

MARKETING TRENDS, SPEND & FORECASTS 2016





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INTRODUCTION

In an industry that's as dynamic as marketing and advertising, it can be hard to keep abreast of the top trends, let alone know what technologies and channels you should be investing your precious budget in.

Following the success of last year's Marketing Trends, Spend and Forecasts report, we surveyed over 200 marketers to gain insight into the top marketing trends that both your peers and prospective customers will be embracing in 2016. We've looked into where marketers will be investing their budgets and what challenges they are looking to overcome.

Whether you're a supplier looking to understand the needs and pain points of your potential clients, or a brand looking to benchmark your own spend, this report provides a complete overview to help inform your 2016 strategy.

Enjoy the read!

Best wishes,

Fraser Murdoch
Managing Director
ALF Insight

ALF has been working with over 800 agencies responsible for 16,500 brands in the UK for 29 years. We are the number one source of up-to-date information on 40,000 contacts in marketing and advertising.

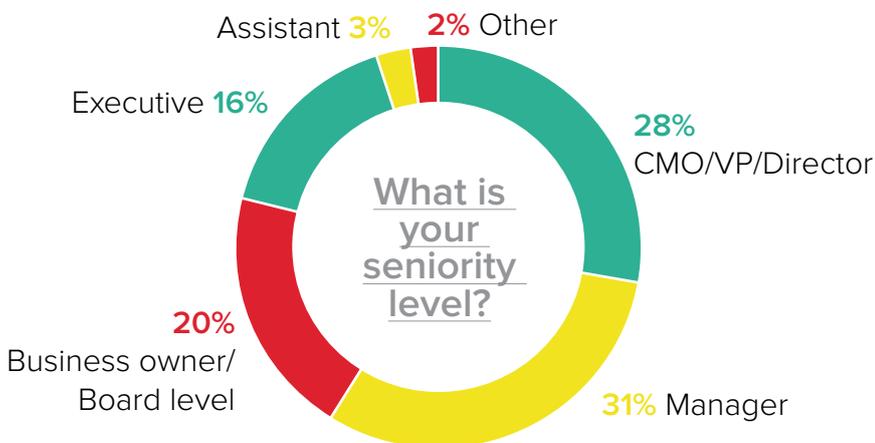
To get access to your top five prospects for free, contact Amanda at amanda.rosevear@mb-insight.com quoting 'Trends 16'.

CHAPTER ONE

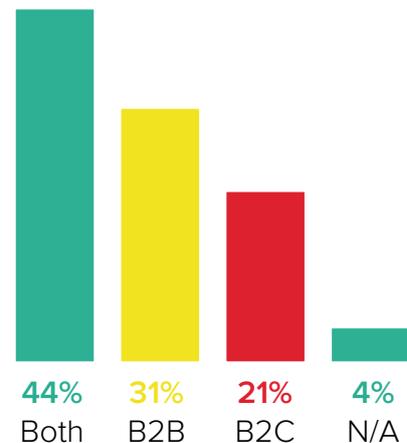
THE TOP 5 MARKETING TRENDS SET TO SHAKE UP 2016

We surveyed over 200 marketers working within some of the biggest brands and agencies in the UK to find out what their priorities are for 2016, where they are investing and what challenges they are facing.

Who did we ask?



B2B or B2C?



Top sectors we surveyed

1 PUBLISHING AND MEDIA
23%

6 CHARITIES
4%

2 INTERNET
7%

7 GOVERNMENT/
SOCIAL/POLITICAL
4%

3 ENTERTAINMENT AND
LEISURE ACTIVITIES
7%

8 MARKETING AND
ADVERTISING
3%

4 BUSINESS AND
INDUSTRIAL
5%

9 AUTOMOTIVE
3%

5 EDUCATION AND
VOCATIONAL
4%

10 RETAIL
3%

And what did they say?

1 MARKETERS NEED TO BUILD A STRONGER SALES PIPELINE

54% of marketers see 'building a stronger sales pipeline' as their highest priority

When it comes to the sales pipeline, the marketing department is more accountable than ever. **54% of marketers see 'building a stronger sales pipeline' as their highest priority** for 2016. Increasingly, marketers are being asked to pinpoint the exact contribution they make to overall revenue. According to Sirius Decisions, **marketing typically supports sales by influencing more than 75% of all leads**, emphasising the need for marketing and sales to be aligned.¹

70% of marketers are investing in a CRM in 2016

2 CRM IS MORE OF A FOCUS THAN EVER

2016 will see marketers continue to invest in a range of technologies, but top of the list is CRM, which **70% of marketers plan on using in 2016**. Ultimately, CRM systems can improve customer experience by better identifying customers' needs. Additionally, **46% of marketers want to drive more value from existing customers**. Personalised, sophisticated programmes will enable marketers to better relate to existing customers.

3 DATA ANALYTICS WILL UNLOCK INSIGHT

Despite **59% of marketers actively using data analytics** in 2015, 33% of businesses are struggling to harness the potential power of data and **improving data and analytics is marketers' second highest priority**.

Marketing strategies need to be based on insight gained from data: a plethora of data can be worthless if its findings aren't being actioned by the business.

Additionally, real-time insights can ensure that the right message is delivered to the right audience with the help of personalisation and automation systems. **95% of marketers agree that 'real-time marketing is essential** as behaviour, device, place and time come together'. However, only 7% consider themselves to have effectively integrated technology, data and marketing skills.²

67% of marketers are investing in data analytics, with a third of marketers seeing it as a key area for improvement

4 2016 IS THE YEAR OF VIDEO AND NEW FORMS OF VISUAL CONTENT

Video has seen a 20% year on year increase as a content format

60% of marketers are looking to use video in 2016, making it this year's highest climber, with a 20% year-on-year increase. Last year, video ranked as the sixth most popular medium with only 40% of marketers using it in their marketing mix. More businesses will look to integrate video on their websites, as well as incorporating it into their social strategy, (Periscope, Vine and AudioBuffer) as YouTube is no longer the only choice when it comes to digital video players and platforms.³

TAKE NOTE: With 8% of marketers using Periscope, the appetite for fast-track visual content is set to grow

5 EMAIL STILL LEADS THE WAY

Marketers are still sending their **content marketing directly via email (75%)**. Aside from websites (35%), **email marketing drives the most ROI with 31%** of marketers declaring it their strongest channel.

Email is often seen as the old dog of marketing, but thanks to features like personalisation, automation and A/B testing, there are more opportunities to target and impress recipients, so don't overlook this faithful marketing channel.

