



The Martech Report **2021/22**

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Welcome



There has never been a more exciting time to work in marketing and technology. The world was already digitising rapidly, but the pandemic has accelerated this digital transformation. Companies which have been forced to adapt to evolving customer behaviours to survive now have an opportunity to thrive.

I've never seen the martech space move faster, and this growth is perhaps best exemplified by the M&A activity and investment in the industry, such as Salesforce's £27.7bn acquisition of Slack and the \$1.2bn investment in Sitecore. Our market sizing work in this report provides further evidence.

Whether you're a brand, agency or a vendor, this rapid tech growth presents both challenges and opportunities.

More than ever, marketers need to upskill their data and technical skills to keep pace with change, with the market being short of amazing talent. For this reason, MarTech Alliance has invested heavily in providing a suite of certification courses in martech, marketing operations, data driven marketing and innovation.

The changing nature of the martech space is also a major opportunity for agencies to provide the much needed technical capabilities to support brands in selecting the right tech and extracting maximum value from it.

From a martech vendor's perspective, competition is more fierce than ever, as more and more companies take investment and scale their product development, marketing and sales efforts.

This report, produced in association with Moore Kingston Smith, has been a fantastic opportunity to reach a deeper understanding of the very latest market trends. Many of the trends we see here reflect the anecdotal feedback we've received from our community events and get-togethers, but we've also gained some new perspectives.

Thanks to all our respondents and interviewees for sharing their rich insights which have enabled us to create this powerful report on the martech space.

Carlos Doughty, CEO & Course instructor, MarTech Alliance

01

Foreword



Moore Global aims to be at the cutting edge of thinking - delivering thought leadership, data intelligence and insights that position us as global leaders. We do this to identify our clients' needs and create and deliver the highest quality of services to meet those needs. Our research also means that our insights and wisdom can help shape future thinking while identifying the key challenges of modern business.

That is why I am pleased that the Moore Global network has been able to support Moore Kingston Smith and the MarTech Alliance with this report into the technology that is changing how firms engage with customers across the globe. Among the many insights in The Martech Report 2021/22, one that resonated with me was the human element that firms need in order to make a success of their martech strategies.

There is no doubt that the boom in digital, and the challenges of maintaining and growing customers throughout a pandemic, have impacted all businesses in recent times. The pandemic has accelerated a use of technology that was already underway. But investing in and implementing the tech is not the last step of the journey - developing people and emphasising the human input required will create the competitive edge for firms. As this report shows, martech maturity will only be achieved when skills and training match the rapidly evolving technology.

Anton Colella, Global Chief Executive Officer, Moore Global



In the last eight years, nothing in our media ecosystem has outpaced the explosive growth of martech. Helping stakeholders such as marketers, agencies and tech vendors understand the direction of travel and the impact for investment communities is consistent with our commitment and passion for the sector.

Understanding how corporates and brands invest to win and retain customers, while affirming the main challenges for the sector, means we are best positioned to advise.

This year we're proud to share a global market size of \$344.8bn. Marketing has transformed - we have now tipped into a data-driven, digitally powered world which will have a lasting impact for the media sector as it too evolves to meet the demands of a content and entertainment hungry audience.

It's our first year working with our partners, MarTech Alliance, in producing this report. Our sincerest thanks to more than 200 of the world's leading marketers for their time and interest in helping to produce the end result. Also special thanks to all contributors and thought leaders for their valuable insights. My personal thanks to Vanessa Ong and our own marketing team at Moore Kingston Smith for their efforts and to Jeff Blackbeard at Moore SA for helping to coordinate our international partners throughout the Moore Global network.

Enjoy the report.

Damian Ryan, Corporate Finance Partner at Moore Kingston Smith

02

Methodology

The findings in this report are based on a survey of 206 respondents carried out during August and September 2021. 79% were brand respondents at CMO level or equivalent, and 21% from agencies, including Account Directors, VP and VSP Client Services.

62% of our respondents were from companies with more than 500 employees, with the remainder from firms of 200 - 500 employees. There is an equal 50/50 split between the UK and North America. Respondents are from a range of industries, with greater response from the finance, entertainment, automotive, media and travel sectors.

This report also contains commentary from respondents interviewed by MarTech Alliance. Our thanks to the following contributors:

- **Scott Brinker**, Editor, chiefmartec.com
- **Parry Malm**, CEO, Phrasee
- **Kerry Dawes**, Technical Director, Digitas UK
- **Doug Kessler**, Co-Founder, Velocity
- **Frans Riermersma**, Founder & Marketing Technologist, Martech Tribe
- **Laura Merten**, Martech Solutions Architect, Hogarth Worldwide (WPP)
- **Darrell Alonso**, Global Marketing Operations at Amazon, Course Instructor, MarTech Alliance
- **Carlos Doughty**, CEO & Course instructor, MarTech Alliance
- **Damian Ryan**, Corporate Finance Partner, Moore Kingston Smith
- **Anton Colella**, Global Chief Executive Officer, Moore Global
- **Robert Husband**, Media Partner, Moore Kingston Smith
- **Jessica Wallace**, Media & Marketing Services HR Consultant, Moore Kingston Smith
- **Thomas Hayden**, R&D Director, Moore Kingston Smith
- **Becky Shields**, Head of Digital Transformation, Moore Kingston Smith

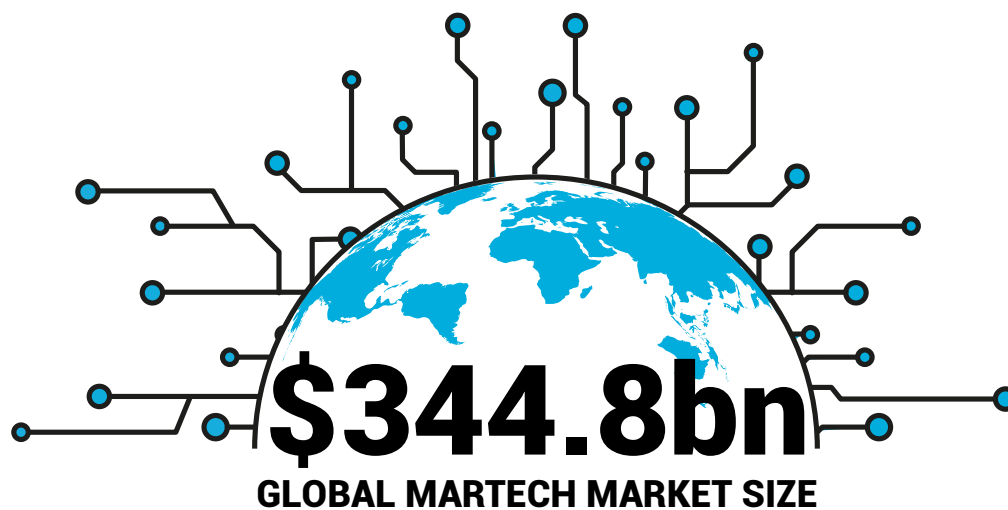
Definition of Martech

Marketing technology (Martech) is a term which describes the range of tools and software that marketers use to achieve their goals and objectives.

Martech refers to tools used to assist with marketing workflows; customer acquisition and retention; brand and communications; content and social; and data and analytics.

03 Market sizing: how big is Martech?

We estimate the martech industry in North America and the UK to be worth \$149.7bn in 2021. We believe these results are typical of key global markets, suggesting a worldwide market figure of \$344.8bn.



Note: The approximation of market sizing has been calculated using WARC's adspend data (Global: US\$665.9bn and North America/UK: US\$254.9bn in 2021) and MarTech Alliance's survey response data on marketing budget spend split by percentage (across martech, staff, agency/services and media). The methodology assumes adspend is a proxy for marketing communication spend, which combines media and agency costs. And that survey responses are typical globally. This reflects how modern marketing is changing and any discrepancies in how media and agency spend is attributed. The sizing has been independently substantiated against a series of methodologies and data points including martech company public revenues, market sizing of key martech categories, M&A martech activity and martech landscape growth.

This is no major surprise, as we've seen the Martech ecosystem expand rapidly over the past decade. It now comprises more than 8,000 vendors and, even with some consolidation, new vendors and tech solutions are constantly emerging. Indeed, Scott Brinker told MarTech Alliance that the next Chief Martech landscape supergraphic is likely to include many more vendors.

