Marketing Automation Report 2023

The impact of automation in marketing

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Editorial

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Marketing automation is more prevalent than ever before. The term marketing automation encompasses the automation of processes in marketing, whose previously manual execution is replaced by software.

The marketing automation landscape grows rapidly, making it hard to keep track of the individual solutions relevant to business. Since 2020 the marketing automation landscape grew 24%[1] resulting in 9,932 solutions worldwide[2]. Companies acknowledge the increasing importance of marketing automation reflected in spendings accounting for 26.6% of marketing budgets on marketing automation in 2021[3] with an increasing trend. The highly fragmented landscape of automation solutions and the lack of knowledge about optimized deployment and quantified performance potentials pose significant challenges for companies in selecting, operationalizing, and evaluating marketing automation. Furthermore, there is a lack of transparency about the degree of automation diffusion in companies and the rate of process-oriented adoption as well as the optimization potential through automation.

This study aims to capture the current state of applied marketing automation in companies and provides an all-encompassing overview about relevant providers in the market of marketing automation software.

[1]Brinker, Riemersa (2022).The State of Martech 2022. Retrieved June 17, 2022, from https://chiefmartec.com/wp-content/uploads/2022/05/state-of-martech-2022-report.pdf

[2]Chief Martec. (May 4, 2022). Number of marketing technology solutions available worldwide from 2011 to 2022. In *Statista*. Retrieved June 17, 2022, from https://www.statista.com/statistics/1131436/number-martech-solutions/

[3]Gartner. (July 29, 2021). Distribution of marketing budgets according to CMOs in selected economies worldwide in 2020 and 2021, by segment. In Statista. Retrieved June 17, 2022, from https://www.statista.com/statistics/254393/allocation-of-marketing-budgets-worldwide-by-channel/

Study Design

The study is a representative panel survey collected in Germany from September 30, 2022 – December 7, 2022, and was conducted by the Chair of Marketing & Customer Insight at the University of Hamburg. Study participants are representatives of companies from various industries operating or planning with marketing automation (N = 129).

In addition to general information on marketing automation and future prospects, the study is divided into two focus areas that were examined in greater depth:

1. **Marketing Analytics**

including pre- and real-time analyses, evaluation of measures, target group analyses, forecasting, and controlling of marketing activities.

2. **Marketing Communication**

including automated campaign management and relates to paid, owned, and earned media activities, social media campaigns, as well as customer support.

Key findings:

This study identifies key drivers in the diffusion process of automation solutions in marketing. By improving performance in any marketing process and channel implemented, marketing automation impressively demonstrates its importance for future marketing and is becoming increasingly indispensable for maintaining performance. The current market structure is dominated by a few providers originating from the tech industry who mostly offer suite solutions. Single providers existent on the market contribute to performance improvements to a similar extent but are kept unnoticed due to a lack of market awareness. To realize the benefits of automation, users develop a desire for independence in both human and technical resources. However, a limited amount of providers meet these market‘s demands, whose increasing desire for a reduction in complexity leads to preferences for suite providers.

1. 44% of companies report strategic adoption of marketing automation. Adopters across industries show a clear trend to increase the level of automation.

More than half of the surveyed companies have not deploy marketing automation in marketing processes at all. However, for those companies that already deploy marketing automation, a clear trend toward increasing levels of automation exists across industries.

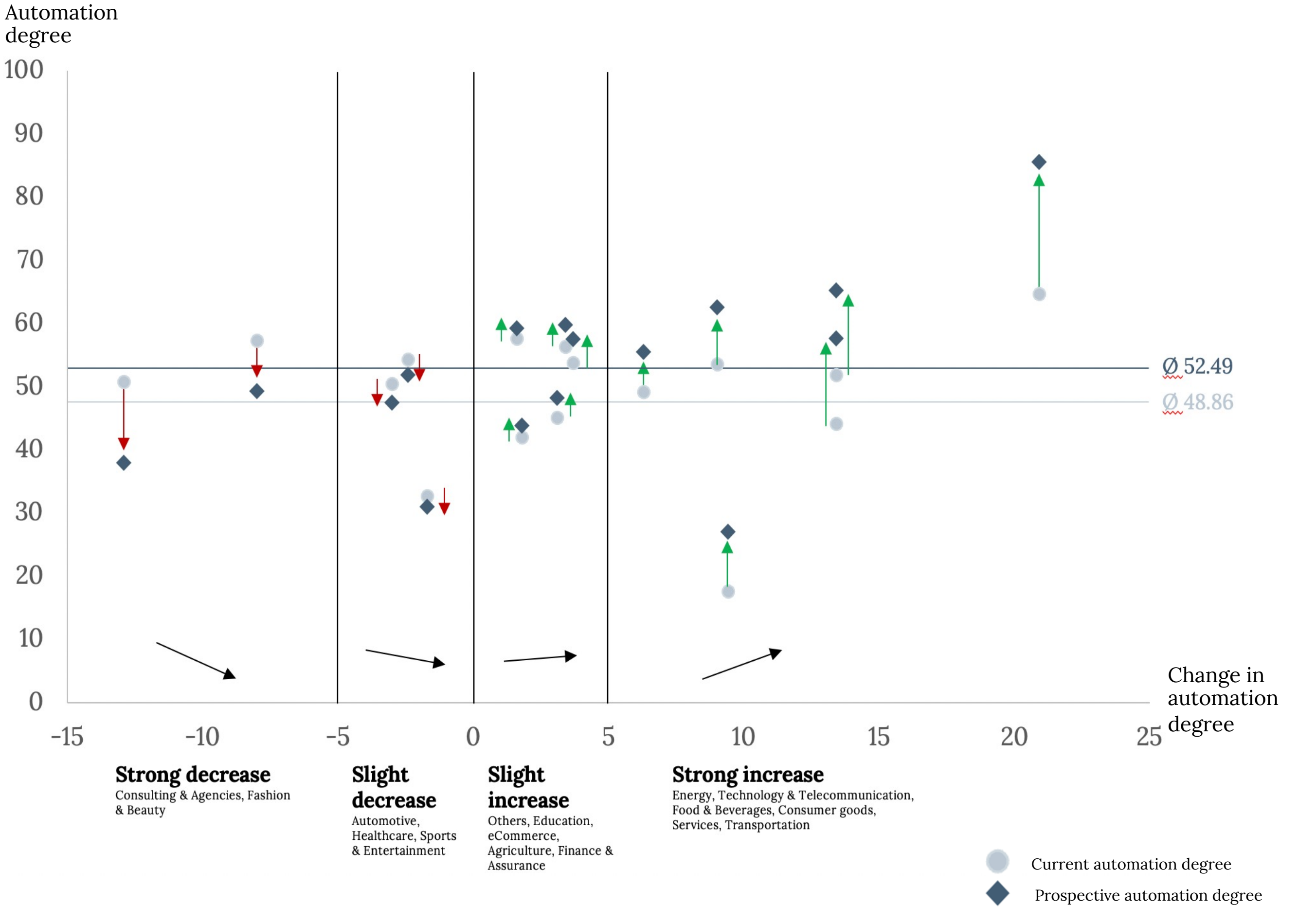
While the average degree of automation is expected to increase by 3.6%, the transportation industry is currently characterized by the highest degree of automation (65%) and simultaneously by a maximum growth rate of 21% in automation prospectively.

