



2018 MARKETING TECHNOLOGY STACK INVESTMENT TRENDS

The Tools Top Brands Are
Purchasing in 2018, and You
Should Consider, Too

TargetMarketing
powered by  NAPCO RESEARCH

2018 Marketing Technology Stack Investment Trends

THE TOOLS TOP BRANDS ARE PURCHASING IN 2018,
AND YOU SHOULD CONSIDER, TOO

BY HEATHER FLETCHER

EXECUTIVE SUMMARY

CMOs are working hard to make the tech stack look easy. This is the year they're bulking up, completely filling out their marketing tech stacks. Target Marketing found last year that marketers were buying tech at a breakneck pace; this year we see that purchasing is only speeding up.

Marketing technology is flying off of the shelves in 2018, with most of our respondents saying they plan to make at least one technology investment within three months. In most technology sectors, the percentage who plan to buy has increased by double digits over the sizeable spends outlined in our 2017 tech buying report.

This year, 55 percent of responding marketers plan to spend \$10,000 or more on technology, and 4 percent plan to purchase \$1 million or more. With over 6,000 pieces of marketing technology on the market this year (according to the Chief MarTech 2018 "Marketing Technology Landscape Supergraphic"), where are they putting their money? Where should your company put its hard-earned dollars?

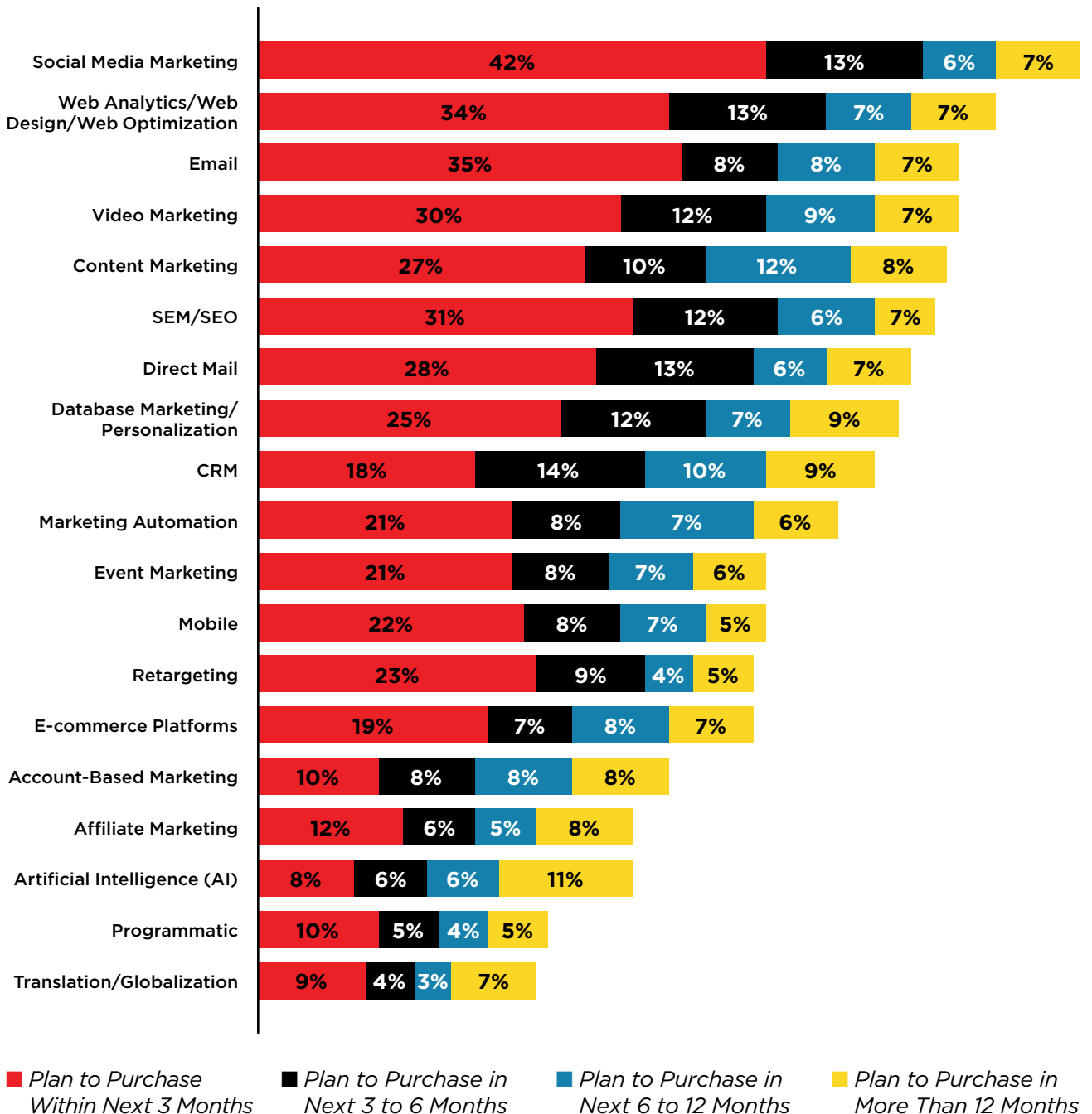
What should you be buying in the next three months? The next 12?