Marketing Technology Landscape The Martech 5000

Total Solutions 8,000

Advertising & Promotion 922

Content & Experience 1,936

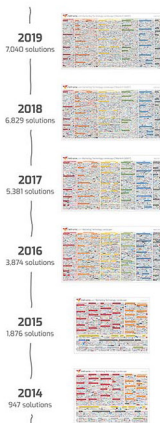
Social & Relationships 1,969

Commerce & Sales 1,314

Data 1,258

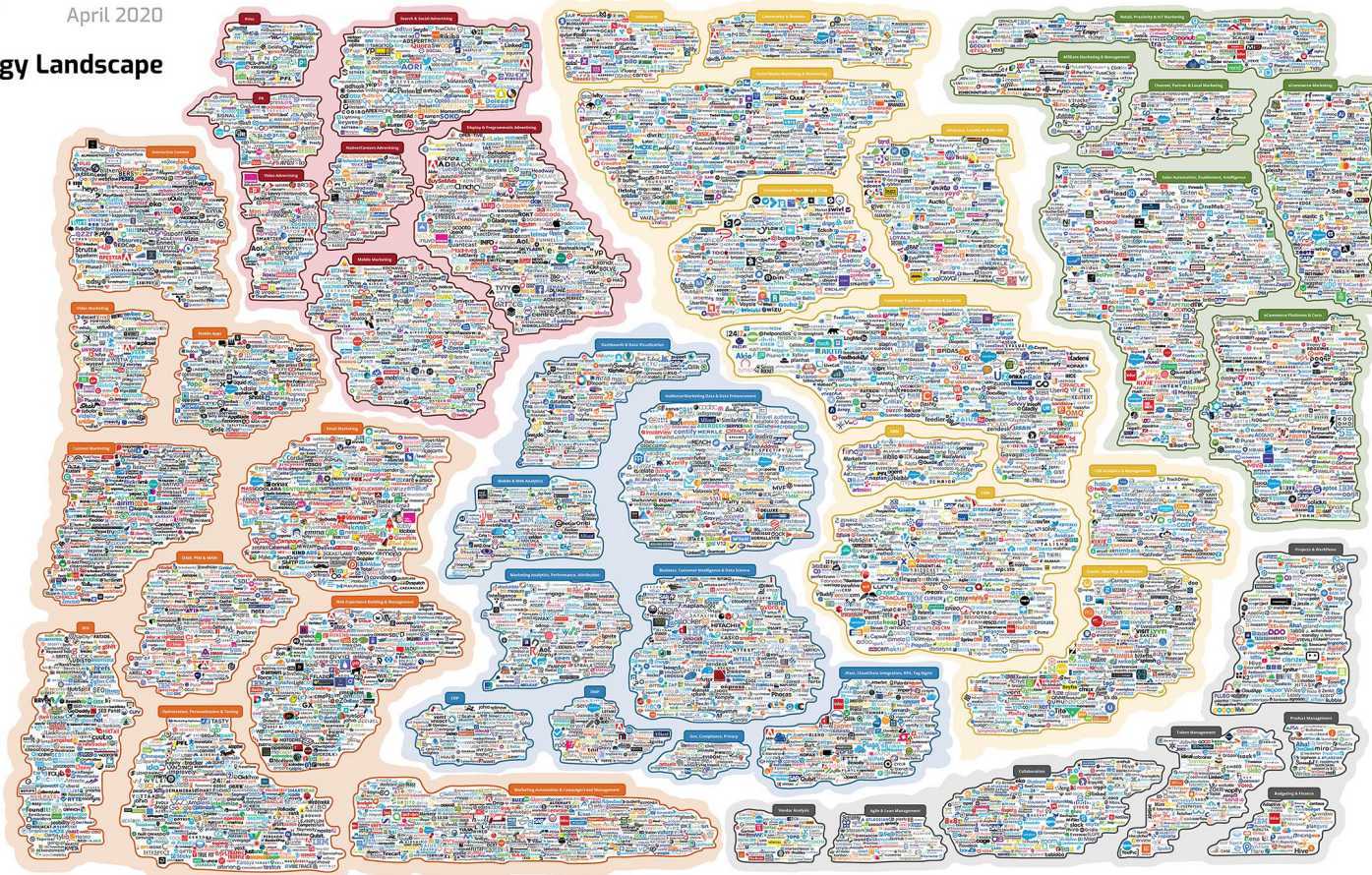
Management 601

Access all the data of this landscape & more at martech5000.com



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Produced by Scott Brinker (@chiefmartec) and Blue Green Brands (@bluegreenbrands).



We continue to see rapid growth within the marketing technology industry. I haven't published a 2021 landscape yet, but we've been researching it. I'm quite confident in saying it will contain more than 10,000 vendors if we published it today."

Scott Brinker, Editor, chiefmartec.com





In relative terms, we're only finding out now what marketing technologies can really do to add value. We've had 32 years of the worldwide web; however, the advent of martech is still relatively recent. It's certainly been less than ten years since we started to track its remarkable progress."

"I can't think of any other point in the history of marketing where brands are investing so much in technology to drive growth. Where we find ourselves now is past the so-called 'tipping point' for marketers. The longer-term impact and challenges for brands, agencies and tech vendors will be exciting to watch."

Damian Ryan, Corporate Finance Partner at Moore Kingston Smith



For agencies, this growth in spending on martech presents a major opportunity to expand their services into the martech space to better serve their clients.

In recent years we've seen this in action. For example, Ogilvy created a Martech Centre of Excellence (1) made up of more than 900 employees with expertise in many of the major platforms and martech solutions.

Media agencies have been moving into this space through acquisitions of martech firms, with Ogilvy acquiring Verticurl, Pennywise and Who Digital, while Dentsu acquired digital agency Merkle in 2020. (2).



Clients are investing a lot in building their Martech stacks, but the users (brand managers, marketing managers etc) are typically very busy, having to learn 40+ Martech systems and keep up with increasing content demands of personalisation. Because of this, clients are asking agencies to step in to help augment their marketing operations teams and also help them make the most of the martech platforms."

"As organisations look to become fully digital, a process in which marketing technology is central, agencies that can offer this expertise in digital strategy and martech will become increasingly important."

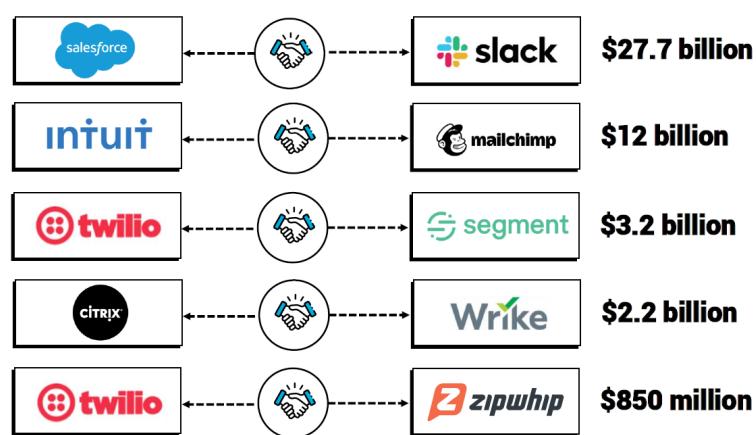
Laura Merten, Martech Solutions Architect, Hogarth Worldwide (WPP)



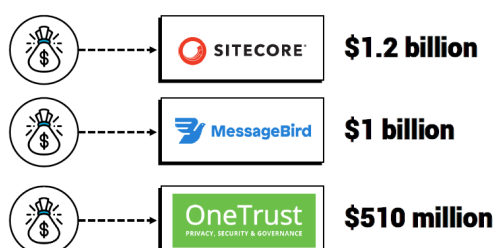
Martech mergers, acquisitions, deals and investments

The past 12 months have seen a flurry of activity in the martech sector. Luma reported a 214% growth in martech M&A activity year on year in its Q2 2021 report, with several notable acquisitions of messaging platforms during Q2, including Twilio buying ZipWhip for \$850 million.⁽³⁾

Other notable deals in the sector include Intuit's \$12bn acquisition of Mailchimp ⁽⁴⁾, the \$2.2bn acquisition of Wrike by Citrix ⁽⁵⁾, and Salesforce's \$27.7bn deal to acquire Slack. ⁽⁶⁾ Meanwhile, Twilio's \$3.2bn acquisition of Segment underlines the growth of the Customer Data Platform. ⁽⁷⁾



We have also seen significant investment in the sector, with digital experience platform Sitecore taking record funding (in the martech sector) of \$1.2bn to fuel its growth ⁽⁸⁾, One Trust receiving a total of \$510m during 2021 ⁽⁹⁾, and MessageBird receiving \$1bn. ⁽¹⁰⁾



Since 2020, practically every discussion with private equity, venture capital and high net worth individuals has martech on the agenda. Investors are more engaged than ever. I feel we are now seeing the longer term impacts of not just GDPR but also Covid and Brexit. This is against a positive backdrop for adspend which saw a surge in the US market of 23% in 2021 and is forecast to maintain double digit growth in 2022."

Damian Ryan, Corporate Finance Partner, Moore Kingston Smith





So where do we see more deal activity in the year ahead?

