Future of Content

November 2010

Executive Summary

Social media has changed the marketing landscape almost beyond recognition. Businesses are now able to connect with audiences in ways that were unimaginable just a few years ago. Content is the currency of marketing communications and effectively creating and distributing compelling information online has never been more important for marketers.

Meltwater Group, a global leader in delivering business information and insight, are at the forefront of thinking around the changing nature of content and how new technologies are revolutionising marketing departments across the world. To better understand current priorities and progress amongst marketers, Meltwater Group commissioned Loudhouse, an independent market research company, to conduct global industry research into how companies are tackling content marketing and social media and how this needs to evolve to meet future business imperatives.

The results of the Meltwater Future of Content Survey are based on telephone interviews with marketing and social media decision makers from 450 companies across the world, all employing more than 250 employees. These included 100 interviews in the UK and the US and 50 interviews in each of Germany, Norway, Sweden, Australia and Singapore. Interviews were conducted during October 2010. Figures A and B show the broad coverage of the survey in terms of industry sector and customer focus.

The Meltwater Future of Content Survey finds interesting and exciting times for marketers as we near the end of 2010. As social media becomes more mainstream and less “early adopter” territory, so marketers are beginning to refocus and reorganise themselves to harness its potential. Enthusiasm levels around social media are generally high although actual activity and perceived business value vary widely. The social media “honeymoon”, however, is tempered with very real challenges for companies. The survey highlights something of a content competency gap whereby companies are some way off where they need to be or indeed want to be in their social media strategies and tactics. Competency gaps emerge in a range of different areas, most notably though in the creation of engaging, new and different content as well as in the measurement of the impact of social media.

Figure A: Sample breakdown – Industry sector

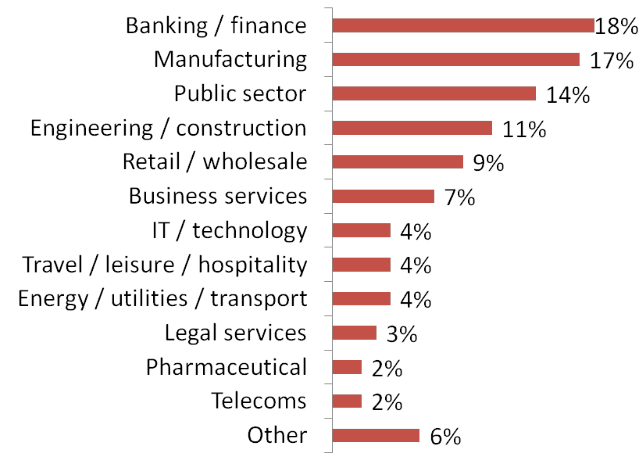


Figure B: Sample breakdown - Customer focus

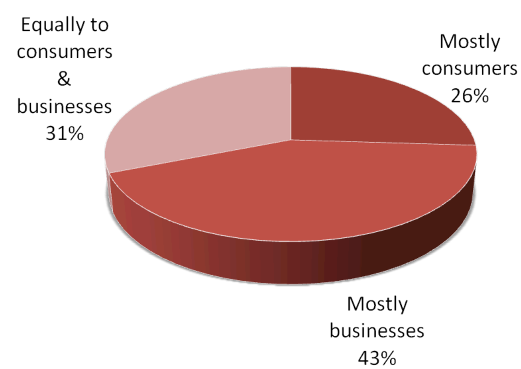


Figure C: Use and engagement effectiveness of content marketing

With investment in social media set to increase over the next 12 months, this lack of competency in some critical areas poses a risk to companies wanting to effectively progress with social media. The risk is that as investment increases so does the cost of failure and the need to justify that investment becomes all the more critical. The Meltwater Future of Content survey explores these issues in detail and offers recommendations for companies looking to close the competency gap, to mitigate these risks and to maximise the value that social media can offer businesses.

The Meltwater Future of Content Survey finds that digital is currently dominating marketing activity and focus, although there are varying levels of sophistication in attitudes and usage of social media.