Once marketing automation has been adopted, almost half of the respective marketing processes are technologized, with a rising trend.

69% of industries show an increasing trend in automation

Figure 1

Despite economic slowdown, the majority of industries increase their marketing spends and plan further automation of marketing processes - Transportation industry is planning the largest increase in the degree of automation (21%)

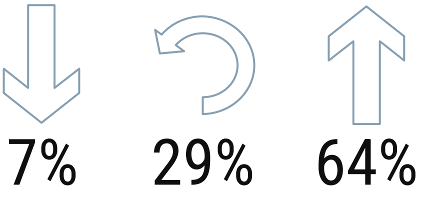


2. Automation acts as accelerator in overall marketing performance irrespective of marketing area

The importance of marketing automation is estimated to be increased in comparison to last year.

Regardless of the specific marketing area, the use of automation contributes to analogous improvements in overall marketing performance, with automation of marketing analytic processes assessed to be the highest performance accelerator at 58.2%.

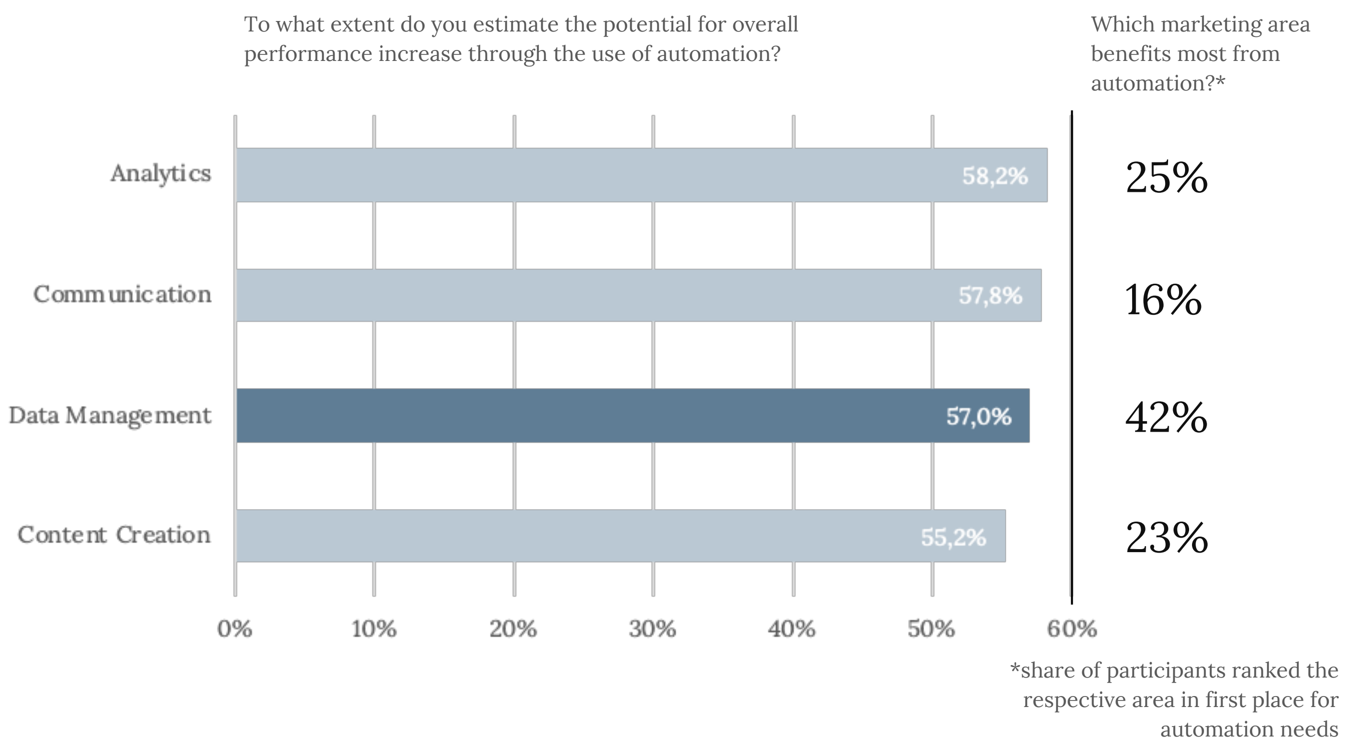
Extensive potential for performance growth is emerging in the area of data management, with 42% ranking data management first in terms of the need for automation. A shift in prioritization towards data management automation promises the highest growth potential.



64% of respondents rate the importance of marketing automation higher compared to previous year

Figure 2

An increase in overall marketing performance of up to 58.2% can be achieved by automating respective areas. Performance growth is assessed to be the highest for data management.



