



May 2004 Issue

The May issue of Marketing Magnified leads with an article that says you need to look beyond your dashboard to active market intelligence to improve results.

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The CMO Council's Marketing Performance Measurement (MPM) initiative comes to life on June 9 in New York at BusinessWeek's office when MPM Task Force members and an array of CMOs, CEOs, and senior-level research and media executives discuss research findings, best practices, automated solutions, and scorecards at the MPM Forum.

The Forum is the culmination of the first phase of the MPM Task Force's work, which began last November with a thorough investigation of existing data on the subject. The secondary data scan was followed by in-depth, qualitative telephone interviews with the 17 CMOs who are Task Force Advisory Committee members. The interviews helped direct the development of the primary quantitative research, which was fielded in February for CMOs and in March for CEOs, CFOs, CIOs, CTOs, and CSOs (Chief Sales Officers). In addition, BusinessWeek surveyed its panel of 1,000 executives from leading global technology firms.

Following the MPM Forum the Task Force will implement a second phase of research with indirect channel members, academics, analysts, and solution providers to complete a 360-degree view of marketing performance measurement needs and requirements.

This ground-breaking work will become the basis for a technology industry MPM model that will be presented at the CMO Council's Annual Summit in Monterey, California in early October.

Many thanks go out to CMO Council members and MPM Task Force Advisory Committee members for contributing to this very important work. And, to the CMO Council Board of Advisors who recognized the strategic imperative of measuring marketing performance and who empowered a dedicated team to create a model for the technology industry.

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Active Market Intelligence: Fueling Marketing Performance Measurement

In auto racing, drivers rely on a dashboard of sophisticated instruments that monitor every aspect of their car's performance. But it's what they see beyond the dashboard that makes the difference. Likewise, as today's successful companies drive aggressively to achieve outstanding results, they must be able to see into all levels of their business and respond quickly to events as they occur.

Marketing Performance Measurement (MPM) has emerged as a strategic imperative within the marketing community as a way to meet these challenges. CMOs and their teams are working to identify the performance indicators, metrics, and benchmarks that enable measurement of marketing ROI and value creation. But these marketing professionals are discovering that some of this information can't be found in the company dashboard... because it is out on the track. And like the drivers who look through the windshield to see trouble ahead and avoid accidents, marketing executives need a way to look through their "windshield" to recognize opportunities, anticipate trends, and minimize threats.

For high-performing businesses, that windshield is active market intelligence. Active market intelligence is the ability to monitor, measure, and analyze in real-time any external influence that affects a company's reputation, brand, products, services or even its executives. Active market intelligence is a window to the outside world that enables companies to look beyond the dashboard and make more informed decisions.

As part of an MPM system, active market intelligence makes it possible for companies to plan, execute, and evaluate the business activities that impact corporate reputation or contribute to overall marketing goals. Active market intelligence empowers companies to affect the perceptions of corporate influencers, such as customers, partners, market and industry analysts, and the media.

By incorporating active market intelligence into their MPM framework, marketing executives and decision makers can:

- Gain real-time visibility into the marketplace and competitive landscape.
- Leverage emerging trends to increase revenue opportunities.
- Improve targeting of media segments and influencers.
- Align tactical execution with strategic goals.
- Refine influencer-based outreach and manage the effect of influencers on corporate revenue.
- Evaluate the impact of influencer-based outreach programs on business performance.

Functions that perform and manage influencer-based outreach, such as marketing, analyst relations, and public relations, are already taking advantage of active market intelligence. Key applications include tracking awareness and message accuracy, discerning the relationship between media mindshare and market share, and tracking the ROI of influencer-based communications efforts.

Harley-Davidson uses active market intelligence to measure marketing performance against corporate reputation goals and to drive competitive market strategy. It has also helped the company manage and measure its marketing campaigns in real time. For example, it proved critical at the beginning of Harley-Davidson's 100th anniversary activities, when the media reported that Harley-Davidson's "Open Road Tour" was a giant motorcycle ride, rather than a fun-filled entertainment festival traveling to 10 cities around the world. Using active market intelligence, the marketing team was able to proactively and immediately correct this misinformation and prevent an extremely costly mistake.

