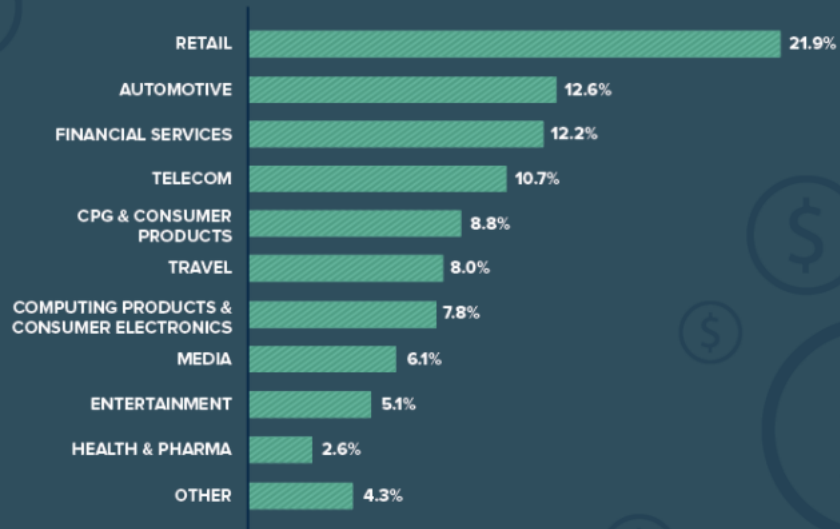




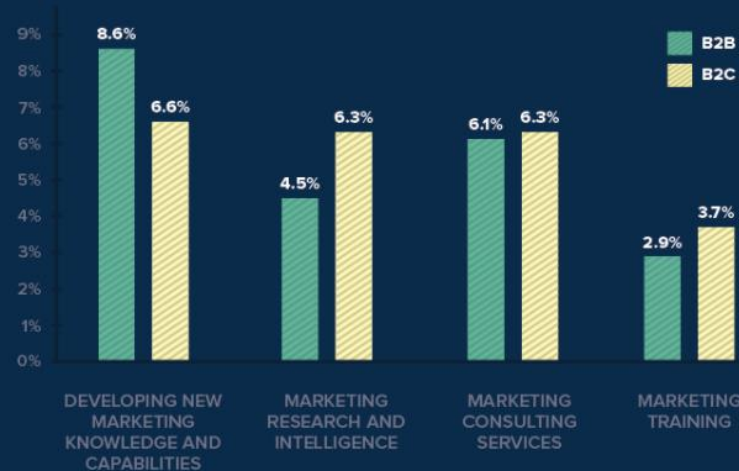
MARKETING INVESTMENT TRENDS

MARKETING SPEND STATISTICS 2019

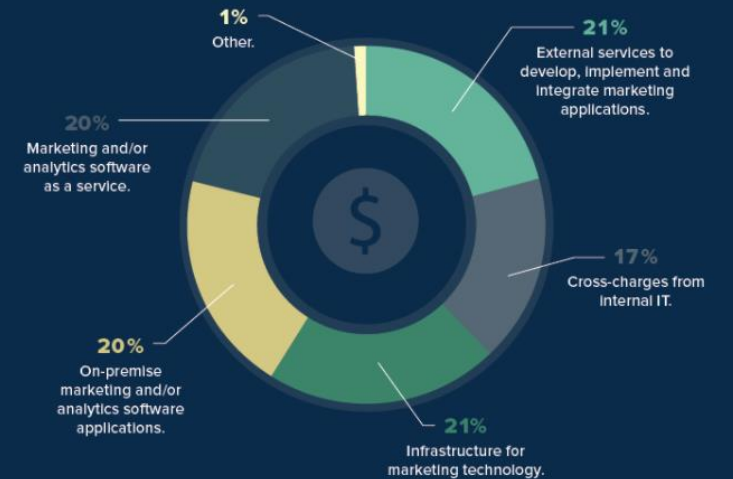
The retail industry allocates the highest percentage of total spend to advertising:



Between Aug 2017 and Aug 2018, B2B product companies increased their marketing knowledge investments. Over the same period, B2C product companies followed a similar pattern:



In 2018, CMOs devoted more of their budgets to investment in marketing technologies than to labor costs, with martech spend rising to **29 percent** of the average budget. Within this piece of the marketing pie, spend is evenly split between five areas:



MARKETING SPEND STATISTICS 2019

Per The CMO survey, companies that make more than **10 PERCENT** of sales online allocate **13 PERCENT** of their total budget to marketing.

This is compared with companies without internet sales, which allocate **10.6 PERCENT** of their budgets to marketing.



Globally, marketers allocate **8.9 PERCENT** of their budgets to digital display ads and **5.3 PERCENT** to paid search advertising.

Globally, consumer product brands spend the most on digital display advertisements, allocating **10.5 PERCENT** of their budget.



Despite the smaller portion of investment, the search channel has shown substantial growth between 2017 and 2018. According to research from Magna, the three channels with the highest ad revenue growth are:



Social media:
38 PERCENT.



Online video:
27 PERCENT.



Search:
18 PERCENT.