This report will help you identify the answers to those questions by revealing what your peers are purchasing, when and how much they're spending.

- Marketing tech buying is accelerating. Plans to purchase marketing tech were up by double digits YOY in every channel but social, mobile and email, which had only little room to grow. Email marketing tools witnessed waning interest.
- The purchasing patterns show organizations are supplementing their existing technology, rather than obtaining all-in-one solutions. In 2018, brands are buying social media; web analytics/web design/web optimization; email; content marketing; SEM/SEO; video; database marketing/personalization; direct mail; and CRM marketing tech in droves.
- Many survey respondents said that this year, they are supplementing their tech stacks. In last year's survey, email tools were the second-most-popular software marketers planned to buy — with 64 percent of them doing so. Among the 19 tools listed in the 2018 research, only email marketing tech is seeing declining interest — with 6 percent fewer respondents buying it than in 2017. That means email and mobile marketing tech solutions are probably already installed on the company servers.
- Marketers are investing most in social media marketing tools, making them the No. 1 category of tech purchased for the second year in a row. With 68 percent of survey-takers investing there, up 1 percent from 2017, there's no doubt social media marketing is an essential marketing technology piece today.

FIGURE 1

Which Technologies/Solutions/Services Will Your Company be Investing in for 2018, and When?



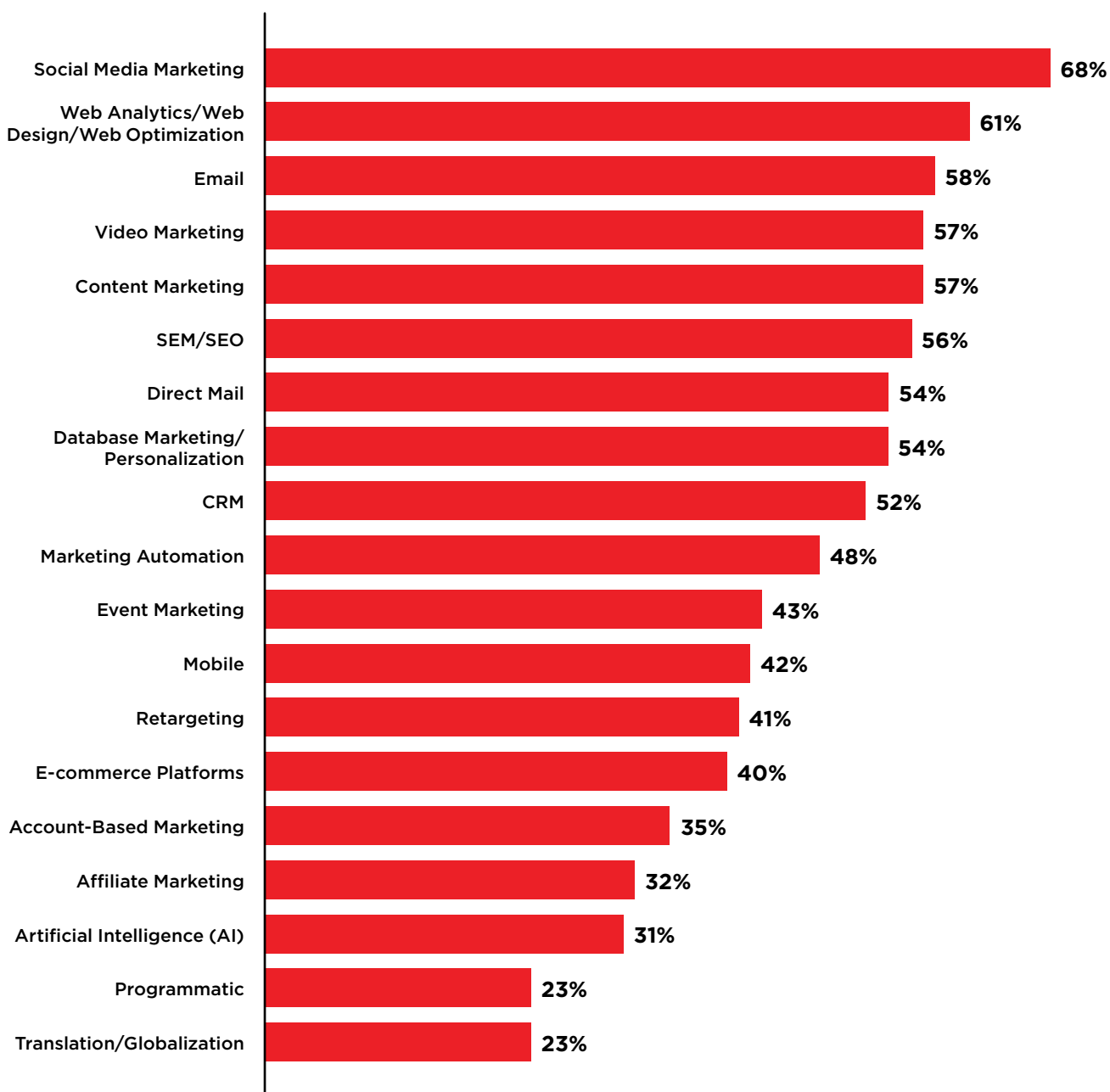
In order to compete in 2018, most brands will need to invest in digital marketing solutions and quickly. In order to get ahead, they'll have to harness their data with artificial intelligence. Smaller organizations are no longer the ones moving faster in this marketing tech landscape — big brands with machine learning are grasping the bleeding edge. To compete, marketers of all sizes will soon have to embrace these bleeding-edge tools, too.

