

THE 2ND ANNUAL

DIGITAL MARKETING SUMMARY REPORT:

2016

Budget Allocations, Strategies
& Tactics, Industry Trends



webstrategies
Driving Your Business Success Online

This report is a compilation of research and data from a variety of digital marketing industry experts brought together to provide business owners and marketing professionals a comprehensive and succinct perspective of current digital marketing trends. Some of the charts and graphs contained herein were not created by WebStrategies, but rather brought together from a variety of sources to tell a complete story about digital marketing in 2016 and beyond. Credit to the original sources is given throughout this report. Due to the variety of sources used in this report, different studies may yield different conclusions.

This report answers questions like:

- what channels do consumers use to consume media?
- where are other marketers investing their media budgets?
- what are the top challenges other marketers face?
- what digital marketing channels are marketers investing in?
- what are marketers top priorities?
- what are considered the most and least effective marketing tactics?
- what are considered the most exciting opportunities in 2016 and beyond?

The report is broken out into the following sections:

SECTION I: Media Consumption Trends and Advertising Budgets

SECTION II: Most Pressing Marketing Challenges for Marketers

SECTION III: What Firms Are Spending on Marketing

SECTION IV: How Effective Are The Various Digital Marketing Channels?

About WebStrategies Inc.

WebStrategies Inc. is an inbound marketing agency located in Richmond, VA. We specialize in generating leads and sales “machines” for our customers using a variety of digital marketing and sales development tactics.

WebStrategies is proud to be both a Hubspot and Google Analytics Certified Partner.

WebStrategies Mission

WebStrategies exists to enhance the relationship between our clients and their respective customers online.

This is accomplished by providing data-driven digital marketing services, advice and plans that convert online visitors into leads and leads into sales for our clients.

WebStrategies Core Values

- 1) Always do what is right and in the best interest of our clients
- 2) We're there when needed and ready to respond to clients and team members in a timely and effective manner
- 3) We act as an extension of our clients' businesses

Now, onto the data!



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SECTION I: Media Consumption Trends and Advertising Budgets

In 2013, digital devices surpassed television in terms of time spent per day consuming media. The gap between digital and television has only increased overtime, due in large part to time on digital increasing, while time spent watching television has slowly declined, although not all that significantly.

Average Time Spent per Day with Major Media by US Adults, 2011-2017							
hrs:mins							
	2011	2012	2013	2014	2015	2016	2017
Digital	3:34	4:10	4:48	5:09	5:29	5:45	5:56
—Mobile (nonvoice)	0:46	1:28	2:15	2:37	2:54	3:08	3:18
—Radio	0:16	0:26	0:32	0:39	0:44	0:49	0:52
—Social networks	0:04	0:09	0:18	0:23	0:27	0:30	0:32
—Video	0:03	0:09	0:17	0:22	0:26	0:29	0:32
—Other	0:23	0:44	1:08	1:14	1:17	1:20	1:22
—Desktop/laptop*	2:30	2:24	2:16	2:14	2:12	2:11	2:10
—Video	0:12	0:20	0:22	0:23	0:24	0:25	0:25
—Social networks	0:21	0:22	0:17	0:16	0:15	0:14	0:13
—Radio	0:12	0:07	0:06	0:06	0:06	0:06	0:06
—Other	1:45	1:35	1:31	1:28	1:27	1:26	1:25
—Other connected devices	0:18	0:18	0:17	0:19	0:23	0:26	0:28
TV**	4:34	4:38	4:31	4:22	4:11	4:03	3:58
Radio**	1:34	1:32	1:30	1:28	1:27	1:25	1:24
Print**	0:46	0:40	0:35	0:32	0:30	0:28	0:27
—Newspapers	0:28	0:24	0:20	0:18	0:17	0:16	0:15
—Magazines	0:19	0:17	0:15	0:13	0:13	0:12	0:11
Other**	0:39	0:38	0:31	0:26	0:24	0:22	0:21
Total	11:08	11:39	11:55	11:57	12:00	12:04	12:05
Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on desktop/laptop while watching TV is counted as 1 hour for TV and 1 hour for desktop/laptop; *includes all internet activities on desktop and laptop computers; **excludes digital Source: eMarketer, Oct 2015							
196818				www.eMarketer.com			

Time spent consuming media online continues to increase, while time spent consuming media on traditional channels continues to decrease

Time spent on mobile devices consuming media is expected to rise 8% over the next two years compared to 2015 levels. All other major media sources (TV, radio, print) are expected to decrease or remain the same. This will result in a total net increase in time spent consuming media per day.

