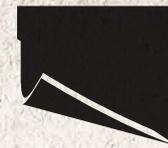




THE
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MARKETING PERSPECTIVES 2014



MarketingWeek
whitepapers



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KEY FINDINGS

- 91 per cent of marketers say we are still in the digital revolution
- Social media is the one marketing channel being used more heavily
Every other channel has seen a drop-off in usage
- Spending on live events is also increasing, accounting for the biggest share of budget
- Mobile is the channel marketers feel least confident about using
- The rise of the digital native and empowered consumers are seen as the biggest disruptors of future marketing
- An ageing population and data protection fears are social and legal factors that will most impact campaigns over the next five years
- Content marketing is the discipline that will have the biggest influence over future marketing, with data analytics the most important skill to have



ABOUT THE MARKETING PERSPECTIVES REPORT

In November 2013, Marketing Week in association with SAS surveyed 560 individuals responsible for marketing activities in their businesses. The majority of those surveyed were Marketing Managers followed by Marketing Directors. Respondents worked for companies of a range of sizes across a number of business sectors, whose sales activities were either B2B, B2C or both.

SUMMARY

91%

OF MARKETERS
BELIEVE THE
DIGITAL
REVOLUTION
IS STILL
GEARING UP

Far from believing that the pace of change has plateaued, 91 per cent of marketers expect more disruption from a younger generation completely at home with on-demand technology. This disruption will grant even more power to consumers in obtaining data and making informed purchase choices.

The rise of the digital native, those who have lived most of their teenage and adult lives within an always-on culture, and expect to converse, interact and shop in real time, is inexorable. And while this presents a challenge to marketers as they adapt to the new paradigm, it also represents a potential opportunity.

Good news for marketers, as digital on-demand technology allows more personalised and timely messages to consumers.

This means that it is not surprising social media, with its real time communication functionality, is the one channel used most heavily by marketers, with 91 per cent now using social media as part of their marketing mix compared with 90 per cent in 2013. Every other channel has seen usage drop off, with search seeing the biggest fall, down by 15 per cent year-on-year, followed by press advertising (down 14 per cent) and direct mail (13 per cent drop).

With social media usage bound up with growth in ownership of smartphones and tablets, surprisingly marketers admit that mobile strategy and activation are the areas they feel least confident about. Thirty seven per cent of marketers say their organisation's mobile competence is below average or poor.

'THE TERM 'VOICE OF THE CONSUMER' HAS BECOME SLIGHTLY UNFASHIONABLE BUT A KEY MARKETING ROLE IS THAT CUSTOMER INSIGHTS REACH DECISION MAKERS'

Patrick Barwise, emeritus professor of management and marketing, London Business School

SUMMARY

HOW MONEY WAS SPENT 2014

Marketers are spending more money in 2014 on fewer channels. They now use an average of seven media channels compared with an average eight channels in 2012. Each channel's average share of budget increased last year to 14 per cent in 2013 compared with 12 per cent in 2012.

With the exception of social media, every other channel is being used less heavily. Websites and email remain the most popular channels for communicating with potential customers. Ninety four per cent of respondents use websites and 93 per cent use email. Social media is in third place.

However, the focus is not exclusively on digital with spending on live events/experiential marketing (taking in trade shows and seminars alongside other live brand manifestations) rising. Last year, events swallowed up the highest percentage of budgets at 18 per cent compared with 15 per cent the year before; experiencing the brand in a tangible way is still important. The investment suggests that with the recession bottoming out, marketers feel less pressure to hit measurable targets and can instead concentrate on doing what they love.

