

PROPOLIS
COMMUNITY INDEX
FROM B2B MARKETING

Financial services marketing in 2024:

Budgets are down, so how are B2B marketers responding?

OCTOBER 2024

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Introduction to the Propolis Community Index

In August 2023, we launched the **Propolis Community Index** – the real-time dashboard of B2B marketing metrics. This dashboard collects data from B2B marketing teams from the UK and US on a monthly basis, and presents the data in a live dashboard, providing an increasingly rich and detailed picture of the market. This tool helps Propolis members benchmark themselves against their peers, and understand how they compare.

With a new financial year having since gotten underway, the Propolis Community Index now provides members with a detailed picture of how the market is changing year-on-year, from budgets, to strategies, to team size, and everything in between.

In this report, we'll look at the financial services sector in particular, ensuring the data we're discussing doesn't include any input from those in healthcare, manufacturing, professional services or technology and telecoms (the other core sectors the Propolis Community Index collects data on).

With data collected from senior marketing leaders within Propolis, as well as from our dedicated B2B research partner, the data discussed is strictly from B2B businesses with annual revenues of £20 million minimum. In other words, the data we're discussing is exclusively from established B2B organizations, and not from one-man-bands.

With that in mind, let's see what we can learn from the data.

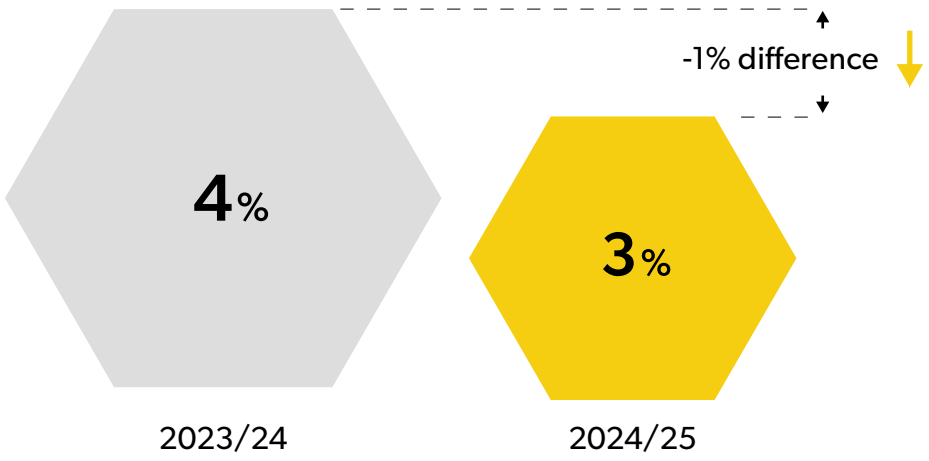
Want to learn more about the Propolis Community Index? Just scan the code.

PROPOLIS COMMUNITY INDEX
FROM B2B MARKETING

Budgets are down

Marketing budget as percentage of revenue target

The Propolis Community Index
October 2024



Let's cut to the chase. Marketing budgets in financial services are down. In fact, according to the Propolis Community Index, financial services marketers have a budget that reflects just 3% of their overall revenue target. This compares to 4% last year.

To provide some context, the average marketing budget across all sectors (at least, those sectors we collect data on named in the introduction) this year is 4%. With that in mind, 4% for financial services marketers doesn't sound especially bad. However, it's critical to note that this 4% average across all sectors was actually an increase from 2% last year.

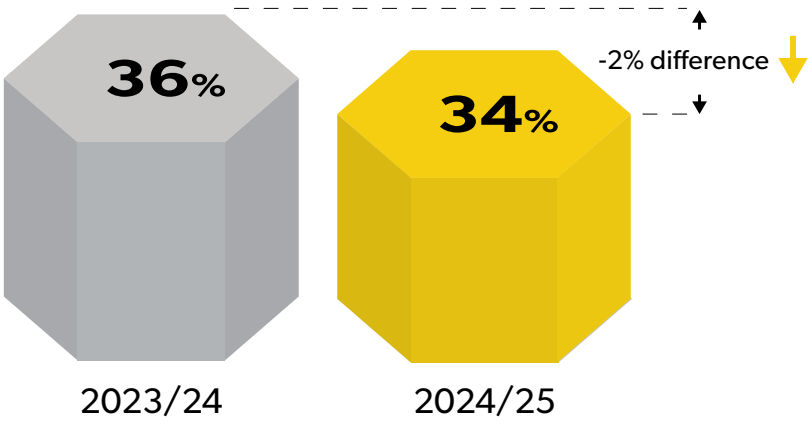
In short, although financial services marketing budgets are average, the trend in that sector is concerning.

