The Marketing Mix 2013

Measuring marketing trends, spend and effectiveness around the globe

Contents

Foreword

Jodie Sangster, Chair,
International Federation of DMA's (IFDMA)

The global marketing landscape is constantly evolving as marketers have access to more data, increasingly sophisticated technology and more personalised marketing channels that facilitate true customer engagement.

To truly stay ahead in the new world of marketing and advertising, organisations need to look outside the confines of their own market to understand how marketers in other countries are tackling marketing challenges, engaging with customers and gaining cut-through. Throughout the world, marketers are adopting new strategies and techniques that increase the effectiveness of marketing campaigns and to deliver better ROI. Combining this knowledge benefits all and helps to progress marketing throughout the globe.

It is for this reason that that the International Federation of DMA's has committed to undertaking an annual benchmarking study that provides and insight into how organisations worldwide are approaching marketing and advertising. This year, we looked to establish the foundation of the study by providing a baseline from which we can start to track how organisations approach budgets, media allocation, channel usage and measurability with a view to understanding what really drives effective marketing and ROI.

I am delighted to have been involved in this inaugural research study and look forward to building on the findings and insights in years to come. I would like to thank my colleagues from marketing associations around the world for supporting the research study and taking the first step to establishing an industry benchmark in global data-driven marketing and advertising.

Foreword

Valentina Carnevali, CEO,
DMA Italia, Association for Data Driven Marketing

Marketers have never been as lucky as they are today with such a huge quantity of data available to recount customers' preferences, behaviors, relationships and sentiments.

This is an amazing volume of information that drives us to be creative in order to be surprising. But it also drives us to be other things: curious in order to understand, intuitive in interpretation, disciplined in execution, consistent in measurement and reactive in response. It's an enormous job to take on, it requires more and more sophisticated skills but it makes all of us even more passionate about being marketers!

Since we are learning a new, sophisticated art of marketing, we need tools to understand where we stand and what is happening around us.

As well as that, we need cooperation and exchanges of views with other players, we need insights, and advice in a continuous swapping of ideas.

This research is the first step in an amazing project because it contains all of these three elements:

- the competence of hundreds of marketers who responded to the survey, giving us precious information on how they work, allowing us to create an inspiring tool
- the passion of the people who contributed to creating the survey, with many many email exchanges full of suggestions, bubbling ideas, and constructive advice
- the strength of 12 DMAs around the world, who have proven how important and powerful it can be to work together without competitiveness.

I thoroughly enjoyed the year it took to get to this first release of the research. Thank you to all who shared this journey.

Digital Marketing's Transformation: From Recovery to Acceleration

Liz Miller, Vice President, Marketing,
The Chief Marketing Officer (CMO) Council

In recent years, marketing budgets have been reduced and marketers have been held increasingly accountable for demonstrating return on investment. In the years since the global financial crisis, and through the growth of digital engagement channels, most notably the rise of social media and the consumer demand for mobile engagements, marketing has found a new foundation from which to rebuild its budgets and its customer engagement strategies.

Digital Marketing

Digital marketing makeovers – from operational platforms to boost efficiencies to new engagement solutions to enhance experiences – have been top of mind for marketers. Sped by the realities of the new lean global economy, but encouraged along by the return, results and metrics that have been found thanks to these highly measurable and trackable digital solutions.

The looming question is where will marketing turn next and what impact will these new directions have on how brands engage and connect with their constituencies. To begin this exploration, the The International Federations of DMA's (IFDMA) has committed to tracking the progression of engagement marketers are embarking on in an ambitious five-year tracking study, marking budget fluctuations, technology advancements, and the transformation of the media mix as a whole. To kick off this long-term view, IFDMA has partnered with the CMO Council to produce an initial view into where marketing stands today, in 2013.

The baseline is established here for a few key reasons:

- 2013 represents the first year when budgets, previously flat or falling, have leveled and even begun to grow.
- Web 2.0 has officially advanced to a new era of social-mobile-totally-digital engagements, placing the customer at the helm of engagements and ushering in a new era of Person-to-Person customer experiences.
- Global spending confidence has started to rise, indicating to many that recovery is in full swing and the threat of continued recession and advancing austerity is likely over – which also typically signals a time when marketers and advertisers must ramp up engagements and experiences to reach a hungry audience prepared to spend their share of wallet.
- The media mix is still in flux, creating a channel sprawl like we have not seen in years, creating both opportunity for engagement and opportunity for customer confusion.

2013: The Year of Recovery

In 2013, IFDMA spearheaded by country level groups from Argentina, Australia, Belgium, Hungary, India, Ireland, Italy, Spain, Sweden, the United Kingdom and the United States, executed a brief 13 question online survey, asking local marketers to share their strategies, intentions for spend and media mix allocations. While there were some slight variations on key engagement channels and varying degrees of success within those media channels, two key points are abundantly clear: Digital reigns supreme and marketing has gone back to business.

Budgets on the Rise

The majority of respondents (39%) indicate that budgets in 2013 as compared to 2012 were on the rise. Another 32% indicated that spend would be flat, with no change year over year. This is in stark contrast to data the CMO Council collected in previous years that demonstrated a steady decline in budgets starting in 2008 in parallel with the global economic crisis.

How has marketing investment changed over the past 12 months

Decrease **23%**
No change **32%**
Increase **40%**
Don't know **5%**

Interestingly, Italy, still in shaky economic ground, had the bleakest outlook on budgets as 46% of Italy respondents indicate budgets decreased year over year. The United Kingdom and the United States lead the way in budget recovery as 55% of UK marketers and 50% of US marketers indicate budgets were on the rise.

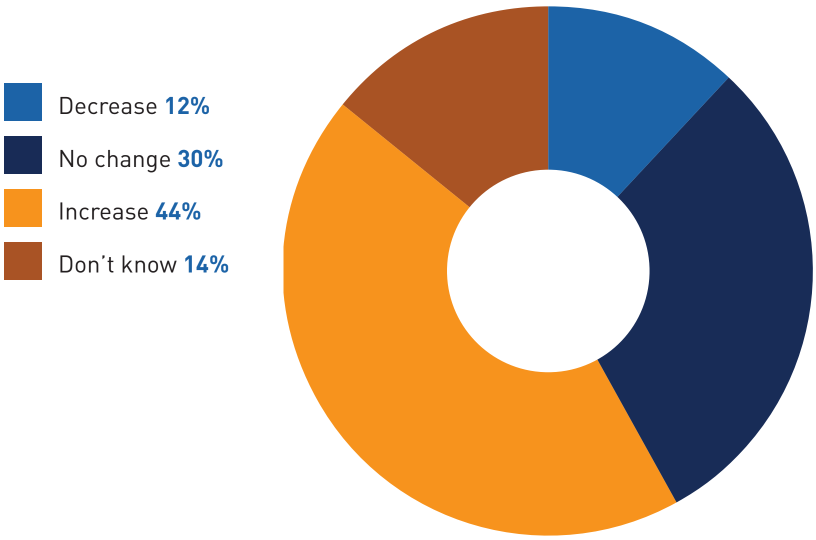
This budget upturn is expected to continue into 2014 according to 45% of respondents, with only 12% of marketers feeling budgets will decrease. Italy and Sweden both have much more moderate views of budget growth in the coming year as 22% of marketers in Italy and 21% of marketers in Sweden anticipate further cuts. UK (60%) and India-based (64%) marketers are, on the other hand, most optimistic about anticipated budget increases.

Investments Shifting to Digital Channels

Digital investment is driving the overall budget increases with email marketing, search and social leading the way. When asked to rate how individual media channels would be impacted by budget shifts social was seen as having the highest level of budget increases according to 17% of respondents. Following close to social were email and search (both SEO and SEM) as 16% of respondents indicated these channels would also see increased investment.

