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Media Usage **SURVEY 2016**

A detailed look at who's increasing budgets, and where

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MEDIA USAGE SURVEY

2016

A detailed look at who's increasing budgets, and where

We start every year by surveying Target Marketing's readers on how they're allocating their budgets. What media, tools and strategies are being favored, and which are falling out of fashion? This year, we decided to take that research to a new level by broadening the survey to include retailers and fundraisers, and expanding the questions we asked. The result is the most complete survey we've ever done with our readership.

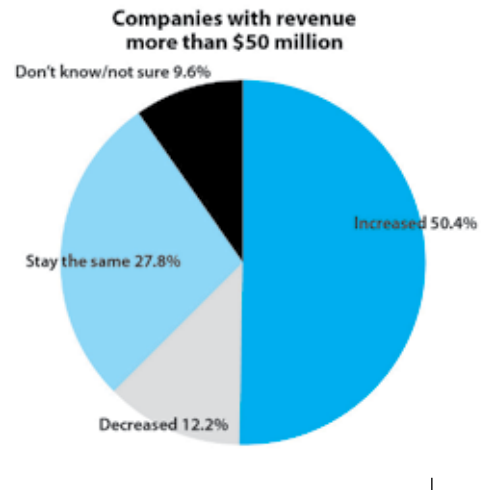
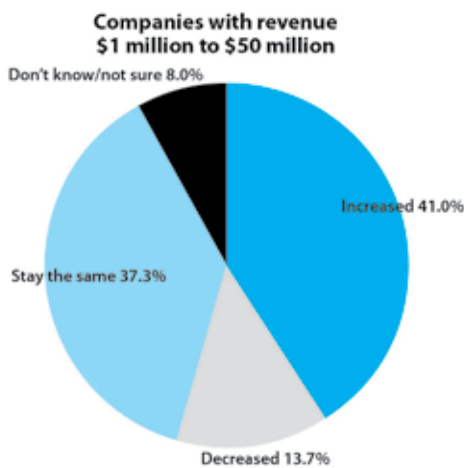
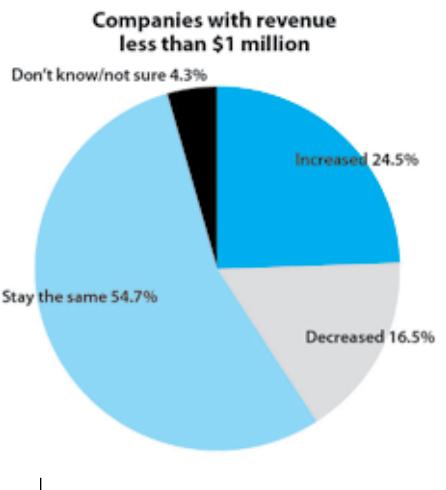
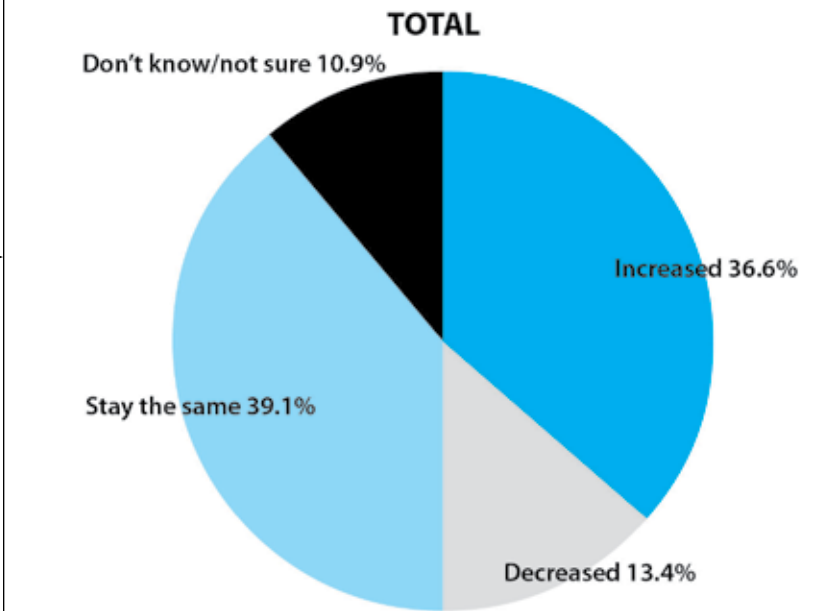
If you want to know where the marketing investments are flowing, this is where it starts. ▶