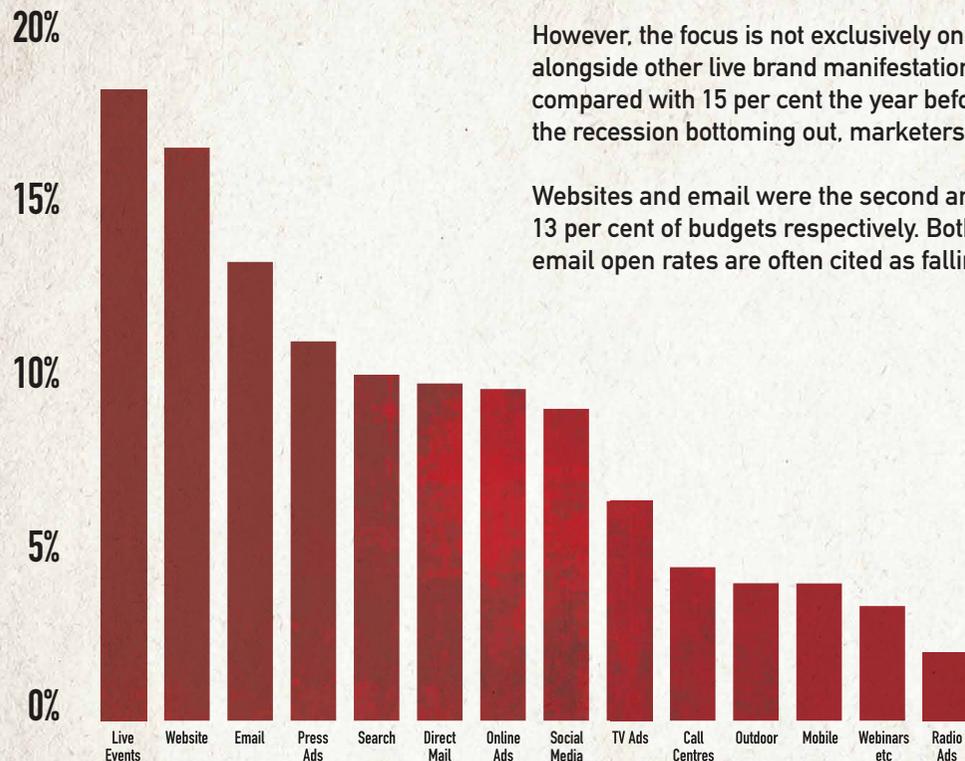
Websites and email were the second and third biggest areas where marketers spent their budgets on, accounting for 16 per cent and 13 per cent of budgets respectively. Both channels continue to perform strongly as marketing channels of choice, even though average email open rates are often cited as falling.

But websites along with search were the only channels that had a lower share of budgets last year. Every other channel – even mostly analogue channels such as press ads and outdoor – saw their share of spend increase. That said, 45 per cent of respondents do expect to spend more money on websites this year.

In terms of confidence in the fragile economic recovery, half of marketers polled expect marketing budgets to rise this year.

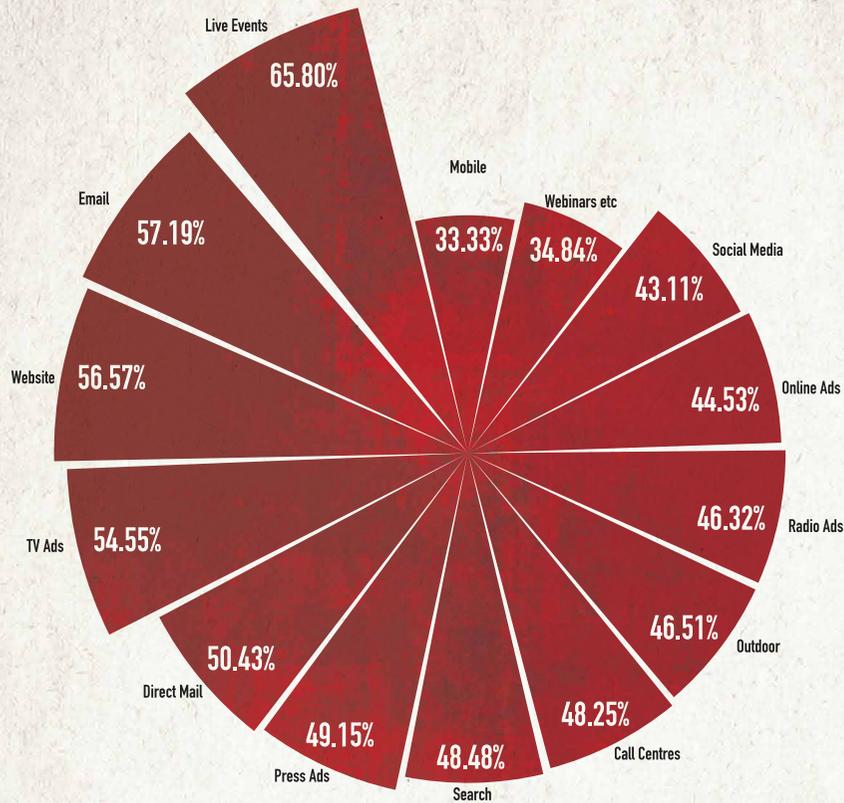
'THE BIGGEST CHALLENGE IS HOW DO MARKETERS COPE WITH INCREASINGLY FRAGMENTED CHANNELS WITH PROBABLY NO LARGER BUDGET THAN FIVE YEARS AGO?'

Anne Godfrey, CEO, Chartered Institute of Marketing



FASTEST RISING/SHRINKING CHANNELS

CHANNELS MARKETERS HAVE MOST CONFIDENCE IN



As the digital world enables more media platforms and channels to proliferate and campaign activation becomes more complicated, it is no surprise that marketers feel less confident in their ability to communicate effectively.

