

klaviyo<sup>™</sup> x InsideRetail<sup>™</sup>

# 2024 MARKETING SPEND REPORT

Insights to power smarter marketing spend  
and maximise ROI

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# In the face of fierce competition, marketers must invest time and budget wisely to optimise acquisition, retention, and ROI.

We collected responses from 100 top Australian and New Zealand retail marketing leaders from various industries, roles, and budget levels to understand their marketing spend priorities.

What did we uncover? Digital marketing competition is fierce with 81% of retailer marketers expecting it to increase this year, and 69% looking to raise their spend this year.

Other findings explore the internal and external influences, digital and physical channels, and budget shifts that are shaping marketers' strategic investment decisions. Learn more about how retailers are spending their marketing dollars and where they are looking for the best return on investment (ROI).

FEATURING INSIGHTS FROM:



01

## SET THE FRAMEWORK FOR LONG-TERM ROI

The economy and shopper purchasing habits are front-of-mind for marketing leaders this year. While many retailers expect soft economic growth in the short-term, positive indicators show a road to recovery. For example, the Reserve Bank of Australia (RBA) forecasts inflation to decline to around 2–3% in 2025. Now is the time to invest in technologies that power smarter digital relationships. How you target, personalise, and measure shopper engagement will determine the strength of your framework to see long-term marketing ROI.

02

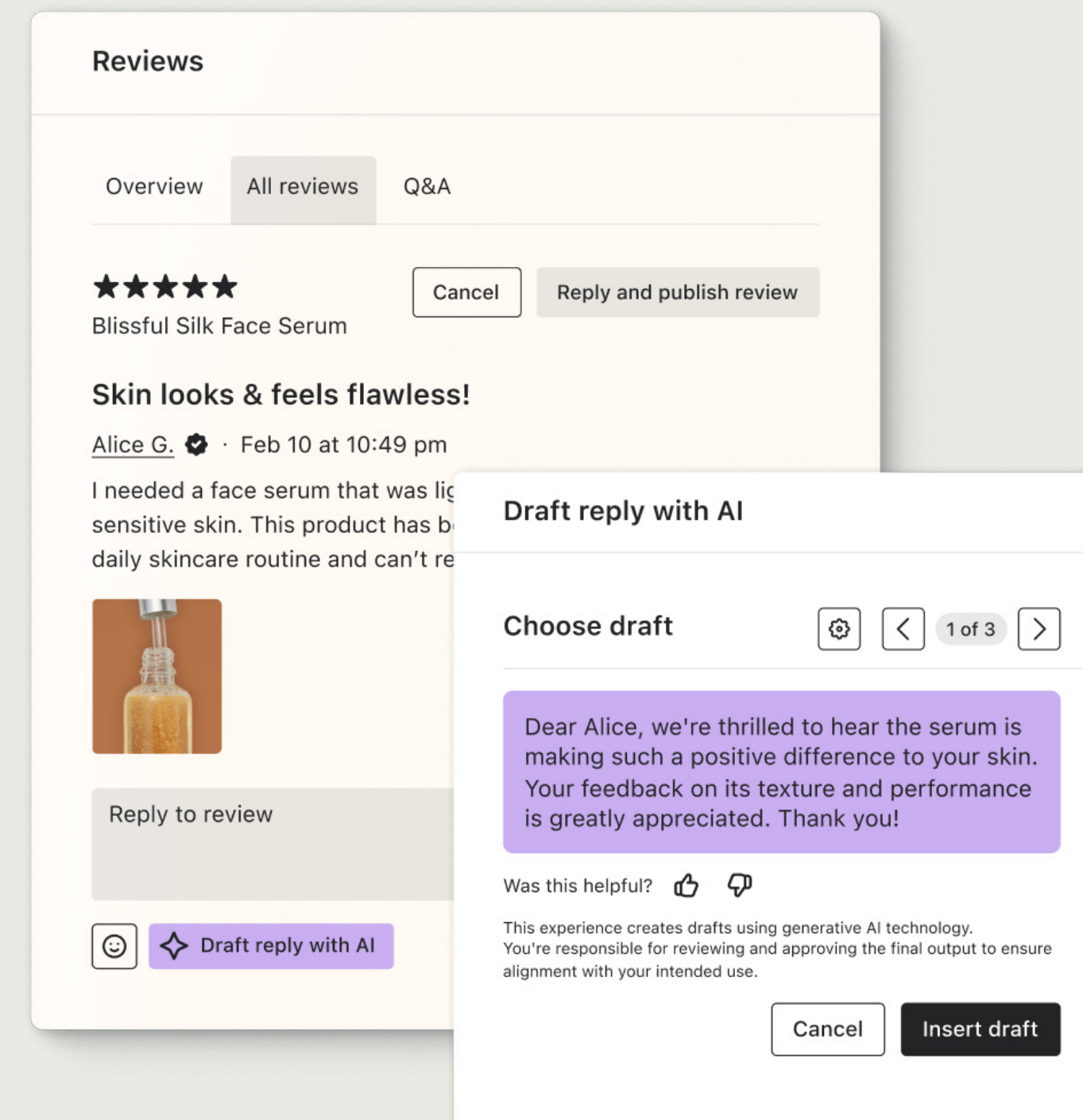
## EXPLORE EMERGING OPPORTUNITIES

With marketing leaders showing concern for intense competition, they will need to spend their time and budget wisely—and be prepared to pivot—to take full advantage of emerging opportunities. We know that many retailers have yet to uncover the full benefit of AI technologies. Savvy marketers can leverage this gap to implement AI tools that drive authentic, relevant connections with shoppers, use intelligent benchmarks and gain predictive analysis that puts them on the front foot.

03

## CONNECT YOUR DATA ACROSS CHANNELS TO MAXIMISE ROI

Email, SEO, social media, and content marketing take the spotlight over other digital marketing strategies this year, while customer reviews are a high priority for those with moderate budgets. To maximise ROI in 2024, marketers must know which channels are working, falling behind, or presenting further opportunity. Leverage technology, such as a customer data platform (CDP), to connect and centralise data across all channels, gain deeper insights, and drive stronger customer engagement.



04

## SEE THINGS FROM AN OMNICHANNEL PERSPECTIVE

How much marketers have to spend on physical channels makes a big difference to their investment priorities. However, there's further opportunity for those with any budget to gain deeper insights across activities. Think about how you encourage shoppers to take omnichannel actions to gain valuable first-party data. Online-only promotions, QR codes, and campaign-specific landing pages can be used across physical campaigns to move shoppers across channels and better understand their behaviours.

05

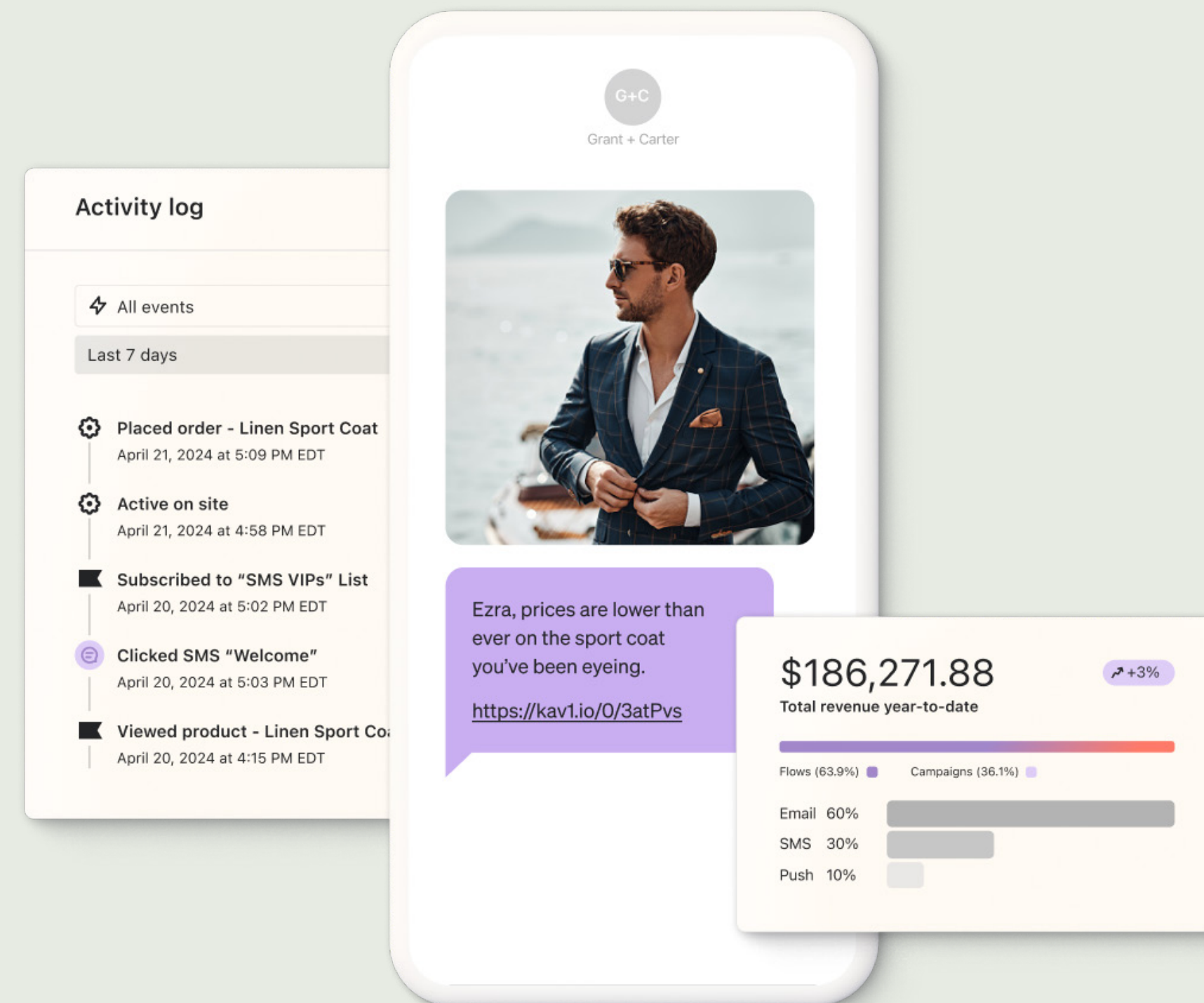
## TEST AND PROVE UNDERUTILISED CHANNELS

While marketers are expecting strong competition this year, three in five are also looking to increase their marketing spend. Assess the roads less travelled, such as subscription models, push notifications, and SMS, to uncover less competitive opportunities to drive engagement and ROI. Take a "test and prove" approach to new or unexplored channels to make your marketing dollars stretch further.

