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SAMPLE: Marketing Budgets 2014

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SAMPLE: Marketing Budgets 2014

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1. Executive Summary and Highlights

The fifth annual **Marketing Budgets Report**, published by Econsultancy and sponsored by [Responsys](#), is based on a survey of more than 600 company and agency marketers, carried out in December 2013 and January 2014.

The report is a bellwether for the health of the marketing industry. It looks at the extent to which companies are increasing their budgets across a range of channels and technologies, comparing online and offline budgets while also looking at the balance between acquisition and retention marketing.

Marketing budgets at most buoyant since launch of inaugural survey

The findings of the research show that marketers are more likely to be increasing their overall marketing budgets for the year ahead than at any time since the launch of our first Marketing Budgets Report during the height of the economic crisis.

- 60% of client-side respondents say their companies are increasing their...

	Overall marketing budget		Digital marketing budget		Traditional (offline) marketing budget	
	2013	2014	2013	2014	2013	2014
Proportion of companies planning to increase						
Average expected increase						

Paid media continue to get the lion's share of budget but the research points to continued erosion from earned media

Continuing a trend established in last year's report, **content marketing** is still the most...



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2. Foreword by Responsys

Marketers today are pumping out more campaigns than ever, across an increasing number of channels, and yet, revenue isn't increasing like it used to. In fact, for many, it's starting to stagnate or decrease. We are in the midst of a campaign crisis.

Consumers are not only more distracted by dual-screening and disruptive technologies, they are fed up with the inundation of often untimely or irrelevant email, mobile, social and display messages they receive from brands. Yet, as you'll read in this report from Econsultancy, 34% of companies still plan to increase focus on acquisition marketing, while just 18% will focus on retention strategies this coming year. By failing to sufficiently fund activities that drive loyalty and lifetime customer value, these companies will remain stuck in this cycle of never ending campaigns, with diminishing returns.

I am optimistic, however, that in 2014 we will see more adoption of marketing orchestration, in which marketers optimize a customer's entire journey with a brand, not individual interactions. In fact, 59% of companies report that they will focus more on the customer than on the campaign during 2014, while 79% will focus on trying to break down internal silos to better integrate and orchestrate marketing efforts. This data is encouraging.

This report primarily looks at how companies are allocating their marketing budgets in response to changes in customer behavior, expectations and preferences. A key finding is that overall marketing budgets are at their most buoyant since the launch of the survey five years ago. Sixty percent of respondents said their companies were intending to increase budgets for 2014. Looking specifically at digital, the proportion of companies increasing spend remains consistent and strong, with 71% of companies stating this is the case – the same percentage as last year.

What's more, the lines have become blurred between traditional and digital budgets, with almost half (48%) of companies agreeing there is 'little' or 'no distinction.' While paid media continues to get the lion's share of budget, 55% of companies stated they are focusing more on earned media this year to get more value for their money. This is an indication of the more holistic, orchestrated and integrated marketing approach that a greater number of marketers are beginning to adopt, as they expand to a wider array of digital channels, while striving to keep the customer experience front and center.

Overall, the report paints the marketing landscape in an interesting light. Technology will continue to challenge brands to interact with consumers in new and interesting ways. The real test will be whether they are prepared enough to adapt and capitalize on the opportunities that innovation will provide, without falling back on siloed tactics. Marketing orchestration, with its emphasis on driving lifetime customer value, will provide marketers with the needed competitive edge to increase revenues and, perhaps more importantly, remain of relevance to the consumer.

Simon Robinson
Senior Director Marketing and Alliances, EMEA
Responsys



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2.1. About Responsys

Responsys is a leading marketing cloud software and services company. Our mission is to enable the smartest marketing in the digital world.

The most respected brands across the globe use the Responsys Interact Marketing Cloud to manage their digital relationships and deliver the right marketing to their customers across email, mobile, social, display and the web.

Our customers gain competitive advantage through the automation, individualization, and coordination of cross-channel marketing interactions at massive scale. Responsys solutions are designed to grow revenue, increase marketing efficiency, and strengthen customer loyalty.

Founded in 1998, Responsys is headquartered in San Bruno, California and has offices throughout the world.