Digital media, including online display, online retargeting, and mobile (both SMS/MMS campaigns and App development) represented the top areas of increased investment. On the flip side of these increases, "traditional" or offline channels looked to bear the brunt of budget decreases. Television and Radio investments had the majority of marketers (42% for each channel) indicating that budgets would decrease or have no change in investment.

Future marketing investment

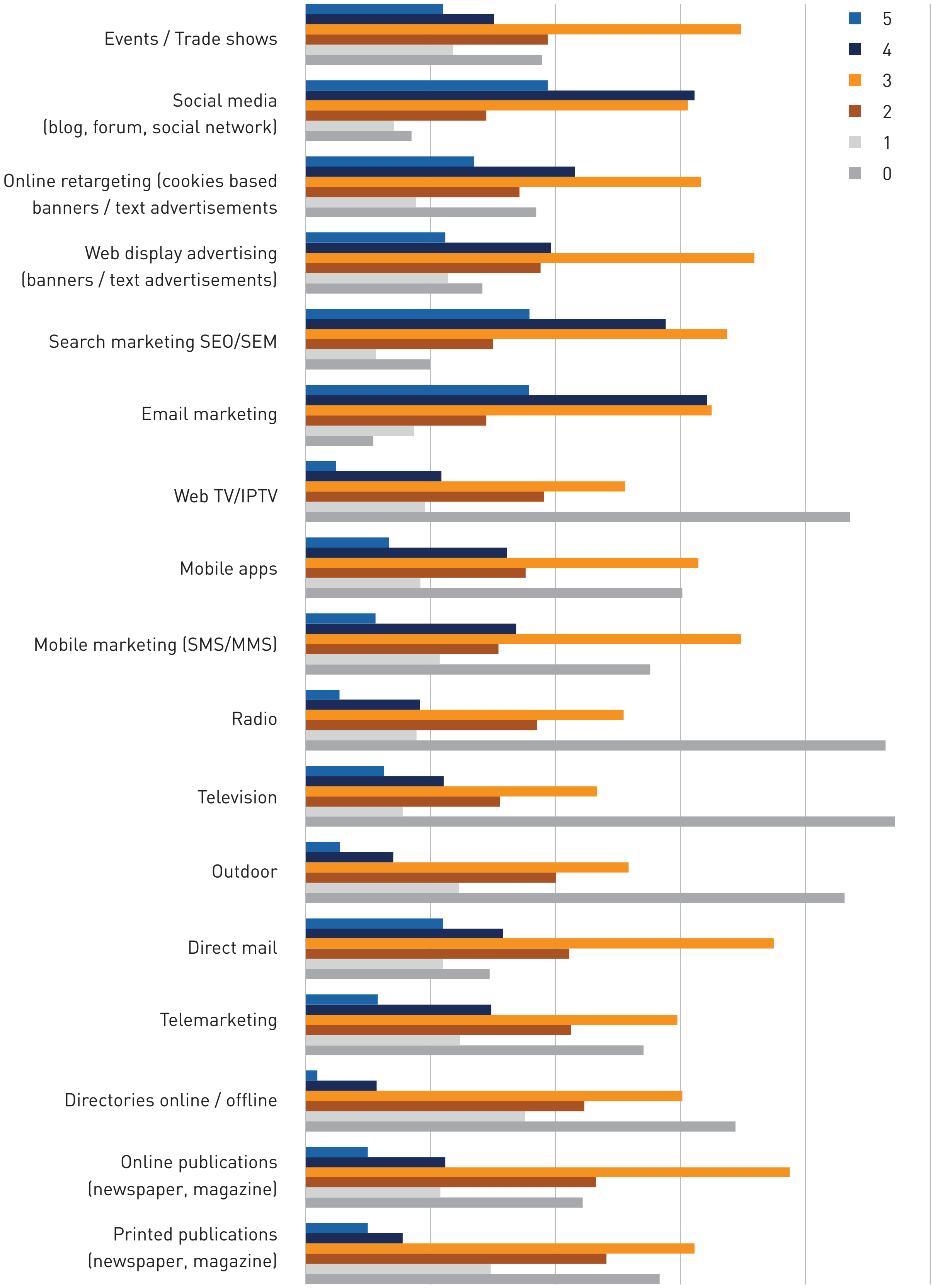


When broken down into a country specific view, access to broadband internet emerges as a key differentiator in media investments. Consider that consumers in India are largely a mobile-centric population as access to expensive broadband is not ubiquitous, and consumers still largely consume news and timely information via print newspapers and magazines. This reflects in where investments in media are occurring with 11% of marketers in India increasing investments into print advertising and 12% investing in app development to create new customer experiences. Also of note is that India leads all countries in the highest levels of investment into events, further emphasizing the importance of face to face engagements in the absence of web enabled connections.

And while social media will see increases across all countries, the US, widely seen as leading early adoption and investments in social media marketing and advertising, will actually be leveling off in social spend, while boosting exploration into mobile channels – both SMS/MMS and app development.