06

## LET DATA GUIDE YOUR STRATEGY THIS YEAR

Digital marketing budgets are on the rise—noticeably more than physical spend. Keep an agile mindset across your digital channels to respond to market changes and adapt to how retail evolves this year. Pay close attention to further shifts in consumer sentiment, purchasing behaviour changes, and product sales trends. Let data, rather than hunches, guide your strategy.



# WHAT'S SHAPING MARKETING SPEND STRATEGIES?



# Uncertainty is driving fierce competition and a focus on acquisition.

Market competition is intense, with four in five marketing leaders expecting competition to increase or significantly increase this year—and it's hardly surprising. Amid significant shifts in shopper buying behaviours throughout 2023 and 2024, retailers are working hard to stay in front of existing customers and attract new ones.

Our data shows that customer acquisition is the most crucial internal focus for marketers. However, we see an interesting divergence in the next-most important priorities between strategic roles—Department Heads, Directors, C-Level Executives, and higher—versus management roles—Managers, Executives, and Specialists. Strategic roles lean more towards customer acquisition, order frequency, and leveraging a customer data platform (CDP) than management roles. On the other hand, management roles focus more on customer retention—a strong indicator of revenue protection priorities.

When it comes to external factors that influence retailers, marketing leaders see ongoing economic uncertainty and shoppers' shifting purchasing habits as having the most impact. Also, noticeably more management than strategic roles recognise the impact of AI. However, many agree that AI helps improve the customer experience faster than possible without it.



# RETAILERS' REVENUE-DRIVING PRIORITIES

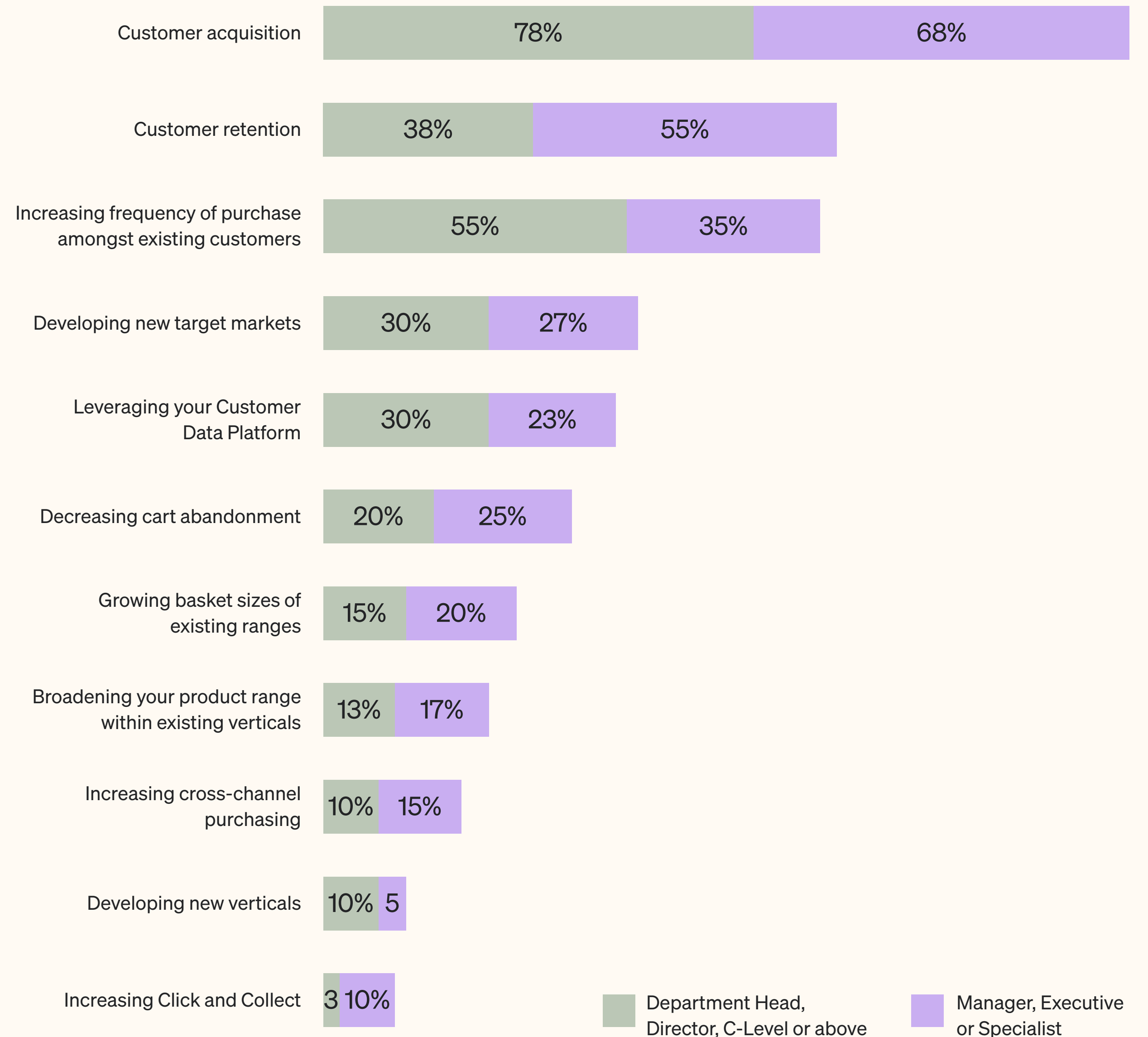
72% of marketing leaders place customer acquisition in their top three priorities, showing it's the most important internal focus for retailers.

The next-most critical factor is customer retention, a top three selection for 48% of respondents, and increasing order frequency from existing customers for 43%.

Strategic roles—Department Heads, Directors, C-Level Executives, and higher—show a 10% greater focus on customer acquisition, 20% higher on increasing order frequency, and 7% more on leveraging a CDP than management roles—Managers, Executives, and Specialists.

On the other hand, management roles show a 17% sharper focus on customer retention.

IN 2024, WHICH 3 OF THE FOLLOWING WILL BE THE MOST IMPORTANT TO YOUR ORGANISATION?



■ Department Head, Director, C-Level or above
 ■ Manager, Executive or Specialist



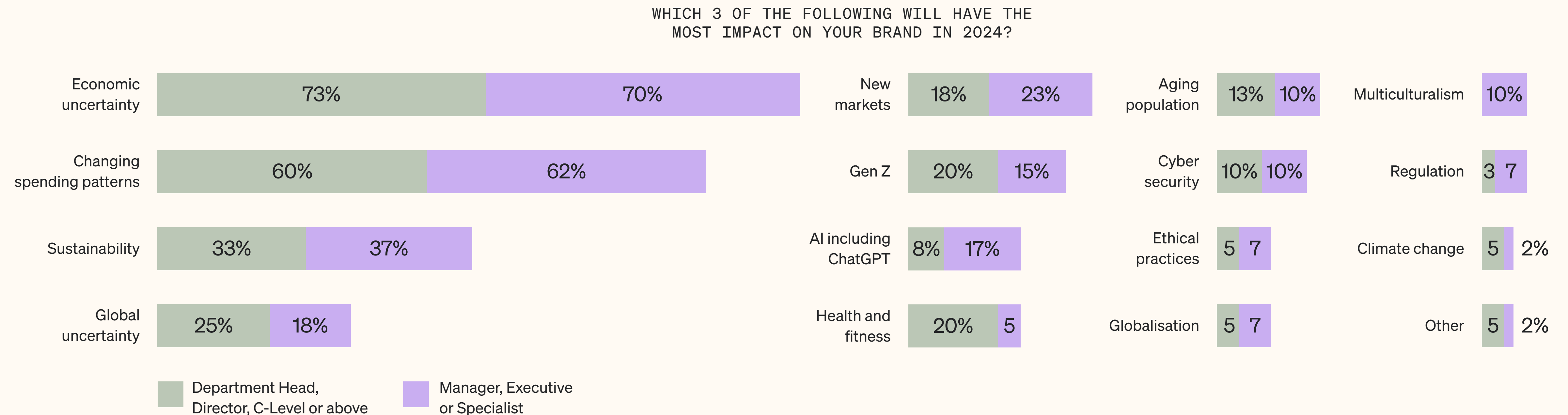
# ADDITIONAL INFLUENCES ON RETAILERS

What's impacting retailers? Unsurprisingly, economic uncertainty leads the charge at 71%, followed by changing spend patterns at 61%. We see a noticeable drop down to the third-highest priority, sustainability, at 35%.

7% more strategic roles note that global uncertainty will influence their retail operations this year than management roles, with 15% more saying health and fitness will have an impact.

There is also a noticeable gap in marketers' expectations of AI. 9% more management roles see it affecting their brand than strategic roles—perhaps a sign of uncovering more practical value from a day-to-day perspective.

Strategic and management roles show alignment within around 5% for all other influencing factors.