Growth of Average Time Spent per Day with Major Media by US Adults, 2011-2017							
% change							
	2011	2012	2013	2014	2015	2016	2017
Digital	19.0%	16.7%	15.0%	7.4%	6.5%	4.7%	3.1%
— Mobile (nonvoice)	96.8%	90.9%	53.1%	15.8%	11.3%	7.9%	5.2%
—Video	228.6%	218.0%	99.9%	25.8%	20.4%	11.5%	7.6%
—Social networks	359.4%	145.3%	87.4%	26.9%	17.9%	11.8%	7.9%
—Radio	163.3%	61.9%	20.2%	21.6%	15.6%	9.2%	6.6%
—Other	49.3%	87.2%	56.2%	7.8%	4.4%	4.4%	2.5%
— Desktop/laptop*	7.7%	-3.9%	-5.4%	-1.8%	-1.2%	-1.0%	-1.0%
—Video	115.4%	68.2%	8.1%	7.4%	4.5%	1.7%	1.1%
—Radio	-19.4%	-42.0%	-7.4%	-3.4%	-3.2%	-3.0%	-2.2%
—Social networks	20.6%	3.0%	-21.2%	-7.3%	-6.2%	-5.4%	-4.7%
—Other	3.6%	-9.1%	-4.6%	-2.9%	-1.6%	-0.8%	-0.9%
— Other connected devices	4.0%	-1.5%	-8.3%	15.0%	21.2%	13.6%	8.4%
Radio**	-2.1%	-2.1%	-2.1%	-2.0%	-1.9%	-1.8%	-1.7%
TV**	3.8%	1.5%	-2.5%	-3.5%	-4.1%	-3.1%	-2.1%
Print**	-11.5%	-12.7%	-13.9%	-9.1%	-6.2%	-5.3%	-4.3%
—Magazines	-10.0%	-11.1%	-12.5%	-8.5%	-6.0%	-5.0%	-3.9%
—Newspapers	-12.4%	-13.8%	-14.9%	-9.4%	-6.3%	-5.4%	-4.5%
Other**	-13.2%	-2.3%	-18.7%	-16.5%	-7.3%	-6.8%	-6.6%
Total	4.7%	4.7%	2.3%	0.3%	0.6%	0.4%	0.2%
Note: ages 18+; time spent with each medium includes all time spent with that medium, regardless of multitasking; for example, 1 hour of multitasking on desktop/laptop while watching TV is counted as 1 hour for TV and 1 hour for desktop/laptop; *includes all internet activities on desktop and laptop computers; **excludes digital Source: eMarketer, Oct 2015							
196830				www.eMarketer.com			

By 2016, the seismic shift of eyeballs to mobile devices is well in our past. Over the next couple of years, the growth of time spent on mobile devices consuming media will continue to slow significantly; with year over year growth falling to double digits. This is not to say mobile interest is waning - quite the contrary. The markets in developed countries are simply becoming saturated with mobile connectivity.

Like with anything, this comes with a trade off. Time spent consuming media via radio, TV, print, and even desktop computers will slowly decrease year over year. Print (which includes magazines and newspapers) will see the biggest drops relative to all other media channels.

Wearable technology, like the Apple Watch, make it even easier for users to engage online. This may be the key to increasing mobile media consumption over the next several years.

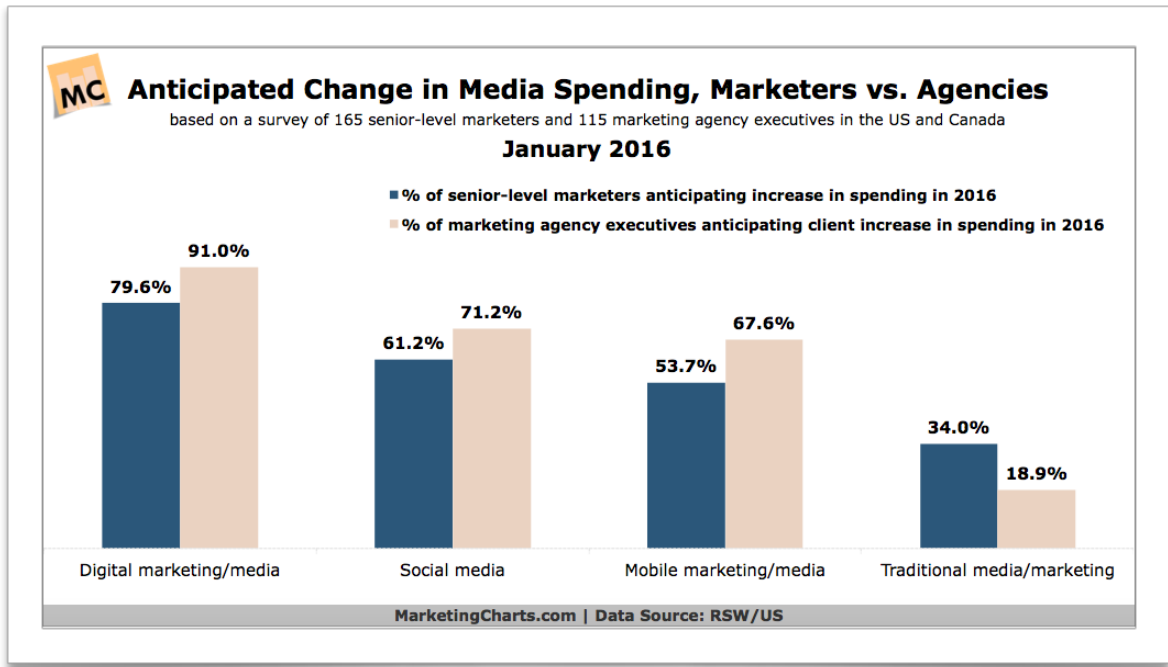
Until a new, disruptive technology enters the market (wearables may be this next frontier), the numbers in the above chart will level off, as users settle into their current ways of consuming media.

US Total Media Ad Spending Share, by Media, 2012-2018							
<i>% of total</i>							
	2012	2013	2014	2015	2016	2017	2018
TV	39.1%	38.8%	38.1%	37.3%	36.9%	36.2%	35.7%
Digital	22.3%	25.2%	28.2%	30.9%	33.2%	35.3%	37.3%
—Mobile	2.6%	5.7%	9.8%	14.0%	18.7%	22.6%	26.4%
Print	20.7%	19.0%	17.7%	16.5%	15.5%	14.7%	14.0%
—Newspapers*	11.5%	10.2%	9.3%	8.6%	8.0%	7.5%	7.1%
—Magazines*	9.2%	8.8%	8.4%	7.9%	7.5%	7.2%	6.9%
Radio**	9.3%	8.9%	8.6%	8.2%	7.8%	7.5%	7.1%
Outdoor	4.0%	4.1%	4.0%	3.9%	3.8%	3.7%	3.6%
Directories*	4.5%	4.0%	3.5%	3.1%	2.8%	2.5%	2.3%
174113	www.eMarketer.com						

Despite being the leader in media consumption, online is still expected to trail digital ad spending over the next two years. That's not to say the dollars haven't followed the eyeballs, however. In 2012, digital and print ad spend were almost identical, with TV spend nearly equal to the two channels combined. Since that time, print spend has fallen by 33%, while online spend

has increased by 49%. Television spend has fallen 7% over this same time period, but still comprises over one-third of all media spend.