How has marketing investment changed across channels

Using a 5 point scale 0 = not detected, 5 = increased

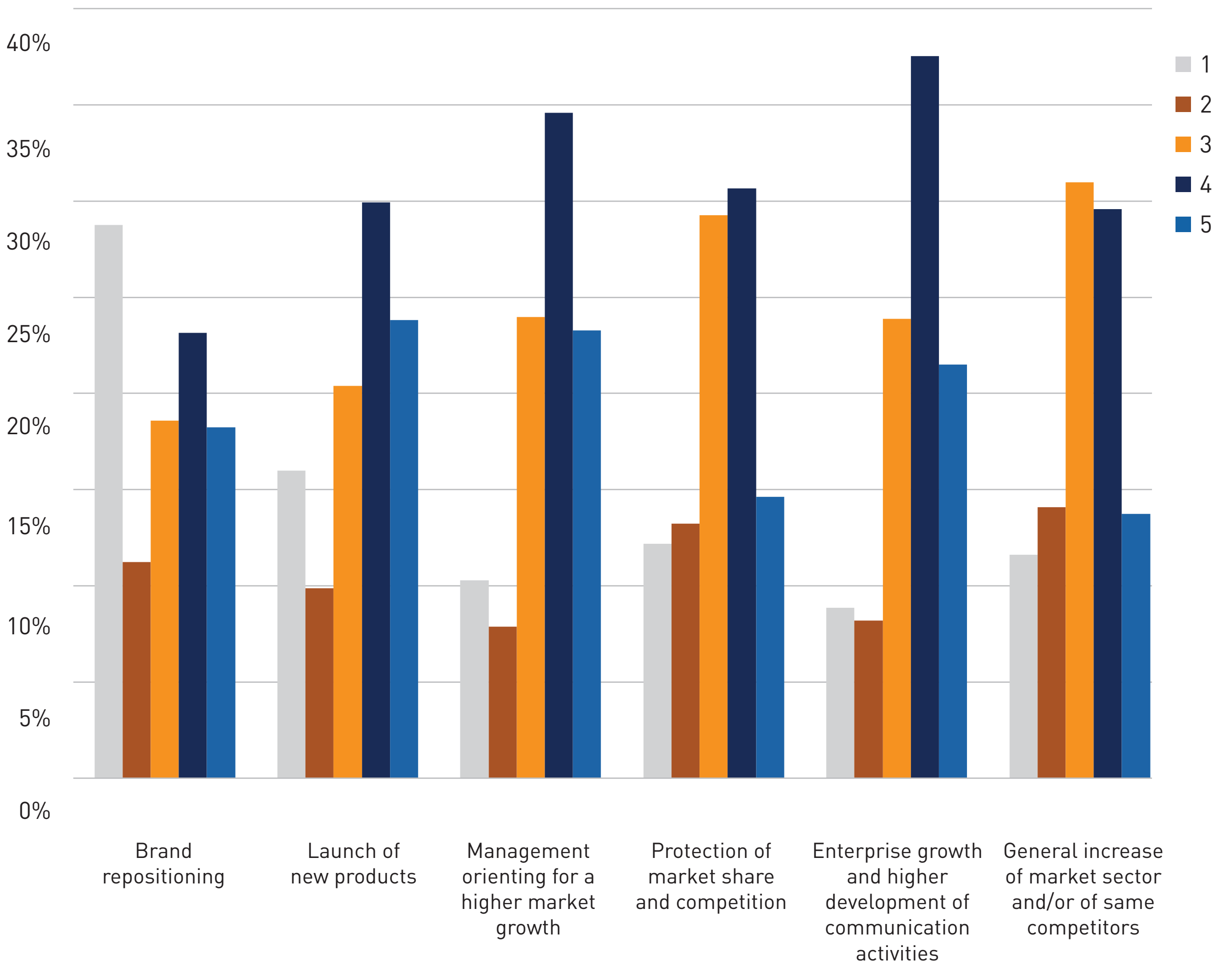


Mandate for Growth Driving Budget Shifts

A management mindset for growth has most influenced marketers to make shifts in the media mix and budget allocations, this according to 23% of respondents. Also wielding heavy influence is the launch of new products (24%), necessitating new campaigns and customer engagements. Interestingly, brand positioning held the least amount of sway as 29% of respondents ranked it as the least influential factor when adjusting budgets and strategies.

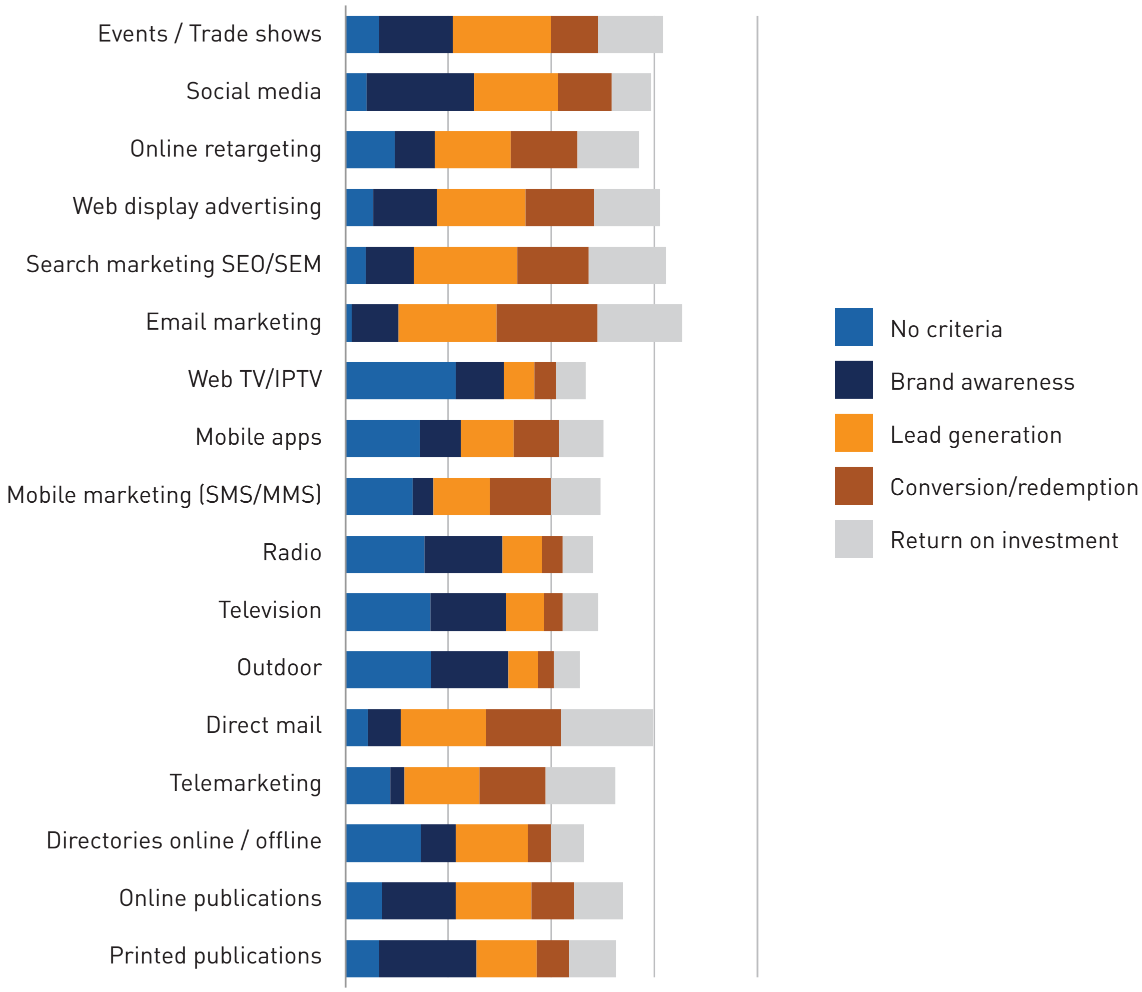
How much did the following influence the change in marketing investment?

Based on a scale of 1-5 where 1 = No influence and 5 = Considerable influence



Not surprisingly, this drive for revenue, lead generation and engagement development also reflect in how media channels are being evaluated. And, the channels where channels are being evaluated by these business driving metrics also directly tie back to marketers intentions for increased investments.

Criteria used to evaluate the performance of each medium



Consider the following:

Television, Radio, Print Publications and Outdoor media are all measured by levels of brand awareness or have no measures to evaluate performance… → Television, Radio, Print Publications and Outdoor media all had decreased or flat levels of investment.

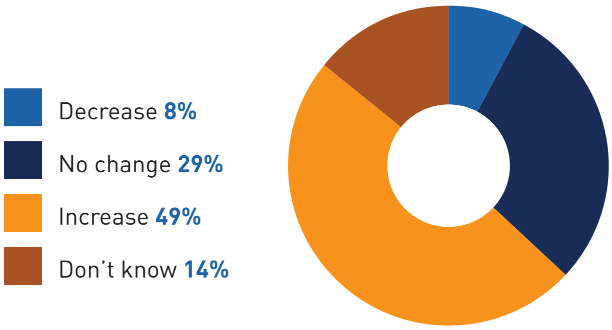
Email, Search (SEO/SEM), Digital Display and Online Retargeting are all measured by a combination of lead generation, conversion, or return on investment… → Email, Search (SEO/SEM), Digital Display and Online Retargeting all saw increased spend in the past year with no indications this spend boost will slow.

The only anomaly to this pattern is social. Social media performance is primarily being evaluated by brand awareness (54%) and lead generation (41%) measures, representing the only media channel that crosses both brand and business growth mandates.

Revenue: The Critical Measurement

Marketers are tying marketing campaigns to revenue -- and more importantly to revenue increases. According to nearly half of marketing respondents, revenues increased thanks to marketing campaign efforts.

Impact of turnover due to marketing actions taken in the past 12 months



And while this positive upturn in revenue is certainly a positive indicator of marketing's perceived value to the organization, it is also important to understand why some 37% of respondents felt their marketing actions had little to no positive impact on the bottom line. Among this group, media mix makeup is almost identical to those organizations where revenue increased thanks to marketing activities. Social, Email, digital display, search and retargeting all weighed heavily in the media mix, as did measuring these channels across demand generation, conversion and customer engagement.