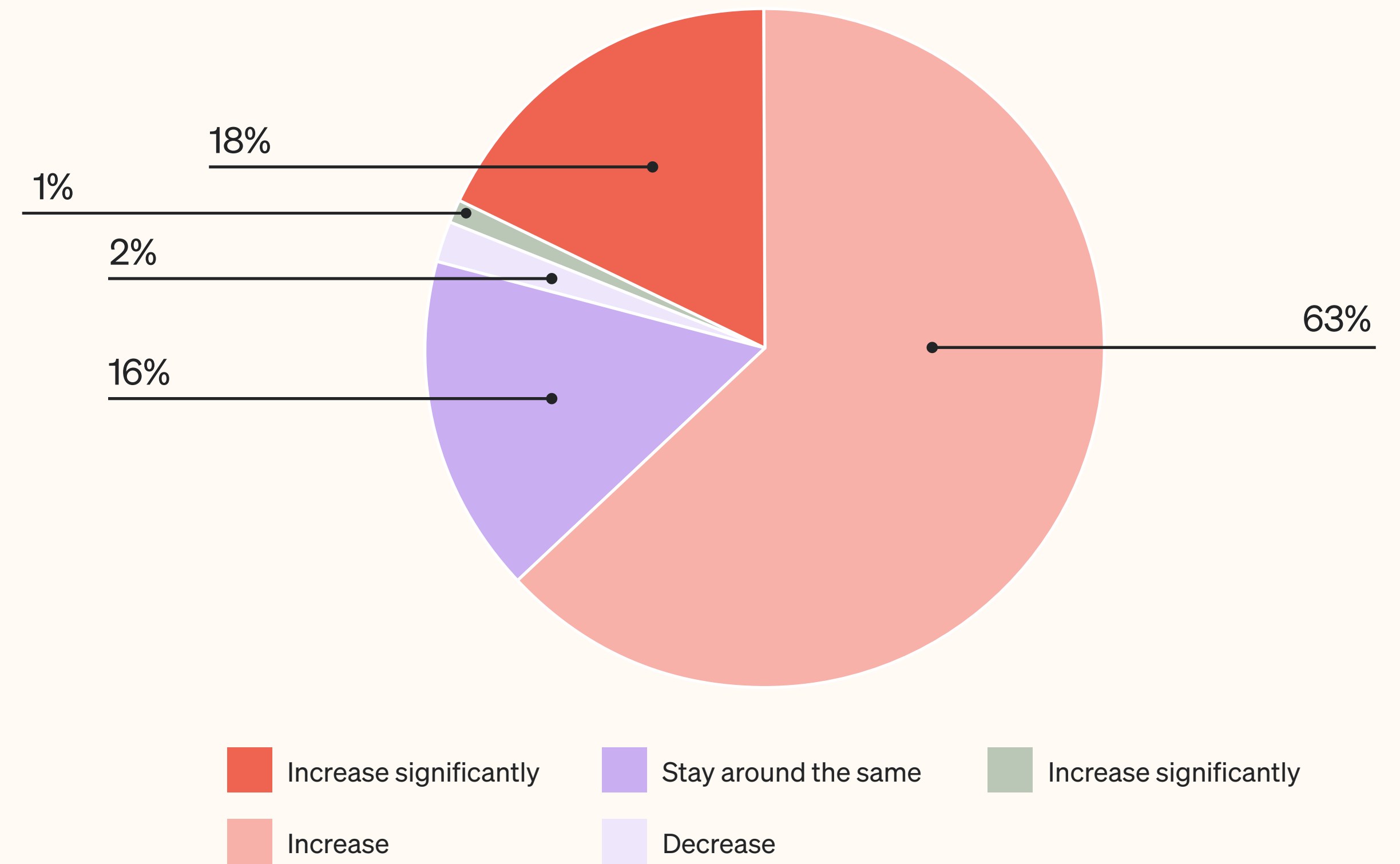


# MARKET COMPETITION IN 2024

An overwhelming 81% of marketers expect the level of competition in digital marketing to increase or increase significantly in 2024.

A mere 16% say competition will remain about the same, and only 3% think it will decrease or significantly decrease.

IN 2024, DO YOU EXPECT THE LEVEL OF COMPETITION IN DIGITAL MARKETING TO...



01

## BOOST CLICK RATE AND REVENUE WITH PERSONALISATION

Retailers need to show their understanding of shoppers to increase revenue from current and future customers. How? Personalisation. As we saw in our [2024 Consumer Trends Report](#), 90% of consumers want to receive personalised marketing communications by email, while 43% enjoy receiving tailored SMS or email campaigns from retailers they trust. Klaviyo customer [Threadheads](#) has driven a 54% YoY boost in SMS click rate and up to 51% increases in email click rate by segmenting, personalising, and automating its marketing communications.

02

## USE AI TO IMPROVE THE CUSTOMER EXPERIENCE

In 2024, AI seems to be everywhere. However, many retailers have yet to fully realise the practical applications. Our data shows that more management roles think AI influences their retail operations than strategic roles, suggesting that these “in the trenches” marketers are gaining early insights about the benefits. As shown in the [AI Trends Report](#), 90% of respondents somewhat or strongly agree that AI helps improve the customer experience faster than possible without it. Now is the time to build practical AI strategies that help you understand customers, predict future behaviours, and communicate in ways that create connections.

“ Not only can we attribute 20% of our annual revenue to Klaviyo, but the platform delivers our most profitable revenue by allowing us to send timely, relevant messages to specific audience segments across email and SMS. ”

ACE REUNIS, CO-FOUNDER & DIRECTOR, THREADHEADS



03

## INCREASE REVENUE THROUGH SMARTER DIGITAL RELATIONSHIPS

Economic uncertainty and a highly competitive marketing landscape are at the forefront of marketers' minds this year. Look to invest in technologies that power smarter digital relationships. For example, enriched customer profile data enabled [The Collagen Co.](#) to create targeted promotions, personalised product recommendations, and time-sensitive reordering reminders, resulting in 319% YoY growth of its email list and 67% YoY more revenue from campaigns. Lean into tech platforms that help you target, personalise, and measure engagement at a deeper level.

04

## USE TECHNOLOGY TO FOSTER DEEPER CUSTOMER RELATIONSHIPS

“Now more than ever, it is vital for every business in ecommerce to leverage its tech stack to drive efficiencies and reduce wastage. We use technology to do the heavy lifting for relevant, personalised messaging, whether that's post-purchase communications or even personalised collections. It helps us foster deeper customer relationships and drive more frequent repeat purchases. We also take a “test and learn” approach to quickly implement new tech functionality, gauge our customers' reactions, and analyse the growth potential through optimisation. Being smart with time and making data driven decisions helps us grow efficiently.”

— Ben Perceval, Head of Ecommerce & CX, Koh

“ We knew that Klaviyo is a market leader for ecommerce brands, with the ability to effortlessly integrate our email, SMS, and CRM activities and connect with our customers seamlessly across channels. ”

IZAAK WOODLEY, CO-FOUNDER & CEO, THE COLLAGEN CO.






**2024 HAS BEEN (AND I SUSPECT WILL BE) A CHALLENGING YEAR FOR ALL RETAILERS. MARKET COMPETITION HAS BEEN FIERCE, WITH MANY RETAILERS HEAVILY DISCOUNTING.**

As a result, we've had to shift our digital marketing spend accordingly. Working alongside our agency, we're consistently responding to sales performance during the week and using sophisticated bidding strategies to boost budget on peak days, while also limiting spend on underperforming days.

External factors like the slowdown in new home builds and challenges surrounding the construction sector have made their mark. However, with an agile mindset towards budget allocation, new product drops, and brand exclusives, we're able to continue trading well through the year.

MICHAELA ROCAK  
HEAD OF MARKETING  
DECORUG



**WHAT'S DRIVING  
ROI-FOCUSED  
SPEND?**



# Where physical marketing stays steady, digital is adapting.

Social media and content marketing are top-priority digital channels for marketing leaders in 2024. Notably, customer reviews are now as important as video marketing and only slightly behind influencer marketing. Marketers also lead their digital brand strategies with an emphasis on email and SEO activity.

What are marketers with higher (above \$1M annual) budgets doing differently from those with moderate (below \$1M annual) budgets? Bigger budgets lean more towards push notifications, whereas smaller budgets more often embrace customer reviews.

Across physical channels, marketers are focusing most on events, in-store merchandising, in-store promotions, signage, and outdoor advertising. Those with higher budgets also show a significantly higher priority for outdoor advertising.

It also appears that digital activity is more actively tested and adapted. While digital sees a wide variance of increased, decreased, and steady budgets, each physical channel sees around a third of marketers saying their spend will remain the same this year. Is it surprising that physical channels have a more stable budget allocation overall? Not really. The nimble nature of digital lends itself to more fluid strategies that react to internal and external influences.



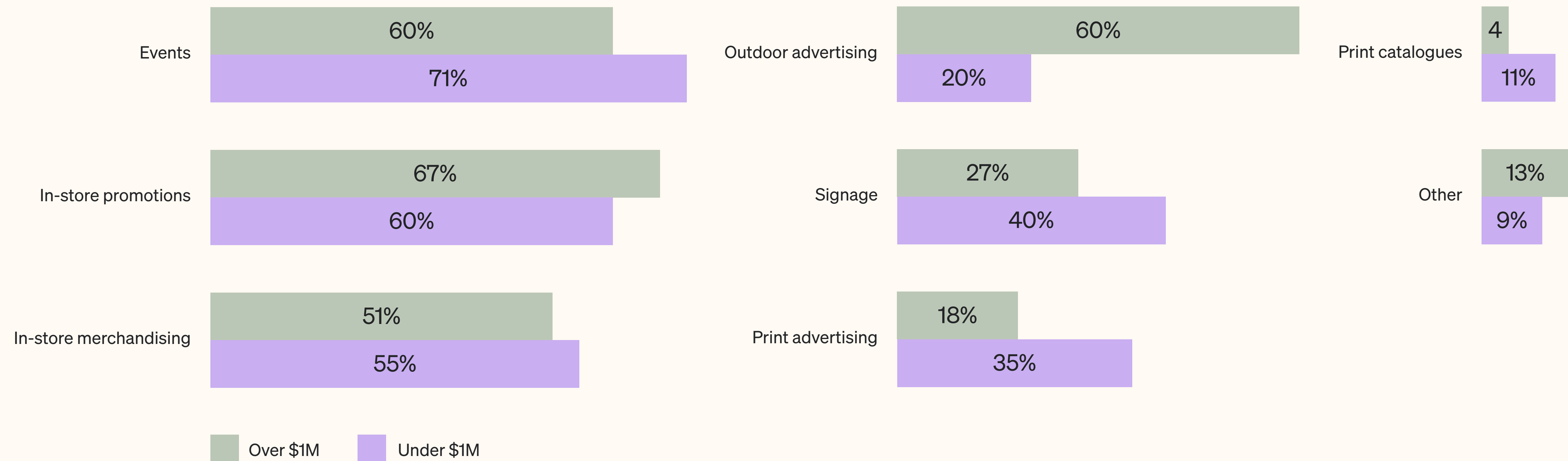
# RETAILERS' PHYSICAL BRAND FOCUS

Where are retailers focusing physical brand strategy efforts this year? 66% prioritise events, 63% in-store promotions, and 53% in-store merchandising.

While marketers with larger budgets give outdoor advertising 40% more priority, those with lower budgets place 13% more emphasis on signage and 17% on print advertising.

Notably, print catalogues see the smallest priority at a tiny 8%.

WHICH 3 OF THE FOLLOWING WILL BE THE MOST IMPORTANT NON-DIGITAL MARKETING STRATEGIES FOR YOUR ORGANISATION IN 2024?