Smart Insights reported that marketers rank **CONTENT MARKETING** as the top activity that will have the biggest impact on their business in the near future.



According to a report from Cision, global content marketing revenue will exceed **\$300 BILLION BY 2019.**



Forward-thinking CMOs see the need for increased innovation. Not only are consumer demographics changing, but also buying habits. Gartner's survey revealed that **63 PERCENT** of CMOs expect their innovation budget to increase in 2019.

In 2018, CMOs set aside **16 PERCENT** of their budgets for innovation.

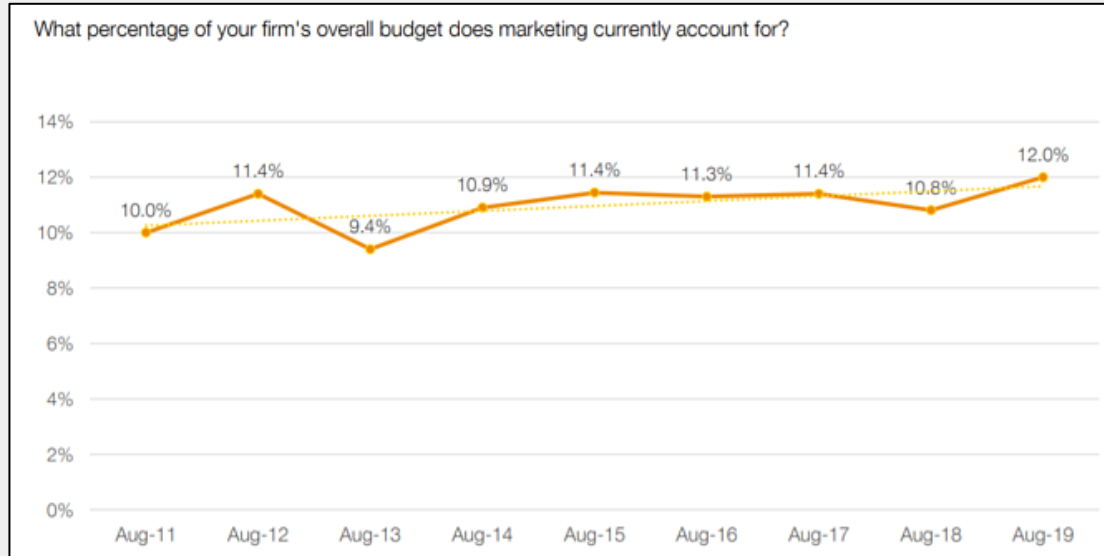


MARKETING SPEND IN 2020

The Gartner CMO Spend Survey for 2019-2020 found that **61% of CMOs expected their marketing budgets to increase in 2020**. The most recent CMO survey indicated that marketing budgets were expected to grow by 8.7% in the next year, nearly reaching an eight year high.

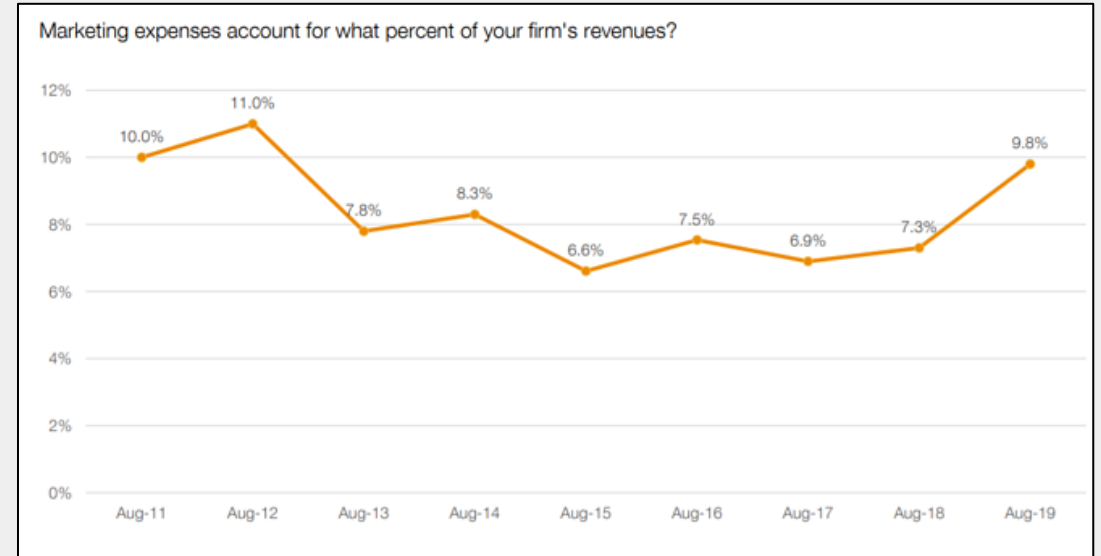
***Figures are pre-Covid impact*

Marketing budgets as a percent of the overall firm budget has remained even more consistent, as shown in the chart below. Consistent with the increase in marketing budgets overall, **marketing budgets as a percentage of firm budgets was projected to reach 12% in 2020 according to the CMO Survey**, matching the highest level they've seen.