What was significantly different between those marketers who impacted the bottom line and those did not was investment in marketing to begin with. According to 32 percent of those marketers who failed to impact yearly turnover, budgets decreased year over year. And, unlike marketers with positive outlooks for 2014 budgets, 37 percent of these low-yield marketers say that 2014 budgets are likely to remain flat.

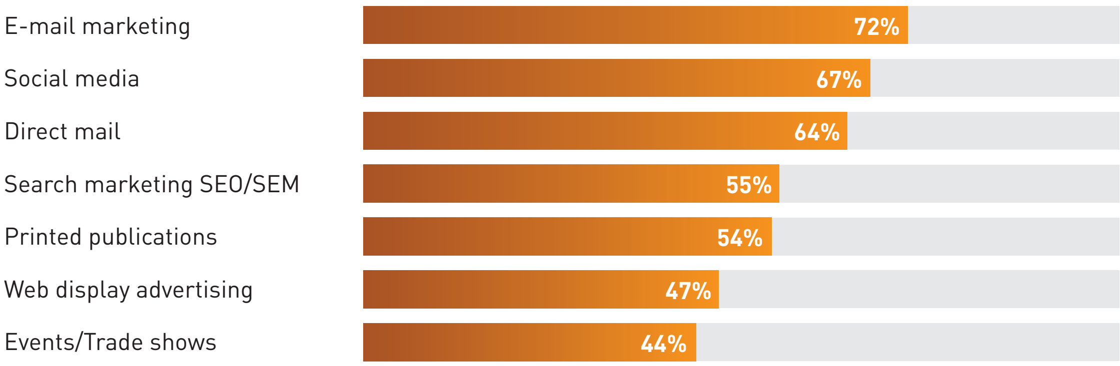
Conclusion

What is clear from the responses in this initial benchmark of media and marketing advancement is that digital – and the ability to measure marketing impact in terms of revenue impact and return on engagement – will continue to drive us forward. The hope for the year to come not only rests in the promise of increased budgets that will enable marketers to expand on experiences and develop more robust campaigns to do everything from launch new products to drive leads, but also in the growing ability to measure performance not in brand and awareness terms, but in real return on investment and experience metrics.

GLOBAL

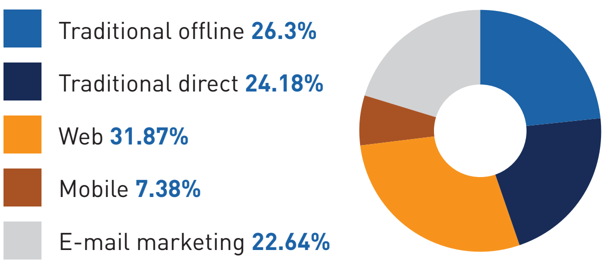
Three main aims you have for ongoing communication campaigns

Breakdown of media used when executing communications spend

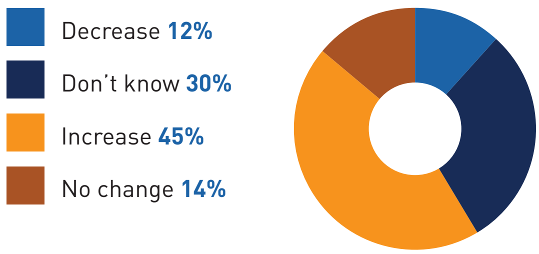


Percentage of spend across mediums*

*Scores are the average across channels

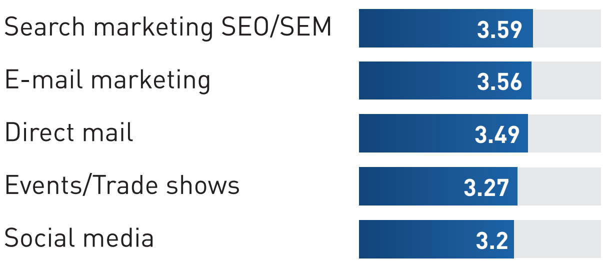


Expected future spend habits



Top five most effective mediums

Score from 0-5



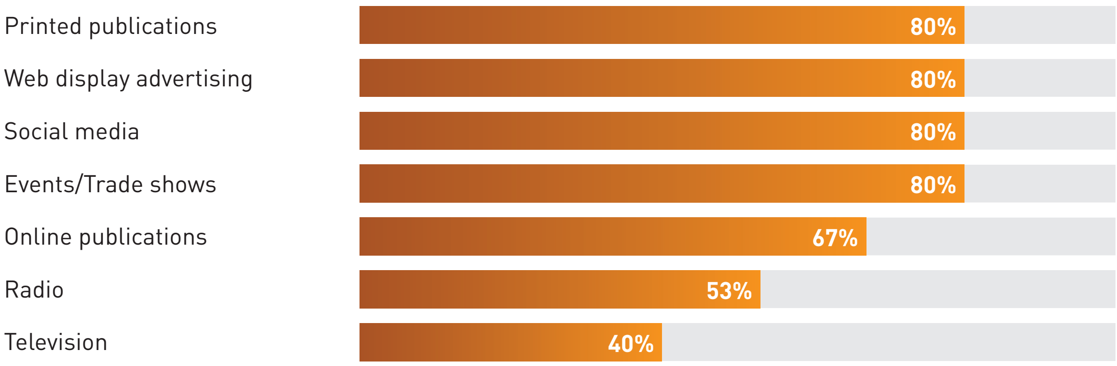
Three least effective mediums

Score from 0-5

ARGENTINA

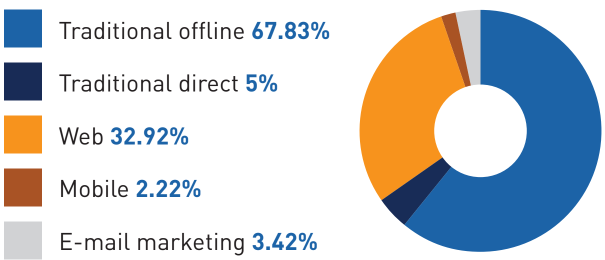
Three main aims you have for ongoing communication campaigns

