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Dave Frankland

US B2C Martech Spending Forecast 2022

Despite a Post-Pandemic Dip in Growth Rate, Spending Remains Strong and Opportunities Abound

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US B2C Martech Spending Forecast 2022: Despite a Post-Pandemic Dip in Growth Rate, Spending Remains Strong and Opportunities Abound

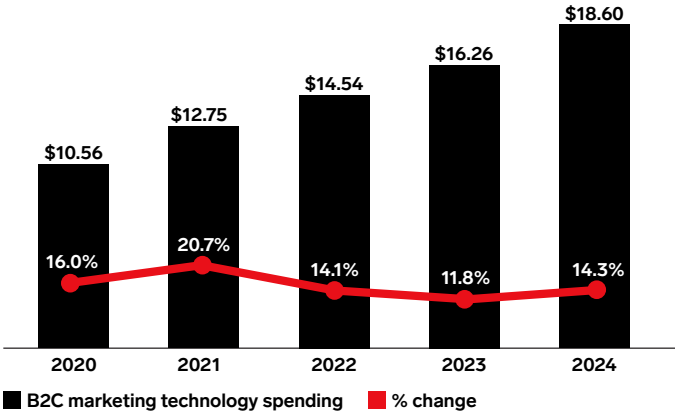
Marketing technology (martech) represents a strategic investment for business-to-consumer (B2C) brands aiming to engage and build relationships with individuals. Despite a post-pandemic dip in growth rate, robust spending will lead to a $14.54 billion market in 2022.

3 KEY QUESTIONS THIS REPORT WILL ANSWER

1. How much is spent on martech in the US?
2. What's affecting growth in martech spending?
3. What do the trends mean for martech buyers and users?

WHAT'S IN THIS REPORT? Our inaugural forecast for US B2C martech spending and trends from 2020 to 2024.

US B2C Marketing Technology Spending, 2020-2024
billions and % change



Note: includes spending by companies on software or other technology that enables and facilitates marketing functions; excludes spending on hardware and spending on professional and agency services and consulting
Source: eMarketer, Aug 2022

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KEY STAT: Growth in digitally focused technology investments will slow this year, following a pandemic bump. But robust spending will lead to a $14.54 billion market in 2022.

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US B2C Martech Spending Forecast 2022

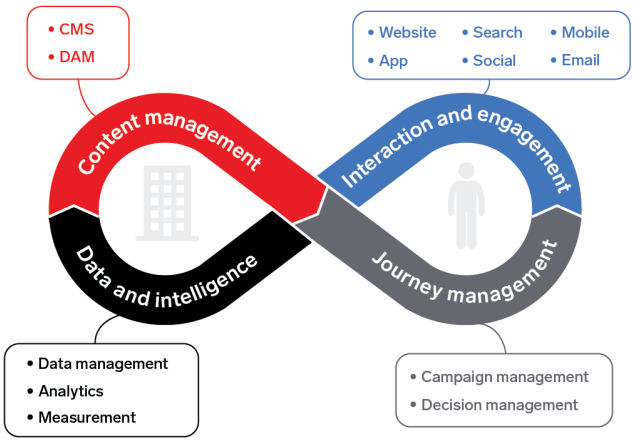
Spending Remains Strong and Opportunities Abound Despite Growth Rate Dip

What's driving growth in B2C martech spending? Marketing technology (martech) investment is key for B2C brands that need to engage and build relationships with consumers. Companies will need to open their wallets to keep pace with a slew of new technologies and constantly changing customer expectations.

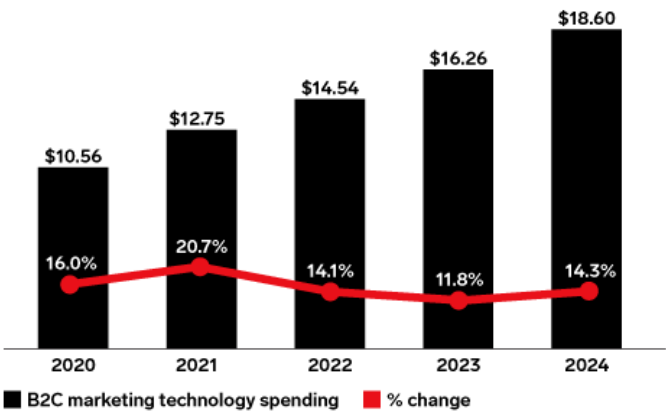
Key Stat

US B2C martech spending will increase by 28% between 2022 and 2024 to $18.60 billion, driven by the need for data management and decisioning.