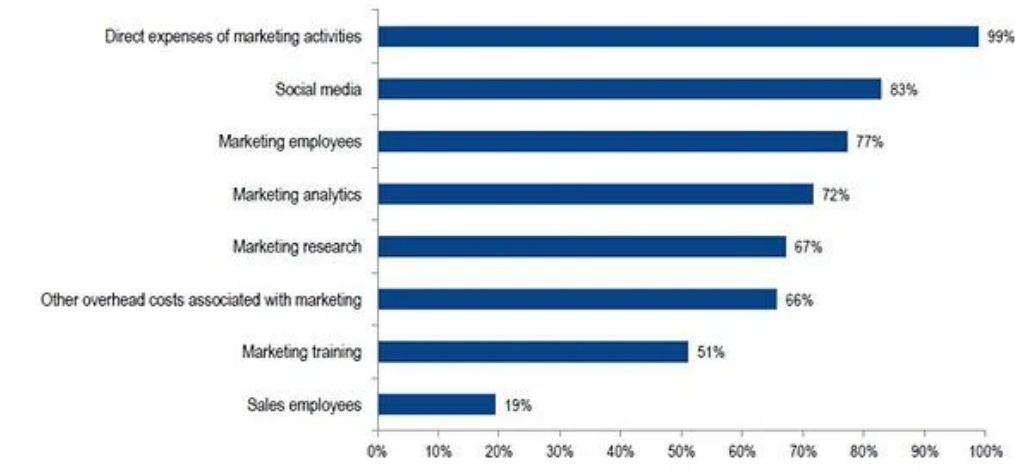
Marketing spending as a percentage of revenue tends to fluctuate, but generally **hovers between 6.5% to 10%**, with the highest percentage again coming from B2C service companies followed by B2C products.

The latest CMO survey showed **9.8% of revenue for the average marketing spend**, with **B2C service companies devoting 15.6%** of revenue to marketing, and **B2B product companies spending only 8.6%** of revenue.



MARKETING SPEND IN 2020

Figure 3.4. Expenses included in marketing budgets (% of companies)**



The 2019 study by Gartner reported that **marketing leaders planned to spend 26% of their marketing budget on marketing technology in 2020** (down from 29% in 2019), making it the single largest area of investment for marketers, followed by labor, agencies and paid media.

Email marketing platforms, web content management and digital marketing analytics platforms were the highest martech priorities.

The August 2019 CMO Survey shows planned spending on marketing training and development reaching a 5 year high, with **5.8% of marketing budgets dedicated to training and development**.

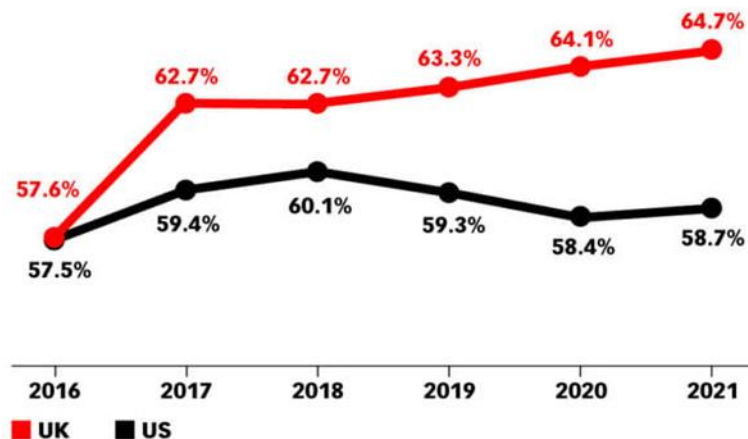
Reports from Forrester Research and eMarketer show the estimated allocation of marketing funds offline vs. online and across the digital channels.

- In 2020, the **average firm was expected to allocate 45% of their total marketing budget to online**
- **Search engine marketing will capture the largest share of online spend** with online display (banner ads, online video, etc.) taking the second largest share
- **Online video will represent the highest growth category**, with the anticipated investment more than doubling 2016 numbers by 2021
- **Social media advertising investments will continue to grow**, with a 17% compound annual growth rate from 2016 to 2021. Social media spending overall averaged 11-12% of total marketing budget in the August 2019 CMO Survey.
- **Mobile marketing has grown to a point that it's no longer tracked separately in the forecast and it's presumed to be considered across all channels**
- **Digital marketing is pacing at an 11% compound annual growth rate between 2016 and 2021** with the biggest growth occurring in online video.
- **Investment in paid search, display advertising, social media advertising, online video advertising and email marketing is predicted to account for 46% of all advertising by 2021.**

ESSENTIAL MARKETING TRENDS IN 2020

In 2020, we can see the huge impact that digital marketing has had over the last decade. Looking at advertising alone, predictions show how the duopoly of Facebook and Google dominate paid media investments online, although offline media buys remain important for many larger brands.

