THE STATE OF ENGAGEMENT

Insights on Engagement from 2,000 Global Consumers and Marketers

Marketo

THE STATE OF
ENGAGEMENT

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ABOUT THIS REPORT

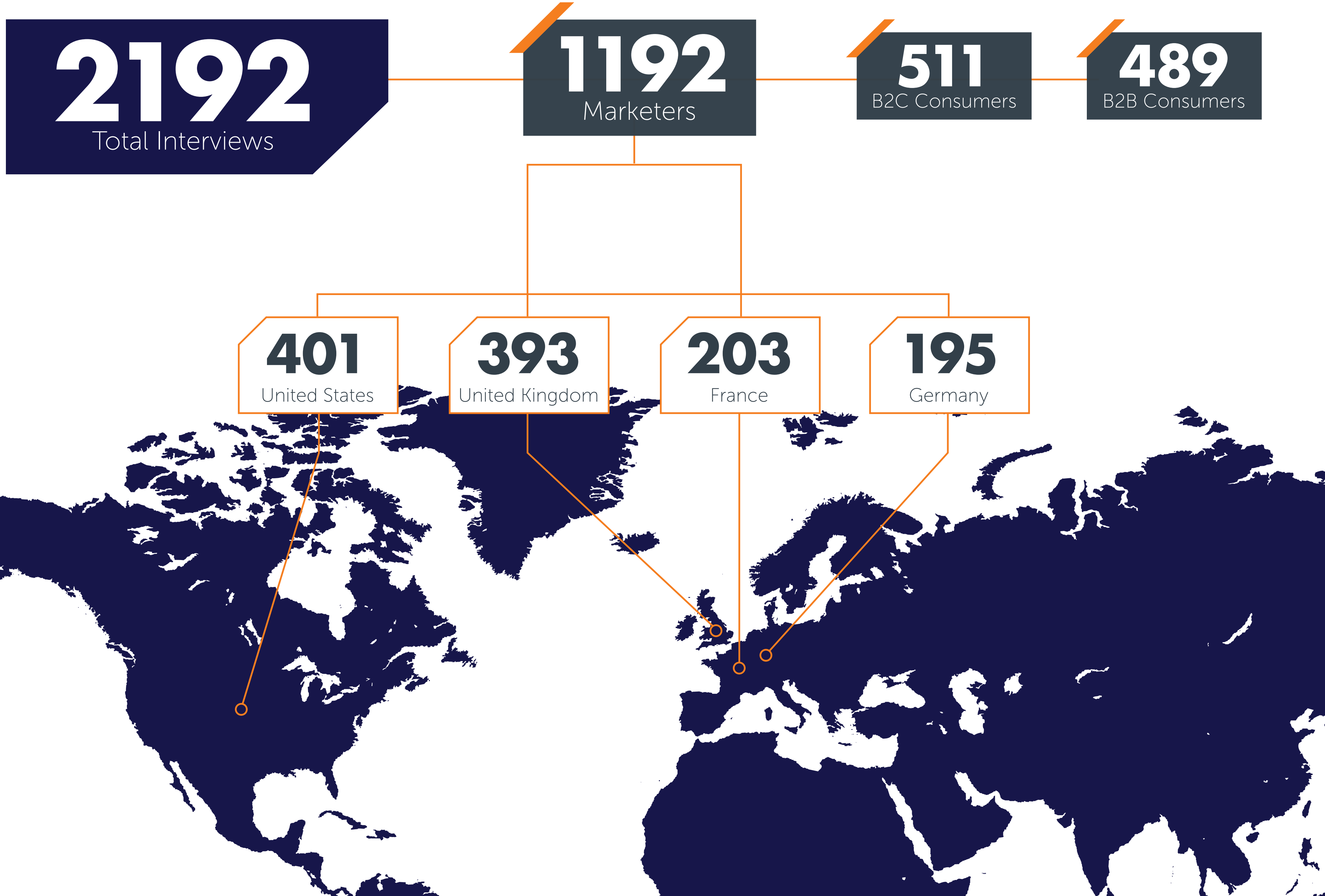
In *The State of Engagement*, Marketo partnered with Illuminas, a third-party independent research firm, to survey 1,100+ marketers in the United States, United Kingdom, Germany, and France and 1000+ consumers in the U.S. and U.K. to explore:

- Marketer and consumer attitudes toward engagement and their motivations for engagement
- Organizational objectives, strategies, and alignment of engagement activities across specific engagement channels
- How and when engagement happens, how successful it is, and how success is measured
- Innovation trends in how to approach engagement and opportunities for improvement and growth

Throughout this report you will see consumers referenced broadly and more specifically as B2B consumers and B2C consumers.

Data in this report is derived from both a web-based survey conducted among marketing decision-markers (in the U.S., U.K., France, and Germany) and consumers (in the U.S. and U.K.), and qualitative interviews conducted with more than 40 marketing executives across industries, segments, and categories in the U.S. and U.K. The respondents are not limited to Marketo customers. Because of rounding, not all percentages will equate to 100 percent.

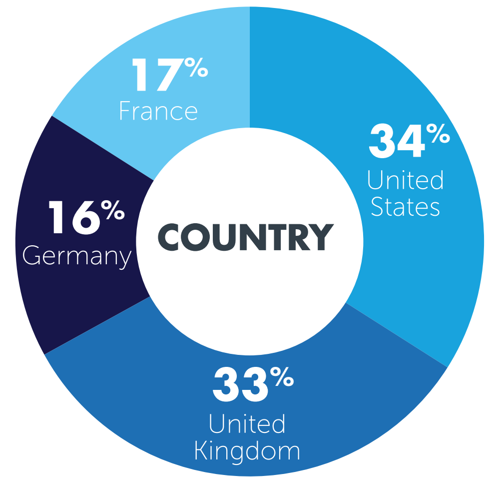
BREAKDOWN OF RESPONDENTS



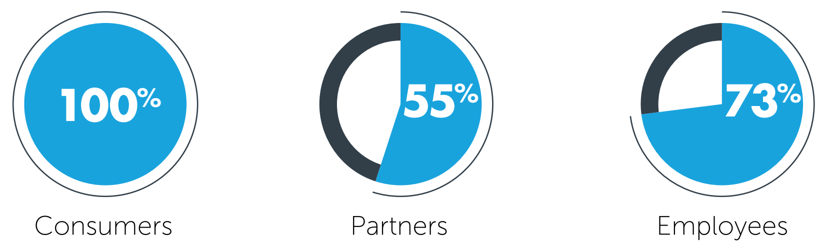
BREAKDOWN OF RESPONDENTS

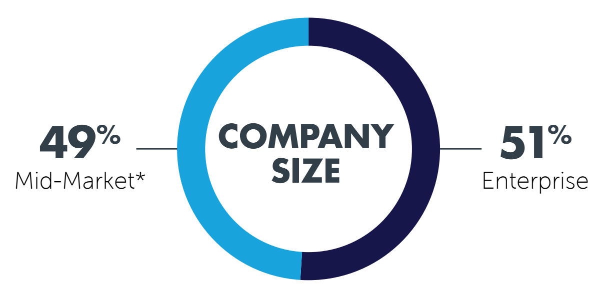
MARKETERS

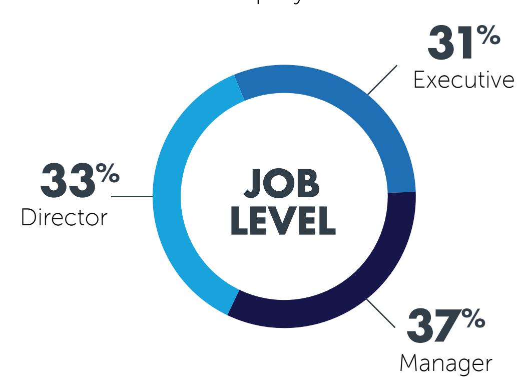
- Manager level and above decision-makers who are involved in and responsible for their organizations' strategies for consumer, employee, and/or partner experience
- From organizations that are currently using or actively considering marketing automation software for their consumer engagement activities



JOB RESPONSIBILITIES/FOCUS





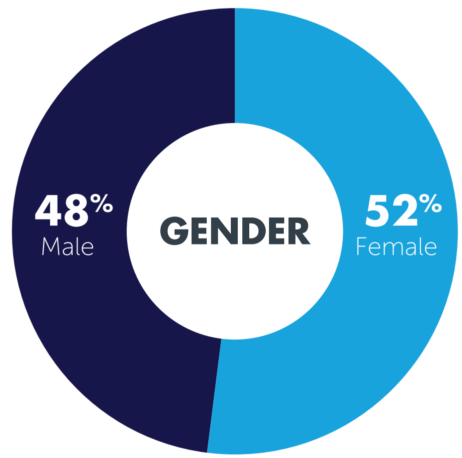


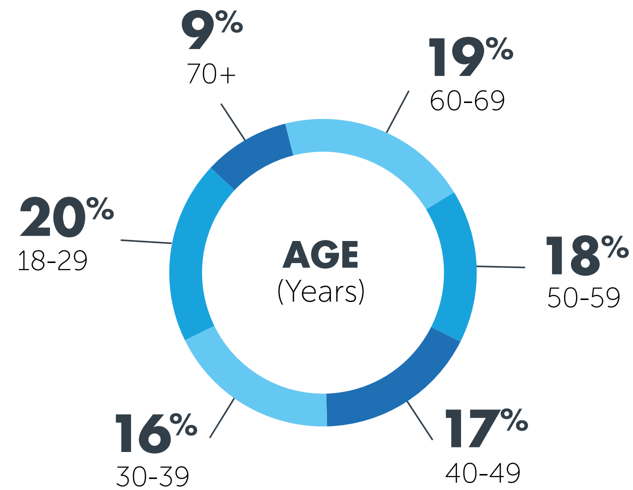
*U.S.: Mid-Market (500 – 3,499 employees), Enterprise (3,500+ employees);
Europe: Mid-Market (250 – 999 employees), Enterprise (1,000+ employees)

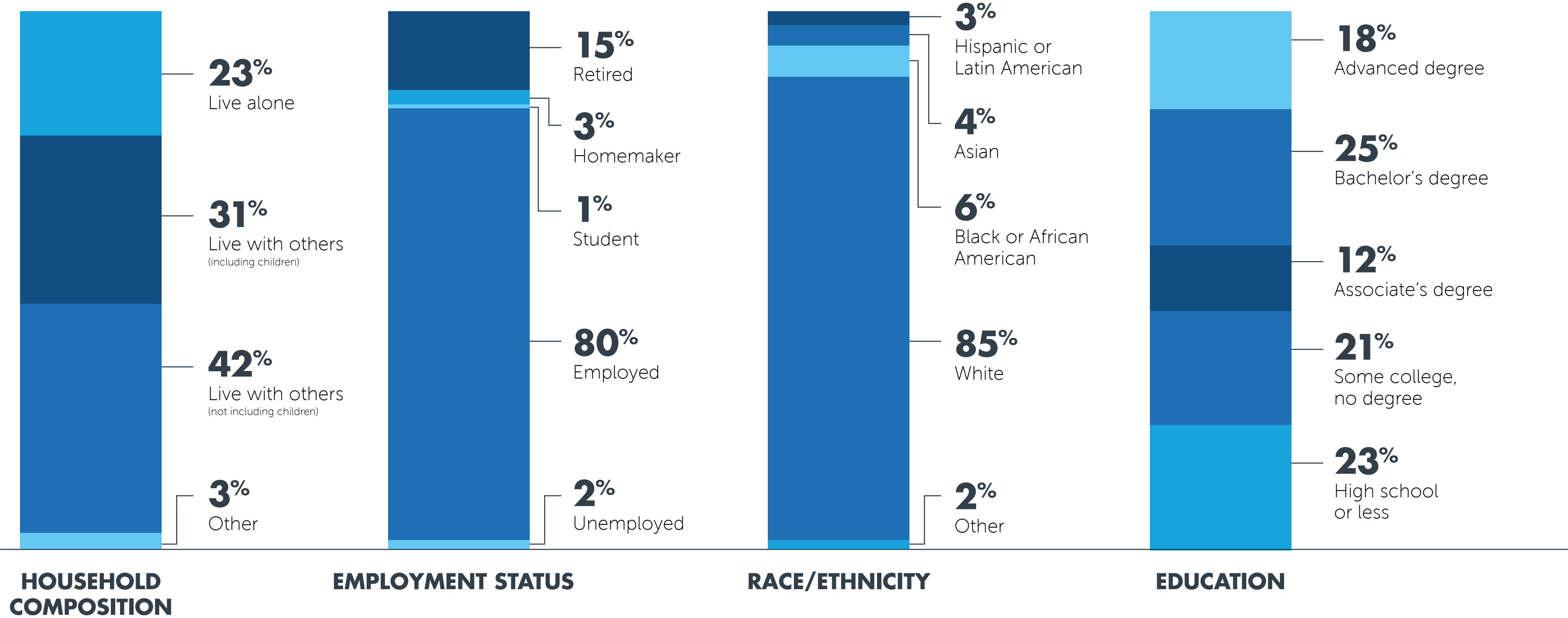
BREAKDOWN OF RESPONDENTS

B2C CONSUMERS

- Regularly purchase products and services
- Engage directly with current and prospective brands using digital channels



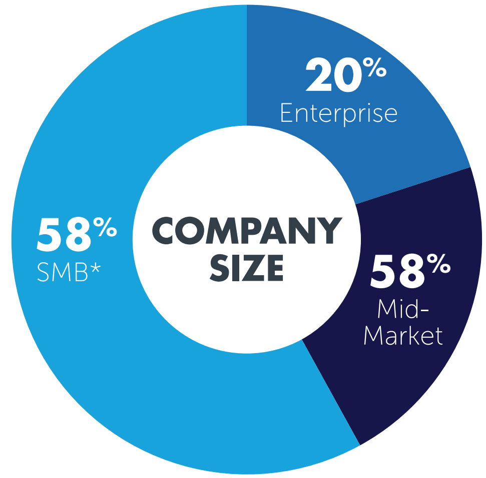




BREAKDOWN OF RESPONDENTS

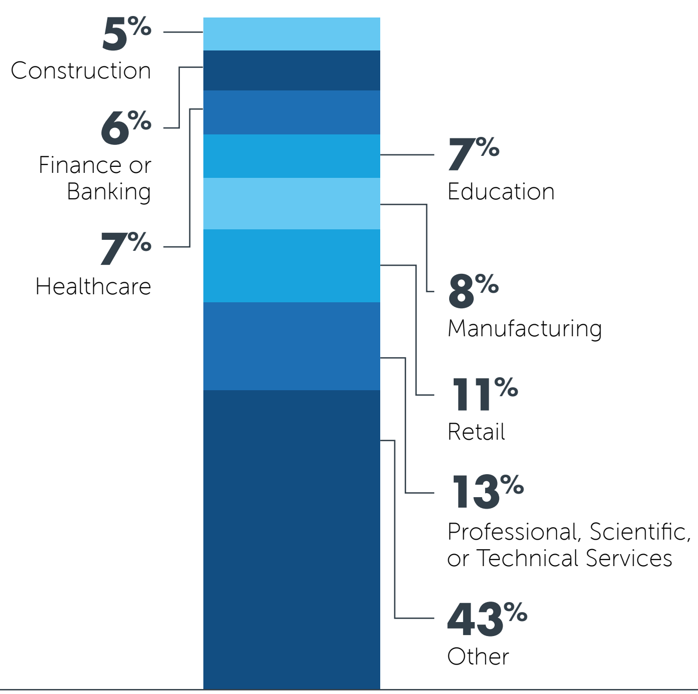
B2B CONSUMERS

- Purchase products and services on behalf of their organization
- Engage directly with current and prospective vendors using digital channels

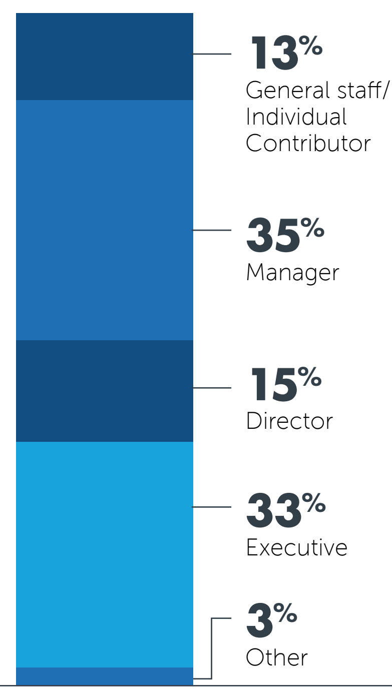


*SMB > 499 or fewer in the US

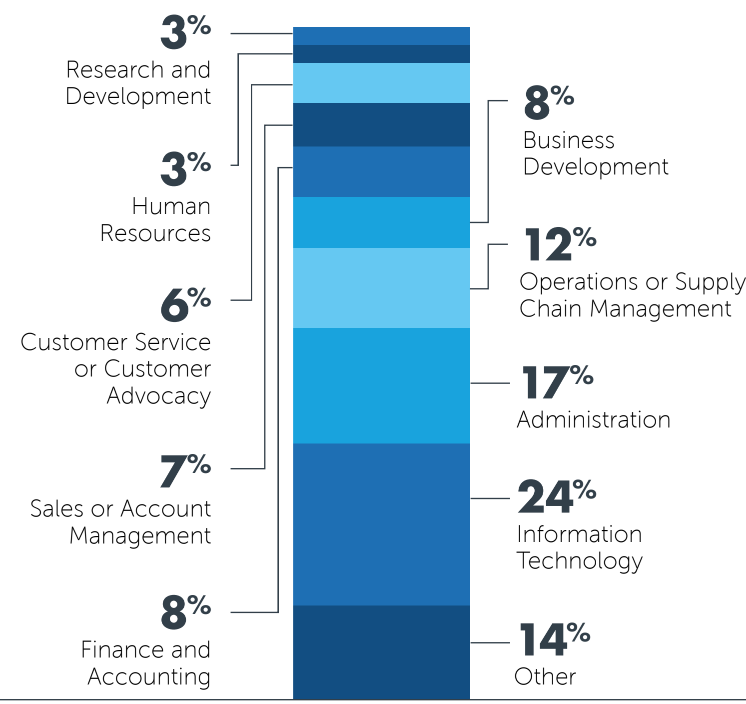
TENURE
13.6
YEARS



TOP INDUSTRIES



JOB LEVEL



TOP DEPARTMENT/ROLES

INTRODUCTION

INTRODUCTION

The Engagement Economy—the reality that we consume and market in today—is a new era where everyone and everything is connected. Consumer expectations have shifted to expect more from the brands they buy from— they seek a personal relationship that offers them value wherever they are and whenever they are ready to engage. As a result, marketers have had to rapidly transform their strategies, methods, and tactics in order to stay relevant.

As the Engagement Economy continues to mature, how are marketers faring in making consumers feel wanted, understood, and connected to their brand? *The State of Engagement* seeks to answer this question by comparing and contrasting data and insights from both marketers and consumers.

THE STATE OF ENGAGEMENT TODAY

So where are we with engagement today, and where do we need to go?

Here are three key findings from *The State of Engagement* that provide a high-level answer to that question—from both a marketing and consumer perspective, looking across channels, expectations, and tools.

1. **Consumers Must Drive the Way We Engage:** Marketers have prioritized the consumer experience, and 82% believe they have a deep understanding of who they're trying to reach. Yet over half of consumers think brands could do a better job aligning with how they prefer to engage.
2. **Engagement Happens Everywhere and Creates Data and Insights:** Consumers utilize different channels at each stage of the buyer journey, making it imperative for marketers to listen to their activities and respond accordingly. However, marketers are dissatisfied with the tools available to them to accomplish these tasks, and cite this as their number one barrier to effective engagement.
3. **To Engage Successfully at Scale, Your Organization Needs Structure and Buy-In:** 98% of marketers believe consumer experience is critical and have a strategy to specifically address it. Despite this consensus, only 56% of marketers report having alignment on their strategy across a key stakeholder group—executive leadership.

CONSUMERS AND THE ENGAGEMENT EXPECTATION

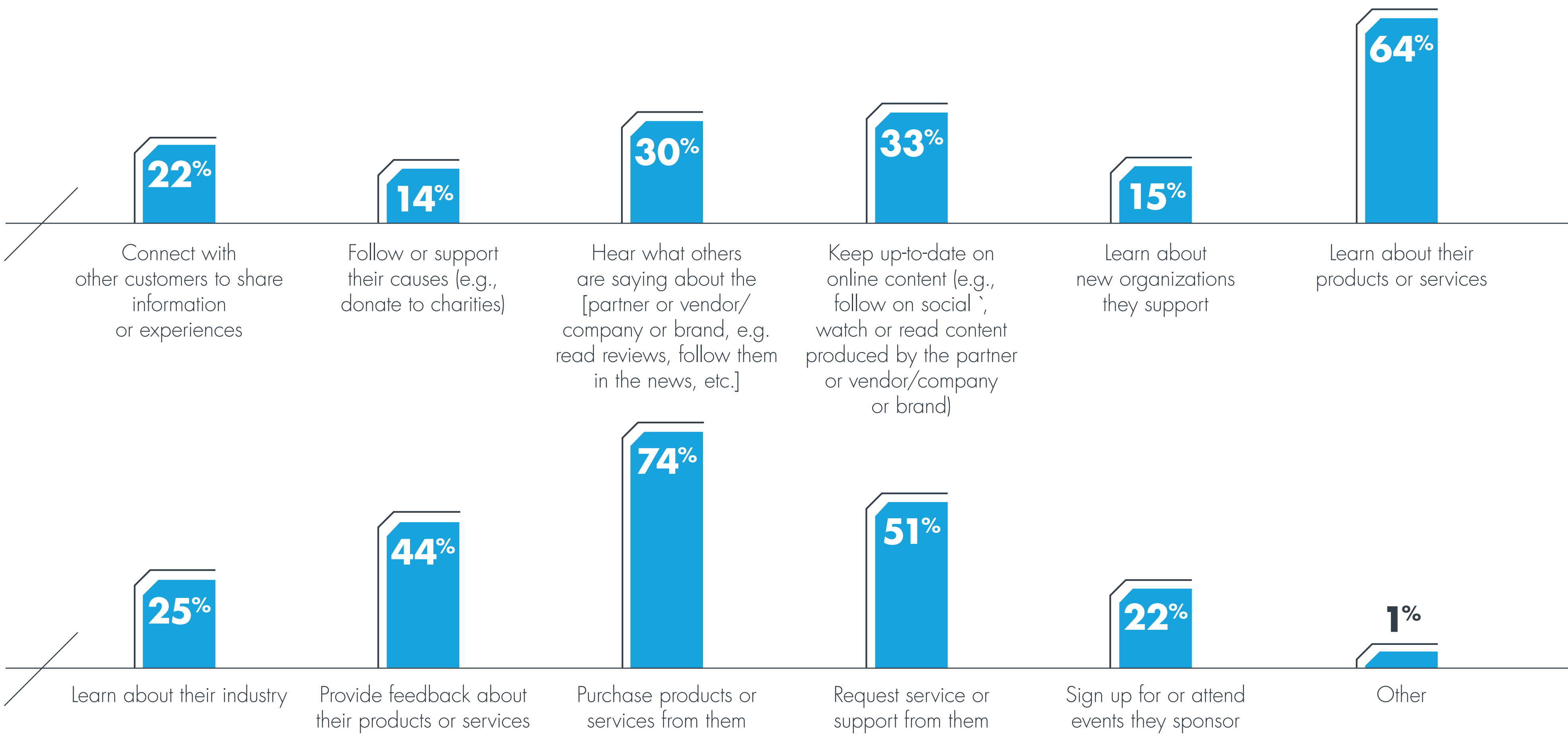
WHY CONSUMERS ENGAGE WITH BRANDS AND VENDORS

Consumers are primarily engaged with brands and vendors to

purchase and learn about products or services

2 OUT OF **3**

B2B consumers engage primarily to request service or support



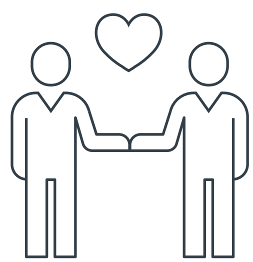
HOW CONSUMERS BENEFIT FROM ENGAGEMENT

All consumers expect to benefit from stronger engagement by receiving advantages that are customized to their interests, such as discounts, promotions, and better service and support.

