

STATISTICS, TRENDS, AND STATE OF DIGITAL MARKETING IN MEⁱ

Digital marketing has been growing in the Middle East for quite some time now, particularly in the UAE and Saudi Arabia. Over 30% of firms increased their digital marketing budget 0%-20% from the year 2010 to 2011; **over 55% increased it 20%-50%**; and over 12% increased it 80%-100%ⁱⁱ – all of which implies that **at least 67% of firms increased their digital marketing budget from 2010 to 2011**. This statistic is a very important indication of the recent growing awareness of digital marketing in the region.

Although the digital marketing spend only accounts for 1%-10% of the total marketing budget for 4 out of 10 firms, still 4 more are allocating a significant portion of their budget for digital, the share reserved ranging from 11% to 40%. What's more is that this number is increasing year after year. There is no doubt that digital marketing is becoming increasingly important to Middle Eastern firms, and as such, marketing managers are paying more and more attention to how they will advertise their company's offerings digitally.

Firms are investing in just about everything digital. From these digital marketing expenditures,

- **28% is spent on email marketing,**
- **27% on social media marketing,**
- 20% on Google Adwords,
- 10% on SMS marketing,
- 5% on smartphone application creation,

and the remainder on other mediums. In another survey conducted in 2011 indicating the *percentage of firms using a particular digital marketing channel* (and a firm can, of course, use more than one channel), Econsultancy found that:

- **80% of companies use email marketing;**
- **56% make *off-site* social media investment;**
- 53% avail search engine optimisation (SEO);
- 45% employ online display advertising / ad networks;
- 39% use pay-per-click (PPC);
- **33% deploy mobile marketing;**
- **and 23% make *on-site* social media investment.**

Email marketing is clearly utilised most and is spent on accordingly. Social media marketing comes second. Together, they both dominate digital marketing in ME and this probably won't change because even though email marketing is declining somewhat, the social media craze is spreading, leading to constantly increasing social media marketing investments.

Email Marketing

Email marketing is typically the primary choice for marketers because it makes ROI and success of campaigns easier to measure and it's relatively easy to set up and deploy, but, on the downside, about one-third of recipients of email marketing often get annoyed and repelled from the brands and personnel who partake in this form of advertising. Email marketing has supporters and opponents so for as many companies who plan on investing more into email marketing in the future, there are just as many who plan on allocating that fund elsewhere. "The good news is that more companies are investing

in CRM technology, which will enable them to better understand customer needs and garner valuable consumer insights.”ⁱⁱⁱ Hopefully, this will improve their email marketing campaigns and thus, make more email recipients open to this style of marketing, and save email marketing from extinction.

Social Media

While email marketing could be viewed as declining, social media marketing is on the rise. There are 30.2 million social media users in the Middle East and 15 million of them are Facebook users. Ninety-five percent (95%) of social media users in the ME have multiple social media accounts, ranging from 2 to 10; this means that each person could be on Facebook, LinkedIn, Twitter, and other outlets.

Since social media is becoming increasingly prominent in the region, marketing professionals see a business opening. Fifty-seven point five percent (57.5%) of companies believe social media offers the best opportunities for digital marketing in the region. In all trade shows and events in the Middle East even remotely related to the internet, e-government, e-services, digital marketing, or the like; one of the most frequently discussed topics is social media marketing. Accordingly, 56% of ME firms make *off-site* social media investments and 23% make *on-site* investments, as mentioned above. And 81% of companies are expected to increase investment for 2012.ⁱⁱ

Mobile Marketing

In addition to email and social media, there is the viral growth of mobile marketing. This includes SMS (mobile text message) marketing and advertising through mobile applications.

SMS's have to be sent to highly targeted markets and this is a challenge but as mentioned earlier, heavy investment is being made for this type of marketing. This is a clear indication that firms are confident that with good targeting techniques and ample research, this medium can yield positive results.

And as far as mobile applications go, they come in a variety of types, including: mobile payment, catalogues, offers & discounts, news, healthcare, location-based, iPhone, Blackberry, leisure & travel, cinema ticket, and games. Typically, ads are displayed at times during the usage of the app. Since the use of mobile applications is so rapidly increasing, such advertisement can be quite effective.ⁱⁱ Further, as a result of the potential of mobile application marketing, mobile application development is the latest craze and every firm seems to be getting into it.

“Marketers are using traditional channels in conjunction with emerging disciplines.” In regards traditional channels, they are employing (in order of frequency of usage):

- newspapers and magazines,
- live events and conferences (trade shows),
- direct mail,
- outdoor advertising,
- radio,
- television,
- telemarketing,
- fax distribution,

and other mediums. The company cultures and reliance on traditional marketing have an important role in directing the marketing efforts of ME firms and restricting digital investment. Companies of this region prefer to depend upon channels of marketing that they have always depended upon and the means of building connections that they are comfortable with. As this is related to the culture of the region, it won't be changing any time soon.