For marketing services agencies, we anticipate continued focus from private equity as they go head to head with trade acquirers to compete for quality assets and management teams. This will extend beyond the current popularity of digital and data-driven agencies as specialists in sub-sectors such as influencer marketing, design, customer experience and experiential will provide a 'creative hedge' for investors. We anticipate a greater level of speculative activity around emerging sub-sectors such as voice and omnichannel.

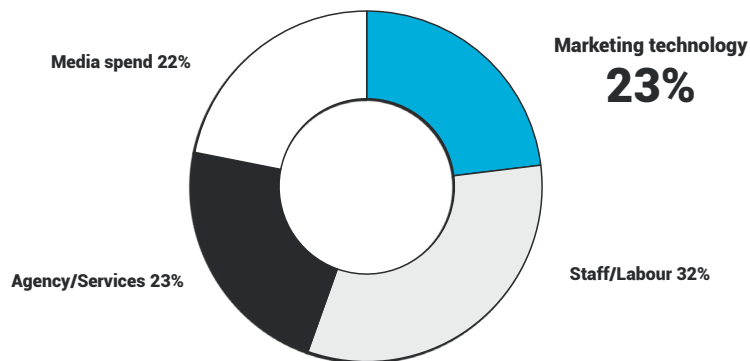
In the simplest of terms, investors will always follow the money and this increase in martech spend, coupled with a positive outlook for media as a whole, will drive terrific competition in the year ahead. This is also fuelled by the more predictable spikes around the World Cup and mid-term US elections for example.

Let's look at some more examples of martech deals. Omnichannel specialists, Numerator, was acquired by Kantar via Ace and Bain for \$1.5bn (11) and Australia-based MessageMedia was acquired by Sinch (12) in Sweden for \$1.3bn. Bristol-based customer data management experts, Bluevenn, was acquired by Upland Software for \$58m (13) and Finnish data science firm GameRefinery, was acquired by Vungle via its sponsors The Blackstone Group (14).

Martech budgets

The growth of marketing technology is underlined by the position it now holds in marketing strategies, and this is reflected in the proportion of budget spent on martech and the intention to increase budgets over the next 12 months.

Figure 1. What percentage of your organisation's overall marketing budget is typically spent on:



Spending on martech now accounts for 23% of organisations' marketing budgets (Figure 1).

Martech budgets are set to increase too, with the majority (61%) of respondents intending to increase spending on tech over the next 12 months, and only around 12% planning to cut spending (Figure 2). Of those respondents planning to invest more in martech in the next year, more than 30% are planning to increase spending on martech by more than 10% (Figure 3).

Figure 2. How do you expect your organisation's / your typical client's marketing technology budget to change over the next 12 months?

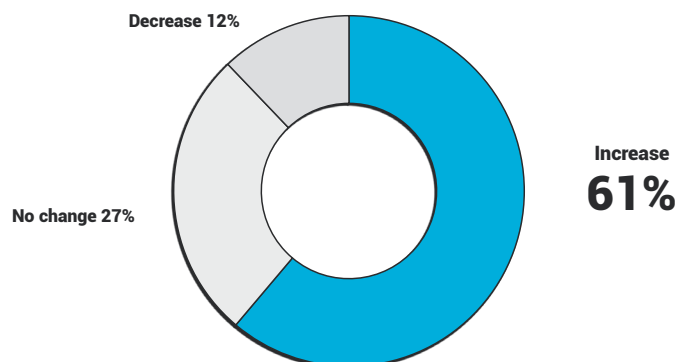
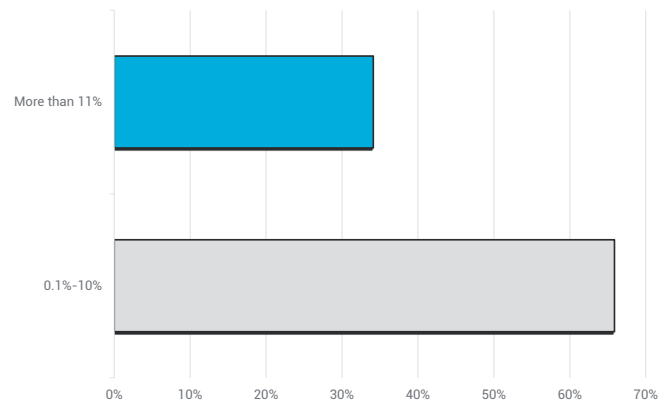


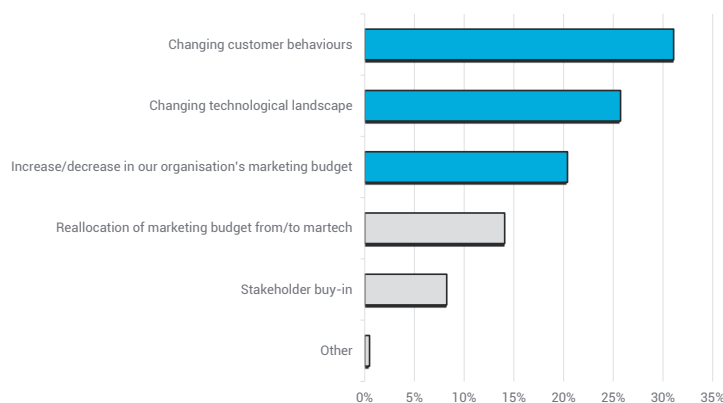
Figure 3. By how much do you expect your organisation's / your typical client's marketing technology budget to **increase over the next 12 months?**



After a period during which the Covid-19 pandemic was expected to hit marketing budgets, this reflects an increased confidence in martech. Marketers are seeing the value in the technology they use and intend to either keep investing in this area, or add to and improve on the tech they currently have.

Some marketers are increasing investment in martech as a response to budgets increasing or decreasing (Figure 4). Marketers may see tech investment as a way to offset declining budgets through increased efficiency and automation, as well as an engine for growth when presented with more generous budgets. In either case, it indicates confidence in the tech they are using.

Figure 4. What is the most influential driver to your organisation's / your typical client's increase or decrease in martech spend?



This investment in martech has also been necessary in order to operate in a digital-first world during the pandemic. Companies have needed ecommerce to compensate for the closure of retail outlets and the ability to stage virtual events when venues were unavailable.

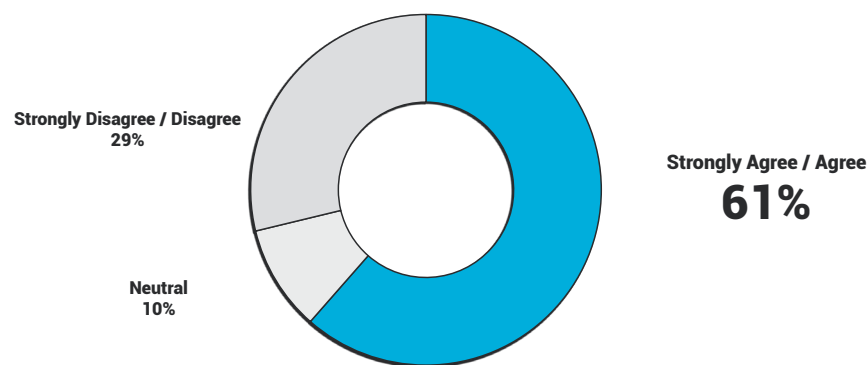
While we'll return to some pre-pandemic norms in this area, much of this shift towards digital is likely to remain permanent, as some customer behaviours will have changed for the long term.

The two biggest drivers of budget increase cited by respondents are changing customer behaviour and the changing tech landscape. These are closely related, as marketers face the challenge of providing the best experiences which suit the channels and preferences of customers, and to keep up with the technology which allows them to do this.

The importance of customer experience lies at the heart of this. The MarTech Alliance 2021 CX Trends report found that 79% of CMOs (15) see the ability to deliver excellent customer experience as a 'powerful competitive advantage'.

With 61% of respondents seeing tech as critical to meeting customer expectations (Figure 5), it's clear that martech is seen as central to marketing strategy rather than as a separate discipline. For marketing to be truly effective, and to give customers the experience that provides that competitive edge, martech is now essential.

Figure 5. To what extent do you agree with this statement: 'Marketing technology is at the heart of our organisation's / our typical client's marketing strategy and critical to meeting our customer's expectations'?



Key takeaways and recommendations



Martech Vendors

Vendors will be pleased to see martech taking the second largest slice of marketing budgets, as well as the expected martech budget increases. With brand and agency respondents both seeing tech as crucial to meeting customer expectations, vendors have the opportunity to sell to both.



Agencies

The need to keep up with a changing tech landscape presents an opportunity to sell on their expertise in this area, and assist brands with tech selection and integration.



Brands

Brand side marketers clearly see the importance of martech, with a majority placing it at the heart of marketing strategy. The challenge will be to ensure that increased budgets are used wisely, and deliver an improved customer experience.