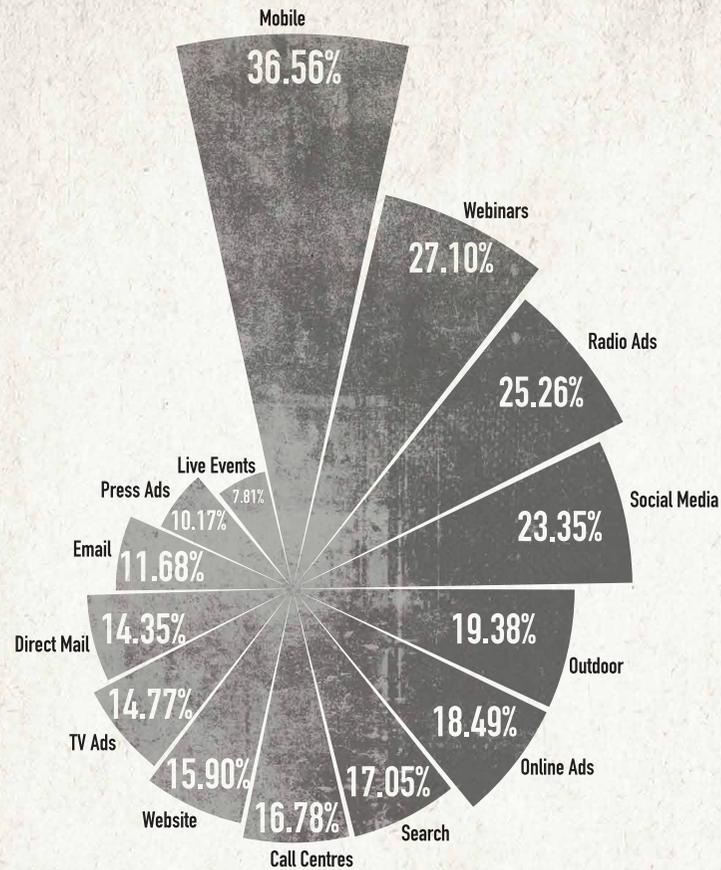
The burgeoning number of consumers using mobile devices — as well as the blurring of lines between the offline and online conversion path — mean it is essential that marketers and their companies understand consumer behaviour on these devices. Digital natives expect to be able to purchase goods and services at any time and from any location.

However, mobile is the channel marketers feel least competent in handling with 37 per cent saying that their organisation's mobile competence is below average or poor compared with 28 per cent in 2013. Apparently confidence in mobile marketing is dropping. Improving the mobile competency of any marketing team must be a priority for the immediate future.

Marketers are confident of their ability to handle digital channels that have been available since last century, particularly email and websites, but relatively new touchpoints, such as virtual events and webcasts, which require logistical and technical expertise, appear to be a challenge.

SKILLS CONFIDENCE

CHANNELS MARKETERS FEEL UNCONFIDENT ABOUT



But again the power of face-to-face marketing is still evident with live events overtaking email as the channel marketers are most confident about. Sixty six per cent of marketers saying their organisation is good or excellent at handling events.

'PRINT ADVERTISING TENDED TO BE QUITE DISTANT FROM YOUR POINT OF SALE. THE ABILITY FOR COMMUTERS TO BUY YOUR PRODUCT WHILE READING A NEWSPAPER OR MAGAZINE JUST WASN'T THERE. M-COMMERCE MEANS YOU CAN BUY SOMETHING WHEN YOU HAVE A BIT OF DOWNTIME READING YOUR TABLET OR SMARTPHONE'

Joby Russell, marketing director, Confused.com

SKILLS CONFIDENCE

CONFIDENCE INDEX



Despite the on-going debate about how to measure the return on investment (ROI) in social media, it remains the channel marketers feel most confident* about, having enjoyed the biggest investment increase over the past five years. Half of marketers expect to spend more money on social media this year, which accounted for nine per cent of spending in 2013.

Perhaps this confidence is really pressure from senior management for brands to perform well in social media. Marketers probably agree with C-suite colleagues that today you have to be seen as doing well in social. However, how you actually achieve a strong social media presence continues to be up for debate.

Print advertising in newspapers is the channel marketers have least confidence in for the fifth year running. Marketers again expect to spend less money on the channel this year, which has been the same story since 2009. Direct mail also continues to fall out of favour, with 18 per cent of marketers expecting to reduce spending on this channel.

'HOW DO YOU MEASURE RETURN ON INVESTMENT IN SOCIAL MEDIA? I SEE A LOT OF NOISE ABOUT SOCIAL MEDIA, BUT HOW DO YOU MEASURE RETURN ON INVESTMENT IN THESE HARD ECONOMIC TIMES? WE HAVE BRANDS SPENDING ONE THIRD OF THEIR MARKETING BUDGET ON SOMETHING THEY CAN'T MEASURE'

Steve Lane, UK country manager, Catalina Marketing

*Confidence in this case is expressed in terms of the differential between those looking to invest more in a channel, and those looking to invest less.