B2C Martech



US B2C Marketing Technology Spending, 2020-2024
billions and % change



Our Findings

Innovative technologies and internal and external forces will affect spending growth.

- **The bleeding edge will require more investment.** Data and insights, AI, and decision management needs will drive spending.
- **Internal factors loom.** These include the push for integrated solutions, tech access, cross-enterprise integration, and digital transformation initiatives.
- **External factors drive change.** Regulatory requirements and constantly evolving customer expectations about marketing experiences require attention.

Your Opportunity

Audit existing solutions and determine a realistic path for progress.

- **Size up your human/tech interactions.** Ensure the processes and skills in place allow the organization to embrace new technologies—or make it happen.
- **Audit your ecosystem for interoperability.** Examine the ability to integrate other platforms and solutions—both within marketing and between departments.
- **Experiment with new opportunities.** Test and learn in nascent areas like blockchain, NFTs, the metaverse, AI-driven creative, and data clean rooms.

Also in this report: Martech capabilities | Market share of major providers

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Key Points

- **US B2C martech spending will near $15 billion in 2022.** Spending will continue to grow at a robust level, despite the deceleration in annual growth since the early pandemic boost.
- **Data management and decisioning are key drivers of ongoing investment.** The imperative to understand customers and their needs, as well as to determine the next best action, requires scale and automation support.
- **The next wave of innovation is beginning to emerge.** Innovative and no-code solutions are allowing marketing teams to experiment with a range of tools and applications.

Behind the Numbers: Our Forecast Methodology

Our martech spending estimates for the US are based on an analysis of 46 data points from 21 sources, including macro-level economic conditions; historical trends of the martech market; reported revenues from major martech providers; estimates from other research firms; plus nine cumulative interviews with top martech executives and experts.

We do a bottom-up analysis of the market, taking into account each company's martech revenues. This information comes from quarterly earnings releases, annual shareholder documents, statements from the executives in earnings calls, and company press releases. Company-specific data is also evaluated alongside estimates from third-party research firms and interviews with martech executives and other industry leaders covering these companies.

The Martech Ecosystem

The marketing department is one of the largest spenders on technology in organizations. Marketers use technology to better understand their customers, manage interactions, and measure impact. Martech is a strategic investment that enables B2C organizations to effectively engage and build relationships with consumers.

But the martech landscape is vast and confusing. Even the term "martech" means different things to different people.

Insider Intelligence defines martech as "a range of software solutions that marketers use to plan, manage, execute, and measure their customer interactions." Martech integrates with, but is distinct from, other technology solutions deployed by marketers such as advertising technology (ad tech), loyalty solutions, and creative production tools.

Martech capabilities include:

- **Data and intelligence.** Marketers must first ingest and integrate an array of data from a broad range of sources before they can deliver relevant and personalized content to consumers. The data must be compiled into universal customer profiles and segmented based on similar attributes. Further predictive and prescriptive analytics allow marketers to define next-best actions and refine ongoing optimization. Finally, data and insights must be exposed to other marketing tools to inform customer engagements. Once campaigns and other interactions are complete, marketers feed the findings back into their data management and analytics process to measure impact and close the loop.

  To enable data management and analytics, marketers use traditional data management solutions like data warehouses and data lakes, as well as modern solutions such as customer data platforms (CDPs). Analytics platforms and data visualization solutions help marketers develop insights and intelligence from customer data.

- **Content management.** Marketers create huge numbers of creative and content assets—including images, videos, articles, brochures, brand documents, and white papers. Marketers rely on content management solutions to keep track of updates and versions, ensure consistent and accurate usage, enable A/B testing and segmentation, and distribute the right content and format to the right channel or interaction point at the right time.

  Marketers use digital asset management (DAM) solutions as a centralized system to organize, collaborate, store, and distribute digital assets across the entire organization and across channels. And they rely on their content management system (CMS) to manage and publish content on their website.

