharing your time and intellect. And finally to my colleagues at cScape: Monica, Theresa, Sal, Sarah A and Rob.

Richard Sedley
cScape Customer Engagement Director

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"With the latest set of results we can see the clear, common benefits that engagement can offer"
Dr Dave Chaffey, p17

Executive summary and highlights

Executive summary and highlights

This is our fourth annual Customer Engagement Report. There were more than 1,000 respondents to our research request, which took the form of an online survey sent out in October 2009.

This is a summary of the key findings:

Customer engagement strategy

- The proportion of company respondents who regard customer engagement as *essential* for their organisation has increased to 55%, up from 52% in 2008 and 50% in 2007. The number of agency respondents who regard this as essential for their clients has jumped significantly from 43% to 55%.
- Customer engagement is seen as being about creating relationships which result in value both for customers and for companies. Company respondents are most likely to indicate that *increasing long term customer value* (37%) and *increasing value delivered to the customer* (35%) describe their interest in customer engagement most appropriately.
- The biggest area of increased interest since last year is in *strengthening emotional investment in your brand*. The percentage of respondents saying their interest in customer engagement relates to this has jumped from 25% last year to 31%.
- Compared to last year, respondents report *increased participation in online communities or support groups* (+9%), *giving regular feedback* (+8%) and *participation in innovation and design* (+7%). Marketers are benefiting more from the relationship-building aspects of customer engagement rather than being exclusively focused on the more directly financial benefits such as sales.

Tactics, behaviour and attitudes

- As was the case last year, email newsletters are the tactic most likely to have resulted in a tangible improvement to an organisation's online customer engagement. Two thirds of respondents (67%) indicate that regular email bulletins have had a positive effect, down very slightly from 69% a year ago.
- The tactics which have come to the forefront for driving customer engagement are social networking and Twitter activity. Presence on social networks has almost doubled from 23% to 44%, while the percentage of respondents saying that micro-blogging (i.e. Twitter) has tangibly improved customer engagement has, remarkably, gone up five-fold (from 7% to 35%).
- The majority of companies (61%) say that they will increase investment in their social network presence and 44% will spend more on micro-blogging.
- *Intolerance of poor customer service* is the type of behaviour or attitude that company respondents are most likely to expect to increase over the next year. Well over half of respondents (61%) say that they expect people to become less tolerant about poor service, and this percentage has almost doubled since last year.

Enterprise 2.0

- Just over a third of organisations (36%) say they are using social networks and email newsletters for product development and innovation but only a quarter (25%) of companies tap into user ratings and feedback. Even fewer (17%) are using discussion forums to feed into development.
- Many companies are also neglecting to share information internally. Very small percentages of respondents are using employee blogging (17%), internal social networking tools (13%), intranets (10%) or social knowledge sharing (8%) to help drive development and innovation.
- Email newsletters and internal social networking are used by around a third of companies (32%) for internal communications.
- The increased profile of social media is also reflected by the fact that a third (34%) of companies have increased their social media budget in the last 12 months.
- Companies who urge their staff to engage with social media are still very much in the minority. Some 29% say senior staff members are urged to use social media to build customer dialogue, while a fifth (19%) say this applies to junior staff.
- Only 17% have processes and workflows in place to encourage staff use of social media, and only 13% actually incentivise staff to use social media to engage with customers online.

Mobile

- A large proportion (41%) of companies are not planning any investment at all in the mobile channel in 2010, and a further 49% are planning only limited investment. Only 11% are planning to invest significantly but this increases significantly for the largest companies.
- When it comes to building customer engagement, companies have been quickest to use the mobile channel for increased dialogue with customers. A fifth of company respondents say they are doing this and a further 36% say they plan to do this.
- A third (34%) of companies are planning to create applications for mobile phones, in addition to the 16% who say they already do this.
- Nearly two thirds of companies (62%) have no plans for mobile commerce. Only 10% of companies are using transactional mobile activity to build customer engagement. A further 28% are planning to do this.
- Companies who are either using or planning to use mobile as part of their customer lifecycle marketing, for broader CRM, for user-generated content or location-based marketing are also in the minority.
- Companies generally attribute their inertia when it comes to integrating mobile to a lack of resources (51%), although there are other widely cited reasons including lack of skills/experience/understanding and lack of business case.