BUDGET CONFIDENCE

PRESSING ISSUES FACING MARKETERS TODAY



'CONSUMERS CONSUME MARKETING IN THE BEST WAY THEY WANT TO WATCH THINGS IN LIFE. WE NEED TO USE TECHNOLOGY IN SMARTER WAYS. TECHNOLOGY IS USEFUL BUT ONLY IN THE HANDS OF PEOPLE ENLIGHTENED ENOUGH TO USE IT WELL'

Paul Trueman, head of marketing, MasterCard

Empowered consumers will be the biggest disruptor to the marketing landscape, according to respondents, with 82 per cent saying more knowledgeable and vocal consumers will be Important or Very Important in determining marketing strategy in 2014. Other key priorities for marketers are keeping track of emergent social media platforms and new disruptive brands.

Digital natives, or "millennials" as they are now increasingly known, will be of primary interest to marketers as their behaviour in so many aspects, from socialising to shopping, is markedly different from previous generations. Learning how to converse with this demographic, the best engagement triggers and how to build brand loyalty are pressing concerns. Eighty four per cent of marketers regard the "rise of the digital native" as overwhelmingly the most Important or Very Important social factor impacting on marketing plans this year.

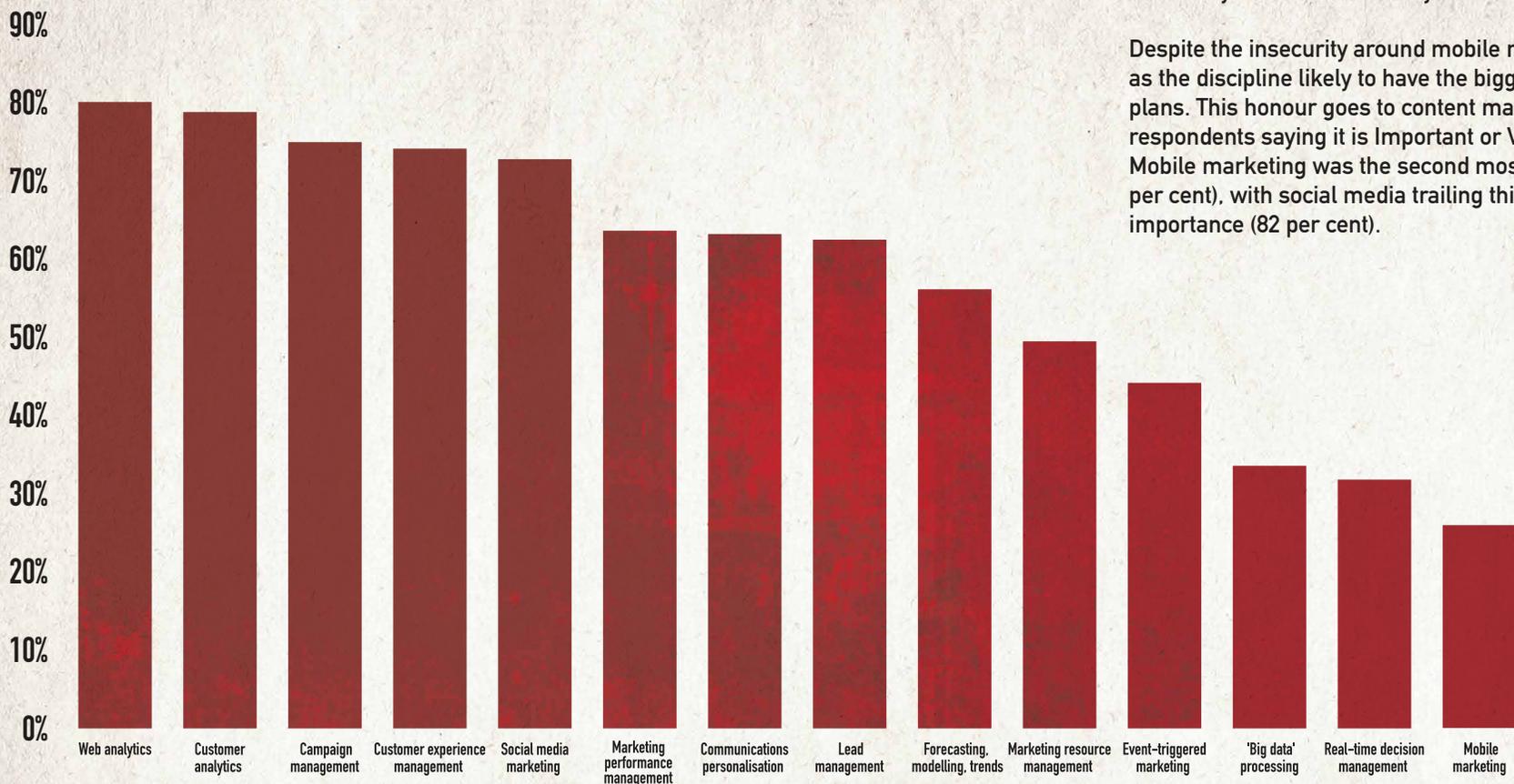
Digital natives will be immersed in the fast-moving world of consumer technology and, when quizzed, marketers regard on-demand media – campaigns which can be viewed on mobile devices – as the technology having the most impact on their plans, easily trumping the Wearable Tech hype building momentum via media coverage at the end of 2013 and this year through Google Glass and other devices. Altogether 72 per cent of respondents said on-demand media will be Important or Very Important compared to 31 per cent citing Wearable Tech.

