For: Marketing Leadership Professionals

US Digital Marketing Forecast, 2014 To 2019

by Shar VanBoskirk, November 4, 2014 | Updated: November 18, 2014

KEY TAKEAWAYS

Digital Marketing Investment Passes Television Ad Spend

Spend on search marketing, display advertising, social media marketing, and email marketing will reach $103 billion by 2019. Upward and downward forces will influence marketing investment in digital channels over the next five years. Search marketing stays the largest share of the overall digital mix, but social media will experience the steepest growth.

Ad Saturation Will Usher In New Services

Brands will counter poor quality content by originating their own. Intermediaries will develop to curate content and commerce experiences. Manufacturers will appoint champions who live out their brand attributes. And HP will launch a marketing cloud for agencies.

US Digital Marketing Forecast, 2014 To 2019

Spend Will Top $100 Billion, Overtaking Television Advertising

by Shar VanBoskirk
with Nate Elliott and Collin Colburn

WHY READ THIS REPORT

By 2019, marketing leaders will spend more than $103 billion on search marketing, display advertising, social media marketing, and email marketing — more than they will on broadcast and cable television advertising combined. Over the next five years, search will remain the largest share of the digital mix, but social media investment will grow faster than any other digital marketing channel. We expect marketing's increased investment in digital to get Kevin Spacey another Oscar nod, introduce personal networks for promotion and commerce, herald brand apostles, and necessitate a marketing cloud for agencies. This report is the latest of our formerly called interactive marketing forecasts.

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Notes & Resources

Forrester interviewed 20 vendor and user companies, including 360i, Custora, CQuotient, DEG, Epsilon, iCrossing, IgnitionOne, LiveIntent, Movable Ink, MyBuys, Rise Interactive, StrongView, and TellApart.

Related Research Documents

The Power Of Customer Context
April 14, 2014

Competitive Strategy In The Age Of The Customer
October 10, 2013

US Interactive Marketing Forecast, 2011 To 2016
August 24, 2011

DIGITAL MARKETING SPEND TOPS $100 BILLION BY 2019

Spend on search marketing, display advertising, social media, and email marketing will grow at a 12% compound annual growth rate (CAGR) over the next five years to reach $103 billion in 2019 (see Figure 1). While digital marketing will overtake television advertising in 2016, its pace of growth is starting to slow slightly (see Figure 2).[1] This is due to both upward and downward pressures affecting projected digital investment.

Resources And Experience Drive Growth

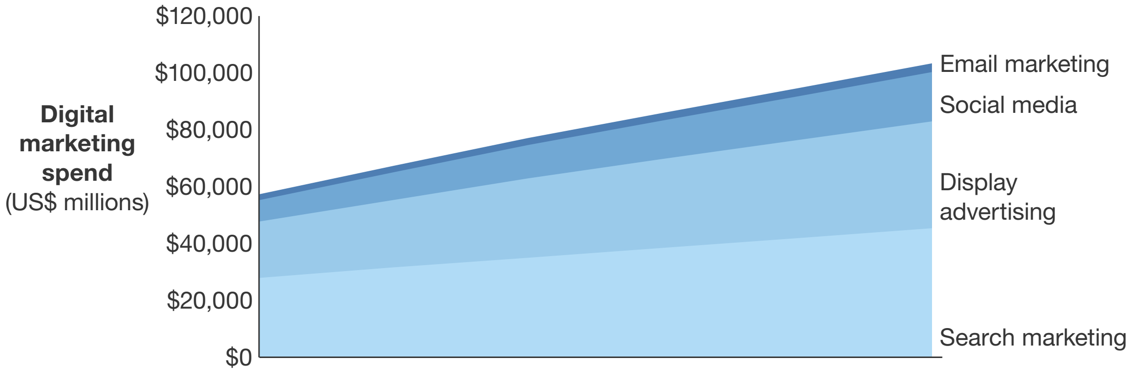
Three key factors will contribute to increased digital marketing investment through 2019:

- **A recovering economy boosts tech confidence.** The Bipartisan Budget Act of 2013 and the passage of a clean increase in the budget ceiling create upside for digital marketing investment. Both American consumers and the marketing leaders targeting them are opening their wallets. Customer-facing software purchases will grow by 17% in both 2014 and 2015.[2]

- **Media proliferation gives advertisers more to buy.** Online consumers already dedicate 52% of their media hours to digital channels — more than to any other medium. While marketers realign budget to keep up, the number of devices available and the size of the screens in them will continue to increase (see Figure 3).[3] Plus, previously ad-free social sites — like Twitter — are putting trillions of display impressions up for sale.[4] Innovators like LiveIntent, which now sells advertising within email newsletters, and Slidejoy, which serves ads to Android users on their lock screens, are inventing more ad placements to sell. The result: much more volume for marketing leaders to buy.

- **Proof of performance makes the case for anteing up.** Marketers now have 15 years of experience from which to build the case for digital. The results of regular measurement, practice with test and optimization efforts, and the application of lessons learned from others' attempts have convinced most to amplify their digital staff and budgets (see Figure 4 and see Figure 5). As Louis Cohen, the senior vice president of search, affiliate marketing, and lead generation for Citi experienced, "Being able to articulate the potential of digital to our higher ups allowed us to grow 4x in four years."

Figure 1 US Digital Marketing Forecast, 2014 To 2019



	2014	2015	2016	2017	2018	2019	CAGR
Email marketing	$2,067	$2,266	$2,466	$2,665	$2,865	$3,067	8%
Social media	$7,518	$9,736	$11,724	$13,511	$15,359	$17,342	18%
Display advertising	$19,801	$23,680	$27,916	$31,281	$34,477	$37,574	13%
Search marketing	$27,899	$31,622	$34,995	$38,470	$41,890	$45,386	10%
Total	**$57,285**	**$67,305**	**$77,101**	**$85,928**	**$94,593**	**$103,370**	12%
Percentage of all ad spend	24%	27%	30%	32%	33%	35%	

Note: All numbers rounded down

Source: Forrester Research Digital Marketing Forecasts, 2014 To 2019 (US)