Advertisers continue to spend on television more than digital, but that's expected to change



When asked which channels expect to see increases in media spending, agency executives are more more inclined to invest in digital compared to senior level marketers. This is all relative, considering 4 out of 5 senior marketers still expect to spend more on digital in 2016, compared to 9 out of 10 agency executives.

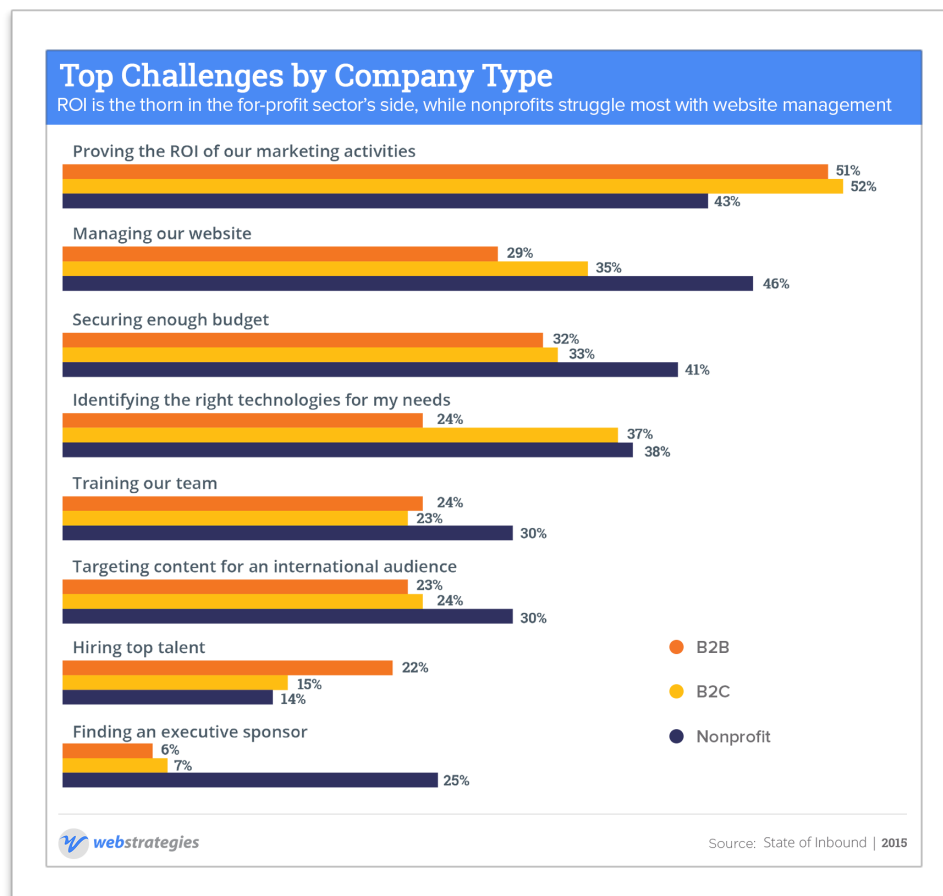
Senior level marketers are much more inclined to invest in traditional media channels than agency executives (34% expect to increase spend versus 19% of agency executives). Regardless, traditional media is far less likely to see budget increases in 2016 compared to digital channels.

SECTION II: Most Pressing Challenges for Marketers

Proving a demonstrable return on marketing dollars was the most oft-cited challenge across companies of different size and focus, and securing more budget to allocate toward ROI-generating activities was next in line.

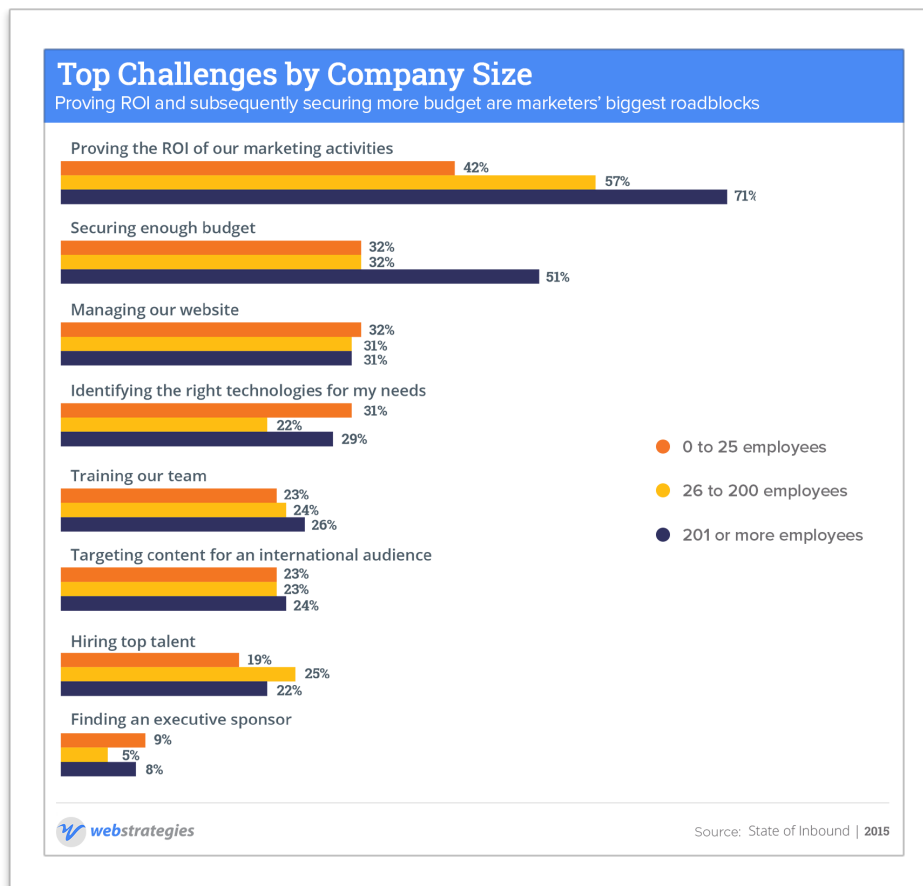
Demonstrating ROI is the #1 challenge marketers face