Responsys serves world-class brands such as: New Look, B&Q, LinkedIn, Thomson Reuters, McAfee, Deutsche Lufthansa, Aer Lingus, Qantas, Toys 'R' Us, Comcast Communications, LEGO, Fitness World, HP Snapfish, Lenovo, and more.

For more information about Responsys, visit www.responsys.com.

2.2. About Econsultancy

Econsultancy's mission is to help its customers achieve excellence in digital business, marketing and ecommerce through research, training and events.

Founded in 1999, Econsultancy has offices in New York, London and Singapore.

Econsultancy is used by over 500,000 professionals every month. Subscribers get access to research, market data, best practice guides, case studies and elearning – all focused on helping individuals and enterprises get better at digital.

The subscription is supported by digital transformation services including digital capability programmes, training courses, skills assessments and audits. We train and develop thousands of professionals each year as well as running events and networking that bring the Econsultancy community together around the world.

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3. Methodology and Sample

The Econsultancy / Responsys Marketing Budgets 2014 report is based on a survey of more than 600 client-side marketers and agency respondents. Information about the online survey was emailed to Econsultancy's user base of digital professionals and marketers, and promoted online via Twitter and other channels during December 2013 and January 2014.

The incentive for taking part in the survey was access to a complimentary copy of this report just before its publication on the Econsultancy website.

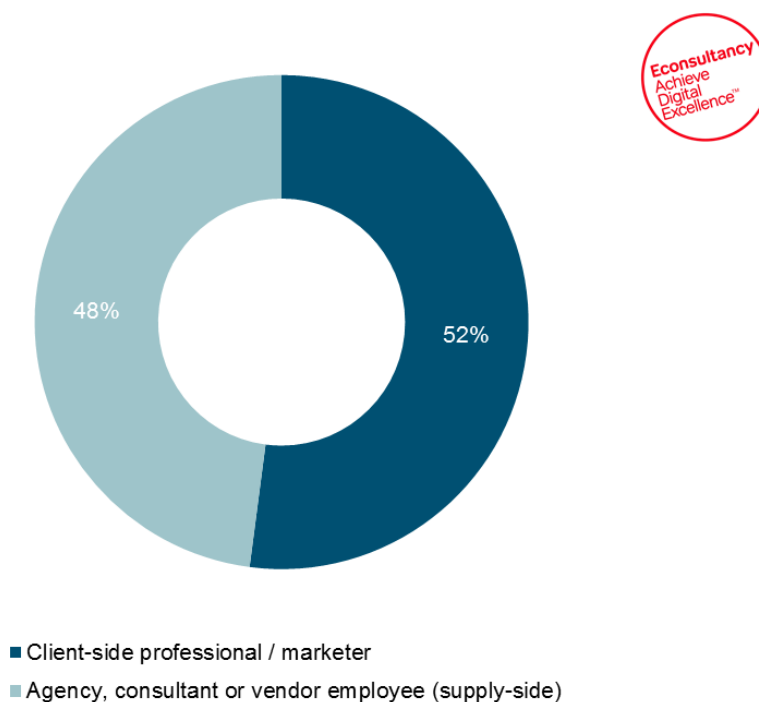
Econsultancy and Responsys, the research sponsor, would like to thank those who took the time to complete the questionnaire. If you have any questions about the research and methodology, please email Econsultancy's Research Director, Linus Gregoriadis (Linus@econsultancy.com).

A total of 628 respondents took part in the survey, including 52% who are *client-side marketing professionals* and 48% from the *supply-side* (including agency marketers, consultants and those working for technology vendors or other service providers).


For the purposes of this report, we have carried out separate analysis for both these groups and the distinction is abbreviated to 'companies' (including not-for-profit organizations) and 'agencies' (including vendors).

For more detailed profiling of respondents, see [Section 5](#).

Figure 1: Which of the following most accurately describes your job role?



Respondents: 628



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4. Findings

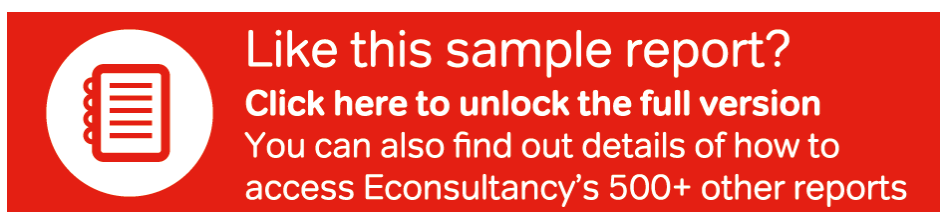
4.1. Marketing focus

To understand in more detail how companies will approach their marketing campaigns over the next 12 months, survey respondents were asked to specify the extent to which various statements are true for their organization (or for their clients).