MARKETING BUDGET TRENDS

This year, instead of showing how budgets are evolving in B-to-B and B-to-C — which both look pretty similar to the “Total” chart you see here — we decided to look at how budgets are changing differently at small, medium and large businesses.

Compared to last year, more marketers are increasing budgets (37 percent, compared to about 31 percent in 2015), while fewer are keeping budgets the same (39 percent compared to about 44 percent last year).

Has your marketing media budget increased, decreased or stayed the same compared to 2015?



While about a third of all companies are increasing budgets, larger companies are moving much more aggressively. That's especially true for companies with revenue more than \$50 million, where more than half report increasing marketing budgets. By contrast, more than half of companies with revenue below \$1 million are keeping budgets steady.

CHANNEL SPENDING TRENDS

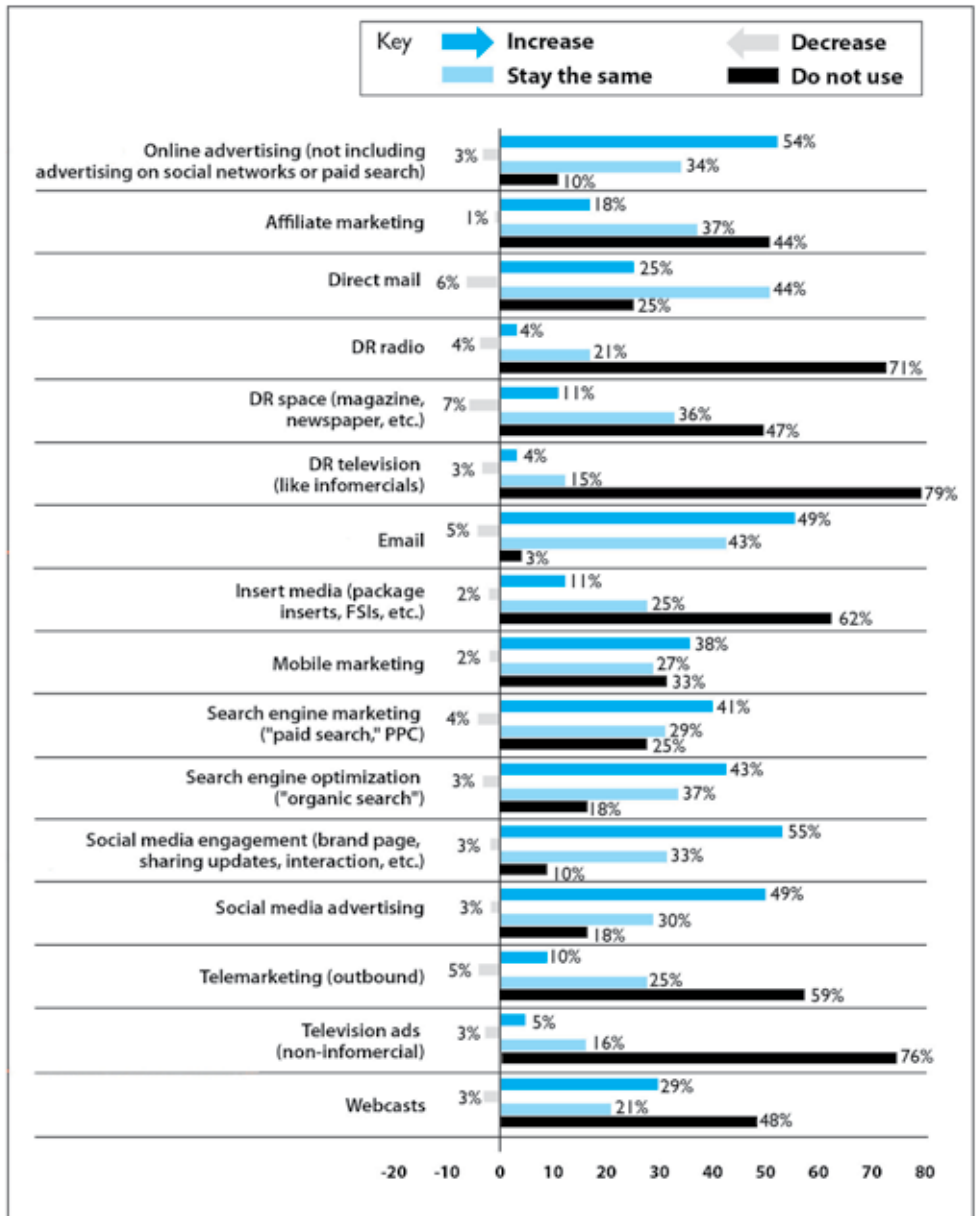
So where exactly is that money going? This chart breaks down each marketing channel (or “method,” because not all of the ways you can allocate budget today are what you’d call “media channels”) and whether spending is increasing, decreasing or staying the same in that channel, or if the respondent doesn’t use that channel at all. We added television ad spending for the first time this year, and the answer is pretty surprising.