THE HOTTEST MARKETING TECH IN 2018

FIGURE 3

2018's Most Popular Marketing Tech Investments

(Total Planning to Purchase)



The hottest marketing tech in 2018 is digital, and marketers are snapping it up as fast as they can.

A whopping 68 percent of marketers plan to buy social media marketing solutions — 42 percent of whom will do so within three months. That's up 1 percent from last year, which found an already impressive 67 percent investing in social media marketing technologies.

And while email is seeing a popularity dip of 6 percent YOY, all of the other marketing tech options are seeing increases in investment among marketers this year over 2017. In fact, all but mobile, social and email are seeing double digit increases.

Email marketing tech already saw a buying-boom in 2017, when 64 percent of marketers planned to add the tools to their tech stacks. So the slight 2018 decrease in investment means more CMOs in 2018 have already augmented their email abilities and are focusing elsewhere. But the dip only dropped email one spot in the rankings, to No. 3 in popularity in 2018.

In the mobile arena, the 8 percent increase represents a significant jump — to 42 percent. Half of marketers buying this tech will do so in Q2 — at a time when Google results are mobile, not just mobile-first; and consumers expect to be able to contact businesses immediately via the many channels available on their smartphones.

The biggest rise in popularity for 2018 comes in at No. 7 — database marketing and personalization tech, which 54 percent of marketers plan to buy this year, representing a 23 percent increase in marketers' plans to purchase.

This rise in purchasing data-driven tech, as well as the growth of AI, illustrates CMOs' efforts to harness customer information and create efficient, relevant marketing that increases ROI. Content marketing's showing at No. 4 (tied with video at 57 percent planning to purchase) means that marketers are even delivering the message itself more effectively.