So, what's caused budgets in financial services marketing to have dropped this year, compared to other industries? James Redgrave, *Vice President, Global Thought Leadership & Editorial*, **State Street** weighed in saying he doesn't necessarily think this comes down to marketing, but more so the fact that financial services went through a period of contracted budgets in the past few years.

Financial services marketers' responsibility for revenue falls

The percentage of revenue that marketing is responsible for

The Propolis Community Index
October 2024



Taking this a step further, we can see that financial services marketers are now responsible for delivering 34% of their team's overall revenue target. Again, this represents a decrease from the previous year, when it stood at 36%.

Comparing against all industries, we can see that marketers are responsible for 36% of revenue this year, compared to 30% last year. So, again, whilst financial services may be 'about average', the downwards trend could be cause for concern.

However, this depends on your perspective. Whilst some marketers have argued that being responsible for a greater share of revenue is a good thing, demonstrating that marketers are acting as a truly commercial function, some marketers have argued the opposite, claiming that this demonstrates a preponderance for short-term thinking at the expense of long-term brand-driven growth.

I think, insofar as there are target percentages of revenue for marketing activities, the organizations in question need to be clear that those activities are ones that can be clearly linked to revenue (direct sales support for example). Obviously, all marketing by commercial organizations is to some extent or ultimately aimed at revenue generation. But often the relationship is intangible. Reputational and brand-based marketing is commercially worthwhile, otherwise no one would do it, but there's rarely an obvious cash figure ascribable to it."

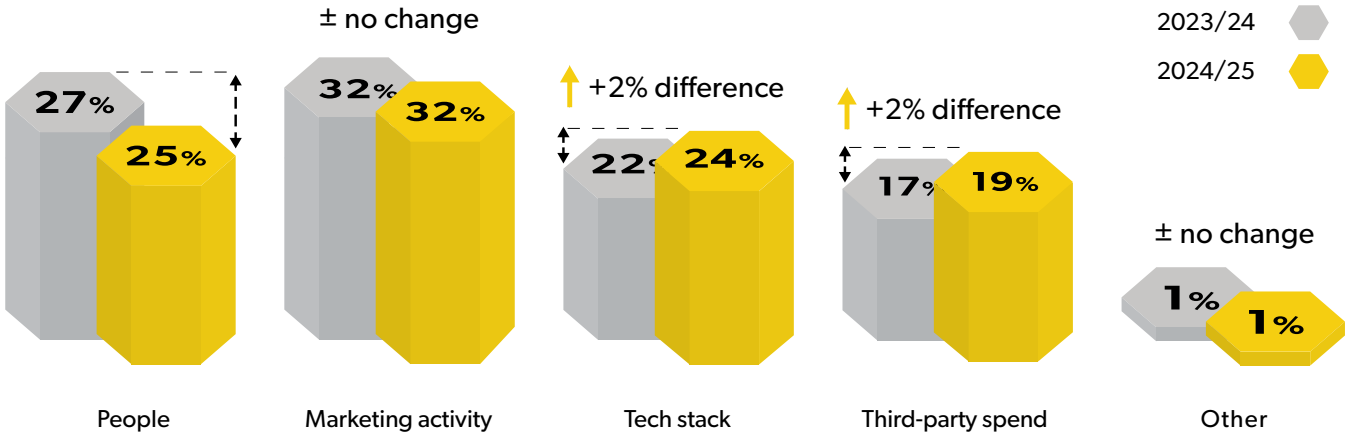
He continued: *"Based on your figures, it looks like most firms, financial services or otherwise, view around a third of their marketing activities as revenue generating and two thirds not. It's hard to comment on those numbers specifically, as they're an average and the variations by respondent are likely to be significant. But I think more important than the headline figure is that each of the organizations represented by this data have an accurate mechanism for applying ROI to marketing."*