Finding the right technologies and managing a website were understandably a larger concern for small companies fighting to reach the growth phase. For companies under 25 people, these two concerns were 10% less likely to be cited as the top-ranked “proving ROI”; among established companies, they were 40% less likely to be mentioned.

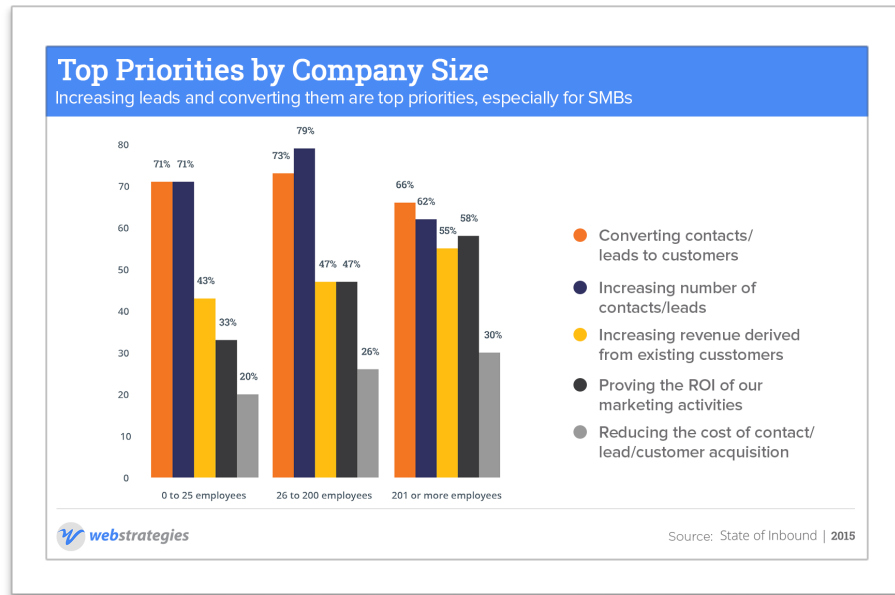


What did all survey respondents from the [State of Inbound](#) report have in common? Everyone wants more budget. In fact, securing more budget has been the second-most pressing challenge for the last two years running.

The key to securing more marketing money might not be that complex, however. Respondents whose teams demonstrated positive marketing ROI in 2015 were more than twice as likely to receive higher budget. The takeaway is clear: Get a positive return on this year's investment and watch next year's budget increase.