Content is king

- 78% consider content marketing to be important to their organisation
- The three most popular content marketing channels are e-newsletters (62%), print magazines (61%) and social media (49%) although in terms of engagement effectiveness in person events (61%) and print magazines (56%) score highest with social media much lower (37%). Figure C compares the use and engagement of different content channels highlighting the need for social media to mature to become an area of competence.
- 52% see social media as integral to their marketing efforts and 59% see it as an opportunity for marketing departments, rather than a threat

Social media digital divide

- Companies range between visionaries (16%), followers (26%), catching up (23%), reluctant (14%) and averse (21%). Figure D shows that the US boasts the most visionaries (27%) whilst Sweden has the most averse (44%)

Businesses are Facebook fans

- At a corporate level, companies are most likely to be using Facebook (68%), followed by Twitter (55%), LinkedIn (43%) and YouTube (42%)

As companies become more accustomed to using social media for corporate purposes, so they begin to experience "growing pains" and various competency gaps are exposed.

Content marketing discontent

channels

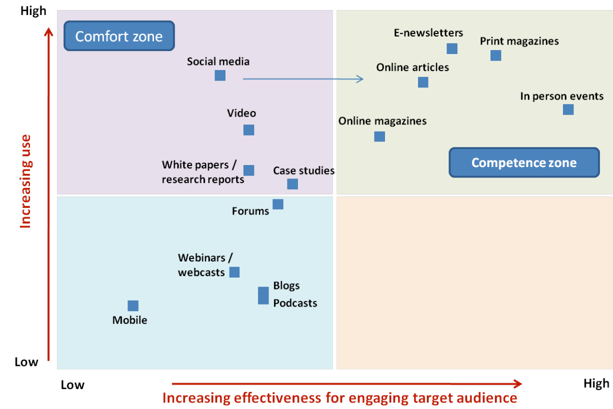


Figure D: Company attitude to social media (by region)

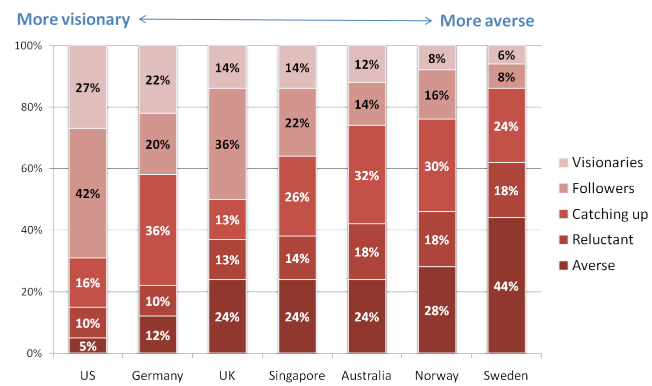
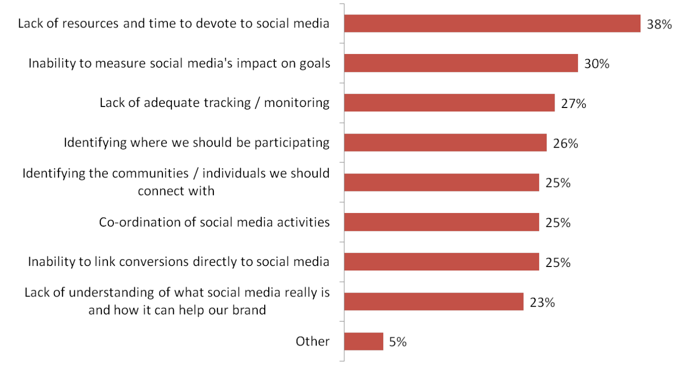


Figure E: Challenges in using social media for corporate purposes

- The biggest content marketing challenges are producing interesting (23%) or new / different (21%) content – budget is only an issue for 18%
- After a lack of resource / time (38%) to invest in social media, the most significant challenges relate to an inability to measure social media's impact on goals (30%) and a lack of adequate tracking / monitoring (27%) (Figure E)



Increased investment = increased risk

- 40% of organisations expect their marketing budgets to go up in 2011 with an average increase of 1.4% forecast
- In the last 12 months, marketing budgets are most likely to have increased for social media (35%), email marketing (34%) and online advertising (34%)
- 52% think it is difficult to measure the true ROI of social media activities. Only 1 in 6 companies is fully satisfied that they can properly measure ROI.