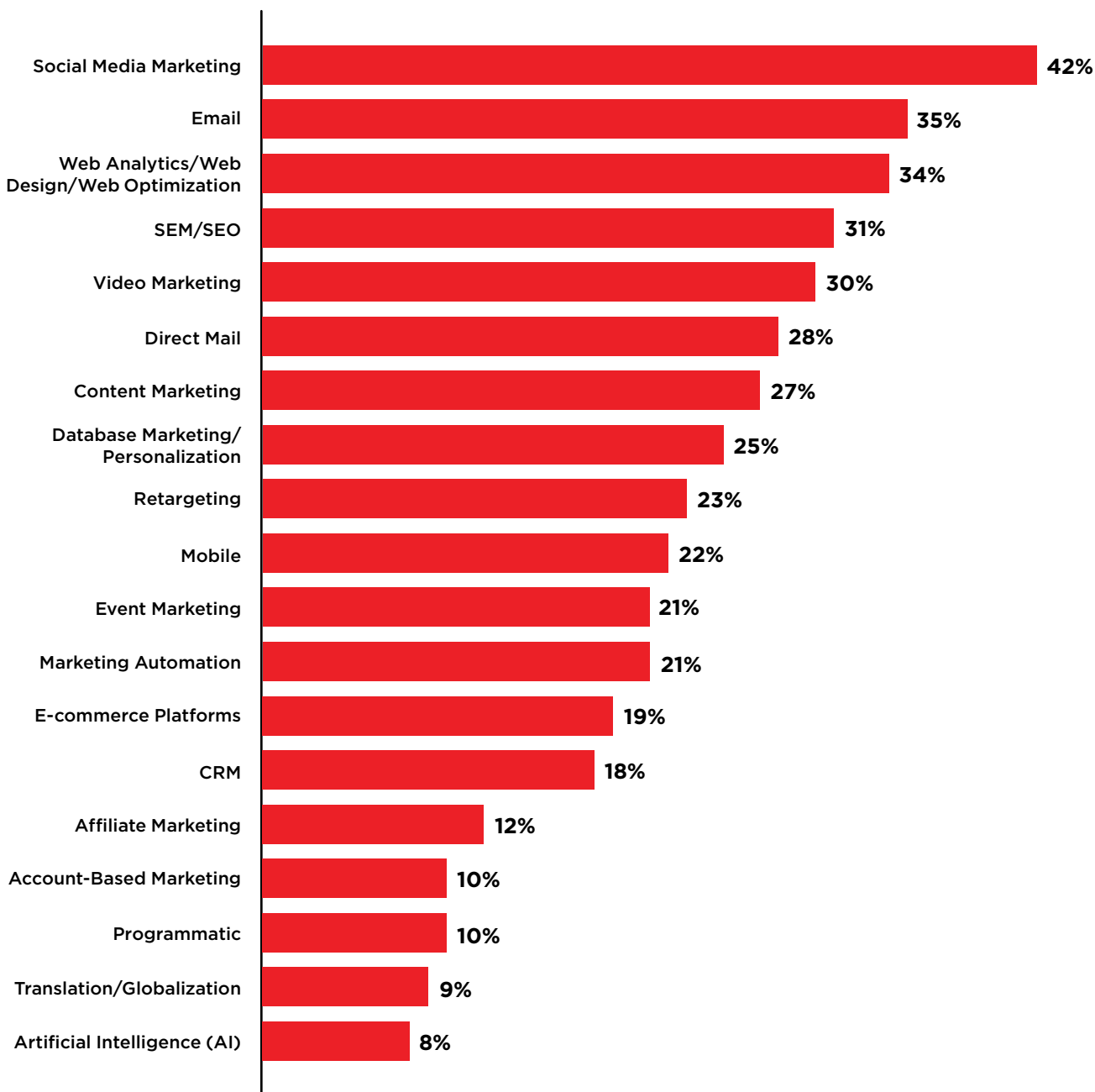
FIGURE 2
Purchase Intent, 2017 vs. 2018

TECHNOLOGY	YOY CHANGE
DATABASE MARKETING/PERSONALIZATION	⬆ 23%
E-COMMERCE PLATFORMS	⬆ 20%
RETARGETING	⬆ 20%
AFFILIATE MARKETING	⬆ 17%
SEM/SEO	⬆ 17%
TRANSLATION/GLOBALIZATION	⬆ 16%
VIDEO MARKETING	⬆ 16%
PROGRAMMATIC	⬆ 15%
MARKETING AUTOMATION	⬆ 14%
WEB ANALYTICS/WEB DESIGN/WEB OPTIMIZATION	⬆ 14%
ACCOUNT-BASED MARKETING	⬆ 13%
CRM	⬆ 13%
CONTENT MARKETING	⬆ 12%
DIRECT MAIL	⬆ 10%
MOBILE	⬆ 8%
SOCIAL MEDIA MARKETING	⬆ 1%
EMAIL	⬇ 6%

CMOS ARE BUYING TECH NOW

FIGURE 4

The Tech Marketers Plan to Purchase in the Next 3 Months



A solid 42 percent of marketers are planning to purchase social media marketing tech within three months of taking the survey. And most respondents who are buying tools during Q2 are purchasing multiple pieces of marketing tech.

They're not alone.

So marketers looking for a signal of when to fill out their tech stacks can start their engines now, because three months is the finish line for many competing brands. Now that the surveyed marketers have done the research and made the plans to buy tech, most research respondents want their futures to start now.

Based on answers to the open-response question, “Why do you plan to purchase the marketing technology,” respondents have chosen to buy tech in 2018 in order to improve their businesses or optimize their current technology. Ultimately, they want to increase their ROI — with one B2C insurance marketer expecting company sales to increase tenfold.

The more conservative answers stated that the marketing tech could help them increase efficiency and make the most of smaller marketing departments.

“It is no longer a need, rather a must, to invest in these areas in order to stay on top of — and be successful in — this rapidly changing industry,” wrote a travel and hospitality marketer whose firm will buy 10 types of marketing tech this year. His company will acquire eight of those 10 within three months of taking the survey.

Similar to last year, digital channels dominate marketers’ priorities. But 53 percent still plan to pay homage to the print channel, purchasing direct mail marketing tech. (That’s a 10 percent rise over 2017’s results.)

The 2018 purchasing patterns show marketers are every bit invested in consumers’ omnichannel marketing experiences and are doing everything they can to stay up-to-date.

As one media and entertainment marketer at an organization spending between \$100,000 and \$499,999 — and planning to buy seven digital channel technologies this year — said, it’s doing so “to make things more efficient for staff, as well as more personalized and relevant for our customers.”