Top seven mediums used when executing your communications plan

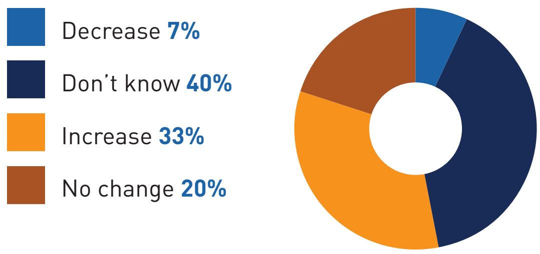


Percentage of spend across mediums*

*Scores are the average across channels

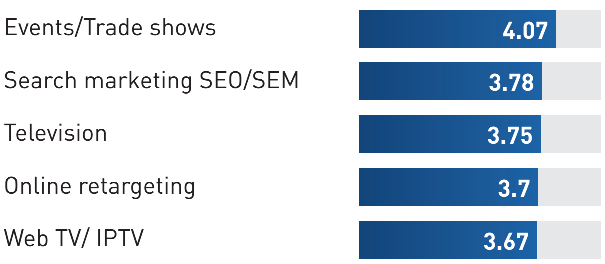


Expected future spend habits



Top five most effective mediums

Score from 0-5



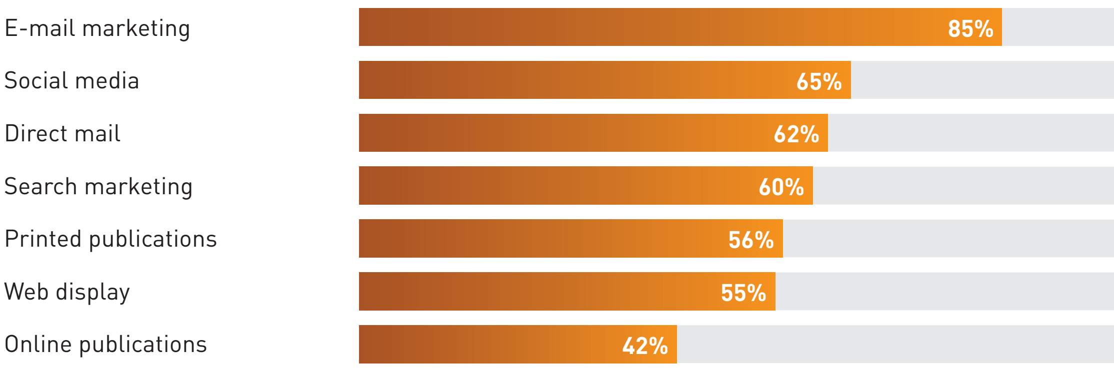
Three least effective mediums

Score from 0-5

AUSTRALIA

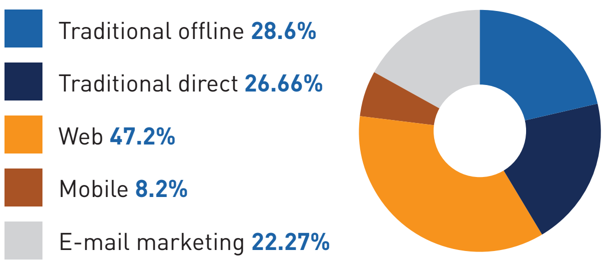
Three main aims you have for ongoing communication campaigns

Top seven mediums used when executing your communications plan

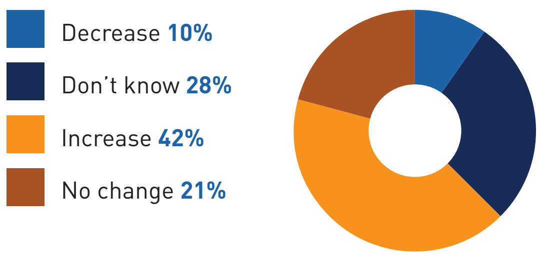


Percentage of spend across mediums*

*Scores are the average across channels

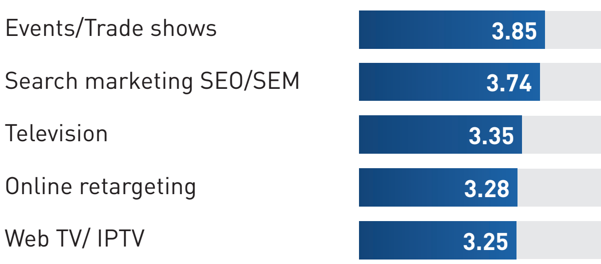


Expected future spend habits



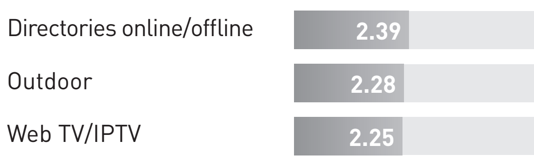
Top five most effective mediums

Score from 0-5



Three least effective mediums

Score from 0-5



BELGIUM

Three main aims you have for ongoing communication campaigns

Lead generation	63%
Brand awareness	60%
Ongoing customer engagement	51%

Top seven mediums used when executing your communications plan

Email marketing	89%
Printed publications	71%
Direct mail	69%
Social media	66%
Online publications	57%
Search marketing	57%
Events/Trade shows	54%

Percentage of spend across mediums*

*Scores are the average across channels

- Traditional offline **32%**
- Traditional direct **32%**
- Web **31%**
- Mobile **29%**
- E-mail marketing **34%**

Expected future spend habits

- Decrease **20%**
- Don't know **40%**
- Increase **26%**
- No change **14%**

Top five most effective mediums

Score from 0-5

Search marketing SEO/SEM	3.62
Events/Trade shows	3.61
Direct mail	3.48
Radio	3.41
E-mail marketing	3.38

Three least effective mediums

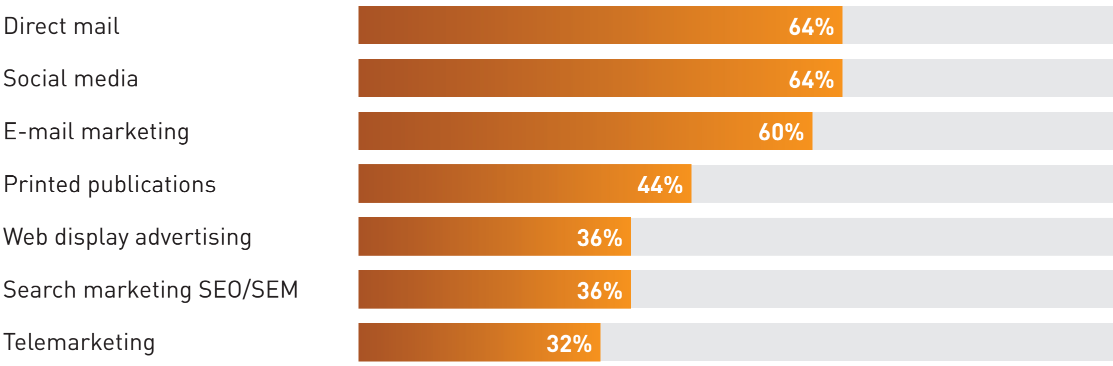
Score from 0-5

Directories online/offline	2.2
Mobile marketing	2.05
Web TV/IPTV	1.95

HUNGARY

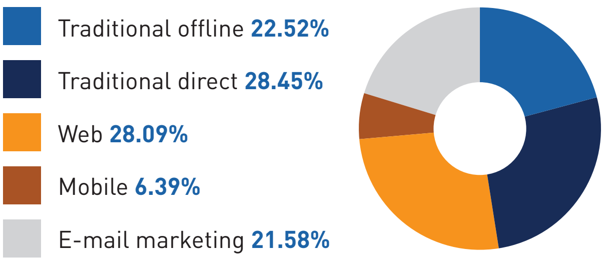
Three main aims you have for ongoing communication campaigns