The research also explores how companies are set up to take advantage of the opportunities that social media presents, whilst mitigating any risks.

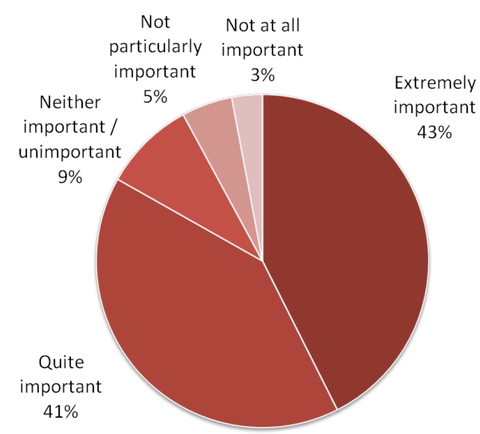
Marketing power

- 79% of respondents consider that social media is "owned" by the marketing department – with an average of six people having some social media responsibility
- Social media responsibility is typically given to those with enthusiasm / appetite for new technology (52%) rather than specific social media skills (32%)

Bringing order to chaos

- 46% of companies currently have a formalised social media policy, whilst 27% have informal guidelines
- 84% of companies think it is important to monitor what is said online about their brand, but only 1 in 5 have invested in tools to do this, with a further 29% planning to do so in the coming year

Figure F: Importance of monitoring online noise about company / brand



The Meltwater Future of Content Survey finds companies excited, yet challenged by the changing nature of content. Many of the findings reflect an industry still in its infancy, with companies learning as they go and areas such as social media ROI and impact measurement very much the preserve of the sophisticated minority. With investment set to increase, however, companies now need to re-evaluate how and why they are using social media to ensure this investment is justified. These new technologies are revolutionising marketing departments and bring with them a need for a whole new marketing mentality. People, policies, processes and technology need to be harnessed in a common direction and progress towards clear goals effectively measured if companies are to make social media a sustainable success story.

Content is king

Figure 1: Importance of content marketing

Content is the currency of communication and content marketing is now in the vocabulary of many marketers as they try to exploit the many channels open to them to engage their audiences. For the purposes of this survey, content marketing is defined as “a strategy focused on creating and distributing relevant and valuable content to attract, acquire and engage a clearly defined and understood audience”

In 2010, 78% of marketers consider that content marketing is quite or extremely important to their organisation, increasing to 85% in the UK and 83% in the US (Figure 1). Despite the level of importance that companies now assign to content marketing, this has yet to translate into formalised content strategies for half (51%) of organisations.

Content marketing is about creating information that is meaningful to audiences and that engages them emotionally. This in itself is challenging to marketers. Figure 2 shows that the key content marketing challenges relate to the creation of interesting or engaging content (23%) and the production of content that is new or different (21%). Budget limitations are an issue for only 18% of companies suggesting that cost is not the barrier it perhaps was a year ago and that companies now have more of an investment mentality with regard to content marketing.

Being in tune with what customers are interested in and joining in the conversations they are already having online is one way of improving engagement. Having access to timely information about current conversations taking place can help drive the creation of content that effectively resonates with customers and stands out from the online crowd.

The creation of content is only one part of the content marketing equation; the distribution of content being another key element. The next section of the report explores the various content marketing channels that are being used by companies and how effective these are considered to be.

Content channels

As customers now use multiple touchpoints before making a purchase decision so companies also have more channels than ever with which to engage with their customers. It is, however, a complex world with new channels emerging and old channels fading in popularity all the time.