Other technological developments expected to have a big impact include GPS tracking technology (58 per cent) and Smart TVs (53 per cent) – televisions which connect to the internet.

The potential data capture opportunities offered by digital technology are partly offset by consumer anxiety over sharing personal data and the enactment of data protection laws. However, the ability to mine data for crucial customer insight is a skill set that marketers highly value with web analytics and customer analytics seen as the two most important capabilities (80 per cent and 79 per cent respectively).

WHAT'S ON MARKETING'S MIND?

MOST USEFUL SKILLS



The complex challenges of 21st century marketing require an organisation to be up to date with an ever evolving set of skills. The most important skills identified by Marketing Perspectives are web analytics, customer analytics and campaign management.

Despite the insecurity around mobile marketing, it is still not regarded as the discipline likely to have the biggest impact on marketing plans. This honour goes to content marketing with 91 per cent of respondents saying it is Important or Very Important for their plans. Mobile marketing was the second most impactful discipline (84 per cent), with social media trailing third as a discipline of great importance (82 per cent).

SKILLS & DISCIPLINES

BIG DATA



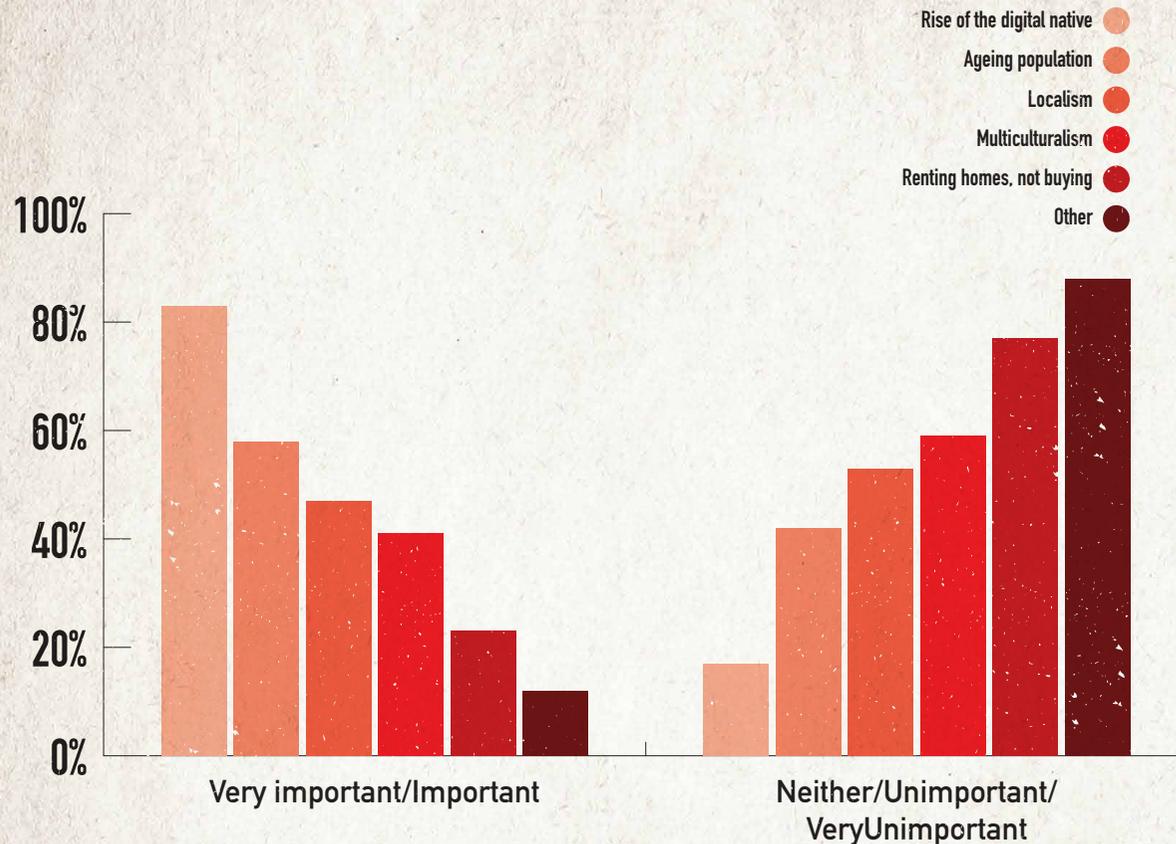
On the other hand, five per cent cited big data marketing as Unimportant or Very Unimportant to plans, possibly a reflection of marketer disenchantment with very term “big data” when useful insights can be derived from smaller data sets. And real-time marketing — a discipline given a great deal of attention in recent months and pinned to events such as the Superbowl and Sochi Winter Olympics — was also not seen as a top game changer, with two per cent of the poll saying it was Unimportant or Very Unimportant.