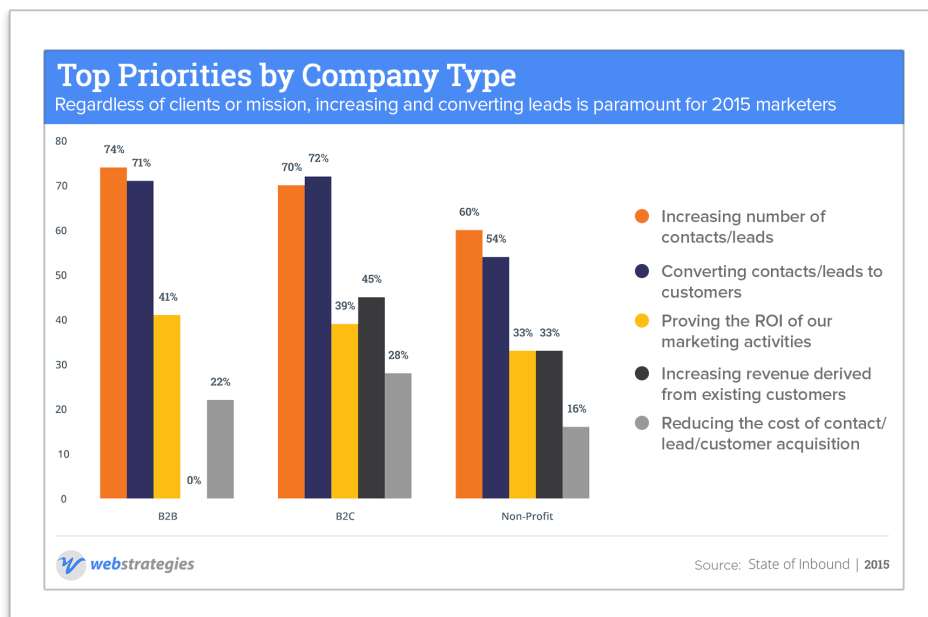


Attracting and converting leads remains top priority

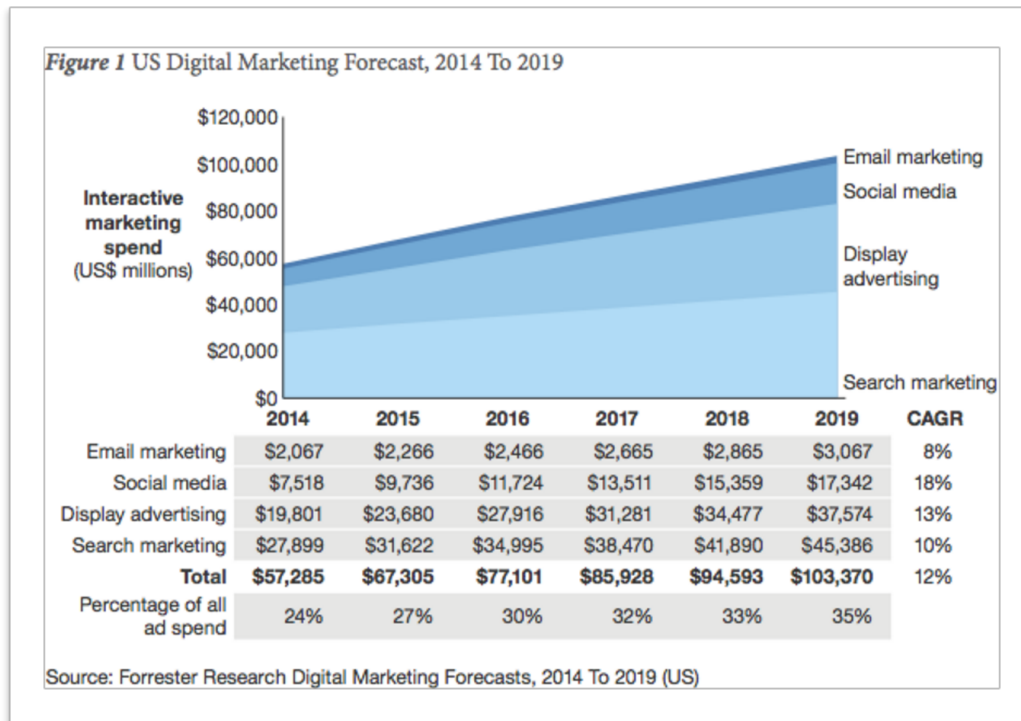


Increasing volume at the top of the funnel while increasing conversion percentage at the bottom remain top priorities for respondents. This was true across company size, as well as organization type (B2B, B2C, nonprofit).

Moreover, these two priorities were of nearly equal importance across all segments. Among SMBs, “increasing number of contacts/leads” and “converting contacts/leads to customers” were over 30% more likely to be cited as a priority than the next-closest item.



SECTION III: What Firms Are Spending on Marketing

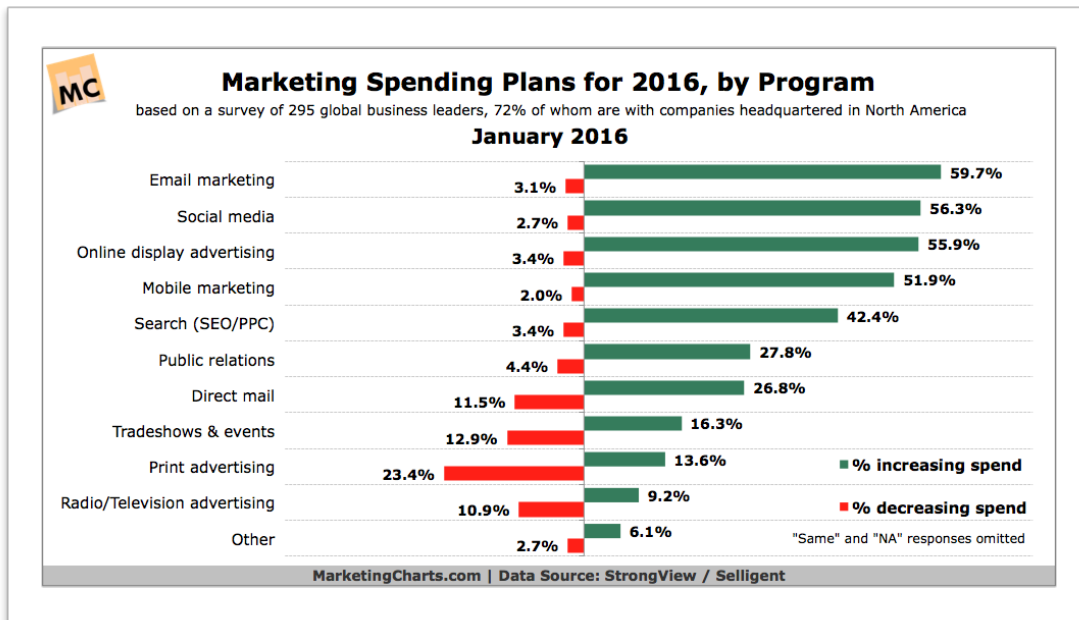


Search engine marketing (SEO & SEM) will capture the largest share of online spend with online display (banner ads, online video, etc.) taking the second largest share. Social media investments will continue to grow as an overall share of online spend, but will only represent about 15% of the total online spend.

Search and display will continue to represent
the lion's share of digital marketing budgets

Email marketing, still considered the highest ROI channel of all digital marketing tactics, is expected to only represent 3% of total digital spend in 2016. Why so low? Cost. Email marketing is not only very effective at producing results, it is relatively inexpensive to execute.