Figure 3 shows the extent to which content marketing channels are being used by organisations. The top five content marketing channels are e-newsletters (62%), print magazines (61%), social

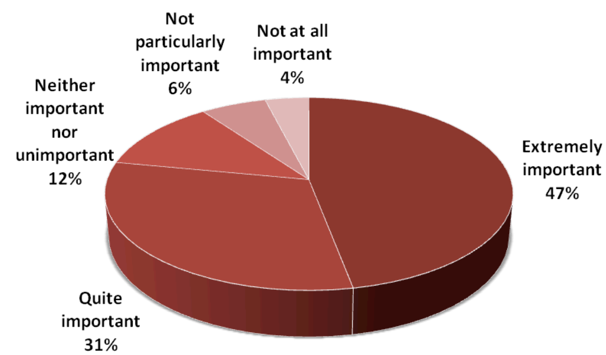


Figure 2: Biggest content marketing challenges

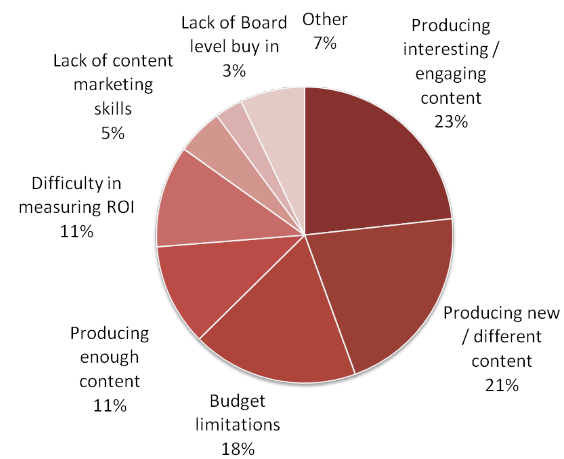
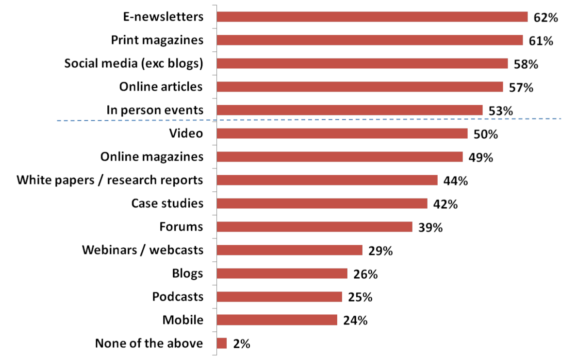


Figure 3: Content marketing channels used

media (58%), online articles (57%) and in-person events (53%). It is interesting to note that three out of the top five channels are digital although there is still a heavy reliance on the more traditional media of print magazines and in-person events. It appears that brands are not as sold on the idea of communicating via blogs and forums as they perhaps were several years ago before social media became a mainstream communication channel. Mobile, although on the radar of marketers as a content marketing channel has yet to gain mainstream momentum.



Usage in its own right is not necessarily a clear indicator of what channels are deemed to be most effective at engaging with audiences. Respondents were asked for each channel that they currently use how they would rate its effectiveness in engaging their target audience. Figure 4 shows the extent to which each channel is deemed to be effective or highly effective in audience engagement. The traditional media of in-person events (61%) and print magazines (56%) score highest in terms of both effectiveness, as well as being channels that are used relatively extensively. E-newsletters (53%) and online articles (51%) have also become fairly embedded within the marketers' psyche and are considered to be effective channels for engagement. More interesting is the case of social media, which is being adopted enthusiastically but scores far lower in terms of effective engagement (37%).