TOP 5 BENEFITS
(according to consumers)

- **60%** Improved consumer experience overall
- **55%** Receiving discounts and promotions tailored to my preferences
- **55%** Faster resolution of issues and problems
- **54%** Getting the latest information on products or services
- **51%** Feeling valued, heard, wanted

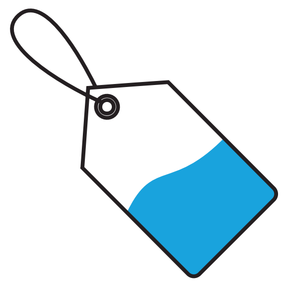
B2B consumers rate **ONE** additional benefit as an important element of engagement



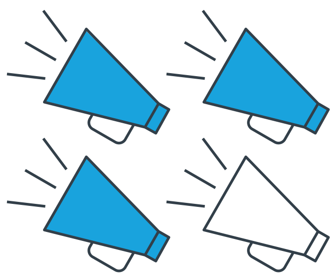
Having a better relationship with vendors

CONSUMER PERSPECTIVES ON ENGAGEMENT

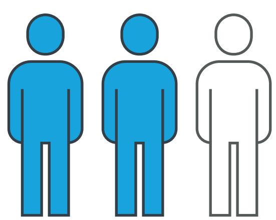
1/2
of consumers
think brands could do a better job of aligning with how consumers prefer to engage



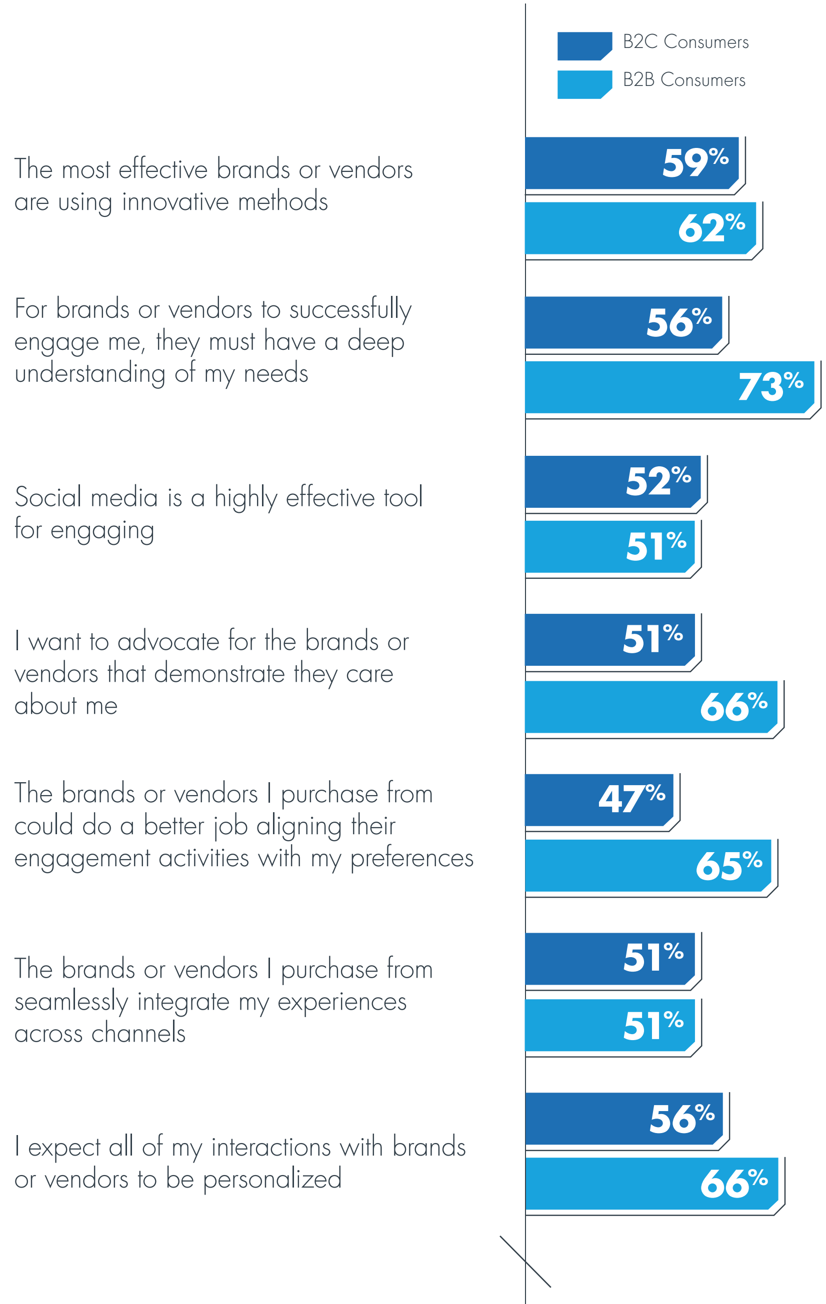
3 OUT OF **4**
B2B consumers
think brands must have a deep understanding of their needs in order to engage successfully



2 OUT OF **3**
consumers want to advocate for brands that demonstrate they care about them



HOW CONSUMERS VIEW BRAND ENGAGEMENT

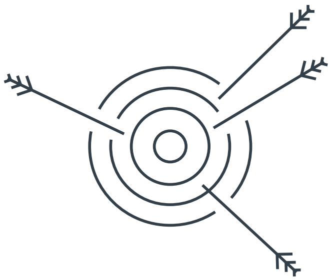


Consumers agree it is most important for brands and vendors to provide a consistent experience regardless of the channel they are using to interact with them.

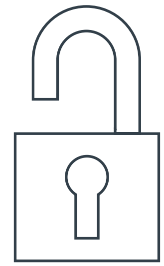
THE LARGEST GAPS BETWEEN B2C AND B2B PERCEPTIONS ARE IN

- **22 POINT GAP** Having consumer information available
- **15 POINT GAP** Having values that align with their own
- **13 POINT GAP** Sharing feedback from customer surveys
- **9 POINT GAP** Providing a clearly stated policy for engagement

WHY CONSUMERS DON'T ENGAGE

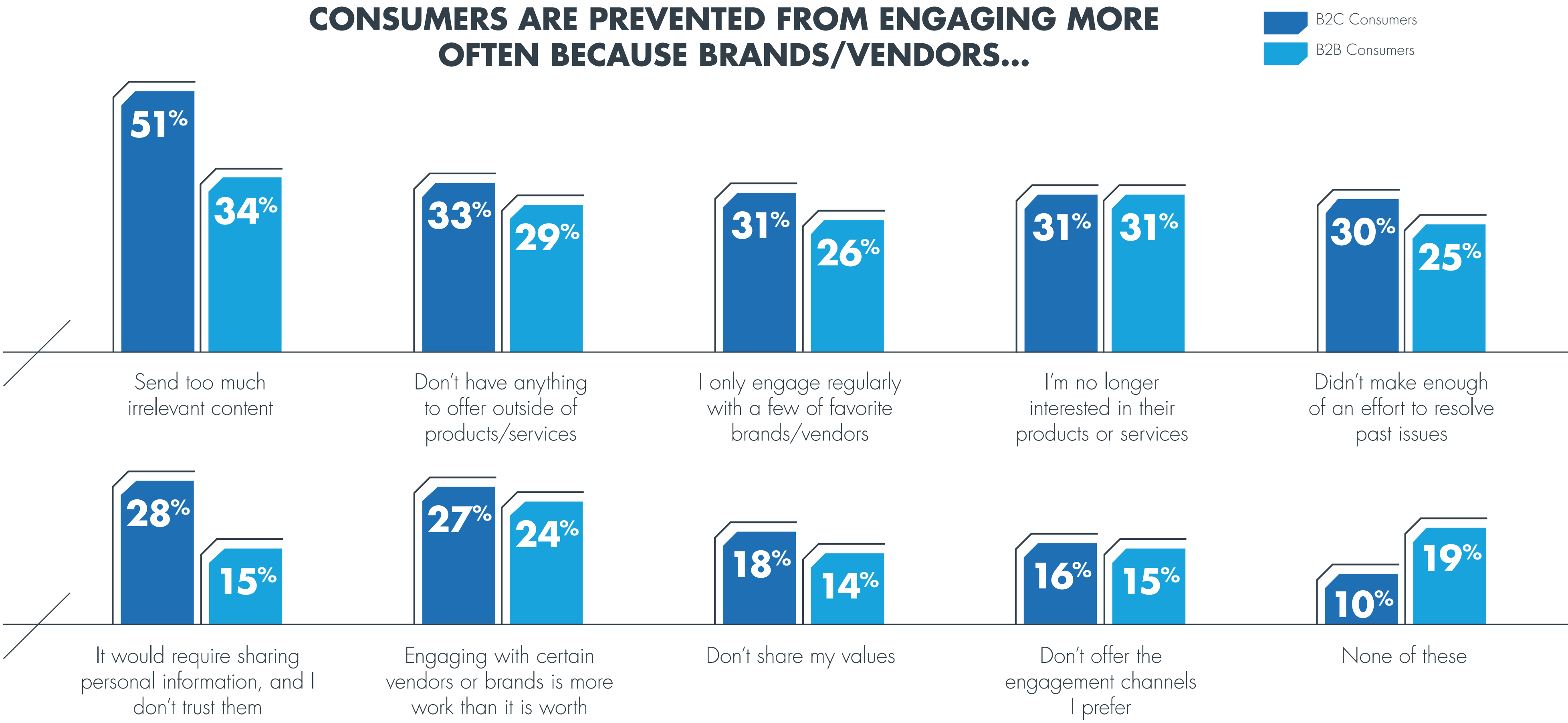


Irrelevant content is the
#1 REASON
consumers don't engage more often



B2C consumers are 2X
as likely to cite sharing personal information as a reason for not engaging more

CONSUMERS ARE PREVENTED FROM ENGAGING MORE OFTEN BECAUSE BRANDS/VENDORS...



CHANNELS CONSUMERS USE TO INITIATE ENGAGEMENT

Regardless of consumer type, email and websites are the most-used channels consumers use to initiate engagement with brands and vendors. Social media is also a commonly used channel among both B2C and B2B consumers.

Compared to B2C consumers at this stage of the lifecycle,

B2B consumers are:

- Using more channels to engage with their vendors
- More likely to use email, chat, podcasts, and online communities

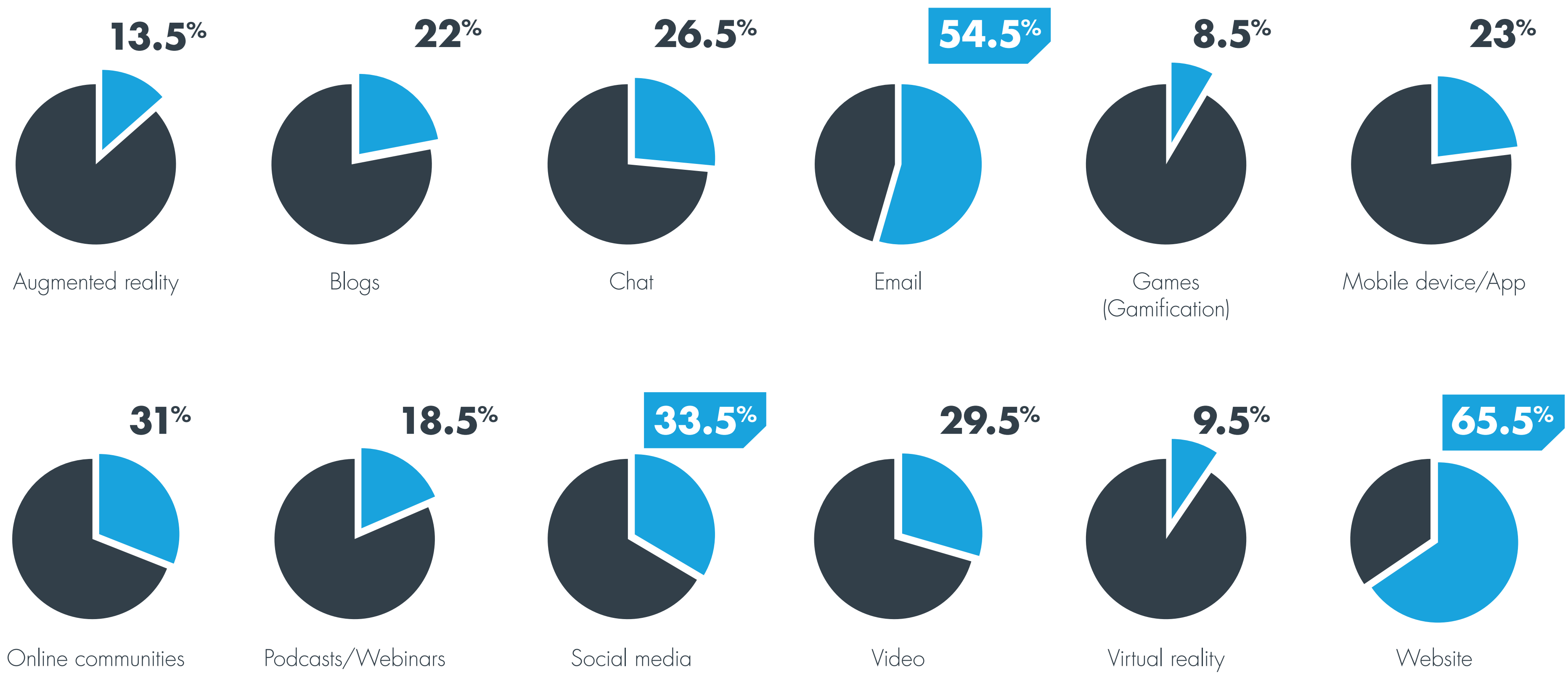
CHANNELS USED TO INITIATE ENGAGEMENT

Email	79%
Website	60%
Social media	35%
Chat	28%
Mobile device or app (e.g. SMS, MMS, beacon)	25%
Online communities/Forums	19%
Video	11%
Blogs	10%
Podcasts/Webinars	9%
Games	7%
Virtual reality	5%
Other	5%
Augmented reality	4%

CHANNELS CONSUMERS USE TO LEARN ABOUT AND COMPARE PRODUCT & SERVICES

Website, followed by email, are the most common channels used for learning about and comparing products and services regardless of consumer type. Social media is next in line among B2C consumers, while B2B consumers rely more heavily on chat and forums.

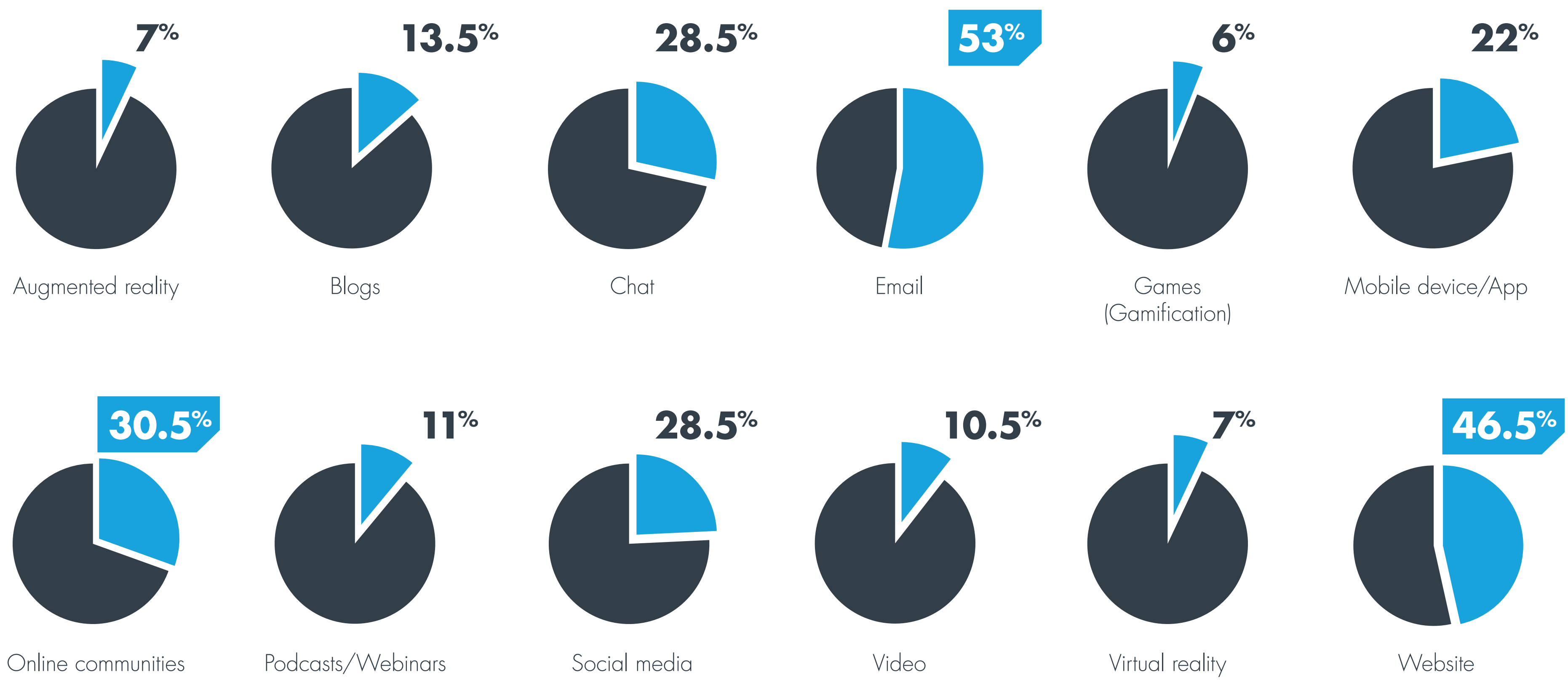
DIGITAL ENGAGEMENT CHANNELS USED FOR LEARNING ABOUT PRODUCTS OR SERVICES



CHANNELS USED TO ENGAGE WITH BRANDS POST-PURCHASE

Consumers are still primarily using email and websites to engage with brands and partners once they have purchased products. Among B2B consumers, online communities are the third most commonly used channel for post purchase engagement.

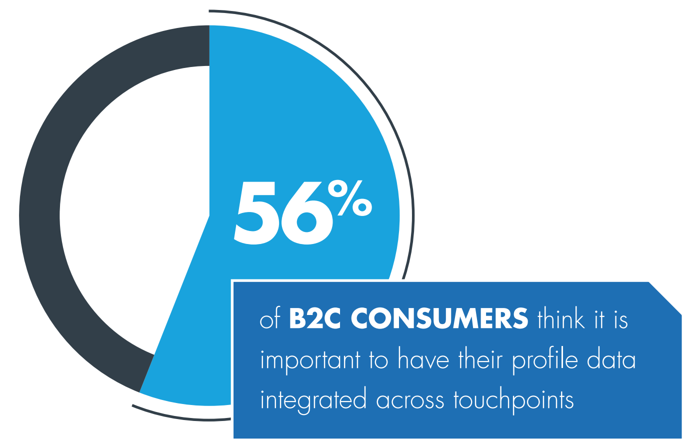
DIGITAL ENGAGEMENT CHANNELS USED FOR POST-PURCHASE (FEEDBACK OR SUPPORT)

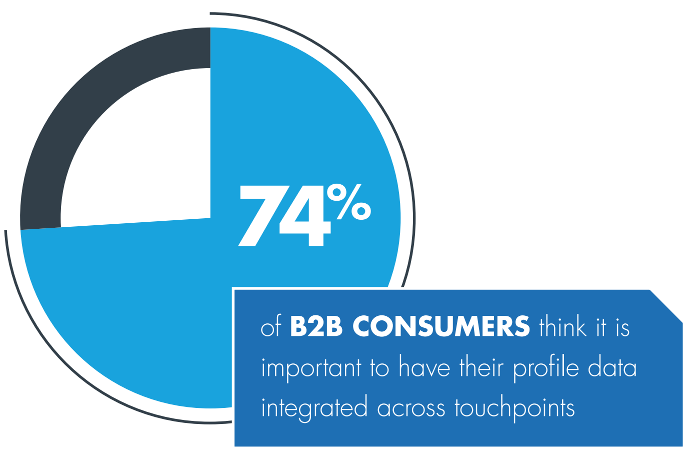


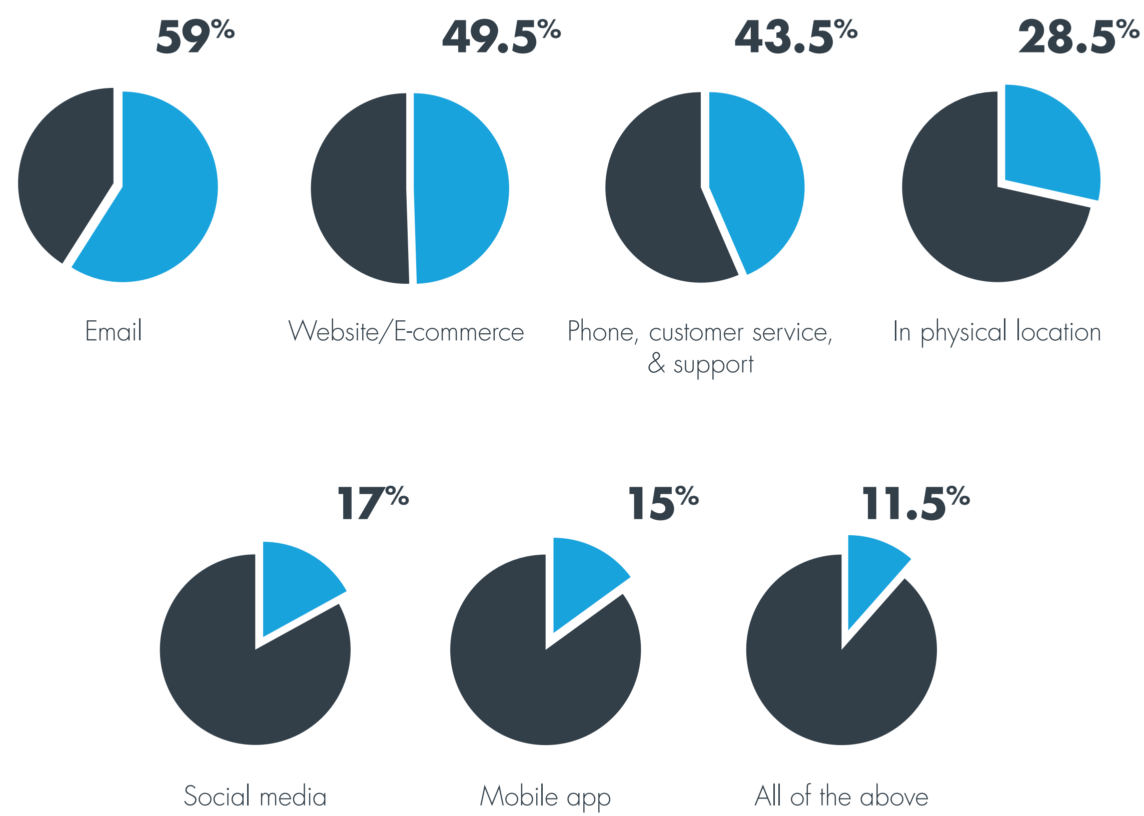
CONSUMER EXPECTATIONS OF CONSISTENT ENGAGEMENT

Integration across touchpoints is more important to B2B than B2C consumers, though both see the value. The groups agree, however, that it is most important for companies to have their email, website, and phone interactions integrated.

TOUCHPOINTS CONSUMERS EXPECT TO BE INTEGRATED







THE MARKETER'S APPROACH TO ENGAGEMENT

MARKETERS ARE INNOVATING, ADAPTING, AND DRIVING REVENUE

Marketers realize that they are living in a rapidly changing landscape and are constantly working to connect their engagement strategies across potential customers, current customers, partners, and employees. The benefits are twofold: marketers seek to create a seamless experience for their audience and also to ultimately achieve their business goals. Some top findings from our survey of marketers include:

CUSTOMER RETENTION

is the number one reason marketers are investing in engagement

Organizations are focused on the consumer experience, but

MARKETERS REALIZE THEY CAN DO BETTER

to engage consumers using the right channels at the right moment

THE #1 CHALLENGE

for marketers is related to the tools available to support these efforts.

Satisfaction with current engagement tools' ability to reach consumers using the

RIGHT CHANNELS AND AT THE RIGHT MOMENT

is low across countries

MARKETER PERCEPTION OF ENGAGEMENT

Most marketers think they are delivering a consistent experience across channels but are less likely to believe their efforts are pushing the boundaries of innovation.

MY ORGANIZATION...

Provides a consistent experience across channels

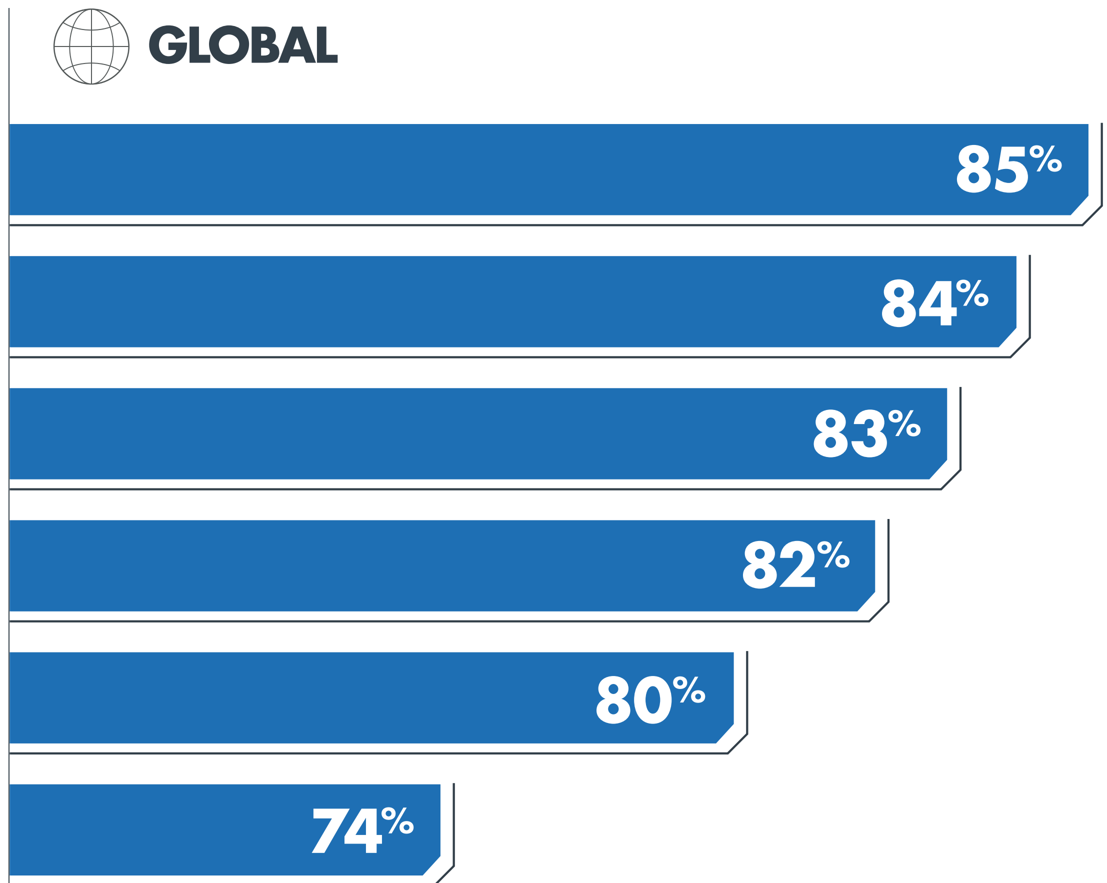
Is more successful when our stakeholder teams are aligned with our strategy

Delivers a consistent and personalized experience

Has a deep understanding of the best ways to engage our consumers

Believes that social media is a highly effective tool for engaging with our consumers

Pushes the boundaries of consumer engagement



A MARKETING PERSPECTIVE ON INNOVATIVE ENGAGEMENT

Marketers believe the most innovative companies in consumer engagement are able to leverage technology for omnichannel engagements, are using personalized content, and have identified how to reach the right audience at the right moment.

