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# WHAT'S DRIVING MARKETING IN 2014

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*A Research Study from Conversant*

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# WHAT'S DRIVING MARKETING IN 2014:

## A RESEARCH STUDY FROM CONVERSANT

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### EXECUTIVE SUMMARY

The data demonstrates that marketers are sharpening their focus in 2014. They are building smarter, more effective strategies and teams that will drive the best possible results. In the coming year, the industry can expect to see four key shifts as marketers focus on the following:

*The study, conducted in late 2013 by leading insights provider Advertiser Perceptions, gathered the opinions of both "brand-side" and "agency-side" marketing leaders.*

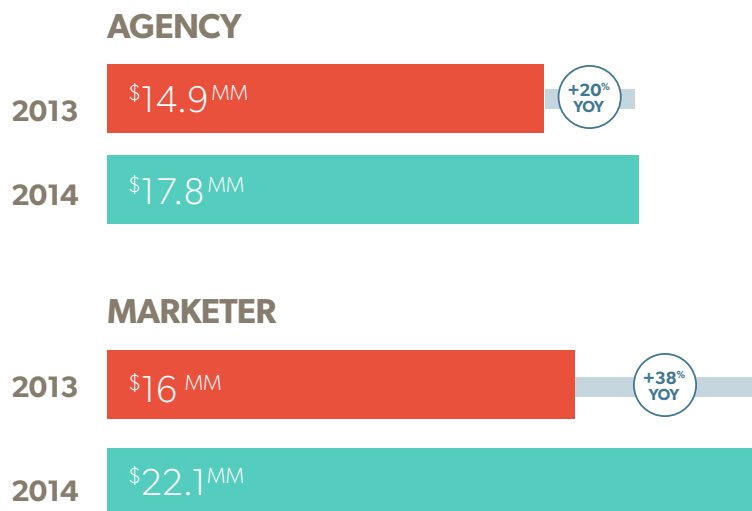
A major Conversant research study evaluating attitudes, plans and actions of both brand marketers and agencies reveals a shift in focus among marketers in 2014. As pressure for driving results becomes stronger, marketers are moving away from piecemeal tactics and experimentation and doubling down budgets on those strategies and tactics that they can count on to deliver a higher return in the coming year.

- 1 *More dollars spent on fewer, but proven, ROI-positive channels and vehicles*
- 2 *Emphasis on understanding and implementing personalized marketing programs*
- 3 *Vendor consolidation as marketers seek the right strategic partners*
- 4 *Reevaluating approaches to measurement to ensure marketers are allocating resources effectively*

## BIGGER BUDGETS, BETTER FOCUS

Both brand and agency leaders expect digital marketing budgets to continue to grow in 2014. But as marketers and agencies become more knowledgeable about digital and “what works” for their audiences, they are planning to consolidate spending across fewer, proven channels, with a smaller share of spend going to novel but unproven tactics.

*Reported digital spend by agency and brand respondents*

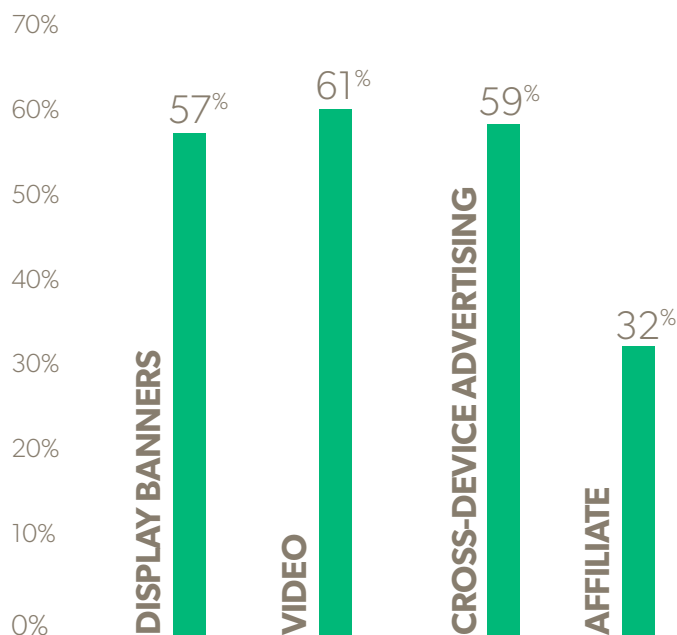


## DIGITAL CHANNELS MARKETERS PLAN TO USE IN 2014

These advertising and marketing decision-makers say that video spending will continue to grow and will play a dominant role in digital marketing this year. Approximately 61% of marketers plan to use it in their strategies, which will make video the number one channel for 2014.