Client-side marketers are more than twice as likely to ‘strongly agree’ with some of these statements than their agency counterparts. A third (34%) of company respondents strongly indicate that they are *working towards delivering cohesive customer experiences*, rather than focusing on...

Company respondents

Figure 2: To what extent do you agree or disagree with the following statements?



Respondents: 211

4.2. Marketing budgets

4.2.1. Proportion of budget spent on digital

Responding companies are spending, on average, 38% of their total marketing budgets on digital, which is a 3% increase from last year's figures.

However, despite the increase in the average proportion of marketing budget spent on digital, around half...

Company respondents

Figure 3: What percentage of your overall marketing budget is spent on digital marketing?



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*Respondents 2014: 291
Respondents 2013: 395 | 2012: 238 | 2011: 216*


4.3. Investment in technology

4.3.1. Plans for digital marketing technology spend

Just over two-thirds (70%) of responding companies indicate they are planning to increase their spending on digital marketing technology, down by only 1% since 2013. The proportion of companies planning to maintain the...

Company respondents

Figure 4: What best describes your plans for digital marketing technology spending in 2014?



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Respondents 2014: 230
Respondents 2013: 338 | 2012: 205 | 2011: 193

4.4. Marketing effectiveness and ROI

4.4.1. Understanding of ROI from digital channels

Just over half of the responding companies (51%) claim to have a 'good' or 'very good' understanding of return on investment (ROI) from digital channels. This year's results stabilize a trend of declining levels of ROI understanding since the start of the survey in 2010, a trend which was probably the result of a more nuanced and sometimes less measurable approach to digital and the challenges of attribution beyond last click.

This could suggest that the tide may be beginning to turn with regards to...

Company respondents

Figure 5: How do you rate your understanding of ROI from digital marketing channels?




*Respondents 2014: 224
Respondents 2013: 335 | 2012: 197 | 2011: 189 | 2010: 215*

4.5. Barriers to further investment

Figure 48 shows the reasons why companies are not investing more money in digital marketing. Consistently over the past five years, the reason for not investing more has been *restricted budgets for all types of marketing*; this year, 51% of respondents cited this as a factor. One factor of note is that the proportion of respondents citing...

Company respondents

Figure 6: What is preventing your company from investing more money in digital marketing?



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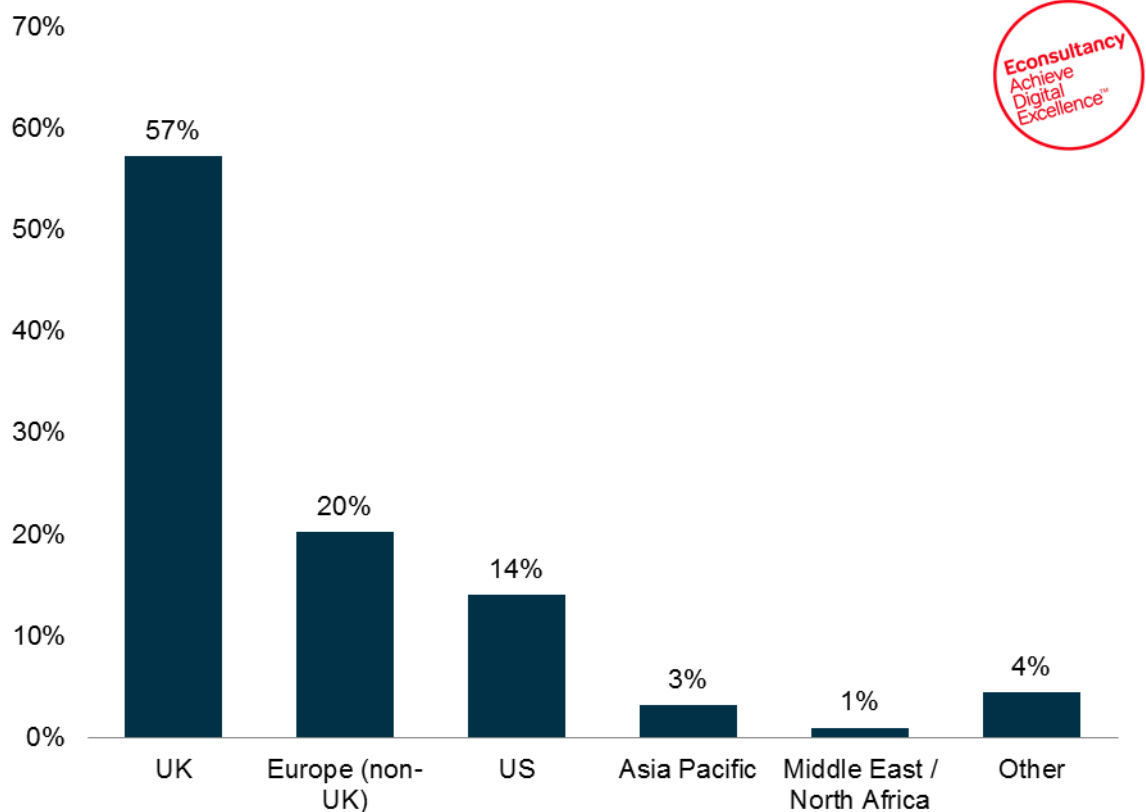
Respondents 2014: 215
Respondents 2013: 326 | 2012: 191 | 2011: 184 | 2010: 573