That organization has annual revenue of \$5 to \$50 million and plans to spend more than \$1 million on marketing in 2018. But its marketing director has the same concerns as most of the professionals responding this year. So five of the seven marketing tech pieces will join his marketing mix during the next three months.

**A whopping
68 percent of
marketers plan
to buy social
media marketing
solutions —
42 percent of
whom will do so
within Q2.**

The main difference is, that company will be adding artificial intelligence to that mix shortly afterward. So the front-runners in the marketing tech purchasing race do continue to be the large enterprises, with more than \$5 million in revenue.

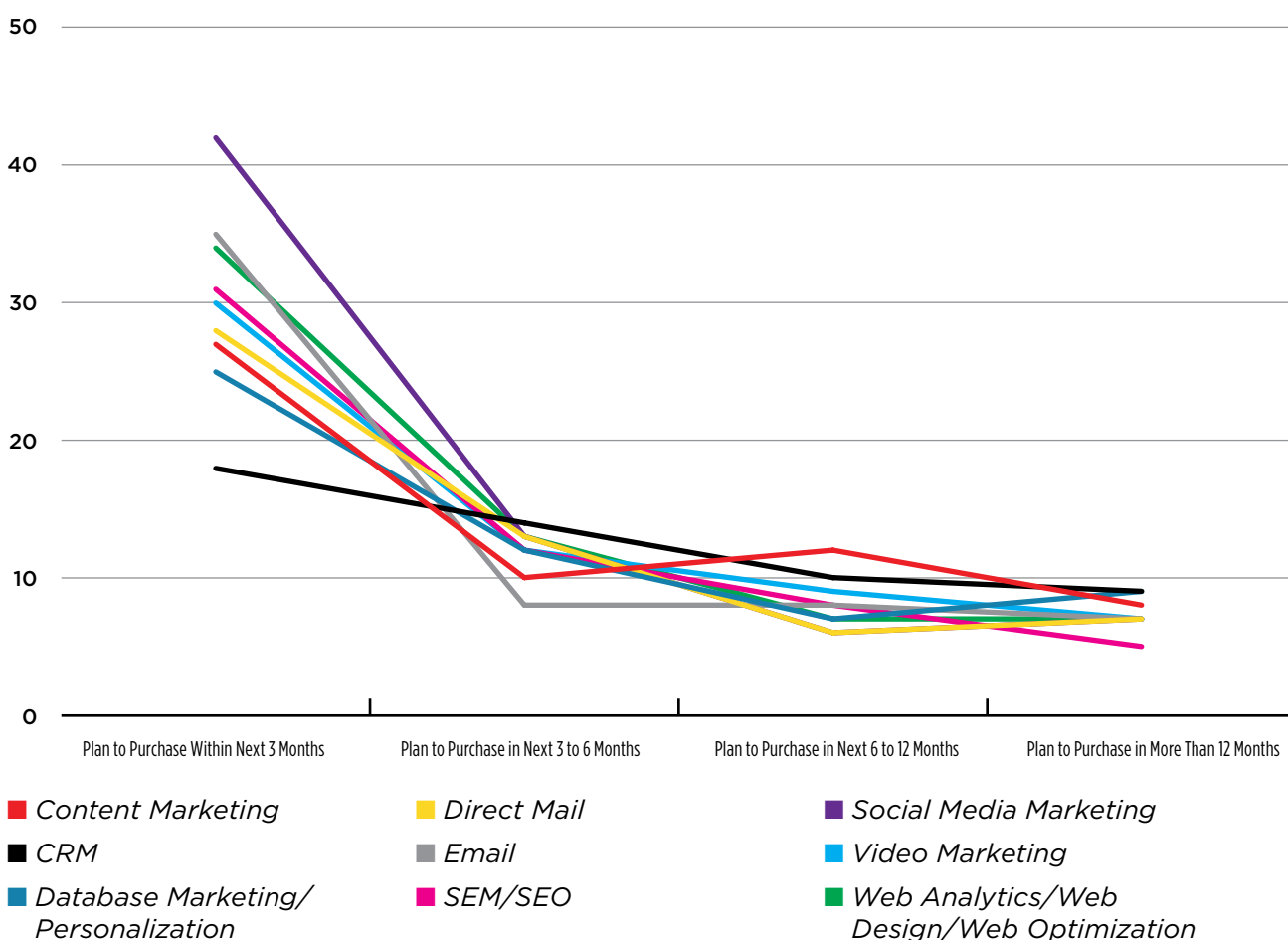
This reflects a shift in not only common wisdom that small shops are the most agile, but a change in priorities to make data-driven tech the focus of continued investment. Bleeding-edge marketers are moving past the staple marketing tech and into the software that makes sense of the surfeit of information they're receiving, as well as ensuring their organizations comply with the data privacy requirements coming online, like General Data Protection Regulation (GDPR).