Cross-device spend is also escalating. In 2013, 41% of overall marketing budgets were invested in integrated cross-platform advertising. In 2014, these leaders report that cross-device marketing will be front-and-center, with 59% of advertisers planning to invest in this channel. This represents the largest jump of any channel this year and will make it the second most commonly used tactic overall.

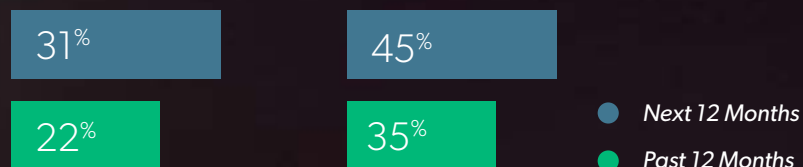
*Percentage of Brand and Agency marketers that plan to use this channel in 2014.*



## Average Percent of Digital/Mobile Budget Allocated to RTB By Spend Level

BRANDS THAT SPEND  
LESS THAN \$10<sup>MM</sup>

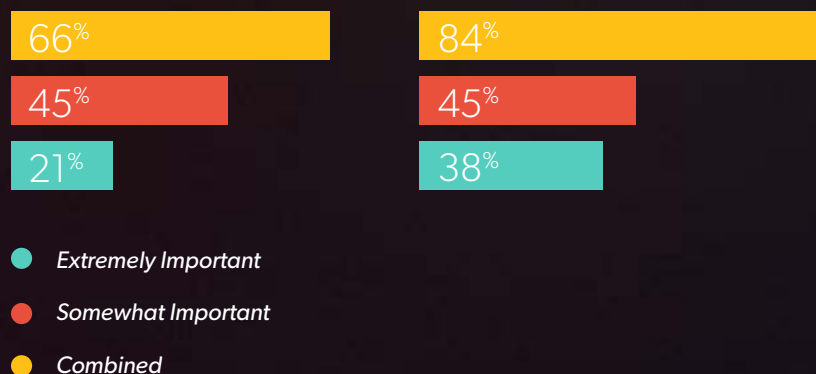
BRANDS THAT SPEND  
\$10<sup>MM</sup> OR MORE



## Percent of Marketers Rating RTB as Extremely or Somewhat Important By Spend Level

BRANDS THAT SPEND  
LESS THAN \$10<sup>MM</sup>

BRANDS THAT SPEND  
\$10<sup>MM</sup> OR MORE



## IMPORTANCE AND USE OF REAL-TIME BIDDING

Many advertisers expect to increase their use of RTB exchange media in 2014. Marketers with digital budgets of greater than \$10 Million expect to spend 45% of their total budget via RTB. Brands that spend less than \$10 Million per year expect to spend 31% of their total budgets via RTB.

Not surprisingly, larger brands also believe RTB is a more important part of the digital mix. Thirty-eight percent of marketers that spend more than \$10 Million rate RTB as "Extremely Important" versus just 21% of brand marketers with less than \$10 Million to spend.

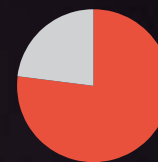
## THE YEAR OF PERSONALIZATION

*Both agency and brand marketers agree that personalization is a key strategic imperative for 2014.*

The key driver behind the personalization movement appears to be the consumer's need for individualized brand experiences. Today, they demand communications that are relevant to their individual needs.

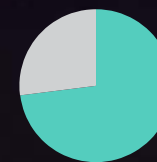
Brands can respond to this consumer demand with individually tailored messaging and media.

This trend is indicative of the industry-wide and decades-long progression away from mass marketing to a more focused approach featuring messaging that speaks to the needs of the individual.