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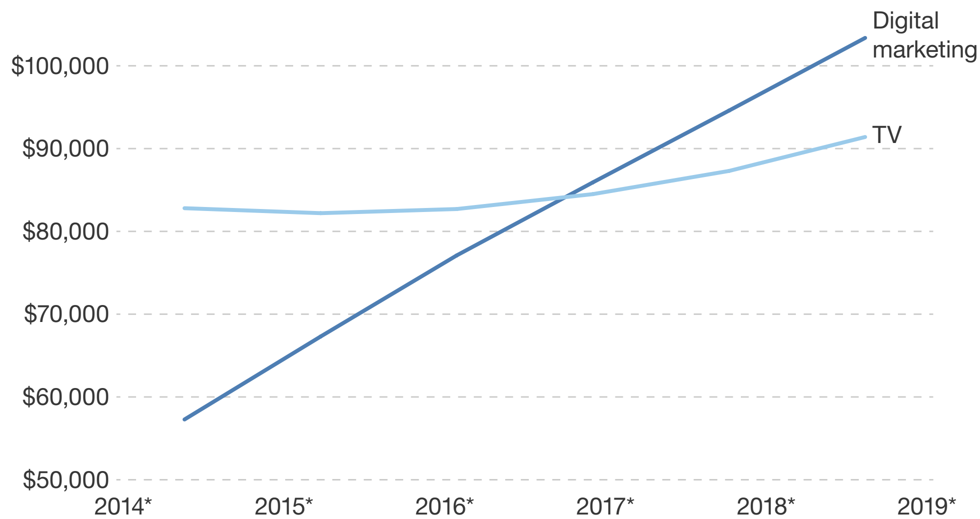
Figure 2 Digital Marketing Catches Up To Television Advertising

Total US TV advertising spend versus total US digital marketing spend
(US$ millions)



Note: All numbers rounded down
Source: Forrester Research Digital Marketing Forecast, 2014 to 2019 (US)
*Forrester forecast

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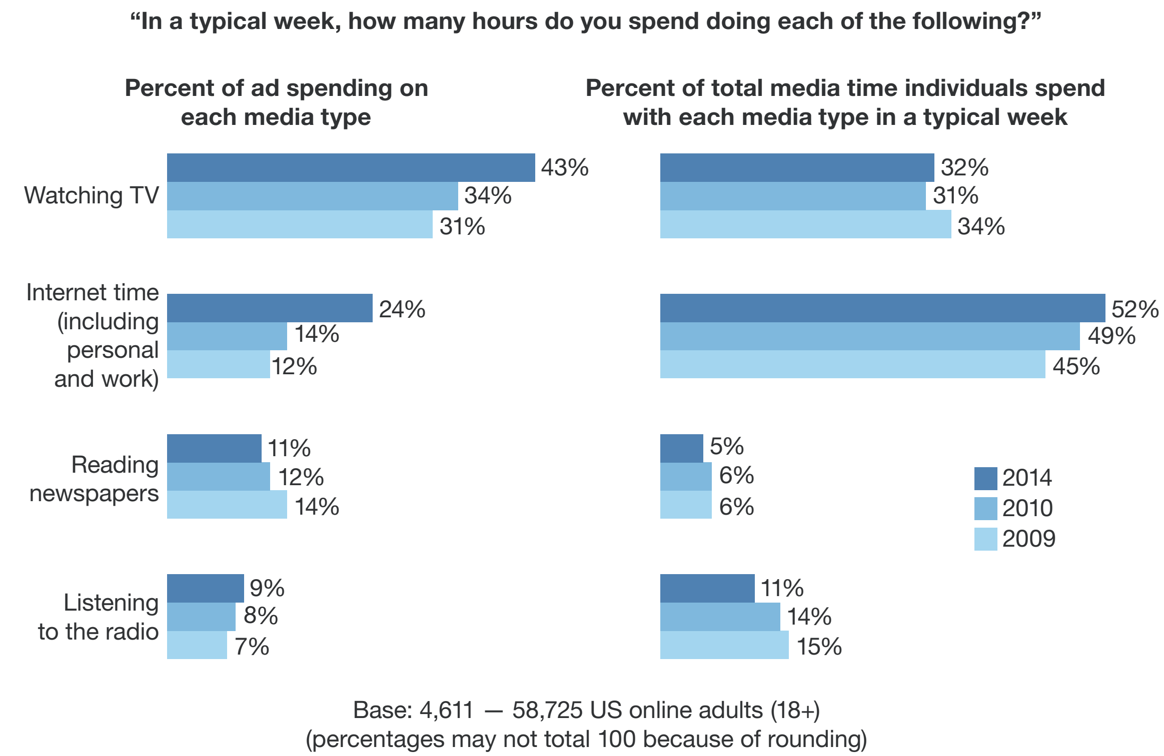
Figure 3 Marketers Balance Spend To Consumer Media Time



Note: All numbers rounded down, not all media types included

Source: Forrester's North American Consumer Technographics Online Benchmark Survey (Part 1), 2014; Forrester's North American Technographics Online Benchmark Survey, Q2 2010 (US); Forrester's North American Technographics Entertainment And Media Online Survey, Q3 2009 (US); Forrester Research Digital Marketing Forecast, 2014 to 2019 (US)

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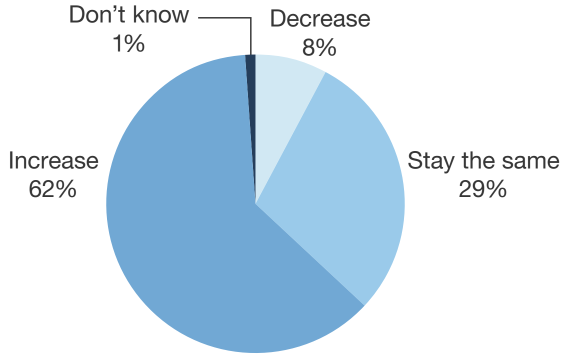
Figure 4 Most Enterprise Firms Will Grow Their Digital Marketing Budgets

"How do you expect your company's digital marketing budget to change in 2014?"
(Please include all monies going toward media and technology to support display media, paid search, email marketing, social media marketing, and emerging media marketing.)

All respondents



Base: 395 UK and North American enterprise marketers

Source: Forrester's Q3 2013 North America And UK Digital Maturity Online Survey

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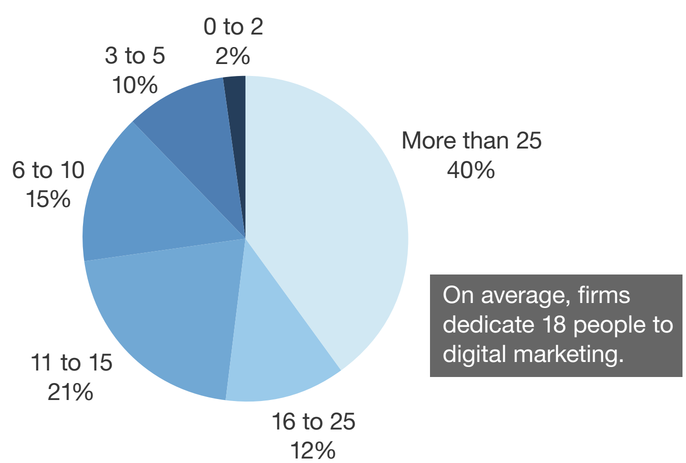
Figure 5 Digital Marketing Teams Have 18 People On Average

"How many staff are dedicated to digital marketing?"