Speaking of information, where marketers are putting their money shows what marketing tech they value. These benchmarks that follow provide insight into marketing strategy in the 2018 tech stack.

50% OF MARKETERS ARE BUYING THE TOP 9 MARKETING TECH OPTIONS

FIGURE 5

When Marketers Plan to Buy the Top Technologies



The top marketing tool pick this year and last year — social media marketing tech — is getting snapped up by 68 percent of brands in 2018.

As the owner of a direct mail firm with annual revenue of \$1 to \$5 million puts it, “Our current business is based almost solely on repeat and referral. To build more local business, [Facebook] or other social media may be used, along with video for use on FB/[our] website. We do most of our own marketing — except video — in-house.”

So even traditional media fans are getting in on the digital trend.

In 2018, most marketers are buying social media; web analytics/web design/web optimization; email; content marketing; SEM/SEO; video; database marketing/personalization; direct mail; and CRM marketing tech.

Among those tools, only email marketing tech is seeing declining interest — with 6 percent fewer respondents buying it than in 2017. And there may be a simple reason for that.

As an automotive marketer with a \$100,000 to \$499,999 marketing tech budget for 2018 says, “We already have most of what was checked off. We are upgrading, though, in many areas. Digital is the future and it’s the present.”

This organization, with \$5 to \$50 million in yearly revenue, is purchasing 11 pieces of technology within three months of answering the survey — including email marketing tools.

The most pronounced difference between richer and poorer marketers is the ability to retarget customers.

RICHER MARKETER, POORER MARKETER

Leading- and bleeding-edge marketing tech is the province of the richer marketers we surveyed. Respondents from companies with revenues of more than \$5 million a year reported significantly higher adoption rates of marketing tech that requires more time and money to implement than the more popular staple technologies.

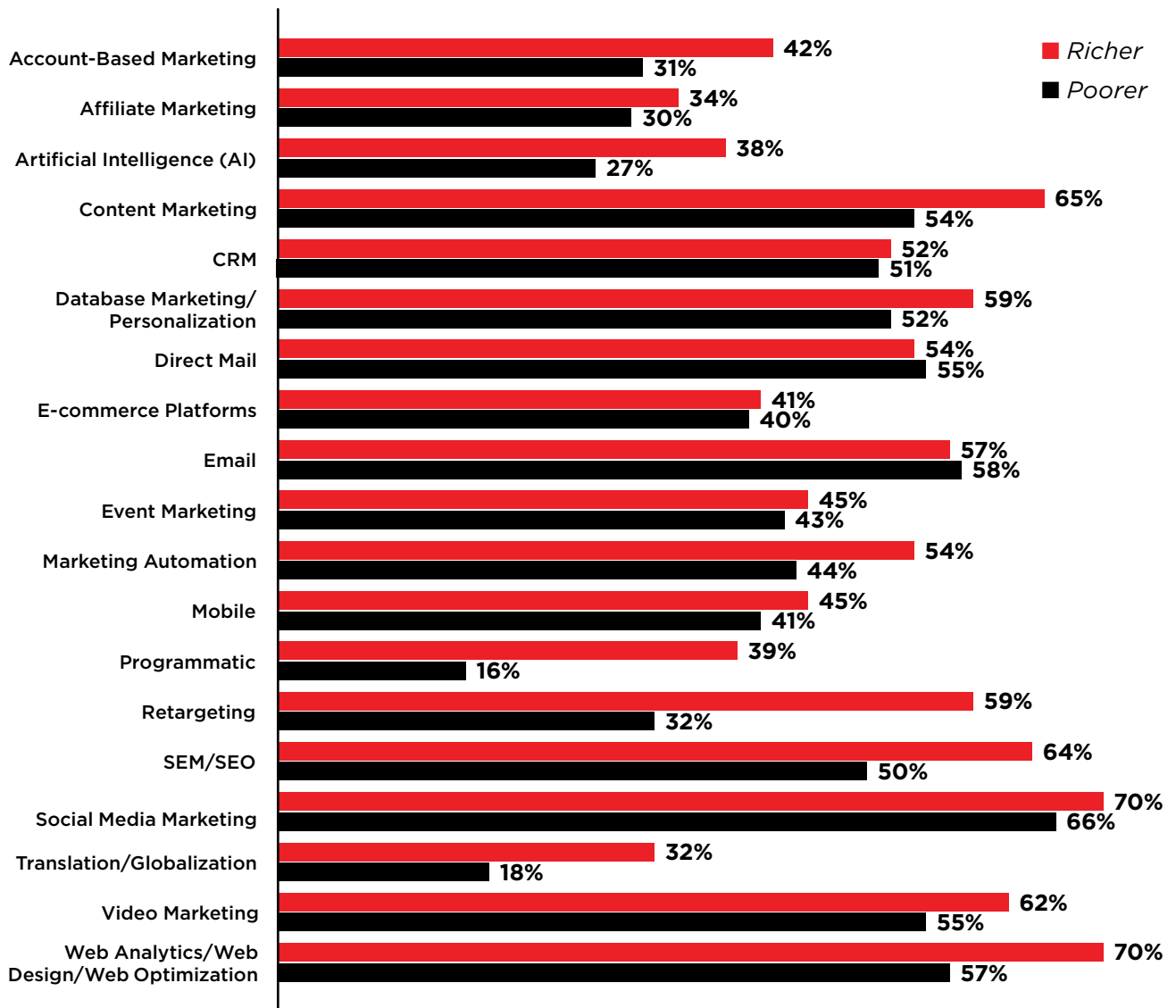
However, integrating those technologies — such as AI and marketing automation — should make their tech stacks sing. Consumers providing their data to marketers expect personalization in return, and the bigger organizations are making sure that happens in every way.