WHAT MAKES A COMPANY INNOVATIVE, ACCORDING TO MARKETERS

US

"They strongly believe in and emphasize customer reviews and engage people with high value at the right channels."

"[They are] actively present on multiple digital marketing channels and create cohesive consumer experiences across all offline and online touchpoints."

UK

"Their use of VR technology and the direction they are taking provides exciting, innovative opportunities for engaging with customers."

"Asking customers what they want from their products and tracking usage to better improve their products."

FRANCE

"Regular contact on multiple digital platforms for various needs: follow-up, sales, customer-employee relationships, etc."

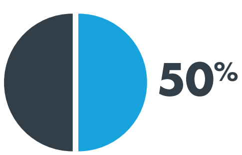
"Sales people can have a mobile device … so as to bring up the customer's purchase history and identify their habits."

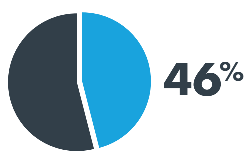
GERMANY

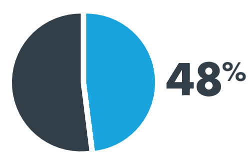
"They regularly monitor and review their customer or partner feedback and act on it in a very positive way."

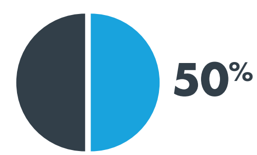
"[An innovative] company has established content that differs by touchpoint and channel for every stage of the path to purchase."

Percentage of marketers that believe they are extremely, or very innovative









THE MARKETER'S APPROACH TO ENGAGEMENT

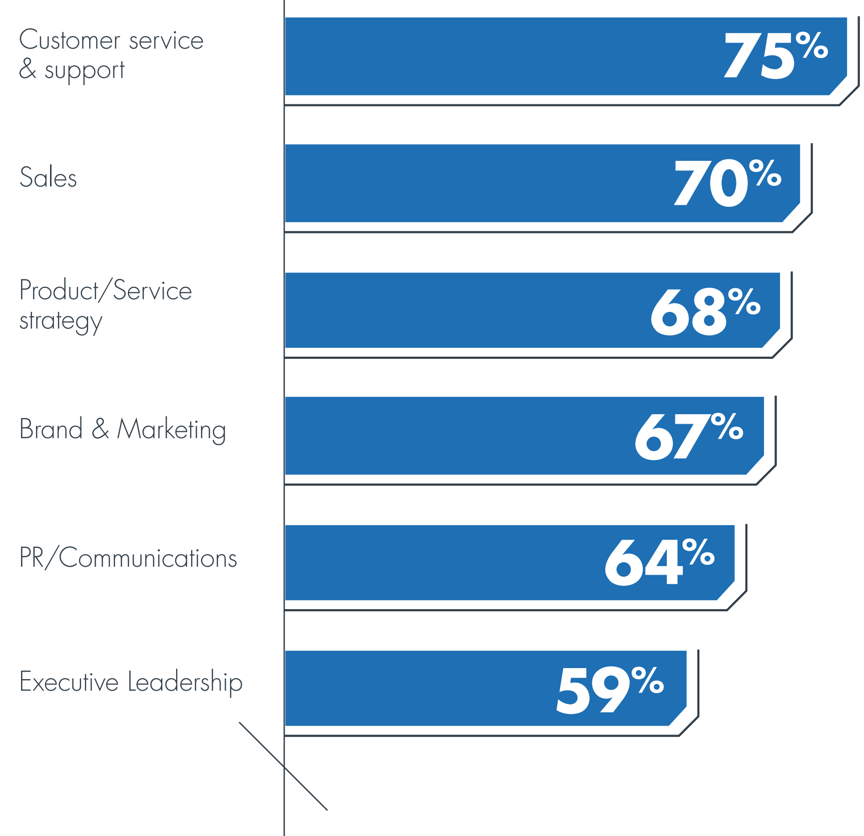
CONSUMER ENGAGEMENT

CONSUMER ENGAGEMENT

Almost all marketers have looked beyond simply engaging their larger audience and have crafted engagement strategies specifically for their customers. Regardless of country, internal alignment for customer initiatives is focused on getting customer service and support and the sales teams on the same page. Where marketers find alignment falls short is with executives, who are less likely to be on board with their strategies.

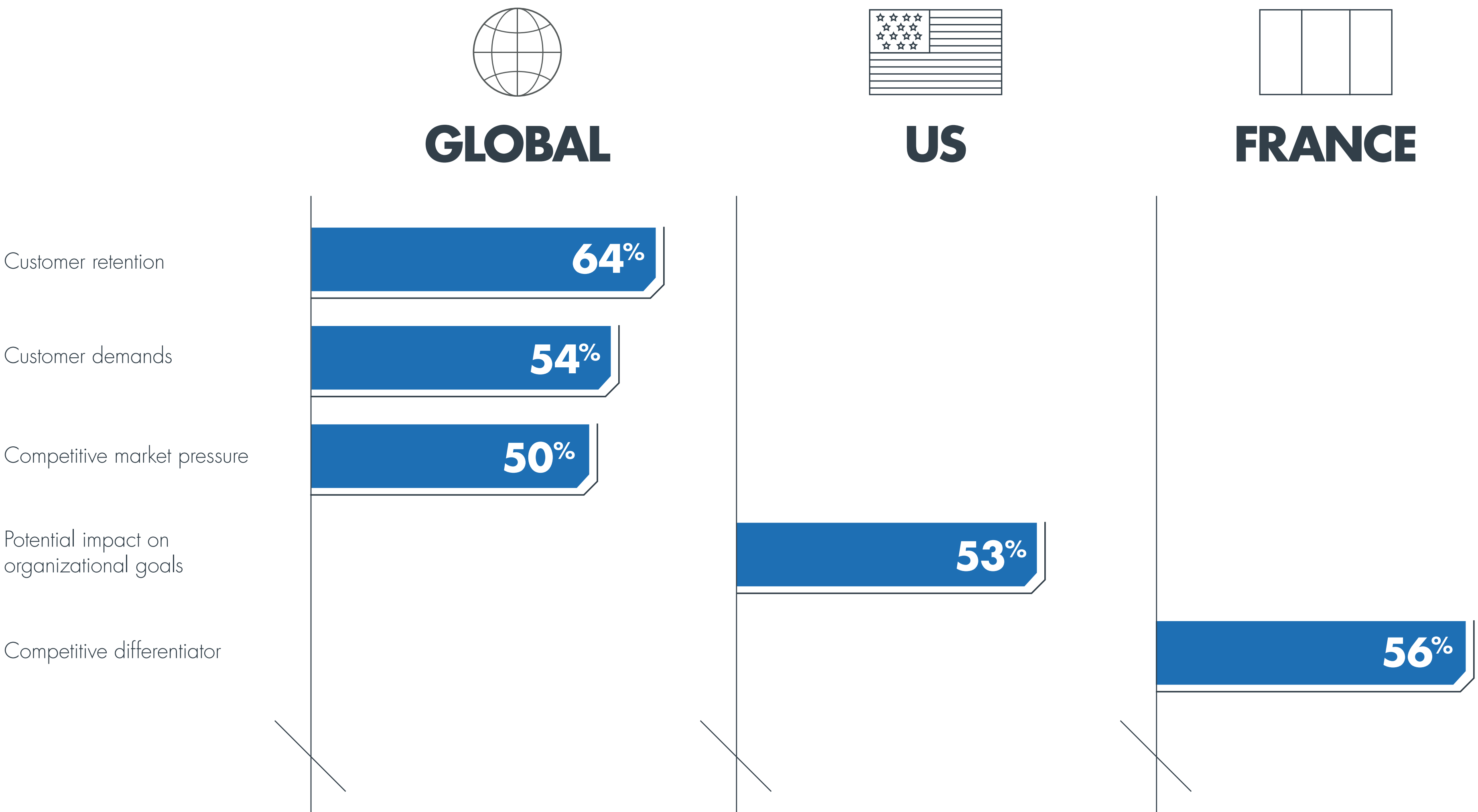
Marketers see alignment across various parts of their organization but there is room for improvement

GLOBAL



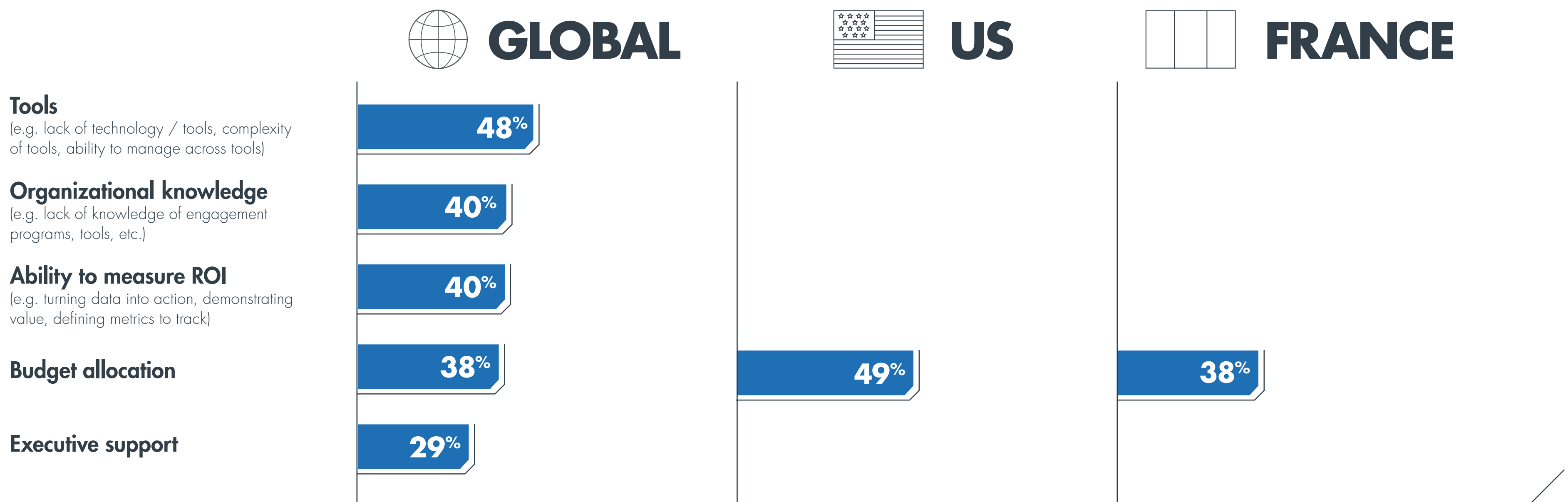
WHY MARKETERS INVEST IN CONSUMER ENGAGEMENT

Overall, marketers invest in engagement in order to address market forces and drive the growth of their business, but there is some variation country-to-country. In France, for example, marketers are more likely to invest in engagement to gain a competitive advantage, while American marketers focus on engagement that will have a positive impact on their organizational goals.



CHALLENGES TO CONSUMER ENGAGEMENT

Marketers around the world agree that the number one challenge they face is related to engagement tools, and also experience significant challenges demonstrating return on investment. Marketers in the U.S. and France are further concerned about budget allocation. Given the market shifts towards digital forms of engagement, refining how marketers track and measure consumer behavior will help marketers be more effective at demonstrating the impact of their efforts.



Specific challenges with measuring ROI

"At Clorox, we strive for a "Seamless Consumer Experience", a series of associations developed over time. It includes delighting the customer at everything from how the package opens to our digital engagement. It's about stitching together all those moments when the consumer engages with you, so they feel that the brand is a natural part of their own landscape. Similar to a brand purpose, it's something we strive for and are always improving."

Eric Reynolds
Senior Vice President and Chief Marketing Officer, The Clorox Company

SUMMARY OF FINDINGS: CONSUMER ENGAGEMENT STRATEGY

		GLOBAL	US	UK	FRANCE	GERMANY
Consumer strategy (have a customer strategy)		98%	98%	98%	99%	96%
Customer experience	Importance	89%	93%	90%	78%	90%
	Performance	64%	57%	71%	67%	59%
	Gap	-25%	-36%	-19%	-11%	-31%
Top reason to invest		Customer Retention	Customer Retention	Customer Retention	Customer Retention	Customer Retention
Effectiveness at engaging	With the right content	61%	57%	64%	60%	67%
	The right people	60%	60%	62%	63%	55%
	Using the right channels	56%	53%	58%	55%	62%
	At the right moment	54%	51%	54%	63%	49%
Average tool satisfaction average overall satisfaction with tools' abilities across all aspects of engagement		56%	50%	58%	58%	60%
Top barriers		Tools	Budget, Tools, ROI	Tools	Tools	Tools

THE MARKETER'S APPROACH TO ENGAGEMENT

ENGAGEMENT CHANNELS

ENGAGEMENT CHANNELS

Globally, marketers are using the same key channels—email, website, and social media—to engage consumers, but there is some variation depending on the goal of the activity.

ON AVERAGE,
MARKETERS ARE USING 6
DIFFERENT CHANNELS
TO ENGAGE CONSUMERS, COMPARED TO:

2 CHANNELS USED BY **B2C CONSUMERS**

4 CHANNELS USED BY **B2B CONSUMERS**

These channels—**email**, **website**, and **social media** are the same channels marketers are focused on integrating.

Note: U.S. and U.K. consumer research suggests marketers should be focused on integrating website, email, and phone.

Usage of **chat** increases for driving consideration and post-puchase engagements. **Blogs** are most relevant for building awareness.

GLOBAL

Top Channels to Engage Overall

- Email
- Social media
- Website
- Mobile device
- Chat
- Blogs
- Online communities

Top Integrated Channels

- Website/E-commerce **61%**
- Email **56%**
- Social media **53%**

SUMMARY OF FINDINGS: CHANNELS OF ENGAGEMENT

Top channels using to engage overall

GLOBAL	US	UK	FRANCE	GERMANY
Email	Email	Email	Email	Email
Social media	Social media	Social media	Website	Social media
Website	Website	Chat	Chat	Website
Mobile device	Mobile device	Website	Social media	Chat
Chat	Online communities	Mobile device	Mobile device	Mobile device
Blogs	Blogs	Blogs	Blogs	Blogs
Online communities	Chat	Online communities	Video	Online communities

GLOBAL: Usage of **chat** increases for driving consideration and post-purchase engagements. **Blogs** are most relevant for building awareness.

US: **Online communities** are more common in the U.S. and primarily used for building awareness.

UK: In the U.K., **chat** usage increases as a channel post-purchase.

FRANCE: In France, **chat** is used for driving purchases.

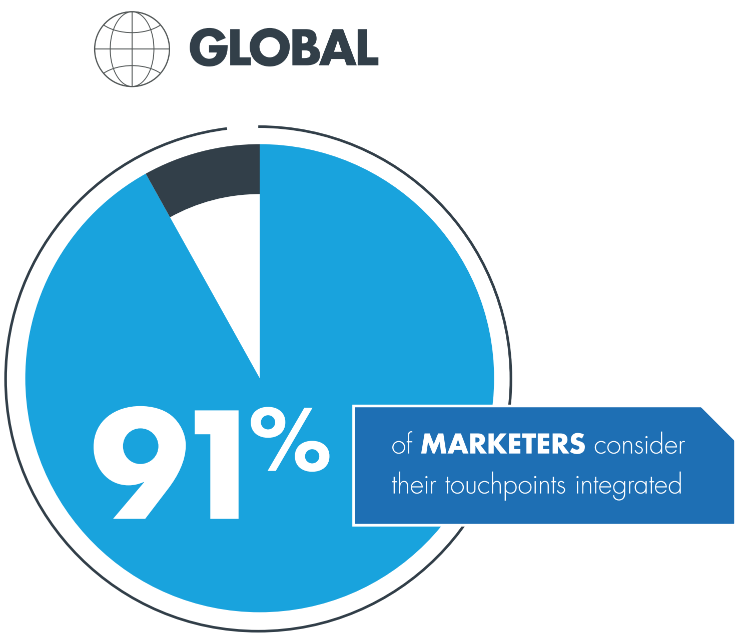
GERMANY: Similar to France, marketers in Germany use **chat** to drive purchases.

Top integrated touchpoints

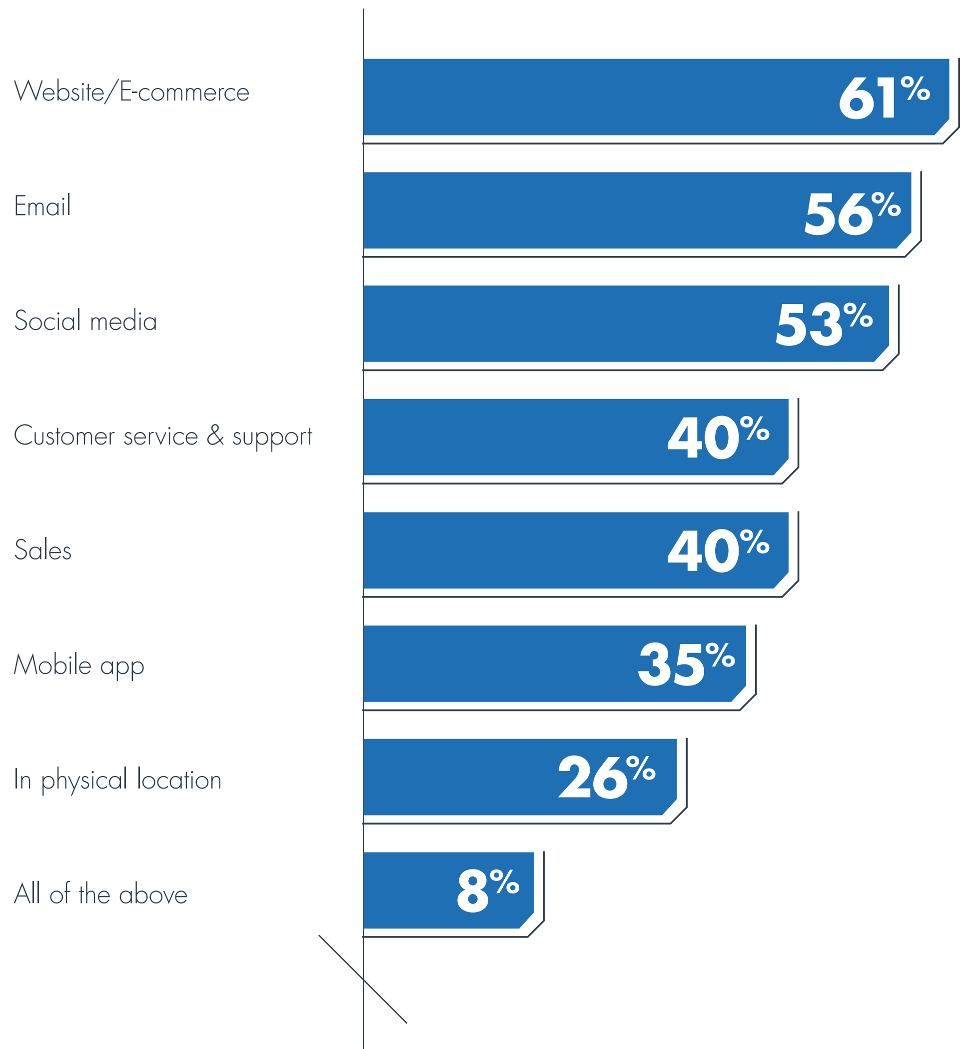
GLOBAL	US	UK	FRANCE	GERMANY
Website/E-commerce 61%	Social media 62%	Website/E-commerce 59%	Website/E-commerce 69%	Website/E-commerce 61%
Email 56%	Website/E-commerce 59%	Email 50%	Email 65%	Social media 59%
Social media 53%	Email 57%	Social media 49%	Social media 41%	Email 56%

CONSISTENT ENGAGEMENT

Most marketers (91%) believe they effectively integrate consumer data across multiple touchpoints. However, this is primarily limited to integrating their website, social media, and email interactions. In contrast, only 8% believe they have integrated across all touchpoints.



TOUCHPOINTS MARKETERS HAVE INTEGRATED



THE MARKETER'S APPROACH TO ENGAGEMENT

ENGAGEMENT METHODS & METRICS

SUMMARY OF FINDINGS: ENGAGEMENT METHODS AND METRICS

The top global metrics marketers use to track engagement include: effectiveness, customer experience and efficiency. Marketers in the U.K., France, and Germany agree on their key metrics and the order of importance, while marketers in the U.S. include retention and loyalty metrics in their dashboard.

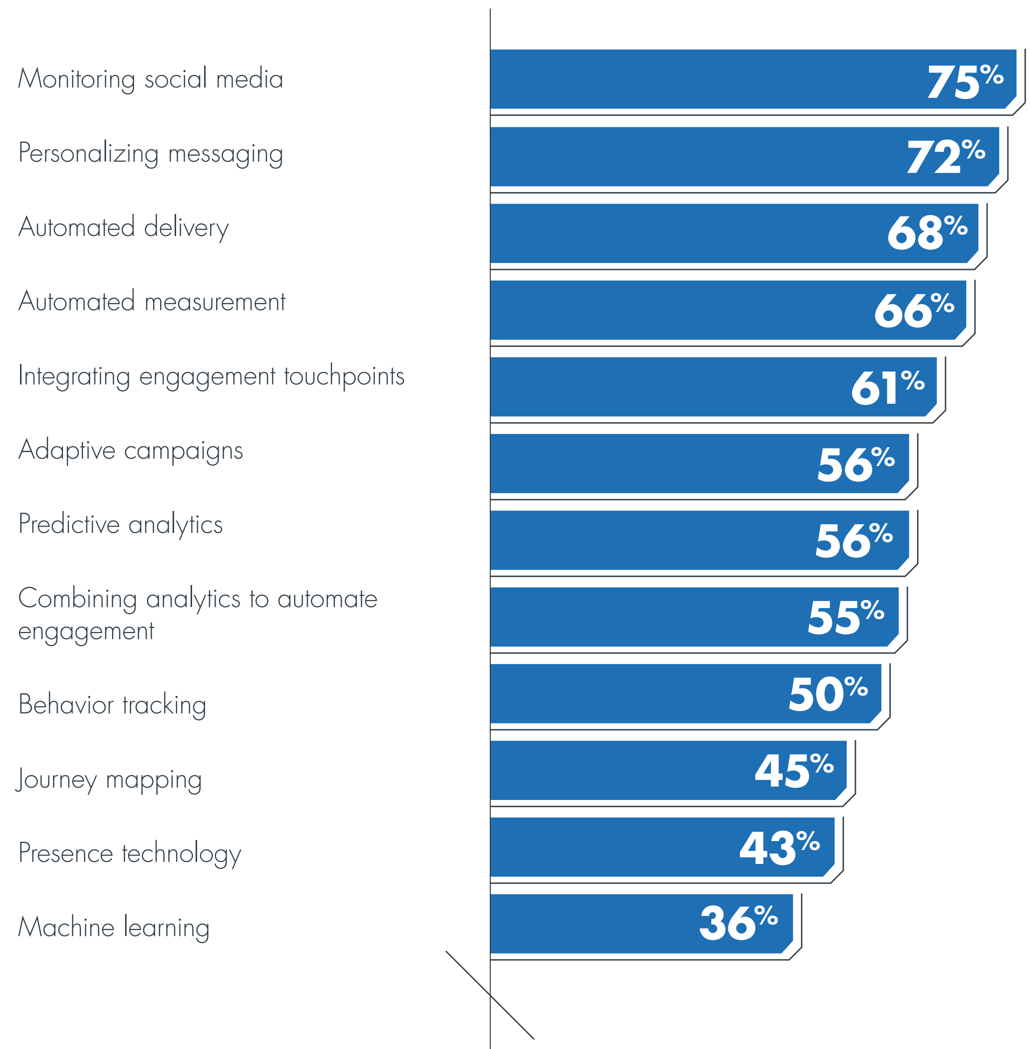
Top metrics used to track success

GLOBAL	US	UK	FRANCE	GERMANY
Effectiveness	Customer experience	Effectiveness	Effectiveness	Effectiveness
Customer experience	Effectiveness	Efficiency	Efficiency	Efficiency
Efficiency	Retention or loyalty metrics	Customer experience	Customer experience	Customer experience

ENGAGEMENT METHODS

Monitoring social media and personalizing content are the engagement methods most marketers conduct today and are also the approaches marketers believe will have the greatest impact on customer engagement. Marketers also have a focus on automation and integration—most likely because these capabilities enable marketers and their strategies to scale. Marketers also expect to use more advanced approaches in the future.