Mapping and measurement

- Web analytics play a pivotal role in gathering intelligence, with over half of companies surveyed (51%) saying this is useful for online engagement.
- Despite the growing awareness around social media metrics and measurement, only a fifth of companies (21%) say buzz monitoring is useful for engaging customers online.

“Mobile is a healthy media, yielding good results for those who know how to use it.”
Jay Cooper, p29

Methodology and sample

Methodology and sample

Methodology

This is our fourth annual Customer Engagement Report. Over 1,000 respondents took part in an online survey conducted over a five week period from October 2009*.

Econsultancy and cScape promoted the survey via Twitter, Linkedin, Email newsletters and other channels. The incentive for taking part was access to a complimentary copy of the report just before its publication on Econsultancy.

cScape and Econsultancy would like to thank those who took the time to complete the questionnaire. If you have any questions about the research, please email Econsultancy's Research Director, Linus Gregoriadis (Linus@econsultancy.com).

Respondent profiles

The vast majority of survey respondents work either for in-house teams (i.e. client-side organisations), or for external agencies (including consultants and technology suppliers). A third (33%) of respondents work client-side, while just over half (55%) are agency-side.

For the purposes of this report, we have carried out separate analysis for both these groups and the distinction is abbreviated to 'companies' (including not-for-profit organisations) and 'agencies'.

In total, 401 company respondents took part in the survey, compared to 657 agency participants. Company respondents were asked to comment in respect of their own

33% of respondents are client-side, while 55% are agency-side.

Figure 1

Which of the following best describes your job role?

Base – all respondents (1198)

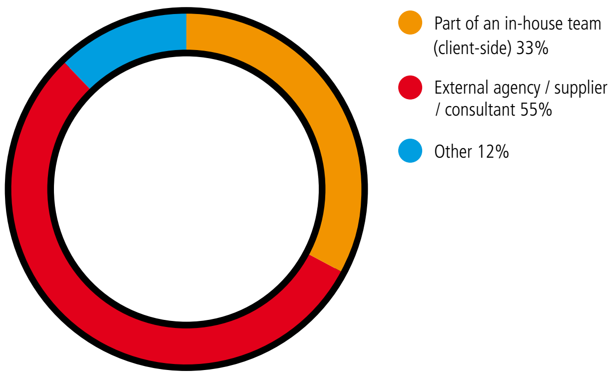


Figure 2

What is your annual company turnover?