The most pronounced difference between richer and poorer marketers is the ability to retarget customers. While 59 percent of richer marketers planned to buy retargeting tech, only 32 percent of the lower-revenue marketers did — a 27 percent difference.

Higher-revenue-generating marketers also valued programmatic far more (39 percent) than the smaller shops (16 percent), for a 23 percent separation.

FIGURE 6

Tech Buying: Richer Marketers vs. Poorer Marketers



And while still significant, the variance in adoption of machine-learning tools also tells the tale of richer vs. poorer.

The bleeding-edge data-backed tool, AI, saw a 11 percent higher purchase rate among richer marketers (38 vs. 27 percent). But more than a third of both groups plan to wait 12 months to buy the expensive tech that requires tech stack integration in order to be used effectively.

Forty-eight percent of higher-revenue organizations plan to purchase marketing automation technology, while 44 percent of companies with \$5 million or less in annual revenue plan to do the same.

Part of the difference in priorities may have to do with the obvious: Richer brands have more money to spend on marketing and marketing tech. And for the most part, they're doing so.

Among the marketers with revenue of \$5 million a year or more, 43 percent plan to spend \$100,000 or more on marketing tech. More than 12 percent will outlay more than \$1 million.

In addition to plunging into bleeding-edge technology, larger organizations are also breaking down silos when authorizing marketing tech spend. The plurality of the marketing tech budget comes from both marketing and IT departments, at 46 percent. But among the smaller organizations, the marketing department has the upper hand — dispensing the tech budget 38 percent of the time.

Neither group rises beyond single-digit percentages of sole IT authority over marketing tech purchases. Whether it's cross-departmental or marketing team-focused decision-making, marketing tech spend is no longer in the hands of only the tech team — with 6 percent of the richer and 5 percent of the smaller revenue marketers watching IT purchase the tools.

As for the entire budget of the marketing mix itself, 81 percent of richer marketers report that they will spend \$50,000 or more on marketing in 2018. And that includes the 20 percent of respondents who will outlay more than \$1 million.

The CMO at a B2B brand with greater than \$100 million in annual revenue says the company is buying seven pieces of marketing technology this year “to improve efficiency, results, extend reach [and] align with [the] existing tech stack in a way that improves conversions.”

A marketer at an insurance company says the firm plans to buy a whopping total of 17 pieces of marketing technology this year in order to compete in the global market. The business with \$5 to \$50 million in revenue each year is only excluding video and web tools from its 2018 budget.

A B2B marketer with 10 to 49 colleagues says her IT services company has a marketing budget of between \$10,001 and \$49,999. But her firm will spend between \$500,000 and \$1 million on eight pieces of marketing tech in 2018 because:

“We plan to purchase the marketing technology ... because we have a very small marketing team and need to make the most of all time that is spent on marketing efforts. It is our hope that these technologies will help with our efficiency.”

This smaller marketer illustrates what poorer marketers can do to beat out the richer organizations at their own game — use the lack of red tape and knowledge of what the behemoths are buying to jump ahead. Smaller shops can get moving on AI faster than richer marketers can with their silos and approval timeframes. Richer marketers are putting off buying AI? Tiny brands can buy it now and harness that data for their own good.

Part of the difference in priorities may have to do with the obvious: Richer brands have more money to spend on marketing and marketing tech.

BLEEDING-EDGE TECH IS WHERE MOST MARKETERS BALK

Digital tools are the staple technologies marketers plan to purchase this year. Anxiety about social media ROI is such a distant memory that the tools to harness marketing in that channel are the most popular ones brands are buying for the second year in a row.

The nuts and bolts of marketing in 2018 revolve around social media; web analytics/web design/web optimization; email; content marketing; SEM/SEO; video; database marketing/personalization; direct mail; and CRM marketing tech for more than half of marketers. It's how they interact with customers, how they get their businesses found and how they find customers again.