Base: 395 UK and North American enterprise marketers

Source: Forrester's Q3 2013 North America And UK Digital Maturity Online Survey

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Improved Sophistication Slows Superfluous Spend

Two strong forces will control runaway digital marketing growth over the next five years:

- **Improved measurement dampens excess.** Less-mature digital marketers often have bigger budgets than more mature ones do, because they don't yet know how to spend judiciously. For some marketers, while more experience and better measurement will solidify digital's role in the marketing budget, it will also ratchet down inflated investment driven by gut feel. As Emily Carville, the director of advertising and online marketing at L.L. Bean explains, "Marketers have been relying on faith to determine how digital investments pay off. Now that we can apply attribution, we know to be more cautious."

- **Contextual marketing steals media dollars.** Within five years, we will also see marketers shifting some of their digital media budget — the principal investment counted in this forecast — to fund customer-obsessed contextual experiences.[5] For example, Nike cut mass media spend by 40% over the last three years to support its fuel band and related mobile apps. Chase invested in staff and operations to improve customer experiences.[6] Retailer Belk told us that a portion of its digital P&L bankrolls in-store technology. And L.L. Bean's Carville says Bean devotes funds to infrastructure and education in order to facilitate more customer-obsessed media decisions.

Our Forecast Captures Primarily Media Investment

Marketing leaders will apply varied sources to fund digital budget growth (see Figure 6). To determine the budget plan that works best for you, note the parameters of our 2014-2019 forecast. This year, we:

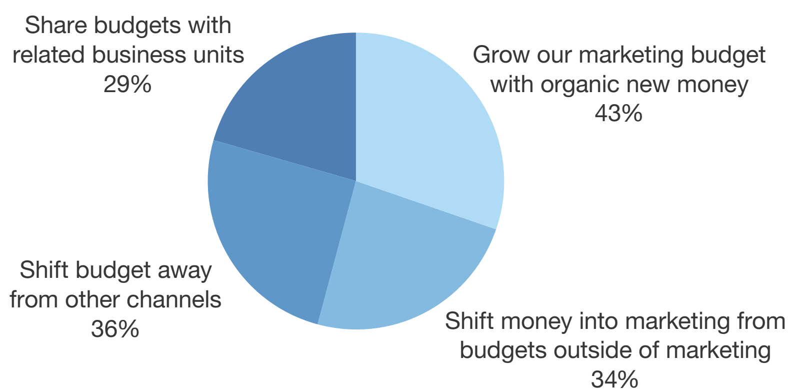
- **Baked mobile into our advertising forecast.** In the past we included mobile marketing as a separate line item in our forecast — but no more. To be consistent with guidance from Forrester's mobile marketing playbook, we now represent mobile not as its own channel, but as a deployment option (akin to desktop) for search, display, or social ad impressions.[7] It's worth calling out, however, that mobile accounts for 66% of the growth in digital marketing spend over the next five years. Investment in mobile (smartphone) and tablet search, display, and social media will top $46 billion by 2019.

- **Excluded supporting staff and tech investment.** We forecast growth in digital media — like pay-per-click units on Google search results, or promoted posts on Facebook — as well as spend on technology if it equates to a media investment — like the cost-per-thousand fees for email marketing deployment. We don't size what we can't count accurately: development costs, internal staff hours, or the portion of marketing automation, eCommerce, or content management platforms that applies to digital marketing.

- **Mapped our forecast to client budgets.** We want our forecast to most closely represent what marketing leaders include in their digital budgets. So we screened out some contenders that don't play a large enough role across industries (e.g., affiliate marketing), constitute only a fraction of marketer spend (e.g., in-game advertising or in-app messaging), or count within the budget for other media (e.g., online television advertising).

Figure 6 Most Expect New Money To Fuel Digital Growth

"How do you plan to fund increases to your interactive marketing budget?"



Base: 246 UK and North American enterprise marketers

Note: Multiple responses accepted
Source: Forrester's Q3 2013 North America And UK Digital Maturity Online Survey

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USE CHANNEL GROWTH TO INFORM YOUR BUDGETS

More marketers expect to increase investment in digital tactics than do traditional tactics, with the exception of television (see Figure 7). Let's examine the factors influencing investment in search, display, social, and email.

Search Stays Strong

Hail the king of the digital mix. Over the next five years paid search and organic optimization will top $45 billion by 2019 (see Figure 8). What positive and negative forces will pace search at a healthy, but not explosive, 10% CAGR?

- **More clicks generate more spending.** Google ad revenue grew 17% in Q3 of 2014 despite declining ad costs.[8] Why? Google click volume has seen double-digit growth each quarter since 2007. Recent evidence: click rates upped 20% between Q1 and Q2 of this year.[9] And product listing ads (PLAs) — directory results based on product feed data which had been gratis prior to May 2012 — now generate a higher volume of absolute clicks off of fewer impressions than Google's standard paid listings do, and cost about 50% more per click.[10]