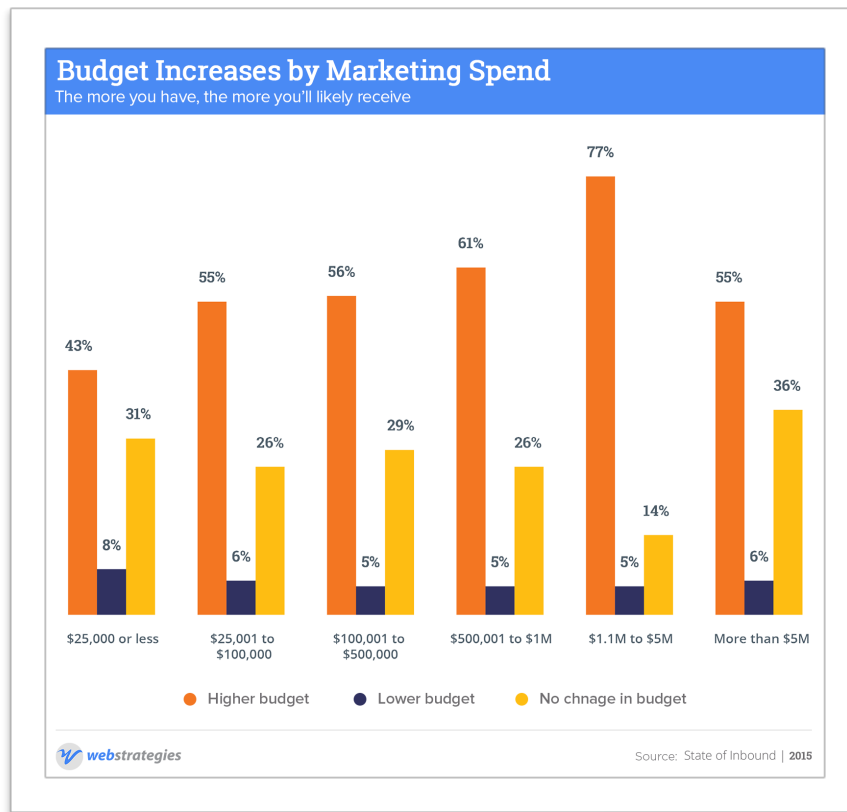
Once again, these are averages. How marketing funds are ultimately allocated is driven by the nature of the business, the competitive marketplace, and how target customers behave through the buying funnel.



Among all the major marketing tactics (digital and traditional), email marketing is the most likely to see increases in investment in 2016 (note: the numbers above represent the percentage of respondents who expect to increase their budget, not the percentage by which the budget will increase). This comes as no surprise, as email marketing is still considered the highest ROI digital marketing channel. In fact, at least 40% of all respondents expect to increase their investment in all the major digital marketing channels in 2016.

Print and broadcast advertising are the only channels expected to see a net decrease in total spend in 2016. This data is also supported by the eMarketer study mentioned earlier in our report.

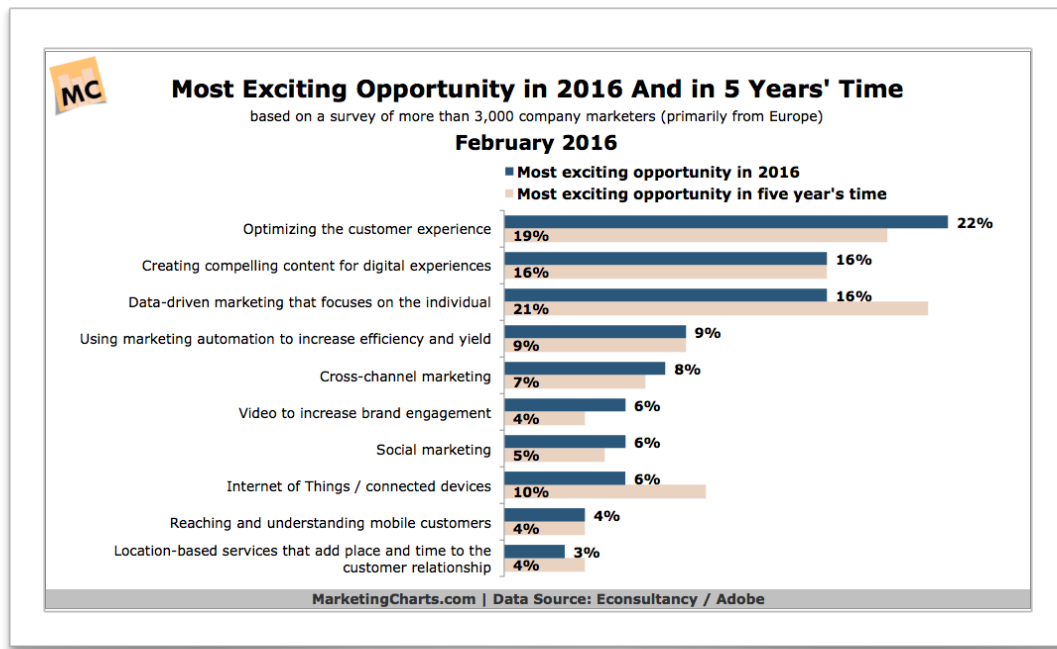
The trend is clear: marketers continue to invest more in digital; typically at the expense of traditional channels.



How do the best marketers secure budget? Our data revealed that the more budget marketers have to begin with (until they hit the five million dollar ceiling), the more they're likely to receive next year. More than half of all marketers with budgets over \$25,000 saw a bump in funds since last year.

Big budgets, big boosts

If you're an SMB marketer tirelessly campaigning for each and every dollar, you might despair looking at this chart. But consider that a solid 43% of marketers with budgets under \$25,000 received a budget increase in 2015, and for 31%, the level of funding held steady. And if you were one of the 8% whose budget was slashed? Poor ROI tracking could be to blame.