Figure 4: Effectiveness of content marketing channels

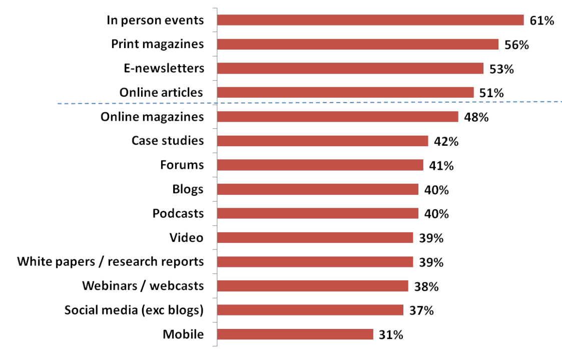


Figure C in the Executive Summary to this report plots usage against effectiveness, highlighting those channels that fall into the "competence zone" of high usage and high effectiveness and those, including social media, which fall into the "comfort zone" of high usage but lower effectiveness. Social media is a prime example of a relatively young channel yet to have the metrics and processes embedded within organisations to ensure effective usage.

Social media digital divide

The Internet may have leveled out the marketing playing field for businesses, but when it comes to social media it is clear that there is spectrum of sophistication, with companies ranging from being very proactive and visionary in their approach and usage of social media to being very averse and not seeing the relevance or benefit of social media to their business.

Figure 5 shows how companies in the survey fall across this social media sophistication spectrum. One in six companies are found to fall into the "visionary" category, with "followers" accounting for 26%, 23% in "catching up" mode, 14% best described as "reluctant and 21% falling into the "averse" category. There is something of digital divide therefore in the adoption of social media at a corporate level, and some onus on the companies that are not yet active in this space

Figure 5: Company attitude to social media

to think about whether social media has any relevance, and then how and when to join the online conversations already taking place.

Figure D in the Executive Summary shows how social media sophistication varies by country. The US boasts the most visionaries (27%) whilst Sweden has the highest proportion of companies in the averse category (44%). Companies with some level of usage and enthusiasm around social media (that is, all those not in the "averse" category) were questioned further about their attitudes and usage of social media.

Figure 6 shows the social media channels that organisations are using at a corporate level. Four social networks dominate across all regions in the study, despite the existence of some smaller, more regionally focused social networks in some markets. Facebook is the most used corporate social network, used by 68% of respondents – increasing to 87% in companies that primarily market to consumers, by 93% of public sector organisations and by 81% of US respondents. Facebook is equally likely to be used by companies with less than 1000 employees (71%) as it is by companies with more than 5000 employees (70%), suggesting that social media, and Facebook in particular, is helping Davids become Goliaths in the digital world.

Twitter is the second most popular corporate social network, used by more than half (55%) of respondents and again more popular in companies marketing primarily to consumers (64%) and amongst US respondents (74%). LinkedIn, used by 43%, conversely is more the preserve of B2B companies (44%) than B2C companies (38%) and is more likely to be used by companies with less than 1000 employees (50%), and those in the US (56%) and Norway / Sweden (53%).

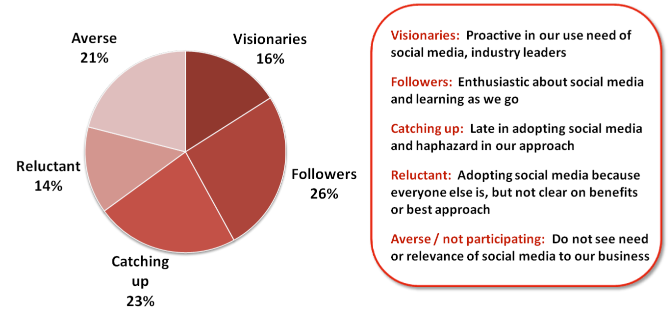
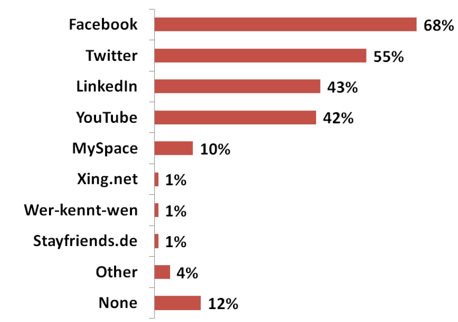


Figure 6: Social media used at a corporate level



Social media competency gaps

Despite all the enthusiasm and hype surrounding social media, many marketers are finding it difficult to know how to get the best out of social media and many are learning through a process of trial and error. Some of the key challenges that marketers are facing with using social media for corporate purposes are shown in Figure 7.