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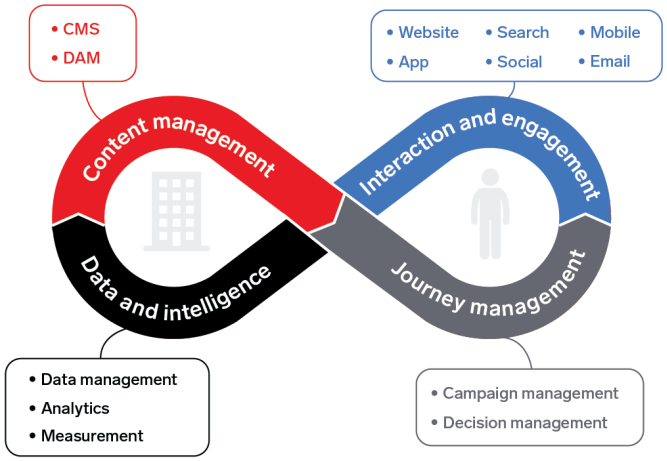
- **Journey management.** Delivering the long-promised "right message to the right person at the right time" is incredibly complex. It requires marketers to evaluate all available customer or prospect data at the moment of interaction, and consider all available messages, offers, and creative assets. Those assets and messages must be compiled and formatted in near-real time, then delivered to the consumer in the right channel, on the right device.

  There is no way for marketers to manage these decisions and interactions without automation software. Decision management solutions use predefined rules and business objectives to automate the determination of who should receive what message, when, and where. Campaign management solutions bring the decisions to life across channels and touchpoints to ensure that the right connection occurs at the right moment and point of interaction.

- **Interaction and engagement.** Consumers want relevant content based on their needs in the moment—whether a desire for information, entertainment, or to purchase a product. As such, marketers must ensure that the right messages are compiled and delivered to the consumer when and where they want them.

  Marketers rely on a variety of solutions to engage and interact with consumers, including web publishing and interaction tools; app software development kits (SDKs); email service platforms; and search, social, and mobile marketing tools.

B2C Martech



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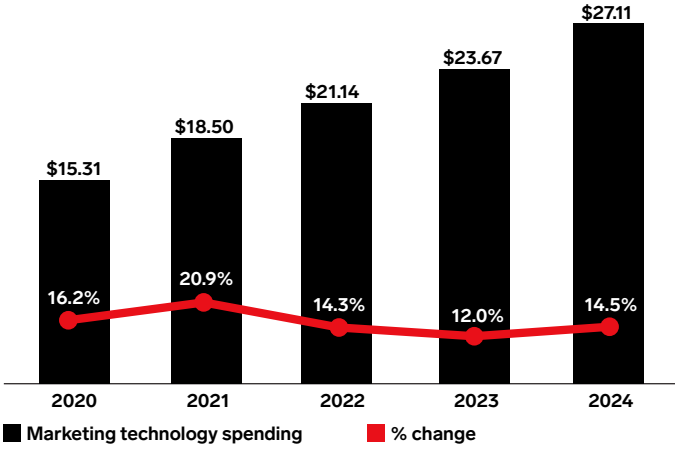
How Big Is Overall Martech Spending in the US?

Combined martech spending by B2C and B2B firms will hit $21.14 billion in 2022. Fueled primarily by a pandemic-induced rush to digital communication, martech spending saw a bumper year in 2021. We expect the annual growth rate to slow in 2022 but remain in the double digits through 2024, when spending will reach $27.11 billion.

Insider Intelligence will publish a companion B2B martech forecast report in October 2022.

US Marketing Technology Spending, 2020-2024
billions and % change



Note: includes spending by companies on software or other technology that enables and facilitates marketing functions; excludes spending on hardware and spending on professional and agency services and consulting
Source: eMarketer, Aug 2022

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B2C martech spending's growth rate lags slightly behind that of B2B. We expect B2C spending to reach $14.54 billion in 2022, accounting for more than two-thirds of total US martech spend. However, B2C spending's growth rate slightly trails that of the more mature B2B market, and therefore of overall spending. Nevertheless, B2C spending will maintain a healthy double-digit growth rate through 2024, when the market will increase to $18.60 billion.