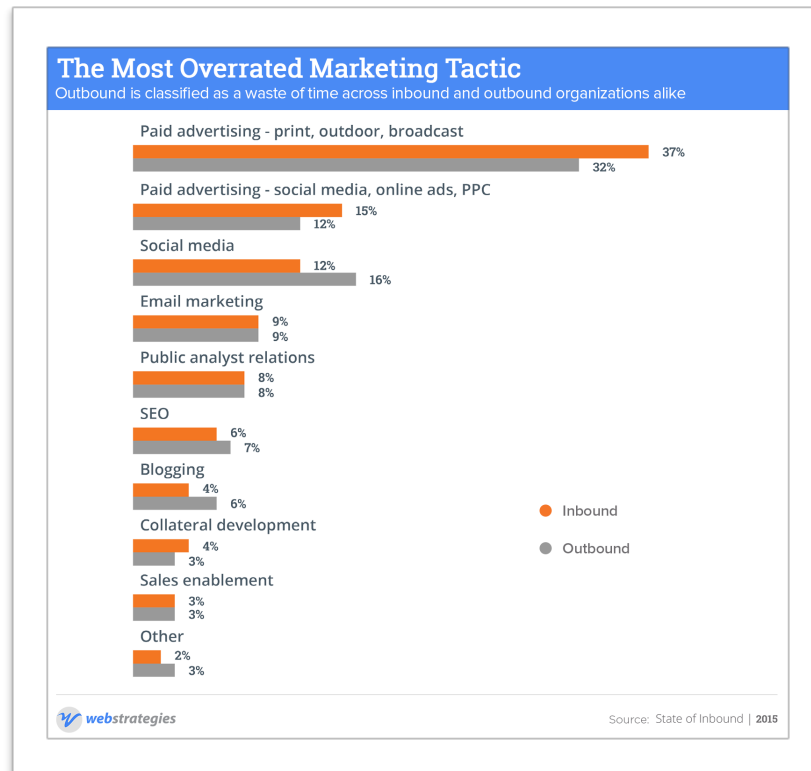


Marketers believe optimizing for the [customer experience](#) is one of the most “exciting” opportunities in 2016. The connectivity of users (increased mobile usage) combined with new marketing technologies (marketing automation and CRM) allows marketers to reach users in ways never before possible.

The potential of data-driven marketing is expected to grow in the next five years, and could become another powerful strategy for reaching the right individuals at the right time in new, innovative ways. While there is no shortage of data in the digital marketing world, the ability to make use of that data is nowhere near its potential.

Location-based services (e.g. FourSquare), which were all the rage during the rise of social media, are considered the LEAST exciting opportunity in 2016 and beyond.

SECTION IV: How Effective Are The Various Digital Marketing Channels?



Approximately 32% of survey respondents whose companies identify as primarily outbound marketing organizations (print, outdoor, broadcast) called paid advertising the most underrated marketing tactic -- the number one answer by a wide margin.

While this could be explained by large companies (200+ employees) throwing money at paid as a sort of diversification of their marketing portfolio, it bears repeating that the smart money is on digital inbound tactics (content marketing, social, email, search).

In many ways, the data showed outbound marketing tactics live in inbound's shadow. Fifty- seven percent of respondents from companies that saw greater

ROI year over year cited paid advertising as the most overrated marketing tactic. The next-closest item had only an 11% chance of being cited.

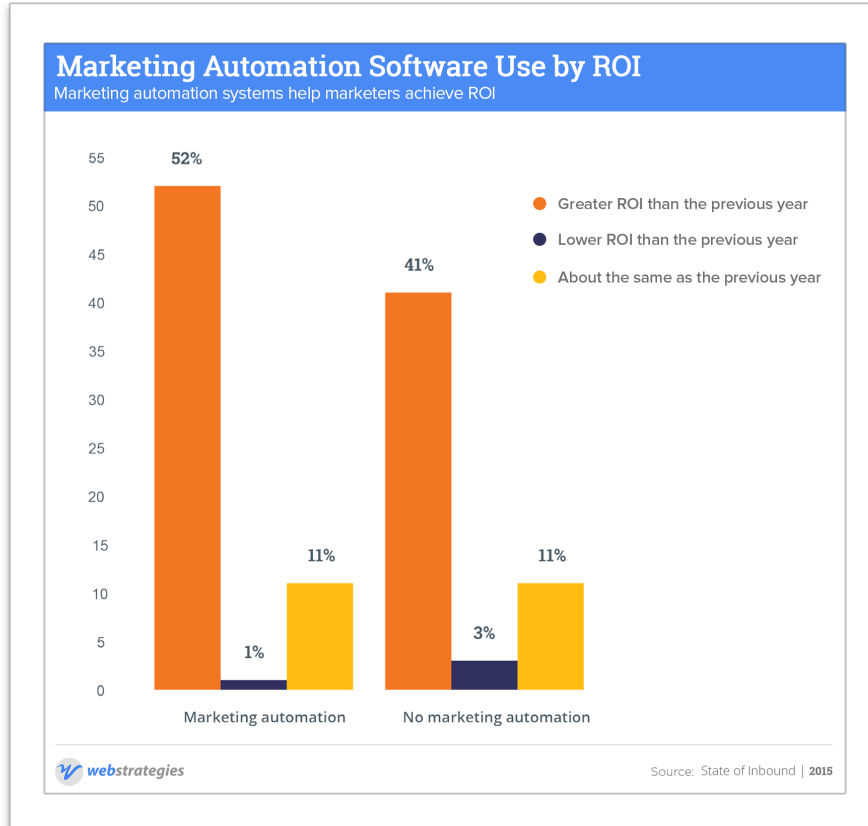
It bears mentioning that the shift from outbound to inbound marketing tactics has created new opportunities. Marketers and salespeople are discovering success in [combining outbound and inbound marketing](#) tactics together.