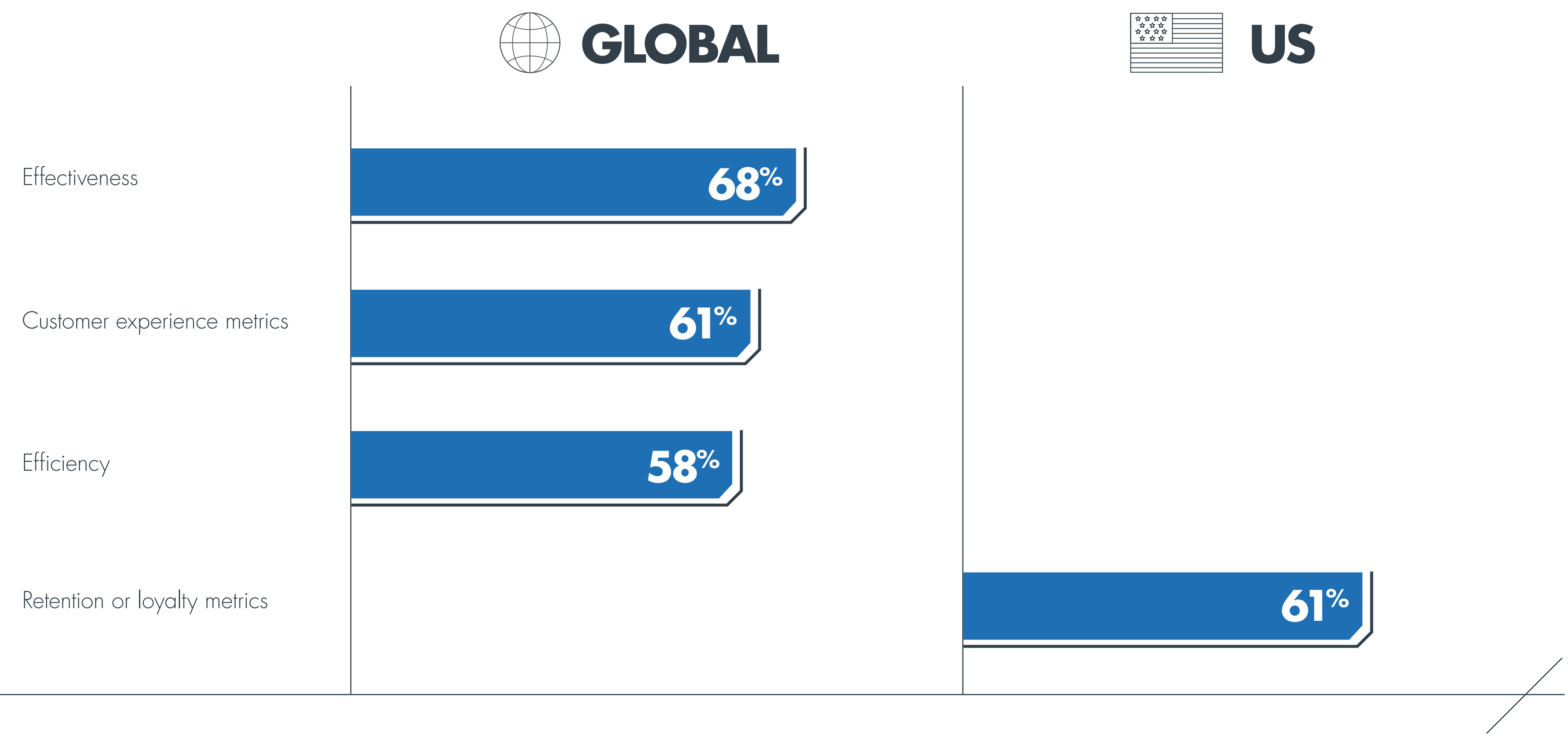
GLOBAL



METRICS TO TRACK ENGAGEMENT

Marketers are measuring their success by tracking their effectiveness, customer experience metrics, and their efficiency. Marketers in the U.S. also rely on retention and loyalty metrics to determine success.

METRICS CURRENTLY USED TO TRACK SUCCESS, RANKED BY RELEVANCY



THE MARKETER'S APPROACH TO ENGAGEMENT

ENGAGEMENT TOOLS

LEVERAGING TOOLS IS THE #1 CHALLENGE MARKETERS FACE

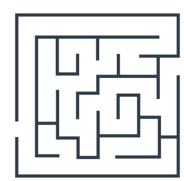
Marketers realize that successful consumer engagement requires the right tools and the ability to track the effectiveness of their efforts. But satisfaction with current tools is low and comes with myriad challenges.

The top challenge facing marketers

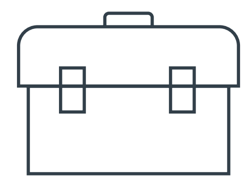
today is related to technology and the tools available to successfully manage consumer engagement

Satisfaction with current engagement tools is low, ranging from **49%-57%**

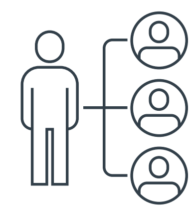
SPECIFIC CHALLENGES WITH ENGAGEMENT TOOLS



TOOL COMPLEXITY



LACK OF TOOLS

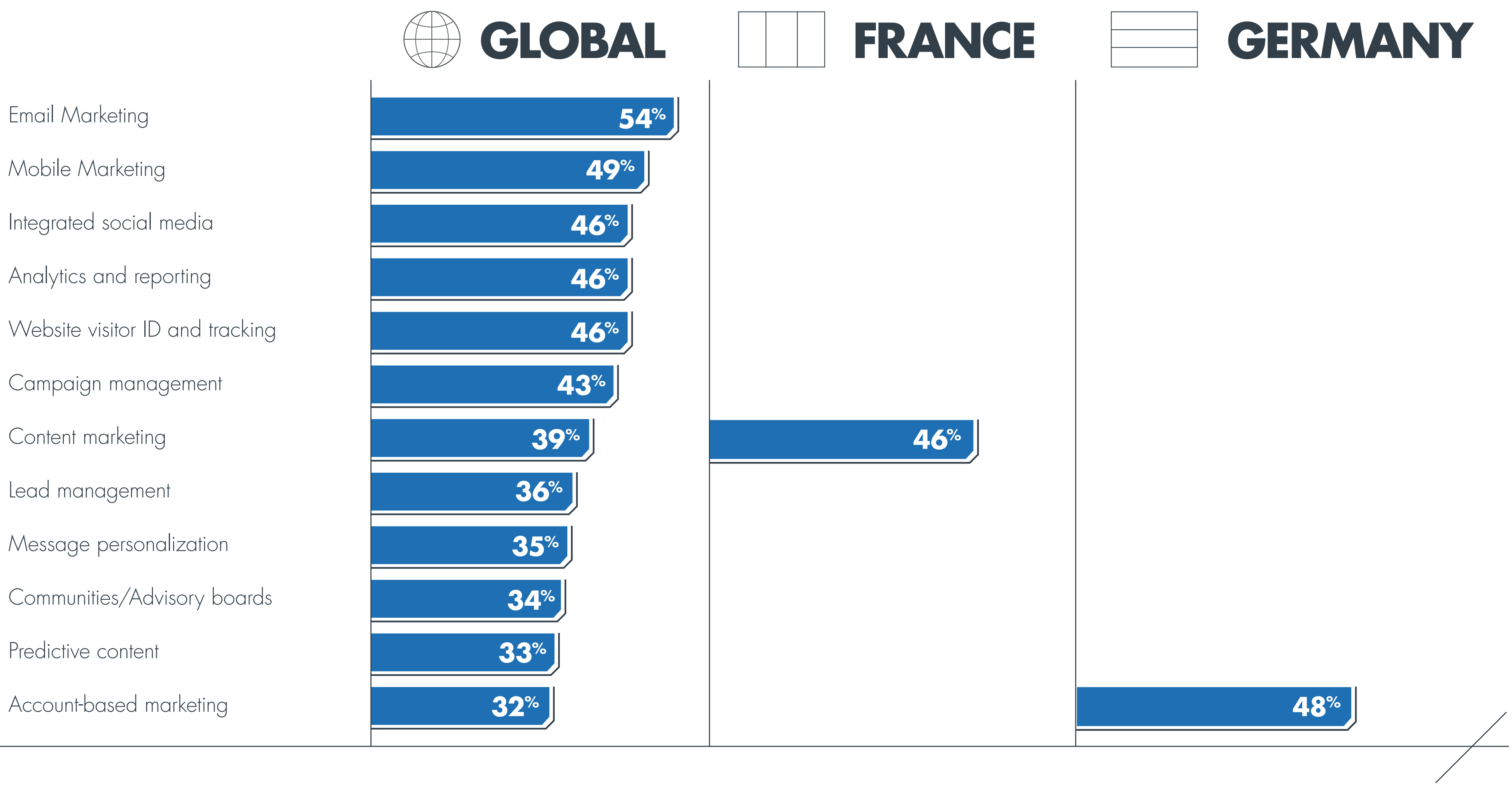


ABILITY TO MANAGE

AUTOMATION AND ENGAGEMENT

Marketers are looking to their engagement solutions to automate a variety of marketing activities to more effectively engage with consumers. They also need their solution to provide analytics and reporting to demonstrate ROI and continue to improve their effectiveness.

AUTOMATION CAPABILITIES WITH THE GREATEST IMPACT ON ABILITY TO ENGAGE



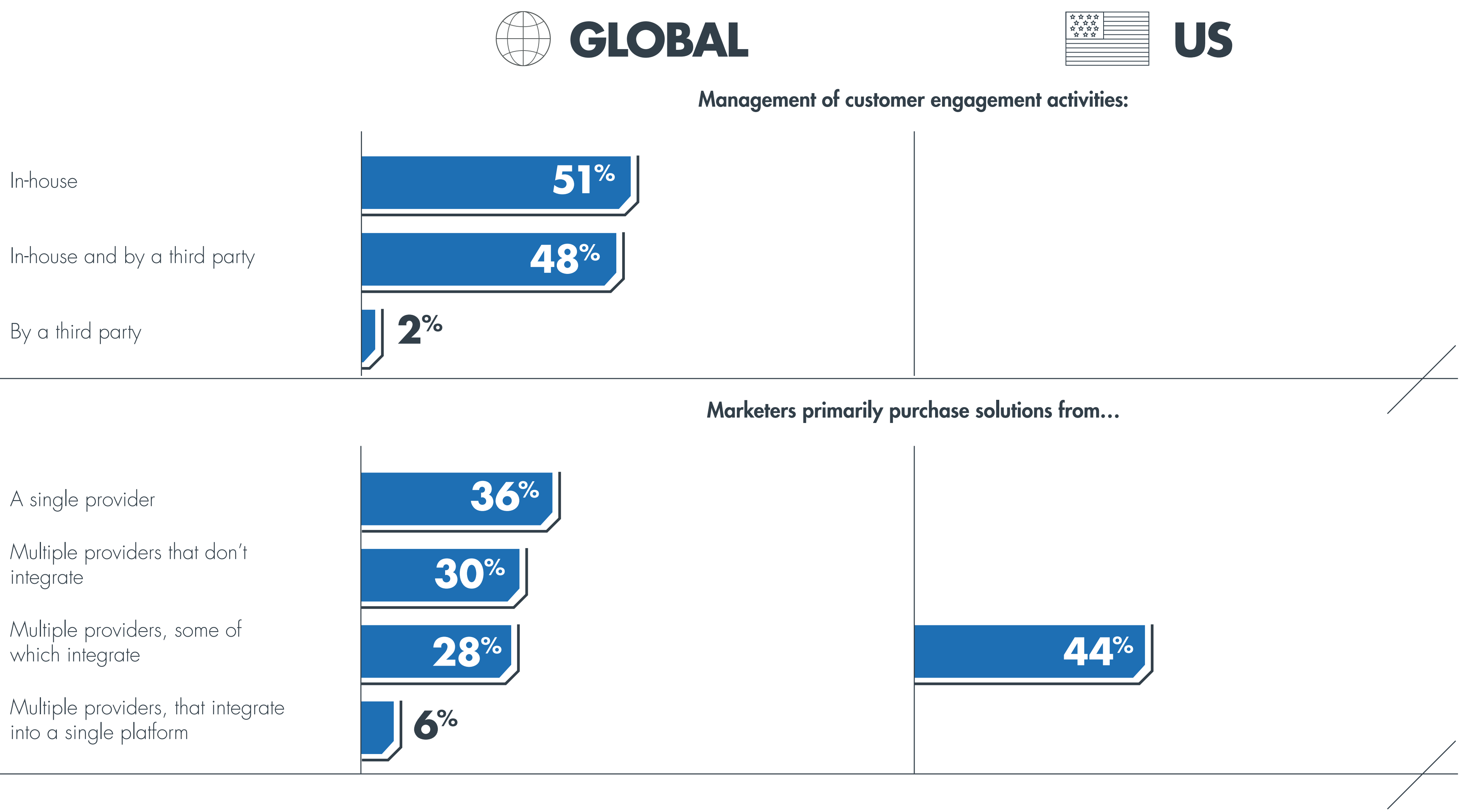
MARKETERS SATISFACTION WITH CURRENT ENGAGEMENT TOOLS

The biggest barriers to improving customer engagement are related to tools, so it is not surprising that marketer satisfaction with their engagement solutions is low across many aspects. Compared to the global average, marketers in France are more satisfied (64%) with their tools' ability to reach customers at the right time.

SATISFACTION WITH SOFTWARE SOLUTIONS ABILITY TO...

ENGAGEMENT TOOL MANAGEMENT

Marketers primarily manage consumer engagement in-house or with the assistance of a third-party agency. How marketers purchase technology solutions varies by each country. There is a slight preference toward using a single provider among marketers in the U.K. and France, while those in the U.S. are more likely to purchase from multiple, integrated providers.



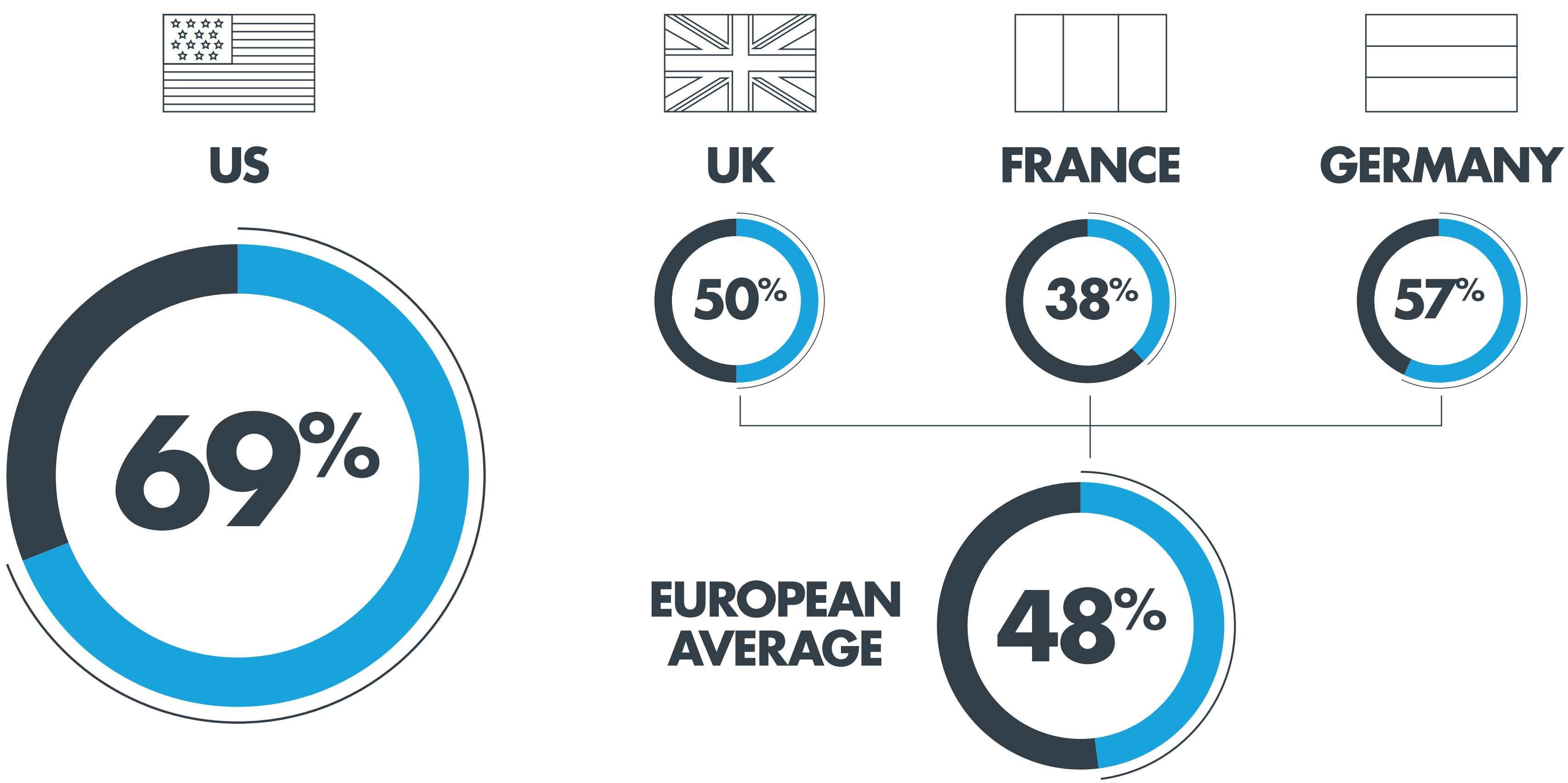
THE MARKETER'S APPROACH TO ENGAGEMENT

ENGAGEMENT BEYOND CONSUMERS

PARTNER ENGAGEMENT STRATEGIES

Many companies are expanding engagement to include partners and employees as critical routes to the customer. Engagement strategies targeted to partners are more prevalent in the U.S. than the U.K., France, and Germany. Partner initiative alignment primarily includes the product/service strategy, executive leadership, and brand/marketing. In France and the U.K., alignment of partner strategies with public relations and communication teams is also common.

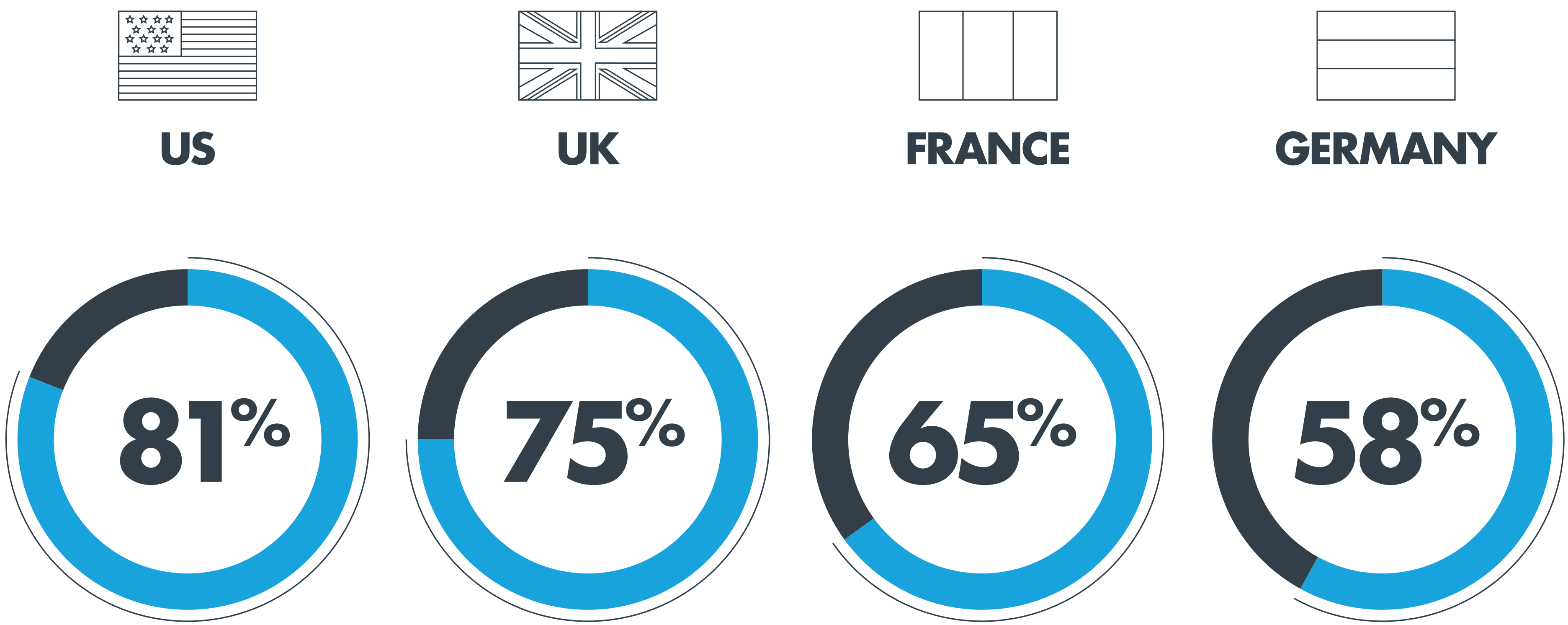
DO YOU HAVE A STRATEGY SPECIFICALLY FOR PARTNERS?



EMPLOYEE ENGAGEMENT STRATEGIES

Employee engagement strategies are more common in the U.S. and U.K. compared to France and Germany. Internal alignment of these strategies tends to be focused on executive leadership, product/service strategy, as well as customer service and support.

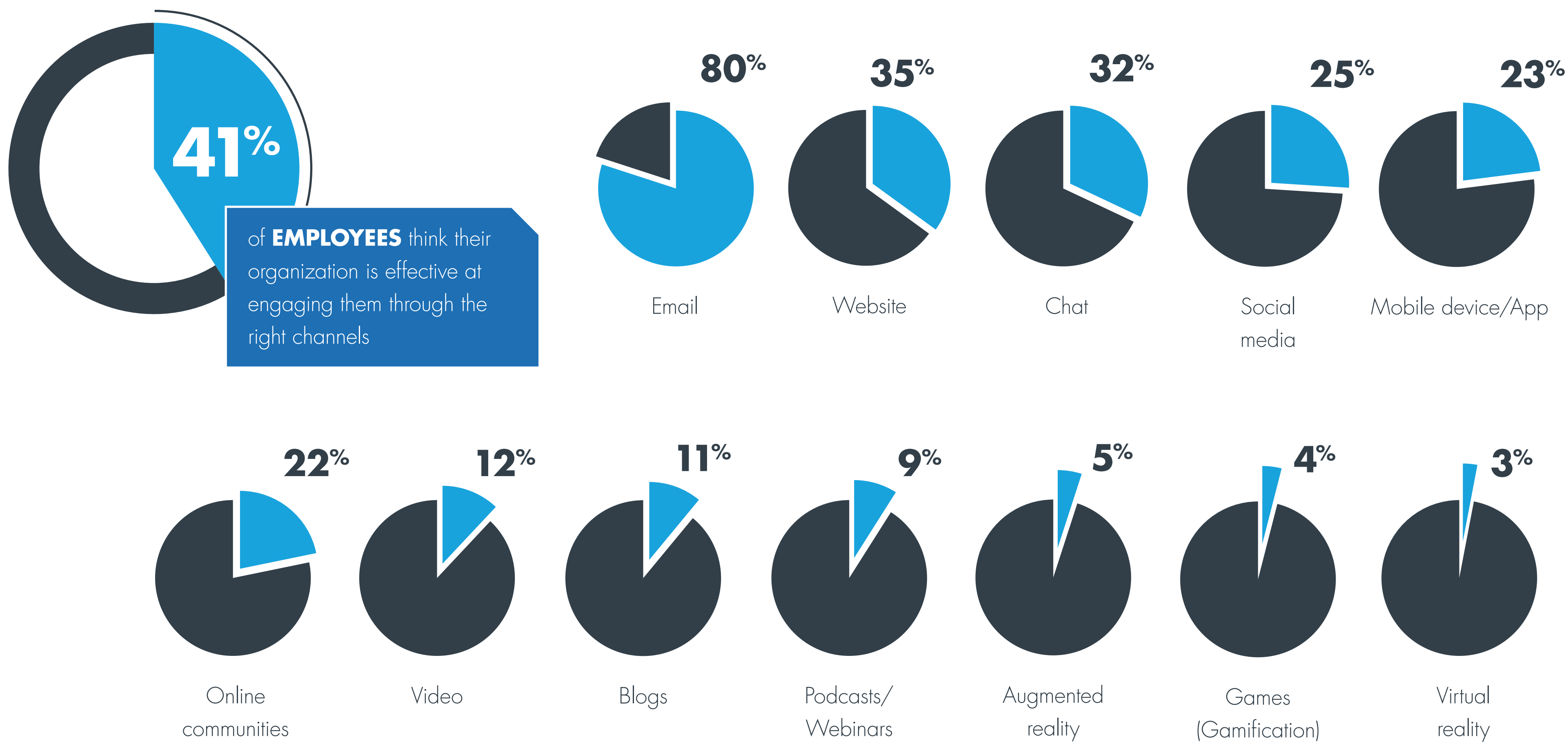
DO YOU HAVE A STRATEGY SPECIFICALLY FOR EMPLOYEES?



