

Engagement Moves Up the Chief Marketing Officer Agenda

Forbes Insights/George P. Johnson study focuses on how leading marketers approach customer engagement; many see room for improvement

Auburn Hills, MI and New York, NY (June 16, 2010) – Customer engagement is fast becoming a critical strategy and metric for leading brand marketers, but many Chief Marketing Officers are at odds over how to do it correctly and how to measure its impact, according to a new study released today by Forbes Insights and George P. Johnson (GPJ).

The New Rules of Engagement: CMOs Rethink Their Marketing Mix is based on an exclusive survey of more than 300 marketing executives at businesses with more than \$500M in annual revenue. The study reveals that nearly all survey participants (97%) view engagement as very (67%) or somewhat (30%) important, but more than a quarter (27%) have no specific strategy toward customer engagement, and more than a third (34%) feel their companies do only a fair or poor job engaging their audiences.

The study is available at: <http://www.forbes.com/forbesinsights/engagement>

“Business customers and consumers now habitually discard traditional interruptive marketing, seeking out instead authentic, personalized brand experiences that in turn trigger deep engagement, short-term purchase and long-term brand loyalty,” said Robert G. Vallee Jr., Chairman and CEO of GPJ. “This report suggests that engagement is now a key dynamic that should be considered when designing big-idea campaigns; without engagement, the message is quickly lost, its power diminished.”

Key findings from the report include:

- Coming up with a definition of customer engagement appropriate to their organization and brand—and the accompanying metrics to measure it—is a core responsibility of the CMO. 86% say engagement is part of their ongoing dialog with top corporate management.
- Experiential (48%) and digital opt-in methods (36%) are frequently rated as the methods that engage with customers most deeply. They were followed by live event sponsorship (36%), and trade shows (33%). Print ads (24%) and broadcast ads (22%) were low on the list.
- Yet CMOs aren’t necessarily aligning their marketing budgets to these priorities. Advertising (25%) and direct (20%) are getting the biggest share of budgets.
- Companies are getting in their own way when it comes to drafting their engagement strategies. Among the top engagement inhibitors: lack of a well defined approach to engagement (30%), and poorly articulated benefits for loyal customers (30%).
- Just 59% of companies now measure customer engagement; 36% do not. The primary metrics: retention (58%), sales (44%), and revenue per customer (35%).
- Customers (95%) are the top audience for engagement, but employees (61%) are also an important element of the formula.

“Clearly, the report shows that brand marketers are turning to engagement as a way to break through the clutter, join the conversation with their customers and improve brand resilience,” said Stuart Feil, editorial director of Forbes Insights. “They believe they can do a better job at engagement, but often don’t know how.”

In addition to the report, an invitation-only event for CMO's of premier global B2B and B2C brands took place June 15th at Forbes Galleries in New York City, bringing together some of the leading brand side minds in digital, experiential, advertising, public relations and other disciplines to discuss the issue of engagement and how to move forward. In attendance were representatives from Siemens, Citi, SAP and other top organizations.

About the study

The New Rules of Engagement is based on a survey of 314 marketing executives at companies with more than \$500 million in annual revenue. Forty-four percent of responding companies market primarily to consumers and 56% market primarily to other businesses. Forty-six percent of respondents held titles of either C-level executive (e.g., CMO), executive VP, or VP. The remaining 54% held the title of director of marketing. Separate one-on-one interviews were conducted with executives at leading brand marketers, including American Express, MTV, Volkswagen, and Intuit. To request a copy of the study, visit:

<http://www.forbes.com/forbesinsights/engagement>

About Forbes Insights

Forbes Insights (www.forbes.com/forbesinsights) is the custom research practice of Forbes Media, publisher of Forbes magazine and Forbes.com, whose combined media properties reach nearly 50 million business decision makers worldwide on a monthly basis. Taking advantage of a proprietary database of senior-level executives in the Forbes community, Forbes Insights' research covers a wide range of vital business issues, including: strategy; marketing; technology; talent management; financial benchmarking; risk and regulation; and more.

About George P. Johnson Experience Marketing (www.gpj.com)

GPJ is a worldwide experience marketing agency that enables brand marketers to create great ideas and bring them to life through integrated live and online experiences and environments that cut through marketplace noise, differentiate from the competition and create lasting relationships directly impacting the bottom line. Ranked by Advertising Age as the "#1 Event Marketing Agency" and consistently placing among its ranking of the world's top agencies, GPJ provides its services through 26 global offices. The agency's clients won 37 awards in 2008, five Ex Awards in 2009 and took home both the Grand Ex Award as well as the Best 100% Virtual Ex Award in 2010.

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