75% of marketers are distributing their content via email

CHAPTER TWO

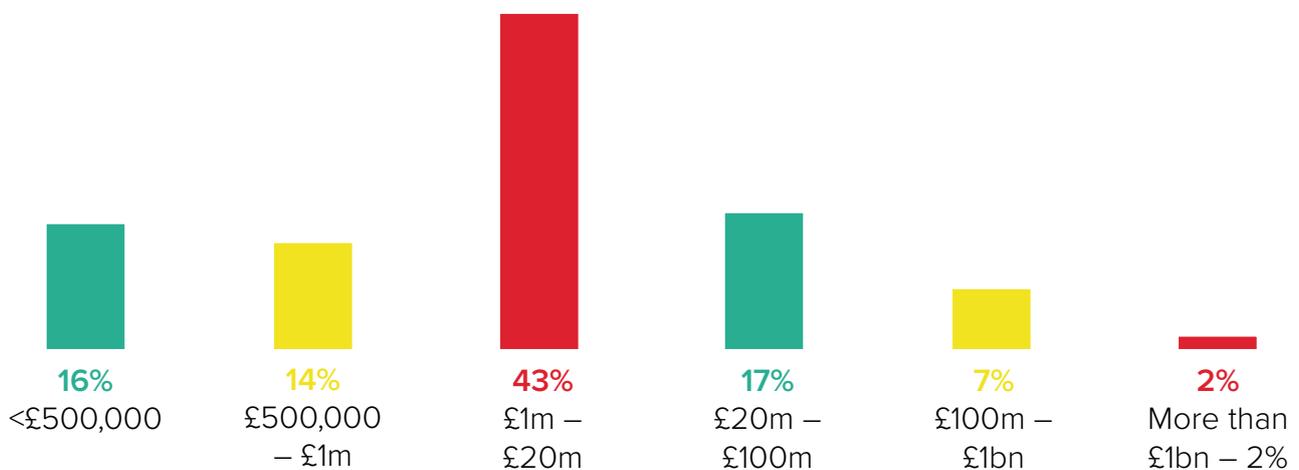
SPEND TRENDS 2016

Our survey also asked where marketers are investing in 2016, both in terms of technology and channels of distribution. Here's what they had to say...

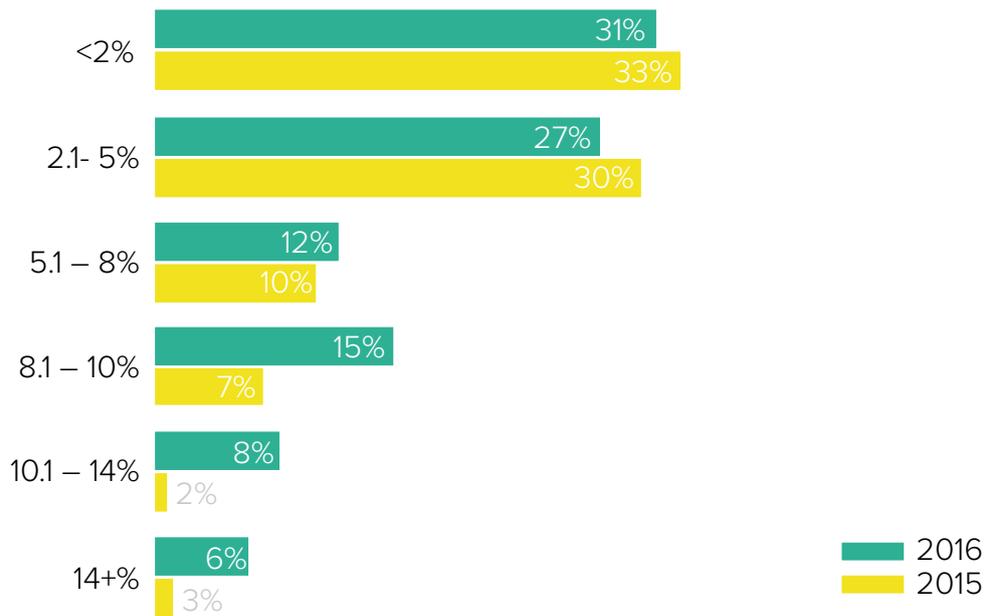
Marketing budgets are on the up

In 2015, **84%** of respondents planned to increase or maintain their marketing spend, and in 2016, **88%** plan to do so.

What is your annual company revenue?



What is your marketing budget as % of revenue?



On average companies are spending between 2.1% and 5% of their revenue on marketing. Examining the **sectors that allocate 8% and over** of their company revenue to marketing spend, the **top ranking areas were publishing and media (16%), internet (13%) and retail stores (9%).**

Sectors with the highest marketing spend %

1
PUBLISHING

2
INTERNET

3
RETAIL

BIGGEST SPENDER PROFILES: WHERE ARE THEY INVESTING?

As in 2015, most companies with a **revenue of £20million and over are still only assigning up to 5%** of their revenue on their marketing budget. However, budgets seem to be steadily increasing: the proportion of marketers with a budget of less than 2% of company revenue decreased from 42% to 25% year on year.

The biggest spenders are mostly investing in **outsourcing copywriting (50%), design (46%) and investing in CRM (22%) and DSP (33%) technologies.**

83% of companies with £20m revenue and over are investing in events for 2016

TAKE NOTE: Opportunities abound in publishing and media, internet and retail with big marketing budgets who are likely to invest in marketing technologies or outsource skills to specialists.

High earners are investing in events for 2016

Events, though expensive, are an effective way to deliver information to a captive audience and demonstrate thought leadership. **83% of marketers in companies with over £20m revenue are investing in events for 2016.**

"ALF is a consistently strong source of business information; they clearly have very high standards, both in the tools they provide and the level of service. Not a service we would want to be without."

-Chris Bunyan, Kantar Media

Data: analysis and technology

Since the term 'Big Data' was coined in 2001 by Doug Laney, data and how we use it has been a key trend, so it is unsurprising that data analytics was the top technology that marketers were using in 2015 (59%).

Now that marketers are making use of automation, target audiences are seen less as segments, and more as individuals, which is why **marketers are planning to invest in CRM (70%) and data analytics (67%)** in 2016, allowing marketers to customise the buyer journey and improve conversion throughout the sales funnel.

Marketers' second highest priority is improving their data and analytics. We talk about data a lot, but do we actually know how to use it to the best of our ability? **59% of marketers are already making use of data analytics**, but 39% of marketers are unable to turn their data into actionable insight.⁴



"We are investing in data to build insight and understanding around particular audience segments. Hunches need to be backed by data, especially with dynamic trends and shifting consumer behaviour."