Top seven mediums used when executing your communications plan

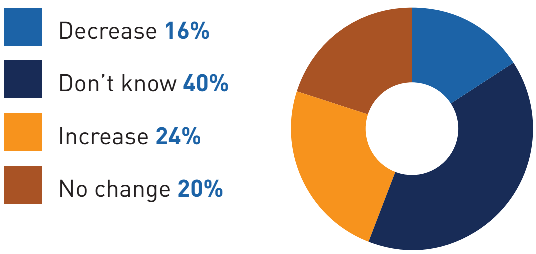


Percentage of spend across mediums*

*Scores are the average across channels

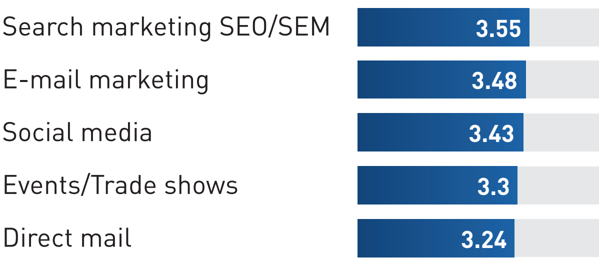


Expected future spend habits



Top five most effective mediums

Score from 0-5



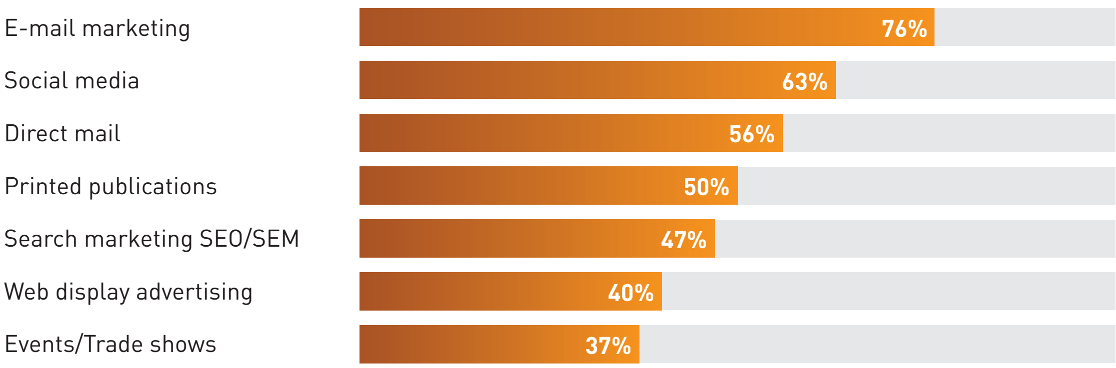
Three least effective mediums

Score from 0-5

INDIA

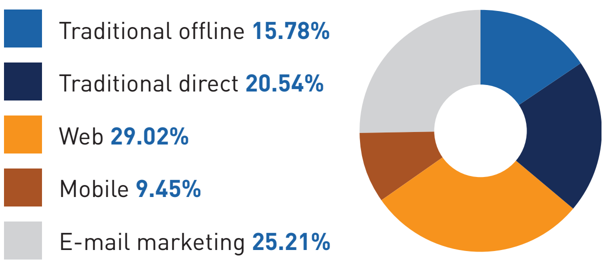
Three main aims you have for ongoing communication campaigns

Top seven mediums used when executing your communications plan

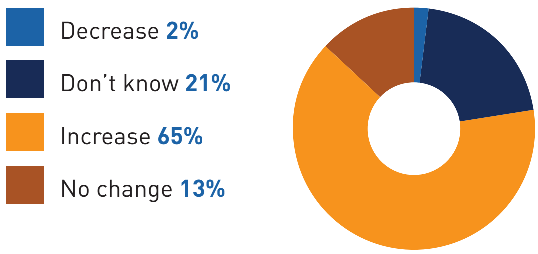


Percentage of spend across mediums*

*Scores are the average across channels

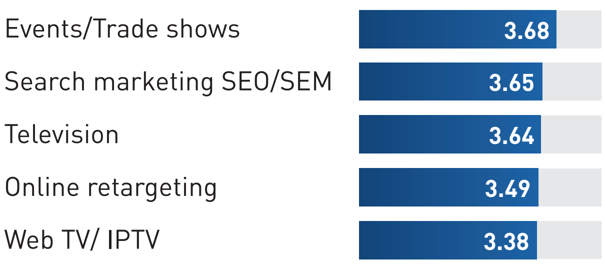


Expected future spend habits



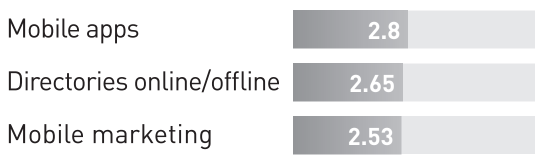
Top five most effective mediums

Score from 0-5



Three least effective mediums

Score from 0-5



IRELAND

Three main aims you have for ongoing communication campaigns

Lead generation	88%
Brand awareness	62%
Ongoing customer engagement	62%

Top seven mediums used when executing your communications plan

Direct mail	88%
E-mail marketing	69%
Printed publications	69%
Web display advertising	65%
Search marketing	58%
Social media	54%
Events/Trade shows	50%

Percentage of spend across mediums*

*Scores are the average across channels

- Traditional offline **29.21%**
- Traditional direct **29.54%**
- Web **23.68%**
- Mobile **10%**
- E-mail marketing **13.75%**

Expected future spend habits

- Decrease **12%**
- Don't know **35%**
- Increase **42%**
- No change **12%**

Top five most effective mediums

Score from 0-5

E-mail marketing	3.72
Search marketing SEO/SEM	3.67
Direct mail	3.63
Mobile marketing	3.07
Mobile apps	3.07

Three least effective mediums

Score from 0-5

Web TV/IPTV	2.67
Directories online/offline	2.5
Outdoor	2.18

ITALY

Three main aims you have for ongoing communication campaigns

Brand awareness	51%
Lead generation	46%
Ongoing customer engagement	45%

Top seven mediums used when executing your communications plan

E-mail marketing	78%
Social media	59%
Printed publications	51%
Direct mail	49%
Events/Trade shows	47%
Online publications	32%
Search marketing SEO/SEM	27%

Percentage of spend across mediums*

*Scores are the average across channels

- Traditional offline **23.44%**
- Traditional direct **22.84%**
- Web **26.2%**
- Mobile **4.77%**
- E-mail marketing **23.31%**

Expected future spend habits

- Decrease **22%**
- Don't know **42%**
- Increase **18%**
- No change **18%**

Top five most effective mediums

Score from 0-5

E-mail marketing	3.42
Social media	3.39
Direct mail	3.36
Search marketing SEO/SEM	3.36
Online retargeting	3.2

Three least effective mediums

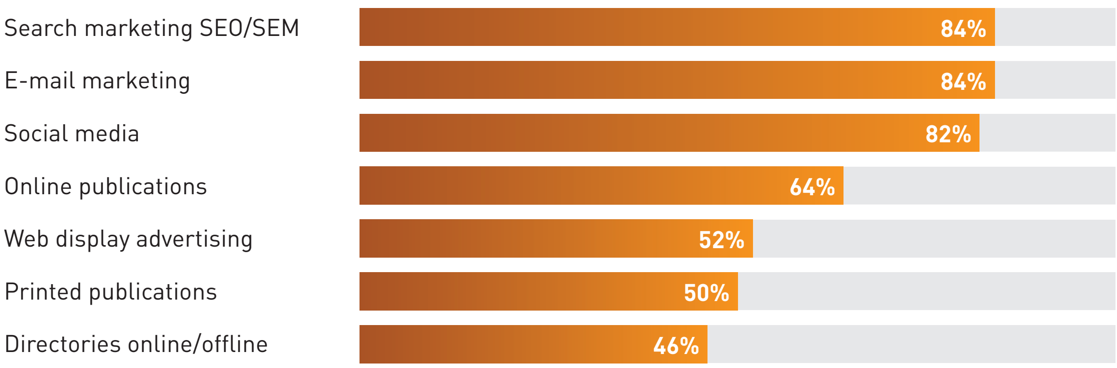
Score from 0-5

Outdoor	2.15
Web TV/ IPTV	1.97
Directories online/offline	1.59

SPAIN

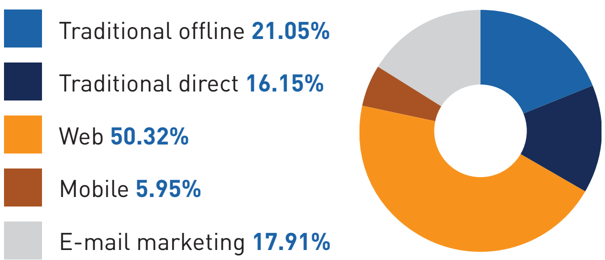
Three main aims you have for ongoing communication campaigns