UK vs. US Facebook & Google Combined Net Digital Ad Revenue Share, 2016-2021
% of total digital ad spending



Note: Facebook=paid advertising only; excludes spending by marketers that goes toward developing or maintaining a Facebook presence; Facebook advertising revenues includes Instagram advertising revenues; Google=net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites
Source: eMarketer, March 2019

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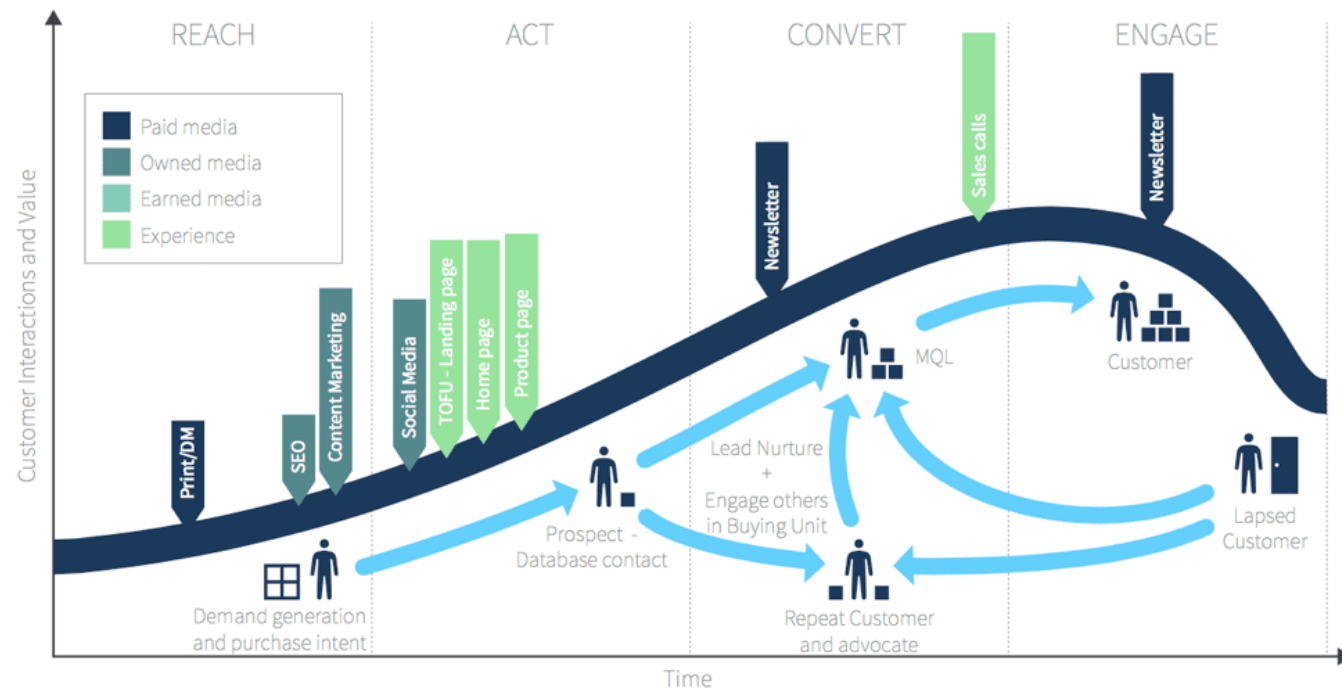
www.eMarketer.com

Trend 1. Lifecycle Marketing

Although it's often said that the 'funnel is dead' since consumer follows non-linear journeys, regardless of the product or service you're involved with marketing, it will always be the case that to grow a business, your primary focus is growing awareness, closely followed by increasing customer leads and prospects.

The role of digital in creating a unified customer experience is also high in the response, but it's shocking that digital marketing isn't seen as a driver of boosting revenue from existing customers.

A more practical way to plan to integrate online marketing into marketing activities is to consider communications from a customer point-of-view through the customer journey.



ESSENTIAL MARKETING TRENDS IN 2020

Trend 2. Conversational marketing

Conversational marketing was highlighted as a key innovation in the latest Gartner hype cycle alongside Artificial Intelligence, which often fuels it. Of the technologies on the Innovation Trigger slope, many aren't expected to become mainstream for 5 to 10 years.

Of those forecast to hit the mainstream within the next 2 to 5 years, the three most significant for marketers to consider are personification, real-time and conversational marketing.

“Conversational marketing technologies enable interactions between companies and customers that mimic human dialogue and do so at scale. This category is near the Peak of Inflated Expectations phase”.

GARTNER HYPE CYCLE FOR DIGITAL MARKETING & ADVERTISING 2019



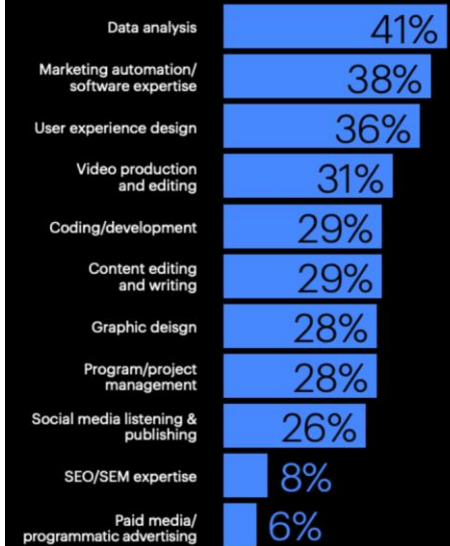
SOURCE: SMARTINSIGHTS

Trend 3. Insights-driven marketing

Improving their data-driven marketing is an aim of many businesses indicated by the most desired skill amongst digital marketers revealed by the Altimeter/Prophet State of Digital Marketing report.