Martech maturity

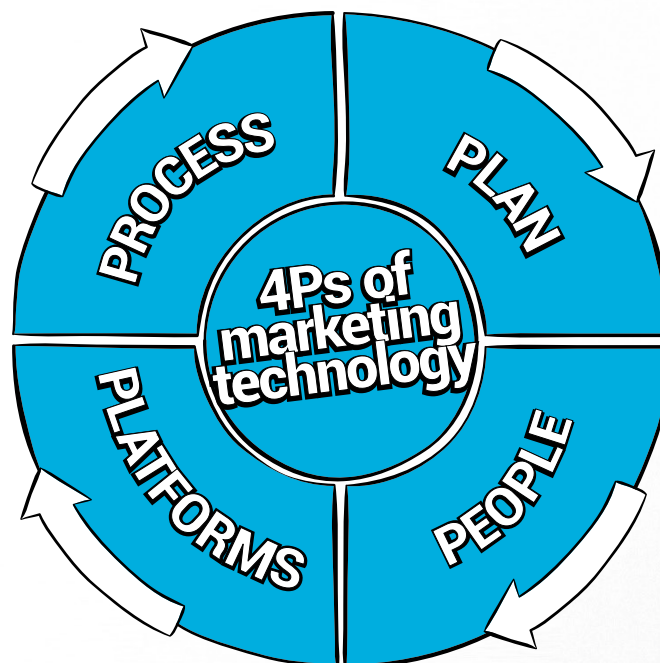
Companies that are using martech effectively generally have the right planning, processes and skills in place. MarTech Alliance has developed a framework, the 4Ps of marketing technology (16), which helps to simplify the challenge of developing, auditing and managing a marketing technology strategy.

This methodology is used by MarTech Alliance when training and helping organisations (17) to develop their martech capabilities.

It's a way of understanding that organisations need to think about more than just the tools they're using, but also the other factors behind effective use of martech. To achieve martech maturity, organisations need to have the right people in place, the processes and marketing operations, and the strategy and planning.

The 4Ps of martech are:

- Planning and strategy
- People and teams
- Platforms, apps and ecosystems
- Process and marketing operations



When asked to rate maturity in terms of these 4Ps, the responses suggest that there's room for improvement in most areas, with respondents most satisfied about platforms, apps and ecosystems (Figure 8) and least confident about the people and teams needed to drive martech strategy (Figure 6).



Many companies have no real idea of their Martech maturity and many tend to overestimate their Martech maturity. They focus on technology maturity but forget that Martech knowledge and experience is more important. Many instinctively go for custom build (because their situation is unique) or the best solution in the market (the famous Ferrari while they needed a Volkswagen). Many simply lack the scars and bruises of failed attempts. Without those nose bleeds, they will not realize Martech is never done. When they start to realize that, they'll understand they need a MarketingOps role, tech-savvy marketers who build a solid marketing infrastructure while flying the plane”.

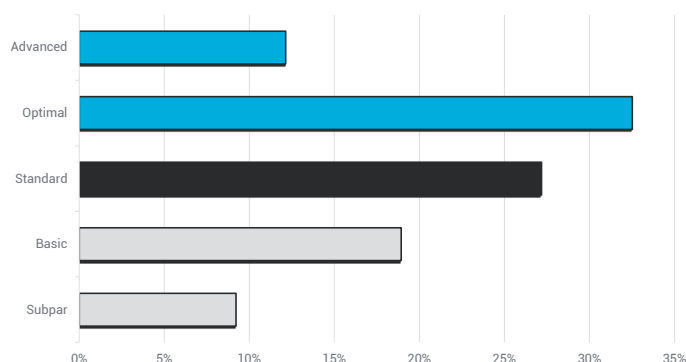
Frans Riermersma, Founder & Marketing Technologist, Martech Tribe



Almost 45% of marketers see their martech strategy, and the way it aligns to the customer journey and business goals, as either optimal or advanced (Figure 6).

Figure 6. How do you rate your organisation's / your typical client's marketing technology maturity across the following 4Ps of martech?

Planning and Strategy – The extent to which your organisation's / your typical client's martech strategy, initiatives and roadmap align to your customer's journey and business goals.



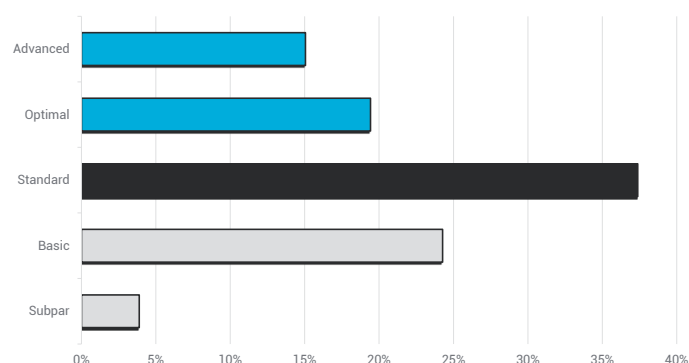
Effective planning means that projects involving martech or the acquisition of new tech should ideally be aligned to business goals and designed to deliver ROI. That 55% of respondents rate themselves as 'standard' or below suggests that tech is often acquired without the underlying goals in place.

It's also important that organisations have the ability to evolve and adapt planning in response to changing customer behaviour. Rapid behavioural changes, as we witnessed during the pandemic, require the agility to respond quickly.

With more than 65% of respondents rating their company or clients as subpar to standard in terms of people and teams, and their ability to deliver martech initiatives, it's clear there is a lack of people skilled in data, technology and analytics (Figure 7).

Figure 7. How do you rate your organisation's / your typical client's marketing technology maturity across the following 4Ps of martech?

People and Teams - The extent to which your organisation / your typical client is well resourced to deliver martech initiatives. And the extent to which your organisation / your typical client can support martech expertise development; recruitment, agency selection and training.



According to Frans Riersmersa, people with these skills can be hard to find:



Why? First, they combine marketing and technology skills. Second, they need to be business savvy, in the sense that they can structure processes, data, and technology to “follow the money”.



One solution to this challenge is to invest in the training needed to enable companies to make the most effective use of martech, and to ensure that budgets are invested in the right areas.



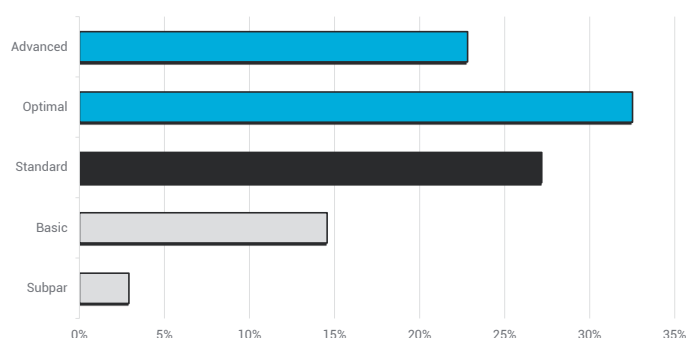
Great tech doesn't take care of itself, though it's not uncommon for organisations to make the assumption it does. CMOs can be guilty of making the necessary investment in great martech tools without fully appreciating the need to upskill, recruit the marketing talent or commission the specialist agency services to make best use of them”.



Carlos Doughty, CEO & Course instructor, MarTech Alliance

Figure 8. How do you rate your organisation's / your typical client's marketing technology maturity across the following 4Ps of martech?

Platforms, apps and ecosystems – The extent to which your organisation / your typical client has the tools needed to deliver the strategy. As well as the level to which the marketing stack is integrated and tools are adopted by the team. And the extent of the information security policies and procedures that are in place for setting up and managing martech tools.



Perceived maturity in martech planning and strategy is unsurprising, highlighting that many are reacting to the starting pistol that has already been fired without knowing which race they want to run. As the pandemic has caused many companies to pivot their business model to the new post-pandemic environment, this merely underlines the need to continually monitor the planning roadmap and CMOs should expect some dead ends along the way. A significant skills gap will lead to a war for talent as adoption of martech continues to accelerate, and, for agencies that are able to lead clients with tried and trusted frameworks for implementation, there will be significant commercial advantage."

Robert Husband, Media Partner, Moore Kingston Smith



One key role that is becoming more important, and even essential for the effective use and management of martech projects, is that of marketing operations (or MOPs).

While the majority of respondents are happy with the processes and governance underpinning their martech activities, rating themselves as optimal or advanced (Figure 9), it's this same governance issue that is seen as the major barrier to advancing martech maturity for the majority (Figure 10).

Figure 9. How do you rate your organisation's / your typical client's marketing technology maturity across the following 4Ps of martech?

Process and marketing operations - The extent to which your organisation / your typical client has the marketing and data governance, communication, collaboration and workflows, campaigning, analytics and measurability, vendor analysis, selection and management and programme and project management, underpinning martech activities.