Irrespective of the concrete area, automation contributes to a similar extent to the overall performance of marketing. Therefore, it is irrelevant with which area to start, as long as automation is used.

However, compared to the other marketing areas, data management was ranked as benefitting most from automation, indicating to be underdeveloped in terms of the diffusion of automated solutions. There seems to be a need to catch up, opening up potential for software providers.

Deep Dive: Marketing Analytics

3. It is not the type of automation that matters, but that automation takes place

The adoption rates of automation vary widely depending on the process of marketing analytics. Any automation of processes leads to comparable improvements in performance. On average, automating a marketing analytics process leads to a 42.2% increase in performance. Underestimation of the performance potential of selected processes results in comparatively lower adoption rates. For instance, the adoption rate of reporting creation is 2x higher than the analysis of campaign-brand-fit but leads to lower performance improvements.

Figure 3

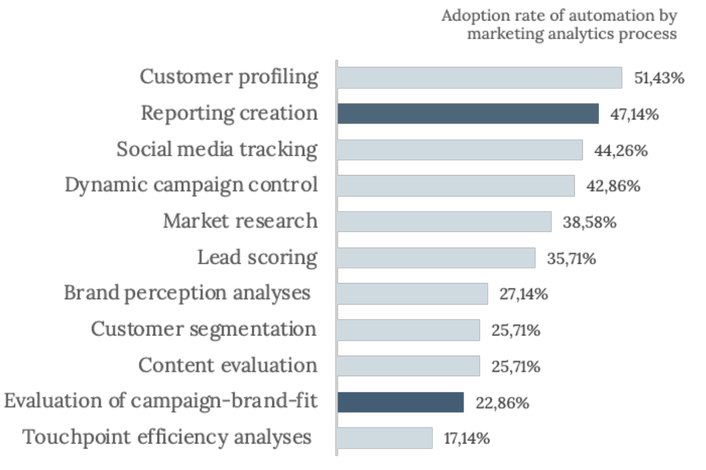


Figure 4

Automation leads to similar performance improvements across processes in marketing analytics