Intensive users of customer analytics are 23 times more likely to clearly outperform their competitors in terms of new customer acquisition than non-intensive users, and nine times more likely to surpass them in customer loyalty.

FIG 3: WHAT ARE THE MOST DESIRED SKILLS FOR YOUR DIGITAL MARKETING HIRES IN 2019-2020?



Source: Altimeter Digital Marketing Survey, Q2 2019, Base: N=500

Trend 4. Marketing technology

Martech = marketing technology

If your business and your agencies adopt the right blend of Martech, it can help give you an edge against competitors, but if not, you may be missing out on the insights and automation processes they are using.

“No MarTech stack is complete these days without the third leg of CRM, MAP & CDP. The only way to map, store, analyze and act on the complete end-to-end customer journey is having all the data in one place using a Customer Data Platform (CDPs).”

ESSENTIAL MARKETING TRENDS IN 2020

Trend 5. Consumer Privacy and KYC

Repeated privacy faux-pas by Facebook, Google and security breaches at other brands leading to the release of customer details have highlighted to consumers that their data isn't as safe with online brands as they may have once thought. Privacy regulations like GDPR have been enacted to improve data privacy with increased fines.

At the same time, **we have seen a decreasing effectiveness of traditional identification methods such as cookies for tracking, which makes media ROI determination - supposedly one of the key benefits of digital channels - more difficult.**

Emerging technologies can potentially help with both of these challenges.

New Identify Management or Know Your Customer solutions are being developed that can both improve security, reduce fraud and improve insight about customers across multiple devices.

With these consumer concerns and new legislation such as the EU ePrivacy legislation about to be launched and the inaccuracy of tracking online with increasing restrictions built into browser like Chrome and Safari it seems like the days of the cookie (and particularly third-party cookies) and digital fingerprinting may be numbered. This means that businesses should be considering other alternatives if they aren't already.

UK startup Hooyu blends traditional methods of customer verification such as database checks (where available) with ID document validation, digital footprint analysis, geo-location and facial biometrics. While this is most relevant for banks and other gambling applications, it indicates the range of data points that are now available.

Trend 6. Digital transformation and Marketing Transformation

Managing digital marketing research revealed many challenges in terms of how digital marketing is run in companies today. Problems included a lack of focus on integrated strategy, testing, and optimization and structural issues like teams working in silos or a lack of skills in integrated communications.

To counter these types of problems and to make the most of the opportunities for growing a business through digital marketing, many businesses are now putting a digital transformation programme in place.

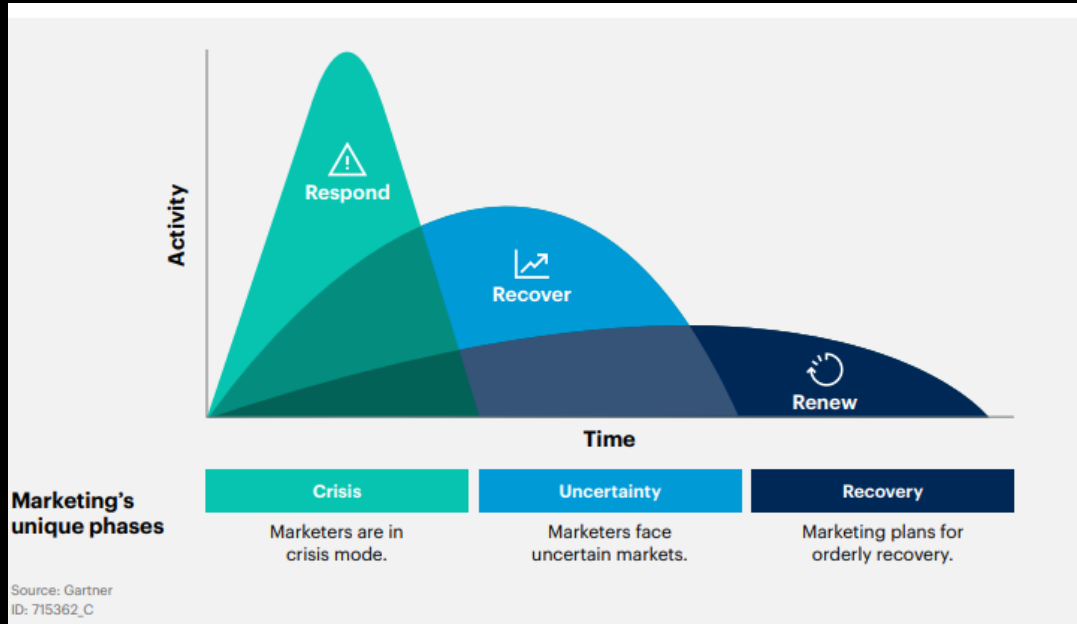
The aim of digital transformation is to develop a roadmap to improve digital capabilities and skills, while at the same time, integrating 'always-on' digital marketing activities with brand and product marketing in the business.