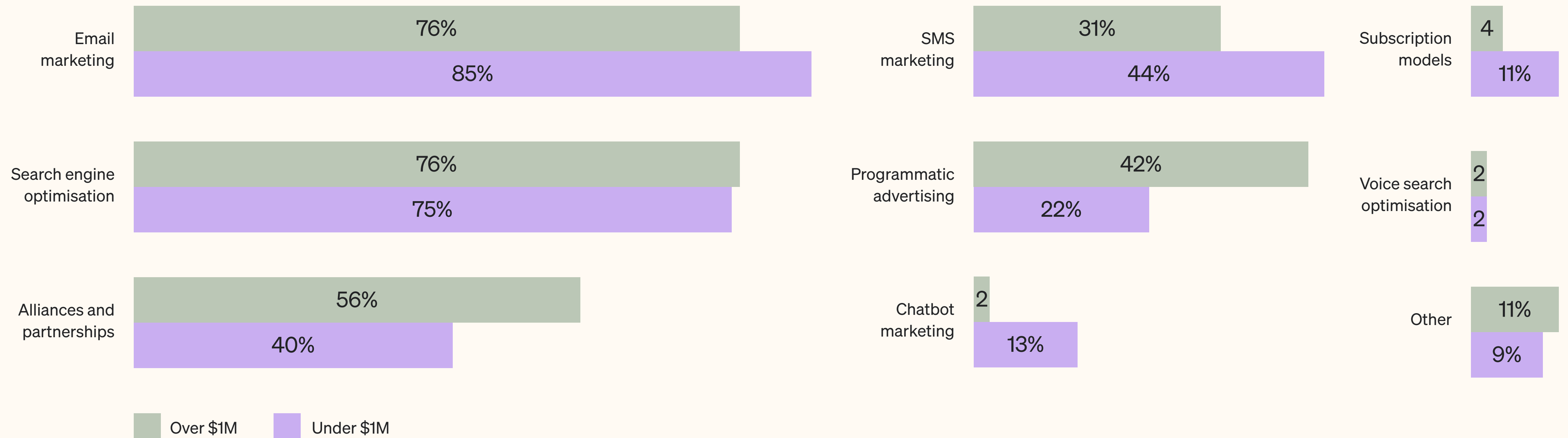
# RETAILERS' DIGITAL BRAND FOCUS

Email marketing leads marketers' brand strategies in 2024. Overall, 81% list it as one of their top 3 priorities, followed by SEO at 75%, and alliances and partnerships at 47%.

Retailers with lower marketing budgets place 9% more emphasis on email, 13% on SMS, 11% on chatbots, and 7% more on subscription models than those with larger budgets.

Those with bigger budgets show a 16% higher priority towards alliances and partnerships and 20% more for programmatic advertising.

WHICH 3 OF THE FOLLOWING WILL BE THE MOST IMPORTANT DIGITAL MARKETING STRATEGIES FOR YOUR ORGANISATION IN 2024?



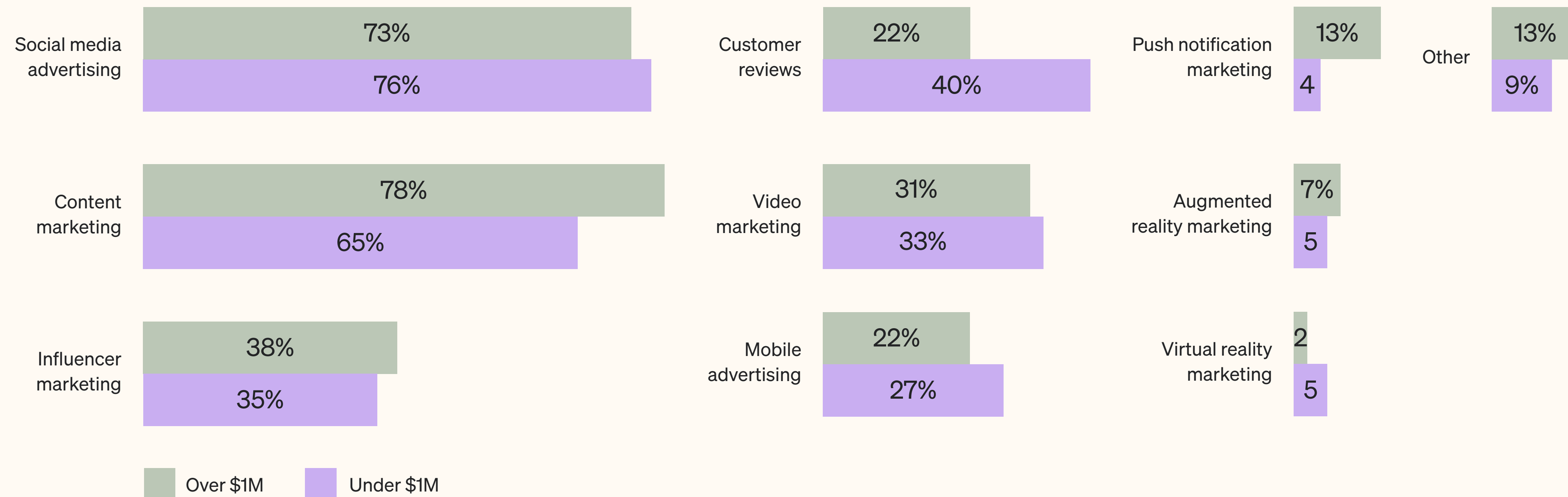
# THE MOST IMPORTANT DIGITAL CHANNELS

Overall, 75% of marketers say social media advertising holds the most strategic importance across their digital marketing channels, followed by content marketing at 71% and influencer marketing at 36%.

Customer reviews also ties for fourth place with video marketing, at 32%. Interestingly, marketers with moderate budgets (under \$1M) lean 18% more towards customer reviews than those with higher budgets (over \$1M).

However, higher budgets show a 13% greater preference for content marketing and 9% more for push notifications.

WHICH 3 OF THE FOLLOWING WILL BE THE MOST IMPORTANT DIGITAL MARKETING STRATEGIES FOR YOUR ORGANISATION IN 2024?



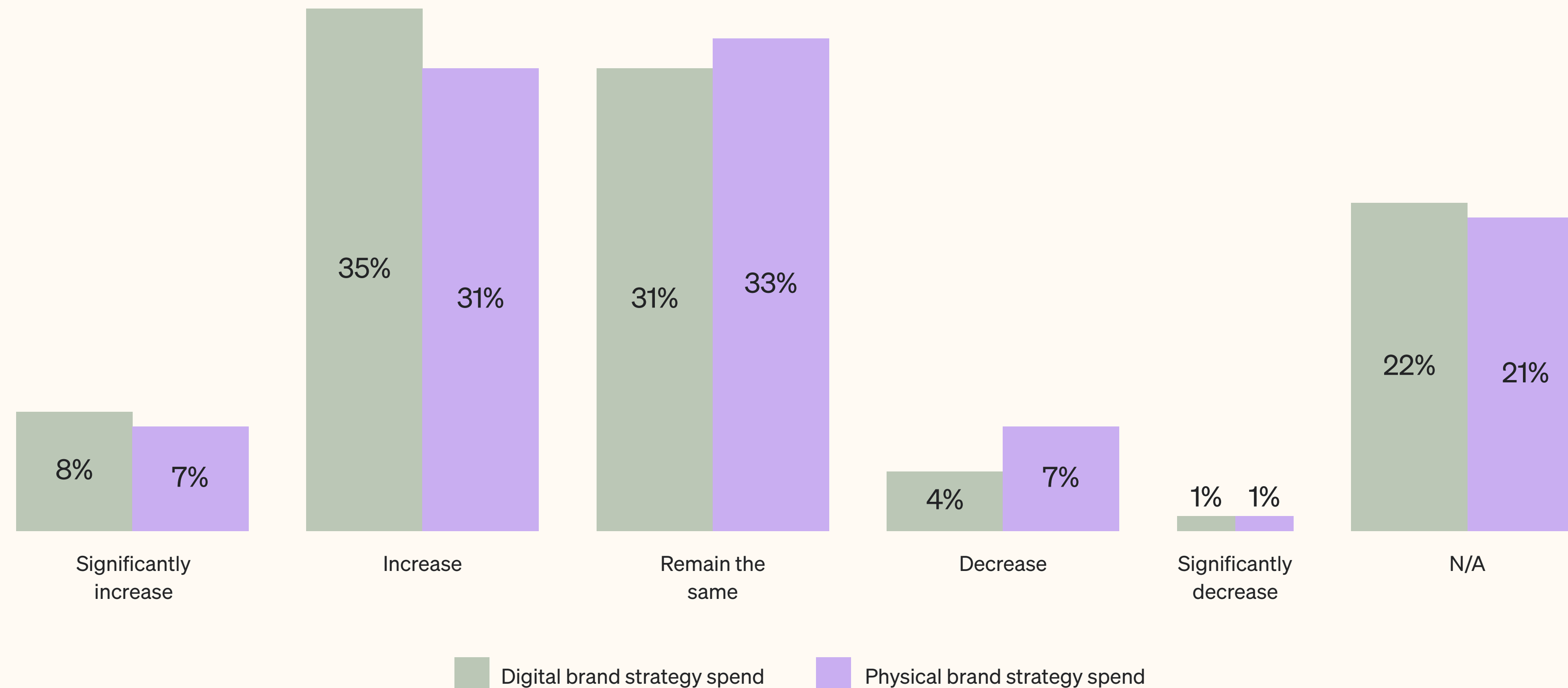
# DIGITAL VERSUS PHYSICAL INVESTMENT

Our data reveals an inclination towards digital brand investment over physical in 2024.

We see 6% more respondents indicating an increase in digital versus physical brand spend and 2% more showing a significant increase.

Around 4% fewer respondents say their digital brand spend will stay roughly the same or decrease compared to physical.

HOW DO YOU PLAN TO ADJUST YOUR MARKETING SPEND ON EACH OF THE FOLLOWING IN 2024?