Will Awdry, Creative Director, Big Fish.

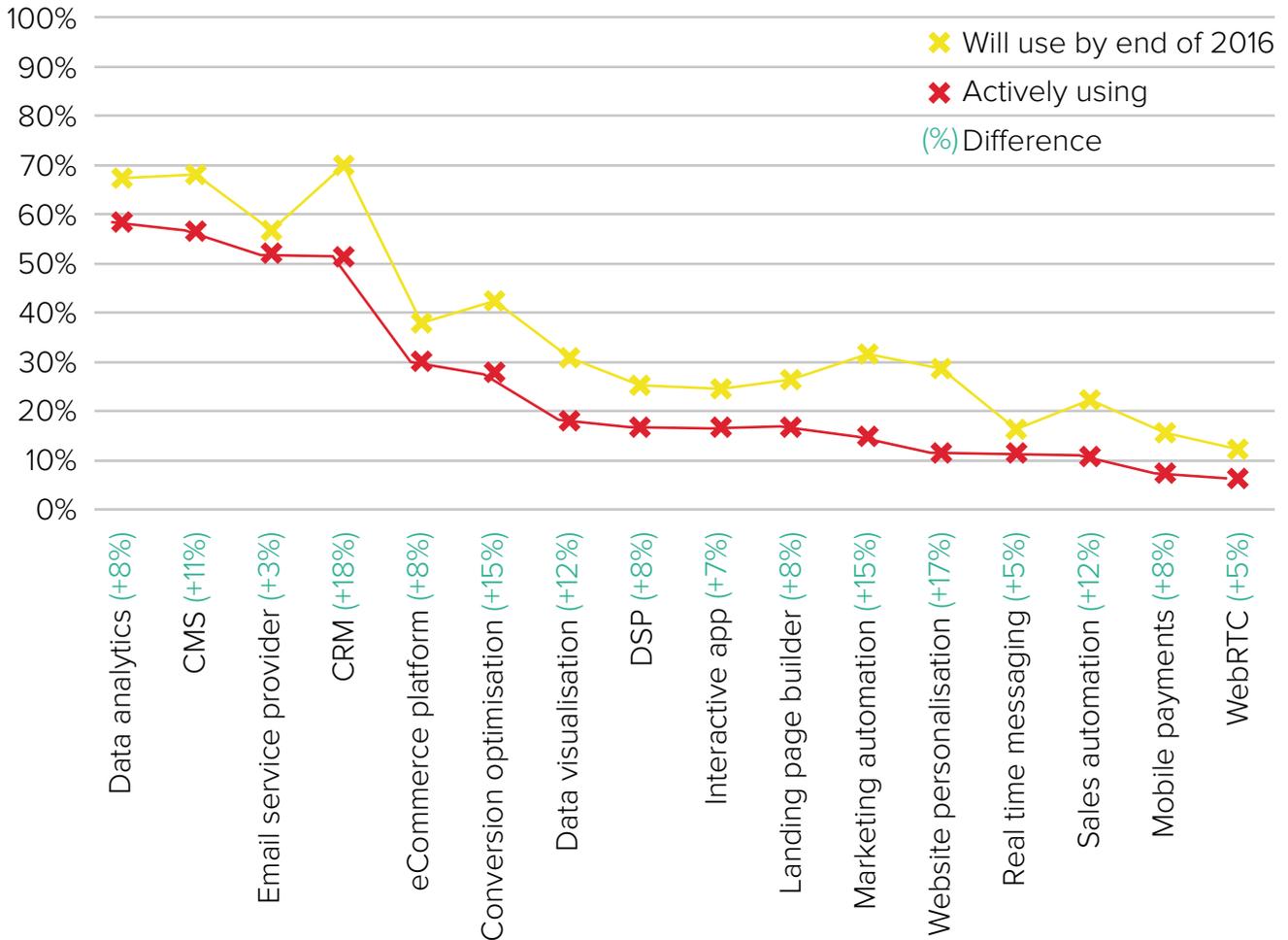


"Because of the varied platforms and nuanced data available to marketers today, I truly believe [marketing] is one of the most exciting fields to be in, and the main challenge I see is merely our ability to prioritise and capitalise on these opportunities."

Renee Doegar, Head of Marketing, London Review of Books

58% of marketers are already actively using a Content Management System (CMS), with a total of 69% using it by the end of 2016. Unsurprisingly, content marketing is still a priority for nearly half of all marketers (48%).

Marketers actively using or planning to invest in technologies in the coming year



The biggest step change can be seen in **CRM, with 18% more marketers looking to invest**, compares to those already using the tool. This was closely followed by website personalisation at 17%.



“We’re looking at investing in a new CMS for 2016. Why? Because we’re growing and we have re-engineered processes within our organisation which need to keep pace with the changes in our business.”
Alistair Wayne, CEO, Media Managers

The marketing mix: the best channels

Email marketing leads the way in marketing channels with over three quarters using this marketing method. It is **the most popular channel with both B2B (82%) and B2C (65%) marketers** – although it is notably higher with B2B companies.

Websites are increasingly important, with 71% of marketers investing in the channel, up from 64% in last year's survey. **Social media also remains important, with 63% investing**, up from 60% in 2015.

Investment in offline channels is on the rise, with more marketers spending on events and direct mail this year than in 2016. **56% of marketers are investing in event marketing and 43% in direct mail** in the coming year, in comparison to 34% and 45% respectively in 2015.