Active market intelligence is also playing a part in Bank of America's corporate objective to become "The World's Most Admired Company." As part of their company-wide Six Sigma program to measure activities and improve efficiencies, the marketing group relied on active market intelligence to drive its communications measurement. Using active market intelligence, Bank of America's communications team led the company from #28 to #14 on the Media Reputation Index in 2002, and the team's measured contributions helped the company achieve record earnings - 36 percent growth - that year.

These examples underscore the power of active market intelligence to elevate the influence and stature of marketers within the organization by quantifying the value that marketing programs deliver to the bottom line. Using active market intelligence as part of an MPM system enables marketers to better measure their results, making it possible to demonstrate improvements in brand equity, quantify ROI and cost-justify future investments. Marketing managers who use active market intelligence are also able to continuously adjust and enhance their marketing programs in real-time based on the most up-to-date market information.

As more companies embrace the concept of MPM, competitive companies will no longer be able to drive marketing programs with a dashboard alone. To keep pace, marketing executives will need an in-depth knowledge of market trends. They will need to know what their competitors, suppliers, partners, customers and prospects think, and think about. They will need to understand the impact of influencers and have a way to manage them that is relevant to corporate goals. And, they will need this information in real-time in order to plan and react effectively. This is the promise of active market intelligence.

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Hook Sales on Marketing Metrics

The danger with marketing performance metrics lies in Marketing's ability to work with an almost infinite number of metrics to justify its programs. This is particularly the case with lead generation where every detail regarding response rates, conversion rates, lead follow-up time, and lead conversion time is reviewed by dimensions such as: target list, audience, and campaign. Although many of these metrics are vital to understanding the health of lead generation activities, they are of use only to Marketing. They are not meaningful to Sales. When Sales does receive insight into lead generation metrics, the results often are far removed from the perceived value.

Sales Alignment

The performance measurement of a company's lead generation activities becomes relevant when it is endorsed and tracked in partnership with Sales. The metrics required are different. They need to provide insight into how well Marketing and Sales are working together as opposed to focusing only on the quantity and quality of leads created.

Certain parameters are essential to ensure that both sides speak the same language, share common goals, and track results. Together with Sales, Marketing should adhere to the following strategy:

- Set Definitions. This needs to be done for raw leads, qualified leads, and opportunities.
- Establish targets. Sales has a target. Marketing should propose a target commitment to Sales. In addition, activity measures need to be established to enforce operational alignment and provide checks and balances. Marketing MBOs should be tied to the entire process, ensuring that Marketing remains fully engaged with Sales from the creation of a lead to the close of a deal.
- Communicate regularly to review the measurements. Communication should not be restricted to the initial planning sessions and to review the final results. Structured like a Sales forecast call, an organized, weekly activity should take place at all levels of the organization: worldwide, regional, and country level. Metrics will be meaningless if they are not part of the day-to-day activity of Sales and Marketing.
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The most important aspect is transparency – everyone needs complete visibility into the performance and activity measurements in order to be invested in the process.

Measure what's important to Sales and Marketing

Performance Measurements

- Qualified leads year-to-date. This metric looks at actual leads versus plan, allowing both organizations to know exactly how much of the commitment has been achieved.
- Lead definition. It is based on jointly established qualification criteria.
- Opportunities converted year-to-date. These are qualified leads that are converted to opportunities in a specific time period.

Activity measurements

- Leads outstanding. Providing insight into lead aging, this metric reflects those leads created and passed more than two months ago, but not converted to an opportunity or a contact.

- Opportunities outstanding. This metric gives insight into all opportunities that were created, but do not have pipeline dollars associated with them.
- Unread leads – These are leads that have not been reviewed by the Sales force.

The activity measures deliver excellent insight into the quality of Marketing's lead generation efforts, the effectiveness of the lead management process, and the synergy between Sales and Marketing.

Staying on top of the metrics

Most Sales force automation tools allow for this type of simple reporting. The best and most quickly understood interface to communicate these metrics is an integrated dashboard that can display gauges for the performance measurements. At a glance, both Sales and Marketing can identify their standing and the distance to the goal. Supporting drill-down reports are appropriate to allow for more detailed reviews.

Lead generation metrics will no longer pose a danger to the relationship between Marketing and Sales if the metrics fully engage Sales in the process.