# HOW MARKETERS WILL ADJUST DIGITAL SPEND

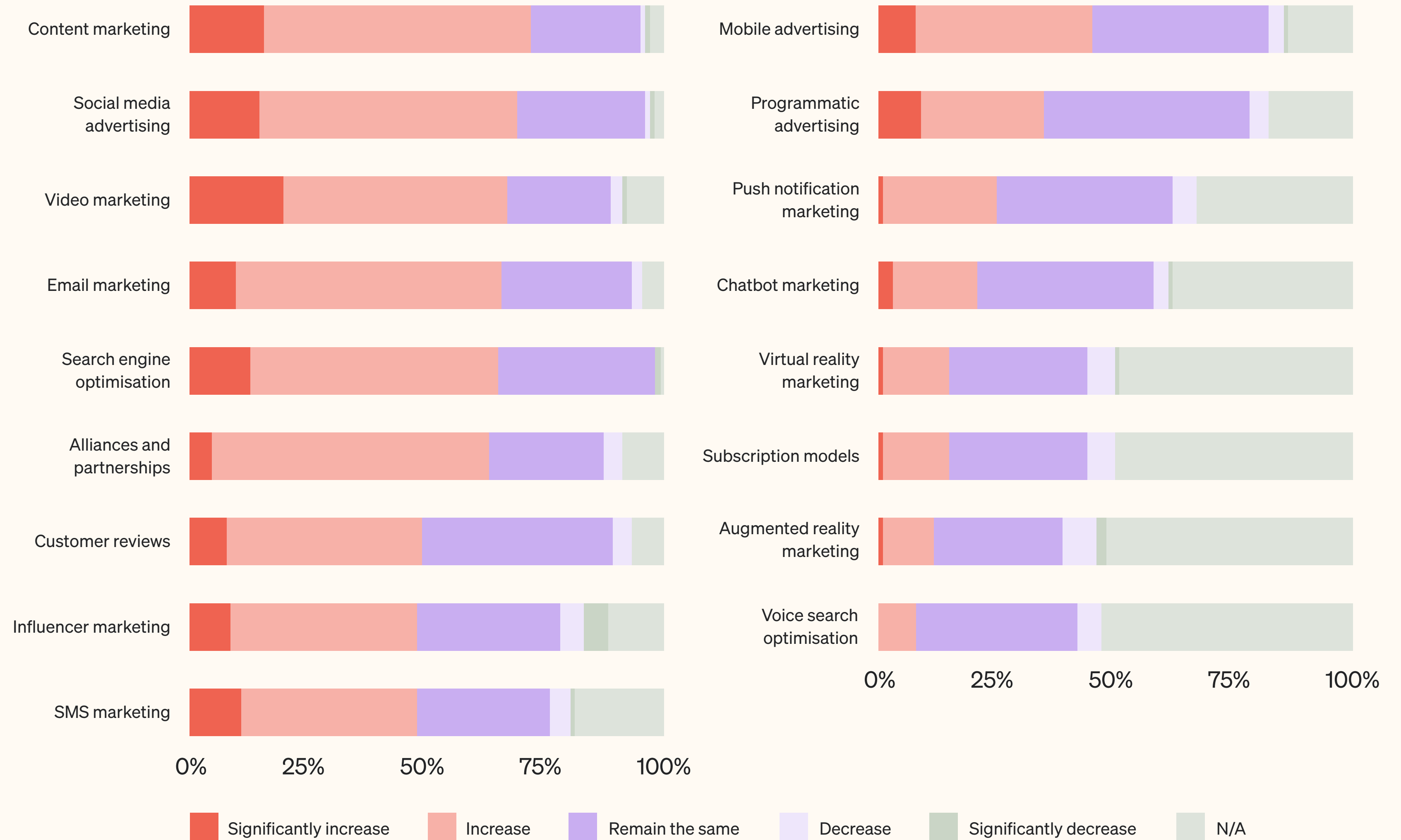
How will marketing leaders adapt their budgets across their digital brand and channel strategies in 2024?

72% say they will increase or significantly increase spend on content marketing, 69% on social media advertising, 67% on video marketing, 66% on email marketing, and 65% on SEO.

While niche channels such as VR, AR, and voice search show far fewer retailers investing in them, more readily available opportunities also miss out on budget allocation.

50% of marketers say they are not investing in subscription models, 33% for push notification marketing, and 14% for SMS marketing.

HOW DO YOU PLAN TO ADJUST YOUR MARKETING SPEND ON EACH OF THE FOLLOWING IN 2024?



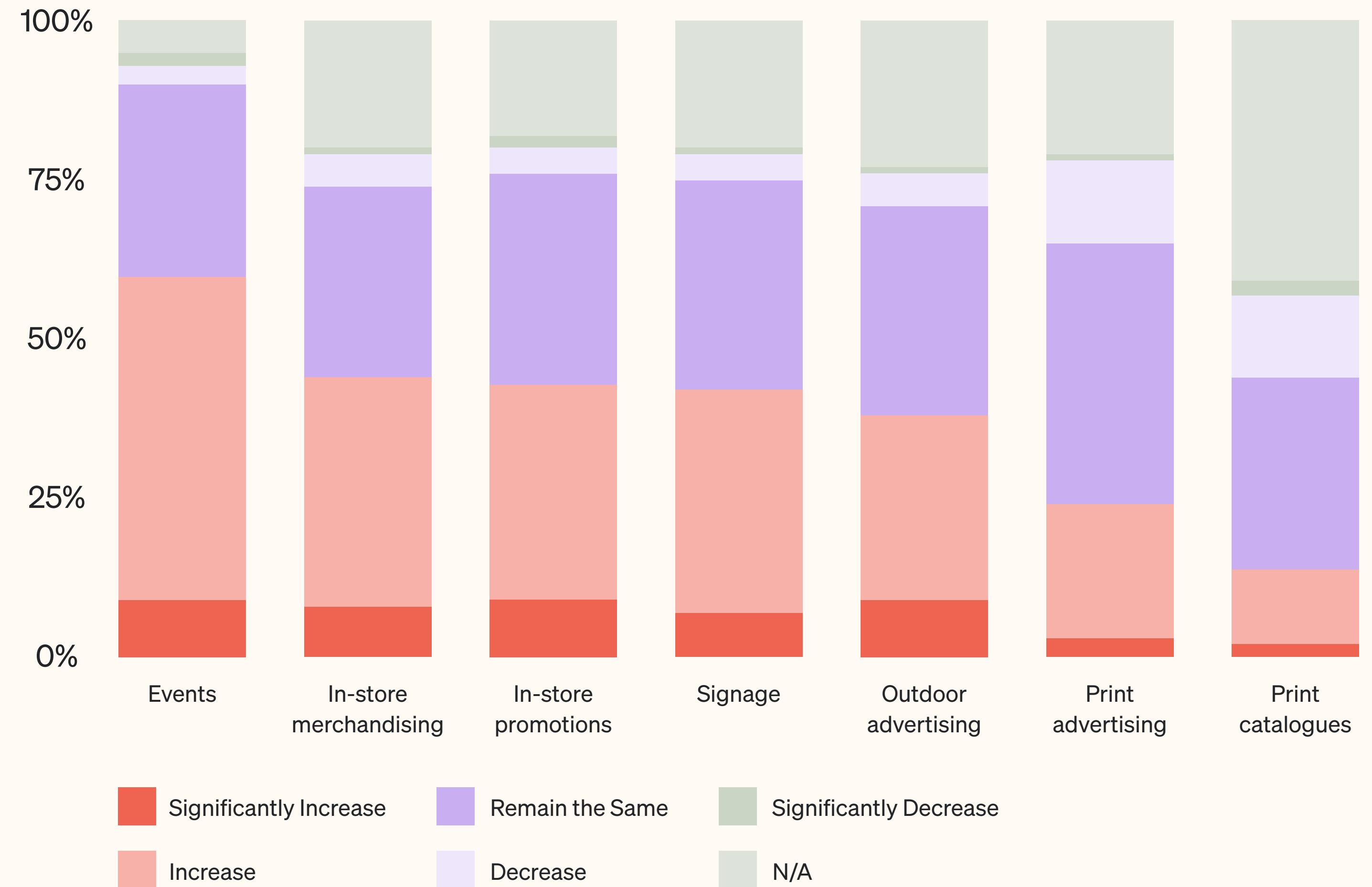
# PHYSICAL MARKETING SPEND TRENDS

60% of marketers plan to increase or significantly increase their spend on events, 44% on in-store merchandising, 43% on in-store promotions, 42% on signage, and 38% on outdoor advertising.

Print catalogues represent the most uninvested physical channel, with 41% of marketers allocating no budget to this channel in 2024.

Interestingly, around a third of marketers indicate their spend will stay roughly the same this year for all physical channels.

HOW DO YOU PLAN TO ADJUST YOUR MARKETING SPEND ON EACH OF THE FOLLOWING IN 2024?



01

## WORK ACROSS CHANNELS TO IMPROVE TARGETING

Marketers are leading their physical marketing strategies with events and in-store promotions. While those with higher budgets lean more towards outdoor advertising, moderate budgets invest more in signage and print advertising. Look to gain more detailed insights into physical channel effectiveness by moving shoppers across channels. Leverage QR codes, campaign-specific landing pages, or online-only promotions to engage foot traffic, enhance your data, and continuously improve your targeting.

02

## ENGAGE SHOPPERS WITH PERSONALISED CAMPAIGNS AND FLOWS

Email marketing is the most important digital brand strategy this year. To drive ROI further, consider personalised campaigns and segmented email flows. The [2024 Benchmark Report](#) shows that abandoned cart flows attract \$3.65 revenue per recipient (RPR), with welcome flows attributing \$2.65 per recipient on average. [Budgy Smuggler](#) is one retailer that saw an incredible 50% open rate with precise retargeting and segmentation tactics—and now sees its top-performing flows using a combination of targeted email and SMS messaging.

“ Our biggest challenge is being able to talk to a lot of different customer segments because we’re speaking to different generations, regions, and languages. Klaviyo helps us solve that problem. ”

ADAM LINFORTH, FOUNDER & CEO, BUDGY SMUGGLER



03

## MAKE USE OF THE UNDERUTILISED TO BOOST ROI

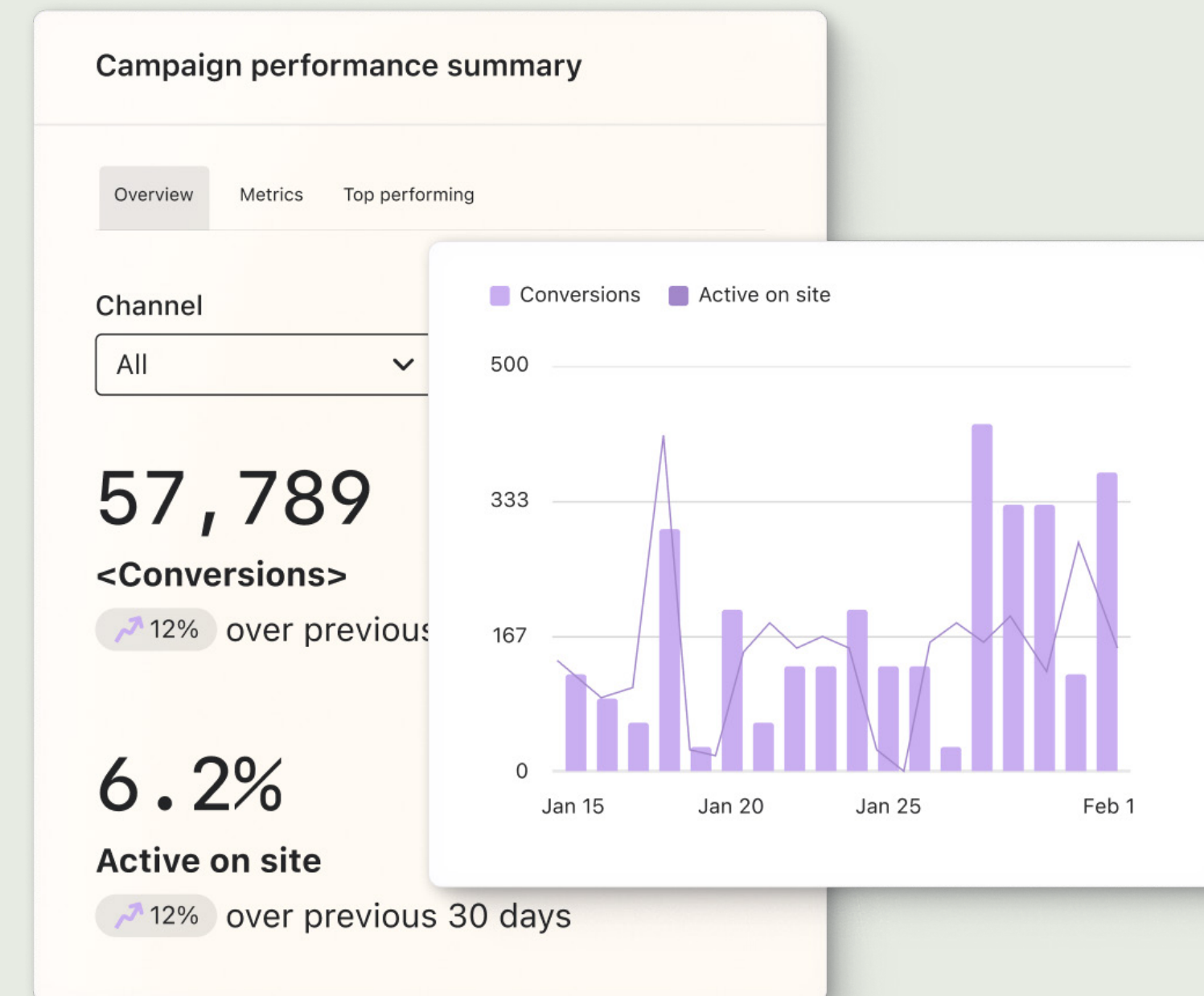
Earlier in this report, we saw that four in five marketers expect the level of competition in digital marketing to increase or increase significantly in 2024. Amid intense competition, it's vital to scrutinise underutilised digital marketing tactics and uncover new opportunities. For example, marketers aren't investing in subscription models, push notifications, or SMS marketing at the same level as content marketing and social media advertising. Consider testing less saturated channels that can cut through the "marketing noise", connect with more customers, and boost overall ROI.