James Redgrave, *Vice President, Global Thought Leadership & Editorial*, **State Street**

Financial services marketers spending more on tech and agencies, but less on in-house marketing

How marketing leaders are spending their budgets by activity

The Propolis Community Index
October 2024



According to the Propolis Community Index, B2B marketers in financial services are spending their budget as follows:

- **25% on people** (down 2% from last year)
- **32% on marketing activity** (no change)
- **24% on technology** (up 2% from last year)
- **19% on third party spend, such as agencies and consultants** (up 2% from last year)
- **1% on other** (no change)

So, overall, the picture that starts to form is one of marketing teams that are increasingly looking towards technology and third-party support to deliver their overall objectives.

It's important to note, of course, that a decrease in spend on marketing activity doesn't mean in-house marketing isn't being done. After all, it could simply mean a shift away from cost-heavy marketing initiatives.

SECTION 4

How financial services marketers are using agencies

So, if financial services marketers are spending a higher percentage of their budget on third-party spend (agencies, consultancies, freelancers, etc) this year, making up 19% of their overall spend (compared to 17% the year prior), the question, then, is **what are these marketers using these third-parties for?**

- **Demand generation:** 25% of financial services marketers say they use third-party support for this, compared to 30% last year.
- **Account-based marketing (ABM):** 30%, unchanged from the previous year.
- **Branding and brand awareness:** 35%, down from 43% the previous year.
- **Content marketing and creation:** 30% down from 42% the previous year.
- **Digital advertising:** 45%, down from 50% the previous year.
- **Events and conferences:** 25%, down from 30% the previous year.
- **Market research and analysis:** 35%, down from 43% the previous year.
- **Marketing technology and tools:** 20%, down from 31% the previous year.
- **Social media marketing:** 20%, down from 30% the previous year.

So, taking this into context of everything else we've learned, what does this mean?

Well, budgets are down overall, but a larger percentage of that budget is being spent on agencies (albeit marginally). However, given that fewer agency or third-party services available are being used by financial services marketers, this suggests that these marketers are being more selective with how they use agencies – using their services for specific jobs.

This data is interesting. It looks like significantly fewer firms are using third parties for most of these areas, so it's somewhat surprising the industry is spending more overall on these partnerships. Presumably the smaller number of organizations using them are using them more by enough that this compensates, in expenditure terms, for the ones who've stopped. This could indicate a split in strategies across the industry, in which firms tilt their approaches significantly towards one or other of in-house or external. If this is the case, it will be interesting to see whether, over time, either strategy can be demonstrated to have paid off."

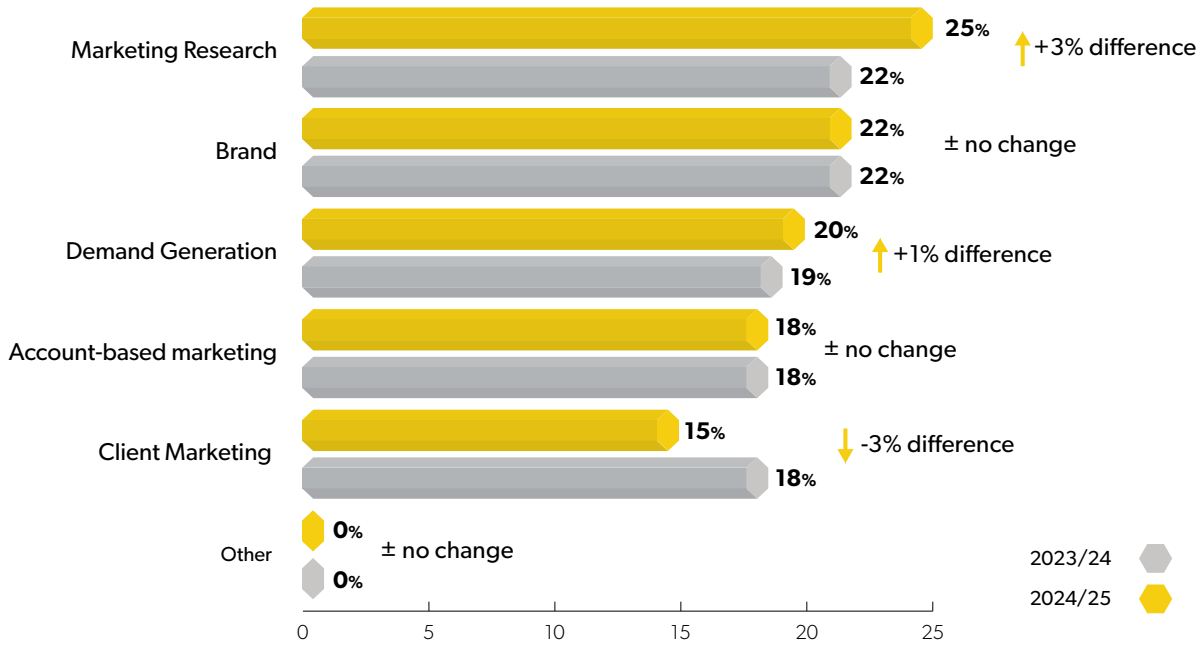
James Redgrave, *Vice President, Global Thought Leadership & Editorial*, **State Street**