76% of marketers are investing in email marketing in 2016



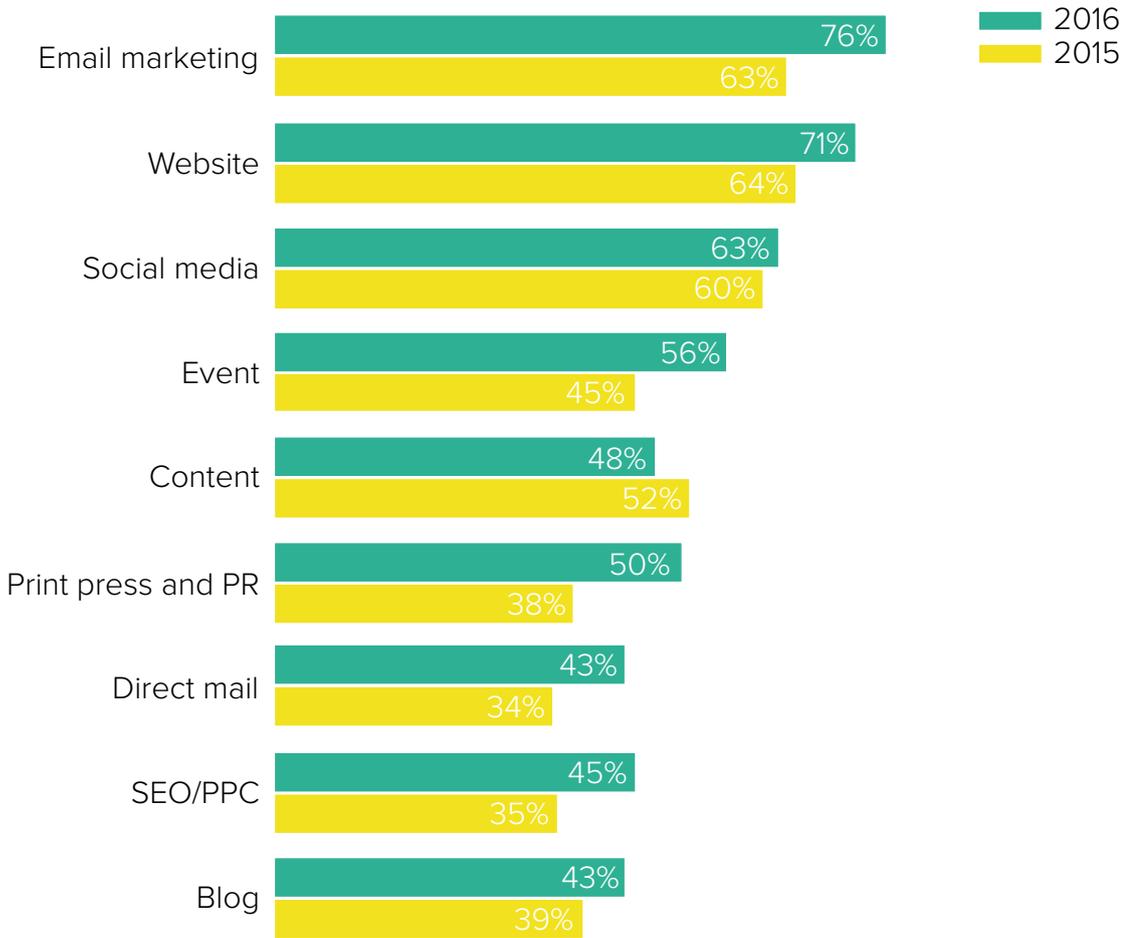
“Email is an important channel for us, and we will invest in this channel through analytics, segmentation, testing, responsive design and exploring our options regarding ESPs.”

Renee Doegar, Head of Marketing, London Review of Books

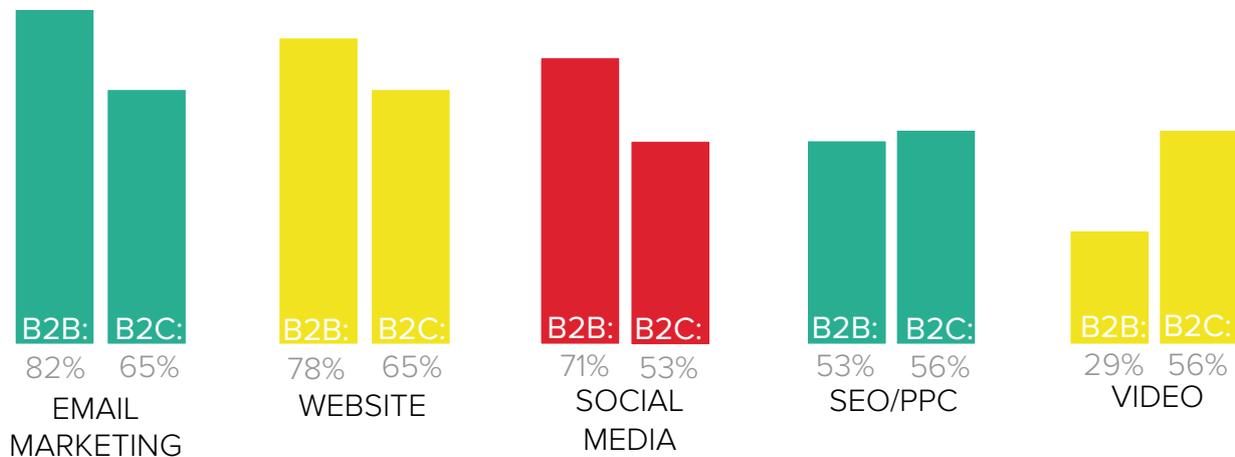
“We have had a higher email open rate from a list pulled from ALF than any other list we have used in the past. It's a brilliant tool that has saved us so much time.”

- David Walsh, In Situ Media

Which marketing and advertising channels will you be investing in next year?



Top 5 marketing and advertising channels for B2B and B2C in 2016



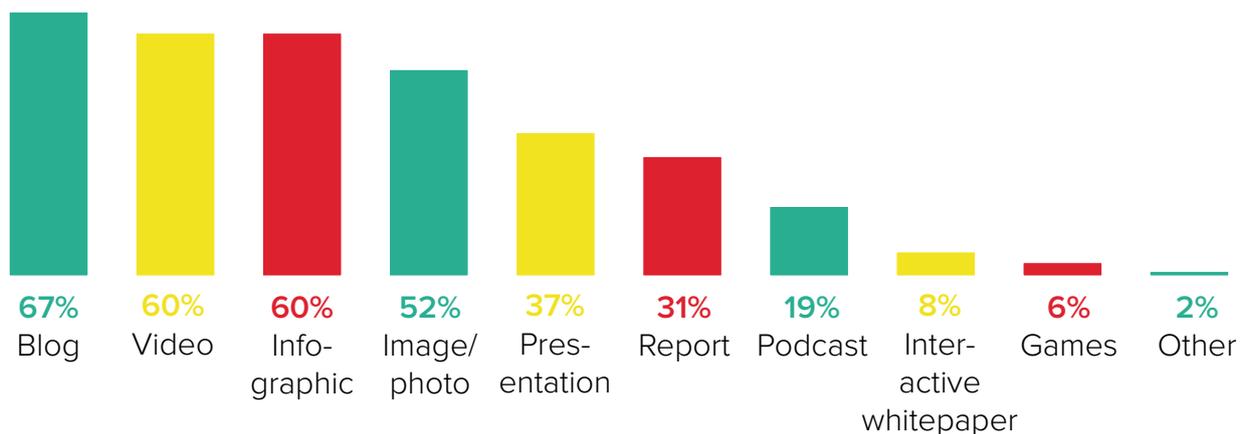
Content marketing: where to focus



“Content, content, content is key to amplifying our thought leadership and insights across different formats.”