A common practice that we can expect to continue in the future is a move to a hybrid approach to managing digital marketing with digital marketing skills being developed in marketing teams as suggested by this structure.

However, the label of a 'digital department' is outmoded, since the creation of large digital teams has caused silos to develop with other marketing and product teams. Instead, we can expect a continued move to a digital/marketing Centre of Excellence model. The DCoE will be smaller 'digital services units' that track the latest developments in development, advising on new digital techniques and technologies.

THE IMPACT OF COVID

Defying economic pessimism, 73% of CMOs expect COVID-19's negative impacts to be short-lived. The global COVID-19 pandemic has disrupted business plans unlike any event this century. As unprecedented as the events of 2020 have been so far, previous points of crisis such as the Great Recession of 2008 have revealed a pattern of business behaviors: initial response, recovery and renewal



Gartner data from a poll of CFOs showed that almost 60% are building scenario plans that include a second wave of the disease outbreak.

60% of CEOs believe that there will be a U-shaped recession, while 22% believe it could be a double dip, W-shaped recession

More than half (57%) of respondents across all industries believe that performance will return to business as usual in the next 18 to 24 months

[We] used two scenarios to guide our forecasts. In all scenarios, marketing spend declines. But a return to marketing budget growth is much faster if the pandemic stalls by the end of 2020.

The second scenario — which we see as the more probable one — anticipates a mid-2021 recovery and will cause deeper budget cuts with broader effects across the marketing ecosystem and broader economy.

In both scenarios, offline media declines. CMOs are moving money away from out-of-home placements that commuters and business travelers aren't seeing right now and into brand-focused digital spots that allow for flexibility to adjust channel or message.

Marketing technology will sustain. Automation will support critical tasks and in some cases, technology may offer greater efficiency than relying on manual effort

Don't stop marketing. Definitely revise pre-crisis products, placements, or prices in order to create the value customers need now.

HOW TO ALLOCATE MARKETING SPEND

In general, small businesses allocate 7% to 12% of their gross revenues to marketing.

This compares with the Small Business Administration's suggestion of spending 7% to 8% on marketing.

Of that amount, the total budgeted to digital marketing is expected to rise to 45% in 2020 compared to 42% in 2019.

The biggest share of digital marketing expenditures will go to video marketing, and social media ads will account for 25% of the average digital marketing budget.

DETERMINE YOUR IDEAL MARKETING BUDGET:

If your company is younger than five years old, your budget should be in the 12% to 20% range.

You need to spend a high amount to help establish name recognition.

Older companies should budget between 6% and 12% unless you are establishing a new brand name.

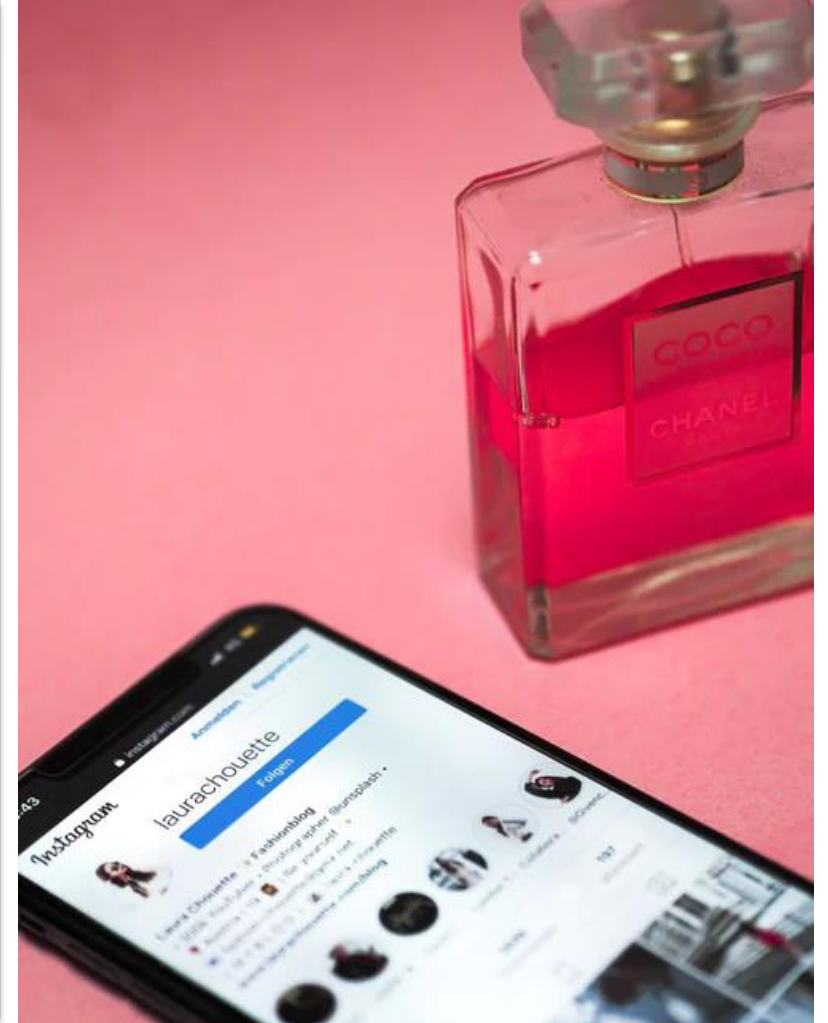


HOW TO ALLOCATE MARKETING SPEND

UNDERSTAND 2020 DIGITAL MARKETING TRENDS

As you ponder your marketing expenditures, consider these trends:

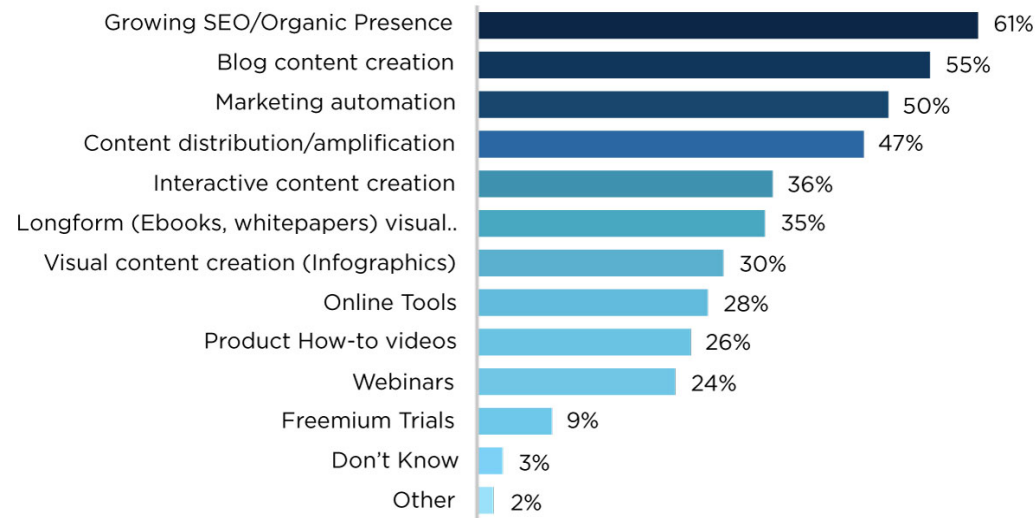
- More than **90% of customers claim to rely on influencers to help them decide on purchases**. In other words, it makes sense to allocate money for influencer fees.
- **You really can't afford to ignore video because it gets results**. You can create streaming or live video for a modest cost. Check your community resources for companies that can handle video for you.
- Sophistication is on the rise. Look for **increased use of artificial intelligence, video search, and 5G networks**.
- You can **better convert website visitors to leads by making your site more interactive**. Think about adding live chat, quizzes, games, and even virtual reality.
- Do you understand micro-moments? These are **instances where folks reflexively utilize their device(s) to do, watch, discover, buy, or learn something**. In a micro-moment, people are ready to decide and/or spend money. **For you, this means helping visitors act on their micro-moment**. You do this by providing value, including timely articles, links to valuable resources, tools, help desks, etc., on websites and apps.
- Be aware that **smartphones may eclipse websites this year in terms of video-based advertising**.
- **Concentrate your marketing on social media sites most relevant to your potential customers**, be it Snapchat, Instagram, Twitter, Facebook, YouTube, etc.
- **Never forget that content is king**. That means you should allocate sufficient budget to pay for high-quality, authoritative, and timely articles employing SEO features to drive an organic presence in search results.



CREATING DIGITAL MARKETING PRIORITIES

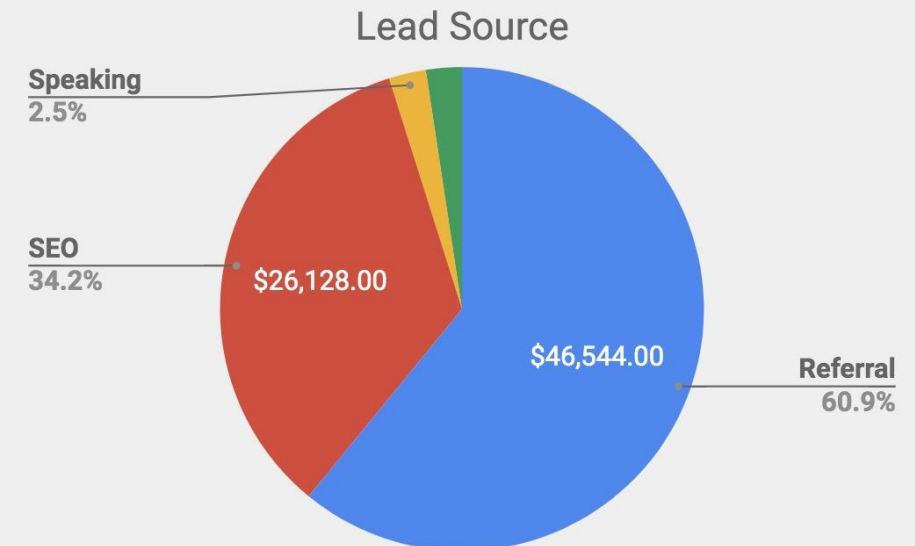
- According to the U.S. Small Business Administration, they've suggested **7% to 8% of your gross revenue should be spent on marketing.**
- The **digital/online part of marketing budgets is expected to be up from 42% in 2019 – to around 45% on average by 2020**
- **Video marketing is the fastest-growing category**, which will be double what it was from 2016 to 2021.
- Social Media Ads will be growing (less rapidly) to hit 25% of digital marketing spending.

