Marketing Tech Budgets Continue to Expand

Dollars keep flowing despite industry turmoil

ARTICLE | JUNE 05, 2018

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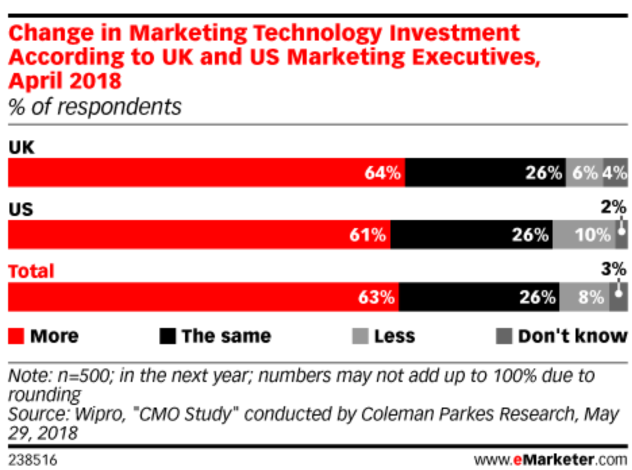
Every year someone predicts that winter is coming for marketing technology. However, marketers continue to devote more dollars to tech.

In an April survey of 500 marketing executives in the UK and US by Wipro and Coleman Parkes Research, just 8% of respondents said they plan to decrease the amount of money they invest in marketing technology next year. By contrast, nearly two-thirds said they plan to spend more on marketing technology next year.



And the amount of money that marketers commit to tech is not minuscule. On average, respondents in the survey spent $682,000 on marketing technology.

According to an April report by Forrester Research, the subdivisions of marketing tech that are likely to see the biggest growth in investment are data, ad tech and marketing automation, each of which has an anticipated compound annual growth rate (CAGR) of about 10%. Forrester predicts that marketers will spend $17.35 billion on marketing automation alone in 2018.

The Lumascape is bloated with thousands of logos and companies that continue to routinely go bust. Marketers are also cutting down on the number of vendors they use in certain areas in an effort to reduce their tech fees. For instance, the number of demand-side platforms (DSPs) that advertisers use has declined about 40% since the beginning of 2016, according to Pathmatics.

Despite these shake-ups, marketing technology budgets are poised to keep growing because of broader industry trends. We predict that total ad spend in the US will grow 24% between 2018 and 2022, and over 80% of display ads will be bought programmatically this year. Marketing tech vendors stand to benefit from marketing budgets expanding at the same that ad buying becomes even more automated.