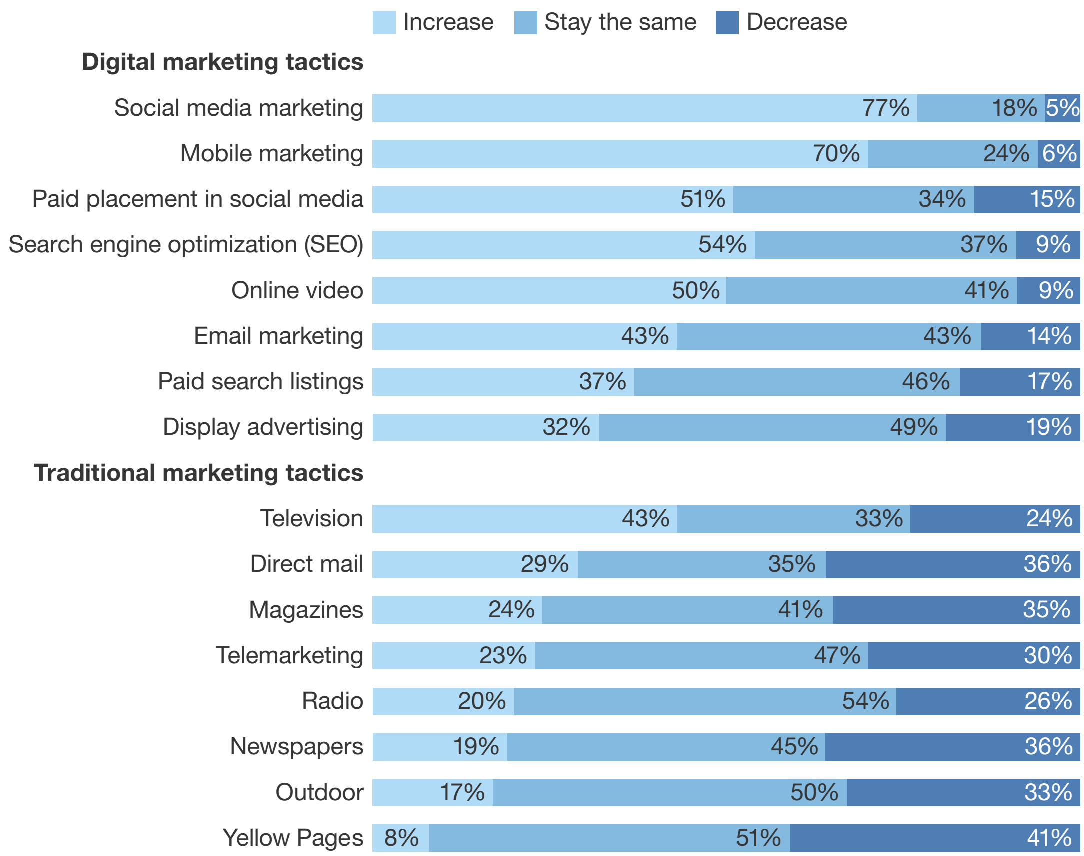
- **Veteran search marketers cap paid budgets.** Even with click volume on the rise, search returns are tapping out for direct-response giants who have spent large on Google for years. This doesn't mean big budget marketers are scaling back. But it does mean that their *additive* dollars go to display or content marketing, not to search. Matt Eaves, the interactive marketing executive for the Cancer Treatment Centers of America explains: "When we put more into search today, we no longer see an increase in results. So we turn our incremental dollars to native advertising."

- **Laggard industries boost search contributions.** While paid search habitués are adding little spend, less experienced search marketers — like brand advertisers, B2B firms, or regulated industries — have more upside. For instance, automotive and consumer goods companies will increase search budgets by more than 15% annually over the next five years.[11] Tip Rose, the director of digital marketing for Cardinal Health, spells out why: "We B2B marketers are just realizing what retailers already know, that paid search really works. It offers a lower cost per lead than efforts where we have to pay a lot for content creation."

- **Investment for mobile will normalize and then grow.** The aggregation of desktop, smartphone, and tablet search ads brought about by Enhanced Campaigns inflated mobile search budgets 98% between 1H 2013 and 1H 2014.[12] But the mobile search experience is still too immature for this to mean that marketers are deliberately investing to connect with mobile searchers. In fact, one retailer we spoke with slowed his search spend because he found mobile ads generate lots of clicks but few conversions. Over time, a combination of increased mobile search volume, more flexible ad units, and improved mobile landing pages will lead marketers back to the mobile search oasis. Spend on mobile and tablet search will grow at a 109% CAGR between 2017 and 2019.

Figure 7 Digital Tactics Should See Budget Hikes

"How much do you expect your budgets for the following to increase or decrease in 2014?"



Base: 395 UK and North American enterprise marketers

Source: Forrester's Q3 2013 North America And UK Digital Maturity Online Survey

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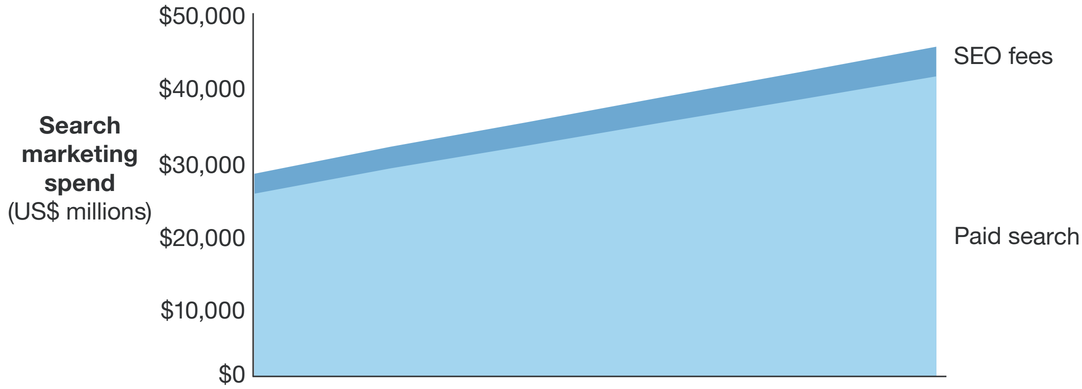
Figure 8 Forecast: US Search Marketing Spend, 2014 To 2019



	2014	2015	2016	2017	2018	2019
SEO fees	$2,743	$2,975	$3,224	$3,490	$3,775	$4,080
Paid search	$25,155	$28,646	$31,771	$34,980	$38,115	$41,305
Total	**$27,899**	**$31,622**	**$34,995**	**$38,470**	**$41,890**	**$45,386**

Note: All numbers rounded down
Source: Forrester Research Search Engine Marketing Forecast, 2014 To 2019 (US)

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Display Innovation Inspires Increased Investment

Display advertising will consistently represent about 35% of the digital marketing pie over the next five years as it grows at an 11% CAGR to just less than $38 billion in five years (see Figure 9). The following ad format and buying model developments affect the outlook for display advertising.