For each of the following marketing methods, do you plan to increase, decrease, or keep consistent your 2016 budget? (Select one answer for each method.)

The Biggest Winners: More than half of respondents are increasing budgets on online advertising and social media engagement.

The Most Popular Marketing Channel: Email, with 97 percent reporting they use it in some way.

The Boob Tube: TV looks like it’s still seen as a “sucker’s bet” to many direct marketers.



5 Takeaways | What we see in the channel spending trends

Looking at how marketers are adjusting their spending on these marketing methods, these five trends emerge:

1 Digital Is the Destination

When you look for the channels where the largest number of respondents are increasing budgets, especially the ones where a majority or plurality are increasing, you find online advertising, email, mobile, SEO, SEM, and social media engagement and advertising. That agrees with what we're seeing in the broad category spending chart on Page 22, as well. Online marketing is where most of the growth is happening.

2 Direct Mail Holding Steady

About 25 percent of respondents are not using mail (last year, it was 22 percent), but 25 percent are increasing spending, too, and 44 percent are holding steady. That means 69 percent of users are holding mail spending steady or increasing it. When direct mail service providers say, "Mail's in the mix," this backs that up. The channel has a role, and our respondents are employing it.

3 Mobile Is Confusing

Almost the same percentage of respondents are increasing budgets on mobile as there are those not using it at all. Only 27 percent of respondents are keeping budgets the same. When I look at the mobile spending stats, I always wonder what exactly respondents consider "mobile" spending vs., for example, Web spending that's optimized for mobile, too. I suspect we're seeing that play out here, as well. If most Facebook traffic comes from mobile, do you count a Facebook promoted post, even targeted at mobile users, as social or mobile? Some of the charts to come shed more light on this.

4 What's Up With TV?

This is the first time we've included TV ads in the survey in addition to DRTV, and I'm shocked both of those channels are seeing such limited use. I realize many old school direct marketers see TV as a money sink, but with the success of DRTV and increasing abilities

to target TV ads, I was expecting higher usage numbers.

5 Few Respondents Are Decreasing Spend Anywhere

No channel is seeing more than 7 percent of respondents decrease its spending. Marketers are reaching to do more, not necessarily letting go of what they already do.



