

RESEARCH

Retailers' mobile marketing budgets jump as silos tumble

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Value Retail promotional image

By CHANTAL TODE

Hoping to better take advantage of mobile's influence on in-store and online sales, 39 percent of retailers plan to allocate 50 percent or more of their marketing budget to mobile in 2016, according to a new report from RetailMeNot.

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The report, *The Rise of Mobile Marketing Spend in Retail*, found that mobile budgets are set to grow the most out of online and offline channels. The report also found that retailers' mobile teams are taking on a bigger role across channels, with a big jump in the percentage responsible for driving traffic both in-store and online.

"The shift in thinking to multi-channel marketing is most fascinating amongst internal marketing departments," said Marissa Tarleton, chief marketing officer for North America, at [RetailMeNot Inc.](#) "Retailers have operated in silos where e-commerce departments not only didn't work together, but in some cases competed outright with their brick-and-mortar counterparts.

"In 2016, 74 percent of retailer mobile teams will be responsible for driving both mobile and in-store traffic an increase from only 64 percent in 2014."

The report is based on a survey of 200 retail marketers in January 2016 about their expected marketing spend in the coming year.

Budgets shift

While retailers agree that the return on investment is often greater on digital channels, they have been reluctant to shift spend. In 2015, retailers allocated 51 percent of their budgets to digital channels and 49 percent to offline marketing.

However, 87 percent of retailers surveyed say they will increase their mobile budgets this year.

Screen Shot 2016-03-03 at 2.13.26 PM

The survey found that retailers are decreasing their offline and non-mobile digital budgets by 14 percent and 19 percent, respectively, suggesting dollars are being reallocated from these areas to mobile.

On average, retailers plan to allocate 43 percent of their marketing budget to mobile.

One reason for the shift to mobile in 2016 is that just one out of four retail marketers believes they are getting the most out of mobile technology.

"Twenty sixteen will be the year when newly formed digital departments in retailer and national restaurant organizations, in addition to Madison Avenue, invest more energy, resources and analytics in reaching consumers through mobile," Ms. Tarleton said. "It will also be the year that mobile as a marketing channel proves to be one of the most valuable ways to reach shoppers and diners in 2016."

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Location-based marketing lags

One area where retailers continue to be hesitant to invest in is location-based marketing, with only one in three retailers partnering with beacon experts for their marketing efforts. Beacon technology and geo-fencing are the bottom of the list of mobile priorities for 2016.

When it comes to marketing partnerships, 58 percent of retailers are partnering with social media platforms, 48

percent with promotion code platforms and 46 percent with digital wallet providers.

"One of the biggest things we hear from retailers is mobile isn't converting," Ms. Tarleton said. "What RetailMeNot sees in our data is that mobile is influencing and driving sales in-store, on mobile, and on desktop.

"Mobile is a channel of discovery and influence," she said. "We expect more retailers will invest in improving their own internal mobile capabilities.

"This includes removing barriers from the purchase process and shifting budgets from traditional forms of advertising into mobile channels with more proven ROI."

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