SECTION 5

Market research being taken more seriously by financial services marketers

How marketing leaders are spending the portion of budget allocated to 'marketing activity' by marketing aim

The Propolis Community Index
October 2024



When looking at the portion of marketing budget that is spent directly on marketing activity, we can see that financial services marketers are spending this as follows:

- **25% on market research** (up 3% from last year)
- **22% on brand** (no change)
- **20% on demand generation** (up 1% from last year)
- **18% on account-based marketing** (no change)
- **15% on client marketing** (down 3% from last year)

Generally speaking then, no major change YoY. In fact, it has to be said that if there was a significant change here, that would be quite unexpected.

Yes, we expect marketers to try new technologies and channels, but these 'core pillars' of marketing strategy will likely be slower-moving – at least in an economy that isn't significantly disrupted.

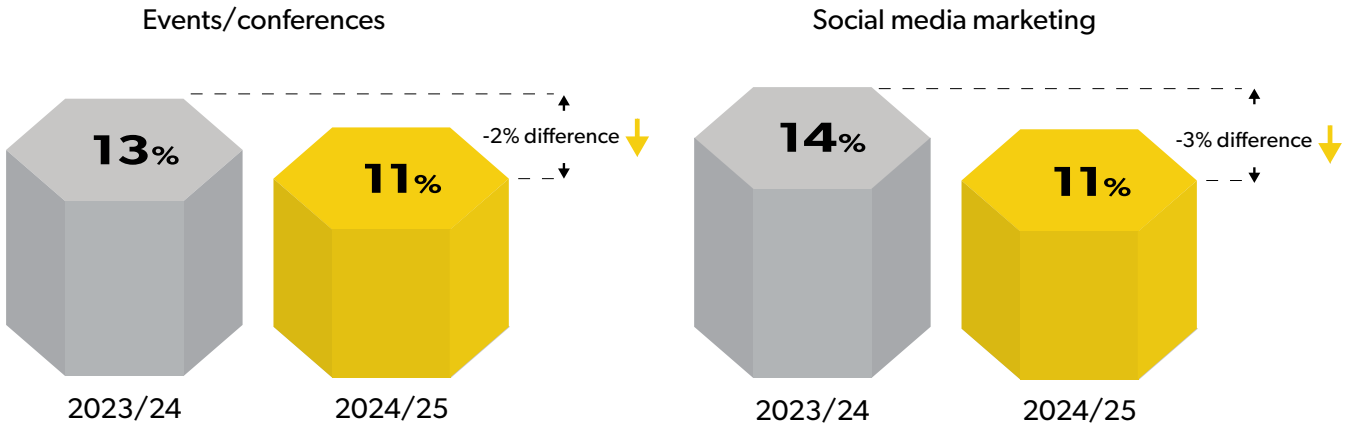
Regardless, it is interesting to see a 3% increase in the percentage dedicated to market research. Combined with the fact that marketers are spending less on in-house, and more on technology and third-party support, could this suggest an evolution in how marketers operate? Perhaps it could suggest a new breed of marketer that acts as a 'conductor', investing in research, and then using technology and third-party support to deliver its objectives. Of course, this is just one possible hypothesis.