5. Appendix 1: Respondent Profiles

5.1. Geographic location

Just over half (57%) of survey respondents are UK-based. A fifth are located in Europe (excluding the UK) and some 14% are based in the US. Asia Pacific accounts for 3% of the sample.

Figure 7: In which country are you (personally) located?



Respondents: 629



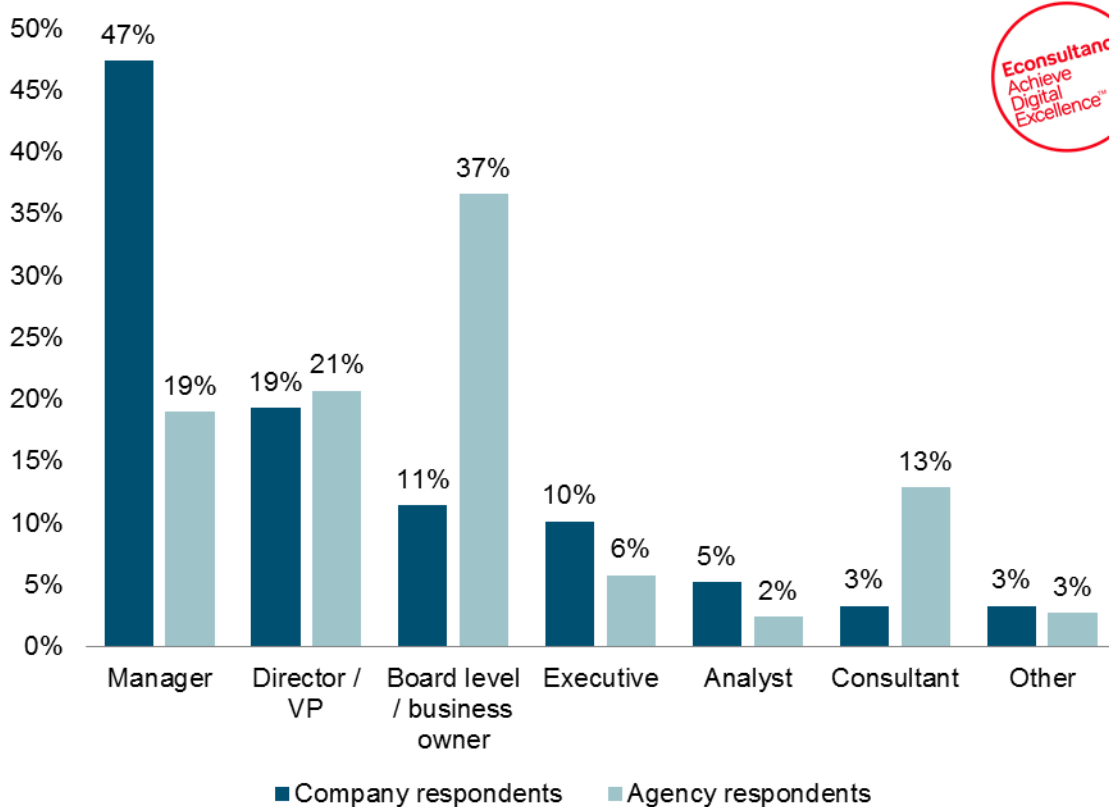
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5.2. Job roles