‘INDIVIDUALISED CONVERSATIONS ARE COMING EARLIER AND EARLIER IN THE CUSTOMER LIFECYCLE. RATHER THAN CUSTOMER RETENTION, REAL-TIME MARKETING WILL BE ABOUT PRE-CUSTOMER ACQUISITION’

Hugh Wilson, professor of strategic marketing, Cranfield School of Management

SKILLS & DISCIPLINES

SOCIAL TRENDS



While digital natives are perceived as having a huge impact on the shape of marketing communications and long-term strategy, marketers also recognise the importance of another growing demographic: the ageing population will be another big factor affecting marketing over the next five years.

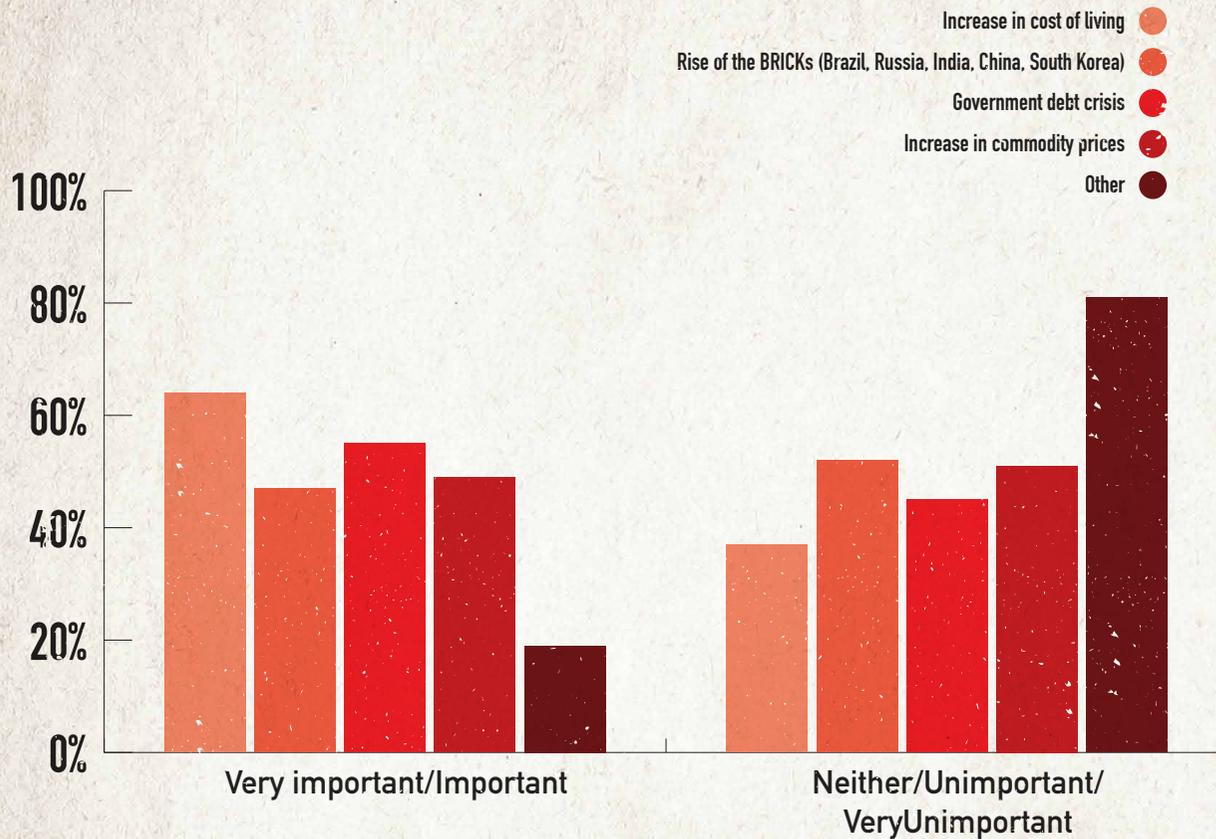
The Office of National Statistics (ONS) has predicted that nearly one quarter of people living in Britain will be aged over 65 by 2032. When asked about social factors affecting marketing, 58 per cent said the ageing population was Important or Very Important.

Localism, defined as anything artisanal, handmade or produced nearby with provenance and a story to tell, will also be a social trend to watch. Forty seven per cent of marketers believe that localism is either Important or Very Important. Marketers believe there is a growing demand for authenticity — whether it is in the form of an organic farmer's market or an EU-protected cheese.