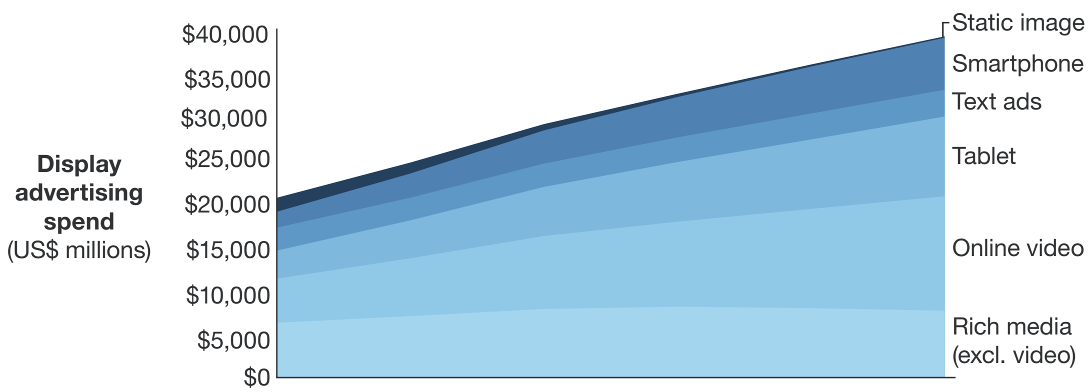
- **Everything is sexier than static banner ads.** Spend on non-animated ads that incorporate text and images, but no interactivity, will decline at a -37% CAGR over the next five years as marketers favor richer formats like online video or hyper-personalized smartphone units. For example, to foster brand affinity, American Express eschewed traditional ad units for a new one: an interactive panorama based on the videos and images on a user's phone.[13]

- **Display retargeting wins budget from other media.** Advertisers who have peaked in other performance-based media — like paid search — will transfer funds to display retargeting which lets them programmatically buy media to connect with specific hand-raisers. David Seiffert, the vice president of eCommerce for retailer Lids, explains why: "We no longer increase returns when we spend more on search. So, to remain competitive, we are going to shift some of what we invest in pay-per-click and product listing ads to targeted banner ads."

- **Online video creates new supply and demand.** The steep forecast for online video advertising between now and 2019 is due to several factors: 1) The volume of video ad impressions is on the rise. Sixty-eight percent of US online consumers watch online video at least once a month;[14] 2) Big brand advertisers — historically, not as disposed to digital as their direct marketing counterparts — like that online video extends their TV and web reach; and[15] 3) Low-costs and familiar tools enable the long tail of local advertisers to apply online video too. For example, for one-fifth the cost of the same reach by TV, Retro Fitness in San Jose, CA used targeted online video ads to drive people to an on-site new membership promotion.[16]

- **Mobile and tablet advertising matures.** To enable more granular analysis, we cut our display forecast into several views including: by type of ad unit (static versus rich), purchase scheme (impression versus performance-based), and delivery method (desktop versus mobile versus tablet). Mobile and tablet ads account for 24% of the display market today, growing to 39% by 2019 as ad units standardize, new device-specific formats develop, and marketers develop experiences relevant to the use cases of smartphones and tablets.[17] For example, Quiznos targeted mobile ads based on user location data.[18] And the 3D tablet ad for Ford's new F-150 included interactive elements to demonstrate the truck, like allowing users to load its bed or view videos of the truck at work.[19]

Figure 9 Forecast: US Display Advertising Spend, 2014 To 2019



	2014	2015	2016	2017	2018	2019
Static image	$1,540	$1,208	$695	$385	$230	$156
Smartphone	$1,748	$2,667	$3,660	$4,444	$5,167	$5,722
Text-ads	$2,528	$2,490	$2,563	$2,715	$2,859	$2,953
Tablet	$3,092	$4,183	$5,405	$6,572	$7,648	$8,781
Online video	$4,862	$6,365	$8,031	$9,361	$10,925	$12,600
Rich media (excl. video)	$6,029	$6,765	$7,558	$7,801	$7,646	$7,359
Total	**$19,801**	**$23,680**	**$27,916**	**$31,281**	**$34,477**	**$37,574**

Note: All numbers rounded down
Source: Forrester Research Online Display Advertising Forecast, 2014 To 2019 (US)

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Social Media Matures

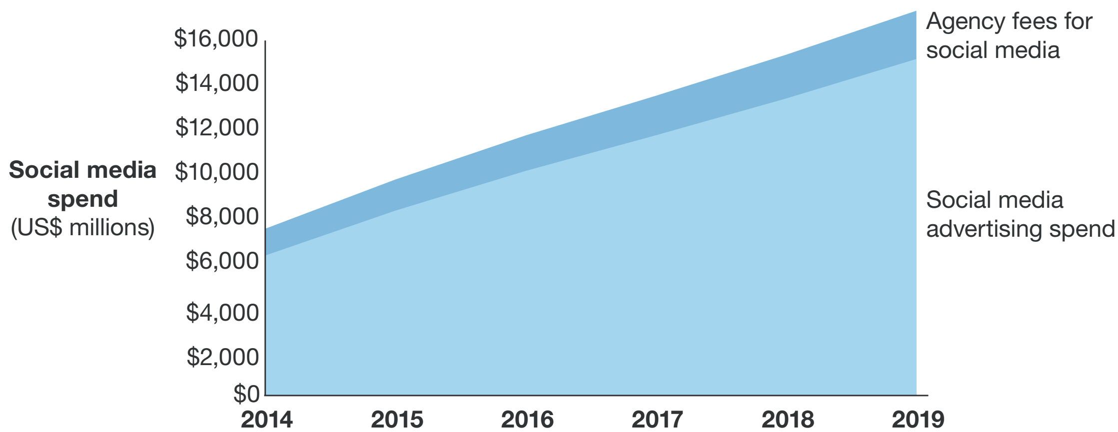
Spend on social media will achieve an 18% CAGR — the steepest growth of any channel in this forecast — as it reaches $17 billion, or 17% of all digital marketing spend, by 2019 (see Figure 10). But as the number of new social users slows down, we believe marketers will apply greater discipline to their social media investments. In the next five years:

- **Social ads finally find their footing.** Marketers are losing interest in static display ads on social networks too. Lids' David Seiffert explains: "Social media ads don't perform for me. So I hardly spend any money on them." But marketers would love to tap the reach and targeting potential of social networks through more engaging ad formats. Facebook's News Feed ads already outpace and outperform its marketplace ads. We expect this trend to continue. As marketers rebalance their social ad investment and Facebook develops larger, richer ad units that are delivered less frequently and are better integrated in the user experience, spend on social native advertising will grow at a 24% CAGR.[20]

- **Better measurement spawns more social use.** Social media efforts today are largely experimental due to lack of standard metrics and measurement tools. As one home goods retailer at a recent event we attended described, "We don't have any KPIs that we can hold social accountable to." But this will change as both social networks and social technology vendors help marketers import social data into trusted measurement platforms like attribution tools and marketing mix models. The result? Defensible investment in social as an influencer and driver of direct sales. For instance, Facebook offers top ad spenders like Bud Light free offline sales studies to gauge the impact of social ad buys.[21]