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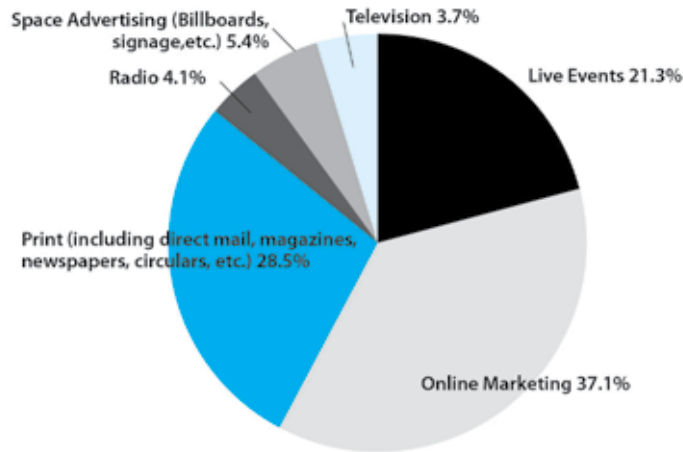


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CUSTOMER ACQUISITION AND RETENTION

We've talked about how companies are increasing spending and how a lot of that is happening in digital. A third major trend in this year's survey is that marketers are focused on acquisition.

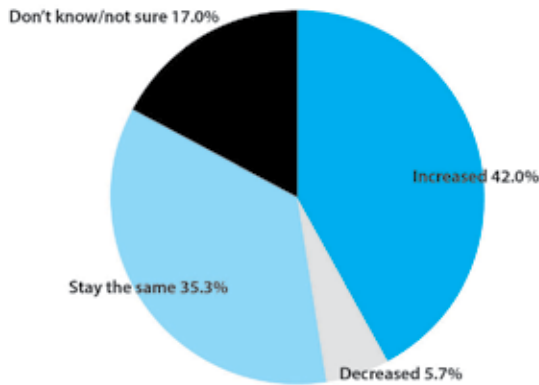
In broad terms, what percentage of your budget do you plan to allocate to these media categories in 2016?



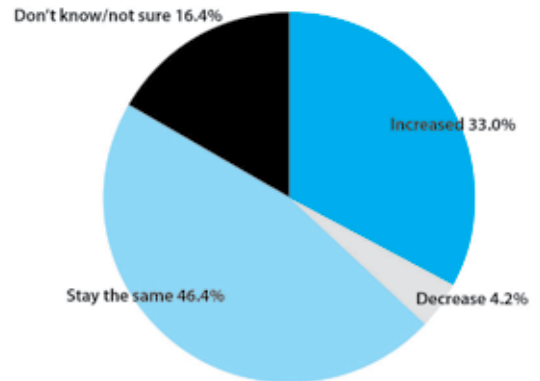
Where is that extra acquisition spending going? Three channels jump out of the data, with more than 10 percent increases year-over-year: SEM (11 percent increase), social media advertising (15 percent increase) and mobile (18 percent increase). By contrast, on the retention side, only mobile increased by more than 10 percent year-over-year (16 percent).

A plurality of respondents are increasing acquisition budgets, while a plurality are keeping retention budgets steady. Overall, the emphasis is on growth.

For 2016, will your customer acquisition budget increase, decrease or stay the same compared to 2015?

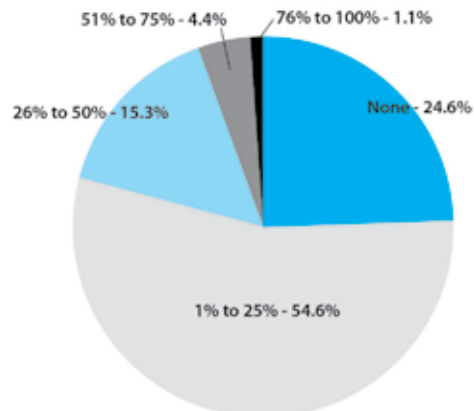


For 2016, will your customer retention budget increase, decrease or stay the same compared to 2015?