SECTION 6

Change the channel: Financial services moving away from events and social media?

How marketing leaders are spending the portion of budget allocated to 'marketing activity' by individual activity

The Propolis Community Index
October 2024



Providing yet another breakdown of spend, one section of the Propolis Community Index takes the percentage of budget allocated to marketing activity, and asks how that budget is spent across various marketing channels.

Members of Propolis can find the full breakdown in the real-time dashboard, but the key takeaways here are that financial services marketers are spending less on events/conferences and social media marketing (2% and 3% less, respectively). The decline in event/conference activity follows the trend that we're seeing across all industries we collect data on (also seeing a 2% decline compared to last year), but the decrease in social spending is going against the grain.

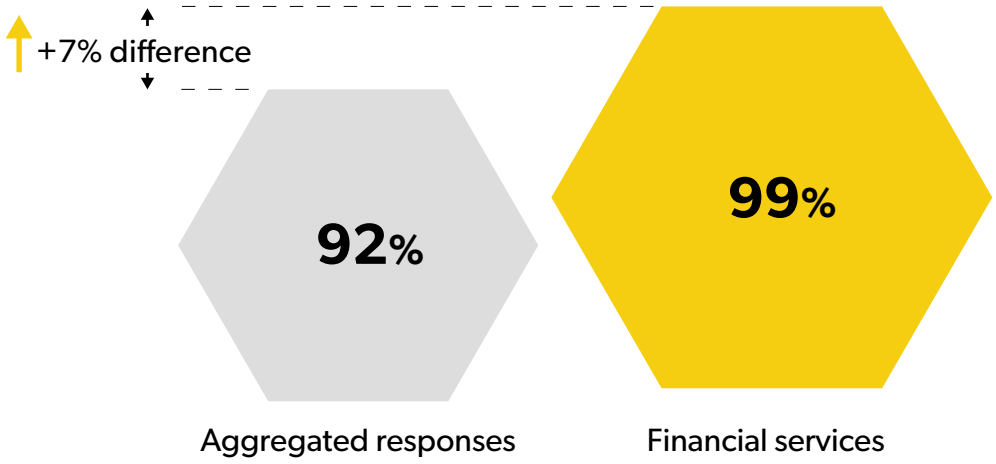
In fact, looking at all data combined, we can see that B2B marketers have actually spent 4% more than last year, in comparison to financial services marketers' 2% decline.

SECTION 7

Financial services marketers determined not to let any customer slip

The percentage of customers that marketing leaders are looking to retain this financial year

The Propolis Community Index
October 2024



Last year, the average targeted customer retention rate across all industries was an ambitious 91%. This year, it's 92%. For financial services marketers, it's 99%.

Of course, financial services marketers aren't merely focused on retaining what they already have. They also have ambitious growth plans for the year ahead, with 71% looking to acquire more customers this year, and a further 10% looking to acquire 'significantly more'.

Looking across all sectors we collect data on, we can see that, on average, 53% of marketers are looking to acquire more customers this year compared to the previous year's growth, with a further 16% looking to acquire 'significantly more'.

So, what's causing this drive towards greater customer acquisition in financial services this year?