The most cited challenge is that there is a lack of resources and time to devote to social media, mentioned by 38% of respondents. Following this, the key concerns relate to monitoring impact – 30% put forward an inability to measure social media's impact of goals whilst 27% are challenged by a lack of adequate tracking and monitoring. These three issues create something of a vicious cycle for marketers wanting to effectively progress with social media marketing, because an inability to measure the impact of social media may impede further investment in this area, making resource and time constraints even more of an issue.

Figure 7: Challenges in using social media for corporate purposes

It is interesting that US companies, despite being further along the sophistication spectrum cite more challenges than respondents in other regions – this suggests that many challenges only emerge once a social media foothold has been attained, and frustrations are more likely to emerge when increasing and embedding the use of social media in the organisation rather than during the tentative early steps with social media.

Looking at social media within the wider marketing context, it appears to be an area of relative weakness within marketing departments at this time. Respondents were asked to rate their organisation on a number of criteria using a scale of one to 10, where one is "poor" and 10 is "excellent". Figure 8 shows the proportion of companies rating themselves as a seven or higher on each of the criteria. Areas of particular weakness are understanding social media (47%), ability to measure ROI of marketing activities (40%) and quality of information about what is and is not working (49%). It is clear therefore that whilst enthusiasm for social media is typically high, actual confidence and competence in getting the most from social media currently lags somewhat behind.

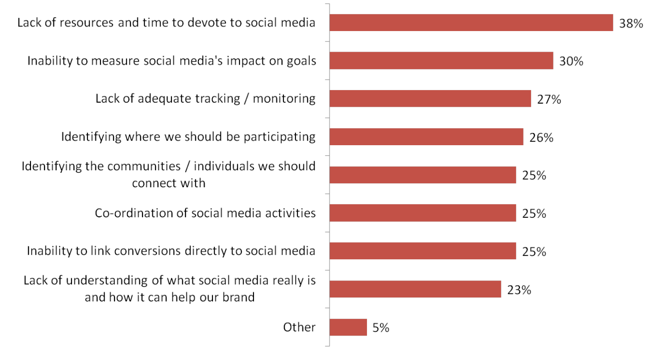


Figure 8: Marketing performance scorecards

Increased investment = increased risk

After several difficult years where marketing activities and departments have been subject to cost cutting and rationalisation, 2011 looks set to be a year characterised by cautious optimism and tentative growth in marketing terms.

Figure 9 shows how companies expect their marketing budgets for 2011 to compare to those for 2010. Whilst 34% expect marketing budgets to stay the same, it is encouraging that a total of 40% forecast an increase, increasing to 48% in Germany. Increases on the whole, however, are modest, on average a 1.4% increase is forecast in 2011, increasing to 3.1% in Norway.

Figure 9: Changes in marketing budget 2010 to 2011

Looking at how budgets allocated to particular disciplines within marketing have changed in the last 12 months, Figure 10 shows that the budget allocation for digital, including social media has increased more than in other areas. 35% of companies say that budget allocation for social media has increased in the last 12 months, 32% say it has stayed the same and just 6% say it has decreased – 26% do not have any budget allocation for social media.

These findings paint a positive picture for social media marketing – not only is the marketing budget itself stable, if not increasing, but the proportion of budget allocated to social media has also grown. This increased investment, however, also presents an increased risk to companies.

52% of companies think that it is difficult to measure the true ROI of social media activities and currently only 1 in 6 of companies is fully satisfied that they can properly measure ROI. Whilst a lack of competence in certain activities is to be expected in fledgling technologies, now social media is becoming more mature, companies also need to develop their approach to ensure that its value is measured and optimised and continued investment can be justified.