- **Investment in audience identification grows.** Marketers will invest more in social ads as they use them to connect with customers who have proven themselves valuable in other channels. For instance, fashion retailer Alex and Ani used Facebook's custom audience targeting to reach people who had previously shopped in the brand's online store, and increased its advertising return on investment (ROI) by 80%.[22] And one entertainment equipment company used IgnitionOne to identify through Facebook its email customers who had not responded to a time-sensitive offer. Facebook News Feed ads to this custom audience achieved a 57% unique impression rate and 5.97% click-through rate.[23]

Figure 10 Forecast: US Social Media Spend, 2014 To 2019



	2014	2015	2016	2017	2018	2019
Agency fees for social media	$1,207	$1,402	$1,600	$1,781	$1,973	$2,176
Social media advertising spending	$6,310	$8,334	$10,123	$11,729	$13,386	$15,166
Total	**$7,518**	**$9,736**	**$11,724**	**$13,511**	**$15,359**	**$17,342**

Note: All numbers rounded down

Source: Forrester Research Social Media Forecast, 2014 To 2019 (US)

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Email Becomes Critical For Context

Marketing leaders now spend on average $2.4 million on email annually because they know that it's the key to connecting them to their customers across online, mobile, and in-store experiences.[24] Even so, spend on email marketing strategy, data, analytics, creative, delivery, and integration will grow at only an 8% CAGR — slower than it has in our past forecasts, and slower than search, display, or social marketing over the next five years. The category will reach just more than $3 billion by 2019 as (see Figure 11):

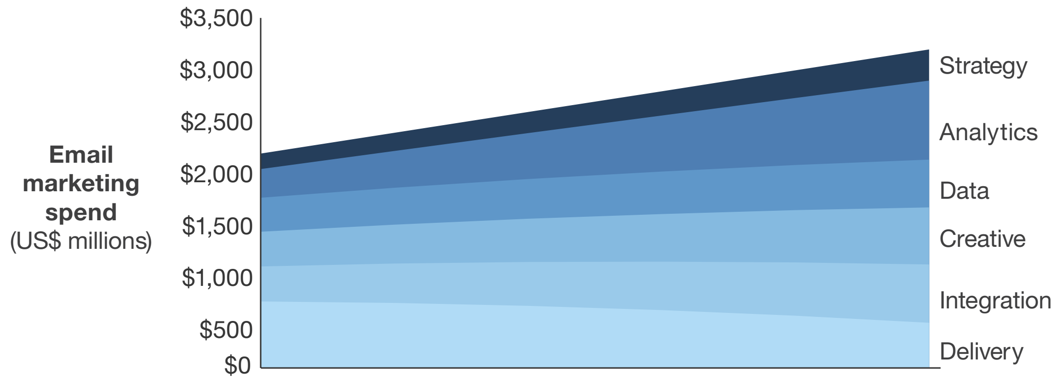
- **Deployment costs decrease.** Fixed-rate pricing models — like those from Adobe and salesforce.com — now disassociate cost from per-email fees, making it possible to send more email without increasing spend. This pressures vendors who still charge based on cost-per-thousand mails delivered (CPMs) to reduce their send fees to even lower minimums. From the pricing information we collected in our recent email marketing vendor Forrester Wave report, we estimate average email deployment at sub-$1.00 per thousand emails, and we expect those prices to fall even further in the next five years.[25]

- **List rental slows down.** Marketers will still send more than 650 million emails to third-party lists this year. But to be honest, we're not sure why they keep giving this acquisition model the benefit of the doubt. The direct marketing association's (DMA) most recent statistics show that third-party lists convert at a .03% rate — 400% lower than house files.[26] And rented lists can tarnish sender reputation with their high volume of spam traps and inactive email addresses. Between now and 2019, acquisition email volume will taper to just a 2% CAGR as marketers look to other ways to gain leads. For example Unicef acquired names through social media.[27] And Verizon Fios collected influencer data through in-person and online meet-ups.[28]

- **Investment in 1:1 personalization grows.** We're not talking about "Dear [first name]" or even messages tailored to previous email behavior or past online purchases. Over the next five years, emailers will individualize messages based on omnichannel habits, attitudes, and context.[29] For example, daily deal retailer HauteLook used a reactivation program developed off of multichannel customer profiles from Datalogix to generate 14x more revenue per member compared to its standard email programs.[30] True Religion boosted click-throughs by optimizing message format to suit the device used to open the message.[31] And Redfin adjusts offer and content based on context, like the weather at time of open.

- **Context-based triggers become standard.** This ain't your old-school shopping cart abandonment email. Next-generation triggers will use context — like location, environmental cues, or (as smartphones get smarter) observations like facial expression or body temperature — to fire situational messages that inspire interaction in critical moments. For example, graphic t-shirt outlet BustedTees worked with Sailthru to identify behaviors that foretell customer attrition and then trigger re-engagement emails when those behaviors occur.[32] Increased spend will set up the data transfers, systems integration, trigger logic, and message assembly needed to make contextual triggers work.

Figure 11 Forecast: US Email Marketing Spend, 2014 To 2019



	2014	2015	2016	2017	2018	2019
Strategy	$149	$175	$203	$233	$266	$300
Analytics	$276	$354	$442	$539	$645	$760
Data	$327	$355	$382	$409	$434	$460
Creative	$334	$374	$416	$458	$503	$549
Integration	$337	$379	$422	$466	$513	$561
Delivery	$640	$626	$598	$557	$503	$435
Total	**$2,067**	**$2,266**	**$2,466**	**$2,665**	**$2,865**	**$3,067**

Note: All numbers rounded down

Source: Forrester Research Email Marketing Forecast, 2014 To 2019 (US)

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WHAT IT MEANS

THE COMING AD GLUT WILL SPAWN NEW DEVELOPMENTS

Make no mistake: when US digital marketing spend hits $100 billion, you'll see ads everywhere. That includes places you never expected, like on home appliances, cars, tabletops, and even on other people. We expect brands, agencies, and technology to evolve in response to this marketing-message-cluttered environment.

- **Branded content will generate Oscar buzz.** With a thousand cable channels, it was inevitable that TV programming quality would slide. Movie studios would rather churn out action flicks that sell tickets in China than films that win awards in America. And consumers trust brand content more than push advertising.[33] What do these trends have to do with each other? Big brands will soon find it more effective and efficient to produce and distribute original content than to advertise in lowest-common-denominator studio content. Think The Red Bull Channel, but where brands originate programming and distribute it through owned networks. And stars like Kevin Spacey, who value indie content, will turn to these options for richer characters to play.

