



March 16, 2009

Social Media Playtime Is Over

Despite The Recession, More Than 50% Of Marketers Will Pursue Social Applications

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EXECUTIVE SUMMARY

The recession has put more pressure on interactive marketers to deliver measurable results. While many marketing budgets are being cinched, more than 50% of interactive marketers say they will increase their spending on social marketing. Why? These inexpensive tools can quickly get marketing messages out through interactive discussion and rapid word of mouth and, properly managed, can deliver measurable results. But in this downturn, interactive marketers must move beyond experimentation by making social applications a permanent part of marketing, measuring and demonstrating their value, and integrating them into marketing efforts.

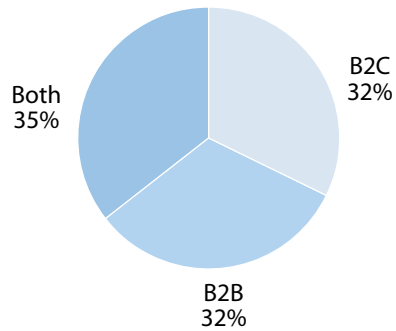
SOCIAL MEDIA INVESTMENTS ARE SMALL BUT GROWING

As social media continues to grow — and as both consumers and business buyers participate at a growing rate — more and more marketers are including it in the marketing mix.¹ But as budgets tighten due to the recession, this relatively new form of marketing faces some challenges. We surveyed 145 global interactive marketers in both B2B and B2C companies with more than 250 employees (see Figure 1). Overall, interactive marketers continue to show faith in social technology marketing:

- **Most already use social technologies for marketing.** Almost all of the interactive marketers we surveyed are currently using some form of social media. Most plan increases despite the recession, starting with investments in social networks, blogs, and user-generated content (see Figure 2). Even as the recession has worsened, marketer commitments are still steady.²
- **Social application spending remains small.** Fifty-three percent of interactive marketers using social media expect that their budgets for social media marketing will increase as a response to the recession (see Figure 3). Despite this shift toward social, these budgets remain minuscule compared with larger expenditures like advertising. Interactive marketers at large companies are still only spending a fraction of their resources on social marketing — in fact, three-quarters who know their budgets say they allow \$100,000 or less for tools over 12 months (see Figure 4).
- **Social applications aren't a formalized line item in marketing budgets.** Social marketing isn't yet a formalized line item in the marketing budget, as most social application budgets aren't predetermined. Among the marketers we surveyed, 45% say their social media budgets are determined as needed, while 23% say they scrape together funds from wherever they can find them (see Figure 5-1). Marketers are shifting funding from other established efforts like corporate marketing or advertising, and only one in four say that their current social media marketing budget is based on last year's spend (see Figure 5-2).

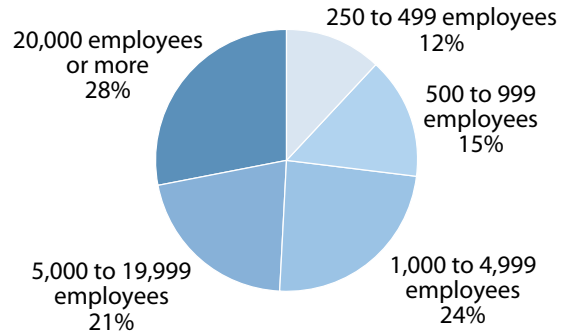
Figure 1 Respondents Represent A Range Of Company Types

1-1 "In your job, which of the following best describes the audience that your products or marketing are targeted to?"

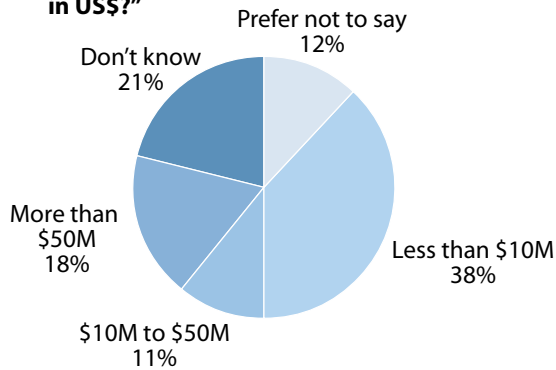


(percentages do not total 100 because of rounding)

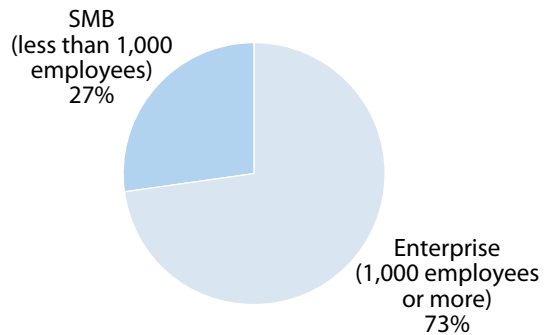
1-2 "Using your best estimate, how many employees work for your company worldwide?"