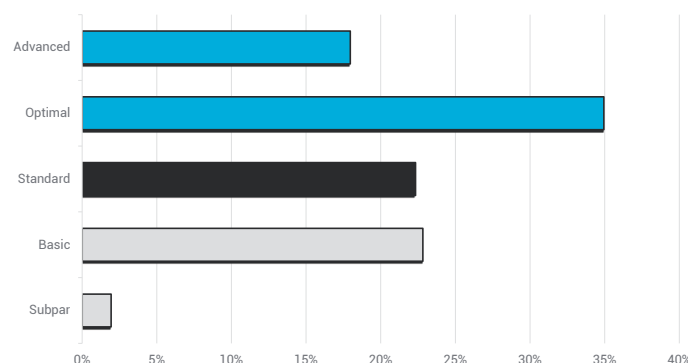
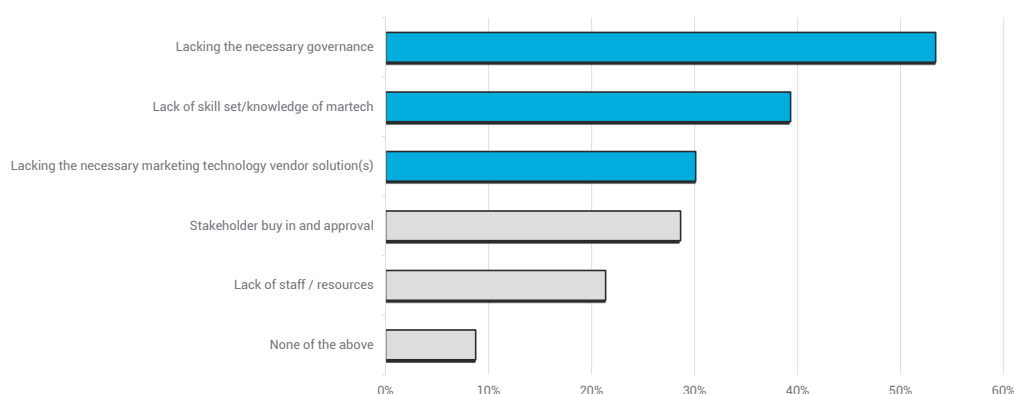


Figure 10. What are the biggest barriers to driving your organisation's / your typical client's martech maturity?



With a shortage of skills and knowledge (Figure 7), we can see why marketing operations roles are becoming more and more important. It's a role that can bridge the gap between IT and marketing, and encompasses technological knowledge and creativity.

Doug Kessler, Co-Founder at Velocity sees this as 'the age of ops', where the right people and roles can make the difference in terms of winning the business case for investment in tech and ensuring its success. This is something that often comes from great marketing ops professionals.



I think the companies who are killing it have great ops people and value them, and the ones who are struggling are light on that."

Doug Kessler, Co-Founder, Velocity



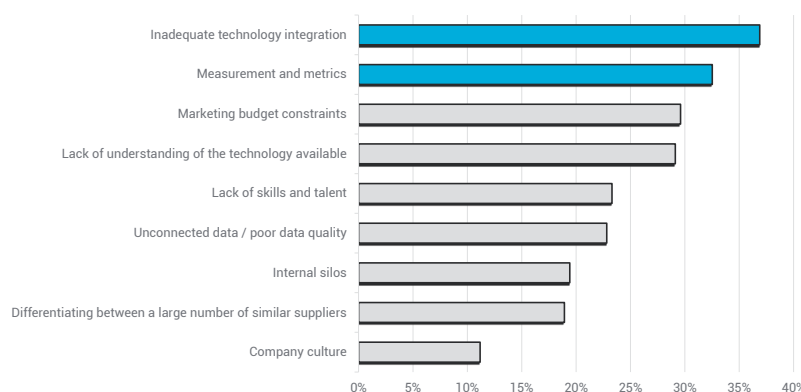


The role of marketing ops is more important than ever. The explosion of digital, means more data and tech than ever. And with this comes an ever increasing need for MOPs with the skills and knowledge to ensure the right governance, administration, stack management, and measurability is in place to drive success."

Darrell Alonso, Global Marketing Operations at Amazon, Course Instructor, MarTech Alliance



Figure 11. What do you see as the main barriers to marketing technology investment and use in your company / your typical client's company?



Inadequate technology integration is seen as the main barrier to investment in tech by 37% of our respondents (Figure 11). This suggests that marketers are not investing as much in tech, perhaps because they can't confidently make the business case for investment, and prove the ROI due to integration issues.

These integration challenges represent an opportunity for agencies to fill this gap and help to ensure that organisations are able to integrate new tech and improve ROI from their marketing stacks.



Budgets should be invested in sweating existing tech assets, not in bringing another piece of tech to plug the gaps. For me, the integration budget should be higher than the tech budget. When you bring in new tech you should ask whether your team has the right training, does it integrate into your ecosystem, and whether it will help you to grow."

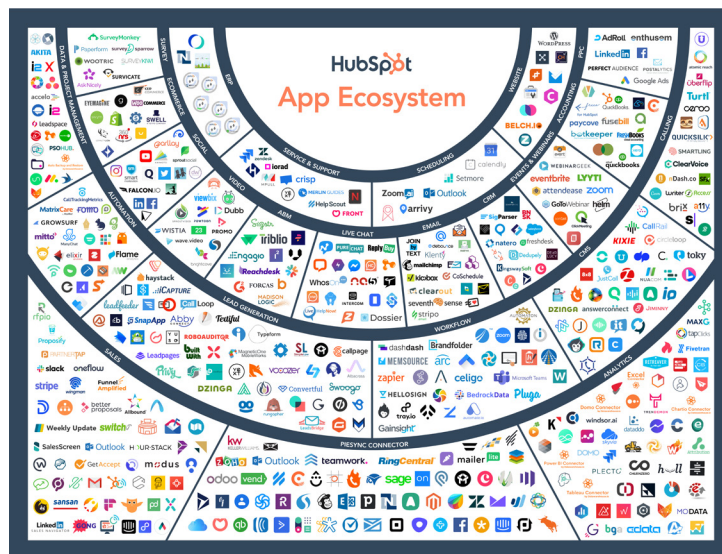
Kerry Dawes, Technical Director, Digitas UK





Many companies I work with have added CDPs to their stacks for the simple reason that they lack a good view on their customer profiles, let alone are GDPR compliant. All too often a solid data model is missing, which is reflected in their CRM and marketing automation set-up. So there is some legacy there to clean up (first). Real customer profiles and customer-centricity starts with thinking about things like PII and Golden Records.”

Frans Riermersma, Founder & Marketing Technologist, Martech Tribe



Integration can also be a problem for vendors if marketers are not confident they can bring in tech and integrate it with their existing stack. This highlights the importance of martech vendors adopting an ecosystem approach to their solutions. Making solutions easier to integrate with tech from other suppliers can become a key selling point.

It's an approach we've seen from providers such as Salesforce or HubSpot, and one that Scott Brinker sees as a real competitive advantage for vendors.



We're definitely seeing more platform ecosystem development. Marketers have been saying for quite some time that their number one pain point with so many of these martech solutions is that they don't integrate well, and I think it's finally starting to get through to companies. They are realizing that they can have a competitive advantage, win business and win customer dollar retention by having great integrations.”

Scott Brinker, Editor, chiefmartec.com



The lack of the in-house skills required to ensure successful initiatives and solve some of the issues around tech integration is a problem that can be addressed through training and development.



In the last 6 months we have seen an overwhelming demand for certification in martech and marketing operations across all industries. From the world's largest tech companies, to agencies to FMCG and beyond, companies are recognising the need to get more from their tech by upskilling"

Carlos Doughty, CEO & Course instructor, MarTech Alliance



Key takeaways and recommendations



Martech Vendors

There's an advantage to be gained by addressing the challenges clients have around integration and making the most of current tech capabilities. For this reason, vendors need to ensure that their solutions fit nicely into clients' current tech stacks, and can deliver the value they promise.



Agencies

There is an opportunity for agencies to add value by aiding clients with tech selection and integration, and helping brands overcome any shortages in tech expertise.



Brands

Training and talent acquisition will be key for brands, and training will have a huge part to play here. Investment in upskilling marketing teams will enable brands to improve tech selection and to make the most of martech budgets.