04

## KNOW HOW TO CONNECT ON CUSTOMERS' CHOSEN CHANNELS

"FRANKIE4 continues to explore new ways to nurture and grow our customer relationships. We leverage SMS as a direct and highly-personalised channel that complements our email and paid digital content—and have seen strong success driving conversion during key promotional periods. We also treat our SMS database as VIPs, providing them with early access to collection launches and promotions, which has been an effective engagement strategy. We also know our customers are discerning about which retailers they want to receive SMS from. With this in mind, we're careful to keep messaging via this platform relevant and personalised."

— Nancy Hsu, Associate Director of CRM & Loyalty Marketing, FRANKIE4





**CONSUMER CONFIDENCE AND EXTERNAL FACTORS ARE OBVIOUSLY ALWAYS GOING TO INFLUENCE THE MARKET, BUT OUR TEAM AT LSKD IS VERY CAREFUL ABOUT WHAT WE LET INFLUENCE OUR DECISION-MAKING.**

As soon as you accept there are issues out of your marketing team's hands, you stop chasing those challenges. We stay focused on nailing the creative and copy and creating a community that feels supported, seen, and a part of something bigger and how this aligns with our mission of inspiring them to be 1% Better Every Day.

LOCKE FITZPATRICK  
DIGITAL MARKETING MANAGER  
LSKD





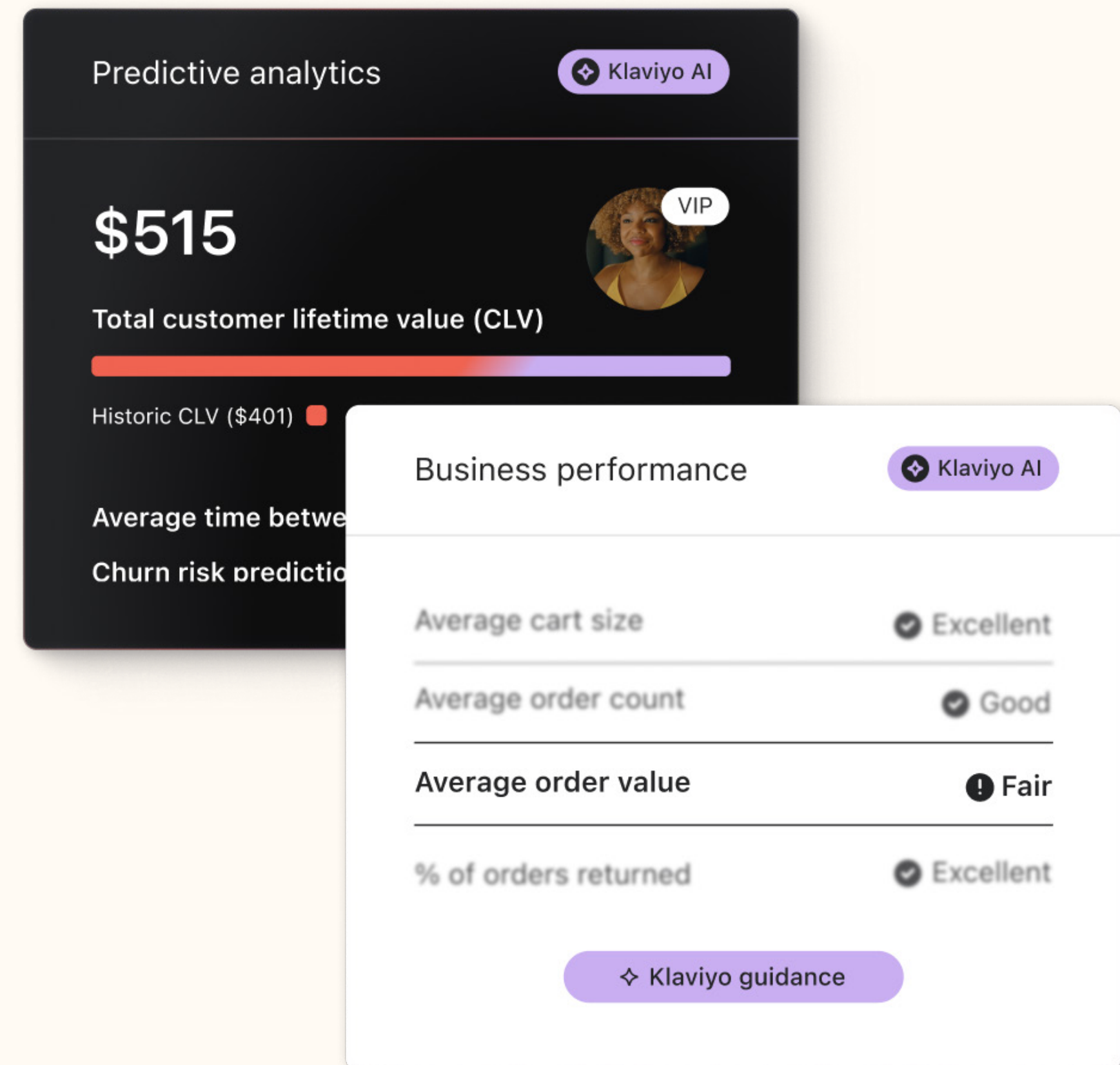
# THE STATE OF MARKETING BUDGETS IN 2024



# While most run lean, investment is increasing.

Three in five marketing leaders will increase or significantly increase their marketing budgets this year, with a small boost to digital vs overall marketing spend.

Most respondents use 5-10% of their company's revenue for marketing budgets, and around 25-50% of that budget goes towards digital marketing activities.