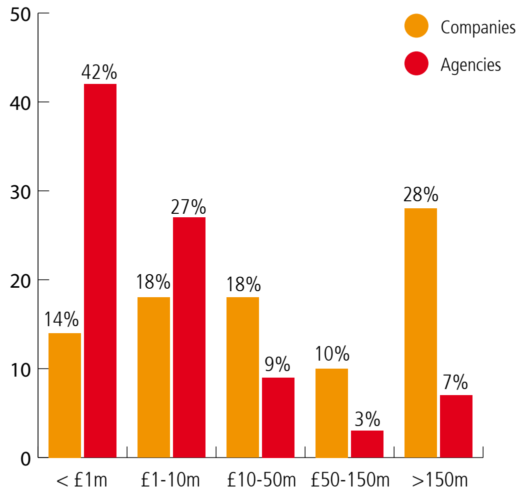
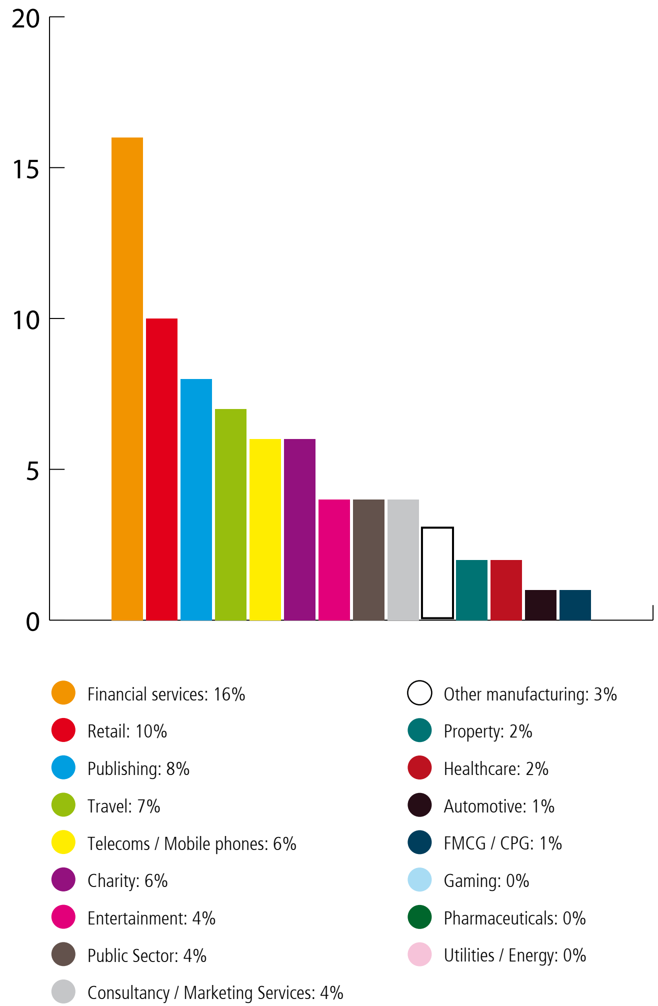


Figure 3

All respondents: In which business sector is your organisation?



* Clicktools was used for the survey.

organisations, while agencies were typically asked to comment in terms of a typical client.

Annual company turnover

Figure 2 shows the range in the size of participating organisations, as defined by company turnover. Approximately a third of respondents (32%) work for companies with annual revenues of £10 million or less.

Over half of companies (56%) taking part have a turnover of more than £10 million, of which more than a quarter of respondents (28%) work for companies with a turnover in excess of £150 million.

Agency respondents typically work for smaller organisations. Some 42% of responding agencies have a turnover below £1 million.

Business sector

Respondents are spread across numerous business sectors or verticals, reflecting the universal importance of customer engagement. The best represented sectors are financial services (16%), retail (10%), publishing (8%) and travel (7%).

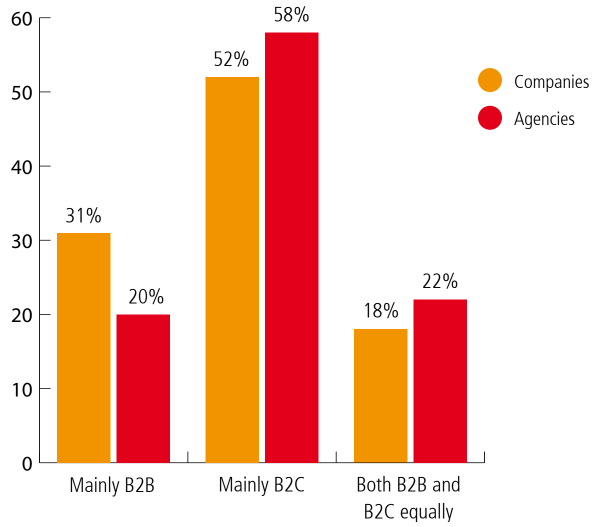
Business focus

The majority of companies in this survey (52%) are B2C-focused businesses, whilst 58% of agencies have a B2C focus. Just under a third of companies (31%) and a fifth of agencies (20%) have a B2B focus.

Respondents are spread across numerous business sectors or verticals, reflecting the universal importance of customer engagement.