Sarah Speake, Chief Marketing Officer, Clear Channel

Which content formats do you plan on using in 2016?



Content marketing has been established as central to marketing across the board. We all know that “content is king”, however, the focus now has turned to distribution and format: what best reflects the target audience and content type?

Visuals are becoming increasingly important in marketing content. **Video has seen a 20% year-on-year increase since 2015**, with 60% of marketers using it to present their collateral. Video has come on leaps and bounds in marketing, with the rise of interactive and personalised video content making it a more engaging channel. 59% of executives now prefer to watch a video rather than read text.⁵

60% of marketers will be using infographics in 2016.

They are a great form of inbound marketing as they are shareable, making complex matters or text-heavy articles easier to understand and can increase SEO and generate website traffic.⁶

Continuing the visual theme, **37% of marketers are also using Slideshare or presentations** to present their findings. Slideshare is proving to be one of the most successful platforms in terms of ROI, with an impressive 25% conversion rate for B2B businesses, compared to Twitter and Facebook at 1% each.⁷



"We're distributing video through social media and relevant online channels. And also if we have in-house videos, we're putting them on our website. We have no YouTube channel yet, but it's on the to-do list."

**Alistair Wayne, CEO,
Media Managers**

"ALF helps me find key clients quickly and efficiently. With key information on the main decision maker and company's advertising spend, its is a powerful tool to start conversations with potential clients."

-Chris Cutler, Telegraph Events

Social: latest trends

Taking a closer look at social, there is a noticeable difference in social platform use when it comes to B2B compared to B2C companies. While B2B companies are making use of social, there is scope for improvement as only 20% of respondents cited it as a top driver of ROI.

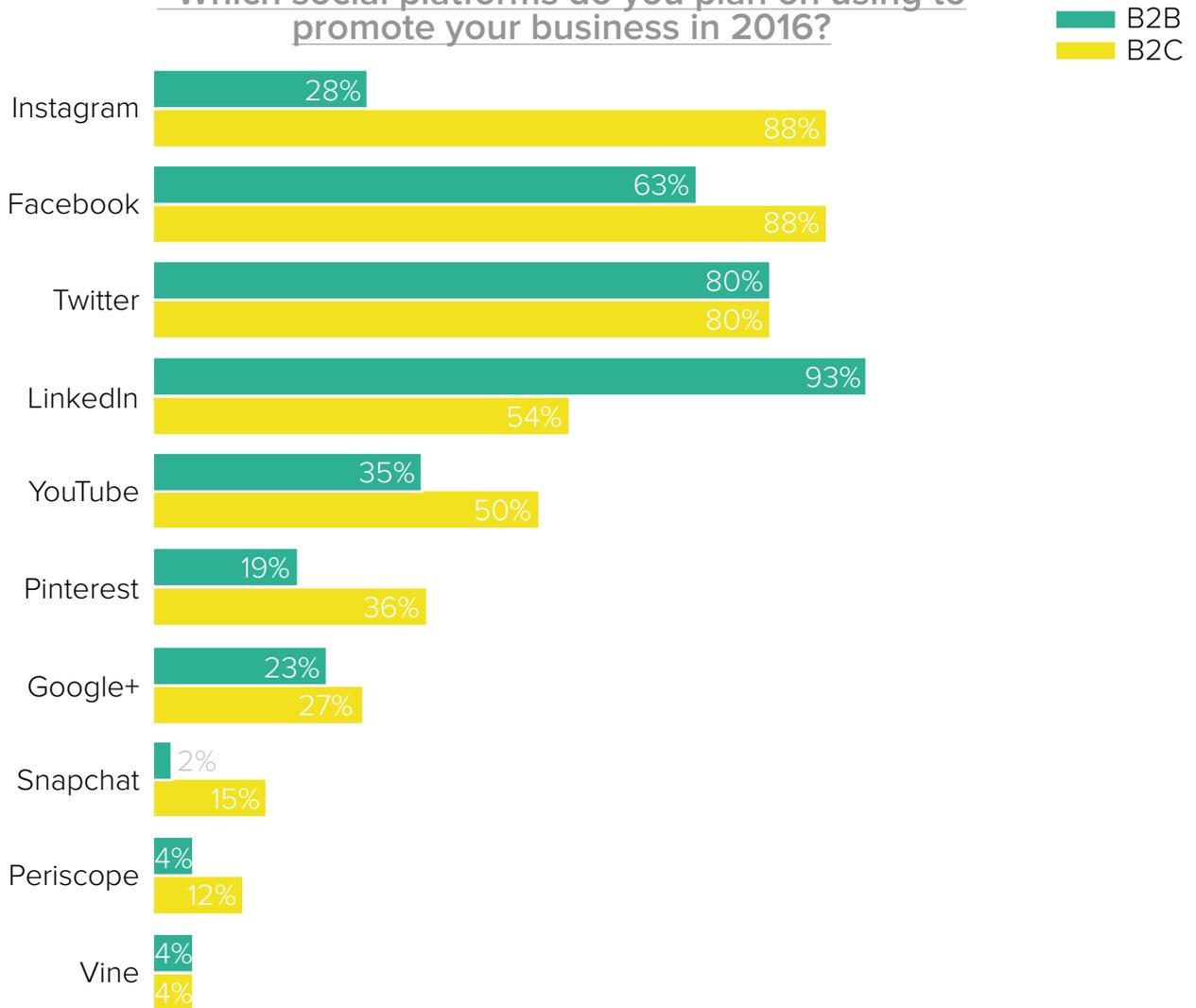
LinkedIn is, unsurprisingly, the most popular social platform for B2B marketers, with a massive **93% using the professional network**, but is only the fourth highest for B2C at just 54%. **Instagram is a high climber: it is tied with Facebook as the most popular social platform for B2C companies at 88%**, with just 28% of B2B companies utilising the photo sharing network. Instagram's noticeable take-up could be linked to the platform's introduction of paid-for advertising.

While live streaming networks such as Snapchat and Periscope had a lot of buzz in 2015, they are still in their infancy as marketing channels. However, an average of 8% and 9% marketers respectively are looking to using them to promote their business in 2016. It is likely we'll see an increase in these video sharing platforms as video becomes even more of a priority for marketers.