Unexpectedly, Britain's increasingly ethnically diverse population is not regarded as so much of a factor, despite ethnic minorities making up a fifth of the UK's population by 2051. Just 40 per cent of respondents think multiculturalism is an Important or Very Important social factor affecting marketing strategy.

SOCIAL AND ECONOMIC FACTORS

ECONOMIC TRENDS

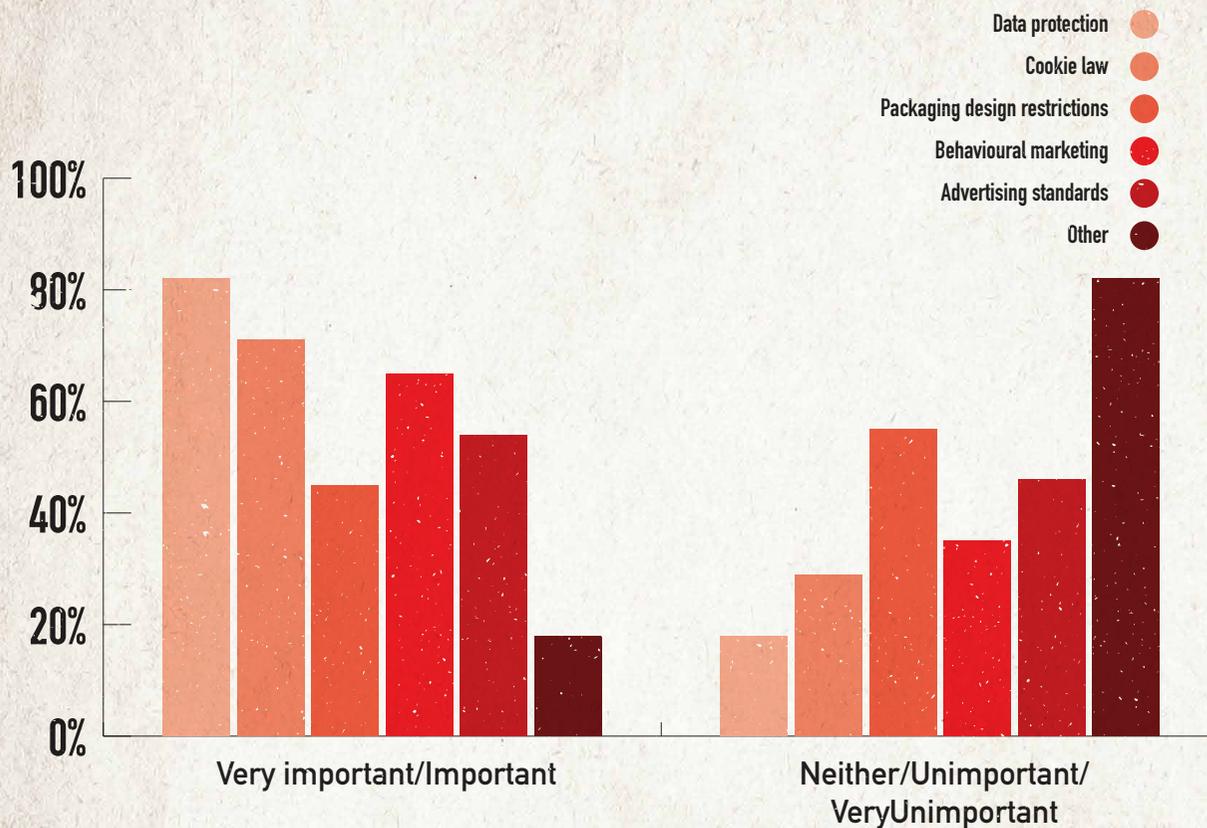


Switching to economic factors, the rising cost of living is seen as the key challenge when it comes to marketing plans over the next half decade with 64 per cent putting it top of a list that also includes the on-going global debt crisis, seen as the second most pressing concern (55 per cent).

Increasing commodity prices (49 per cent) and the rise of the BRICK territories (Brazil, Russia, India, China and South Korea) as economic powers (47 per cent) are not seen as so influential when it comes to what marketing will look like in five years' time.

SOCIAL AND ECONOMIC FACTORS

LEGISLATION TRENDS



Data protection is the issue marketers believe will be most shaken up by European legislation over the next five years. When asked, 82 per cent of respondents said European Union legislation will have Some or Significant Impact on data protection – and by extension personalised marketing such as behavioural targeting and a seamless customer journey across devices and websites.