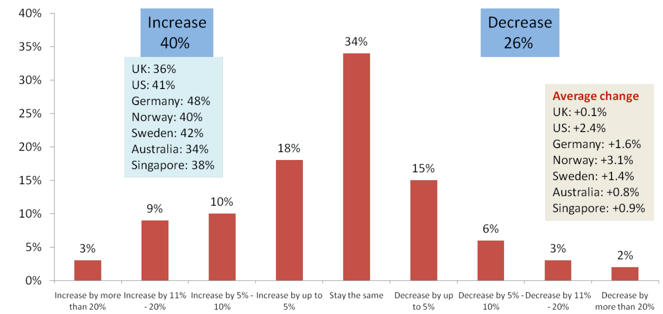
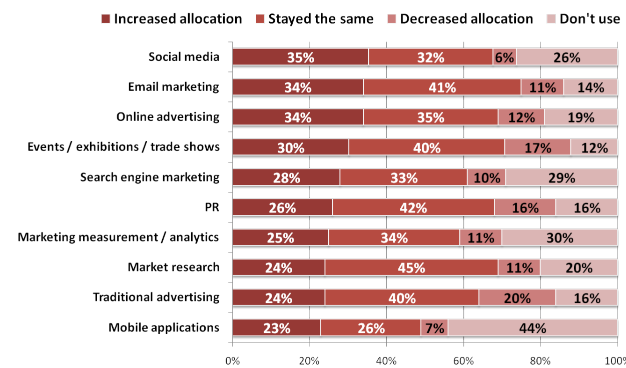


Figure 10: Changes in marketing budget allocation in last 12 months



Power to the marketing people

Since the early days of adoption of social media within corporate circles, there has been discussion over who should "own" it. Many have argued that the very essence of social media is that it is borderless and democratic and therefore that it should be owned by "everyone" and therefore, by default, no-one. As social media has grown in popularity amongst individuals and businesses alike, companies are now taking the view that this is an untenable position and that social media, as an area of investment, now needs to have structure, process and therefore, ownership attached to it.

Figure 11 shows that ultimate responsibility for social media currently lies with marketing in the majority of cases (74%). As already discussed, 52% see social media as integral to their marketing efforts whilst 59% see it as an opportunity for marketing departments, rather than a threat. As companies become more sophisticated in their usage of social media it seems that separate social media teams or departments are being built, these are twice as likely to have responsibility for social media in "visionary" companies (13%) than in other company types (6%). Figure 11 also shows the number of people with specific social media responsibilities within

Figure 11: Who owns social media?

organisations. This highlights that that, whilst responsibility can be spread between anything from one to more than twenty people, on average six people are found to have specific social media responsibilities.

Figure 12 shows how responsibility and involvement with social media activities is currently determined within organisations. The key finding here is that enthusiasm or an appetite for new technologies (52%) is more likely to determine involvement in social media than having specific skills in this area (32%). Specific skills are more likely to be a determinant in the US, one of the more social media sophisticated regions (41%), but the findings generally reflect the relative immaturity of the market with the onus currently very much on "learning as we go".

As social media activity increases and investment grows, so companies need to become more "grown up" in the strategy and structure that supports this activity. Social media skills are increasing all the time and are in high demand, so having an effective internal development programme to ensure social media enthusiasm translates into competence is essential.

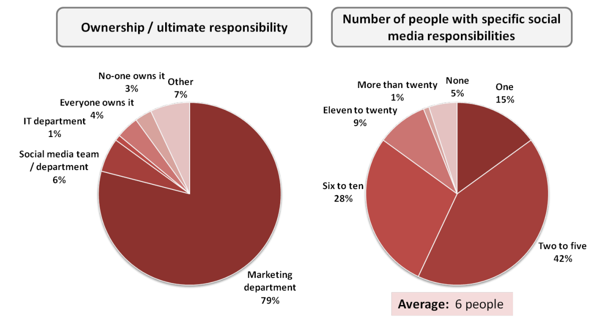
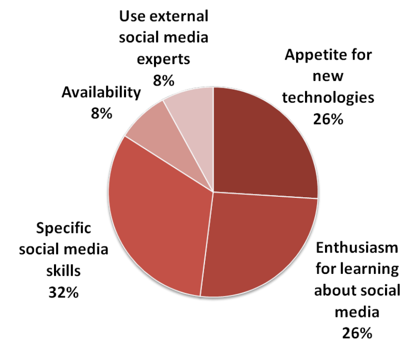