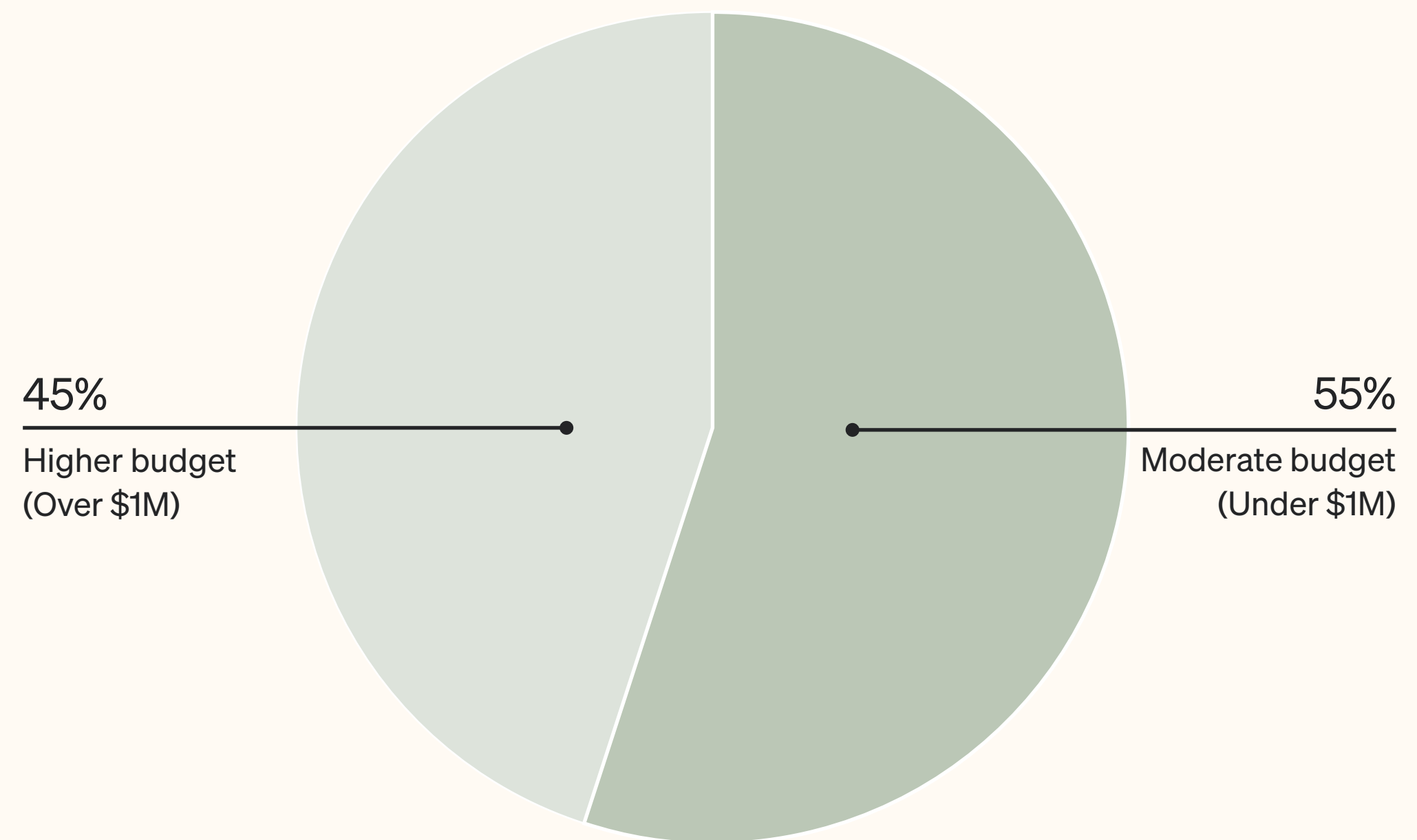
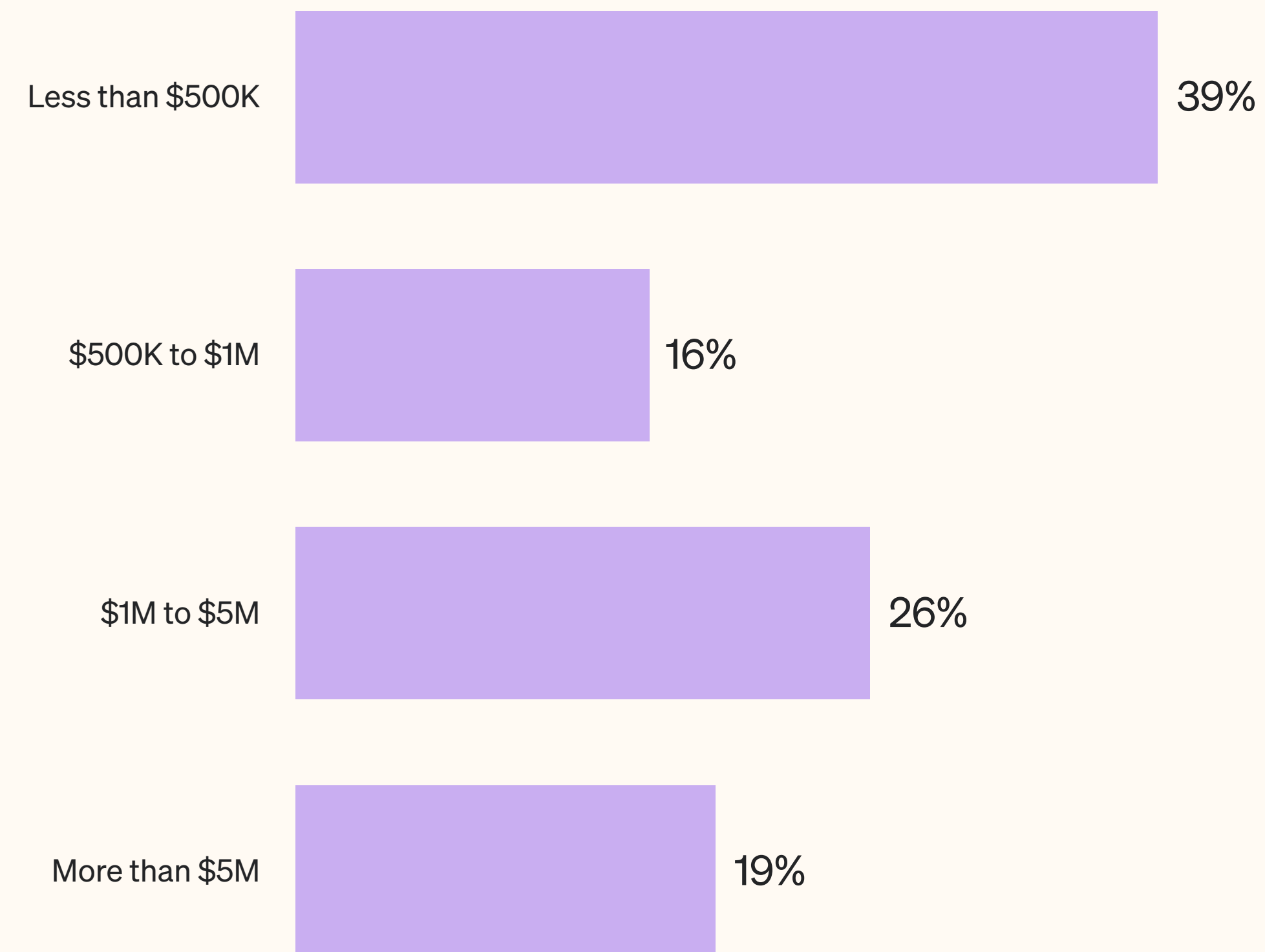


# WHAT DO MARKETING BUDGETS LOOK LIKE IN 2024?

39% of marketers are working with budgets of less than \$500K, and 55% in total have a moderate budget of under \$1M annually.

While 45% have a higher budget of over \$1M, only 19% have budgets in the top range of more than \$5M.

WHAT IS YOUR TOTAL MARKETING SPEND?

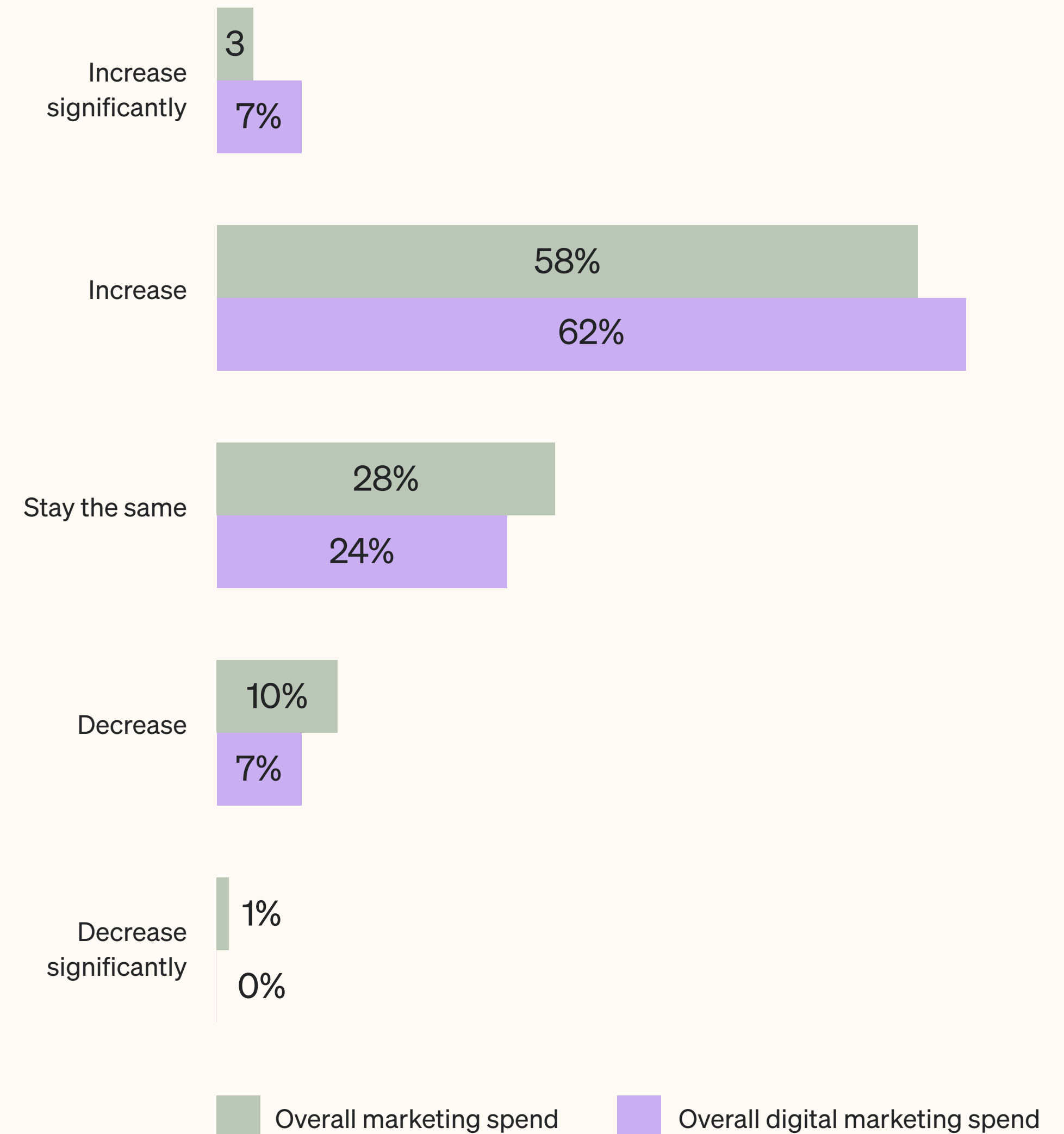


# HOW ARE MARKETING BUDGETS SHIFTING?

Many retailers are responding to tight economic conditions by doubling down on their marketing efforts. 61% of marketing leaders say they will increase or significantly increase their overall marketing spend in 2024 relative to the previous year's investment.

Digital marketing also sees a boost, with 8% more increasing or significantly increasing their spend, and 4% fewer saying they'll decrease it compared to overall marketing spend.

DO YOU EXPECT YOUR (OVERALL MARKETING) AND (OVERALL DIGITAL MARKETING) SPEND TO INCREASE OR DECREASE IN 2024, RELATIVE TO 2023?