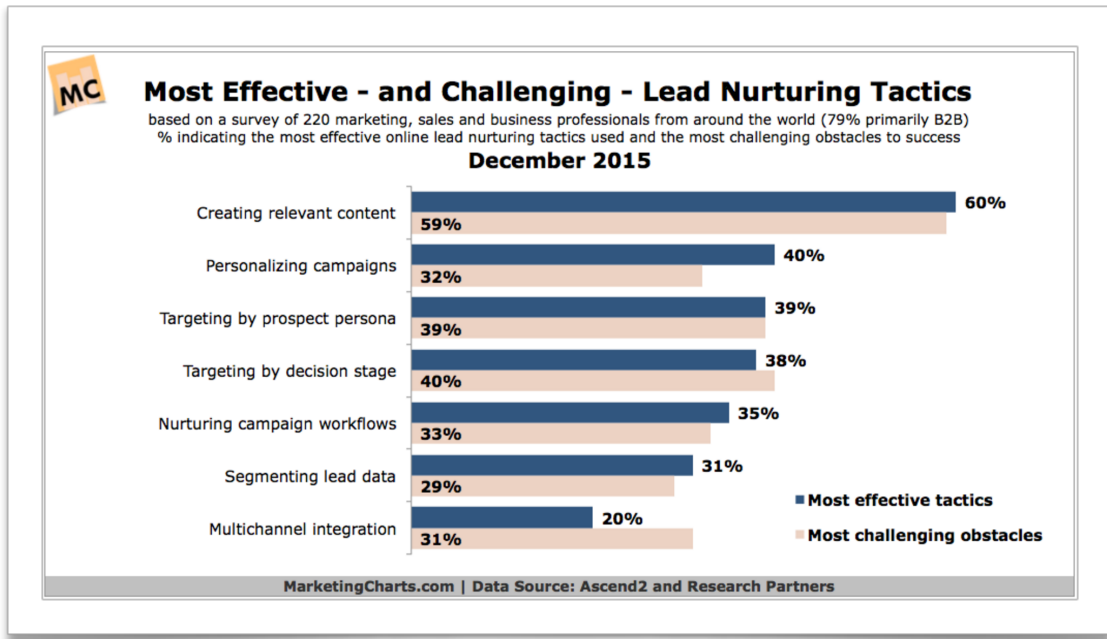
Leading marketers use marketing automation software

The main tool in top marketers' arsenals is a platform for automating their team's marketing efforts. While respondents indicated using an array of specific products, the larger trend was telling: The guys at the top use marketing automation software in some form or another.

Specifically, those who saw a higher marketing ROI were more likely to have used marketing automation software than not. In addition, those same respondents were more likely to see more budget unlocked as a result, and had almost no chance of receiving a lower budget.



Creating relevant content is considered both the most effective and most challenging tactic as it relates to nurturing leads through the buying funnel (a key strategy of a digital inbound marketing campaign). This has led to an arms race of content over the last 18-24 months, which in turn has inundated users with swarms of mediocre, semi-relevant content.



As marketers look to differentiate their brands and offerings, creating quality, relevant content which rises above the noise should be a top priority in 2016. This is neither easy or cheap to do. It requires a meaningful investment of time, money, and expertise.

EXECUTIVE SUMMARY

The gap between digital and traditional media consumption is widening. Users are spending more time with digital devices and less time with traditional media sources. Within the next two years, more money is expected to be spent on digital than any other media channel. Companies who treat digital as “just another marketing channel,” and who fail to prioritize it as the most important channel, will be stuck playing “catch up” in 2016 and beyond.

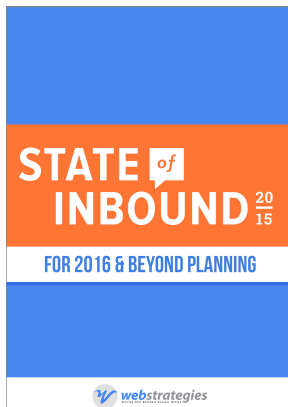
For those looking to increase marketing budgets, proving ROI is key. Companies who measure their activity closely are far more likely to achieve a positive ROI, as are those who use marketing automation software.

Among digital channels, search and display advertising will continue to see the lion’s share of digital media budgets, with social media and email marketing trailing far behind. Despite the relatively small amount of budget allocated to email marketing, marketers expect to increase their spend on this channel more than any other digital channel in 2016.

Looking beyond 2016, the emerging theme is “personalization.” Marketers expect to increase their focus on the customer journey, as well as using data to better personalize the marketing message.

Looking for more great information?

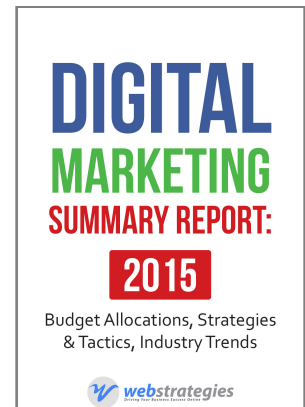
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804.662.0191

References

[State of Inbound 2015](#)

[MarketingCharts.com](#)

[Forrester.com](#)

[eMarketer.com](#)

Other Helpful Links

[How To Measure Inbound Marketing - A Practical Guide](#)

[Aligning Google Analytics With Your Inbound Marketing](#)

[What Is The Right Outbound and Inbound Marketing Mix](#)

[The Top B2B Digital Marketing Strategies](#)

[What Is The Best Digital Marketing Formula?](#)

[What Is A Good Marketing ROI?](#)

[The Leading Causes of Inbound Marketing Failure](#)

[Customer-Centric Digital Marketing: How Word of Mouth Marketing Starts](#)

[Has Inbound Marketing Killed The Cold Call?](#)

[Top Metrics For Paid Search Campaigns](#)