CHANNELS FOR EMPLOYEE ENGAGEMENT

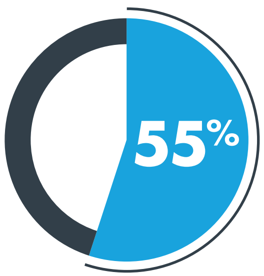
Email dominates the ways employers engage employees, with website and chat as the next most common way to engage employees. Only about a quarter of employees cite social media, mobile devices, or online communities as a way they engage with their employers.

CHANNELS CURRENTLY BEING USED OVERALL

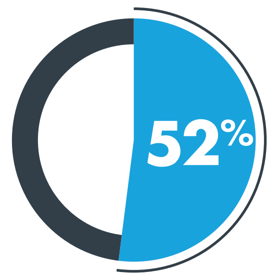


EFFECTIVENESS OF EMPLOYEE ENGAGEMENT

More than half of employees think it is important for their organization to have a strategy for employee engagement, and many organizations do. Yet very few employees think their organization is exceeding their expectations.

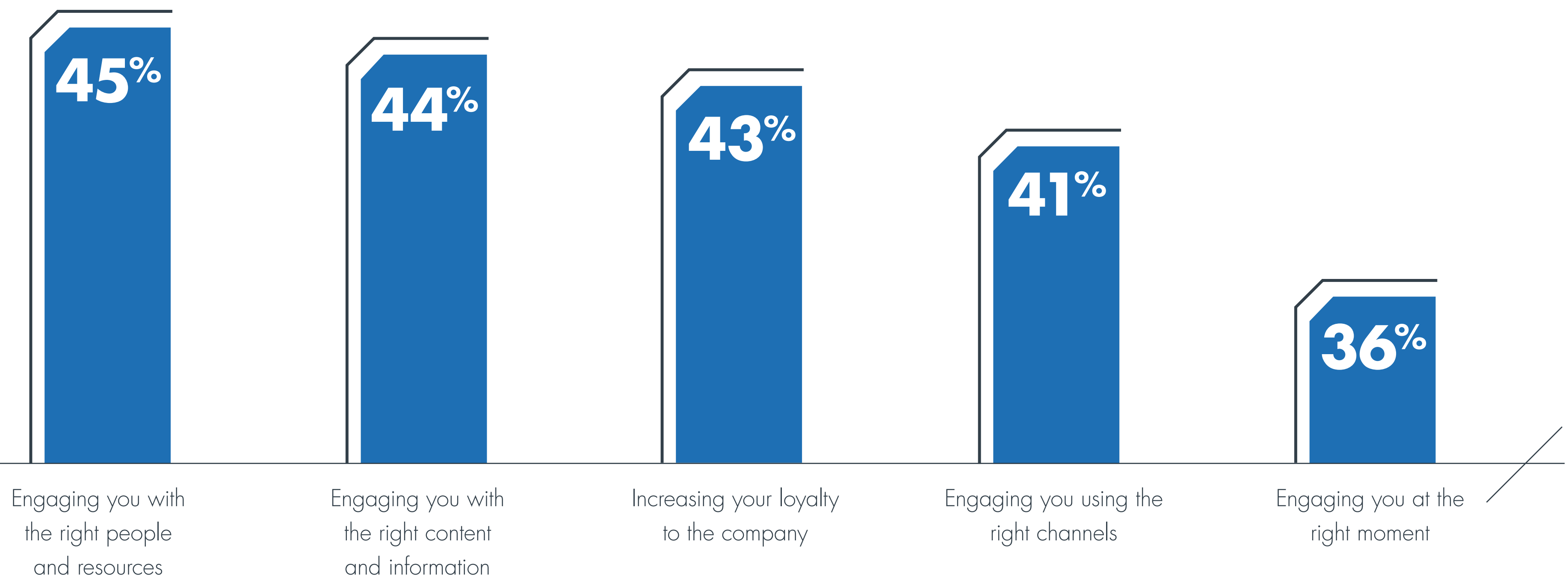


of employees think it is important to have a specific strategy in place for employee engagement



of employees report that their organization actually has a specific strategy in place for employee engagement

EFFECTIVENESS OF SPECIFIC ACTIVITIES AT...



"The team is also responsible for employee engagement. Our move to a new publishing platform enables us to transition from push to pull communication. It also allows our employees to customize their content preferences and enables the business to communicate much more effectively with different target groups. With the advent of new social media tools, our employees can have a much more engaging experience interacting with the different content pieces. We leverage similar tools externally to position us as an employer of choice to our potential talent in market. Given the digital nature of these tools, our teams can track which content resonates best, get the right insights and use those insights to better serve the needs of the different audiences."

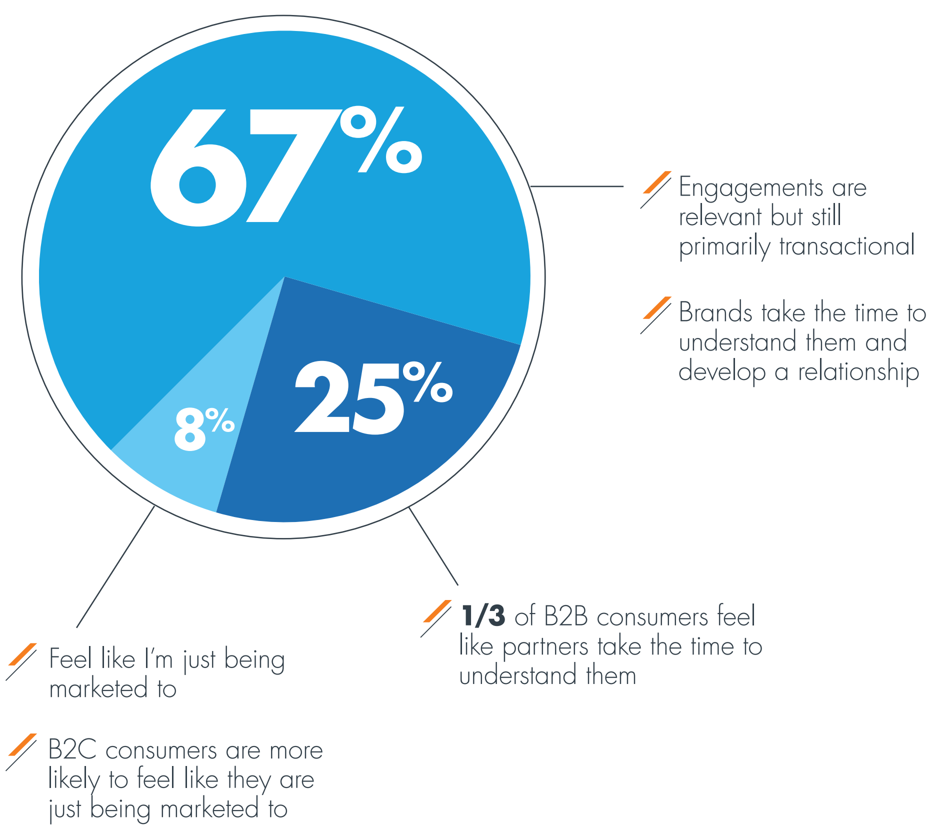
Karina Gan
Managing Director, Growth Markets, Accenture

THE ENGAGEMENT GAP

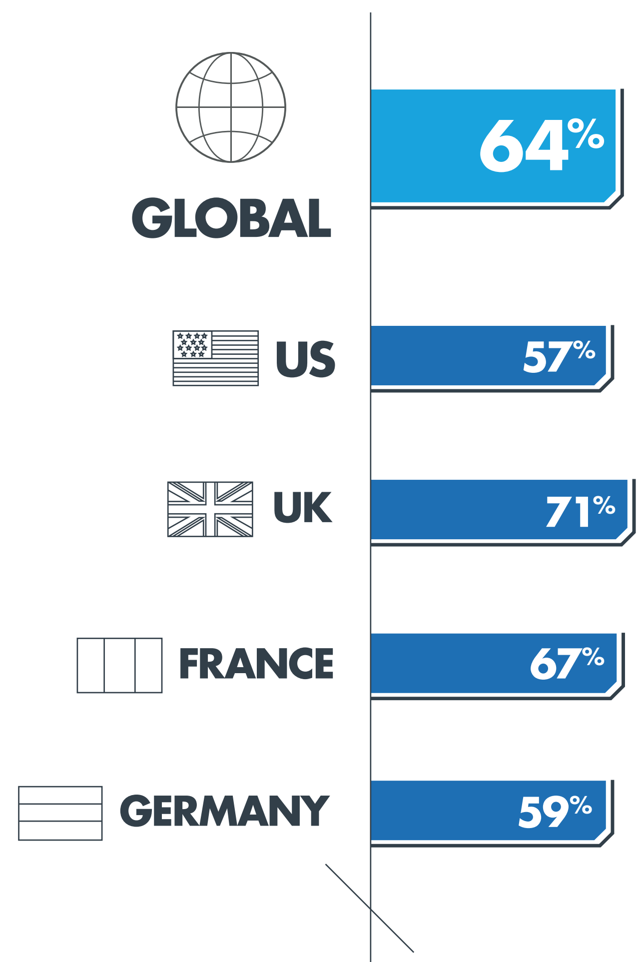
THE ENGAGEMENT GAP

Most consumers consider the engagement they have with brands relevant but primarily transactional. They crave greater, more relevant innovation. Globally, marketers believe they are above average in delivering a positive consumer experience, but the data shows that they are aware there is room for improvement.

HOW EFFECTIVE ARE CONSUMER ENGAGEMENTS?



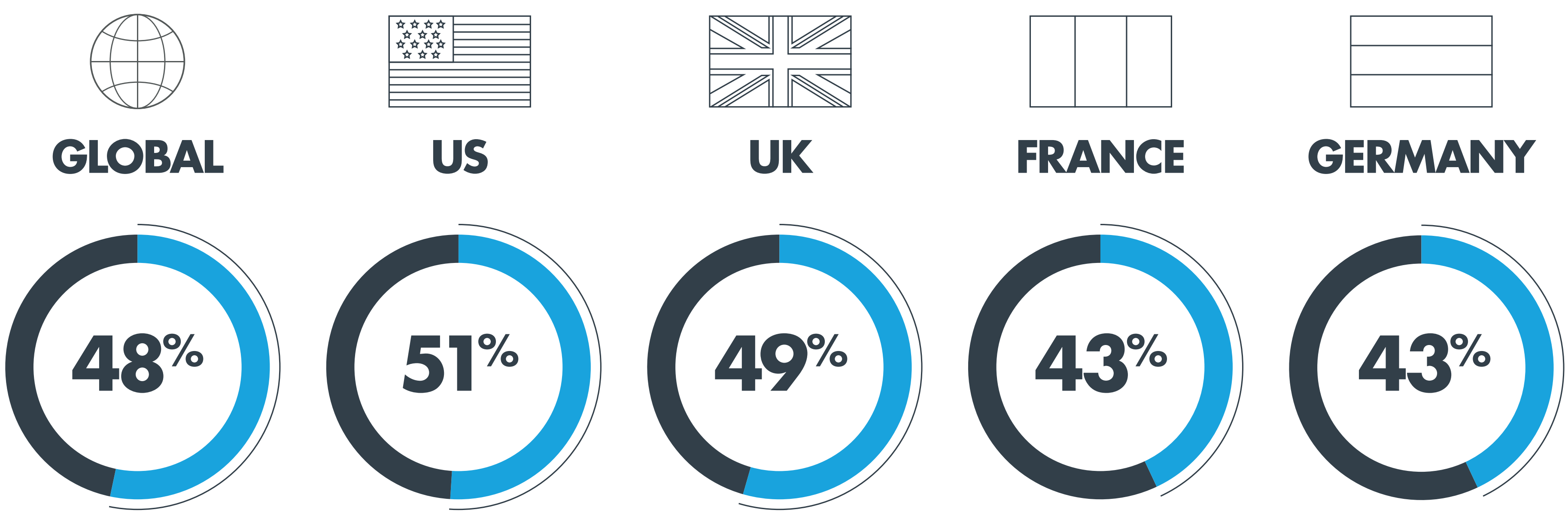
MARKETER PERSPECTIVES ON CONSUMER EXPERIENCE



EFFECTIVENESS AND PERCEPTION OF CONSUMER ENGAGEMENT

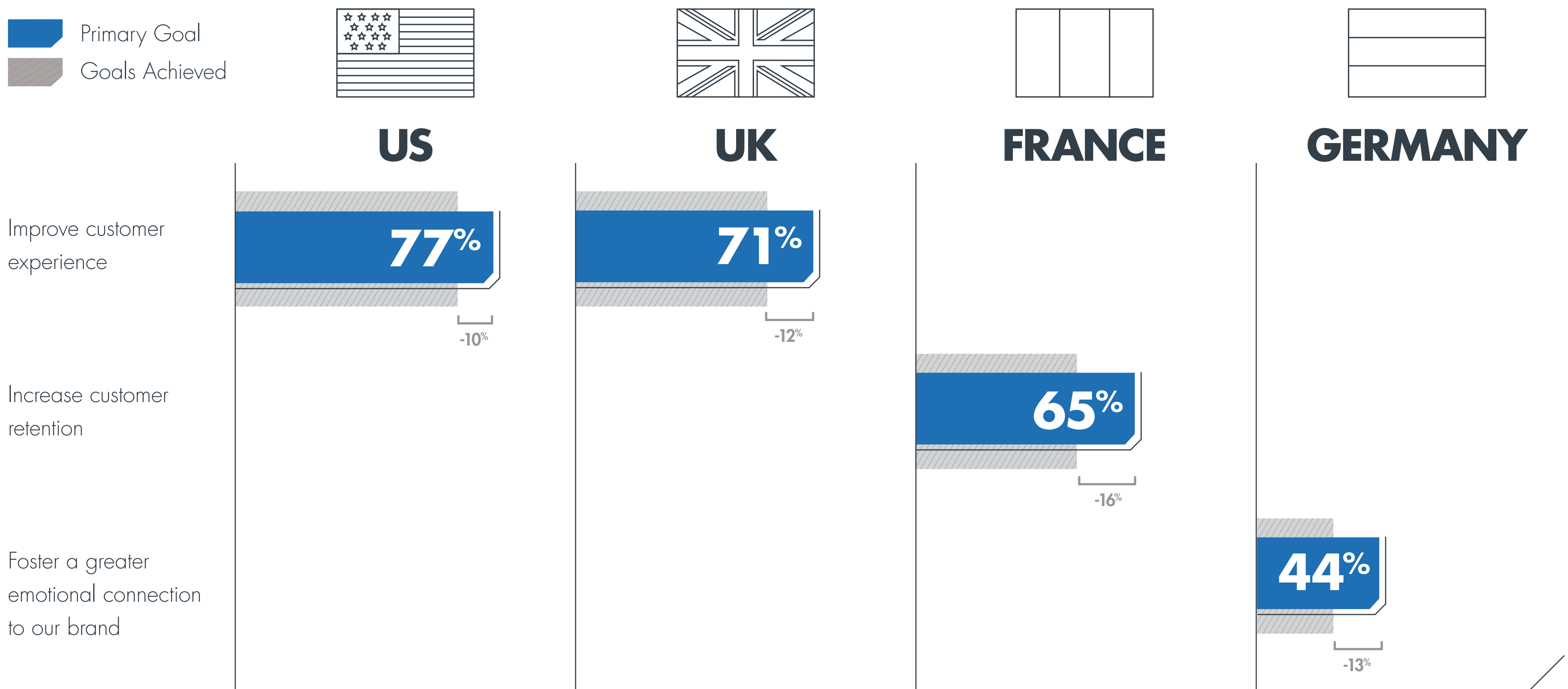
Marketers believe that consumer experience is critical to their organization. Globally, marketers believe their engagement efforts are performing below average in terms of helping them achieve their strategic objectives, which you may recall from page 27 are customer retention, meeting customer demands, and addressing market pressures.

EFFECTIVENESS OF MARKETERS' ENGAGEMENT EFFORTS AT ACHIEVING ORGANIZATIONS' STRATEGIC OBJECTIVES



THE ENGAGEMENT GAP FOR BRANDS

Here, you'll see marketers' top engagement goals, by country, contrasted with their take on whether they're fully achieving these goals. Most of the largest gaps occur in each region's most important category. Of note, French marketers identified their largest gap is increasing customer retention (16%). American marketers recorded their greatest gap in increasing satisfaction and brand loyalty (14%), while German marketers struggle most to foster greater emotional connection among consumers (13% gap).



"There are four barriers to great consumer engagement: relevancy, complexity, social proof—i.e., trusted sources, and time or energy that the consumer must expend."

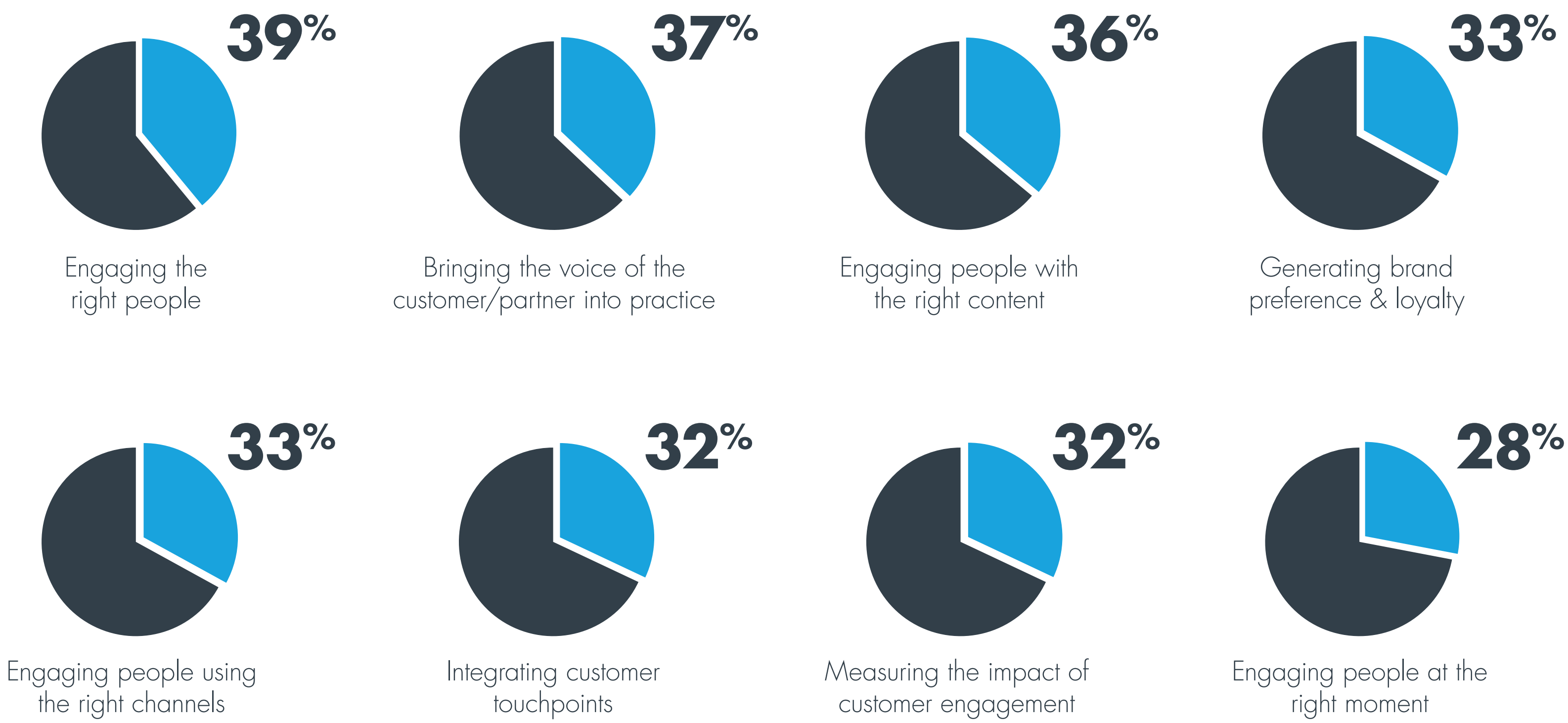
Jeffrey Boorjian
Vice President of Marketing, MetLife

EFFECTIVENESS OF ENGAGEMENT METHODS

Consumers tend to be more critical than marketers regarding a brand's ability to engage them effectively. This is even stronger in B2C engagement, suggesting there is still room to improve in reaching B2C consumers at the right time, with the right content, using the right channel.

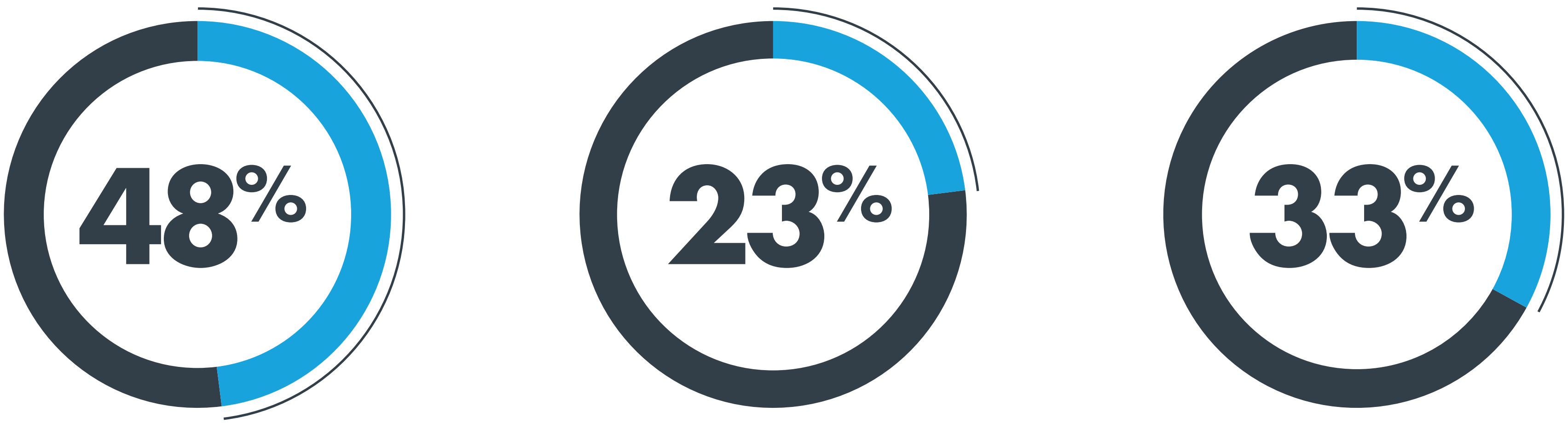
EFFECTIVENESS OF ENGAGEMENT ACTIVITIES AT...

B2B consumer perceptions are more aligned with marketers compared to their B2C counterparts, especially in terms of bringing the voice of the partner into practice.



INNOVATIVE ENGAGEMENT

Both marketers and consumers agree that innovative engagement is critical, but there is an obvious gap in how well marketers believe they are doing and consumers' perceptions. Further, there are even marked differences between B2B and B2C consumers, with B2C consumers valuing promotions and coupons most, while B2B consumers prioritize personalization.



MARKETERS | **B2C CONSUMERS** | **B2B CONSUMERS**

think engagements are extremely or very innovative

Marketers believe that a strong digital engagement strategy is imperative for innovative engagement.

Promotions, coupons, and free products and services are top of mind for B2C customers.

Personalized communication is a key aspect of innovative engagements for B2B consumers.

INNOVATIVE WAYS BRANDS ENGAGE CONSUMERS "IN THEIR WORDS"

MARKETERS

"Engaging with people using technology to its fullest potential."

"They constantly introduce new channels of communication and digital features."

"Using the latest technology and understanding how digital trends are changing the business environment and consequently how to take advantage of them."

"Providing a virtual environment to engage customers."

B2C CONSUMERS

"Using Instagram and Twitter to keep customers posted with new things."

"Based on my previous purchases, brands have notified me of updates or special promotions."

"Online chat service when problems arise, this is much quicker and easier than having to email."

"Smart software that is intuitive enough to anticipate my next move or purchase. They also have become better at making email and push ads relevant rather than random junk."

B2B CONSUMERS

"Website support forums where customers share help and knowledge of the product."

"Video chat on mobile device. Gives me an opportunity to feel more engaged while not giving up too much valuable time."

"Using technical update as opportunity to have live demonstrations and short presentations."

"By tailoring e-mails and promotions to products that we need."

MARKETING ACTIVITY GAP

When comparing what activities consumers think are important and if brands are actually performing these activities, there is a significant gap, which indicates that marketers are falling short.

IT IS IMPORTANT TO...