1-3 "Using your best estimate, in calendar year 2008, approximately what was your company's worldwide marketing budget in US\$?"



1-4 "Using your best estimate, how many employees work for your company worldwide?"



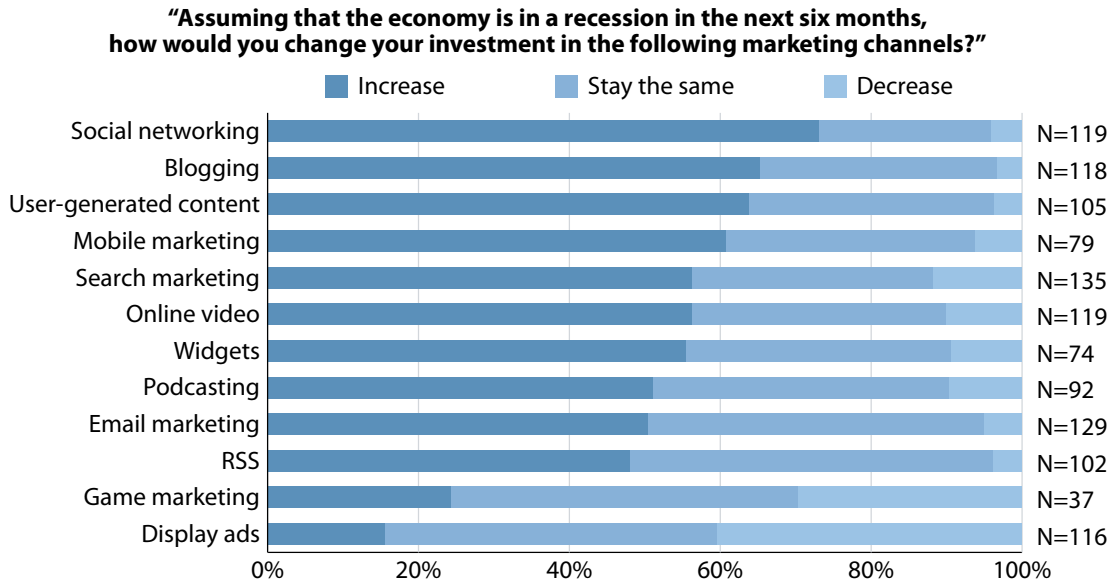
Base: 145 global interactive marketers at companies with 250 employees or more

Source: Q4 2008 Global Social Media Planning Online Survey

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Source: Forrester Research, Inc.

Figure 2 Marketers Shift Budget To Social Media Marketing



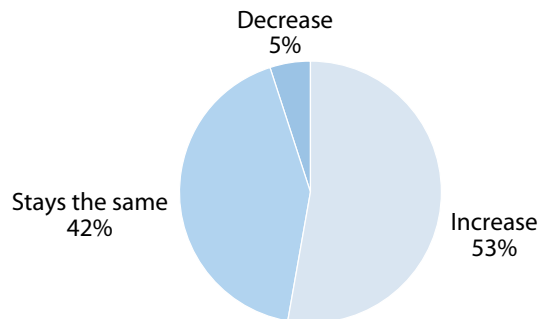
Base: global interactive marketers at companies with 250 employees or more who use each channel
 Source: Q4 2008 Global Social Media Planning Online Survey

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Source: Forrester Research, Inc.

Figure 3 Marketers To Increase Social Media Marketing Spending — Even During A Downturn

“Assuming that the economy is in recession in the next six months, how would you change your investment in social media overall?”



