

Digital Marketing

Though overall global marketing budgets in the tech sector are increasing 3.5% in 2011, they are not keeping pace with annual revenues in the sector, which are expected to grow 6.5% over 2010 levels, according to a report by IDC.

Moreover, that 3.5% budget growth estimate is far less than the 8% projected in January 2011.

In recent years, marketing investment growth has generally tracked revenue growth, according to IDC CMO Advisory Service research, but that trend has not continued during the business downturn, the report notes.

Smaller tech companies, however, are surging ahead: those with revenues less than \$500 million, between \$500 million and \$999 million, and between \$1.0 billion to \$2.9 billion are expecting average marketing investment growth of 10%, 8.1%, and 7%, respectively, in 2011.

By contrast, larger companies—those with annual revenues between \$3.0 billion and \$9.9 billion—are reporting marketing investment growth of 2.1% on average, while companies with revenues greater than \$10 billion are reporting investment growth of 1.7%.

Larger companies are reporting marketing investment growth of 2.1% on average.

Overall, services companies are recording the weakest marketing investment growth in 2011, down 1% from 2010 levels.

Digital marketing program spending, defined as display ads, search ads, email marketing, digital events, company websites, search engine optimization, and social networks, continues to increase rapidly.

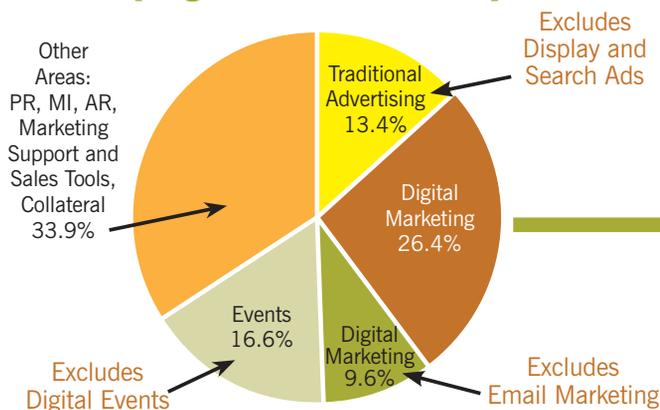
Digital marketing accounted for 19.3% of total program spending in 2010, and that figure is rising to 26.4% in 2011.

Marketing organizations are also allocating more of their budget to website content and development in 2011, which now accounts for 8.2% of the total program spending mix, or 31.6% of digital allocations.

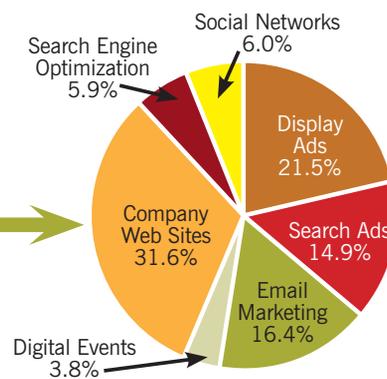
Display, email, and search are expected to account for 21.5%, 16.4%, and 14.9% of digital allocations, respectively, while social media accounts for 6.0% of the digital mix (less than 2% of total marketing investments).

THE 2011 PROGRAM SPEND MIX – THE ‘DIGITAL ISLAND’ VIEW

Program Spend Allocations (Digital Island View)



Specific Digital Marketing Allocations



Source: IDC's 2011 Tech Marketing Benchmarks Study, n=85

ABOUT THE DATA: Findings are from IDC's ninth annual Tech Marketing Benchmarks Study, conducted from May 15 to July 31, 2011 among more than 100 tech companies representing roughly \$850B in revenues. Hardware, software, and services companies with both direct and indirect channel strategies are represented in survey.