Instagram now ties with Facebook as the most popular B2C platforms

LinkedIn is still the most popular B2B social platform

Which social platforms do you plan on using to promote your business in 2016?



“Facebook, Twitter and Instagram advertising are producing some interesting conversion results, which we would like to test further in 2016.”

**Renee Doegar, Head of Marketing,
 London Review of Book**

In-house vs outsource: marketers' view

Over three quarters of marketing teams have **in-house staff for social media, email marketing and copywriting**: which reflects the channels that have driven the most ROI (email marketing, website and social media).

Which skills do your marketing team possess?

SOCIAL MEDIA
 81%

STRATEGY
 60%

SEO/PPC
 43%

EMAIL MARKETING
 80%

EVENT MANAGEMENT
 59%

VIDEO PRODUCTION
 33%

COPY-WRITING
 77%

DATA ANALYTICS
 56%

HTML/CSS/CODING
 29%

DESIGN
 67%

WEB DESIGN
 45%

UX DESIGN
 15%



“We operate all in-house, all the campaigns we design ourselves. The only time we will use external agencies is for online, like tweaking our website because it wasn't delivering the best user journey... It's about being smart with the money you have and knowing your stakeholders and targeting exactly what you want to deliver.”

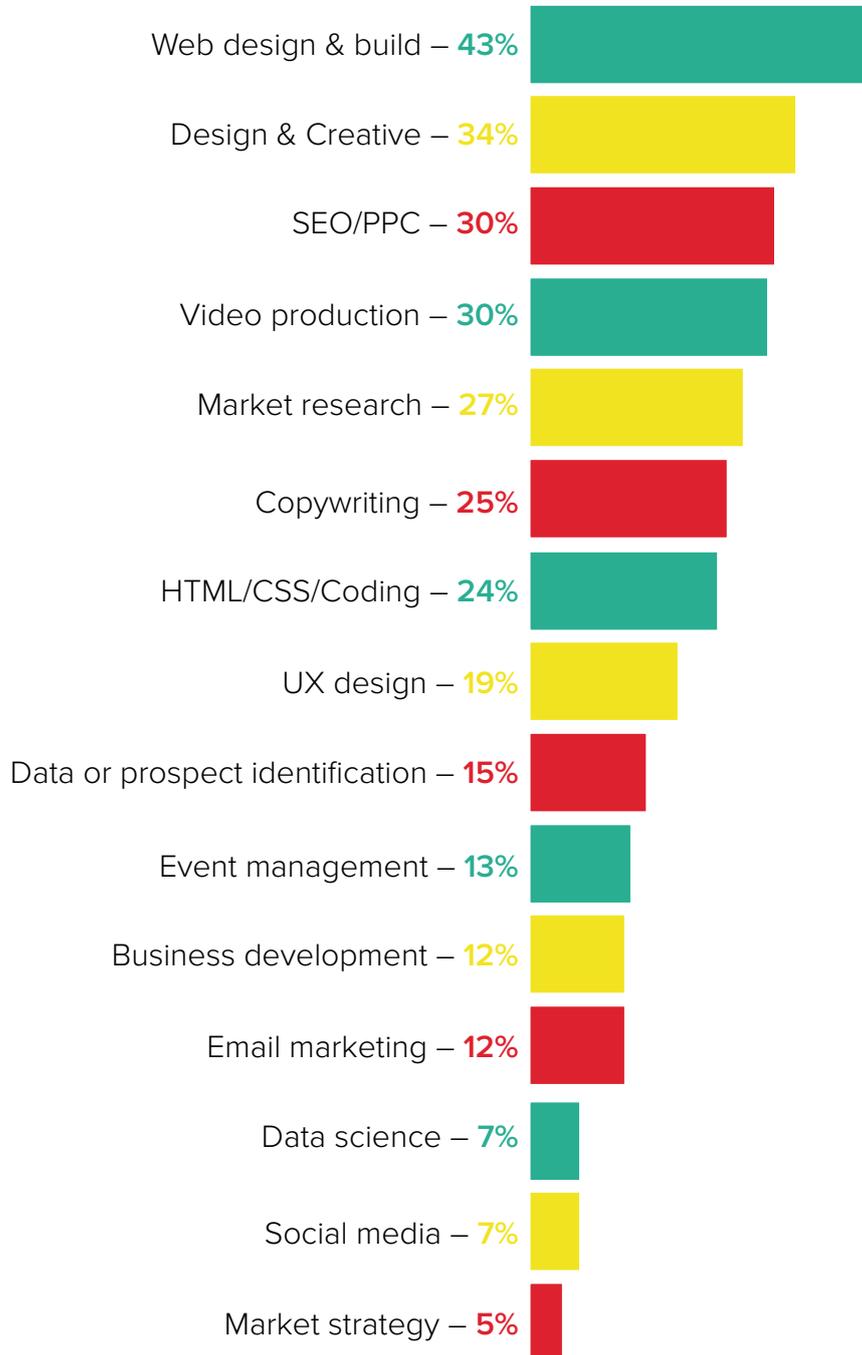
**Helen Fairhurst,
 Senior Marketing Manager,
 Papworth Trust**



“We are confident as we invest in the right people and tools and continue to expand our reach and strengthen our reputation, we will continue to be successful in a very exciting industry.”

**Abhi Naha, Head of Marketing
 and Business Development,
 Cambridge Wireless Limited**

Do you outsource any of the following to specialists?



The most outsourced work is in specialisms, largely web design at 43% followed by design work (Photoshop, Illustrator, InDesign etc) at 34%.

CHAPTER THREE

MARKETERS' PAIN POINTS AND CHALLENGES

Our survey also uncovered what challenges marketers expect to face in 2016 and what they are planning to prioritise in order to grow.

Polling at 43%, **the main concern keeping marketers up at night is having limited staff to get the job done.** Marketers are struggling to resolve this, with the same concern topping the list in 2015.

Marketers are trying to overcome this by outsourcing work to freelancers and agencies, which many marketers are already doing, notably in web design (43%), design (34%), SEO/PPC (30%) and video production (30%).

Concerns for marketers have increased year on year, with **key problem areas in staffing, budget, and lack of skills** within the marketing team. Marketers need to prioritise in order to focus on measurable activities that are accomplishable with the resources at hand.



“Everybody has a limited budget, so it’s matter of prioritising. You don’t need a budget to up-skill, so we do lots of internal training from the heads of department and specialists we have in the organisation already.”