**77%**

*of marketers agree that individualized messages and offers will be more effective than mass messages/offers*



**73%**

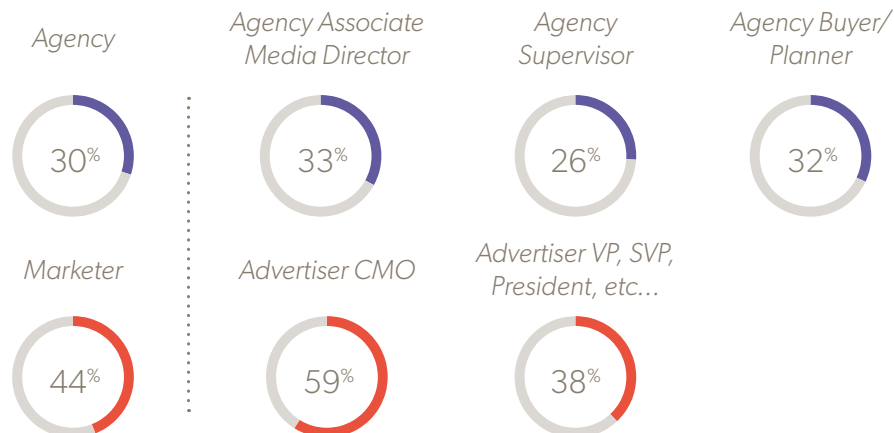
*of marketers agree that personalized one-to-one marketing is the future*

## OPINIONS ABOUT PERSONALIZED MEDIA - BY COMPANY TYPE AND JOB TITLE

The research shows that more experienced, senior marketers are more likely to believe in the power of personalized media.

*Percent of Respondents that strongly agree with the statement:*

**I believe that individualized messages and offers can be more effective than mass messages and offers.**



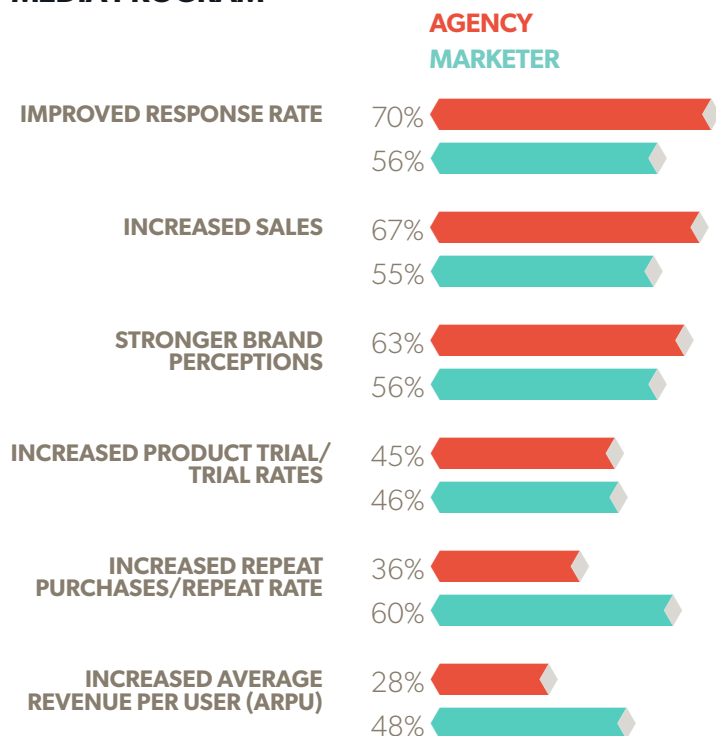
# BENEFITS AND CHALLENGES OF PERSONALIZED MARKETING

The marketers surveyed believe that personalized marketing offers a variety of positive benefits, many of which are key KPIs for their roles. Key among those benefits are increased sales and stronger brand perceptions.