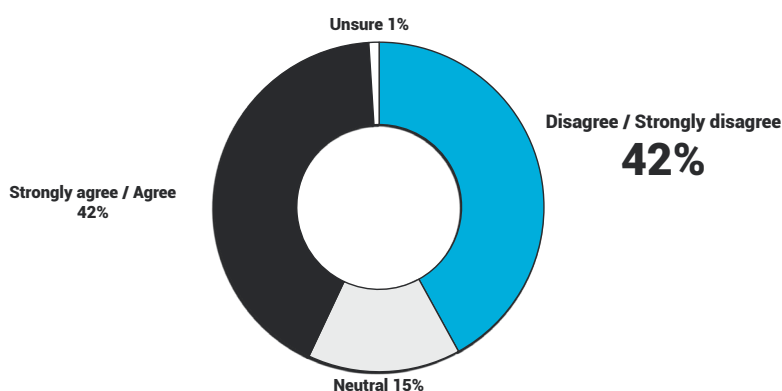
Skills and knowledge

As the insights in this section show, one major issue around the adoption of martech and the ability to use it successfully to achieve business goals is the lack of people with the required skills and knowledge.

We are seeing a split between those companies who are further along the road to martech maturity, and those which still have work to do to get there. The difference between the mature companies and the rest is often having the internal talent available, or the training required to make the most of martech.

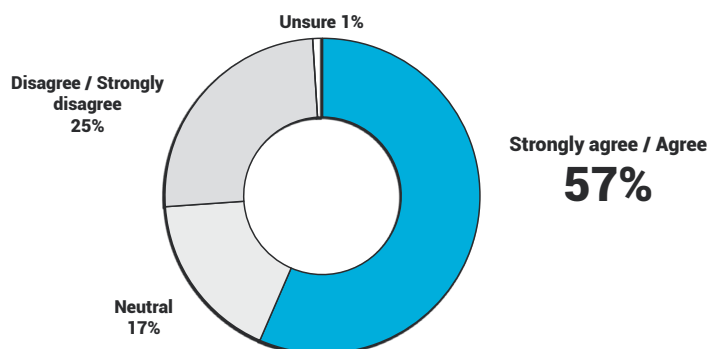
While 42% of respondents say they have the internal skills and talent to capitalise on martech investment, 42% feel they are lacking in this area (Figure 12).

Figure 12. To what extent do you agree with this statement: 'Our organisation / our typical client has the internal skills and talent needed to capitalise on the marketing technology investment'?



The majority of respondents agree with the statement that it is a challenge to recruit martech and marketing operations talent: people with martech, data or marketing ops skills and knowledge. (Figure 13).

Figure 13. To what extent do you agree with this statement: 'When recruiting for talent to work in martech/marketing operations we find it challenging. The market is lacking marketers with the necessary martech, data or marketing operations skills and knowledge'?



As Damian Ryan, Corporate Finance Partner at Moore Kingston Smith explains, this skills shortage is to be expected in an industry which is evolving rapidly, and is one that will become less significant over time.



This skills shortage is to be expected in an industry which is evolving rapidly. Whether this eases in the years ahead is entirely dependent on the speed of technological progress and continued investment by marketers."

"If we look at this in 20 years' time, the question will no longer be around 'digital and data talent shortages'. There are far greater advances already on our doorstep. Whether or not human talent will be required in the same way remains to be seen. What's around the corner? The rise of infinite computing power, the move from communications to predictions and how tech can evolve whole enterprises which in turn become ever more useful and less wasteful at the same time."

Damian Ryan, Corporate Finance Partner at Moore Kingston Smith



Scott Brinker echoes this point and also explains the competitive advantage to be gained for those companies that have the right training and recruitment strategies in place.

He notes that this skills shortage is really a feature of the rapid technological change that has happened, change that makes it hard for people to keep up.



Technology moves so fast that it's a challenge for the people actually implementing this stuff and harnessing it and learning it and leveraging it. There's basically no way we can't be in a position where there is almost an evergreen skills gap."

"It's just the nature of this rapid technological evolution. That creates a couple of really interesting dynamics. First of all, I do feel organizations that see this as a structural permanent challenge and not just a one time thing, have an advantage."

"Those organisations that see the need to develop the capacity and the culture, and have the management mechanisms to continually be refreshing and advancing the skills of the people we have, I think those are going to be the winners - the ones who really embrace that as a competitive capability of the organization."

Scott Brinker, Editor, chiefmartec.com



Who is responsible for managing martech?

The split between IT and marketing (Figure 14) is a fascinating question, and one that represents a 'battle' which has been ongoing within organisations for some time.



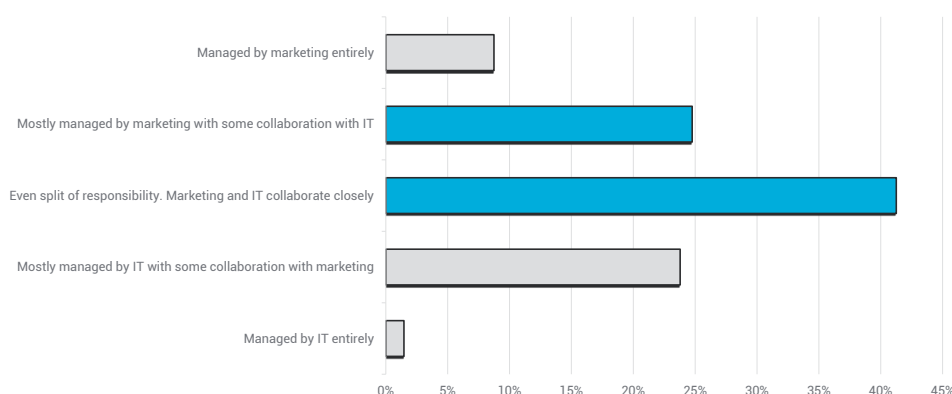
I think one of the big challenges we've been through over the last 20 years is what could be described as a tussle between IT and marketing about who is in charge of the customer experience."

"In the early days of the internet, the IT department had more control because they looked after the website. I think it's actually taken a digitally native generation to get themselves into those positions of influence and control and tip the balance towards marketing."

Damian Ryan, Corporate Finance Partner at Moore Kingston Smith



Figure 14. How would you describe your organisation's / your typical client's split of responsibility for managing martech between IT and marketing?



More companies have marketing entirely in charge of this process (9%) than those that have IT entirely in control (1%) while slightly more is mostly managed by marketing. The results are different to what we would have seen a decade ago, and suggest that the importance and impact of marketing is greater than ever.

With an even split and close collaboration for 41% of companies, this perhaps suggests a healthy balance between the two.

For most organisations it is likely that delivering an optimal customer experience is managed by marketing and IT infrastructure, compliance with data privacy laws and security are managed by IT. Co-operation between the two is key to delivering on these functions effectively.

The gap between these two departments is one that a marketing technologist / marketing operations professional helps to bridge. The role of an individual who is close enough to the marketing strategy but technical enough to speak the language the tech team understands is a critical one.



Responsibility for Martech strategy shouldn't just sit in with one team, whether this is IT or marketing. It straddles both, and organizations need a number of roles working together to produce results, and this includes other teams around the business."

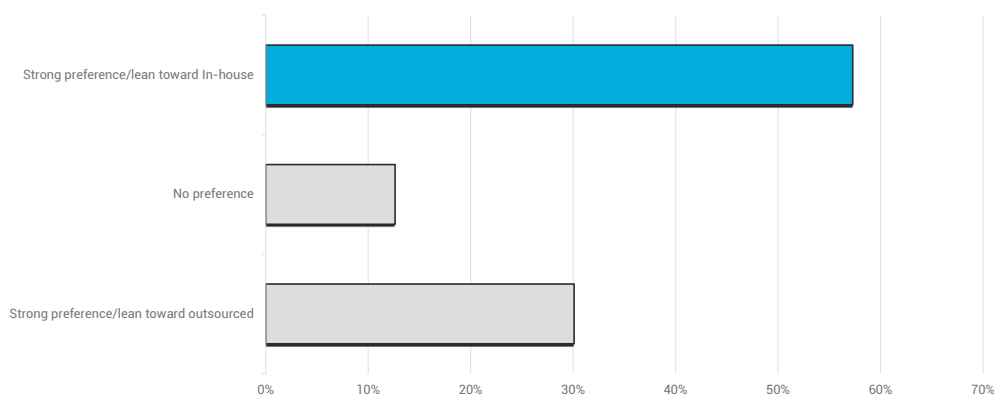
Kerry Dawes, Technical Director, Digitas UK



07 Talent

A majority of our respondents indicate a preference for martech talent to be in-house, an approach which can be more conducive to a successful long-term martech strategy (Figure 15).

Figure 15. How would you describe your organisation's / your typical client's approach to martech talent?



For agencies, this can mean a change of offering to clients and the need to adapt their service offerings to be more project-based. This could involve assisting with tech selection, implementation and onboarding, helping clients extract more value from existing tech, and training in-house teams.



With more companies moving towards remote working, employees now have less geographic boundaries limiting their opportunities, making rivalry even farther spread. With statistics suggesting that the majority of tech employees prioritise opportunities for advancement, martech employers should focus on implementing succession plans that demonstrate their investment in employee progression."