Top seven mediums used when executing your communications plan

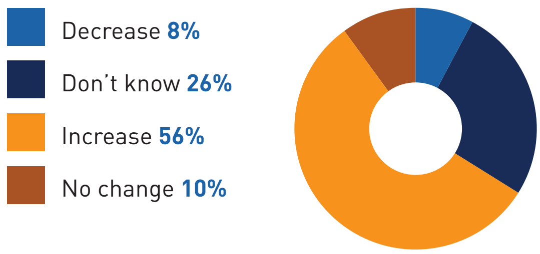


Percentage of spend across mediums*

*Scores are the average across channels

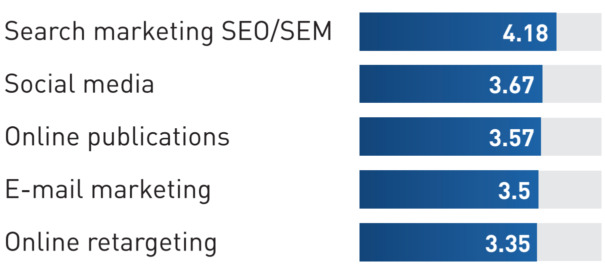


Expected future spend habits



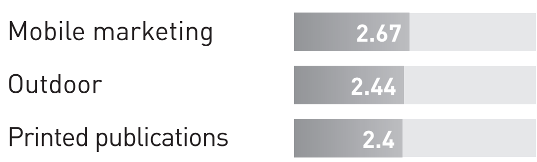
Top five most effective mediums

Score from 0-5



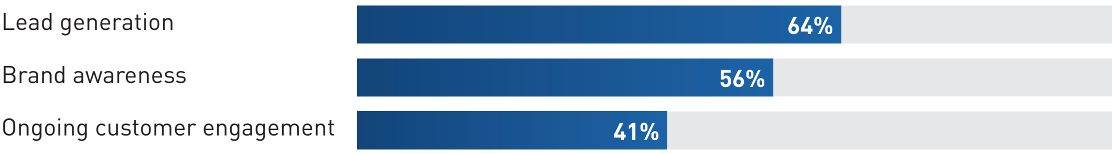
Three least effective mediums

Score from 0-5

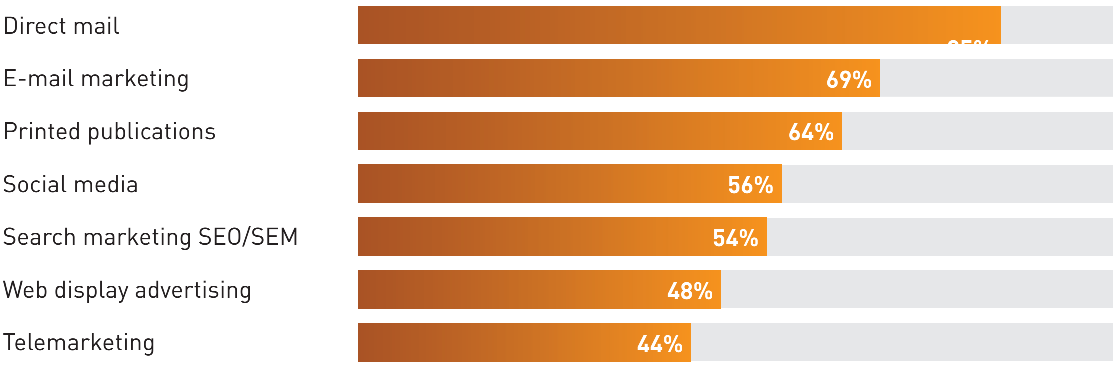


SWEDEN

Three main aims you have for ongoing communication campaigns

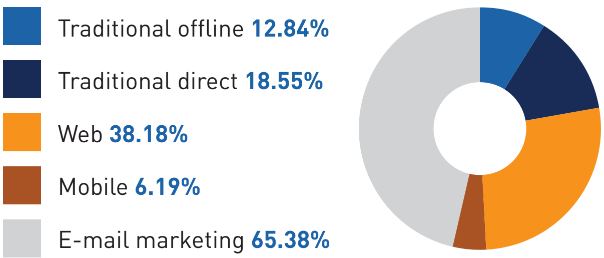


Top seven mediums used when executing your communications plan

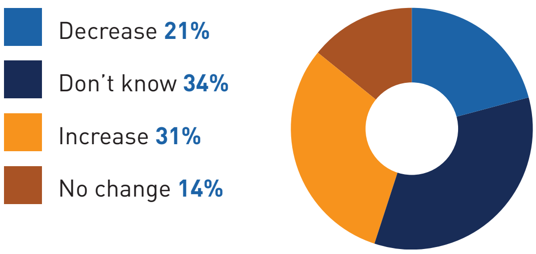


Percentage of spend across mediums*

*Scores are the average across channels

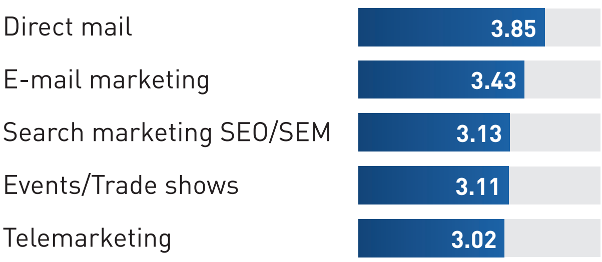


Expected future spend habits



Top five most effective mediums

Score from 0-5



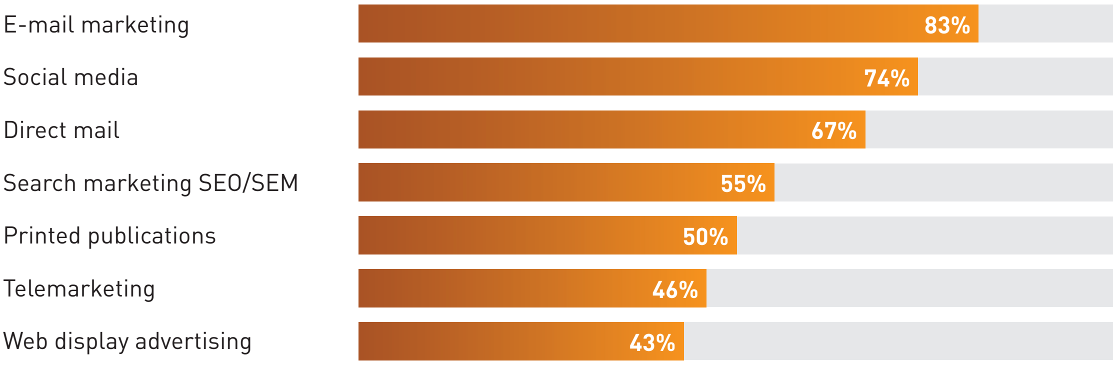
Three least effective mediums

Score from 0-5

UK

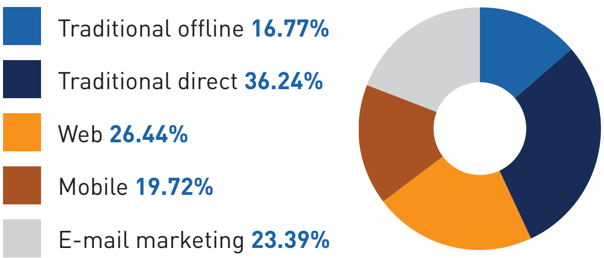
Three main aims you have for ongoing communication campaigns