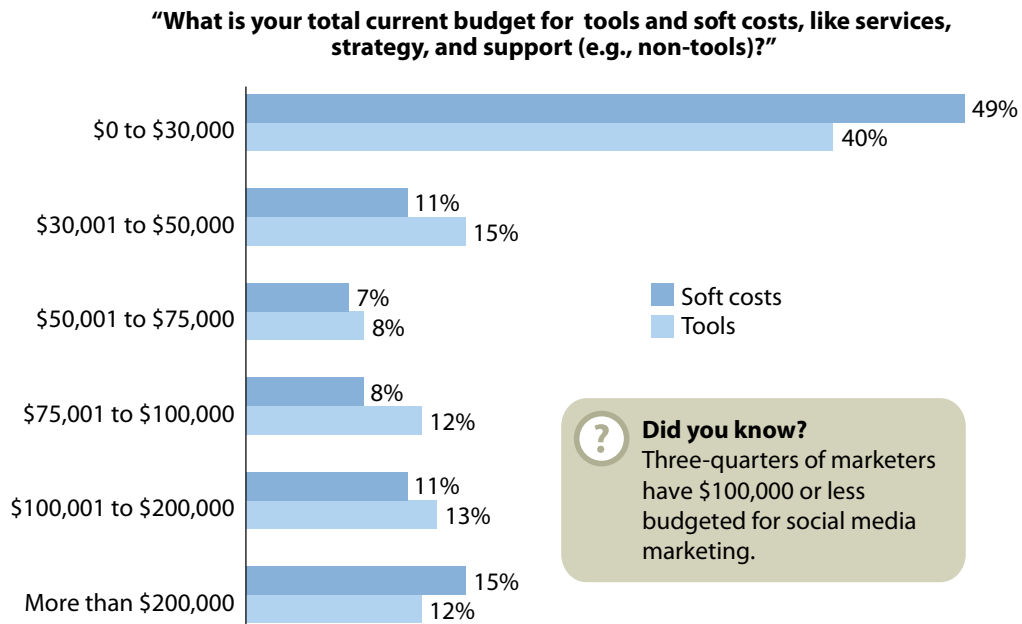
Base: 114 global social media marketers at companies with 250 employees or more who have planned their 2009 budgets

Source: Q4 2008 Global Social Media Planning Online Survey

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Source: Forrester Research, Inc.

Figure 4 Budgets For Social Media Marketing Remain Minuscule



Base: 83 global social media marketers at companies with 250 employees or more who know their current budgets

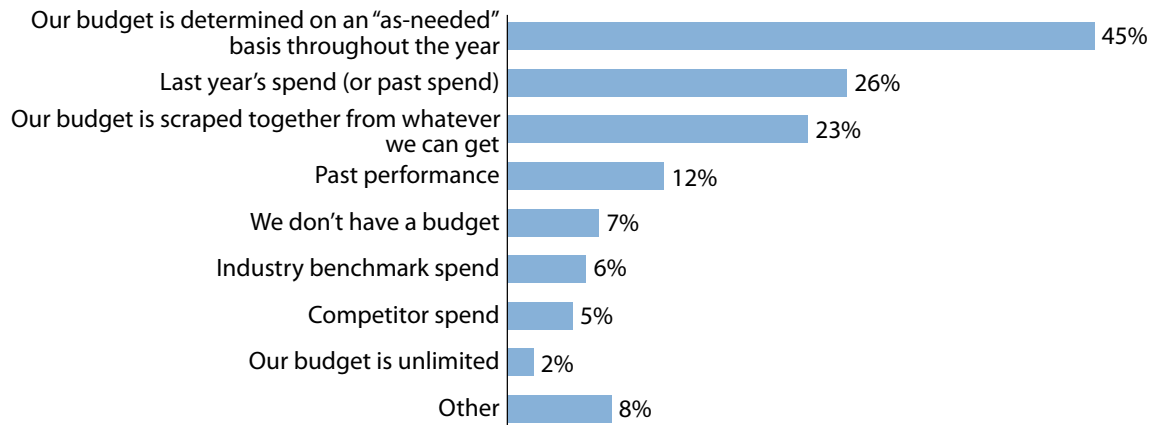
Source: Q4 2008 Global Social Media Planning Online Survey

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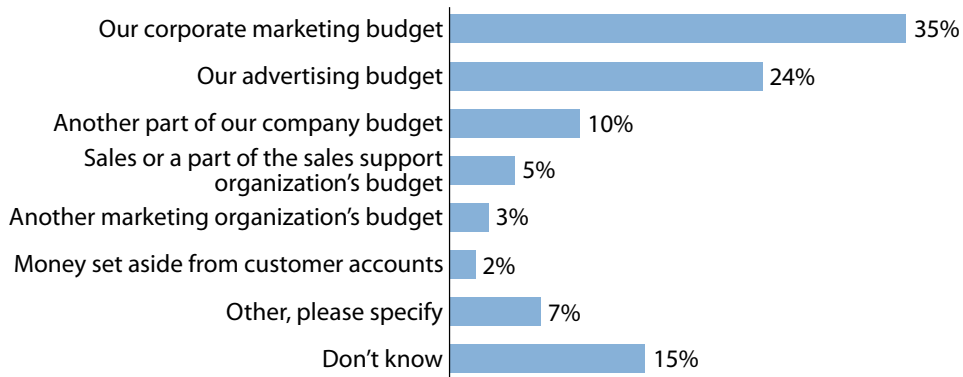
Source: Forrester Research, Inc.