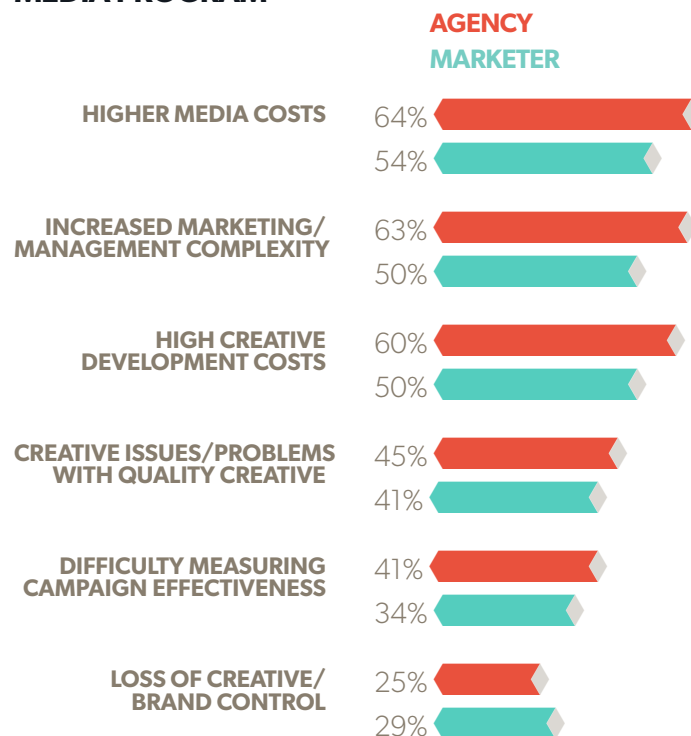
But the research also reveals that 47% of marketers believe their teams lack the expertise needed to develop and deliver personalized marketing programs. This may also serve as an explanation for why some marketers reported concerns that personalized marketing isn't possible, and why others seem unaware of its broad scale availability. This highlights a need for marketers to learn more and seek guidance from the right partner to better understand how to strategically execute and benefit from the power of personalization.

Hundreds of companies are already implementing personalized marketing. While many more plan to capitalize on the benefits of personalization in 2014, many marketers reported challenges and barriers to implementing personalized media programs.

## BENEFITS OF A PERSONALIZED MEDIA PROGRAM



## CHALLENGES OF A PERSONALIZED MEDIA PROGRAM



## VENDOR CONSOLIDATION

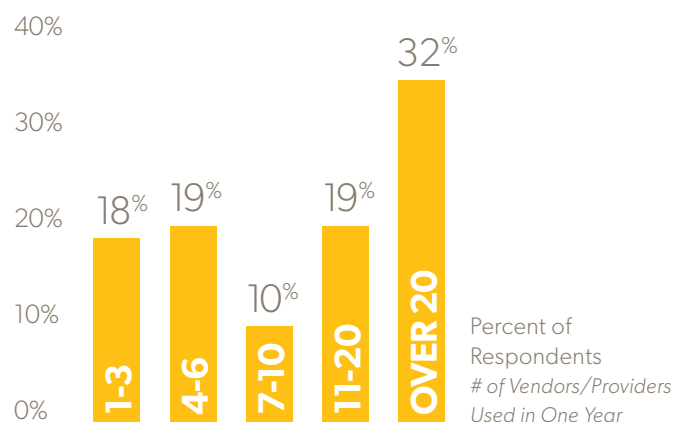
After years of embracing an increasingly crowded vendor environment, there is growing evidence that marketers want and need to streamline vendor relationships. The average number of vendor relationships among those surveyed was 27, a cumbersome number that is motivating marketers to partner with fewer vendors that can offer more comprehensive solutions. Nearly half of agencies (49%) and approximately one-third of marketers (33%) believe there are too many digital marketing vendors.

This illustrates that, after years of tolerating an increasing amount of complicated vendor relationships (in the already complicated Lumascape), marketers have to reduce the amount of vendor coordination and management they deal with. Working with fewer vendors will provide marketers with more integrated measurement and will ensure that each vendor has a stronger understanding of the marketer's needs, goals and programs as a whole.



*Average Number of Vendors/Providers Used in One Year*

## VENDOR COUNT IN 2013



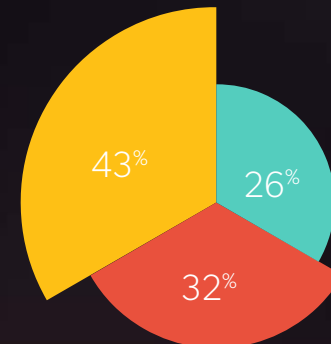
## BETTER MEASUREMENT

The findings show that measurement is also top-of-mind for brand marketers and agencies alike. Growing numbers of marketers now question the accuracy of the most commonly-used approaches to measurement, such as last click or last view. In the coming year, almost one-third of marketers (32%) will seek better and more complete measurement strategies, with one-third reporting that they'll change their approach to measurement in 2014.