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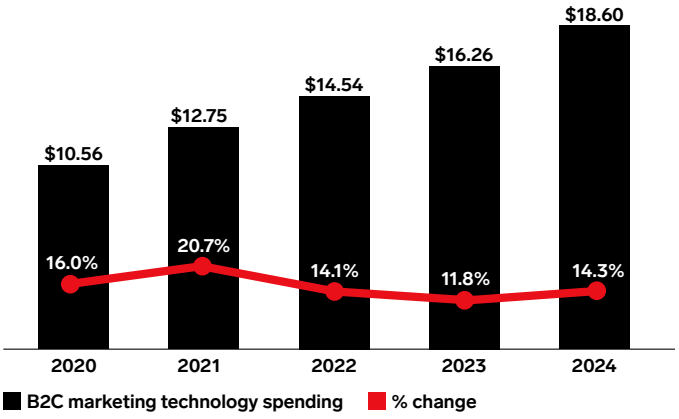
US B2C Marketing Technology Spending, 2020-2024
billions and % change



Note: includes spending by companies on software or other technology that enables and facilitates marketing functions; excludes spending on hardware and spending on professional and agency services and consulting
Source: eMarketer, Aug 2022

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What's Affecting the Growth in Martech?

After a few waves of innovation and consolidation, the B2C martech landscape is dominated by a small number of broad suite providers. There's also a very long tail of niche providers, some of which provide cutting-edge point solutions.

We estimate that three providers—Adobe, Oracle, and Salesforce, all of which grew their capabilities primarily through acquisitions—will account for between 40% and 50% of B2C martech spend this year.

Several factors will affect future growth in martech spending, including future innovation and capability expansion, influences within organizations, and external elements that directly affect marketers.

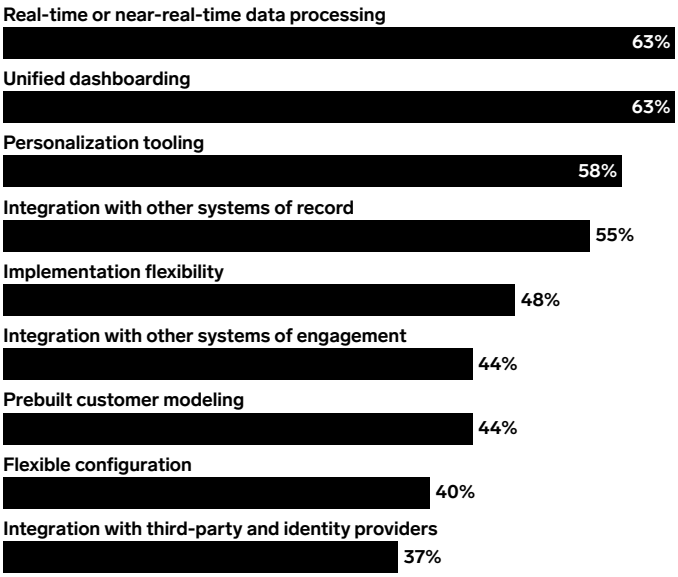
Capability Focus and Experimentation

As consumer expectations continue to rise and marketers seek to keep pace, more investment will be required across the martech spectrum. Notable areas of focus include:

- **Data and insights.** A confluence of circumstances has pushed data—and the insights it drives—to the core of marketing efforts. Customers expect brands to recognize them, know their interaction history, and anticipate their needs. Meanwhile, privacy regulations and the looming deprecation of third-party cookies have emphasized the need for a proprietary identity graph for most brands. And the speed, variability, and value of different data types and sources are forcing marketers to step back and rethink their approach.

  The recent explosive growth of CDPs—albeit from a standing start—reflects marketers' need to corral their data quickly and generate insights that inform in-moment interactions with consumers. Similarly, interest in data clean room providers is growing rapidly as marketers vie to extract maximum value from their first-party data and experiment with opportunities to work with the walled garden tech platforms.

Customer Data Platform (CDP) Capabilities That Are Most Important to Meeting Their Customer Data Goals According to US CDP Professionals, Jan 2022
% of respondents



Note: n=313
Source: Forrester Consulting, "Marketers Need CDP Solutions That Transcend Data Management" commissioned by Zeta Global, May 17, 2022