When it comes to inbound marketing projects, what are your company's top priorities?



Take a good hard look at every piece of closed business you had in 2019 and where it came from. And as many touchpoints that influenced CLOSED BUSINESS in 2019, particularly if you're a service business – and your main objective is getting more leads.

- Make a list of the top 10 avenues that brought in leads over the past year.
- Identify every client you currently have and what brought them in.
- Take the top 2-3 sources/influence points and concentrate your efforts around them and supporting them.



WHY YOU SHOULD BE LOOKING FOR WHITE SPACE

The most important question in marketing is “Who is it for?” – once you answer that, it should make your prioritization a lot easier. Define three ideal customers and figure out where they are REALLY spending their time online.

Once you get “Who is it for?” down to a T – you’ll want to find where the WHITE SPACE is within that market.
Meaning – you’ll want to figure out where your COMPETITORS AREN’T.

Where is the attention, but competitors aren’t going after it? Often it’s a place that’s hard to reach – but it’s definitely worth looking. Are the eyeballs on HGTV, but your competitors don’t want to understand T.V. advertising? Are they on Facebook – but your competitor doesn’t understand digital? Are they at micro-niched conventions or events?

White space identification + “Who is it for?” will significantly help you prioritize your 2020 Marketing Spend.



SOURCE: [FUTURETRAVELEXPERIENCE.COM](https://futuretravelexperience.com)



MARKETING ACTIVITIES TO FOCUS ON IN 2020

A beautiful brand video that tells the story of your ideal customers

Make sure the video makes your ideal customers look super awesome. Make it about them, not you.

Make a 3-minute version and a 1-minute version.

Put it all over your website in key areas where someone would be most likely to interact with it on all of the major pages and blog pages.

Plan to spend money on Youtube, Facebook, and LinkedIn to get the video out AT LEAST to remarket to people that were on your site in the past month.

Ongoing content marketing videos that let your subject matter experts entertain and educate

Find out where your ideal customers are and try to master the format there.

Experiment with entertaining content as well – not just educational.

Systems around putting out video regularly, cutting it up, subtitling it, social listening and turning into blogs

The actual format of your videos matter.

Use subtitles under your video, and maybe a spicy title on top – square videos often get more eyeballs because they take up more screen real estate.

Video is a powerful first piece of content, that can be then turned into podcasts, smaller videos for social, blog posts, infographics, and quotes for social. Make a goal never to create a piece of content that's only O.N.E. piece of content – try to make every 'pillar' piece of content – at least a total of 3 pieces of content.

All kinds of targeting, experimentation, and promotion effort around your best content. Upgrading your content – download, and paid ads for 'content upgrades'

Two types of Content Upgrade:

Refreshing & repurposing your best content – Google loves mature, upgraded content

Fine creative ways to offer content upgrades aka bigger formats – downloadable PDF for examples

Paid search ads – paid pre-roll video on YouTube, heavy remarketing on Facebook

paid search is still one of the top highest 'perceived R.O.I.' for marketers' marketing spends.

KEY TAKEOUTS

Marketing spending as a **percentage of revenue tends to fluctuate, but generally hovers between 6.5% to 10%**

According to the U.S. Small Business Administration, they've **suggested 7% to 8% of your gross revenue should be spent on marketing.**

The latest CMO survey showed **9.8% of revenue for the average marketing spend**, with **B2C service companies devoting 15.6%** of revenue to marketing, and **B2B product companies spending only 8.6%** of revenue.

In 2017 banks spent an average of 3.5% of total expenditures on marketing and advertising on a year-to-date basis; about 6% of total revenues—and up about 0.05% of total expenditures.

'Martech' was reported to see the largest budget investment in 2020, followed by labour, agencies and **paid media**

The focus on digital remains high (more so due to the pandemic) with **average firm projected to spend 45% of budget in this space**

Investment in **paid search, display advertising, social media advertising, online video advertising and email marketing** is predicted to account for 46% of all advertising by 2021.

Internet advertising accounted for the largest portion (45.5%) of the total spend for global financial services; **Financial services brands tend to weight their ad spend to the internet slightly more than all advertisers**

CHANNEL FOCUS TRENDS:

Digital is leading the race

Influencers are still effective, with 90% of customers

Video produces excellent results; smartphones may eclipse websites this year in terms of video-based advertising

Experiment with content formats that suit audience and channel – make it entertaining, available in various formats, and if it works – refresh & repurpose content; Google loves it!

QUESTIONS?

Get in touch.

