

Marketers To Inch Up Social, Mobile, Email Spending

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Traditional media ad spending remains flat

eMarketer predicts US online ad spending will grow 23.3% in 2012 to reach \$39.5 billion by year's end.

Yet in spite of this rapid growth, findings from the Direct Marketing Association (DMA) suggest that US marketers' reported increases on ad spending for select direct and digital marketing initiatives remained relatively flat in Q1 2012.

Marketers were asked to quantify their level of spending using a Likert Scale in which 1 indicated significant decrease and 5 significant increase. A rating of 3 corresponded to no increase or a negligible increase.

The study found US marketers flat in their spending on traditional, offline direct marketing tactics such as direct mail and direct response broadcast for TV and radio. Spending on gaming was also flat, perhaps signaling a cautious approach to this newer format.

Increases in 2012 ad spending were greatest for social media, email and search. Mobile also received additional investment during the quarter.

Worth noting is the DMA called out tablet and mobile ad spending separately; this was done in order to attempt to differentiate the level of smartphone-based ad spending on apps, HTML5 ads, location-based advertising and local search as distinguished from tablet-specific dollars spent on ads and apps.

Across all formats, marketers' average reported investment on each channel surveyed was somewhat more conservative than in the previous year. Yet marketers nonetheless appeared to be ramping up their customer acquisition efforts—an objective that typically requires greater spend investment than customer retention-related actions.

March findings from trade magazine Target Marketing shed insight on some of the customer acquisition tactics that US B2B and B2C marketing managers planned to use this year. Email topped the list with 86.3% of marketers planning to deploy this common digital tactic. Direct mail was also cited by 69% of respondents, followed closely by social media engagement.

That investment in traditional direct marketing tactics such as direct mail, TV and radio are flat and digital spending is up is unsurprising given digital's reputation for more robust audience targeting capabilities, and greater cost efficiency and measurement capabilities. In fact, the data could point to a growing inclination among marketers to reallocate some of their traditional ad dollars to digital, especially as they seek new customers.

February findings from demand-side platform DataXu showed that those US executives who planned to shift some of their budget from traditional to digital marketing efforts did so primarily because of digital's increased measurability and accountability, as well as its greater ability to foster customer engagement. Lower cost per new customer was also a factor that gained digital additional dollars.

As measurement further improves and digital capabilities advance, online spending will continue to take a greater share of media ad spending dollars. eMarketer estimates digital will account for 31.5% of total media by 2016.

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