

Worldwide martech market grows by 22% year-on-year - find BDO, Warc

BDO and Warc's new 'Martech: 2020 and beyond' report indicates that the worldwide global martech market has grown by 22% year-on-year - which represents an estimated value of \$121.5bn.



Image credit: Marvin Meyer on Unsplash.

For a third consecutive year, the report, based on an annual survey of more than 750 brands and agencies in the Americas, United Kingdom, Europe and Asia-Pacific to assess the current state and future expectations of the marketing technology industry, demonstrates the health of the martech industry, with growth in budgets over the past year and further investments planned.



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Damian Ryan, media and technology partner, BDO, says: "The continuing consumer appetite for adopting digital technologies is driving growth in the market and providing opportunities for both big and small vendors of marketing tools across the globe.

"Marketers always need time to get their arms around new technologies, however, when marketers see competitive reasons to deploy these faster, this can cause problems in the access and resourcing of the right talent and skills. This prominent issue bears out in the report from the 750 brands and agencies surveyed."

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Steady martech budgets

The majority of marketers globally expect martech budgets to stay the same over the next 12 months, but 43% expect an increase and only 4% expect budgets to decrease.

On average, brands in North America and the UK are spending 26% of their budgets on martech compared to 23% last year. Whilst North America has doubled its martech spend over the last two years, spend in the UK, a more mature market, has remained steady.

Though there has been substantial discussion in the industry regarding the in-housing of tech and services by brands from their agency partners, this year's results do not indicate a trend towards more in-housing of martech.

The split between in-house and outsourced technology is around 50:50 in all regions – a ratio that offers room for growth both in the outsourced and in-house tech vendor markets.

Marketing technology – automation software, analytics tools and emerging tech such as AI - are all helping marketers to optimise their media spend.

Whilst in last year's survey, the majority of brands felt that increased investment in martech had caused their media spend to decrease, this year, that number has dropped to under a third, with most respondents feeling that spend has been unaffected by martech investment.



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Expanding the use of martech

Established disciplines are where the majority of respondents find use for martech tools. More than three quarters of brands use martech to assist them with email and social media, and more than a third for content, CRM and analytics.

As brands continue to focus on customer experiences over specific media, tech that helps marketers with experience optimisation and tracking are developing areas in the martech space.

The overall picture is one that has not yet reached maturity; only 24% of global marketers, 27% of UK marketers and 15% of North American marketers think they have all the martech tools they need.

The need for data skills and increased martech understanding persists

Globally, 68% of brands and 83% of agencies have seen an increased need for data skills associated with the use of marketing technology. Creativity was selected by 49% of brands as a priority over strategy and data, of which 21% considered it to be a top priority.

In contrast, only 25% of agency respondents feel creativity should be the focus, prioritising instead of strategy and data.

A key driver of the need for outsourcing marketing technology functions to agencies is a lack of expertise on the brand side, particularly in an era of rapidly diversifying technology and media options.

As a result, skills are a much-discussed topic, whether in terms of upskilling internally or hiring discipline specialists, and opinions on which skills should be the priority differ among businesses.



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Martech for CX

Customer experience (CX) has become a strategic priority for businesses that now have to compete hard for customers' attention in an omni-channel world.

Despite 96% of brands surveyed stating CX is important both offline and online, less than 50% are using martech to track customers between channels, but 73% feel they have the technology in place to optimise the customer experience across most, if not all, channels and touchpoints.

Adapting to technology

The use of technology in marketing is still nascent. Less than 40% of responding brands are currently using the internet of things (IoT) – a growing set of technologies based on devices that can share data via an internet connection – or connected devices, and a further 36% have no plans to use the tech in the next 12 months.

Artificial intelligence (AI) and cross-device identification (XDID) are cited as emerging technologies that aid marketers in the focus on customer experience. Biometrics and facial recognition are the least-planned by respondents.



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Amy Rodgers, managing editor, research and rankings, Warc, concluded: "Despite spend on marketing technology increasing, budgets remain a constraining factor to growth for 50% of brands.

"The wealth of technology available presents a myriad of choices for marketers, who have to decide where to place budget; a decision that carries risk when it comes to nascent technologies. This perception of risk is reflected by 29% of respondents selecting a lack of understanding of the technology available.

"The fact that this proportion has not decreased since last year illustrates the constant change in the industry and reinforces the need for specialist martech skills to ensure effective budget allocation."

For more insight, a sample report of 'Martech: 2020 and beyond' is available [here](#) or from the [BDO](#) site.

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