As was the case last year, the most common job title among company respondents is *manager* (47%), followed by *director/VP* (19%), *board-level executive or business owner* (11%) and *executive* (10%).

Figure 8: Which best describes your job role?



Company respondents: 306
Agency respondents: 295



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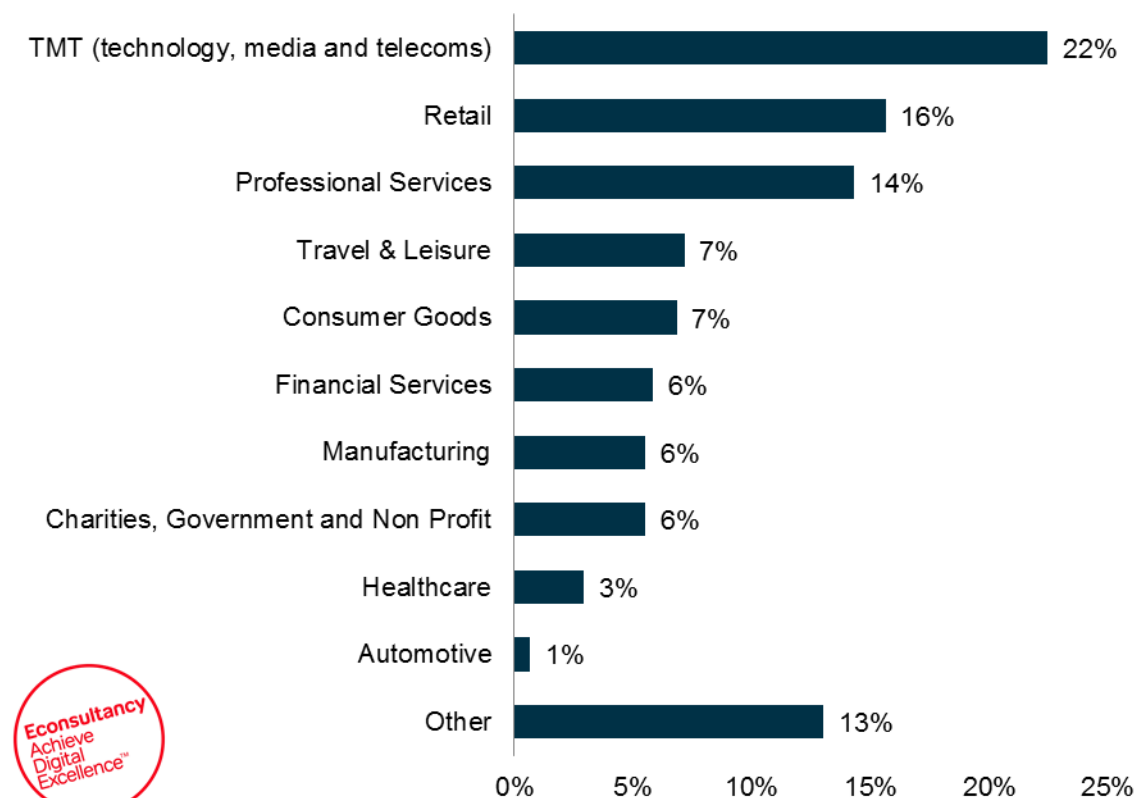


5.3. Industry sector

The respondents taking part in this survey work across a wide variety of different sectors, including *technology, media and telecoms* (22%), *retail* (16%), *professional services* (14%), *travel & leisure* (7%) and *consumer goods* (7%).

Company respondents

Figure 9: Which of the following best describes the industry your organization operates in?