In total, 75 percent of respondents expect to be dedicating at least some of their budget to programmatic buying. That's a much higher percentage than we expected.

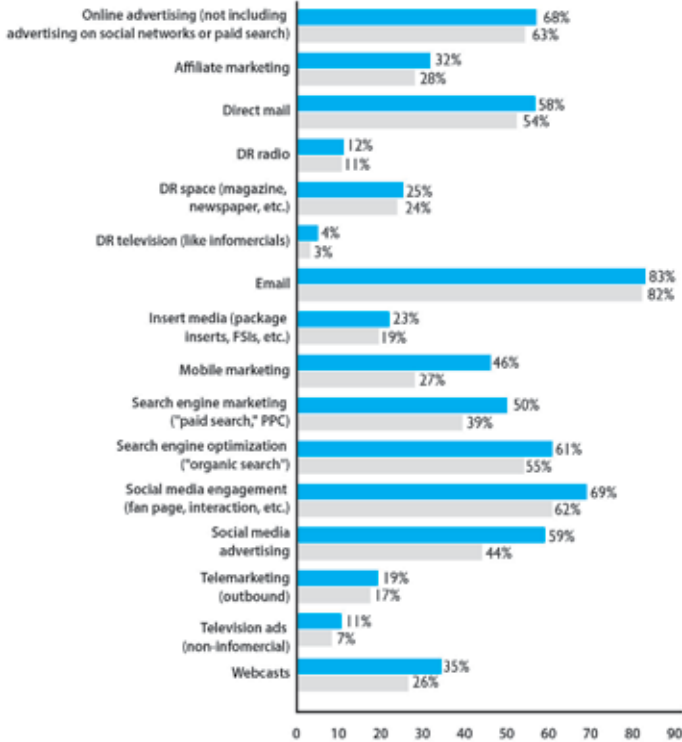
What percentage of your total media budget do you expect to spend on programmatic advertising?



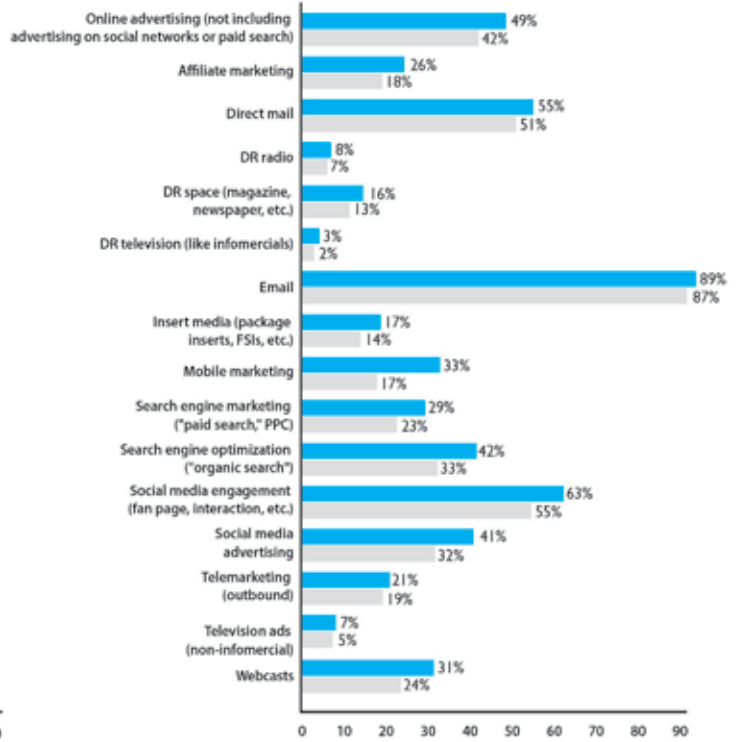
Comparing 2016 to 2015, which delivery methods do you use for ...