Figure 4

What types of business have you focused on in the last 12 months?



Geography

The majority of respondents (71%) in this survey are UK-based, but this is very much a global survey. Some 9% of respondents are located in North America, and 6% are based in mainland Europe.

'Other' countries or regions represented include Brazil, India, Australia, and South-East Asia.

Half of the agency respondents are based in the UK (51%), with a higher proportion of respondents (29%) coming from the US, Europe and beyond.

Figure 5

Company: In which country are you (personally) based?

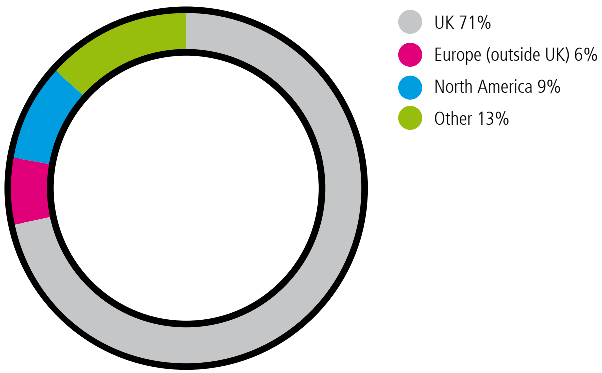
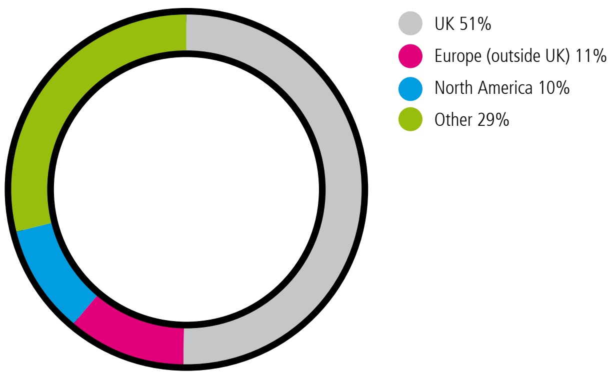


Figure 6

Agency: In which country are you (personally) based?



Findings

As we approach 2010, we are now firmly entrenched in Search 2.0

The feeling of 'stuckness' is changing. Social media seems to be acting like a social solvent; freeing value from places we hardly knew we had places.

Adam Hibbert

Employee engagement – sine qua non for customer engagement

At Aviva, we're transforming from dozens of ancestor businesses and propositions to 'One Aviva'. The proposition we're cohering around is all about attention to individual customers. We're applying Net Promoter Score measures globally to get our KPIs straight – customer engagement is our Holy Grail.

That demands effective feedback and process improvement, internally. All our colleagues need to see and understand our brand promise, agree that it's important, believe that it's possible and take responsibility for getting us there. We need every single employee to be alive to our brand promise.

It's an uphill battle in a complex multi-national, stretched by relentless change in the last decade. Survivors have seen it all, taking 'tell and sell' campaigns with a fistful of salt. Junior 'just passing through' employees grow jaundiced when the legacy proves harder to budge than we'd wish for. That's corrosive for engagement, resulting in the 'learned helplessness' of a Dilbert strip.

Our new global intranet let us cut through that by demonstrating that the company can respond to employee needs – and so we might really do the same for our customers. Crucially, it's allowed us to enlist everyone's feedback.

An all-staff forum on our homepage is slashing the social distance between frontline and C-Suite, hiking up the transparency and accelerating feedback; cross-border, cross-functional teams are springing up and solving problems faster.

Employees see executives up close and personal in the forums; executives are beginning to see the benefits of dialogue with employees; the sincerity and determination behind the new brand are steadily gaining credibility.

The feeling of 'stuckness' is changing. Social media seems to be acting like a social solvent; freeing value from places we hardly knew we had places.

Our biggest internal challenge for 2010 will be to keep proving our promise to employees, giving them ever more power to deliver for our customers.