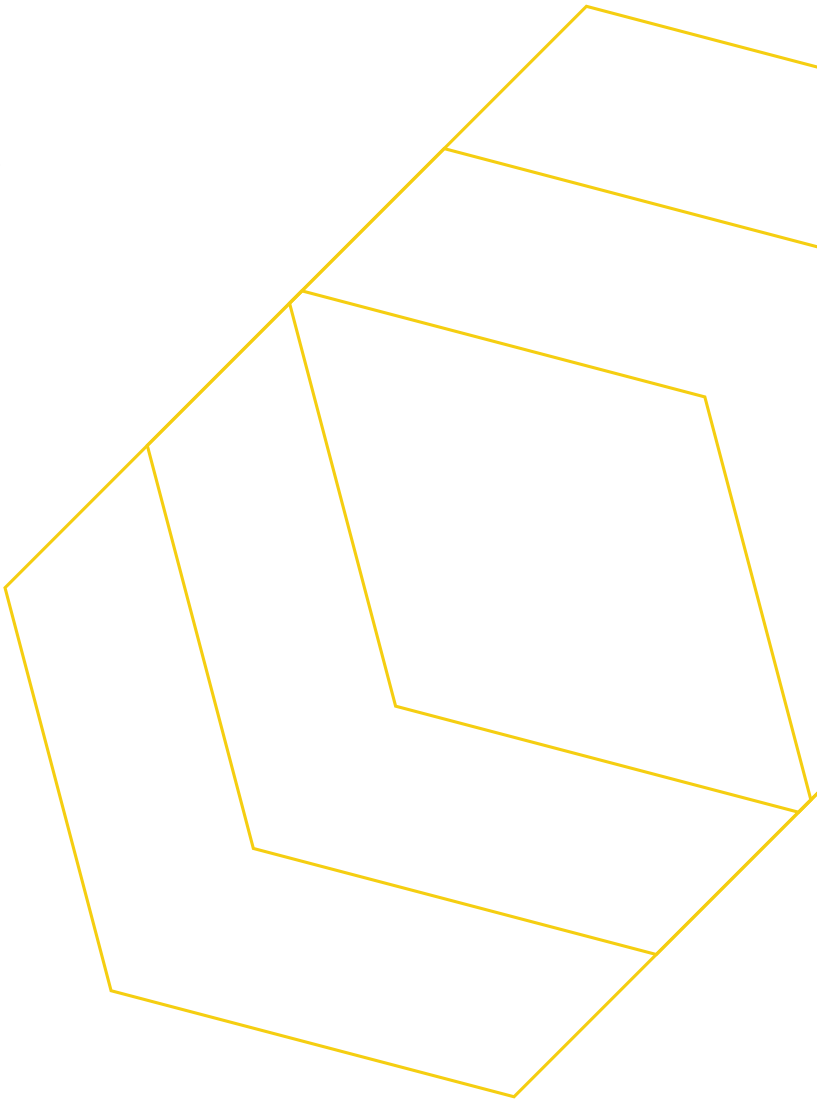
Well, according to James: "For financial services in isolation, I think it represents a degree of optimism that new opportunities are opening up after a difficult couple of years globally in macroeconomic and capital market terms."

Conclusion

So, what have we learned? Firstly, and most importantly, marketing budgets are down in financial services. Whilst the specific reasons for this will depend on the organization in question, there's no doubt that a flat economy overall will have contributed towards this decrease.

Simultaneously, financial services marketers are now responsible for delivering just 34% of their team's overall revenue target, compared to 36% the year before. A marginal difference? Of course, but it could still be a worrying trend.

So, with decreased budgets, how are financial services marketers looking to get the most out of what they do have to work with? Well, according to data from the Propolis Community Index, it appears that third-party support and technology are increasingly being utilized by these marketers, hoping to deliver greater returns or greater efficiencies with their shrunken budgets. Will this continue into next year? This remains to be seen.



About B2B Marketing and Propolis

B2B Marketing was founded in 2004, starting life as a print magazine. It has since evolved into the world's go-to resource for B2B marketers looking to become best-in-class at what they do, and place themselves at the forefront of marketing evolution.

B2B Marketing produces a number of products, including: insight reports; interviews with the best minds in the business; The B2B Marketing Podcast; webinars; conferences; and even Awards programmes.

In 2021, we launched Propolis where B2B marketers find the right strategies, frameworks, and skills to confidently drive growth, build teams, and prove a clear business impact. It's driven by practical insights from hand-picked experts – and tested by marketers themselves in the real world.

Want to learn more about B2B Marketing or Propolis specifically? Just get in touch using the contact details below and start your journey with us today.

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Propolis helps B2B marketers confidently build the right stratgies and skills to drive growth and prove their impact.

Full of relevant experise and tools, it cuts straight to the answers and advice marketing leaders and teams need to overcome their biggest challenges.

Learn how to join the community

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