### Plans to Change Measurement Approach in Coming Year

Percent of Respondents  
(Sorted by Overall)

**YES**  
**NO**  
**DON'T KNOW**

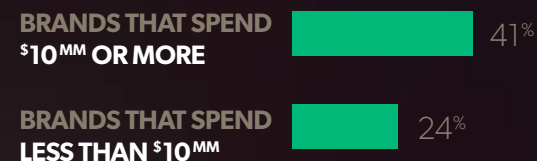


### Audience Breakdown of Those Planning to Change Measurement

#### BY COMPANY TYPE



#### BY TOTAL ADVERTISING SPEND LEVEL





## WHAT SHOULD MARKETERS DO NOW?

**1** Avoid chasing the “shiny object” and focus on building on what works. As more and more companies demand greater ROI from their marketing leaders, we expect to see more dollars spent on proven tactics. While new platforms and technologies can be exciting, their ability to drive results is usually unknown, and marketers are showing increased caution when it comes to how they allocate their budgets.

**2** Personalization is a must. It's time to better understand what's possible. Many marketers find the idea of personalization appealing, but have doubts about whether it's feasible for their business. The reality is that personalization is possible, and can be cost effective and efficient. Marketers should adopt strategies to educate their organizations on the value of personalized marketing.

### *Become a personalization evangelist by:*

- *Communicating how personalization is driving results for hundreds of blue chip companies*
- *Explaining that personalization is the next logical step in the industry's move from mass to individualized marketing*
- *Pointing out that there are personalized approaches for companies at all stages of readiness, from comprehensive, ongoing solutions to more selective, campaign-based offerings*

**3** “Think Big” in vendors, data, and solutions. Marketers and agencies would do well to consider what's under the hood from potential vendors. Can that hot startup really deliver the data and technology necessary for great results at scale? Additionally, management costs will become an even more important consideration as marketers and agencies decide whom to work with. Expect to see declines in the number of vendors that people partner with, and further spending behind proven industry giants.

**4** By asking the right questions, measurement can only get better. Senior marketers make a lot of assumptions about the measurement methodologies their companies use, many of them inaccurate. Marketers and agencies need to ask the right questions about measurement to find the right way to move forward.

For example:

- *Does my methodology include online and offline?*
- *Does my methodology represent true incremental sales?*
- *Does my methodology see causality where there's only correlation?*
- *Do the flaws in my current methodology limit my ability to optimize effectively?*

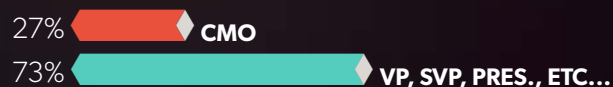
**With these priorities in mind, marketers can set their brands up for a great deal of learning and success in 2014.**

## PROFILE OF RESPONDENTS

### Company Type



### Job Title - Marketer



### Job Title - Agency



## SURVEY METHODOLOGY

An online survey was conducted among a broad set of agency and marketing leaders between October 18 and November 4, 2013. Two hundred marketer and agency contacts from the The Advertiser Perceptions Media Decision Maker Database and third-party databases were surveyed. The sample was designed to be reflective of a broad cross-section of the industry.

### Contact qualifications were as follows:

- Significantly involved in digital/online media advertising selection decisions
- Senior level marketer or agency decision-maker
- \$2 Million past 12-month minimum spend

## ABOUT CONVERSANT

Conversant, Inc. (Nasdaq: CNVR) is the leader in personalized digital marketing. Combining the strengths of ValueClick Media, Commission Junction, Mediaplex, Greystripe and Dotomi, Conversant helps the world's biggest companies grow by creating personalized experiences that deliver higher returns for brands and greater satisfaction for people. We offer a fully integrated personalization platform, personalized media programs and the world's largest affiliate marketing network – all fueled by a deep understanding of what motivates people to engage, connect and buy.

For more information, please visit [www.conversantmedia.com](http://www.conversantmedia.com).