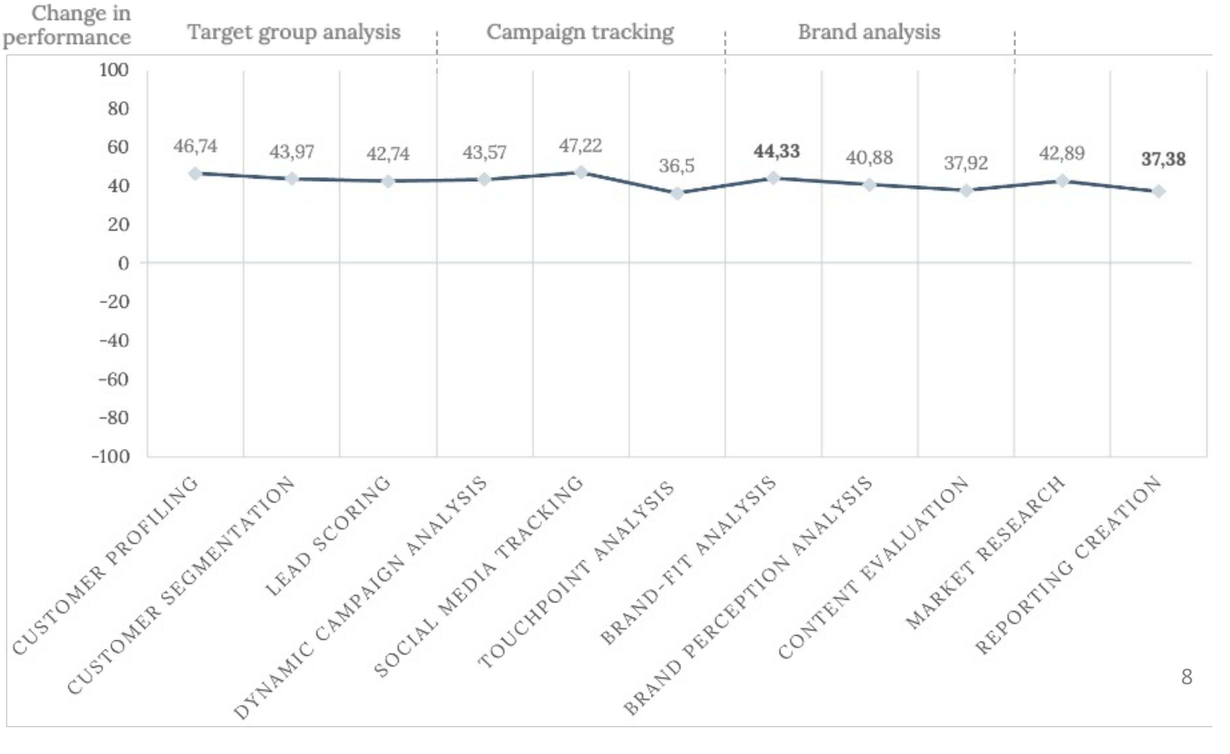


Table 1

Tech stack portfolio in marketing analytics

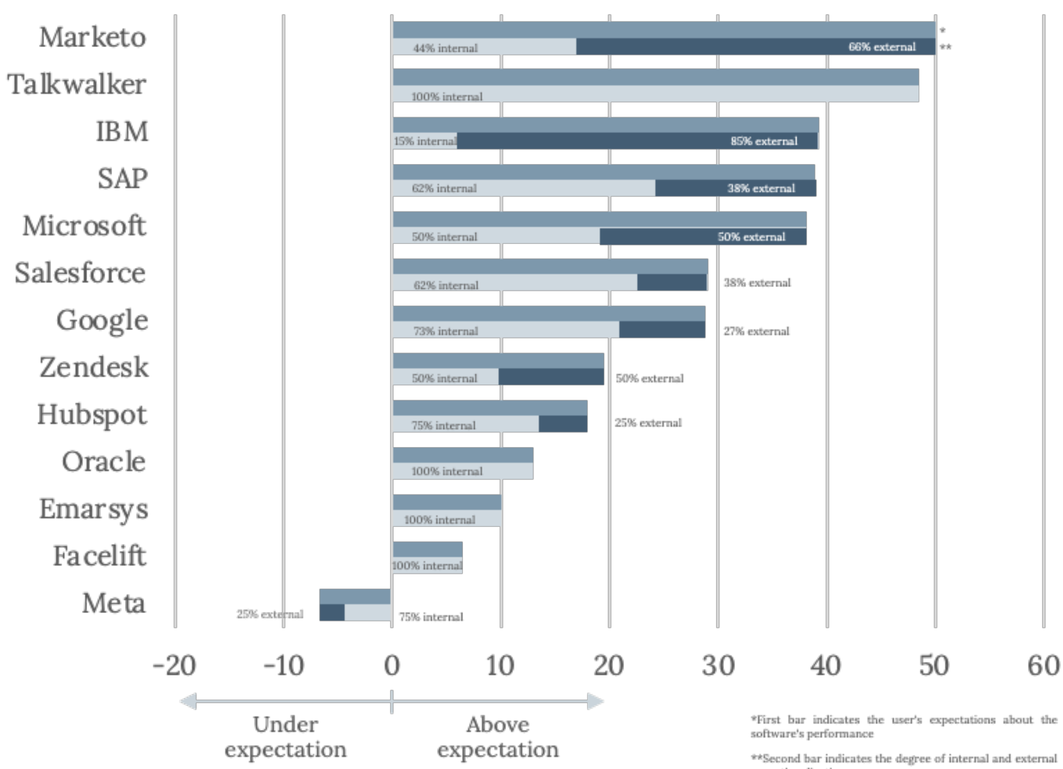
With automation solutions like Microsoft Dynamics and Power BI, the software provider Microsoft dominates the market with a market share of 26%

	Target group analysis	Campaign tracking	Brand analysis	Market research	Reporting creation	Market share
Emarsys		2%	3%	4%	3%	2%
Facelift	1%	1%	2%		3%	2%
Google	13%	17%	9%	7%	21%	14%
Hubspot	8%	6%	6%	7%	3%	4%
IBM	16%	11%	14%	15%	9%	12%
Marketo	4%	2%		4%		2%
Meta	2%	4%	2%		9%	4%
Microsoft	21%	24%	28%	26%	27%	26%
Oracle	4%	3%	5%	4%		4%
Salesforce	9%	10%	12%	19%	9%	11%
SAP	1%	13%	14%	11%	9%	14%
Talkwalker	1%	1%	2%		3%	2%
Zendesk	5%	4%	3%	4%		2%

The software provider market is highly fragmented. Nevertheless, favorites emerge, and the major players in the tech industry dominate the market. The most frequently used software providers in the field of marketing analytics differ considerably in their performance level assessed. However, with the exception of Meta, all of them exceeded the previous user's expectations. Selected providers, including Marketo and Talkwalker, achieve low adoption rates, but outperform user expectations.

Figure 5

With the exception of Meta, all providers exceeded user expectations



Software differs in application complexity. For 69% of the software, external support is used at least partially for operationalization. The high degree of external support across providers suggests considerable complexity in the application.

Deep Dive: Marketing Communications

4. Cross-channel automation adoption promises the realization of untapped potential

The area of marketing communication is characterized by a high variation in automation diffusion concerning both marketing channels and processes to be automated. While automation of marketing channels consistently leads to at least a 35% increase in performance, the untapped potential exists in differing adoption rates of automation by channel varying from 18% to 65%.

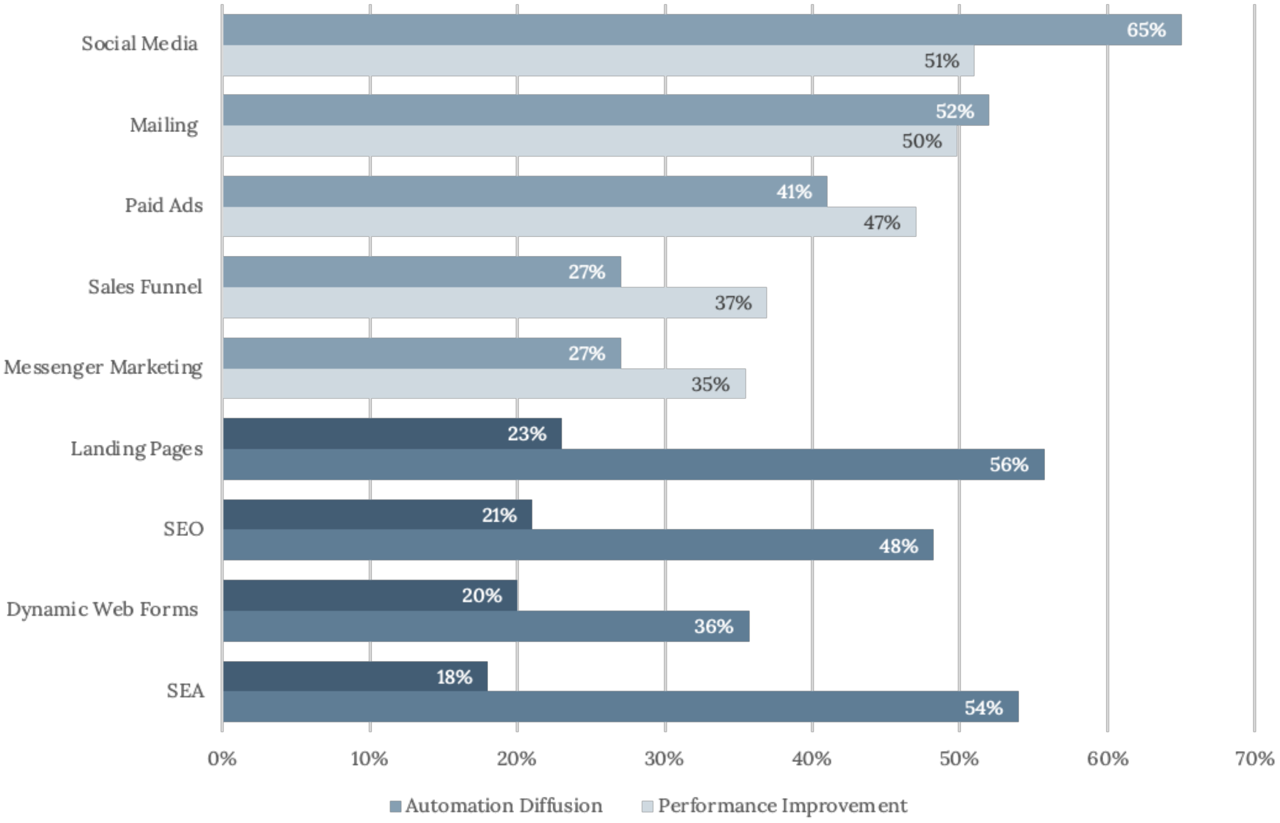
The process-oriented analysis of automation indicates that conventional, not web-based communication processes benefit the most from digitalization resulting in nearly 1.5x performance improvements for offline mailing.

