US marketing technology set to surpass $20 billion for the first time ever

Article

The news: Marketing technology (Martech) spending in the US will grow 14.3% this year and surpass $20 billion, <u>according to our newly released forecast</u>.

- This is considerably lower than the 20.9% growth the sector had in 2021, when companies began spending on gaps they identified at the dawn of the pandemic the year prior. The industry had already nearly doubled between 2018 and 2020.

- This is a completely new forecast, not an expansion of any existing metrics.

Categories and representative solutions incorporated into our forecast:

Data & Intelligence	Content
emarsys	SITECORE
Segment	Optimizely
klaviyo	Brandfolder

Journey Management	Interaction & engagement
Adobe	braze
salesforce	ITERABLE
HubSpot	moengage

Note: Our forecast does not include spending on hardware or professional and agency services and consulting.

Data is fueling martech spending: Companies are spending on technology that will allow them to gather and store their own data, access information to make decisions, and act as needed.

- "An important part of a modern martech stack has to be a unified profile that spans identities, understands behavioral information at an individual level, but also on the B2B side at an account level," **Stephen Streich**, vice president of product at **Oracle CX Marketing**, told us in an interview.

- Data is an opportunity, but also a challenge; valid and compliant data (30%) and data integration (26%) are two areas where worldwide B2B marketers feel martech stacks need to improve.

Build-your-own-stack: Companies often turn to a number of providers to build a technology stack that suits their specific needs. Major players such as **Adobe**, Oracle, and **Salesforce** provide solutions that help companies perform a wide spectrum of marketing activities. Many smaller providers including startups offer solutions that are focused on a narrower range of marketing functions.

- "The predominant model that will likely win out for the most part is a hybrid one where there is a sort of a [center] of gravity with one vendor," said Streich. "But not everybody does everything, and the market continues to evolve and innovate very quickly."

- But builder beware: 17% of B2B marketers say a poorly integrated martech stack is one of their top marketing challenges.

Convergence ascendant: As organizations look to find ways to become more efficient, martech is becoming increasingly integrated into the rest of a company's tech stack.
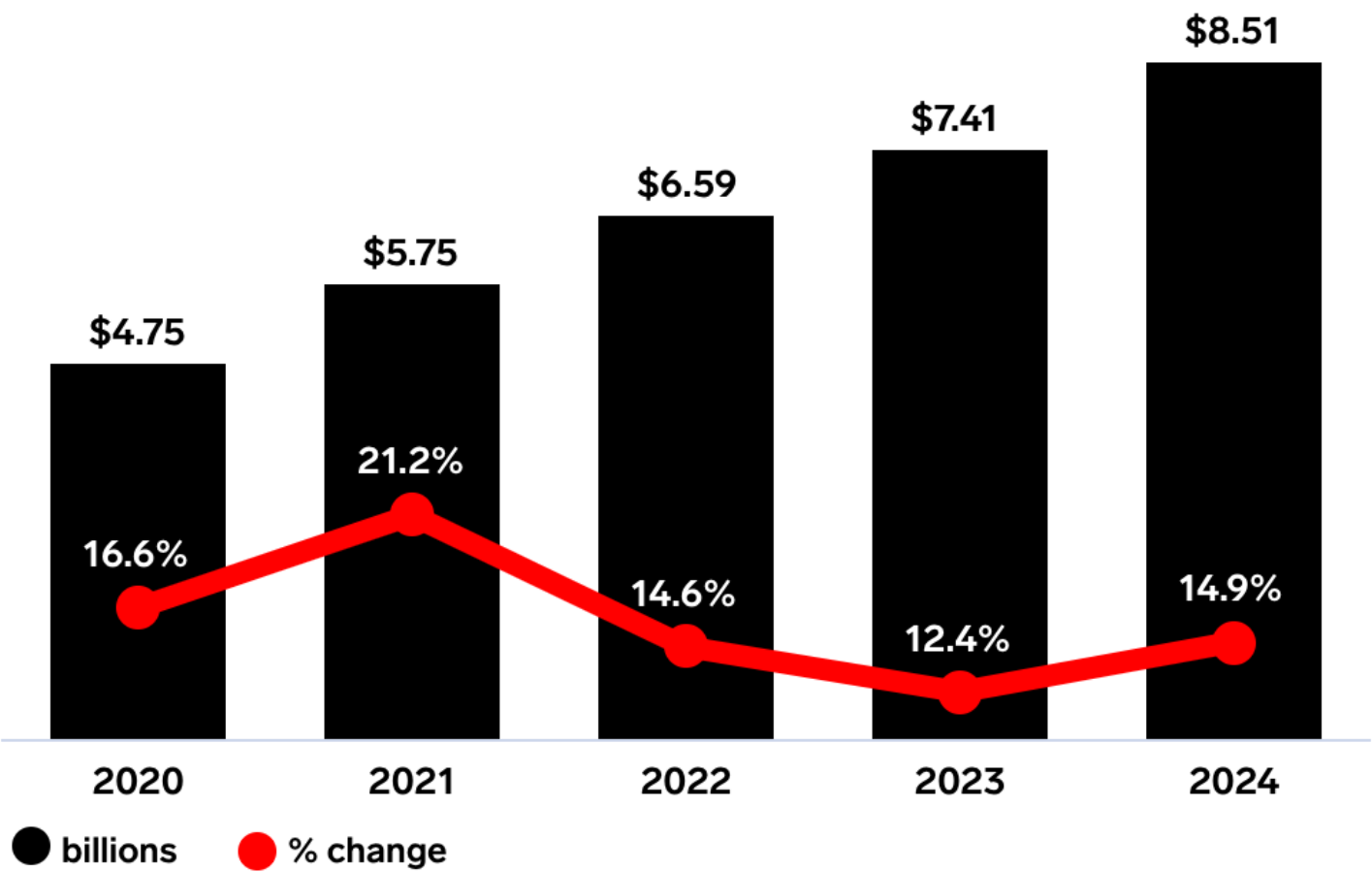
- "We're seeing the lines between martech and sales tech blurring," said **Jon Miller**, CMO of **Demandbase**. "You see it in all sorts of forms, probably the most obvious one is companies investing in sales engagement tools like **Outreach** and **Salesloft**."

- B2B and B2C marketing professionals believe that customer service and customer loyalty are the two most valuable business applications to integrate into their martech stacks, per **Ascend2** and Oracle.

B2B's power: B2B is more than 30% of total spending, and this share is expected to grow moderately over the next couple of years.

- **B2B martech spending will hit $6.59 billion by the end of the year** and exceed $8.5 billion by 2024. B2B growth will outpace B2C.

B2B Marketing Technology Spending
US, 2020-2024

Year	Spending (billions)	% change
2020	$4.75	16.6%
2021	$5.75	21.2%
2022	$6.59	14.6%
2023	$7.41	12.4%
2024	$8.51	14.9%

● billions   ● % change

Source: eMarketer, August 2022

eMarketer | InsiderIntelligence.com

- Part of what's driving martech investments is the perception that these software solutions are a game changer that helps marketers differentiate their brands from competitors. **Seven out of 10 marketing executives plan to invest more in martech** to help hit their revenue goals, per a recent CMO Council and KPMG report.

- "B2B marketers rely more on martech and they need the right tech stack to justify investment, navigate privacy regulations, and reach revenue goals," said Insider Intelligence principal analyst **Kelsey Voss**. "The right stack can also offer personalized, customized, and dynamic buying journeys—imperative for today's B2B buying committees."

Go further: *Be on the lookout for our report on B2C usage of marketing technology on or around September 22, with a corresponding B2B report due to be published in October.*