Acquisition



Retention



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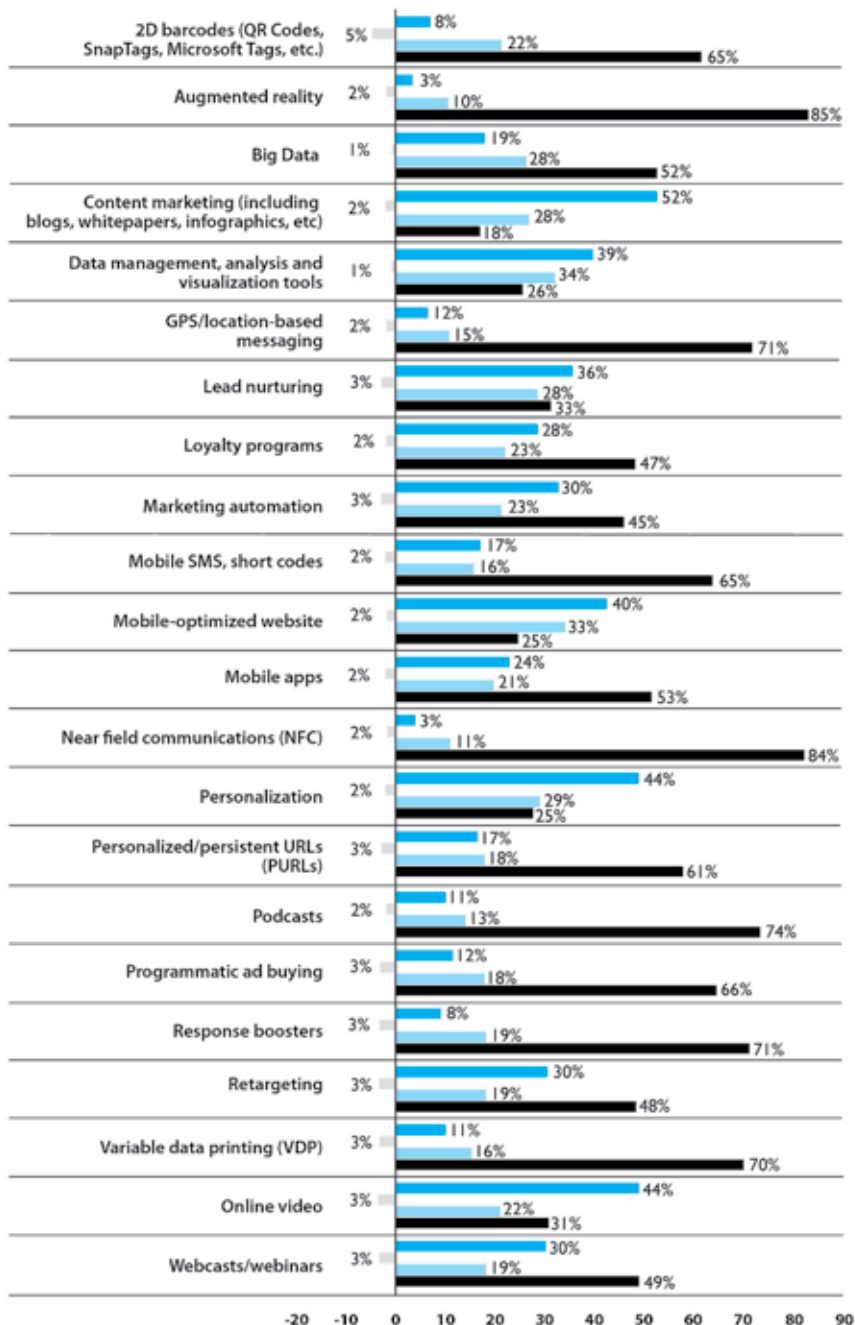
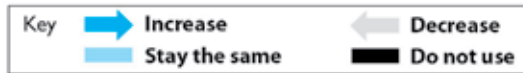
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TACTICS AND TECHNOLOGIES

As marketing has evolved during the past 10 years, tactics and tools have become more important than media channels themselves. This question was designed to get into the emerging strategies and important tools shaping the marketing landscape.