The provider market is highly fragmented in communications dominated by the tech giants, occupying 66% of the market.

Automation in communication is used by 80% of all respondents for long-term transactional goals and qualitative brand-building goals. The evaluation and decision on retention of the software rest with the user.

High variation in automation diffusion across marketing channels

Underestimated channels show high performance growth potentials.

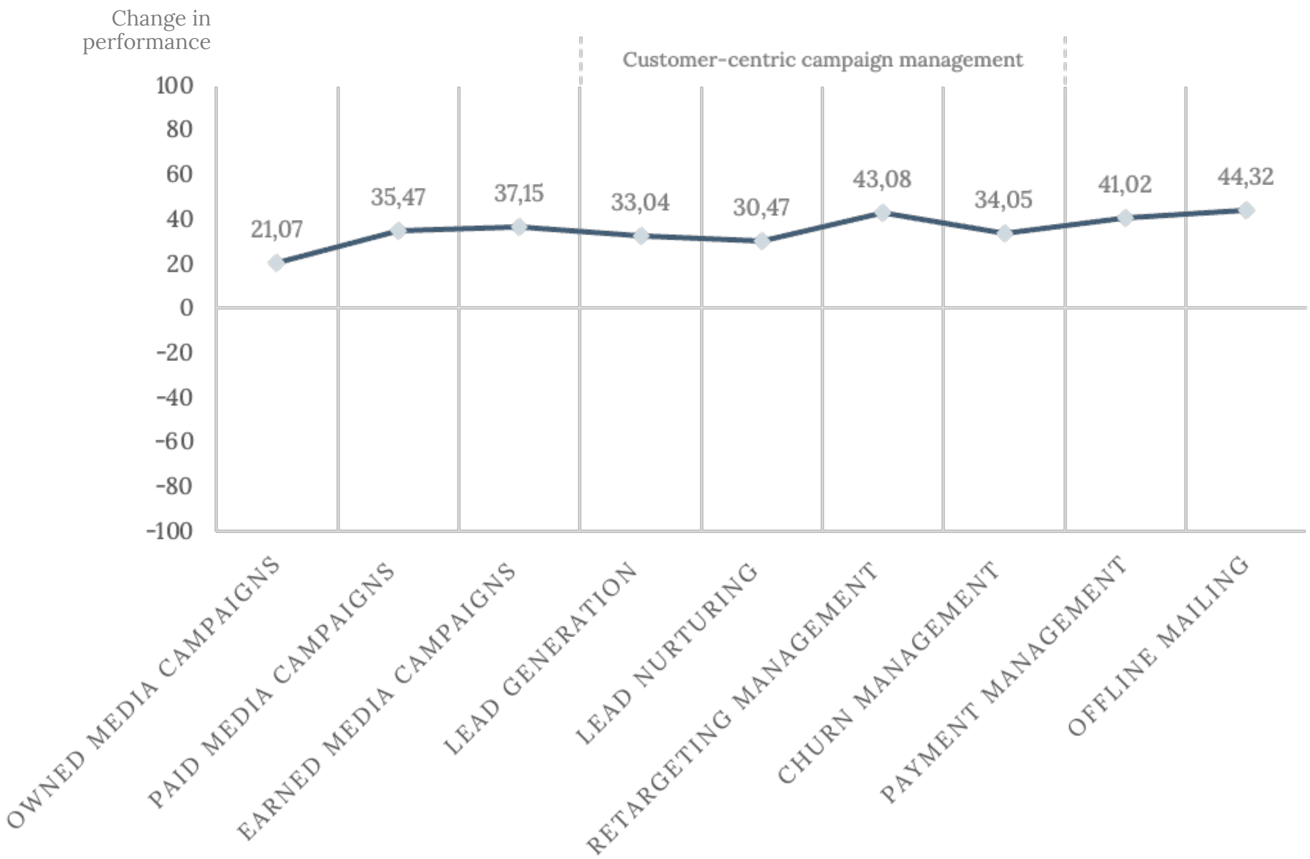


The adoption rate varies significantly among the marketing channels. However, channels like landing pages, SEO, dynamic web forms, and SEA represent straightforward transactional channels, and their automation leads to high performance increases with low investments. These so far underutilized channels offer potential in automation compared to more sophisticated channels like social media or mailing.

Figure 7

Conventional communication processes benefit most from automation

Automation contributes to the reduction of complexity of conventionally performed communication processes – resulting in significant performance improvements for offline mailing and payment management



Automation enables significant performance increases in the efficiency of the respective marketing process. In particular, for traditional marketing processes such as offline mailing, automation represents a major lever, meaning not only automation of digital processes needs to be considered.