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Align Marketing Messages to Improve Conversions

It is critically important that companies align their marketing messages, sales tools, and the spoken words they use with customers and prospects. We all recognize that a company's web site is an important tool used to communicate with the target market. But how do you create a web site that aligns with what your target buyers need? How will you make prospects see your site as high-value to them? How do you make them see your company as understanding of their needs and competent to help them solve their problems? How do you differentiate yourself from all the other choices they have in the market? When they land on your site, how do you begin to establish a dialog of trust and begin an online relationship that will soon convert to an offline relationship?

Often, when looking at creating web content, the first place web developers/copy-writers look is to the people who commission their work, the marketing team, especially product marketing. They interview marketing people, take samples of brochures, press releases, etc. for examples of content to populate the web site.

In many companies, product marketing is the product champion, totally intent on branding their products and gaining mind share and market share. They are the ones who often tell you: "When I put my product, XYZ Gadget, into Google, I want it to show up in the number one position." No kidding! Certainly they should see that. But what really matters is showing up in the number one spot for the keyword indicating the problem expressed or the perceived solution for the problem by the buyer.

Prospects with a problem are many steps away from entering a product brand name as part of their search criterion. When people enter a keyword phrase, they are not interested in product -- yet. They first want to know if you understand the problem, before prescribing a solution. They make a quick judgment based on the language you use and how well it matches the language they use.

The only way to really learn the language your target market uses is by talking to customers and prospects and verifying that their language and preferred buying process matches the content and structure from marketing. Talking to them means asking questions and listening. It also means talking to the people in the company who talk to prospects and customers every day, the sales reps, telesales, and customer support people, to understand how customers express their problems and describe the desired solutions. It also means learning from your web traffic reporting tools.

What keywords bring high-value prospects to the web site? Which keywords bring the most direct action? Is there a trend you can identify for a particular keyword or phrase?

Once you understand the buyer's language and your current web traffic results, the next step is to inventory your response to those keywords and phrases. Are those keywords reflected in web content throughout your site? Do they find their way into email subject lines to customers and prospects? Are they prominent in your sales collateral? Do Customer Support and Telesales reps include them in scripts? Are those keywords taught in sales training classes? Do the PR people include those keywords in press releases, speeches, presentations, etc? They should be! If not, you are missing a huge opportunity to establish credibility and rapport with your target buyers.

Alignment of language is also invaluable to segmenting your market. In B2B sales campaigns, there are often many types of buyer involved: technical, financial, beneficiary, implementer, user, etc. Keywords and keyword phrases are often specific to the perspective of a particular buyer-role in the sales process.

If a buyer reaches your web site with a keyword phrase that includes a financial indicator (e.g. ROI, cost of, etc.) you don't want to serve up technical content in response. Your content and web draw offer for conversion would be business/financial in nature.

On the other hand, if the keyword phrase includes a technical indicator (e.g. download, specs, API, etc.) you don't want to serve up business content in response. For each buying participant there is a commensurate matching set of keyword phrases, web content, web-draw offers, and fulfillment – all reflected in the online dialog established with that particular buyer-role you are targeting.

A good place to start is by taking an inventory of all the types of target buyers by function, title, company size, and high-probability business issue and target solution. This will give some direction to your research, but also is a good starting point for planning the hand-off from online to offline sales. This should reflect the qualification criteria for establishing thresholds for lead qualification for fulfillment by sales. This step is the key to assuring alignment of the marketing and sales process with the buying process of your target market.

Here are a few key points to remember:

- Make sure all customers/prospects hear consistent language from your company.
- Use buyer language as your guide for content.
- Visitors become prospects when they see your language and process in alignment with theirs.
- Good targeting and aligned content will result in qualified leads.

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Is the Marketing Bust Over?

After three years of slashed marketing budgets, minimal advertising, and wholesale layoffs of marketing executives, U.S. marketers have been hoping that the economy had bottomed out. At the beginning of 2004, many were optimistic that corporations would finally reverse these cost-cutting trends in 2004. But was that optimism justified?

To answer this question, Blackfriars Communications surveyed 100 senior executives in January 2004 about their marketing attitudes and budgets. These executives worked for large, medium, and small businesses, measured both by employees and annual revenues. The business sizes were roughly representative of those of the broad U.S. business community as measured by the 2001 U.S. Census, with small businesses of fewer than 100 employees being underrepresented by nine percent and medium and large businesses being overrepresented by a similar amount. The average revenue of the companies surveyed was \$280 million per year.