- **Amazon will vie to manage your personal supply chain.** Paying a premium for an ad-free device won't rescue people from a deluge of marketing messages; brands will just target them through other means.[34] We think the businesses that currently manage much of your digital data — like Apple, Amazon, or MasterCard — will become personal identity and data management (PIDM) services that filter promotions and content for you.[35] Already, Apple regulates who in its app network can access user data and you can ask Google Now to remind you to buy milk next time you're at the grocery store. The advanced version of this will be PIDMs curating product replenishment based on inventory data from your smart refrigerator and a private network of relevant merchants.

- **Manufacturers will select brand apostles.** Over the next five years, marketing leaders will work to demonstrate their brands' promise, not just communicate it.[36] And a cluttered ad environment will elevate the value of advocates for connecting brands with new and existing customers. But firms won't be willing to nurture just anyone who shows herself as an extreme fan. Individuals acting for brands introduces a liability challenge: In January 2014, the family of Sofia Liu sued Uber after a driver that was logged into the car service's app killed their daughter. To stave off government regulation, prevent legal action, and stay competitive, brands will recruit evangelists whose conduct maps to their brand attributes and moral code.

- **HP will launch a marketing cloud for agencies.** Agencies still won't be any good at technology even as it becomes more critical for managing the complexity of increasingly customized campaigns. To vie for new projects building contextual marketing experiences, implementation agencies — like Deloitte or Accenture — will build proprietary marketing automation. But innovation and integration agencies — like Possible and Rosetta, respectively — will opt for established technologies.[37] Some will acquire; we wouldn't be surprised to see Publicis pick up a midsize campaign management vendor like SmartFocus to retrench its VivaKi effort. More likely, however, is that big vendors already building marketing suites will customize applications specifically for agencies. HP will lead the race to this outcome; it already has a broad partner network (including Critical Mass, DigitasLBi, and Organic) and isn't yet trying to out-cloud other vendors for marketer business.

SUPPLEMENTAL MATERIAL

Companies Interviewed For This Report

360i

Belk

Cancer Treatment Centers of America

Cardinal Health

Citigroup

CQuotient

Custora

DEG

Epsilon

iCrossing

IgnitionOne

Lids

LiveIntent

L.L. Bean

Movable Ink

MyBuys

Rise Interactive

StrongView

TellApart

ENDNOTES

1 The next five year's CAGR of 12% represents healthy growth, but certainly a slowdown from our 2011 forecast in which we forecast a 17% CAGR until 2016. See the August 24, 2011, "US Interactive Marketing Forecast, 2011 To 2016" report.

2 Customer-facing software will be about $44 billion (19% of the total US software market) in 2014, but spending will increase by 17% in both 2014 and 2015, continuing a string of double-digit increases. See the April 24, 2014, "US Tech Market Outlook For 2014 And 2015 — Solid, Steady Growth" report.

3 The connected home is no longer a futuristic vision, decades away — many of the barriers that impeded the development of relevant smart devices have eroded. Technology, which had presented the greatest challenge is now manageable. See the December 23, 2013, "The Internet Of Things Comes Home, Bit By Bit" report.

4 Facebook alone is now one-third of all online display impressions. Twitter and other smaller social sites ramping from near-zero available sponsored impressions will contribute enormous advertising inventory.

5 Customer obsessed firms will change how they budget. For specific guidance on how to shift spend, refer to Figure 3 of the report. See the October 10, 2013, "Competitive Strategy In The Age Of The Customer" report.

6 Chase recently shifted its focus from being the low-cost provider of credit cards to ramping up customer experience. Source: "How to Win Mobile Wallet Marketshare," QSR Magazine, June 2013 (http://www.qsrmagazine.com/outside-insights/how-win-mobile-wallet-marketshare).

7 The real shift related to mobile is not that it enables new ad formats, but rather that it changes users' states of mind. Your customer is experiencing a mobile mind shift: the expectation that she can get what she wants in her immediate context and moments of need. As a result, you are charged to take advantage of the new opportunities that your customers' constant connectivity presents. See the August 12, 2014, "Enhance Customer Relationships Through Mobile" report.

8 Google revenues continue to grow even though cost-per-clicks are dripping. Source: Tim Peterson, "Google Profit Misses Estimates As Search Ad Prices Decline," Advertising Age, April 16, 2014 (http://adage.com/article/digital/google-profit-misses-estimates-search-ad-prices-decline/292678/).

9 Click-through rates on Google's search ads have risen across devices and sectors. Source: Sid Shah, "Continued Growth For Google's Search Ad Business in Q2," Adobe Digital Marketing Blog, July 16, 2013 (http://blogs.adobe.com/digitalmarketing/advertising/continued-growth-googles-search-ad-business-q2/).

10 In a test of PLA effectiveness compared to text ads, AdGooroo tracked the overall impression and click volume for 60,000 keywords. The results? PLAs generated 2.98 billion impressions and 187 million clicks while text ads generated 4.98 billion impressions and 184 million clicks. In this study, the average cost-per-click (CPC) for PLAs was $1.63 while the average CPC for text ads was $1.07. Source: "Top Paid Search Advertisers Spent 63% of Budget on Product Listing Ads," AdGooroo, August 11, 2014 (http://www.adgooroo.com/resources/blog/top-paid-search-advertisers-spent-63-of-budget-on-product-listing-ads/).

11 Forrester cuts its overall interactive marketing forecast by 11 industries to provide a vertical view of interactive investment.

12 Enhanced Campaigns describes a campaign management approach from Google which aggregates the management of targeting, bidding, and ads for different platforms like mobile and computers all within the same campaign. Google provides support information for Enhanced Campaigns. Source: "AdWords Help Center," Google (https://support.google.com/adwords/answer/2909484?hl=en). According to Covario's July 15, 2014, Global Paid Search Spend Analysis report, mobile search spend recorded 98 percent year-on-year growth and 6 percent growth over the previous quarter as mobile search volume increased 74 percent overall. Source: Alex Funk, "Quarterly Global Paid Search Spend Analysis (Q2/2014)," Covario, July 15, 2014 (http://www.covario.com/2014/07/quarterly-global-paid-search-spend-analysis-q22014/).

13 American Express's campaign focused on creating rich experiences for smartphone users personalized to their interests and spending habits plus combine video, user generated content, and social media on smartphones. Source: Steve Olenski, "American Express Looks To Shake Up Mobile Advertising," Forbes, June 5, 2012 (http://www.forbes.com/sites/marketshare/2012/06/05/american-express-looks-to-shake-up-mobile-advertising/).

14 Online video no longer means just cute cat videos. The variety and quality of video content available online is rapidly improving as broadcasters and media companies see their audiences rapidly migrating to laptops, tablets, and smartphones for their entertainment consumption. See the February 18, 2014, "How Software Is Eating Video Ads And, Soon, TV" report.