Figure 5 Social Media Budgets Are Not Yet Dedicated And Mostly Experimental

5-1 How are you budgeting (or how did you budget) for your social media spend? (Select all that apply.)



5-2 The main source of funds spent on social media marketing has been shifted from which marketing budgets?



Base: 123 global social media marketers at companies 250 employees or more

Source: Q4 2008 Global Social Media Planning Online Survey

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Source: Forrester Research, Inc.

RECOMMENDATIONS

PURSUE OBJECTIVES WITH DEDICATED SOCIAL APPLICATIONS PROGRAMS

Our data shows that marketers intend to invest more in social media but have yet to justify substantial budgets. If you continue to fund social applications only as experiments, you're unlikely to be able to do enough to make an impact or to have a secure source of funding for the future. One way to put these efforts on a firmer footing is to concentrate on objectives and measure progress toward those objectives, rather than just experimenting to see what happens.³

- **Demonstrate how social media marketing is effective during budget trimming.** Don't concentrate on measurements like page views that don't affect the business; instead, focus on how customers have moved farther down the marketing funnel. Measure their awareness through activity, their interest through interaction, and their intent to buy with registration or questions.⁴ Focus on measuring based on business objectives, not just traditional Web analytics.⁵
- **Manage social media for the long term.** As one of the few marketing budget items increasing during a recession, social media marketing needs to be taken seriously and treated as a corporate asset. To be successful, social media marketing must be managed as long-term programs, not short-term experiments. To succeed, make sure you have dedicated resources in place, including both social media strategists and community managers.⁶
- **Accurately prove effectiveness through social application metrics.** Marketers must prove the worth of social media applications as they pry away budget from corporate marketing or advertising. In order to prove the value of these applications, measure using the right process and tools. Start with a listening platform, and then integrate social marketing metrics like share of voice and engagement that demonstrate how these efforts convert to preference, leads, or buying.⁷

SUPPLEMENTAL MATERIAL

Methodology

Forrester's Q4 2008 Global Social Media Planning Online Survey was fielded to a total of 323 global interactive marketing professionals from our ongoing Marketing & Strategy Research Panel as well as to marketers who were invited through several interactive channels including personal blogs and Twitter. The panel consists of volunteers who join on the basis of interest and familiarity with specific social media topics. For quality assurance, panelists are required to provide contact information and answer basic questions about their firms' revenue and budgets — additionally, respondents from outside sources were screened both before and after they completed the survey.

Forrester fielded the survey from November 2008 to January 2009. Respondent incentives included a current research report and a future research report that uses the data from this survey.

Exact sample sizes are provided in this report on a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

If you're interested in joining one of Forrester's research panels, you may visit us at <http://Forrester.com/Panel>.

ENDNOTES

- ¹ Social Technographics® helps marketers to understand how consumers use social technologies. Online consumers using social-created content increased from 48% in 2007 to 69% in 2008. See the October 20, 2008, "[The Growth Of Social Technology Adoption](#)" report.
- ² During economic downturn marketers typically cut interactive spending. Our early 2008 surveys of interactive marketers indicate that many are planning to increase budgets in social networking, email, blogging, and search optimization. See the April 30, 2008, "[Interactive Marketers Are Bullish In A Recession](#)" report.
- ³ When planning a social technology strategy, we recommend four steps: examine the social profile of your customers, choose a clear objective, develop a long-term strategy, and then pick the appropriate technology. Focusing on objectives is the key. See the October 9, 2007, "[Objectives: The Key To Creating A Social Strategy](#)" report.
- ⁴ Marketers must measure metrics that matter, like sales, leads, or increases in awareness, not page views and click-through rates. To succeed with measuring social applications, tap into agencies or listening platforms. See the October 17, 2008, "[Metrics For Social Applications In A Downturn](#)" report.
- ⁵ Marketers should develop social media marketing campaigns based on objectives — not tactics. See the March 4, 2008, "[How To Choose The Right Social Technologies](#)" report.
- ⁶ Marketers must have the right roles in place to manage social programs. Like a virtual store, the Social Computing strategist is the store manager, and the community manager is the friendly host. Use these roles to set your programs in motion and to interface with the market. See the February 28, 2008, "[How To Staff For Social Computing](#)" report.
- ⁷ Listening is often the first objective for brands that want to step into the online conversation. To understand the conversation in your market, brands must develop a listening strategy, and then select the right vendor. Based on our analysis, Nielsen BuzzMetrics and TNS Cymfony are the strongest performers. See the January 23, 2009, "[The Forrester Wave™: Listening Platforms, Q1 2009](#)" report.

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