B2C importance of activities
B2B importance of activities
# of companies performing activities

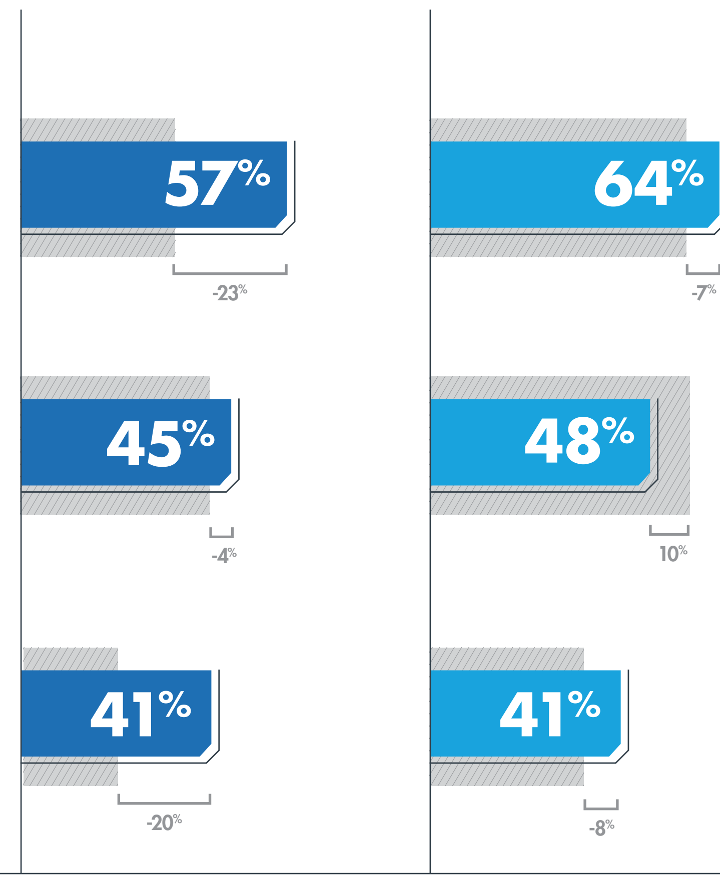
Brands are furthest behind in meeting the expectations of B2B consumers, namely in providing a consistent customer experience and demonstrating a transparent, executive-level commitment to customer engagement.

B2C consumers diverged from B2B consumers by identifying a gap in the channels provided for connecting with customer service.

Provide a consistent customer experience

Provide multiple channels for communicating with relevant customer service personnel

Demonstrate a transparent commitment from senior executives that customer engagement is their number one priority



CONSUMER PERSPECTIVE ON ENGAGEMENT

Overall, consumers are more critical of the engagement efforts of the brands they interact with, with the most skepticism coming from B2C consumers.

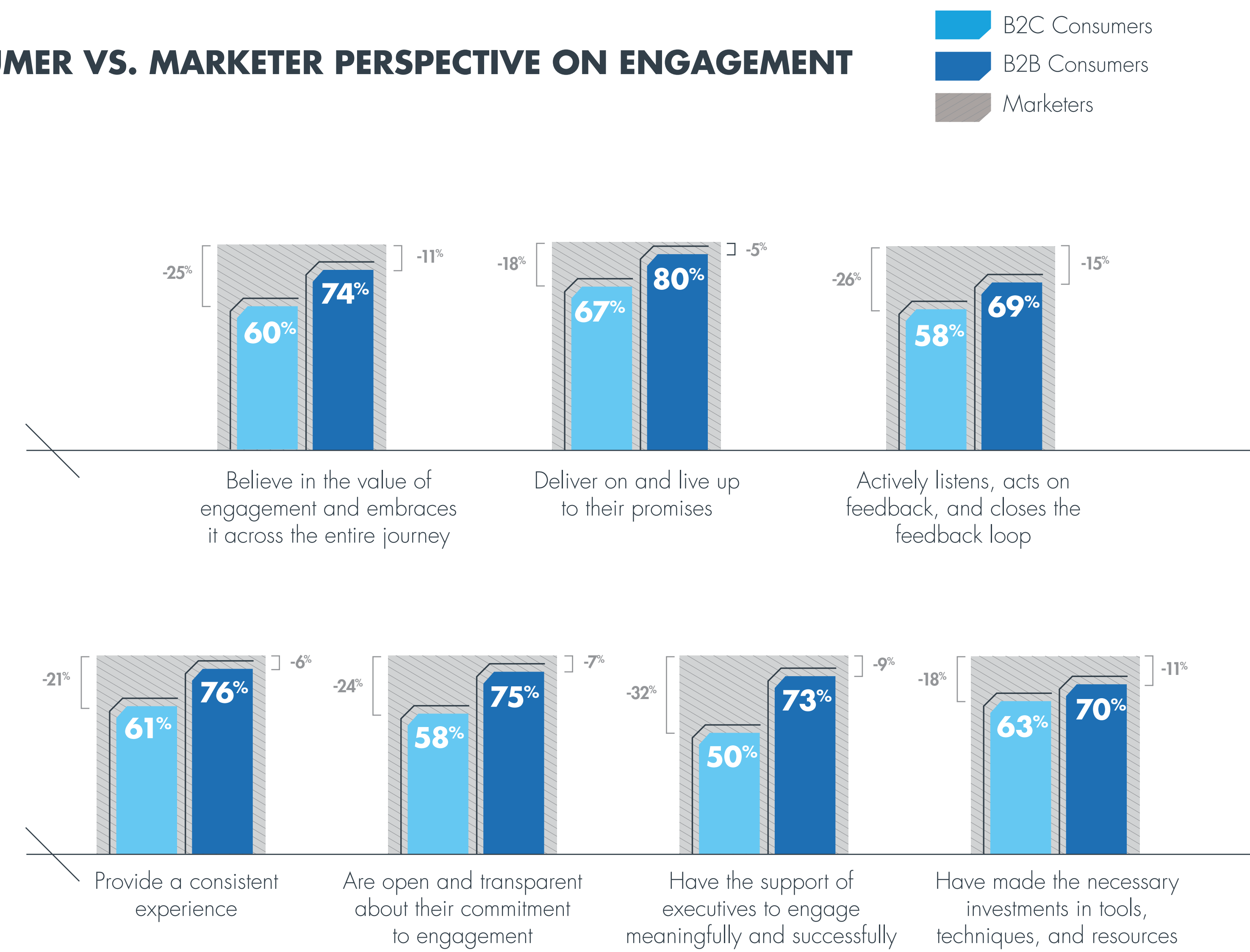
CONSUMER VS. MARKETER PERSPECTIVE ON ENGAGEMENT

The most significant gaps in perceptions between marketers and B2C consumers are in…

- Believing in the value of engagement across the customer journey
- Actively listening to consumers
- Being open and transparent

B2B consumers are more positive than their B2C counterparts. Areas where marketers and B2B consumers align are in…

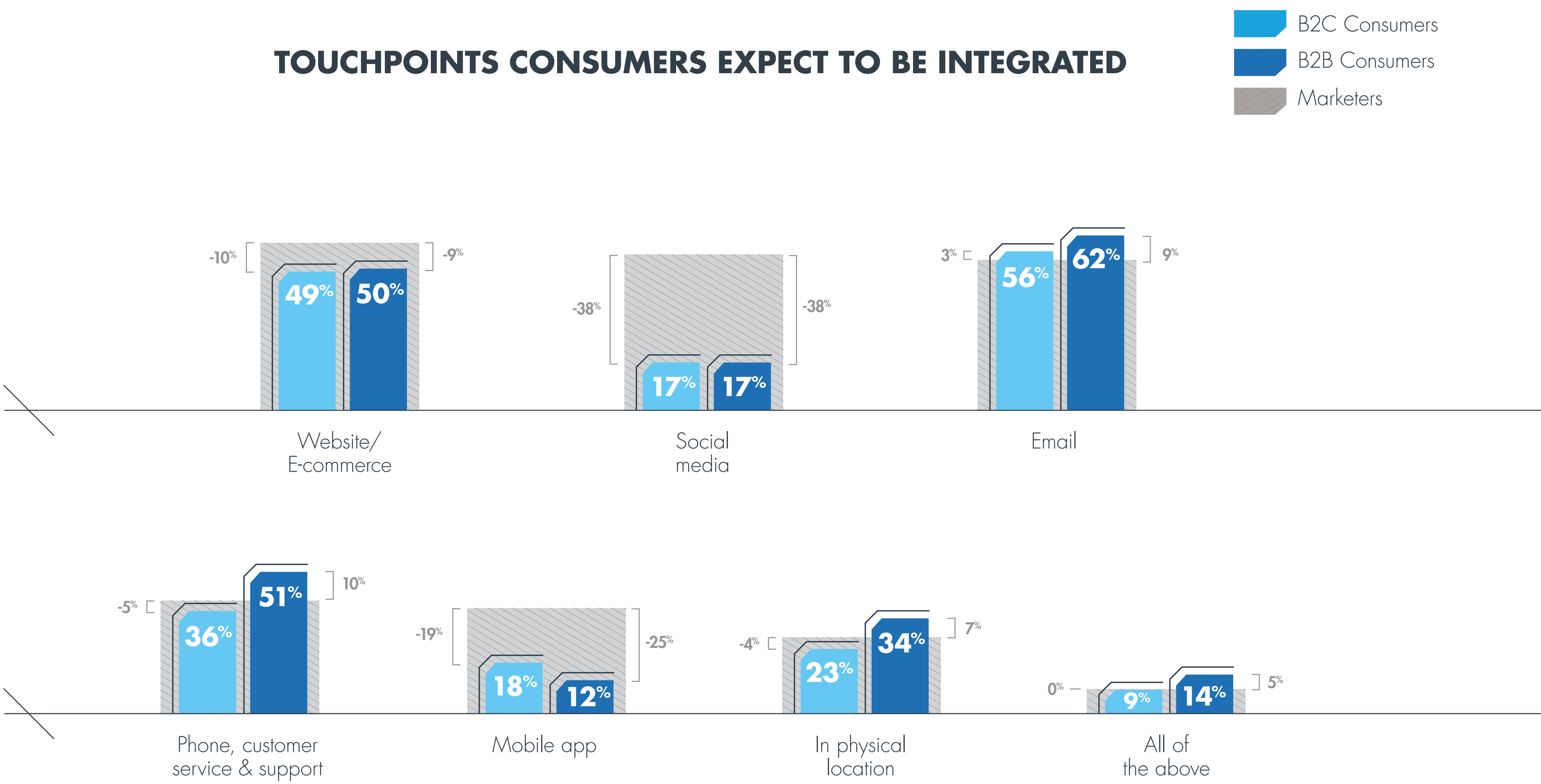
- Delivering on promises
- Providing a consistent experience
- Being open and transparent



INTEGRATED EXPERIENCE EXPECTATIONS

Integration across touchpoints is marginally more important to B2B consumers than B2C consumers, however, both see the value. For all consumers, it is most important for companies to have their email, website, and phone interactions integrated. In those critical top three, marketers only outpace consumers expectations on their websites, while they barely meet consumer expectations in email, and fall behind in customer service and support.

TOUCHPOINTS CONSUMERS EXPECT TO BE INTEGRATED



"If you are really focused on the Engagement Economy, you need to understand how every single touch point is connected across people, places and things. The margin for error today is so small because if clients do not get that personalized experience, they will move on to one of your competitors. Understanding how to surprise and delight is where the Engagement Economy meets growth."

Steven Wolfe Pereira
Chief Marketing and Communications Officer, Neustar, Inc.

THE
ENGAGEMENT
GAP

ENGAGEMENT GAPS IN THE BUYER JOURNEY

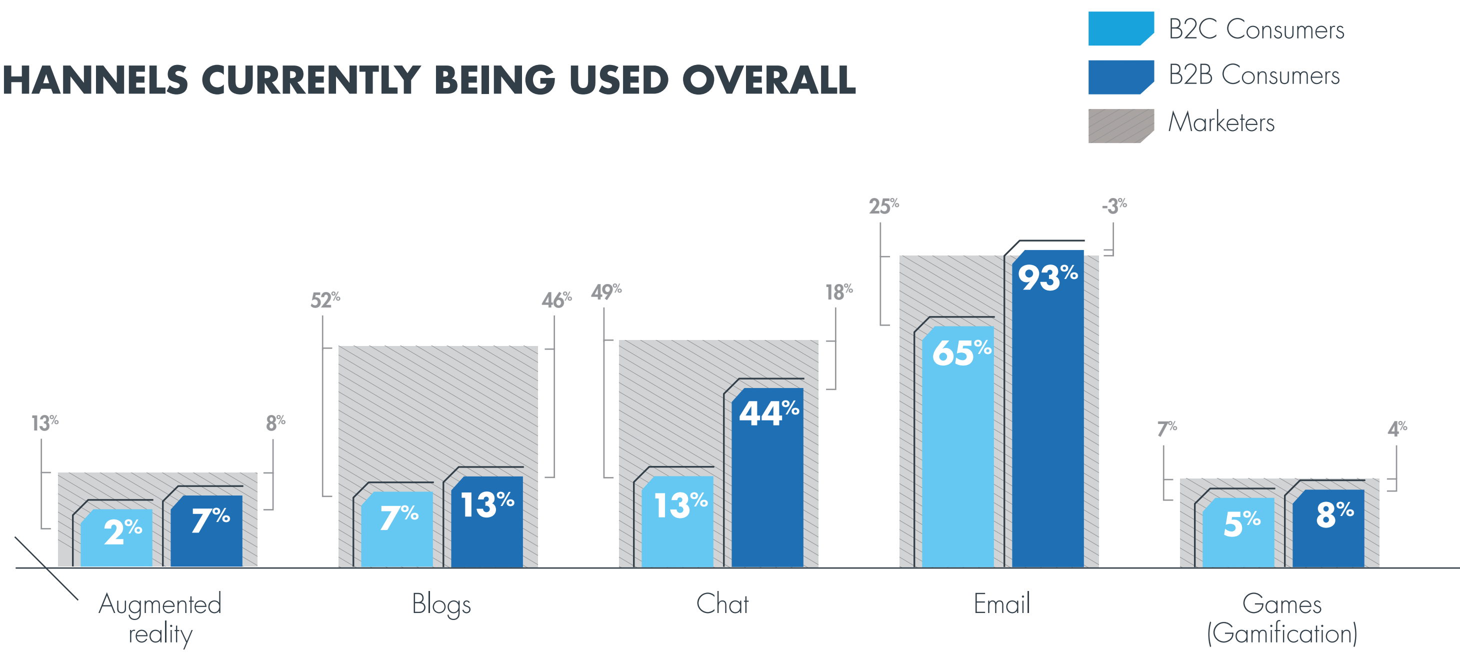
INITIATING ENGAGEMENT—MARKETERS VS. CONSUMERS

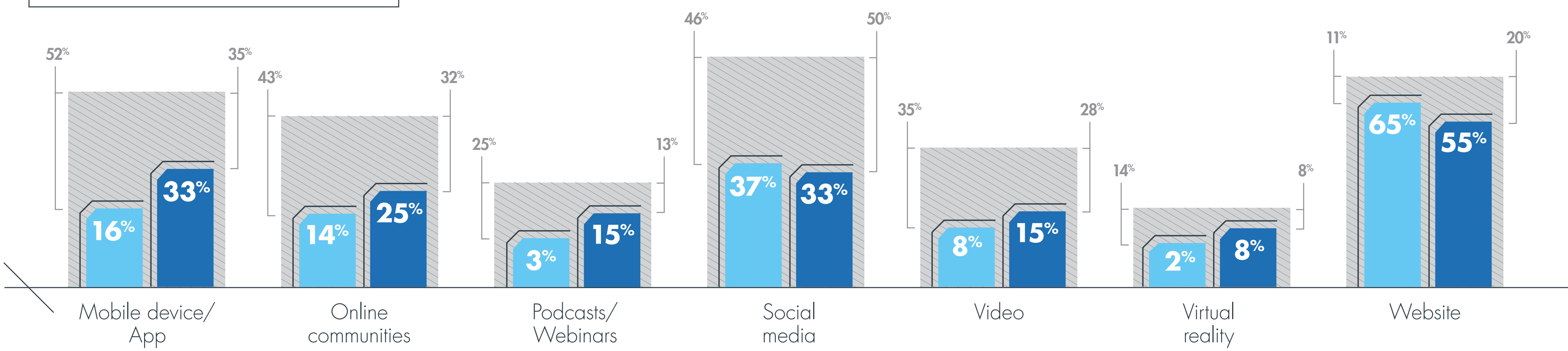
Regardless of consumer type, email and websites are the most used channels for initiating engagement with brands and vendors. Social media is also a commonly used channel among both B2C and B2B consumers.

CHANNELS CURRENTLY BEING USED OVERALL

Across almost all channels, marketers are making investments at higher rates than consumers are reportedly using. The largest gaps between marketer and consumer usage are in…

- Blogs
- Mobile device
- Social media
- Online communities





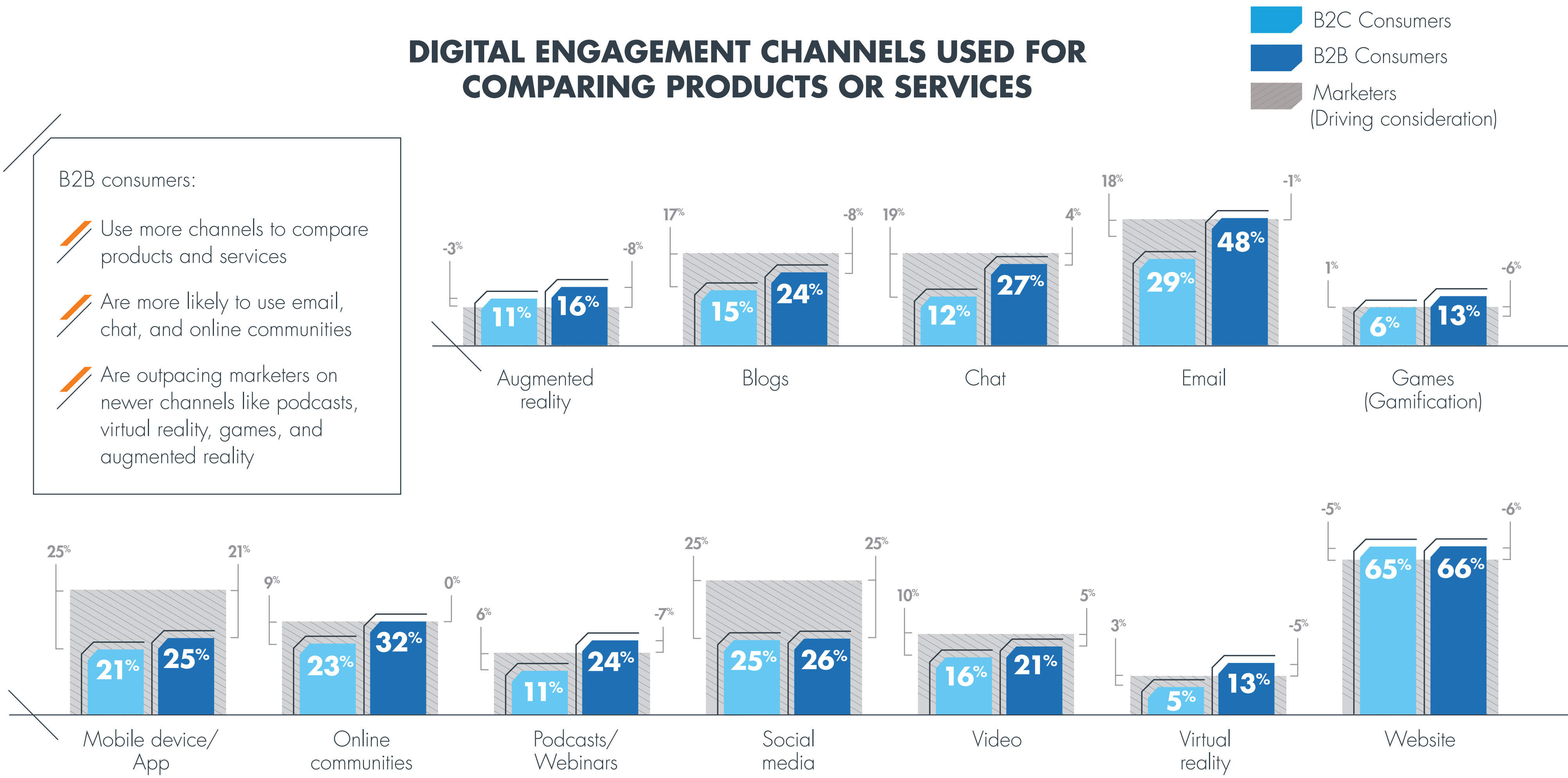
COMPARING PRODUCTS & SERVICES

Website is by far the most commonly used channel to compare products and services for consumers. Email is used to compare more often among B2B consumers because they are more likely to have a direct relationship with vendors. Marketers are also investing in driving consideration through blogs, social media, and mobile devices at higher rates than consumers are using those channels for comparing products and services.

DIGITAL ENGAGEMENT CHANNELS USED FOR COMPARING PRODUCTS OR SERVICES

B2B consumers:

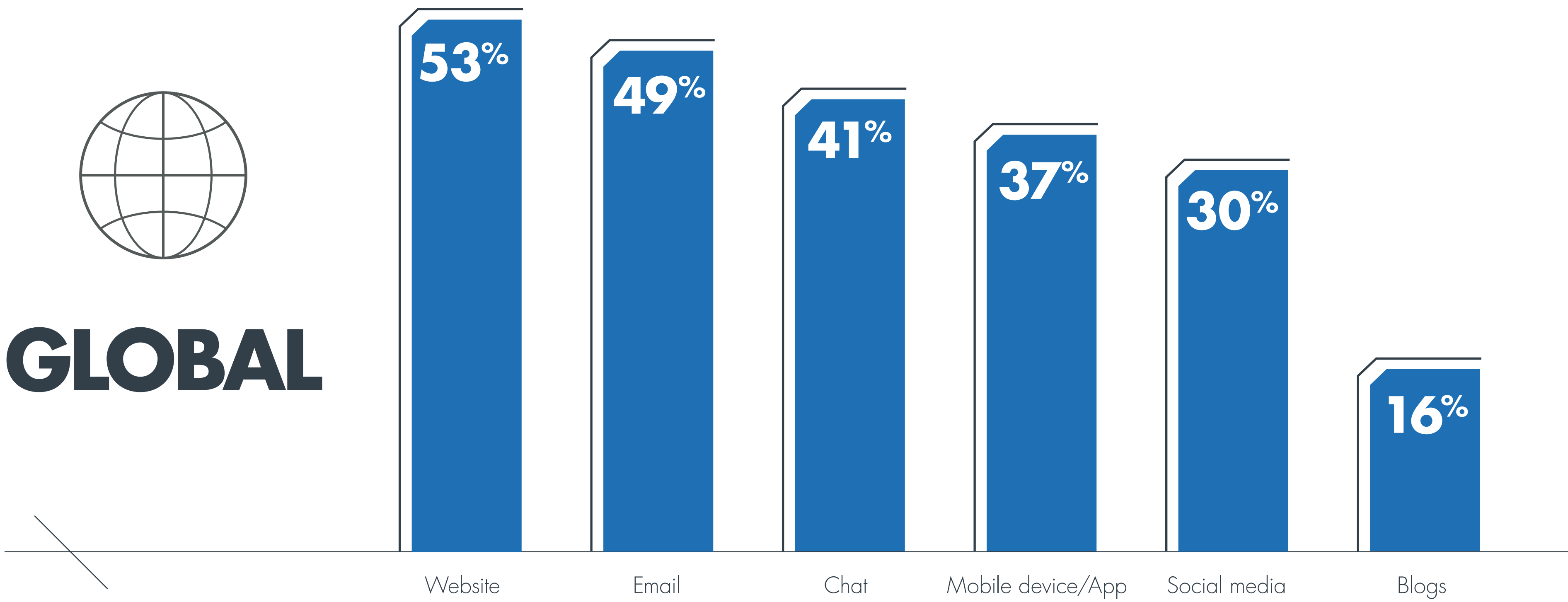
- Use more channels to compare products and services
- Are more likely to use email, chat, and online communities
- Are outpacing marketers on newer channels like podcasts, virtual reality, games, and augmented reality



CHANNELS USED TO DRIVE PURCHASE

Marketers are using website, email, and chat to drive purchases among consumers, with less emphasis on social media. Marketers in the U.S. continue to be less focused on chat than their global counterparts.