Online, our biggest internal challenge for 2010 will be to keep proving our promise to employees, despite the maelstrom – giving them ever more power to deliver for our customers. More powerful search and semantic analysis solutions would round off the peer-driven intranet we've unleashed.

Engaged employees need the ability to connect freely and to structure the information they see around their own, specific queries.

Adam is Group Communications Manager for Aviva plc. His background is in UK-based print & online media, from radiotimes.com to The Sun.

Amanda Davie

Is search ready for Web 3.0 … or is it just semantics?

This year's survey confirms an even more dramatic uptake in Web 2.0 strategies among brands than last year's version and forecasts more of the same to come. Social media – specifically social media optimisation - is an important technique of search marketing; genuine (and non-commercial) conversations and links created between real people and brands are the only real way search engines can establish that a website is popular.

As we approach 2010, we are now firmly entrenched in Search 2.0. I would define this as a richer and more relevant search experience combining video, audio, imagery and map results. It includes the ever-increasingly important index of user-generated content, served up in as timely a fashion as is technologically possible. The war to dominate the real-time search market is already underway with Twitter signing deals to put messages sent via its micro-blogging service into the Microsoft and Google search indexes (at the time of writing, it's currently Microsoft one, Google zero). And of course, there is Twitter's own search tool (http://search.twitter.com), as well as some new entrants to the real-time search market e.g. Scoopler (http://www.scoopler.com).

So what will Search 3.0 look like? Well, if Web 3.0 is the Semantic Web, then Search 3.0 will be all about, well, the semantics! As a linguist, I can't tell you how excited I am about Search 3.0. There will be a shift away from building keyword lists and a focus towards understanding search psychology.

Understanding search linguistics and semantic behaviour is a good start; brands will need to get to grips with how searchers translate their complex hopes, dreams and information needs into sophisticated natural language search queries. They'll have to learn how to respond in terms of the digital assets they provide against searches and also look even more closely at how branded content is worded.

Search is about to get really, really interesting, changing from being the marketing channel for geeks to the marketing channel for geniuses. Or is the plural of genius genii? Find the answer in true Search 2.0 style by crowd sourcing: http://bit.ly/35NZYD

Amanda is a member of the cScape CEU and the founder of Reform, an independent search business consultancy that builds practical solutions for clients and agencies – from SEO & PPC through to business planning, strategy, training and analysis.

The value of the report

This is the fourth year of the Annual Customer Engagement Report and, as usual, it provides some very useful insights into what to expect in terms of future engagement trends.
For example, the fact that *sensitivity to price* is less of an issue for both companies and agencies in 2010 than in 2009 when we are still in recession is just one of the many interesting nuggets that will help you plan for 2010 and beyond.

That 2010 will see the continued rise and rise of social media confirms predictions but what is surprising is a number of major brands have still to realise its full potential. If you have a brand that is in the public eye it's almost certain that your customers will be discussing it online anyway, regardless of whether you have decided to join the engagement party. According to Technorati, there are already almost 60 million blogs and about 100,000 new ones are being created every day, not to mention comparison sites, video logs, podcasts and photo distribution outlets like Flickr. If you get involved, you can help shape the debate, benefit from involving your customers in discussions on future products and services, demonstrate Corporate Social Responsibility and show the 'human face' of your company.

Using specialist companies to help you with engagement can not only help you shape your brand online and increase loyalty, but can also calm any corporate fears that may accompany forays into unknown digital territory. cScape have always led the way not only as thought leaders in online customer engagement but in combining this with creative and technical engagement campaigns that deliver proven and measurable results. So if, as the survey suggest, your company lacks the internal resources, skills and understanding to effectively engage your customers through social media and other means, it's time to call in the experts!

Michael McClary
Web Agency Platform Strategy Advisor
Microsoft
www.microsoft.com

Repeated interactions that strengthen the emotional, psychological and physical investment a customer has in a brand (product or company).

Definition of customer engagement