Figure 12: What determines who is involved in social media marketing



Bringing order to chaos

A sign of social media maturity is the existence of formalised policies – these are found to exist in almost half of companies (46%) and are much more commonplace in the US (76%) than in other regions which tend to rely on informal guidelines at best, nothing at worst. Indeed 27% of companies have no social media policy or guidelines in place at all and this is particularly the case in Germany (55%).

Social media is a two-way street, understanding how the company and its employees are using it is only part of the equation – it is even more important for companies to understand how their target market is using social media if they are to effectively engage this way. Figure 12 shows that companies are using social media for a host of different reasons. The most common reasons for using social media are to boost profile / generate exposure (54%), to reach new audience (47%) and to increase traffic to website (42%). Many of the reasons cited for using social media relate to broadcasting information and driving traffic to sites rather than creating a two-way conversation. 28% of companies are explicitly using social media to generate leads and new businesses, although interestingly only 33% of marketers agree that it is appropriate to sell

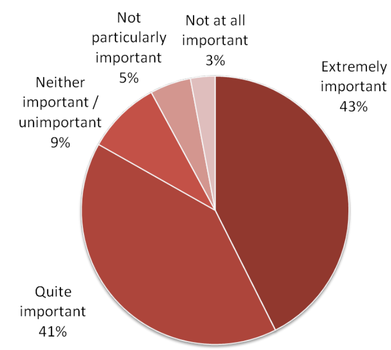
Figure 13: Reasons for using social media

directly to customers via social media.

Figure 13 shows that relatively few companies are using social media as a means of monitoring the market and customer sentiment (28%). This is somewhat surprising given that when respondents were asked how important it is for the company to monitor what is being said about them online, 84% agree that this is important (Figure 14). So far, only one in five companies (20%) have invested in social media monitoring / listening tools, although a further 29% plan to do in the next 12 months.

Monitoring and listening are critical elements of customer engagement and whilst, on the agenda of many marketers, they have yet to be properly embedded in social media strategies in most cases. Only by listening to target audiences is true engagement possible and only by measuring how well social media is performing in achieving its specific objectives, can companies effectively justify continued investment in this activity and continue to exploit the opportunities that social media brings.

Figure 14: Importance of monitoring online noise about company / brand



Conclusion

The Meltwater Future of Content survey finds companies at varying points of social media sophistication, enthusiastic at the possibilities yet challenged by the realities they are facing.

Two years ago, social media was barely on the corporate radar of many companies and in the time since, a host of social networks are grappling for the attention of marketers keen to find a new way to communicate with their audiences. 2010 sees only a minority of companies described as “visionaries”, social media leaders and trend setters within their respective industries. The vast majority of companies consider themselves to be “catching up” in one way or another, and still very much in a learning phase with social media.

The Future of Content survey finds marketers grappling with a number of social media growing pains, most notably difficulties with creating interesting or original content as well as problems with measuring the impact of social media. The latter is a particular concern, with cautious optimism surrounding levels of marketing investment, and social media, in particular, poised to receive a greater allocation of marketing budgets. Marketers readily admit that social media ROI remains elusive and that monitoring and measuring impact is a key challenge, but until these competency gaps are effectively addressed, marketers will struggle to justify or secure further investment.

These are interesting and exciting times for marketers, content needs to now be about coupling compelling content with timely delivery, and social media provides an enormous opportunity for marketing departments to make their mark. Listening is the first step to creating relevant and compelling content and companies need to strike an appropriate balance between using social media to broadcast and using it to listen and therefore engage. Online monitoring can both help to shape engagement strategies and to make ROI a reachable reality, serving as a compass for brands trying to navigate the ever changing online landscape.