Table 2

Tech stack portfolio marketing communication

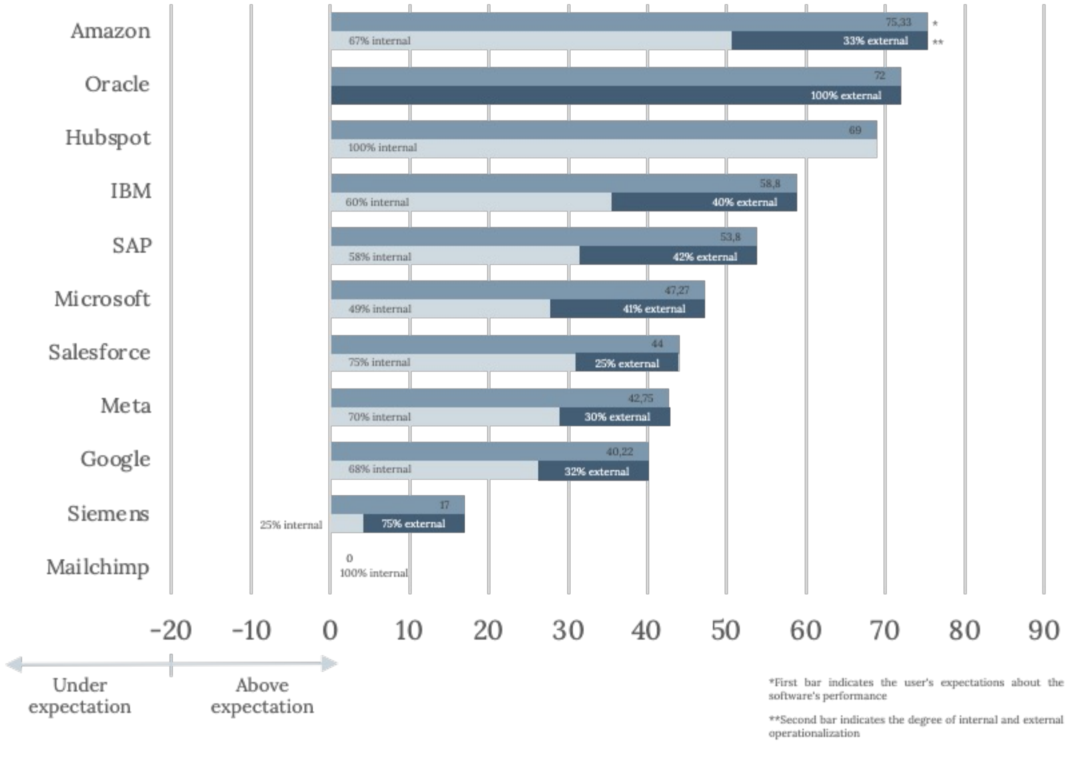
Tech giants like Google, Microsoft, and Salesforce dominate the market, taking 66% of the market share.

	Owned Media Campaigns	Paid Media Campaigns	Earned Media Campaigns	Customer-Centric Campaigns	Payment Manage-ment	Offline Campaigns	Share
Amazon	10%	6%	9%	2%	5%		5%
Google	14%	17%	22%	21%	23%	20%	19%
Hubspot		6%	4%	8%			3%
IBM	7%	6%	13%	2%	5%	13%	8%
Mailchimp		6%		8%	9%		4%
Meta	7%	11%	4%	11%	9%	7%	8%
Microsoft	17%	17%	17%	13%	23%	7%	16%
Oracle	3%	0%	4%	2%	5%	7%	3%
Salesforce	21%	22%	4%	25%	5%	13%	16%
SAP	17%	8%	17%	4%	14%	33%	15%
Siemens*	3%	3%	4%	6%	5%		3%

*Siemens Global Marketing Services

Figure 8

All providers at least meet user expectations, but the majority far exceeds



Merely two of the providers are fully operationalized internally, indicating the requirement of at least proportional external support for the application of the majority of the provider solutions.

5. Deprioritization delays automation

The main challenges in automation consist of deprioritization and the lack of suitable solutions.

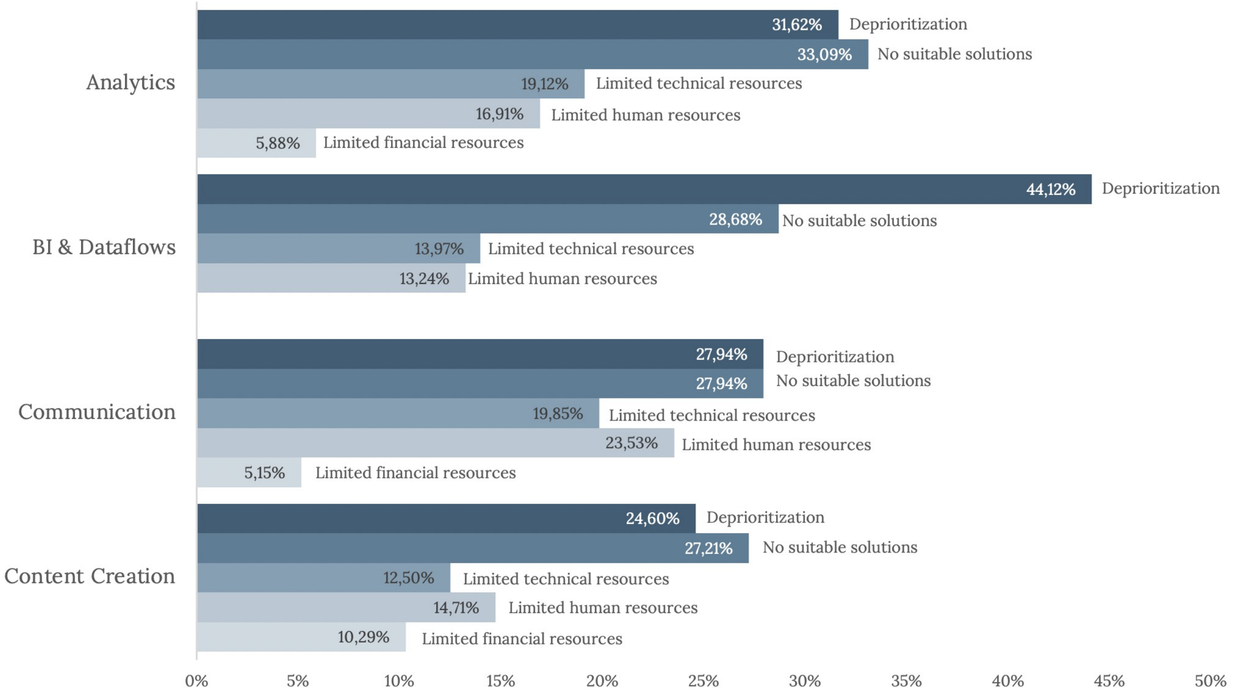
In particular, deprioritization concerns the area of BI and automated dataflows the most. A shift in prioritization needs to take place in order to allow automation to progress further.