"A bespoke appraisal process that encourages and supports employees to strive towards martech-specific skill sets will help towards retaining current talent. With such structures in place, employers can showcase this into both their branding and culture, contributing towards external reputation as an employer of choice that invests in its people and provides strong career progression and opportunities."

Jessica Wallace, Media & Marketing Services HR Consultant, Moore Kingston Smith



Key takeaways and recommendations



Martech Vendors

The shortage of skills and knowledge may primarily be an issue for brands, but vendors also have a part to play. Client education and upskilling is key here. It's not enough just to sell tech solutions, it's equally important that clients can see the benefit of investment in tech.



Agencies

With a growing preference for in-house talent, agencies can play an important role by adapting their offerings towards project based services and upskilling/knowledge transfer with in-house teams.



Brands

For brands, rapid technological change means that ongoing training and upskilling can produce a competitive advantage.

Future tech and current trends

The martech landscape is changing rapidly, with new tech solutions constantly coming into the market. Tech that was previously considered innovative or experimental is reaching the point where it reliably delivers a return on investment and has become essential for companies to remain competitive.

The adoption of new tech has often been around innovation and experimentation, but it is now at the very core of marketing. For example, the use of artificial intelligence (AI) and machine learning (ML) in many tech solutions can optimise and automate marketing in ways that humans simply cannot match.

With the acceleration of digital transformation during the pandemic, and in an increasingly digital-first world, marketing technology has become more essential than ever, for commerce, for virtual events, and simply to keep up with the channel preferences of customers.

The development of martech strategy and business intelligence are the two martech functions which organisations most intend to focus on improving, cited by 50% and 41% respectively (Figure 16).

Figure 16. Which of the following martech functions is your organisation / your typical client focused on advancing in the next 12 months?



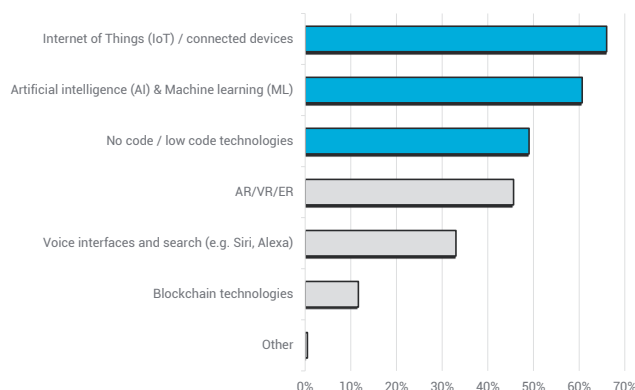
The two go together well, with business intelligence and competitor research being fundamental to the planning of marketing strategy, and with planning and strategy being one of the key areas for improvement in terms of martech maturity (Figure 6).

25% of respondents have picked out omnichannel marketing strategy and design as a key area for focus, and this reflects the shift in marketers' thinking from multichannel to omnichannel i.e. the need to keep up with customer behaviour, to be present on the channels they choose, and to gather data from these channels.

Meanwhile, the selection of innovation management by 24% reflects both the need to keep up with tech developments, as well as the seductive power of shiny new tech that might just elevate your marketing to another level.

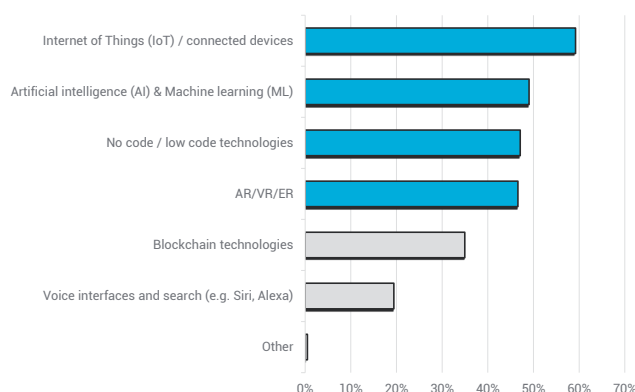
At first glance, the inclusion of Internet of Things (IoT) by 66% of respondents (Figure 17) may seem surprising, but it's a reflection of the increased use of digital experience platforms (DXPs) which integrate with a lot of the connected devices that customers use.

Figure 17. Which of the following emerging and disruptive technologies is your organisation / your typical client **currently using to drive the marketing strategy?**



Marketers have either added DXPs to their stack in the past year, or are planning to in the next 12 months (Figure 18).

Figure 18. Which of the following emerging and disruptive technologies is your organisation / your typical client **planning to use to drive the marketing strategy in the next 12 months?**



There has been a growing focus from marketers on bridging physical and digital experience and making experiences more interconnected. The MarTech Alliance 2021 CX Trends report found that the need to provide connected experiences was the number one focus for marketers in the near future (15).

Predictably, AI and ML is being used by 61% of respondents, which shows how it has developed from a technology with promise to one which delivers results (Figure 17).



AI works when it becomes invisible, as when it's used to recognise postcodes on mail to improve efficiency. This isn't referred to as AI, it's just something that works. At Phrasee we use AI and are proud of it, but we don't sell on AI, we sell on the end outcome. In five years, we won't even talk about AI, as the solution is what matters."

Parry Malm, CEO, Phrasee



However, some people have concerns as to whether a talent shortage may hold back developments in this area.



It is of no surprise that AI and ML are key technologies driving marketing strategy, with their potential benefits being well understood. Despite this, the AI talent pool is still fairly small, and businesses looking to invest in this area will have to fight for the available talent. The good news is that this is recognised at a policy level, with recent funding being made available by government to train more AI experts through the creation of 2,000 AI scholarships. However, martech businesses may find that their strategies are held back until this talent has had the time to develop and come onto the market."

Thomas Hayden, R&D Director, Moore Kingston Smith



No code / low code was cited by 49% of respondents, thanks to the potential it offers for non-tech people to create and customise software.

Scott Brinker sees a huge opportunity for marketers in the adoption of no code / low code:



This no code / low code thing has almost gone the same way AI has. It's not really even a category anymore in my opinion. It's a capability, a paradigm, that is now being adopted across software in pretty much every category that you can find. If we clear away the hype, what we actually see as a genuine trend is increasingly more and more that the software applications give you the tools to either customize them, or create things that previously you would have had to have a software developer or engineer custom build for you. And now the software itself has evolved to a level where it's just a lot more malleable by more business experts, rather than technical experts"

Scott Brinker, Editor, chiefmartec.com





No code / low code will become core to the martech space as marketers understand the possibilities it offers. For this reason, we have developed a training programme to help marketers learn more about this tech and the potential it offers."

Carlos Doughty, CEO & Course instructor, MarTech Alliance

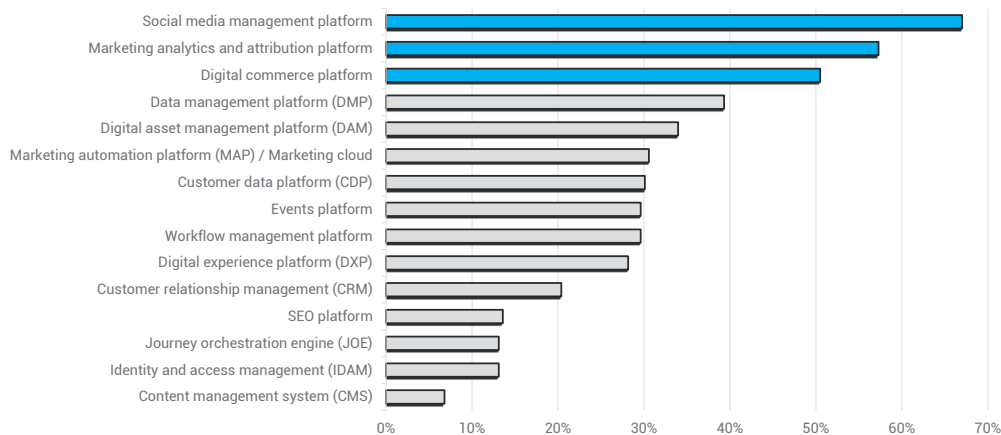


AR/VR/ER is currently used by 46% of respondents, with more planning to use these technologies in the next 12 months. This is an area that Facebook has been investing in recently, with CEO Mark Zuckerberg referring to the combination of AR and VR as 'the next major computing platform'. (4)

Its recent collaboration with Ray-Ban on a range of smart glasses is one example of this (5), while the fact that it has more than 10,000 employees working on AR/VR underlines the importance of the tech to Facebook (4).

70% of marketers have added social media management platforms to their marketing stacks in the last 12 months (Figure 19). This reflects the increased use of social listening to help marketers understand changing customer preferences during the Covid-19 pandemic.

Figure 19. Which major martech tools has your organisation / your typical client added to the marketing stack in the last 12 months?