15 Rapt Media creates video-to-website pairings where video can easily refer to specific parts of a marketer's main website, such as product offers or different information that a user is being introduced to in a video. Source: David Kaplan, "Paying Rapt Attention To Online Video's True Power," AdExchanger.com, January 3, 2014 (http://www.adexchanger.com/digital-tv/paying-rapt-attention-to-online-videos-true-power/).

16 Video advertising retargeting company, Yashi features this case study. Source: "Retro Fitness: 5x More Value than YouTube, 3x More Value than Pay Per Click, Precision Geo Delivery," Yashi (http://yashi.com/project/retro-fitness/).

17 Too many marketing leaders still lump tablets and smartphones in the same mobile bucket. But tablets are not primarily mobile devices; they are mostly used within the home. Marketing leaders who conflate the two risk dissatisfying their best customers and missing opportunities to engage when customers discover and explore their products. See the May 22, 2013, "Don't Confuse Tablet And Mobile Marketing" report.

18 The Mobile Marketing Association features this Quiznos case study and others. Source: "Quiznos: Satisfying Hunger with Geo-Targeted Ads," MMA (http://www.mmaglobal.com/case-study-hub/case_studies/view/27668).

[19] Ford used tablet ads specifically to try to bring the F-150 to life. Source: "Team Detroit and Amobee Bring the Ford F-150 to Life with Innovative 3D Mobile Ad," Interactive Advertising Bureau, October 2013-January 2014 (http://www.iab.net/mobilecenter/showcases/tabletshowcase).

[20] We predict that the Facebook user experience will become so poor — especially in the "right-hand rail" of the site's home page — that Facebook will abandon its marketplace ads entirely. It will instead focus on further improving the ads it delivers into its News Feed and on building an ad network or exchange where direct marketers can run high volumes of low-budget ads without degrading Facebook's own user experience. See the October 28, 2013, "Why Facebook Is Failing Marketers" report.

[21] The results of Bud Light's Facebook investments are available for all to see. Source: "Boosting sales through digital media," Facebook for Business (https://www.facebook.com/business/success/bud-light).

[22] See how Alex and Ani used Custom Audiences. Source: Kelly Wrather, "eBay Enterprise helps retailer Alex and Ani increase ROI by 80% through Facebook Ads with Kenshoo Social," Kenshoo, January 29, 2014 (http://www.kenshoo.com/alex-and-ani-facebook-success/).

[23] Read the complete case study. Source: http://www.digitalmarketingsuite.com/casestudies/Case-Study-Channel-Orchestration.pdf.

[24] Source: Forrester's Q2 2014 Global Email Marketing Customer Reference Online Survey.

[25] As part of the research process for our 2014 Email Marketing Vendor Forrester Wave, we asked each of the nine participating vendors to provide us with their pricing models and average contract costs. See the July 23, 2014, "The Forrester Wave™: Email Marketing Vendors, Q3 2014" report.

[26] The Response Rate 2012 Report from the Direct Marketing Association showed average conversion rate for house email lists at 0.12 percent and prospect (third-party) lists at 0.03 percent. Source: Jeanne Jennings, "Conversion Rates and Cost-per-Conversion: Email Marketing Metrics That Matter," ClickZ, August 19, 2013 (http://www.clickz.com/clickz/column/2289578/conversion-rates-and-costperconversion-email-marketing-metrics-that-matter).

[27] Using the ActionSprout Facebook app, Unicef created a landing page to encourage people to join the list for further information on how they can help Syrian children. Source: John Haydon, "3 Unusual Ways to Build Your Email List With Facebook Apps," Social Media Examiner, March 10, 2014 (http://www.socialmediaexaminer.com/facebook-apps-build-list/).

[28] Verizon Fios invited thought leaders and early technology adopters in the innovation and technology communities to mix and mingle, share ideas, and explore new ways to optimize today's connected home during two major real-life events in Boston and New York — as well as to continue their networking online. During the two meet-ups, Verizon FiOS expanded its database to over 1,000 members. Read about this and other influencer campaigns. Source: Mark Fidelman, "The 10 Best Influencer Marketing Campaigns of the Year," TheHuffingtonPost.com, December 14, 2013 (http://www.huffingtonpost.com/mark-fidelman/the-10-best-influencer-ma_b_4098892.html).

[29] In May 2014, Monetate commissioned Forrester Consulting to evaluate how marketers use and value email and its role in the new digital marketing mix. Results from the research indicate that marketers are interested in (and will even pay a premium for) emerging email innovations like micro-segment targeting, personalization — both basic and advanced like open-time personalization — and mobile-first efforts. Access the study here: http://info.monetate.com/forrester-research-innovate-with-email-lp.html.

[30] Datalogix data includes 90% of US household and more than $2 trillion in consumer-level channel-agnostic purchase data. Read about HauteLook's application of these insights. Source: "Audience Insights," Datalogix (http://www.datalogix.com/success-stories/solution/audience-insights/).

[31] Monetate features its work with True Religion. Source: "True Religion: Open-Time Email Makes Testing a Snap," Monetate, January 28, 2014 (http://content.monetate.com/h/i/11568771-true-religion-open-time-email-makes-testing-a-snap).

[32] Sailthru features this case study. Source: Sailthru (http://www.sailthru.com/clients/).

[33] Consumers show the most trust in pull digital content. See the March 19, 2014, "Build Your Content Brand By Delivering Customer Value" report.

[34] In our 2011 forecast we predicted that "freemium" devices would exist for users who agreed to share personal data in exchange for free or discounted access to emerging technology. And the opposite — ad-free options — would exist for a fee. See the August 24, 2011, "US Interactive Marketing Forecast, 2011 To 2016" report.

[35] We define personal identity management as: The rules, standards, and processes by which individuals and organizations manage, use, and share personal data and identity with other individuals and organizations. Entities that support personal identity management will combine two concepts: personal data lockers (PDLs) and authorization managers. Eligible companies to play this role include: Megaretailers like Target or Wal-Mart or Amazon; tech oligarchs like Google, Apple, or Amazon; even data veterans like MasterCard or Experian. See the November 13, 2014, "Personal Identity And Data Management" report.

[36] Demonstrate your brand promise, don't just talk about it. See the April 14, 2014, "Create Marketing Your Customers Can Use" report.

[37] We see successful agencies as those that concentrate their offerings into three well-defined areas of client demand: innovation agencies, integration agencies, and implementation agencies. See the December 6, 2013, "The Next Act For Agencies: The Post-Digital Agency Landscape" report.

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