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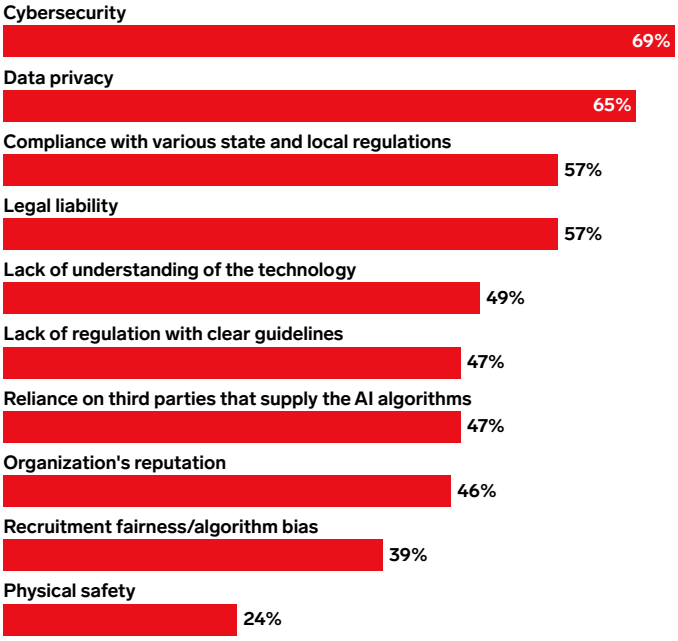
- **AI.** Marketers have toyed with AI for several years to help with customer segmentation and analytics, but their efforts have been lackadaisical to date. Recently, however, marketers and agencies have begun to experiment with initiatives such as AI copywriting and creative tools like DALL-E 2—an OpenAI system that creates realistic images from natural language descriptions. Although it's early days, expect to see copycat solutions from niche providers followed by potential acquisitions by marketing suite providers if these products prove successful. At the same time, marketing leaders must ensure efforts adhere to security, privacy, and other areas of compliance.

Biggest AI-Related Risks US Executives Are Currently Facing, Jan 2022
% of respondents



Note: n=500 C-level executives who are involved in decision-making for their organization's adoption, use, and management of AI-enabled tools
Source: Baker McKenzie, "Risky Business: Identifying Blind Spots in Corporate Oversight of Artificial Intelligence" conducted by Coleman Parkes, March 30, 2022

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- **Decisioning.** With an increased emphasis on performance and ROI, the value of making the right decision has never been higher. Additional data, computing power, and analytics capabilities give marketers a greater opportunity to invest and experiment in decision management. Brands are testing approaches to centralized decisioning to leverage the breadth and depth of their customer data, thus driving ongoing dialogues with individuals. Decisioning also takes place at points of interaction with consumers, allowing brands to react in real time to customer actions.

Internal Factors

Several internal factors affect how, and how much, brands invest in martech.

- **Integrated versus point solutions.** Large marketing platforms constantly invest to extend their capabilities through acquisitions or organically, like when most large providers built their own CDP-like offerings. All the large platforms have grown their core offerings via acquisitions. They've snapped up smaller, niche providers with capabilities that have become standard features they wish to offer as part of their core offering, rather than through an integrated partnership. Integration capabilities and open APIs were the most important factor for marketers choosing a martech solution replacement, according to July 2022 research by Third Door Media. That's a boost over 2021, when it tied with cost as the third-most-important factor.

Important Factors When Choosing a Replacement for Marketing Technology Solutions at Their Company According to Marketers Worldwide, 2021 & 2022
% of respondents

	2021	2022
Data centralization/data capabilities	50%	50%
Improved customer/digital experience	42%	47%
Cost	41%	45%
Integration capabilities/open API	41%	54%
Ability to measure ROI	34%	50%
Support	31%	31%
Compliance	29%	29%
Security	29%	28%
Other	3%	5%

Source: Third Door Media, "MarTech Replacement Survey," July 2022

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- **Changes in technology access.** While legacy, on-premises internal solutions remain used by brands, almost all newer investments are for software as a service (SaaS) solutions, most of which have prebuilt connectors with other popular solutions. Meanwhile, firms are increasingly investing in headless technology to take advantage of centralized insights and decisioning. And no-code solutions, accessible via open platform app marketplaces, have drastically democratized access to specialist services without the need for heavy technical support.
- **Integration with other enterprise solutions.** Many of the marketers we interviewed wanted to break down silos in their organizations, particularly as they related to engaging with customers. According to our findings, customer data is increasingly being managed centrally—either by marketing or by a core data team—so that universal customer profiles can be accessed by other departments such as strategy and planning, product, and customer service. Meanwhile, brands are taking steps to integrate other interaction technologies with the martech stack, such as loyalty platforms, ecommerce sites, and even ad tech solutions.
- **Digital transformation initiatives.** Many brands that relied on offline channels for communication and commerce were forced to rapidly embrace digital transformation when the pandemic hit. Now that the panic has subsided, brands are seeking ways to stabilize and consolidate those efforts as well as ensure marketing operations and customer interactions remain digitally focused and efficient.