DIGITAL ENGAGEMENT CHANNELS USED TO DRIVE PURCHASES/CONVERSION



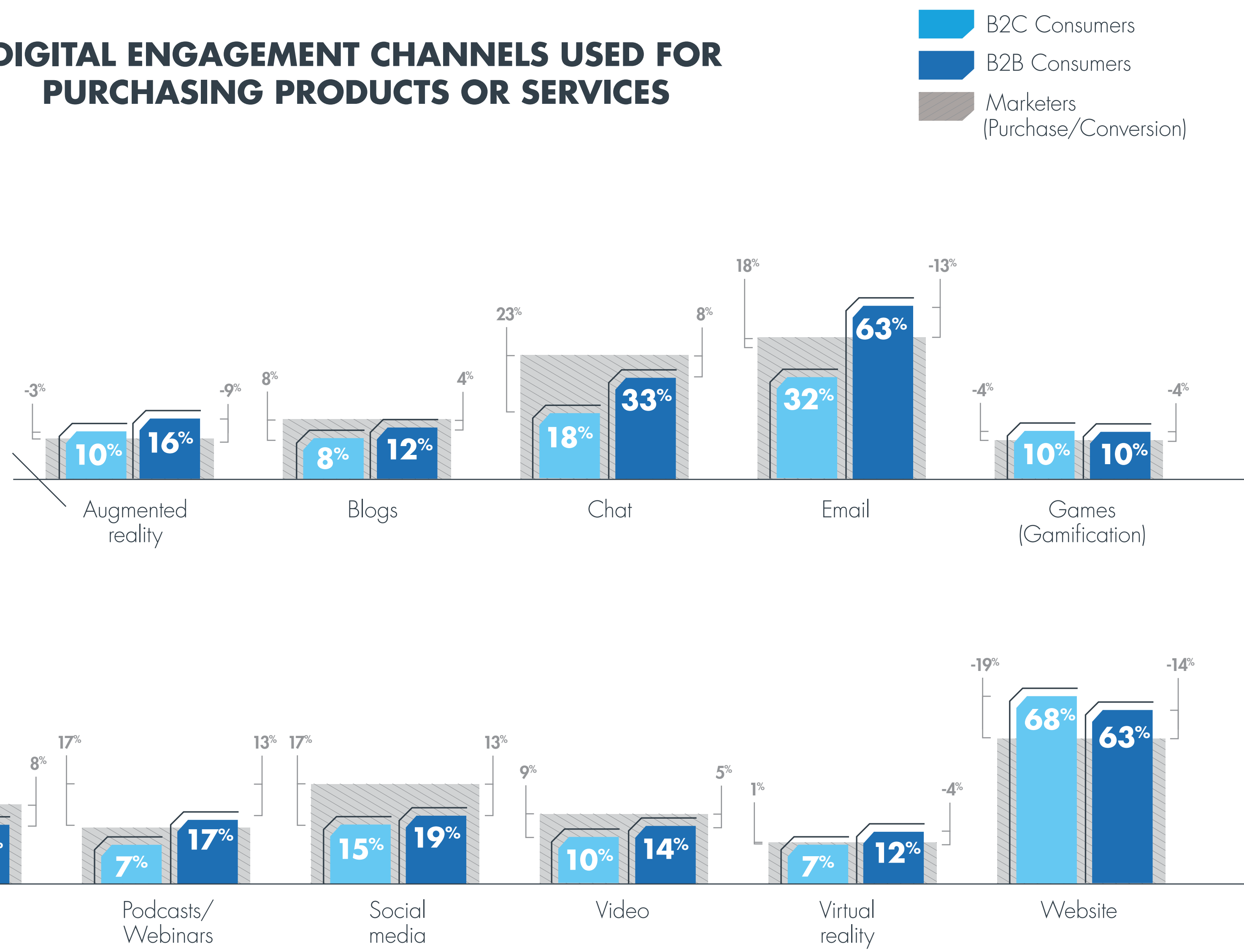
PURCHASE

Not surprisingly, both B2B and B2C consumers use websites to purchase products and services. B2B consumers are using email to make purchase decisions at almost the same rate as websites.

DIGITAL ENGAGEMENT CHANNELS USED FOR PURCHASING PRODUCTS OR SERVICES

Compared to B2C consumers, B2B consumers are much more likely to use chat, mobile devices, podcasts, and augmented reality for purchasing products.

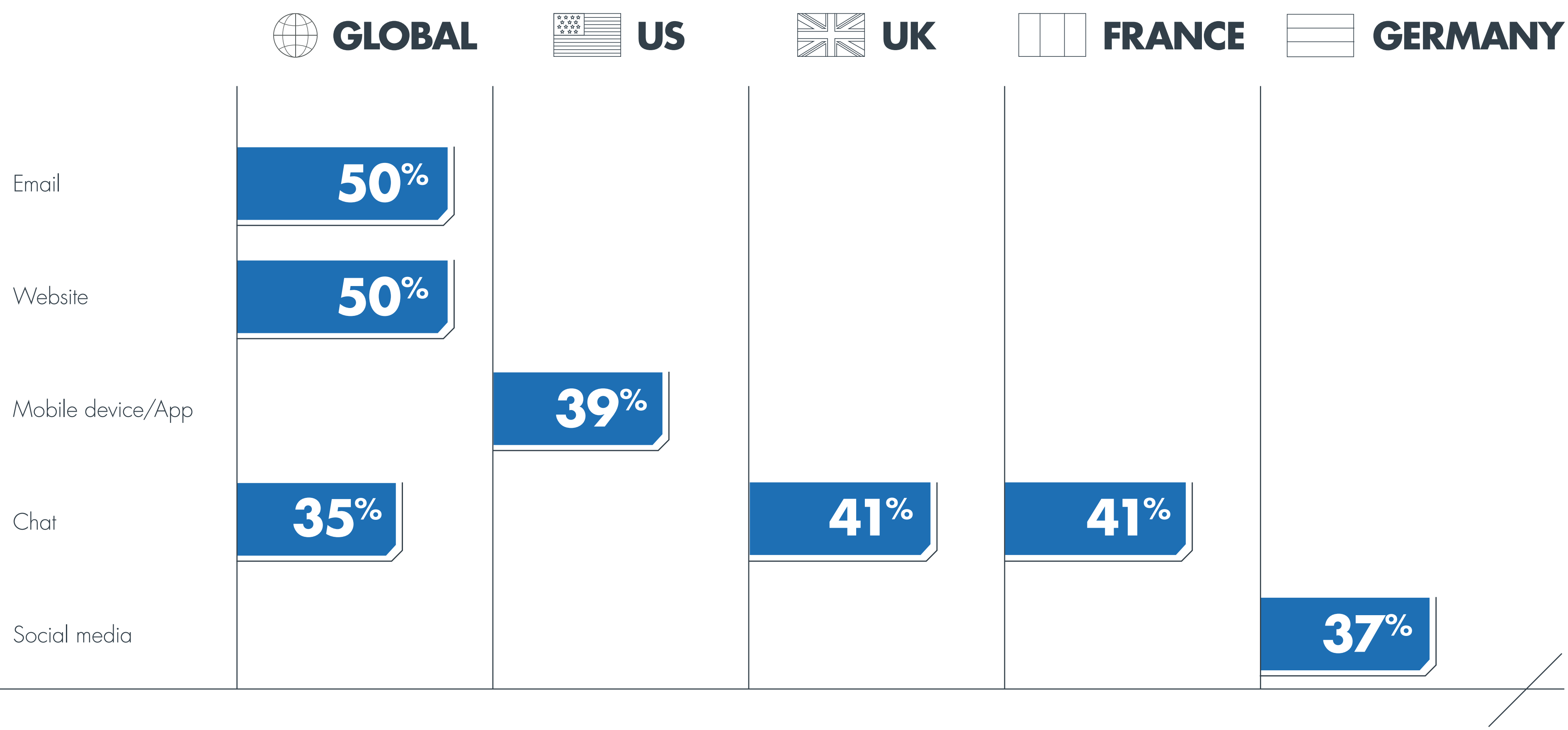
Marketers are investing in converting purchases through chat, mobile devices, and social media, at higher rates than customers are using those channels for making purchases.



CHANNELS USED FOR POST-PURCHASE

Marketers engage with consumers post-purchase primarily through email and website. Chat is also a common channel in the U.K. and France, while mobile solutions are more important in the U.S. Unlike the other countries, German marketers identify social media as a top channel for post-purchase engagement.

DIGITAL ENGAGEMENT CHANNELS USED FOR POST-PURCHASE



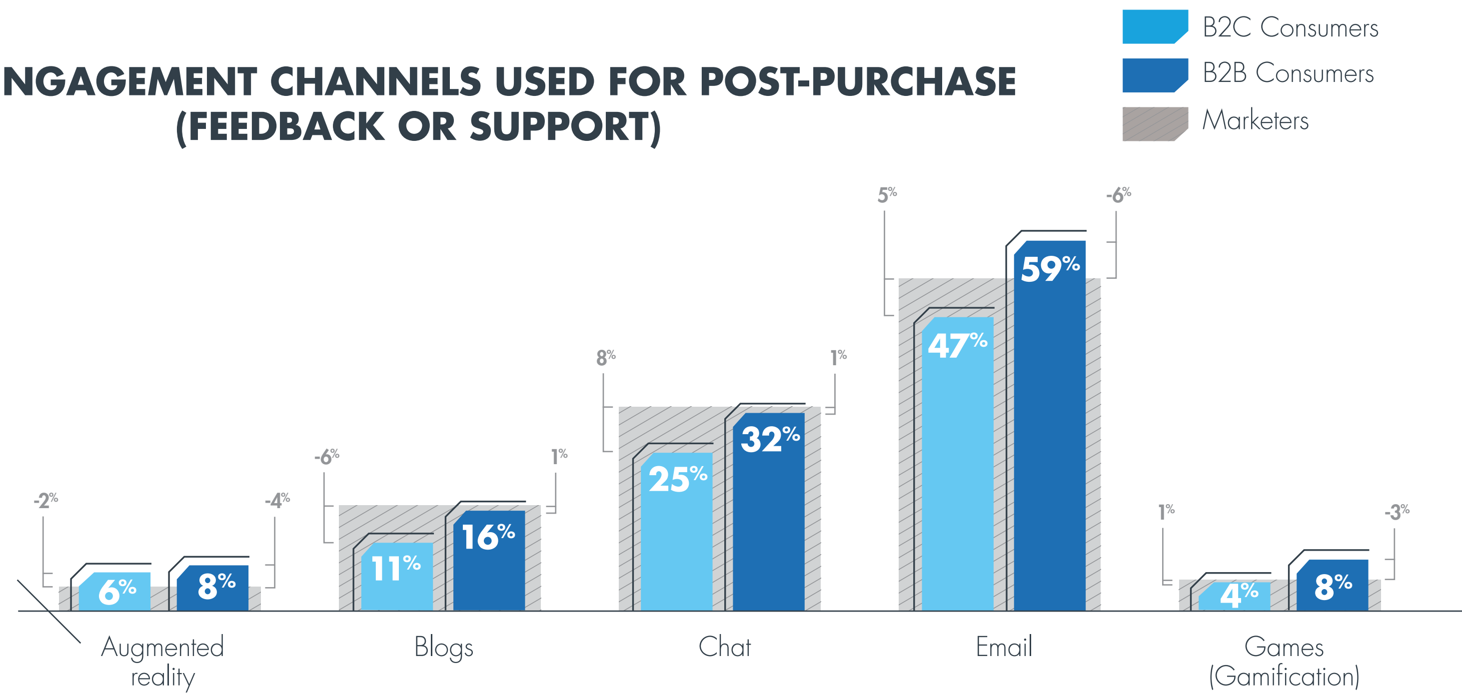
POST-PURCHASE ENGAGEMENT

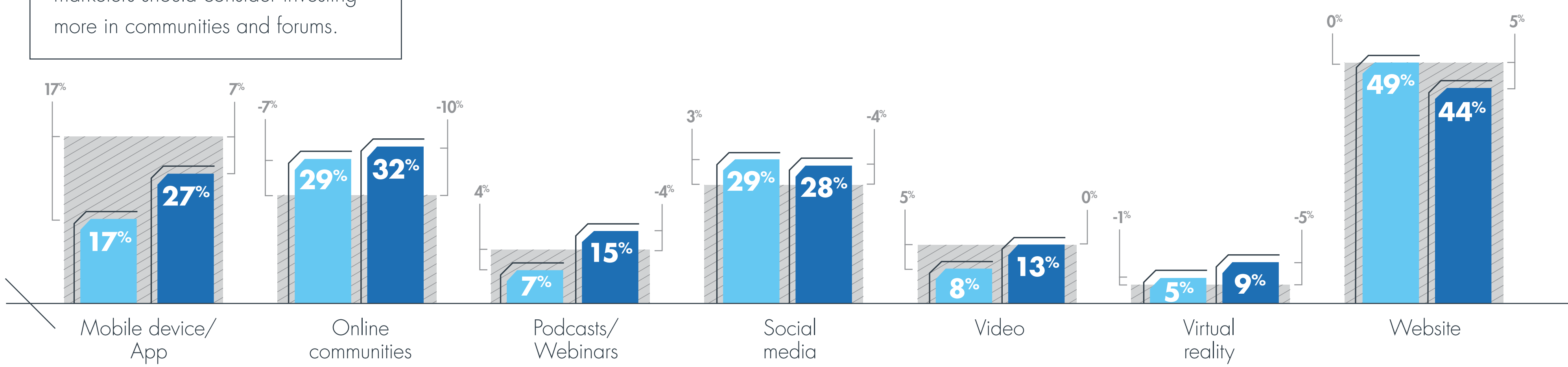
Consumers are primarily using email, followed closely by websites, to engage with brands and partners once they have purchased products.

DIGITAL ENGAGEMENT CHANNELS USED FOR POST-PURCHASE (FEEDBACK OR SUPPORT)

Marketers' emphasis on mobile devices/apps as a form of post-purchase engagement is greater than consumers' desired usage, especially among B2C consumers.

Among B2B consumers, online communities are the third most commonly used channel for post purchase engagement indicating that marketers should consider investing more in communities and forums.



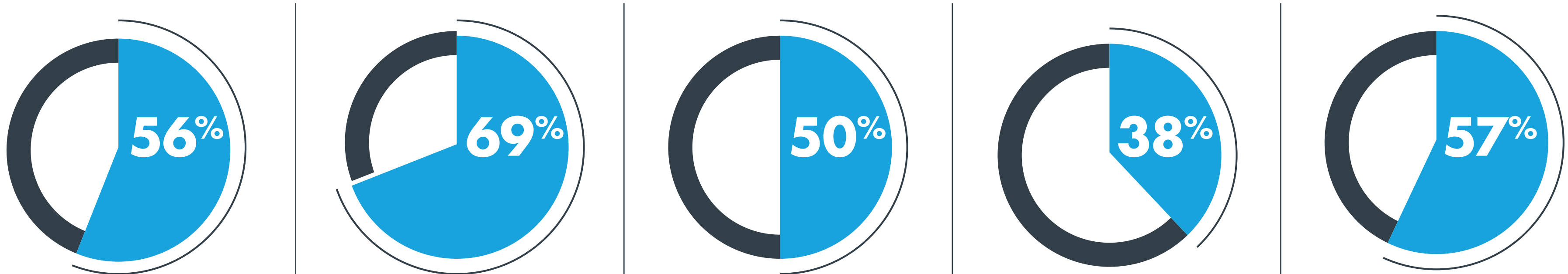


THE PARTNER STRATEGY GAP

Partner engagement strategies are the most common in the U.S. and least common in France. The organizations with a partner strategy tend to be more critical of their efforts and see room for improvement in engaging partners effectively.

GLOBAL | US | UK | FRANCE | GERMANY

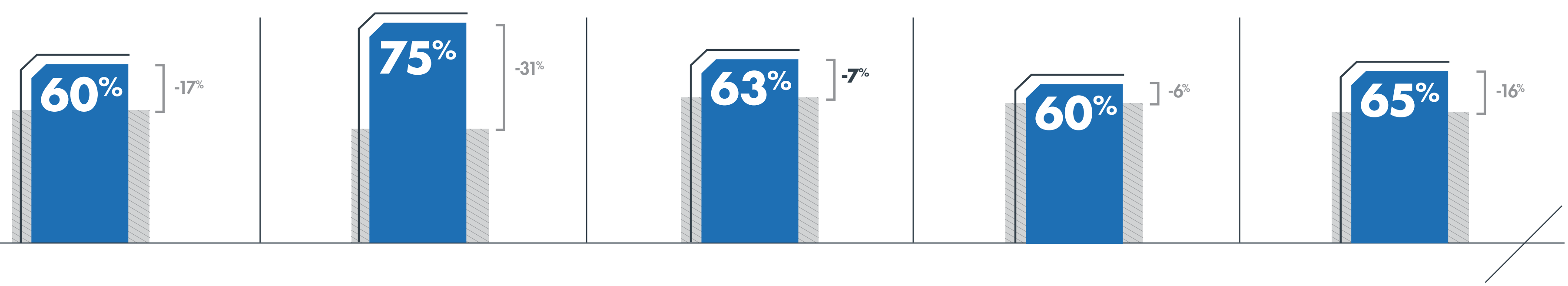
PERCENT OF ORGANIZATIONS THAT HAVE A STRATEGY SPECIFICALLY FOR PARTNERS



MARKETER PERSPECTIVES ON PARTNER EXPERIENCE

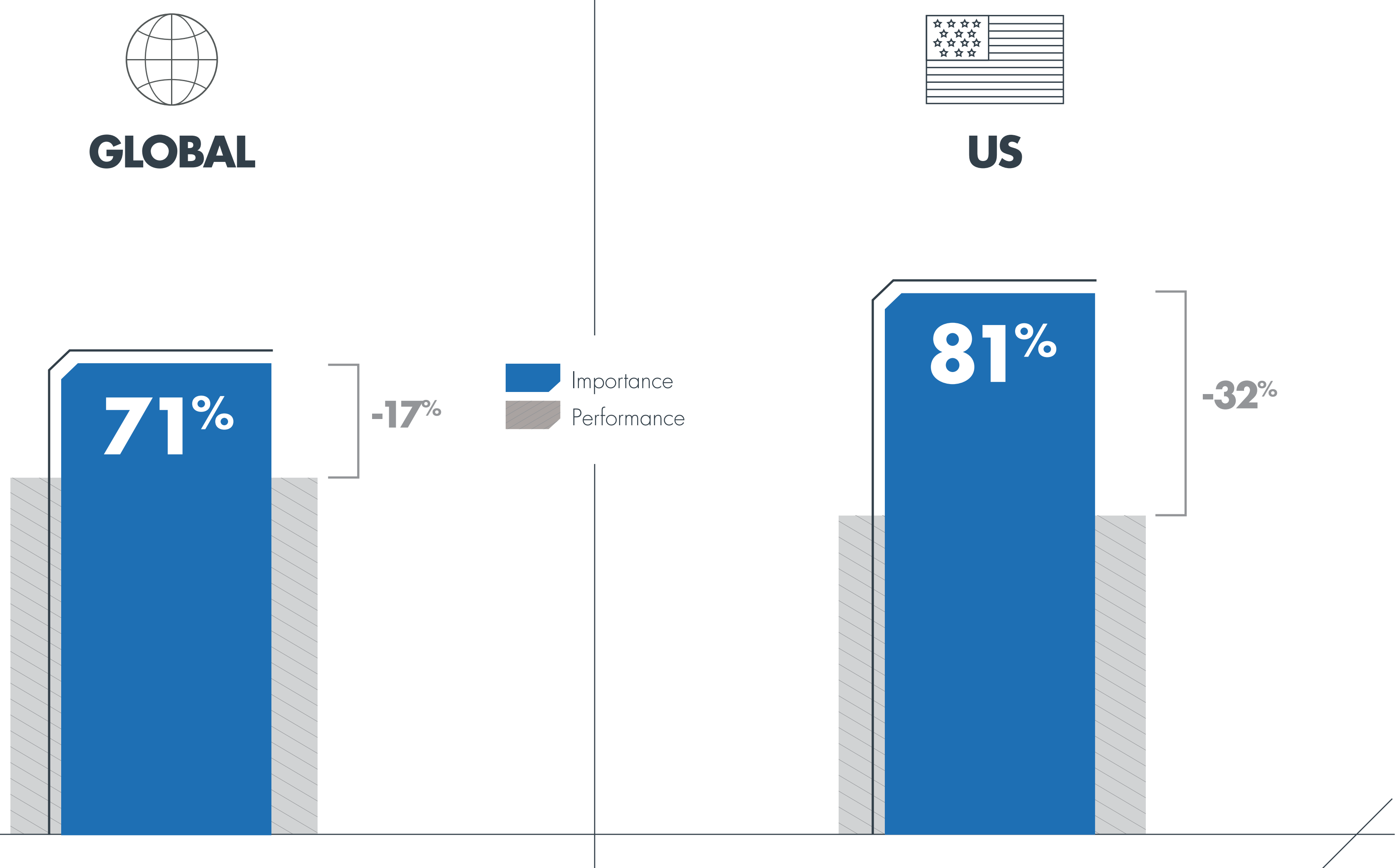
and the gap between importance & performance

Importance
Performance



THE EMPLOYEE ENGAGEMENT GAP

Similar to consumer and partner engagement strategies, marketers in the U.S. are more likely to have an engagement strategy in place for employees. Marketers in the U.S. are also more critical of their ability to meet employee expectations.



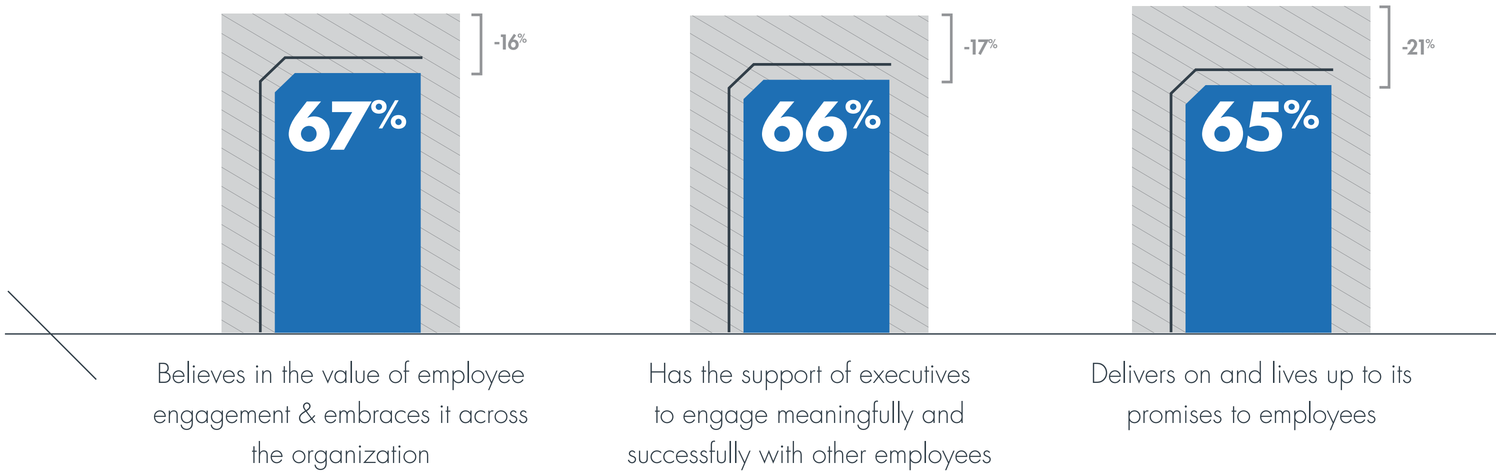
EMPLOYEE PERSPECTIVES ON ENGAGEMENT

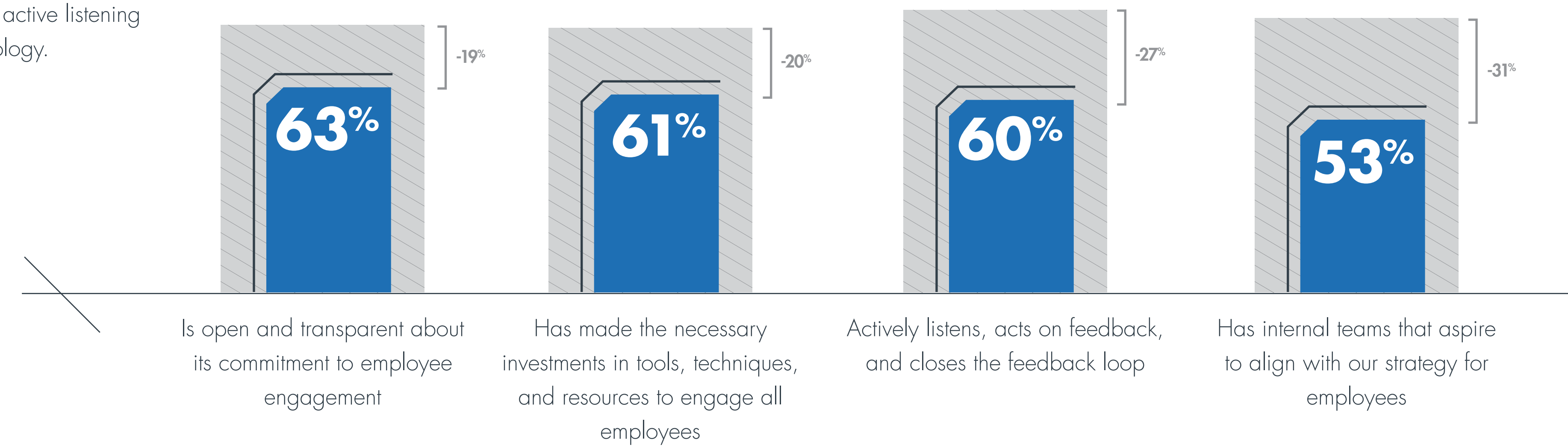
Most employees feel their organization cares about employee engagement and delivers on its promises, yet the typical employee is more critical of their organization's engagement efforts than those who are involved in the employee engagement strategy.

Employees
Organizations

Only **26%** of employees say employers are exceeding their expectations for engagement

The most significant gaps in perceptions are in internal alignment, active listening and technology.





OPPORTUNITIES

"We need to commit to continual refinement and improvement—explore what works, what doesn't, and be open to new ideas, while at the same time keeping things on track and not simply chasing the latest idea just because it's new."

Camila Casale
Chief Marketing Officer, U.S. and Canada, Softek

OPPORTUNITIES

OPPORTUNITIES

The State of Engagement report shares a trove of valuable data for marketers from every industry, at every level, and serving every audience. While you may have gleaned critical takeaways specific to your organization, here are four key insights we see as trends in the market and as opportunities for all marketers looking to succeed in the Engagement Economy:

1. **Marketers Revise Their Approach to Meet Consumer Expectations.** The data shows that while marketers see the value and importance of consumer and customer engagement, they simply aren't hitting the mark.