Hence, the leading- and bleeding-edge tools that require more time and money for implementation than digital and direct mail see a quick drop off in popularity.

From social media's 68 percent to CRM's 51 percent, more than half of marketers are investing in the first nine marketing technologies in the 2018 survey.

But beginning with marketing automation at 48 percent, fewer marketers are taking a chance on account-based marketing tools (34 percent) and AI (31 percent).



Last, but not least, translation and globalization marketing tech was at the bottom of the stack at 23 percent. This tool is only going to increase in importance as marketers work to comply with GDPR.

So while database marketing/personalization is seeing a deserved spike in popularity, its data-driven cousins aren't experiencing the same. That's although AI came on the marketing tech scene with such a rush that Target Marketing just added it to the survey this year.

While AI purchases are nascent — with nearly 11 percent of marketers planning to wait 12 months to purchase the tools — they're getting the attention of even marketers who already have tech that includes AI capabilities.

"We need to utilize AI going forward to help us interpret the masses of data coming at us," says an automotive marketing CEO planning to buy AI within 12 months.

With both marketing and IT in charge of the \$100,000 to \$499,999 his B2B firm plans to spend on mostly data-related tech in 2018, getting a tight grip on that data is critical to the company in helping direct the strategy of his more than \$1 million marketing budget.

Despite smaller marketers knowing they can get ahead of their much larger competitors by buying the bleeding-edge marketing tech sooner, they're not doing so. Smaller organizations would need to dedicate personnel to data management and optimization in order to use these tools wisely and many don't see allocating resources that way as a priority. If they did, they could run this data-backed marketing race to the finish line faster than their bulky peers.


CONCLUSION

Marketers hoping to keep up with their competitors will want to invest in tools for digital channels — and soon.

Brands wanting to get ahead of the game will want to invest in leading- and bleeding-edge marketing technology not long after.

In order to keep up with competitors currently, marketers will want to buy the following tools in Q2 2018:

- Social media, web, email, content marketing, search, video and database marketing/personalization tools should be the first ones to add to your stack or update in order to keep up with the competition. These staples are joining your peers' marketing tech stacks during the three months following the survey: social, 42 percent; web, 35 percent; email, 35 percent; content marketing, 27 percent; search, 31 percent; video, 30 percent; and database/personalization, 25 percent.
- Another staple of modern marketing is direct mail, the No. 8 marketing tech desired. While 15 percent fewer marketers are buying direct mail tools than social, tools that govern this offline channel are being added to 28 percent of tech stacks in the next three months.



The only organizations coming close to waiting to buy tech they plan to purchase this year are marketers at companies bringing in \$5 million or more in annual revenue. Among them:

- 11 percent will purchase AI sometime after 2018, 10 percent are acquiring it in Q2 and 10 percent might wait up to six months.
- Similarly, 14 percent of marketers at those brands were buying ABM tools within 12 months of taking the survey, but many were still doing so quickly — at 12 percent of the 42 percent of total buyers at the high-revenue shops doing so within three months.

Marketers are taking their tech stacks very seriously, seeing them as a competitive advantage and purchasing more than one tool in order to remain relevant to their customers. The omnichannel marketing experience requires it. In 2018, software becomes synonymous with marketing.

METHODOLOGY

Target Marketing conducted this online survey in March 2018, and 350 marketers responded. Of those surveyed, 13 percent held the position of marketing manager, 12 percent marketing director, 4 percent creative director, 3 percent brand manager, 3 percent product manager, 3 percent marketing assistant and 20 percent held other job titles.

Among all marketers purchasing tech in 2018, 44 percent worked in B2B settings, 19 percent in B2C and 37 percent in companies that marketed to Both.

Chart items may not total 100 percent, due to rounding.

WHO WE ARE

TargetMarketing

Target Marketing is the go-to resource for marketers who are determined to increase brand value. Our magazine, website, e-newsletters, webinars, virtual shows and live events deliver hands-on, how-to-do-it content that gives you the tools you need to develop, execute and evaluate your marketing. These resources help marketers succeed — not just in their companies but in their careers.

NAPCORESEARCH

Led by a former Forrester Research analyst, the NAPCO Research team crafts custom data-centric solutions that leverage our highly engaged audiences across the markets in which we operate, our industry subject matter experts and in-house research expertise. We partner with our clients to identify their unique business problem and create solutions that enable deeply informed decision making.

NAPCO Research can help with:

- Business goal prioritization
- Opportunity discovery
- Market segmentation
- Landscape insight
- User needs and wants
- Product features and functionality
- Content marketing strategy
- Sales strategy and tactics
- Market conditions
- Benchmarking
- Industry trends
- Brand awareness

Contact research@napco.com for a research consultation.