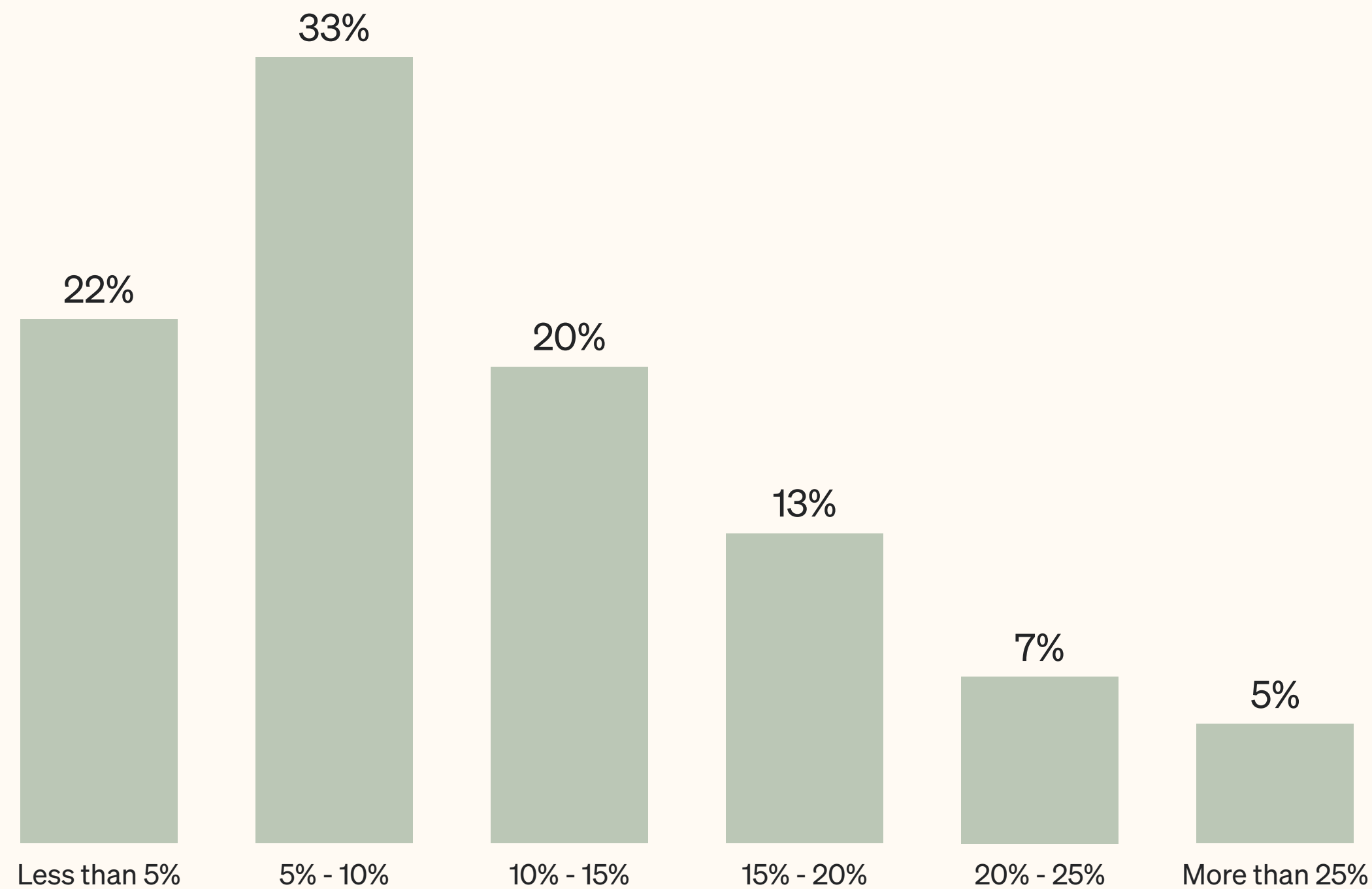
# RETAILERS' LEVELS OF MARKETING INVESTMENT

33% of marketers spend 5-10% of their organisation's revenue on marketing, with another 33% investing in the 10-20% range.

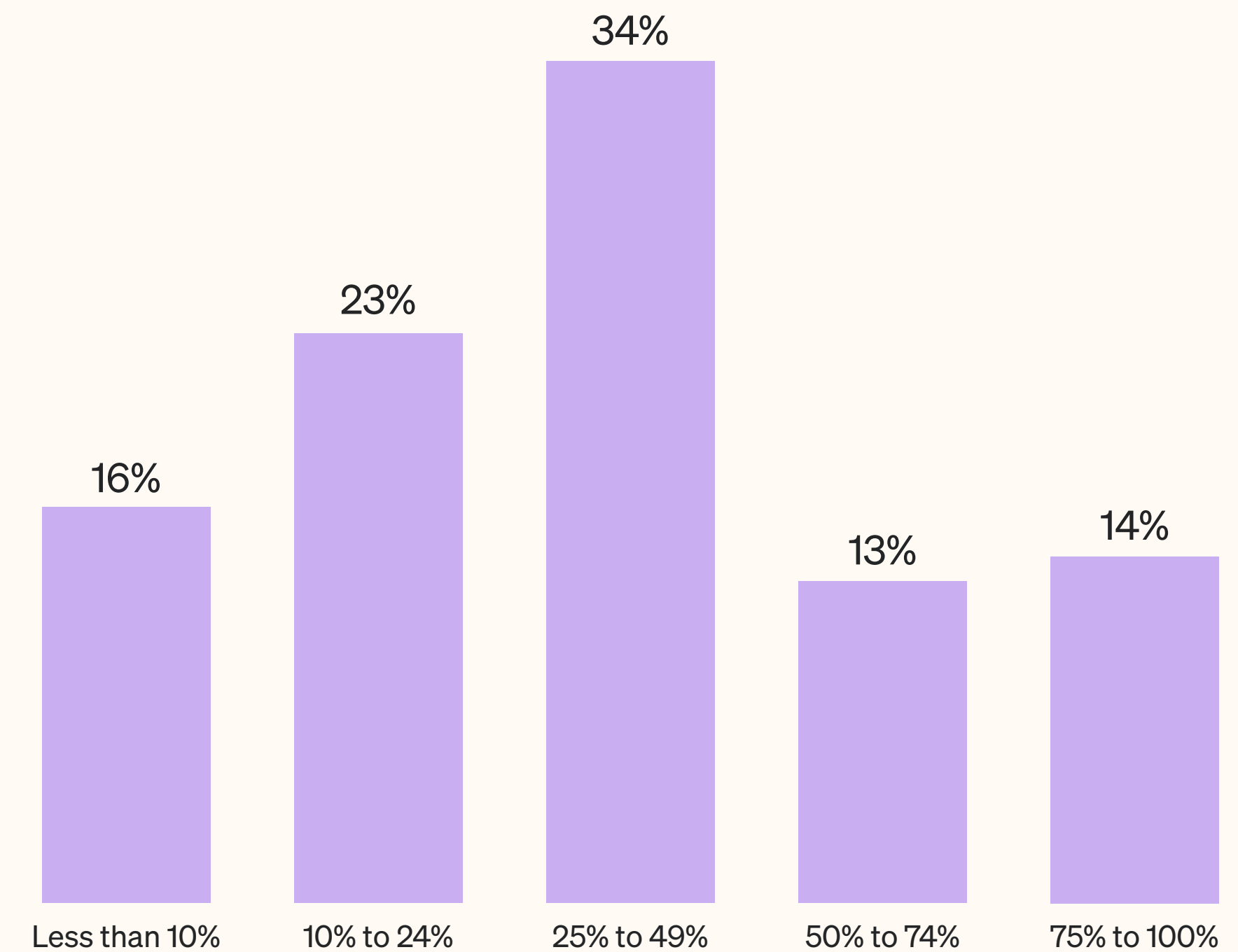
22% are running lean on less than 5% revenue, while a small 5% are putting more than a quarter of total revenue towards marketing efforts.

Out of total annual marketing spend, 34% of marketers allocate 25-49% to digital marketing.

IN 2024, WHAT PROPORTION OF YOUR ORGANISATION'S REVENUE WILL BE SPENT ON MARKETING?



FOR 2024, WHAT PROPORTION OF YOUR ANNUAL TOTAL MARKETING SPEND WILL BE SPENT ON DIGITAL MARKETING?



01

## KEEP BUDGET ALLOCATION AGILE

Nearly two in five marketers are running lean, working with 5-10% of total company revenue reserved for marketing spend and under \$500K annual marketing budgets. Regardless of budget size, four in five expect digital marketing competition to increase or significantly increase in 2024. Marketers need a data-led approach to enable agile budget allocation that outperforms the competition this year. Dig into your data and adjust spend according to short and long-term trends, such as changing consumer sentiment, seasonality, and product sales trends.

02

## GET PERSONAL TO ENGAGE AND RETAIN CUSTOMERS

The sun has set on “spray and pray” marketing tactics. It’s time to get targeted and realise even greater ROI for your marketing spend. Our [AI Trends Report](#) reveals that 36% of ecommerce marketers already use AI for data analysis, 34% for website personalisation, and 33% for both testing and optimisation and product recommendations. Consider how AI tools can help you efficiently analyse omnichannel data, predict behaviours, and connect with shoppers on a more personal level to drive better experiences and greater retention.

03

## TO INCREASE RETENTION, STAY AUTHENTIC

Retailers working with moderate budgets don’t have to settle for moderate results. User-generated content, such as reviews, creates powerful social proof to bolster customer acquisition and conversion efforts—without blowing your budget. Social media and content marketing are also top-priority digital channels that can drive significant organic success. Regardless of spend, come back to the basics: keeping your marketing authentic and customer-centric. These aspects build communities of loyal, long-term customers.

04

## EXPERIMENT WITH NEW ROI OPPORTUNITIES

“To increase ROI, we’ve been experimenting with new approaches, formats, and content that enhances engagement and better showcases our product offers. It’s important for us to strike a balance between informing our customers and respecting their time. With this in mind, we typically send out one targeted email marketing campaign every other week to avoid overwhelming our subscribers’ inboxes.”

— Athan Didaskalou, Founder & Director, July



**WE INVESTED EARLY IN TECHNOLOGY THAT PROVIDES THE BEST FUTURE GROWTH OPPORTUNITIES. IT'S NOT JUST ABOUT STAYING CURRENT BUT THINKING STRATEGICALLY ABOUT HOW TO ALWAYS STAY A STEP AHEAD.**

We have a goldmine of first-party data. Using technology to understand our shoppers, we can engage with existing and potential new customers on a deeply personal level. Tools like personalised recommendations, segmentation, targeted promotions, and loyalty programs help us ensure that each interaction is a step towards building a lasting relationship—and maximising our digital investment. We're determined to constantly transform how we connect with, reward, and retain customers to continually boost order frequency and long-term loyalty.

LUKE TRAINI  
CEO  
ESMI SKIN MINERALS





# The time has come—for more authentic, personalised marketing.

In this report, we've seen that economic uncertainty and customer purchasing habits are weighing heavily on marketing leaders' minds. While many prioritise customer retention and increasing order frequency, even more place customer acquisition as a top-tier concern. However, acquisition is only half the story. How retailers engage and connect with shoppers is what makes the difference between today's success and sustainable growth.

There may be more twists and turns ahead. However, three enduring strategies can create a significant competitive advantage: a customer-centric mindset, a data-led approach, and technology-focused investment.

Regardless of budget, look for ways to build communities—from social media engagement and authentic content to knowing when to reach out for customers' feedback and reviews. Leverage your data to understand customers and their evolving behaviours intimately. Keep spend agile and look to digital marketing channels that can rapidly respond and adapt to internal and external influences.

With a keen focus on these strategies, all marketing leaders can drive more authentic, personalised marketing that effectively attracts, converts, and retains customers—in 2024 and beyond.





# Power smarter digital relationships

klaviyo<sup>™</sup>

Klaviyo (CLAY-vee-oh) powers smarter digital relationships, making it easy for businesses to capture, store, analyse, and predictively use their own data to drive measurable, high-value outcomes.

Klaviyo's modern and intuitive SaaS platform enables business users of any skill level to harness their first-party data from more than 350 integrations to send the right message at the right time across email, SMS, and push notifications. Innovative businesses like Dermalogica, Koala, Frank Green, Budgy Smuggler, Who Gives A Crap, and more than 143,000 other paying users leverage Klaviyo to acquire, engage, and retain customers—and grow on their own terms.

Learn more about Klaviyo's platform.

Get started

klaviyo<sup>®</sup>