Alistair Wayne, CEO, Media Managers

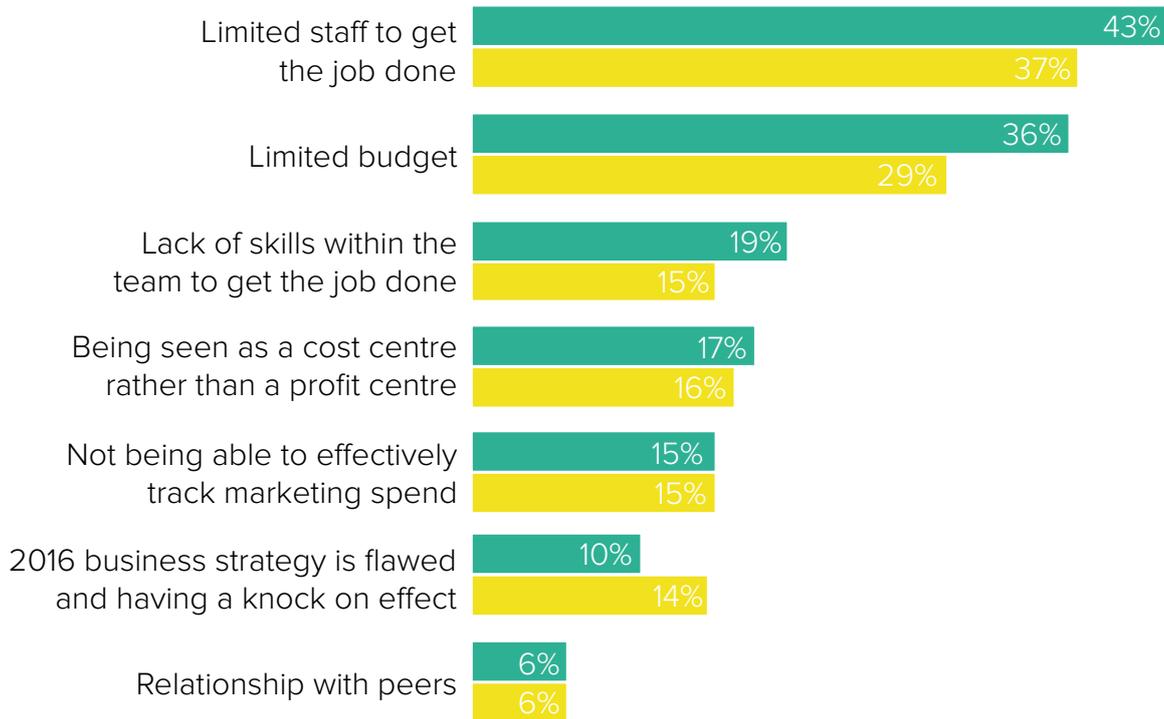


“[My challenge is] to constantly reinforce with my board peers how and where we’re adding value and profit to the business. Thankfully I have the necessary data points to keep changing perceptions around this.”

Sarah Speake, Chief Marketing Officer, Clear Channel

Which of the following keep you up at night?

2016 
 2015 



TAKE NOTE:

With limited budget still proving a problem for marketing departments, pressure is on to prove ROI. Agencies must be willing to share their clients' KPIs and plan spend accordingly to meet targets.

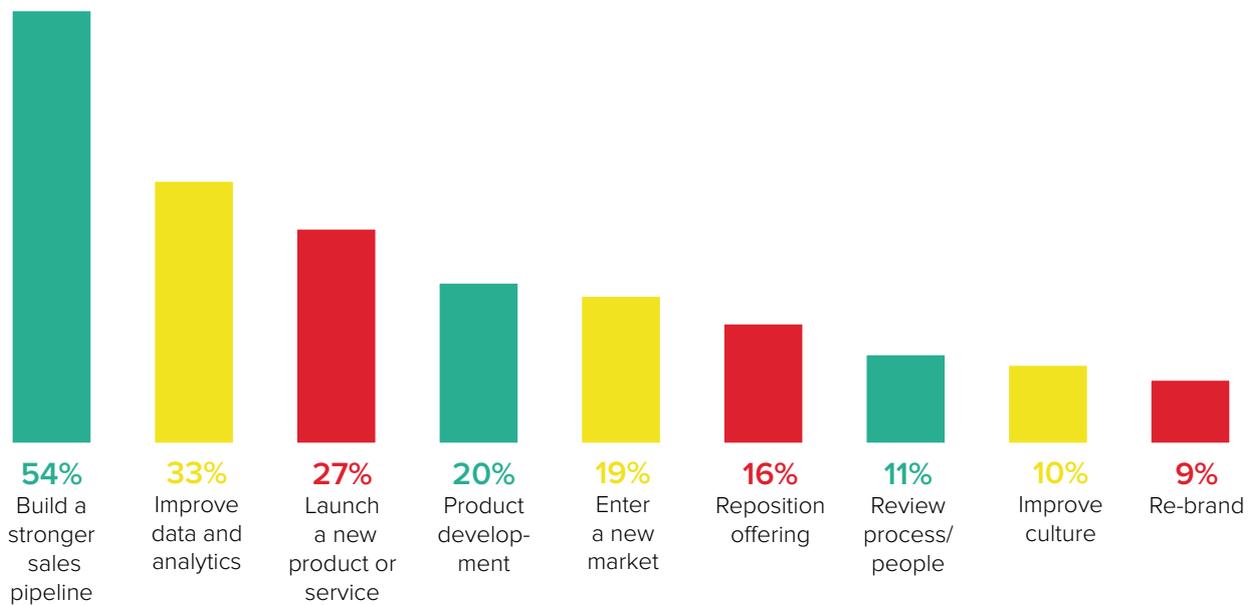
What are the priorities and objectives for 2016?

The main priority going into 2016 is building a stronger sales pipeline (54%). Of those who cited this as their priority, 87% cited their business objective as driving new customers, with 51% looking to drive more value from existing customers.

Review process/people (11%), improve culture (10%) and re-brand (9%) are the lowest priorities, which is likely to be because none of these offer a direct form of ROI.