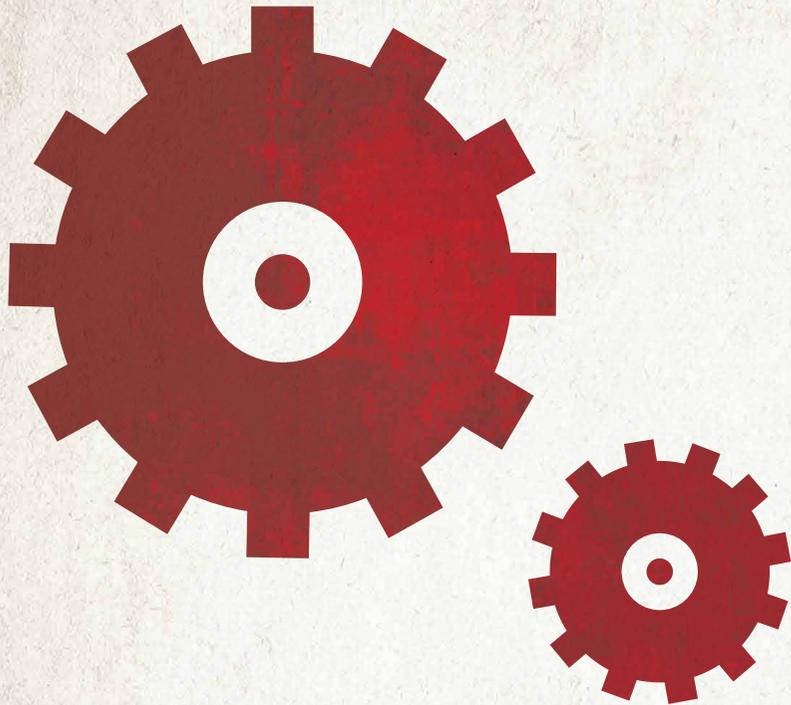
Marketers also feel EU legislation will have a big impact on what is allowable on websites (via “Cookie Law”), and are also anxious about restrictions on what is allowable on packaging and advertising, whether it is a traffic light system on foodstuffs or no branding at all on cigarette cartons.

‘THERE’S ALMOST A POPULAR MOVEMENT AGAINST TOO MUCH BIG BROTHER BUT THE REALITY IS THAT PEOPLE ACTUALLY LIKE IT. FOR ME, THE CHALLENGE IS HOW DO YOU JOIN UP THE DATA BETWEEN, SAY, A STORE CARD AND YOUR MOBILE PHONE USE? THERE’S A HUGE CHALLENGE IN GETTING A TOTAL PICTURE OF THE CONSUMER’

Steve Lane, UK country manager, Catalina Marketing

SOCIAL AND ECONOMIC FACTORS

THE DIGITAL REVOLUTION IS STILL GEARING UP



As confidence returns to the economy, marketers must be wary of not falling back on what they know best: spending money on live events and other comfortable media channels.

Instead, what is clear is that they must hone their mobile marketing skills as on-demand becomes the channel of choice for those digital natives they want to reach. This means understanding web data and customer analytics. Getting to grips with mobile and engaging with the needs of these new young consumers will become the priority for any marketing team over the next half-decade.

'DIGITAL IS THE COOL KID ON THE BLOCK. HOWEVER MARKETERS ARE STILL DEALING WITH THE IMPACT OF DIGITAL TECHNOLOGY – AND DIGITAL CHANNELS – ON THEIR TEAMS AND ON THEIR BUSINESSES. NONE OF THE OTHER MARKETING ACTIVITIES HAVE GONE AWAY. WE'VE JUST ADDED TO THE LIST.'

Anne Godfrey, CEO, Chartered Institute of Marketing

THE FUTURE

ABOUT SAS

Some people see data as facts and figures. But it's more than that. It's the lifeblood of your business. It tells the history of your organisation. And it's trying to tell you something.

SAS helps you make sense of the message.

As the leader in business analytics software and services, SAS helps you transform your data into insights that give you a fresh perspective on your business. You can identify what's working. Fix what isn't. Discover new opportunities. That's what we help organisations do: turn large amounts of data into knowledge they can use. And we do it better than anyone.

ABOUT MARKETING WEEK

Marketing Week is the industry leading brand delivering news, insight, trends and tactics in print, online and at live events to the marketing industry. The title reaches an audience of 131,283 marketing professionals, via the magazine and website, every week assured by PWC. The editorial team gains insight from the most informed and influential marketers within big brands in every sector, to deliver news, trends and insight to marketing professionals predominately within brands.

Dr Charles Randall

Charles Randall is head of solutions marketing for SAS UK where he combines the twin roles of active analytical marketing practitioner, with being a writer and spokesperson for SAS UK on the application of advanced analytics to business problems. Prior to working in marketing at SAS Charles had a range of roles, helping organisations as they went through their journeys of transforming into an analytical business.



Tim Adler

Tim Adler is head of research on Marketing Week, the B2B brand for marketing executives. Previously Tim was an associate consultant with Informa Telecoms & Media, where he edited two B2B media magazines. He has also edited reports for business consultancy Olsberg SPI and has written for the Financial Times, The Daily Telegraph and The Times, among others. He has also published three non-fiction books, the most recent of which was described by The Sunday Times as "well written, extensively researched".



BIOS