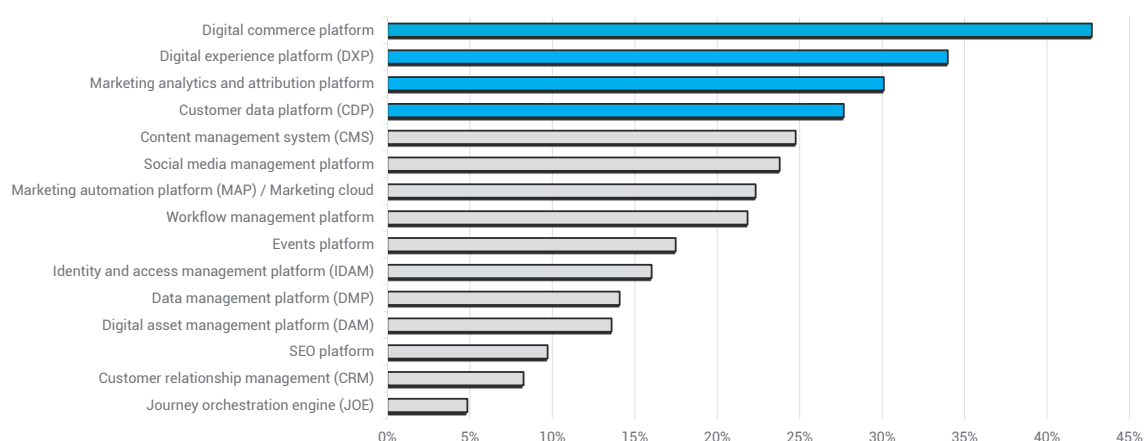


Social media has always been a useful source of information for marketers looking into customer habits, but as the pandemic led to rapid changes in customer behaviour, social listening has been used to learn about customer habits and preferences.

During a period where lockdowns and other safety measures restricted access to traditional retail outlets, the fact that only 50% added digital commerce platforms may seem surprising. However, many larger companies who already had online retail capabilities may have upgraded existing capacity and added new features rather than buying new platforms. During a year where online retail demand reached record levels, upgrading existing capabilities is less risky than potentially complex changes of platforms.

In the tools that organisations are planning to add in the coming 12 months, most investment will be in digital commerce (43%), digital experience platforms (34%), marketing analytics and attribution platforms (30%), and customer data platforms (28%) (Figure 20).

Figure 20. Which major martech tools does your organisation / your typical client plan to add to the marketing stack in the next 12 months?



Other future tech investments reflect the importance of data, hence analytics and attribution and customer data platforms (CDPs). The need to manage and learn from customer data is essential for marketers to personalize their marketing, while data privacy regulations, and customer expectations around data make the management of data vital for marketers.



As organizations strive to provide better CX and more personalised journeys, the need for two things is becoming increasingly critical: breadth of data and variations of content. The number of data points that you can hold on contacts, the ability to structure and manage the data and ultimately how you utilize them will dictate the level of personalization that is possible, and so platforms such as CDPs are becoming not just a nice to have, but a must have."

"Alongside data, as we create more personalized journeys, the need for multiple variations of assets increases so the production and management of this content at scale and effectively is imperative to automating personalized journeys, and the relationship between DAM capabilities and DXPs will become more entwined."

Laura Merten, Martech Solutions Architect, Hogarth Worldwide (WPP)



A common problem for marketers, which is addressed by some of this tech, is the need to measure and demonstrate ROI from marketing activities. The MarTech Alliance B2C Data-Driven Marketing Report (18) found that measuring ROI was the number one barrier to achieving data marketing initiatives, with poor data governance and poor data quality being significant problems.

The investment in CDPs is driven by these data marketing challenges, as well as the need to use that data to deliver an improved customer experience. 69% of CMOs in the MarTech Alliance 2021 CX Trends report see a CDP as the means to deliver this improved experience. (11)



This is the challenge for the modern marketer. In the past it has been about collecting shiny toys. The future needs to be about optimisation and results."

Parry Malm, CEO, Phrasee



We have already discussed the increased use of DXPs in relation to the respondents' planned use of IoT, which also highlights their growing importance within martech.

DXPs are used to manage customer data and personalise content across a range of platforms and devices. It's a space which is seeing some strong investment, including a recent \$1.2bn investment in Sitecore, with the DXP market predicted to be worth \$16bn by 2028 (19).

DXPs allow marketers to do so much more than they could with a CMS, providing and managing experiences and data across channels, and dealing with customer and buyer journeys that move across devices, and between physical and digital. The demands of the pandemic, and the changing behaviour of customers makes this tech more essential for marketers than ever.

With so much activity in the space, and the opportunities offered by new and current tech, the next 12 months will be busy for CMOs looking to upgrade their marketing stacks, and martech vendors looking to win their business.



It is an exciting time for the growth of innovative technology in the martech sector. As we emerge from the pandemic, labour shortages and increased competition have spurred a technological space race within martech for further automation, better customer insight and predictability."

Thomas Hayden, R&D Director, Moore Kingston Smith





The pandemic has forced many organisations to shift to a digital-first strategy and DXPs play a vital role boosting customer experience and achieving brand loyalty throughout that shift. In order to rise above the competition in the new age of digital consumerism, organisations will need to prioritise their investment in DXP. Organisations that are brave enough to invest the capital and time into DXPs will be the best placed to seize any opportunities that present themselves during these uncertain times."

Becky Shields, Head of Digital Transformation, Moore Kingston Smith



Key takeaways and recommendations



Martech Vendors

Vendors will be cheered by the variety of martech tools that brands have already added to their stacks and are looking to invest in over the next 12 months. While it may be easy to sell on the latest tech trends, it's important to remain focused on providing solutions that deliver ROI for clients.



Agencies

With such a variety of choice of tech, agencies have an important role to play in ensuring that clients are buying the tech that will deliver results.



Brands

It can be tempting to get ahead of the curve with adoption of new tech, but it's important to keep sight of ROI, as proving the effectiveness of tech will help to secure future investment.

0.9

Summary

This report reveals a vibrant martech sector, which has grown over the past decade, and even more so during a pandemic which forced companies to accelerate digital transformation to match rapidly changing customer behaviour.

The size of the martech sector underlines the importance of marketing technology to organisations, and martech now sits at the heart of marketing strategies. With growing M&A and investment activity, there's more growth to come in the next 12 months.

The rapid adoption of tech is not without its challenges, and many companies have yet to reach martech maturity. The growth of the marketing operations role, and the use of training to develop the skills and knowledge required to make the most of martech investments will be a key solution.

Agencies also face a challenge with the need to adapt to this growth, but also an opportunity to fill these skills and knowledge gaps to help companies deliver a return on their martech budgets.

At the centre of this is the importance of adapting to changing behaviour, and providing the best and easiest customer experience. In a digital-first world, this cannot be achieved without an effective martech strategy.

Key takeaways and recommendations



Martech Vendors

Vendors reading this report will be heartened by the fact that marketers are seeing martech as central to strategy, and that a majority of brands and clients expect budgets to increase. Vendors should also take note of some of the barriers to tech investment, and look to address those through better integrations and client education around their solutions.



Agencies

The skills shortage around martech provides a gap for agencies to fill, and we're seeing this happening through the creation of martech centres of excellence by some of the bigger media agencies. The key is to understand the challenges faced by brands (and uncovered in this report) and adapt offerings to address these.



Brands

Brands are seeing the huge opportunity that technology offers to create the kind of customer experience that provides a real competitive advantage. There are challenges to overcome to get there, most notably the skills and knowledge shortages, something which can be overcome through training, and the use of agency expertise.

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Moore Kingston Smith is a dynamic, leading UK firm of accountants and business advisers who have been helping clients thrive since 1923.

As trusted advisers to businesses, private individuals and not-for-profit organisations, we are passionate about helping clients achieve their ambitions and supporting them through good and tough times. Our highly experienced people have the strategic insight, drive and dedication to deliver results.

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Moore Kingston Smith is the only firm of media accountants and advisers with a dedicated office of more than 100 media and marketing services specialists, and we have worked with some of the industry's most successful companies, providing the very best guidance, expertise and specialist sector insights.

It's an exciting time for martech and the stakeholders that comprise its space in the world - media, tech vendors, marketing services, investors, educators and so on. We ask you to join us in further exploration of this incredibly dynamic sector by providing us with feedback on this report and sharing any suggestions to help us improve our research in the years ahead.

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About MarTech Alliance

The MarTech Alliance is a learning solutions business; martech, marketing operations, and data - events, courses, research and resources. The full suite of options is wrapped into its learning membership offering. The business helps professionals drive their careers and company growth.

The business provides a multitude of ways to learn: digital and physical, live, and on-demand, formal and informal, micro and intensive/in-depth, instructor-led, self-serve and community-based to deliver rich learning experiences.

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