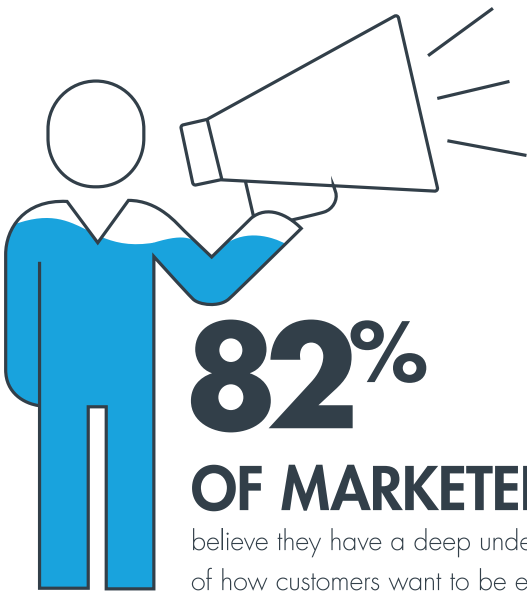
2. **True Engagement Doesn't Happen Effectively Without Coordinated Data and Insights.** Consumers' use of different channels makes it imperative that marketers listen and respond to their activities in real time. However, to effectively engage consumers, marketers must address the number one barrier to effective engagement—tools. Marketers today operate marketing technology stacks made up of disparate point solutions that offer uncoordinated metrics and data. To succeed, marketers need to shift their mindset and identify tools, solutions, and platforms that not only coordinate the various touchpoints and engagements, but translate them into actionable insights.

3. **Structure, Buy-In and Alignment Are Critical to Engaging Successfully at Scale.** As marketing leads the charge in understanding what true engagement means for an organization's consumers, it's more critical than ever that organizational structure, alignment, and buy-in are part of any engagement strategy. And this starts at the top—according to the data in *The State of Engagement*, only 56% of marketers report having alignment on their strategy across a key stakeholder group—executive leadership.

4. **Don't Lose Sight of the Horizon.** While marketers have an eye on the top channels that consumers are using to engage, it's critical that marketers also deliver innovative experiences on new channels in order to stay on top of the latest trends. Consumer interests and investments change rapidly, so marketers must set up organizations and technologies that allow for experimentation and smooth deployment of new consumer engagement initiatives.

MARKETERS CAN DO MORE TO UNDERSTAND THEIR CUSTOMER

Marketers think they are effective at customer engagement, but consumers think they could do better. And they can. With the right data and insights marketers can deeply understand all the signals consumers share and translate those into strategies that deliver relevant, personalized activities. Marketers noted that their number one challenge to engagement was engagement tools. Marketers need to move beyond single purpose tools to engagement platforms that facilitate the seamless flow of data and coordinate disparate elements in a marketing stack.



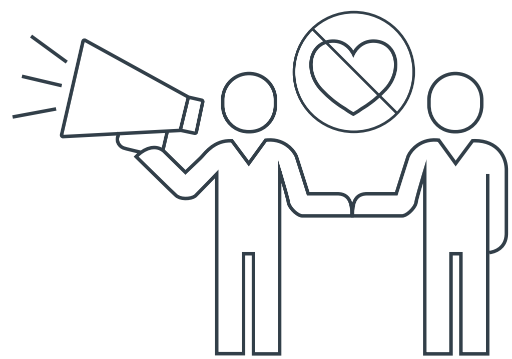
82%

OF MARKETERS

believe they have a deep understanding of how customers want to be engaged

Yet the majority of customer engagements with a brand are primarily transactional in nature –

FEW think brands are taking the time to understand them and build a relationship



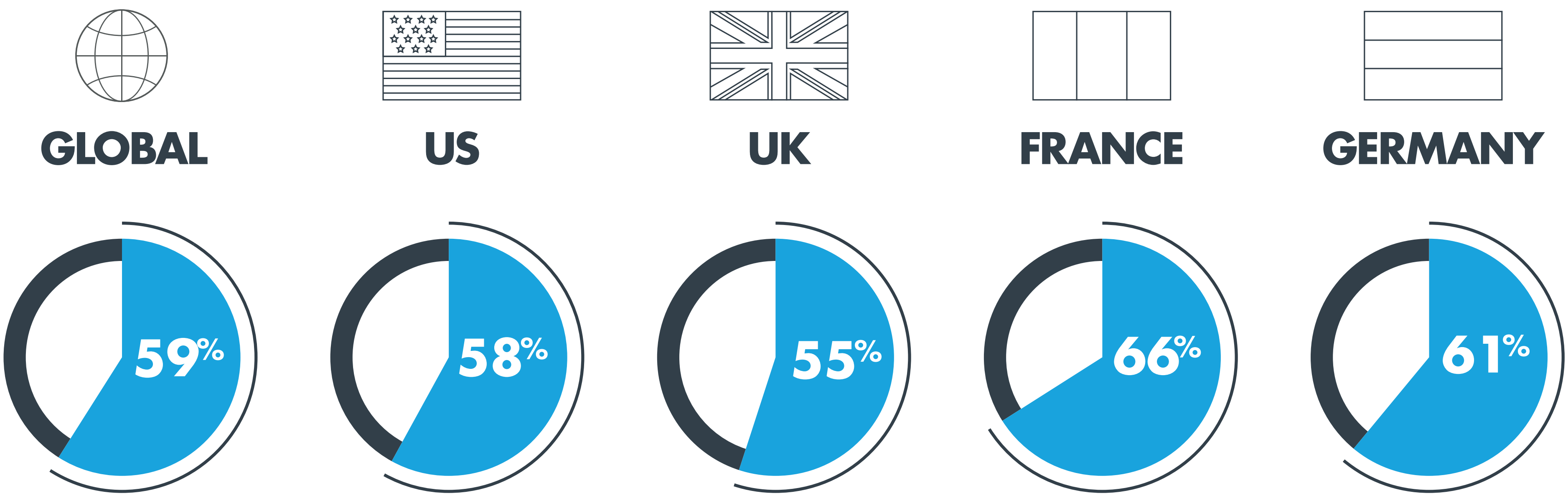
"One of our brands is in 93 million American households. That's two thirds of the country! How do you personalize to that scale? You simply can't. We collect lots of data to get to know our customers and figure out the big messages. People today are skeptical of big brands. They ask: "How do they really get me?". This is one of the largest challenges of marketing today. But if you gather the data, focus on making things easy and relevant, and deliver messages that resonate with their world, not just your own, you get people over the bridge to what we call a "commerce moment"."

Eric Reynolds
Senior Vice President and Chief Marketing Officer, The Clorox Company

ALIGNMENT IS CRITICAL TO SUCCESS

If you recall, almost all marketers have a strategy in place for engaging customers—regardless of country. While internal alignment for customer initiatives is focused around aligning customer service and support, and the sales teams, it's critical to notice that the lowest alignment score is for executive leadership. Aligning these stakeholders around the customer is not only a critical function for the business, but a strategic function for marketers as they cement their role as visionary, impactful business leaders and advisors in their organization.

ARE YOUR CUSTOMER ENGAGEMENT STRATEGIES ALIGNED WITH EXECUTIVE LEADERSHIP?



"Microsoft is stitching together all the online and offline dialogue with our prospects and customers so that when they choose to engage, the experience is as consistent and seamless as possible. In particular, we want to enable our field resources to be able to leverage information from dialogues that prospects and customers have had with us already, whether they were in person or online. We have coalesced sales and marketing capabilities to the degree that they are now considered a single interdependent ecosystem. It's this alignment that yields a consistent customer engagement and experience."

Todd Wells

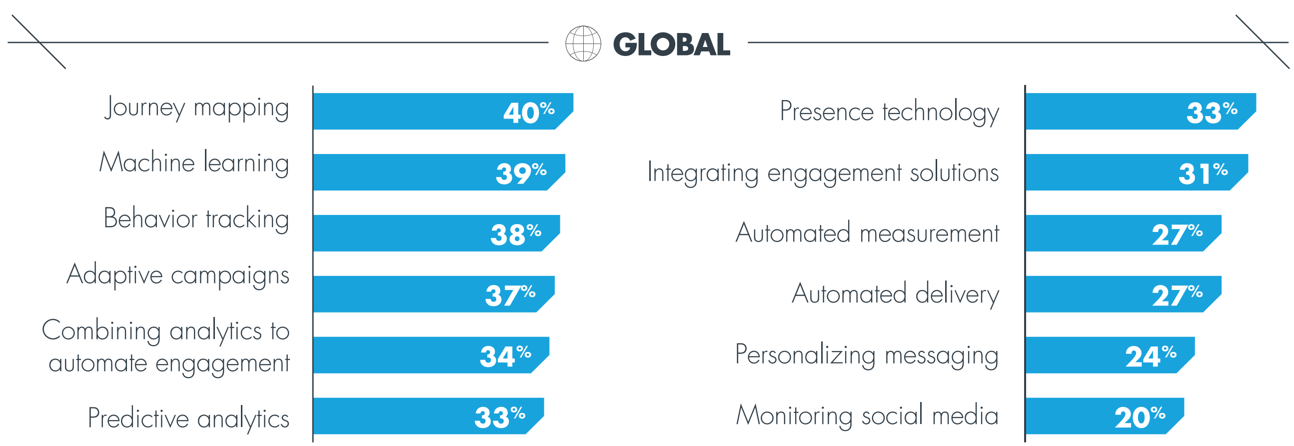
VP/General Manager, Marketing and Sales IT Engineering/Operations, Microsoft

EDUCATE YOURSELF AND INVEST IN FUTURE TECHNOLOGY TODAY

Consumers can push brands to become their best, most dynamic, and innovative. Or, alternately, brands can choose to do business as usual. The data shows that consumers are adopting new technologies now. And while they are not as prevalent as email and in the foreseeable future may not replace email as a communication channel—driving discovery, purchase, or relationship—they will continue to grow.

	Channels marketers are currently using overall to engage customers	Digital engagement channels used to drive purchases/conversion	Digital engagement channels used for post-purchase
Virtual reality	16%	8%	5%
Augmented reality	16%	8%	4%

METHODS MARKETERS ARE PLANNING TO USE TO ENGAGE



APPENDIX AND METHODOLOGIES

APPENDIX AND METHODOLOGIES

MARKETER PROFILE

PROFILE: MARKETERS

Company Size*

	GLOBAL	US	UK	FRANCE	GERMANY
Enterprise	51%	49%	51%	53%	49%
Mid-Market	49%	51%	49%	47%	51%

Top Industries

GLOBAL	US	UK	FRANCE	GERMANY
14% Retail	15% Retail	18% Retail	12% Software	22% Manufacturing
13% Manufacturing	11% Manufacturing	10% Manufacturing	11% Retail	16% Finance
10% Finance	10% Finance	7% Finance	11% Manufacturing	9% Telecom
7% Professional services	7% Professional services	9% Professional services	10% Pharma	8% Software
7% Software	7% Health	8% Construction	9% Professional services	7% Insurance

Job Level

	GLOBAL	US	UK	FRANCE	GERMANY
Executive	31%	30%	29%	30%	36%
Director	33%	35%	28%	42%	28%
Manager	37%	35%	43%	28%	36%

Top Job Role

GLOBAL	US	UK	FRANCE	GERMANY
32% IT	30% IT	30% IT	35% IT	36% IT
21% Marketing	23% Marketing	20% Marketing	19% Marketing	22% Marketing
18% Business development	15% Business development	20% Business development	19% Business development	19% Business development
10% Customer Service	10% Customer Service	11% Sales	9% Sales	11% Customer Service
9% Sales	10% Human Resources	10% Customer Service	7% Customer Service	5% Sales

Responsible for...

	GLOBAL	US	UK	FRANCE	GERMANY
Customers	100%	100%	100%	100%	100%
Partners	55%	70%	50%	38%	53%
Employees	73%	85%	69%	65%	64%

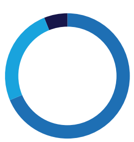
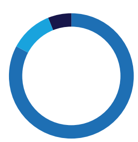
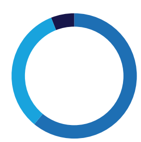
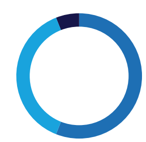
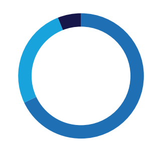
*Company size varied by region. US: Mid-Market (500 – 3,499 employees), Enterprise (3,500+ employees); ROW: Mid-Market (250 – 999 employees), Enterprise (1,000+ employees).

PROFILE: MARKETERS

Efforts by Audience

	GLOBAL	US	UK	FRANCE	GERMANY
Customers	63% Digital 37% Traditional	63% Digital 37% Traditional	63% Digital 37% Traditional	62% Digital 38% Traditional	62% Digital 38% Traditional
Partners	58% Digital 42% Traditional	59% Digital 41% Traditional	57% Digital 43% Traditional	54% Digital 46% Traditional	58% Digital 42% Traditional
Employees	56% Digital 44% Traditional	56% Digital 44% Traditional	57% Digital 43% Traditional	55% Digital 45% Traditional	55% Digital 45% Traditional

Marketing Funnel

	GLOBAL	US	UK	FRANCE	GERMANY
Both	68%	82%	61%	56%	68%
Brand awareness	25%	11%	33%	38%	26%
Direct response	6%	6%	6%	6%	6%

Top Target Industries

GLOBAL	US	UK	FRANCE	GERMANY
32% Manufacturing	35% Retail	34% Manufacturing	32% Retail	34% Manufacturing
32% Retail	31% Manufacturing	31% Retail	29% Health	33% Finance
27% Health	28% Health	27% Construction	28% Manufacturing	28% Telecom
25% Construction	24% Construction	26% Health	27% Pharma	28% Health
24% Finance	23% Professional services	22% Finance	25% Finance	26% Retail

Top Target Job Role

GLOBAL	US	UK	FRANCE	GERMANY
45% IT	47% Marketing	47% Business development	50% IT	58% IT
44% Business development	46% Business development	37% IT	37% Marketing	46% Admin
39% Marketing	43% HR	37% Communications/PR	36% Business development	45% Business development
34% Admin	42% IT	36% Marketing	32% Admin	39% Procurement
33% Communications/PR	37% Procurement	36% Customer Service	30% Finance	37% Communications/PR

APPENDIX AND METHODOLOGIES

CONSUMER PROFILE

PROFILE: CONSUMERS' PURCHASING AND ENGAGEMENT BEHAVIOR

Brands Considered

B2C

Brands I purchase from regularly	89%
New brands I haven't purchased from before	68%
Brands I have purchased from in the past but not recently	63%

B2B

Vendors my company has an established relationship with	82%
New vendors who initiate contact with me	64%
New vendors who I initiate contact with	60%

Type of Engagements

	B2C	B2B
Digital engagements	58%	53%
Traditional engagements	42%	47%

B2C

6.7 Brands that customers regularly initiate engagement with

10.9 Brands that regularly initiate engagement with customers

B2B

13.2 Brands that customers regularly initiate engagement with

14.5 Brands that regularly initiate engagement with customers

Products or Services Purchased

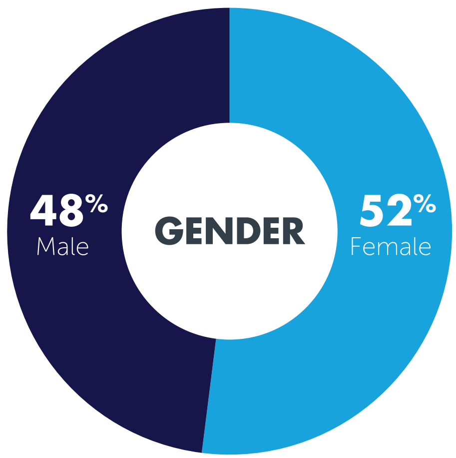
B2C

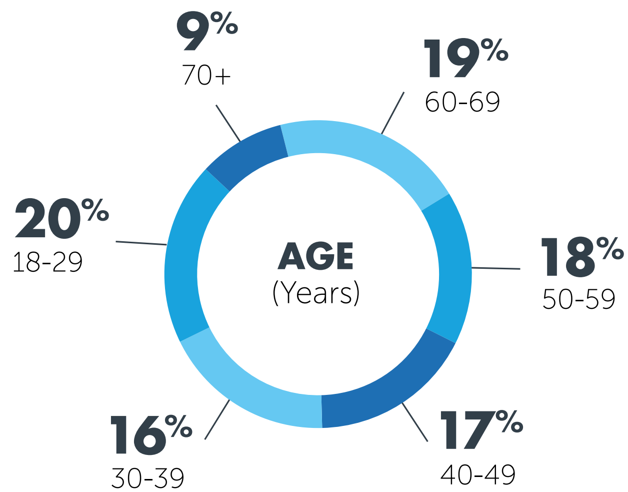
Food & drink	97%
Household essentials	92%
Soft goods	83%
Personal services	57%
Durable goods	56%
Professional services	27%

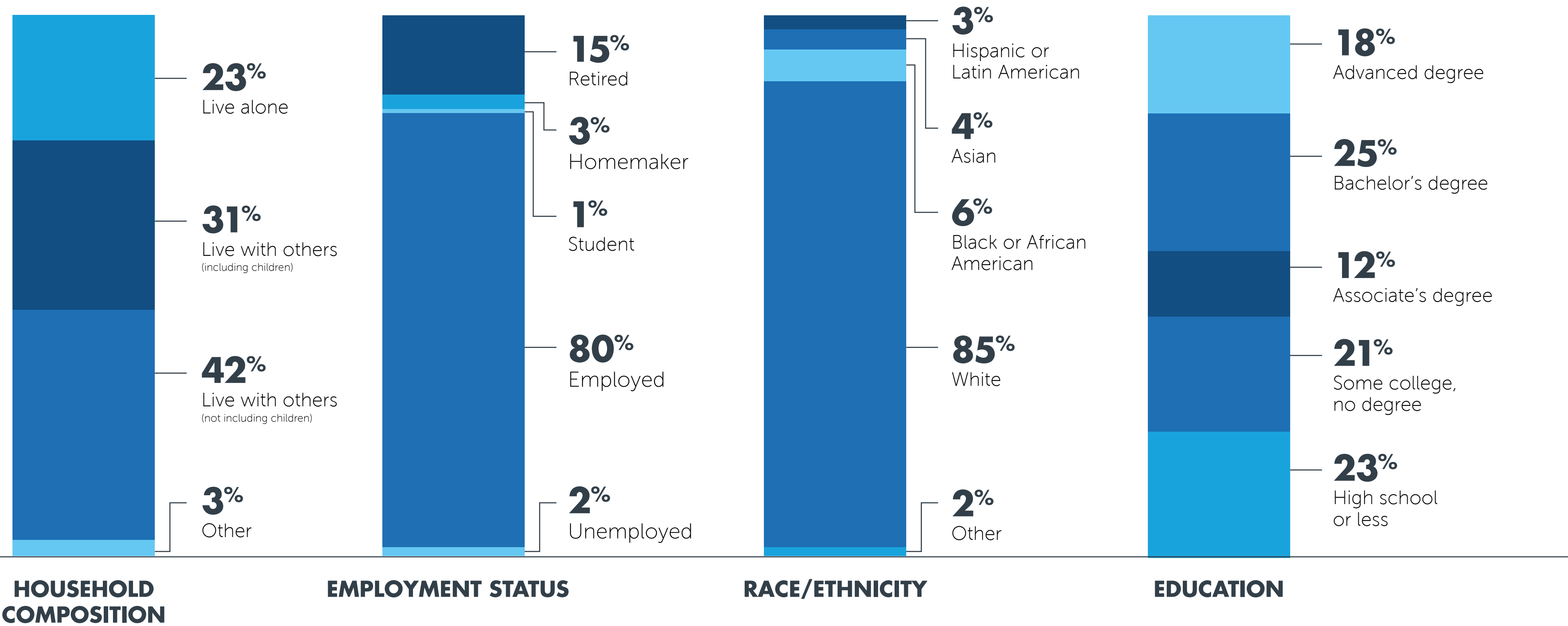
B2B

Technology solutions or services	71%
Maintenance, repair, or operating supplies	59%
Business services	55%
Professional services	51%
Component parts or materials	44%

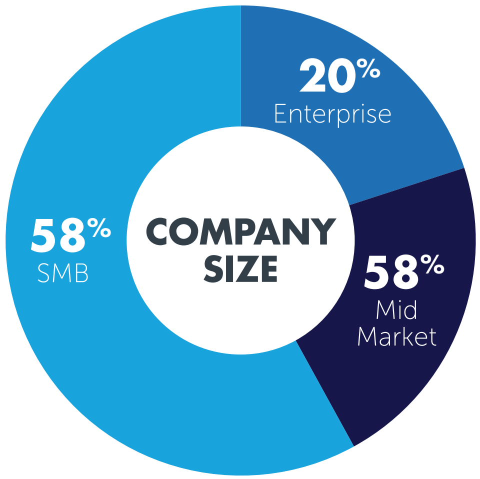
PROFILE: B2C CONSUMERS



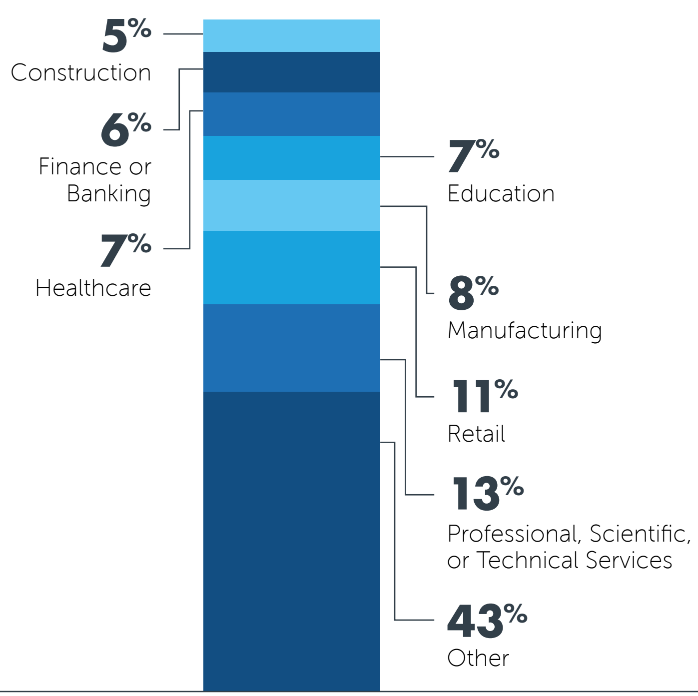




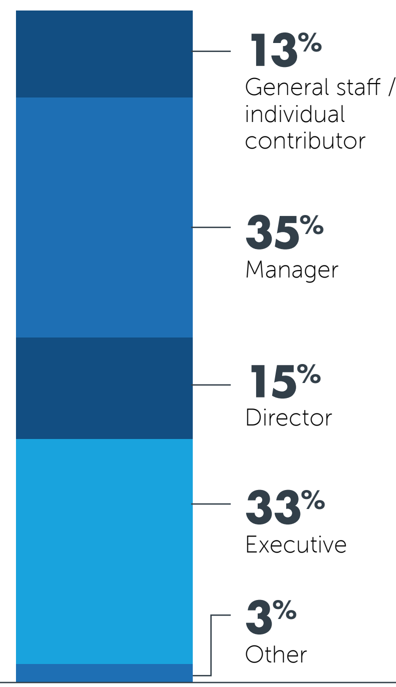
PROFILE: B2B CONSUMERS



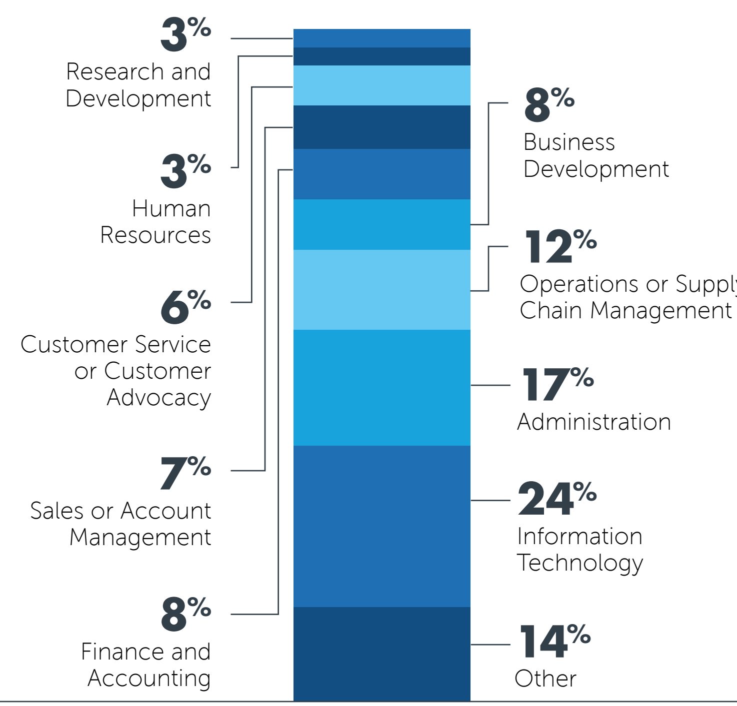
TENURE
13.6
YEARS



TOP INDUSTRIES



JOB LEVEL



TOP DEPARTMENT/ROLES

THE STATE OF ENGAGEMENT

Marketo