Respondents: 307



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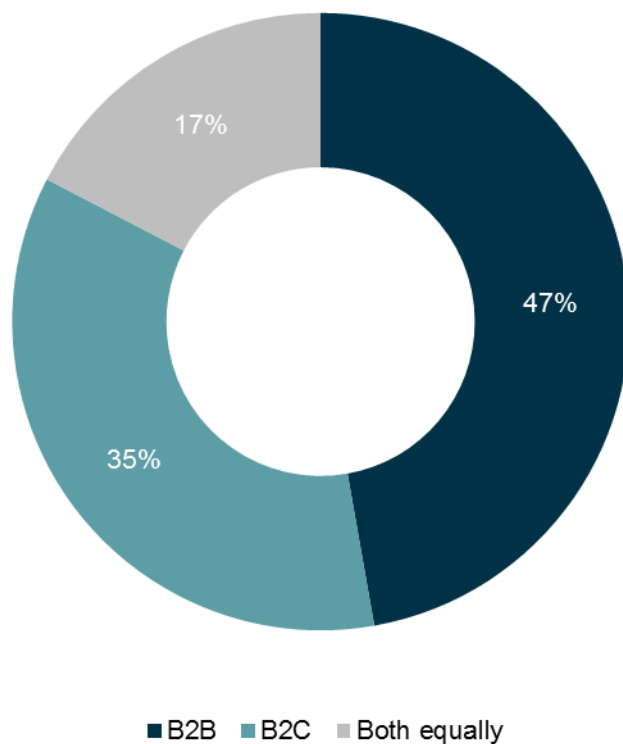


5.4. B2B / B2C focus

Around half (47%) of client-side respondents are focused exclusively on B2B, while over a third (35%) are B2C-focused. Around a fifth (17%) are focused equally on both B2B and B2C.

Company respondents

Figure 10: Is your business focused more on B2B or B2C?



Respondents: 307



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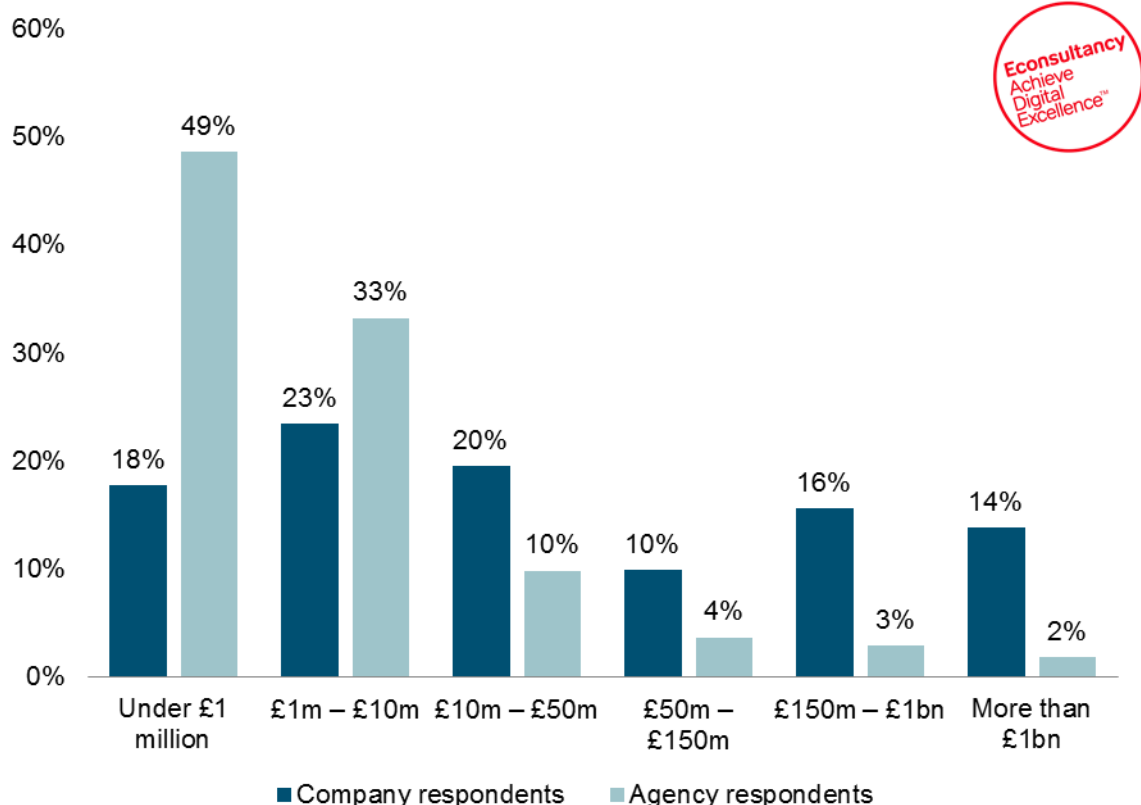


5.5. Annual company revenue

The chart below shows the range in size (by revenue) of the companies and agencies represented in this survey.