The automation process of all marketing areas is also limited by the lack of satisfactory software solutions to a significant extent. However, numerous single providers on the market existing contribute to significant performance improvements but remain unnoticed.

Thereby, the allocation of financial resources is rarely a constraint and be provided for suitable software solutions.

Figure 9

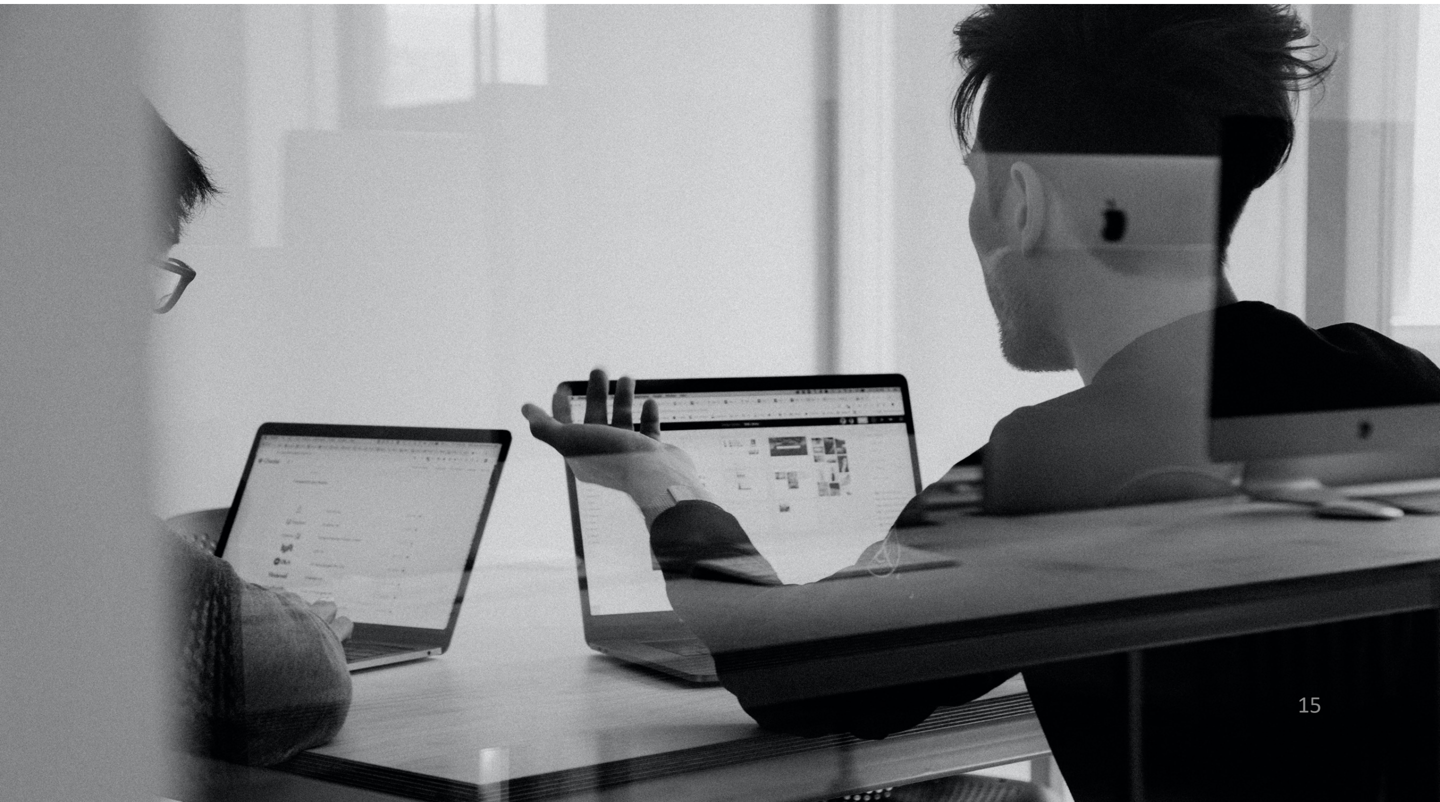
What are the biggest challenges in the process of marketing automation of the respective marketing area?



