Marketing tech: changing the way budgets are spent

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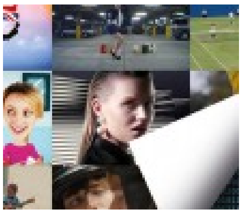

As technology recasts **marketing** budgets, has Bellwether become outdated and do we need a measure that accurately reflect clients' investments, Simon James asks.

This month, the first quarter 2016 IPA *Bellwether Report* described a 14th successive upward revision of **marketing** budgets – a record run in the 16-year history of this industry measure. But like the swan that appears serene on the surface, something more turbulent is occurring out of sight.

Since the financial crisis of 2007-2008 and the subsequent economic adjustment in 2009, **advertising** expenditure has only recorded one quarter of negative growth – a tiny blip on an otherwise rosy picture. Mobile **advertising** growth is driving **digital advertising** growth, which, in turn, is driving **advertising** growth. TV spend continues to rise despite several premature obituaries. Traditional media owners have been through an accelerated Darwinian metamorphosis into **digital** media owners, and a select few native **digital** media owners have scaled and consolidated their way into positions of oligopolistic power.

Technology is driving a change in media consumption location, if not format. Fuelled by significant reductions in production costs and vastly improved targeting, personalisation and accountability, media budgets gravitate to where the audience is. Remarkably, the industry has shrugged off any need to adapt formats to this newly digitised world. Thirty-second video spots, classifieds and press ads can all be viewed in their **digital** incarnations today on **YouTube**, **Google** and **Facebook**.

Ad-blockers, the Occupy movement of the **advertising** industry, are a protest vote against the twin crimes of **digital advertising**: experience-breaking ad formats with their slow load speeds, hidden close buttons, interstitials and pop-unders; and the amount your monthly data allowance is sucked up by invisible trading of your online data among exchanges in the background as you browse. So ad-blockers improve site load speed and save you money – I can’t see that catching on at all.

Increasingly, chief **marketing** officers are investing in **marketing** technology.
Gartner’s ***CMO*** *Spend Survey 2015* suggests 33 per cent of **marketing** budgets are spent on

technology, 17 per cent on experience and 7 per cent on **innovation**. With only 43 per cent of budgets left for **advertising** and promotions, this indicates that more is spent on technology than **digital advertising**. Any **CMO** who claims to own their **brand** today owns both the communications and the customer experience. Both are now becoming increasingly reliant on technology.

Managing customers and prospects across an entire user journey requires a level of customer focus, co-ordination and integration – so what was once a retail silo, a call-centre silo and an e-commerce team now become one. Technology is the enabler but, despite the growth of cloud and software solutions, there are many hidden costs in terms of systems integration, data engineering and analytics to consider before implementation. Claiming technology works out of the box is akin to saying Lego works out of the box; until you integrate the pieces, you won't see any value.

Business transformation for a **digital** world has become a priority for **CMO**s. This is another call on a **CMO**'s **marketing** budget – with experience and **marketing** technology often numbers one and two on the prioritisation roadmap. Typically, transformation business cases are justified against improved media efficiencies, duplicated agency service fees and a roster review – the very budgets covered by the *Bellwether Report*. This tension, if not existential, will continue to imperil agency/client relationships as clients seek transformative change. Today's integrated agency is not merely through- the-line but front to back through the business, from communications to experience and technology.

Transformation doesn't mean a quick lick of paint. In order to step-change the customer experience, **CMO**s have unparalleled influence to change internal business processes and organisational structures as the customer champion. It is no surprise that so many user-experience professionals are upgrading their job titles to "service **design**" on LinkedIn – currently 8,000 in my network.

Crucially for **CMO**s, the impact of investment in experience and technology on long-term business value is less understood than it is for **marketing** communications.

Measuring technology ROI often ends once the business case has been signed off. If the **CMO** has a wider accountability remit, comparisons on the likely payback must be made between investment options across communications, experience and technology to optimise performance.

In order to better represent the world of the **CMO** and, hence, the health of the **marketing** industry, long-term studies such as the *Bellwether Report* should cover not just communications but experience and technology. It should probe clients' investments and commitment to **innovation**. It should help us understand how investments in experience and technology can be compared with those in communications, or whether money is flowing from or to communications.

Technology is not just changing consumer behaviour, it is changing the composition of **marketing** budgets. Communications now represent the minority and a report that focuses exclusively on the minority is going to miss these fundamental industry shifts.

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