Around two in five (41%) companies surveyed have annual revenues of under £10m, while just under a third (30%) turn over between £10m and £150m. Almost a third (30%) of companies surveyed have a turnover of more than £150m.

Figure 11: What is your annual company revenue?



Company respondents: 306
Agency respondents: 296



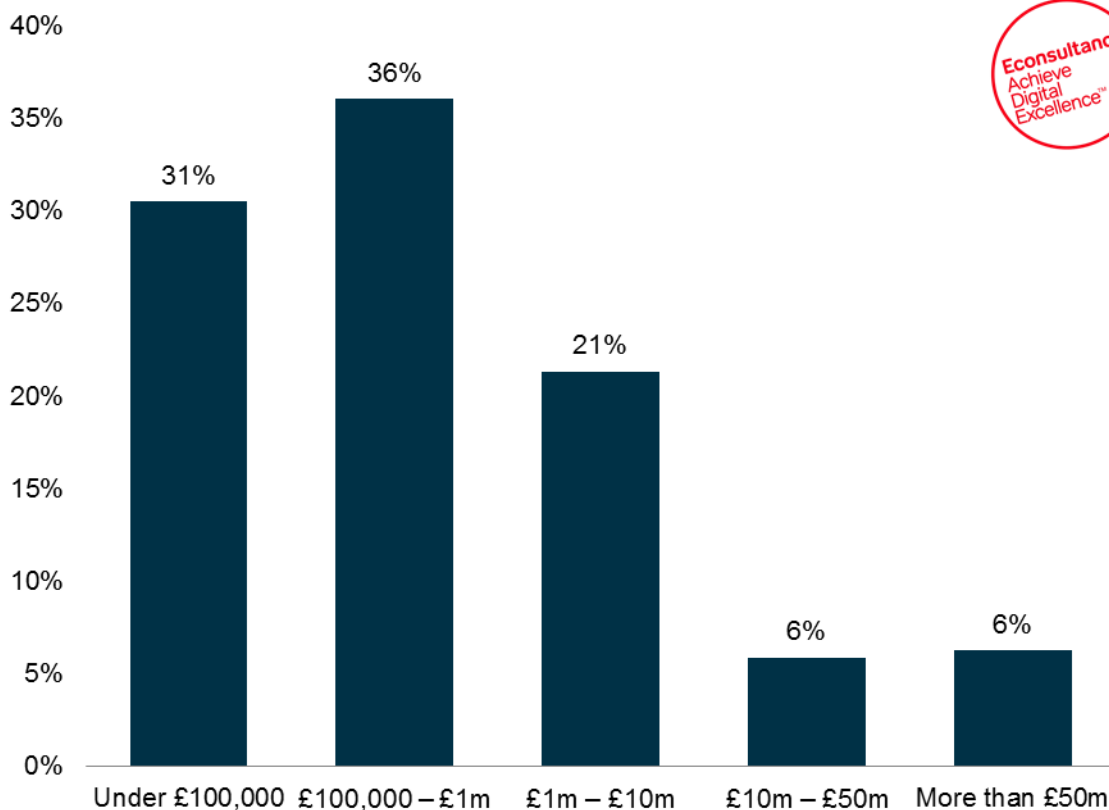
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5.6. Annual marketing budget

Just over two-thirds (69%) of responding companies have an annual marketing budget of at least £100,000. A third of companies surveyed have an annual budget in excess of £1m.

Company respondents

Figure 12: What is your company's annual marketing budget?



Respondents: 293



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6. Appendix 2: Marketing Budgets by Company Revenue

Company respondents

Figure 13: Plans for overall marketing budget by company revenue



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Respondents 2014: 306
Respondents 2013: 431