Top seven mediums used when executing your communications plan

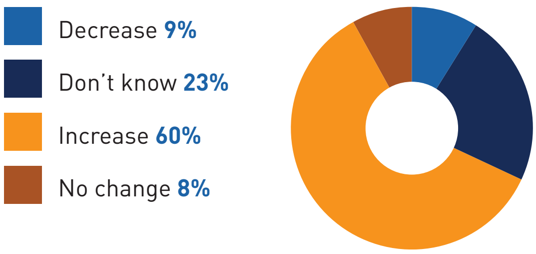


Percentage of spend across mediums*

*Scores are the average across channels

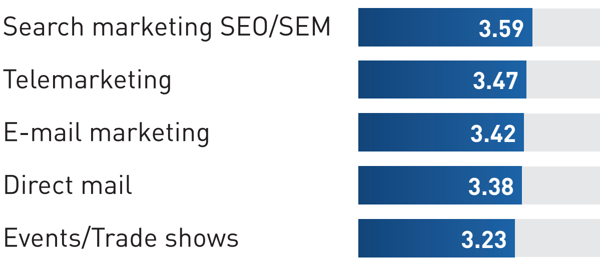


Expected future spend habits



Top five most effective mediums

Score from 0-5



Three least effective mediums

Score from 0-5

USA

Three main aims you have for ongoing communication campaigns

Lead generation	69%
Ongoing customer engagement	69%
Brand awareness	55%

Top seven mediums used when executing your communications plan

E-mail marketing	88%
Social media	73%
Direct mail	70%
Search marketing SEO/SEM	63%
Events/Trade shows	57%
Web display advertising	56%
Printed publications	50%

Percentage of spend across mediums*

*Scores are the average across channels

- Traditional offline **16.83%**
- Traditional direct **34.82%**
- Web **24.71%**
- Mobile **5.15%**
- E-mail marketing **18.11%**

Expected future spend habits

- Decrease **8%**
- Don't know **27%**
- Increase **52%**
- No change **13%**

Top five most effective mediums

Score from 0-5

Events/Trade shows	4.07
Search marketing SEO/SEM	3.78
Television	3.75
Online retargeting	3.7
Web TV/ IPTV	3.67

Three least effective mediums

Score from 0-5

Mobile apps	2.67
Directories online/offline	2.44
Mobile marketing	2.4

Contributing Associations

Argentina

Founded in 1987, amdia is a non-profit organisation that represents over 300 companies and marketing professionals who carry out their business in Argentina. amdia promotes the use of best practices and ethical standards with the aim of achieving responsible marketing within the industry.

amdia also provides up to date information relating to the latest trends in marketing with a special focus on direct and interactive channels. amdia is the Marketing community that fosters an environment for being constantly up to speed and promotes networking opportunities among its members. Our focus is on Responsible Marketing to generate better results.

Australia

The Association for data-driven marketing and advertising (ADMA) is the principal industry body for information based marketing and advertising and is the largest marketing and advertising body in Australia with over 500 member organisations.

We represent the new era of marketing and advertising – a 360 view from end to end.

- From marketing to advertising
- From effective to creative
- From above to below
- From measurable to engaging

ADMA is the ultimate authority and go-to resource for creative and effective data driven marketing across all channels and platforms, providing knowledge, advocacy, insight and innovation to advance responsive and enlightened marketing.

Belgium

The Belgian Direct Marketing Association (bdma) is a unique Belgian marketing platform and gathers advertisers, service providers and experts.

It defends the interests of its members, provides information and training and thus determines the image of Direct Marketing in Belgium.

Hungary

The Direct and Interactive Marketing Association (DIMA) is one of the most important Hungarian marketing associations and represents nearly 50 companies covering the majority of the market. The main objective of the Association is to represent the companies which accept and work according to the Code of Ethics, consider self-regulation to be important and seriously take into account the interests of consumers.

Besides organising and implementing conferences and workshops DIMA Hungary prepares benchmarks, guidelines and tender recommendations for marketers too. It takes part in lobby activities at national and international level in order to protect the interests of the DM market. DIMA Hungary is the organiser of the Golden Dove award, the annual regional direct and interactive advertising competition. DIMA Hungary has built good relationships with the national authorities, the press, civil organizations and has a wide network with communication agencies and MNC's. It shares best practices, know-how, prepare common studies and surveys. DIMA Hungary is active member of FEDMA and IFDMA.

India

As an apex body, DMAi aims to bring about collective action for advancing & protecting Data Driven Marketing and Advertising. DMAi (aka Direct Marketing Association, India, since 1992) is registered as a section 25 company and has been adjudged as a non-profit organization.

DMAi is an active member of the International Federation of DMA's (IFDMA). The DMAi has established a formidable advisory board with some of the foremost names from the industry. The ongoing platforms included Day Learning Events like Masterclasses, peer to peer networking forums like the UNWIND, the CxO power brunch after golf, the CxO in wings program and an short term educational program announced. The DMAi also established a credible Awards & Recognition program with industry participation.

As the key to making marketing relevant and provide sustained customer engagement DMAi advocated for creating industry standards for ethical conduct and effective self-regulation of the Data driven, Marketing & Advertising community. DMAi conducts research, imparts education and provides networking opportunities to add measurable value.

Ireland

The Interactive Direct Marketing Association (IDMA) is a trade association which acts as the voice of Irish Interactive and Direct Marketing, providing an essential first stop for industry news, trends and opportunities. IDMA membership is designed to reinforce competitiveness and growth in business via our core pillars Compliance, Advancement, Strategic Thinking and Environmental Awareness and is available to suit all levels of business types from SME's, charities and larger organisations. A strong educational and networking platform is provided for the membership through a programme of informative seminars, training and events. IDMA members adhere to best practice standards set out in guideline documents. The IDMA also offers a first "port of call" for the general public who have questions or complaints about Direct or Interactive Marketing.

Italy

DMA Italy is the Italian Affiliate of DMA International. It gathers companies and not for profit organizations which use Data Driven Marketing tools and techniques for their communication.

Spain

The ICEMD was founded in 1995 with ESIC and ADIGITAL (then FECEMD) as co-founders, and was a pioneer in developing the first digital marketing programs and e-commerce in Spain. Currently has the most complete and segmented in the disciplines of the new digital economy. It is also in ICEMD which forged new ways of teaching, including the use of virtual classrooms, launching large-scale e-learning in the disciplines of new marketing, and the revolution in the teaching with new methodologies and tools.

Sweden

SWEDMA is the industry association of the companies and organizations involved in direct or interactive marketing. As an interest organisation, SWEDMA organises both buyers and sellers of direct marketing related products and services. In this way, SWEDMA has a unique insight into the requirements and conditions that apply to direct marketing between businesses and between businesses and consumers.

UK

The DMA UK represents the nation's multi-billion pound direct marketing industry. With more than 1,000 corporate members the DMA UK offers legal advice, business-critical research, educational and networking events, niche tools and resources, the latest and most creative thinking and the greatest community of digital and direct marketing experts, leaders, shapers and creators. The organisation also promotes the industry's interests to policy and lawmakers in UK government and the European Parliament.

The DMA UK's vision is to create a vibrant future for Britain by putting 1-to-1-to-millions communication at the heart of business, even society: promoting organisation-consumer relationships that are genuine, in touch with the individual's needs, inspiring, helpful and mutually beneficial.

USA

The Direct Marketing Association is the world's largest trade association dedicated to advancing and protecting responsible data-driven marketing. Founded in 1917, DMA represents thousands of companies and non-profit organizations that use and support data-driven marketing practices and techniques.

In 2012, marketers – commercial and non-profit – spent $168.5 billion on direct marketing, which accounts for 52.7 percent of all ad expenditures in the United States. Measured against total US sales, these advertising expenditures generated approximately $2.05 trillion in incremental sales. In 2012, direct marketing accounted for 8.7 percent of total US gross domestic product and produces 1.3 million direct marketing employees in the US. Their collective sales efforts directly support 7.9 million other jobs, accounting for a total of 9.2 million US jobs.

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contactlab

A special thanks to our technical partner ContactLab.