Results of this survey showed:

- Two-thirds of companies still don't have senior marketing executives. The perceived decline of marketing executives in corporations is based in reality. Only 37 percent of the companies we surveyed actually employed either a vice president of marketing or a chief marketing officer.
- Annual marketing budgets are up an average of nearly nine percent from 2003. Advertising, Web site improvements, and events ranked as the top three spending priorities for our respondents this year.
- First quarter marketing spend was planned to be even higher than normal. Projected marketing spending for the first quarter of 2004 topped 27 percent of the 2004 budget, indicating that companies are planning to jump-start their marketing efforts.

Measurement Is Behind Marketing's Bounce

Underlying this increase in marketing investment is new interest in measuring the results of marketing efforts. Our research showed that:

- Most firms now measure marketing results. Fifty-seven percent of companies represented in our survey measure the results of their marketing efforts in some way. Blackfriars believes that marketers have turned to measurement to prove the worth of marketing to other senior executives.
- Measuring firms had larger budget increases. Companies that measure marketing results saw an 11 percent increase in annual marketing budgets; those that didn't measure their results saw only a 6 percent increase.
- Measurement reduces marketing dissatisfaction. Twenty-one percent of executives at companies that didn't measure marketing efforts were either very or extremely dissatisfied with their marketing. But at firms that measure the results of their marketing, only nine percent of executives were dissatisfied.

New Interest In Measurement Demands New Benchmarks

The results of our study sent a very clear message: business executives want marketing measurements to guide their marketing investments. This shouldn't be surprising; after all, advertising is a zero sum game. If a company spends less on advertising in a quarter than its competitors, its awareness will decline relative to those competitors. Therefore, companies that have benchmarks for marketing and advertising spending are more likely to invest amounts appropriate to their marketing goals. Those without benchmarks will either over- or under-spend.

To address this need for benchmarks, Blackfriars is using the data from our quarterly executive surveys to create the Blackfriars Marketing Index™ to help both executives and marketing services firms make smart decisions on marketing spending. The Blackfriars Marketing Index for the first quarter 2004 was 119, indicating that marketing expenditures in Q1 were planned to be 119 percent of the average quarterly expenditures from 2003. In our second quarterly survey, we'll examine how much of that money was actually spent and what the index of planned spending is for Q2.

But while benchmarks will help justify marketing investments, what businesses need most now is to see the business results of those investments. Based upon the data we have, it's too early to say that marketing has turned the corner. We'll know that marketing is back when we start seeing big increases in actual marketing spending and significant hiring of senior marketing executives. That is a trend that has yet to materialize.

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Next-Generation of Web Conferencing May Soon Tune into the Channel

Most web conferencing solutions have been designed for large enterprises to conduct meetings with hundreds or thousands of attendees online, but that's changing. With that change could come a new opportunity for the channel.

A study conducted by IDC on behalf of Raindance Communications has found that the demand for web conferencing is quickly ramping up. The conferencing applications market will grow from nearly \$600 million in revenue last year to more than \$1.1 billion in 2007.

Overall, web conferencing usage is also increasing, according to the study, with an average of 44 percent of respondents planning to increase their web conferencing usage by 100 percent in the next six months.

"Web conferencing has done a pretty good job so far of grabbing a good share of the very remote meetings to avoid travel," said Mark Levitt, research vice president for Collaborative Computing at IDC. "The next opportunity now is having a more productive meeting with two to five people or more, while each person is sitting at their desk with their information available to them instead of having to disrupt their day by going to a meeting room."

Raindance Meeting Edition is a next-generation solution that was launched this month.

Raindance is touting it as the only fully-integrated web, audio, and multipoint desktop video conferencing platform for companies of all sizes. Those attending an electronic meeting can present information, chat, annotate, co-author, and review information live in a real-time session.

Traditional web conferencing solutions can take as long as five minutes just to get a session up and running due to a complicated registration process.

"If you are going to have a 10 to 15 minute meeting you can't spend five to ten minutes getting into it," said Brian Burch, Chief Marketing Officer for Raindance. "We can get a meeting started in 20 seconds or less."

Users can join meetings on the phone and the web through a desktop icon or simple one-click access through e-mail invitations in Outlook. Raindance's OpenGo audio conferencing uses an automated attendant to automatically call participants.