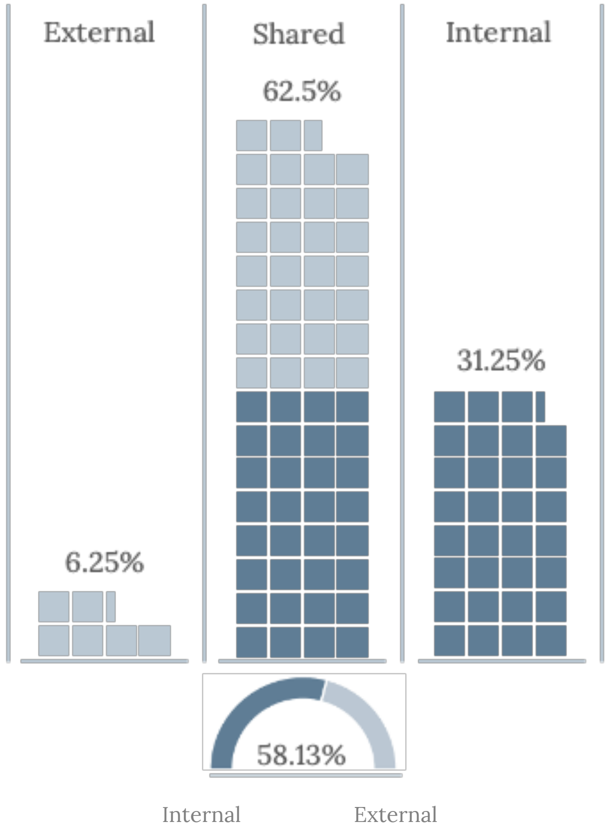
6. Demand exceeds supply

At present, the majority of the software is at least partially operationalized externally.
Half of the respondents intend to run at least 58.13% of the software internally.
However, due to a lack of qualified employees, users are highly dependent on external assistance.
There is a distinct trend in hiring human resources, constrained by the difficulty of recruiting suitable employees. The level of difficulty in finding suitable employees is assessed to be significant high accounting for 55%.

80% would like to hire new employees to operationalize marketing automation



Please indicate the extent to which you plan to run automation software in the future through internal staff or external consultants/agencies.



The share of software that requires at least partial external assistance is 2.2x higher than the share that can be fully operationalized internally.
Users prefer to run at least 58.13% of the software internally.

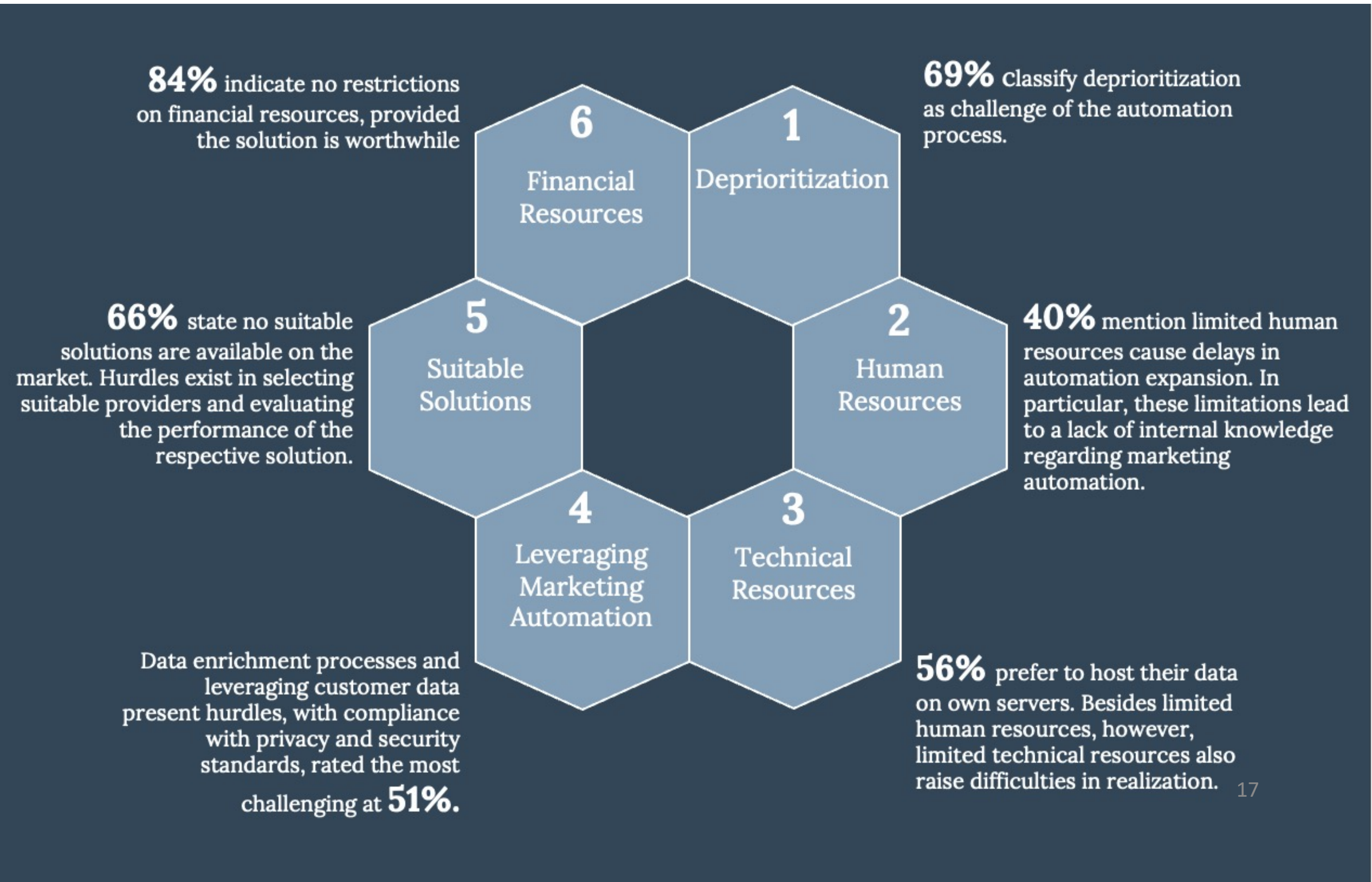
7. Challenges of the automation process are not considered mastered

Automation diffusion suffers from deprioritization by management, requiring a shift in mindset to further increase adoption rates. By improving performance in any marketing process and channel implemented, marketing automation impressively demonstrates its importance for future marketing and is becoming increasingly indispensable for maintaining performance.

To realize the benefits of automation, users develop a desire for independence in both human and technical resources.

However, a limited amount of providers meet the market‘s demand, whose increasing desire for a reduction in complexity leads to preferences for suite providers.

The highly fragmented structure of the provider market challenges users, simultaneously being decision-makers in the acquisition and retention of software, in the selection and evaluation of software to utmost extent. The impotence in decision-making serves concurrently as the reason for insufficient allocation of financial resources, which typically constitute no restriction for suitable software.



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