For each of the following marketing tactics and technologies, do you plan to increase, decrease or keep consistent your 2016 budget? (Select one answer for each method.)



Abandoned or Undiscovered?

AR and NFC are the two least-used technologies. Each has significant user adoption hurdles to overcome.

Mobile Insight:

Shedding light on the mixed mobile signals we've been seeing, mobile-optimized Web is clearly the emphasis for our respondents, with a significant portion also getting into apps.

The Content Imperative:

The only tactic that more than half of respondents intend to increase spending in, content marketing emerged as a hot tactic in 2015, and its numbers are almost identical in 2016.

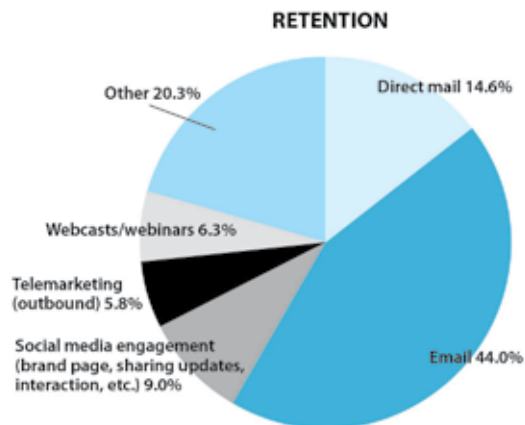
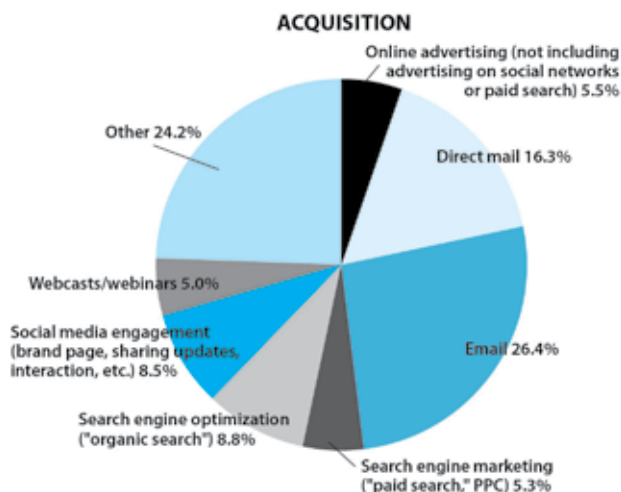
Not With the Program?

Earlier, we saw that 75 percent of respondents were doing some kind of programmatic ad buying, but here, 66 percent report they don't.

THE BEST ROI

We've seen how marketers are planning to spend their budgets. But if you forced them to pick one channel for acquisition and retention, what would it be? Here's what respondents said were the best methods for maximizing ROI.

Which marketing method delivers the strongest ROI?



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Methodology

Target Marketing conducted this survey in December 2015 by emailing a questionnaire to approximately 69,913 members of the audiences of Target Marketing magazine, as well as marketers subscribed to its sister magazines Total Retail and NonProfit Pro. This audience was further refined by suppressing list services firms and creative services/advertising agencies to produce a list that was comprised only of marketers.

Three emails were sent between Dec. 2 and Dec. 16. Survey results are based on the participation of 569 respondents (for a response rate of 0.8 percent). Of the respondents to this year's survey, 31 percent described their companies' activities as B-to-B, 29 percent as B-to-C and 40 percent as Both. Respondents reported annual revenue as follows: greater than \$100 million (16 percent); \$51 to \$100 million (6 percent); \$5 to \$50 million (20 percent); \$1 million to \$5 million (20 percent); less than \$1 million (27 percent); and don't know (11 percent).

Chart totals may not equal 100 percent, due to rounding.