If for any reason one of the users is not able to join the meeting and is having technical difficulties, the host can call for technical assistance. It takes no more than 11 seconds to get a live technician into the meeting to solve the problem.

Raindance Meeting Edition is currently being sold direct. Burch said, however, that since the company will now be approaching smaller businesses, Raindance has had numerous discussions about leveraging the channel in order to penetrate and best serve this market.

"We are working right now with several channel partners, none of whom we are ready to announce yet. We very much intend to have a strategy to bring this to market for businesses of all sizes and through the channels they are familiar buying from," Burch said.

Channel relationships, to be announced within the next quarter, could include agreements with VARs and even retailers, where the solution could be bundled with web cameras to drive those sales.

"We will actually have a model that will allow the reseller to take advantage of bringing in the customer and getting the customer provisioned. Then we don't just pay them once and leave them behind. They will actually share in the relationship and revenues with that customer going forward," Burch noted.

Once resellers do get involved with Raindance Meeting Edition they can expect to be able to pitch their customers on a good ROI story. The IDC study revealed that first year ROIs for Raindance customers interviewed for the study can range from 150 percent to 2,000 percent.

"What you pay for in web conferencing costs pays itself back within a month or two," IDC's Levitt said. "That's a pretty good payback."

This article was written by Mark Riehl and excerpted from the March 25, 2004 edition of eChannelLine Daily News USA.

MPM Forum to Present First Look at Marketing Measures + Metrics Audit Findings

The CMO Council's Marketing Performance Measurement (MPM) Task Force and BusinessWeek magazine will present findings from the milestone Marketing Measures + Metrics Audit for the first time at the MPM Forum June 9 in New York at BusinessWeek's office.

Findings from the Marketing Measures + Metrics Audit are based upon primary quantitative research fielded by the Task Force and BusinessWeek earlier this year. The research looked at a number of different dimensions of measuring marketing performance within technology firms. This 360-degree look at the MPM issues includes key stakeholder responses from CMOs, Chief Sales Officers, CEOs, CFOs, CIOs, and CTOs.

A key finding to date shows that less than a quarter of technology CMOs say they are Satisfied or Very Satisfied with their company's ability to measure marketing performance, underscoring the importance placed on this initiative by the CMO Council this year.

The MPM Forum was created to provide technology chief marketing officers with the most up-to-date marketing performance measurement research, best practices, and MPM solutions in the industry.

In addition to the Marketing Measures + Metrics Audit findings, MPM Forum attendees will have an opportunity to hear a panel of CMOs from Pitney Bowes, Tektronix, Dow Corning, and Symantec discuss MPM Best Practices. This session will be moderated by Rich Vancil, Vice President of IDC's CMO Advisory Research Services.

A second panel of MPM solution provider customers - moderated by Jenny Gilbert, Senior Editor of Sales & Marketing Management - will discuss how they are using tools from solution providers Bitpipe, Unica, Cognos, and Biz360 to improve marketing performance measurement.

The MPM Forum wraps up with a luncheon panel of technology CEOs providing perspectives and pointers on what should be included on a CMO Scorecard. Chief Executive magazine Editor Bill Holstein will moderate the CEO panel that includes Jeff Rodek from Hyperion, Lakshmi Narayanan of Cognizant, and Dale Fuller from Borland.

Register today by following this link:

http://inter.viewcentral.com/events/cust/single_event.asp?cid=cmoc&pid=2&payment_type=USD&cbClass=5&lid=4

Internet Marketing: Lots of Promise, Some Challenges

Internet marketing has always showed promise, even if it hasn't always delivered. The CMO Council event "Take Marketing to the Max: How to Skill, Scale and Score with the Web" showed just how much this nascent field has matured. There were case studies and presentations detailing success stories in a variety of fields, along with hard numbers specifying usage patterns and potential growth areas. However, the event also served notice that as web-enabled applications become a core component of every marketing campaign, the Internet is just as vulnerable as it's always been.