External Factors

The economy remains the big unknown. Should firms face a full-scale recession, marketing leaders will look for places to cut back. Reductions in martech spending are unlikely, but new deals may soften, experimentation in new areas may be cut back, unproven elements could be jettisoned, and efforts could be scaled back to less complex and less expensive solutions.

Other factors that will affect future spending include:

- **Regulation.** The EU has forced brands to take privacy regulation seriously. Brands have had to invest in compliance and constantly assess their communication and interaction risk. But liability concerns extend beyond data privacy. Data security has become necessary to build consumer trust and stave off regulators. And AI is likely to be a major issue for firms—both at the technical and regulatory levels.
- **Consumer expectations.** Every great consumer experience with one brand raises their expectations for future interactions with all other brands. Marketing and customer experience (CX) teams are competing in an experience arms race in which consumer expectations are growing exponentially. To keep up, marketers will need to continue investing in data management and analytics to enhance their customer understanding. They'll also need to keep investing in interaction solutions to keep pace with consumers and meet their expectations.

What Does This Forecast Mean for Martech Buyers and Users?

The martech market has seen only a few breakthrough innovations in the past several years, but new solutions and approaches are emerging that may lead to more significant developments and innovative opportunities for marketers.

To prepare for future growth, marketers should audit their existing solutions and determine a realistic path for progress. Consider:

- **Data management and decisioning.** Work with colleagues in other departments to build universal consumer profiles that allow for a consistent understanding of the customer and their needs. And align on how to determine the next best action at scale by using automation and a consistent, enterprisewide rule set.

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- **Human/technology interaction.** Evaluate current processes and skills to determine how prepared the organization is to embrace new technologies. Marketers should assess their readiness to introduce or expand AI, including how it can be used to help drive content creation and manage workflows.
- **Ecosystem interoperability.** Assess current platforms and examine the ability to integrate other platforms and solutions, both within marketing as well as with other departments.
- **Governance.** Firms that invest early in governance, particularly relating to data management and AI, will stay on the right side of constantly evolving privacy regulations and will be able to experiment within an established framework. A loose governance structure that can cover any "rogue projects" that may emerge from no-code innovation will still allow marketing teams to experiment with a range of new tools and applications.
- **New opportunities.** It's early days for applications such as blockchain, nonfungible tokens (NFTs), and the metaverse, but now is the time to learn and experiment. AI-driven creative is already beginning to deliver tangible results. And data clean rooms now allow brands to safely—and blindly—share their first-party data insights with each other, as well as regain some lost insights as they market within walled garden platforms.

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Insider Intelligence Interviews

Insider Intelligence and eMarketer research is based on the idea that multiple sources and a variety of perspectives lead to better analysis. Our interview outreach strategy for our reports is to target specific companies and roles within those companies in order to get a cross-section of businesses across sectors, size, and legacy. We also look to interview sources from diverse backgrounds in order to reflect a mix of experiences and perspectives that help strengthen our analysis. The people we interview for our reports are asked because their expertise helps to clarify, illustrate, or elaborate upon the data and assertions in a report.

Darryl Bolduc
Senior Director, Product
Acoustic
Interviewed on July 15, 2022

Scott Brinker
Editor
chiefmartec.com
Interviewed on August 15, 2022

Tom Coburn
CEO and Co-founder
Jebbit
Interviewed on July 31, 2022

Raj De Datta
CEO and Co-founder
Bloomreach
Interviewed on August 23, 2022

Danielle Gotkis
Senior Vice President, Global Marketing
Pecan AI
Interviewed on September 2, 2022

Matt Kilmartin
Co-founder and CEO
Habu
Interviewed on July 24, 2022

Peter Rice
Associate Vice President, Marketing Systems Strategy
Kepler
Interviewed on July 18, 2022

Stephen Streich
Group Vice President, Product, Oracle Marketing
Oracle
Interviewed on July 6, 2022

Zack Wenthe
Senior Technical Product Marketing Manager
Treasure Data
Interviewed on July 21, 2022

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Marketing Personalization Spotlight: How CMOs Can Elevate Their Company's Approach

The Evolving Role of the CMO: How CMOs Can Align with the Business to Drive Success

Sources

Baker McKenzie

Forrester Consulting

Third Door Media

Zeta Global

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