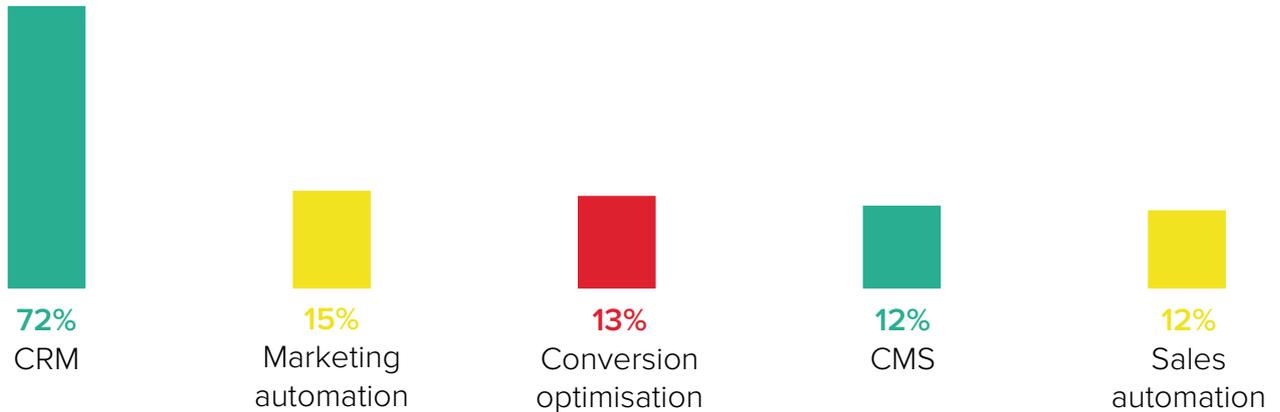
The majority of marketers (54%) see building a stronger sales pipeline as the main priority in 2016

What are your main marketing priorities and activities for 2016?

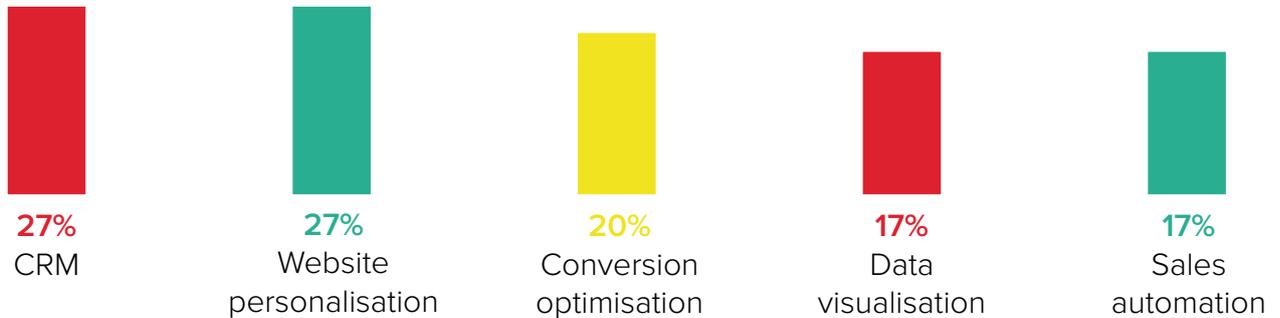


Investment priorities for marketers looking to...

Build a stronger sales pipeline



Improve data and analytics



Marketers concerned with building a stronger sales pipeline are looking to invest in supporting technologies to push leads to conversions: Such as CRM automation and conversion optimisation.

What are your main business objectives for next year?

DRIVING NEW CUSTOMERS
81%

INCREASING BRAND AWARENESS
80%

DRIVING MORE VALUE FROM EXISTING CUSTOMERS
77%

INCREASING CUSTOMER ENGAGEMENT
67%

ENHANCING YOUR CUSTOMER EXPERIENCE
60%

GAINING MARKET SHARE
59%

INCREASING RETENTION
56%

CHANGING BRAND PERCEPTION
45%

In terms of business objectives, **driving new customers (77%)** is key, which will be supported by building a stronger sales pipeline. Engaging customers and offering them a better experience is a great way of making existing customers brand advocates, which in turn will **help to drive brand awareness, the second highest objective for 2016 at 47%**. This can be achieved by using CRM and automation technologies.

"We use ALF regularly to track down key contact information, keep on top of job moves and stay one step ahead of our competitors. The team at ALF are always helpful and a pleasure to work with."

-Samuel Eads, First News

TAKE NOTE:

Driving new customers is the key business objective for 2016, so ensure your product or service is demonstrating how it can support marketers to achieve this goal.

CHAPTER FOUR

SUMMARY

Email is the primary channel for marketers to distribute their content thanks to advancements in and personalisation and automation programmes.

2016 is the year of video: It is the standout format for marketing thanks to a shift in trends towards more visual content, but high production values and effective distribution need to remain front of mind.

Heavy investment in CRM, CMS and data analytics demonstrates the importance of seeing customers as individuals and realising the trends in personalisation and real-time marketing in the coming year. As marketing budgets continue to increase, there is more scope to invest in relevant technologies and upskill marketing teams.

Suppliers and agencies must position themselves as experts in their field to offer their services to meet marketers' key priority of developing a stronger sales pipeline and top objective of driving new customers.

Although marketers overall have fewer concerns and some marketers still face the challenge of not having enough staff to get the job done. **Agencies should take note that brands may be looking to outsource work**, so should position themselves as thought leaders and endeavour to fully understand the client to deliver desired results.



5 KEY TAKEAWAYS

1

Budgets are increasing but time and resource is decreasing, so marketers must focus on prioritising to make the most of the skillsets at their disposal.

2

Whilst brand awareness is important, building a strong sales pipeline is crucial to prove the impact of marketing. Marketing activity must have clear metrics and data analytics in place in order to measure results.

3

Although email marketing may not be at the cutting edge of marketing technologies, it is still generating the highest ROI and is the most popular channel for marketers this year. Dynamic content, mobile optimisation, and engagement programmes mean email marketing can be targeted and visual.

4

Content is still king, but the focus has shifted now to visual formats, such as video and infographics. A complete distribution strategy allows for maximum reach.

5

In social media, Instagram is now as popular as Facebook for B2C marketers and with the rise of video streaming channels, such as Periscope, image or video-based content is changing the way marketers reach their audience on social.



CONTACT ALF

ALF offers access over 40,000 decision-makers in the UK across the following categories: Retail, Automotive, Travel, Charities, Publishing & Media, Confectionery, Drink, Entertainment & Leisure Activities, Food, Government/Social/Political, Household Furnishings, Household Supplies, Leisure Products, Mail Order Retail, Office & Home Computing, Property, Services, Sport, Tobacco, Agricultural/Gardening & Petcare, Business & Industrial, Clothing, Cosmetics & Toiletries, Education & Vocational, Finance, Gaming, Home Appliances, Home Improvement, Internet, Luxury Goods, Medicals, Pharmaceuticals and Telecommunications.

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