Appropriately enough, the event was held at the world headquarters of Akamai Corporation, whose 15,000+ servers in 71 countries support more of the Internet than any other company. More than 40 CMO Council members attended the event and nearly 100 others participated via Microsoft Office Live Meeting. Presenters included Phil Harrell, VP for Eastern Sales at Akamai; Marc Jourlait, VP for Enterprise marketing programs at Hewlett-Packard; Greg Johnson, President of Marketing Agency Services at Digitas; Dustin Grosse, Senior Director, Marketing, with Microsoft's Real-Time Collaboration Business Unit; and Tom Leighton, Chief Scientist at Akamai and an adviser to the U.S. Congress on Internet vulnerabilities.

HP's Jourlait offered rich evidence that with the right technology and business model, the Internet allows every company to match customer profiles with targeted content to create a personalized newsletter. Building on customer intelligence and existing relationships, 1-to-1 marketing is now fully integrated into account planning at many of its largest accounts, and the payback is clear. For example, open rates for personalized newsletters average 50 percent compared with 30 percent for generic newsletters, yielding rich returns in opportunities and leads through the sales channel.

The highlight of Greg Johnson's presentation was a case study on the American Express Blue Cash campaign, which is built around the syndicated TV show "Wheel of Fortune." The rich-media interactive experience offered to the public was an unqualified success: The company recorded a 200 percent lift in online awareness, the sweepstakes registered nearly 800,000 entries, and over 1,000 new cards were issued.

Microsoft's Dustin Grosse demonstrated how Instant Messaging - once seen as nothing more than a tool for idle chat - has become an indispensable tool for business. So has web conferencing via Microsoft Office Live Meeting - coincidentally the technology used at this event. While some benefits are obvious - such as greater productivity with reduced costs - Microsoft claims its own usage has yielded a domestic ROI of 540 percent.

Finally, Akamai's Leighton provided a sobering counterpoint with descriptions of many Internet vulnerabilities. The sheer sprawl - the Internet is made up of more than 15,000 networks, with none controlling more than five percent - represents an infrastructure nightmare. It's not scalable; it's unreliable; there are constant bottlenecks; over-provisioning is both inevitable and expensive; it's always open to attack; and, broadband access actually aggravates many of the problems at the host.

CMO Council members who participated in the event understood clearly that Internet marketing is only beginning to realize its potential. Each presentation offered up a variety of ideas for taking advantage of this technology and its related discipline. However, the field has its share of potential pitfalls and there are likely lessons ahead that each CMO will have to learn - and perhaps share with others.

The presentations from this event will be posted on CMO Council website at http://www.cmocouncil.org/event_archives.html

The Download

Companies Not Testing Direct Marketing Campaigns

A new survey of marketing professionals shows that only 24 percent of respondents say they usually or always test their direct marketing campaigns before rolling them out. Fifteen percent say they never test their campaign tactics.

The survey – conducted by Mac McIntosh, Inc., a business-to-business sales and marketing consultancy – polled 280 subscribers who received and read a special edition of the company's e-newsletter: Sales Lead Report.

Reasons given for not testing campaign tactics ranged from lack of time for testing, insufficient budgets, and a lack of a system for tracking test results

For the 24 percent who do test, four out of 10 respondents said testing target market response was the most important measure. Nearly the same amount said testing the offer was most important. Fewer than 20 percent indicated copy or media were the most important tactics to test.

Study Shows Young Demo Living Online

When it comes to the "missing guys" aged 18-to-34 who have gone from watching TV to the Net, there are numbers, and there are stories. The numbers come from an OPA study done by comScore, which found that 72 percent of the demographic is online and account for more pages viewed and time spent online in proportion to their size in the overall U.S. population. Plus, 24 percent of them are using the Web at the homes of friends and 16 percent from cell phones.

A 24-year-old told the New York Times he went online for news and entertainment rather than watching TV with its glut of commercials and teasers. The Times had a detailed report on how the "missing guys" were living life online without TV. "There's a lot more interesting things to do online than sitting and watching television," one gamer told the Times. "Back when everybody was watching TV, whatever happened on 'Seinfeld' was what everybody talked about the next day. The only time I hear about television today is when there's a clever advertisement."

IT Budgets to Grow in 2004

A new survey of IT decision-makers by Forrester Research shows that North American enterprise-class companies will increase their 2004 IT spending 2.4 percent over 2003 – up from the 1.7 percent growth they projected at the end of 2003. The increase will come from business services and finance and insurance firms. New dollars will be directed at information management technologies like portals and content management, as well as mobile networking and security.