What the above data tells us is that, digital marketing is the *newest* type of marketing although people of the region have long since relied upon various non-digital marketing mediums and won't abandon those channels all together. And this is not a negative reality either because it is good for businesspeople of any region to have several mediums available to them for the purpose of professional discourse. Having said that, though, ME firms *are* increasingly growing fond of digital, and with time and the maturity of digital marketing in the region, the marketing channels of choice may themselves change.

SHORTFALLS, CHALLENGES, AND BARRIERS

In spite of the recent explosion in digital marketing in the Middle East, firms of the region are far from tapping its full potential. Companies are becoming increasingly aware of the power of digital marketing and are investing accordingly, but when it comes to reaping the benefits, organisations aren't getting what they expected or hoped for and some are even giving up on digital marketing all together (though this is rare).

As far as why, inexperience is one of the main causes: 39% of marketers who were surveyed by Econsultancy said that a lack of understanding was holding them back from making their digital marketing effective and influential. According to Real Opinions, a Dubai-based research company, 37% of businesses say their organisation's use of digital marketing is poor and a further 30% claim that effective and accurate assessment of return on investment is difficult. Mr Ahmed Nassef, Vice President and Managing Director of Yahoo! Middle East, said it this way: "As the internet continues to evolve as a creative platform for marketers, it is developing into a digital canvas which offers marketers a medium that in many ways rivals the impact of broadcast and print advertising, but in order to unlock the full potential of this online channel, we need to create more awareness about the possibilities that the digital world offers." ME firms are constantly trying to learn digital marketing, particularly at trade shows and events that include conferences and workshops where lectures from experts of the space teach marketing professionals how to get results. The GITEX Digital Marketing segment of the GITEX Technology Week is one forum for such learning.^{iv}

There are many other reasons why companies don't invest. According to surveys of the 2011 Econsultancy report, firms responded that the biggest barriers to them investing more into digital marketing are:

- company culture,
- reliance on traditional marketing,
- ignorance of digital,
- the lack of qualified staff to make the most of such investment,
- lack of infrastructure for ecommerce,
- limited budget,
- the absence of business case / case studies around digital,
- and the inability to measure return on investment (ROI).

From other surveys conducted by Econsultancy, we can add to this list

- security concerns / lack of payment options (for ecommerce),
- fear of change,
- broadband / internet penetration in certain locales
- and lack of strategy.

In the 2011 IQPC survey, marketers expressed that they can't sell the idea of digital marketing to their superiors, and they cite the following as the *top* reasons why:

- 24% - not being able to track ROI or impact;
- 17% - not enough in company budget;
- 14% - lack understanding of digital marketing;
- 13% - didn't need it and were happy with traditional methods;
- and 10% - didn't feel it would be effective.ⁱⁱ

Alexander McNabb, Director at Spot On PR, said that "... companies may be damaging their brands by not managing their online communications properly, not implementing suitable guidelines and putting inexperienced staff or agencies in charge of communicating with online audience."^v

Satish Dave, Senior Director of TNS Digital (a research company studying behaviours of world wide web and social media users), expressed that the main shortfalls to digital marketing efforts include a *lack* of knowledge of ROI measurement, "content and apps in Arabic, mobile-enabled websites and adequate e-commerce / m-commerce platforms."^v

There are many hurdles to the production of content and apps in Arabic. Based on IQPC's findings in 2011, the main reasons marketing in Arabic is still a challenge are:

- lack of good translators and copywriters,
- lack of mainstream Arabic creativity (simply 'transfer' English campaign to Arabic audience),
- language barrier between teams,
- non-Arabic speakers leading a marketing team,
- different dialects making it difficult to please everyone,
- and not enough Arabic content creators and providers.ⁱⁱ

The infrastructure for ecommerce is undoubtedly lacking and there is a shortage of mobile-enabled websites, but these will become more prominent as digital marketing in the region matures; and as will be addressed later in this article, lack of technology is the least significant barrier to the growth of digital in the region. For ecommerce, the bigger impediment is actually security concerns about online transactions and an absence of payment options, which has to do with the lack of participation of the banking sector in giving assurances to consumers if they become victims of fraud. There *are* encouraging signs: half of Middle Eastern firms taking part in the 2011 IQPC survey have already invested in ecommerce solutions. And those who are not investing cite the following reasons: their brand not being keen on using ecommerce; they feel it unnecessary; they think it is too complicated; or they are planning to invest and it is in their budget for 2012.ⁱⁱ

In spite of the growing investment for social media marketing, there is a serious defect in the methodology used by firms. Suzanne Locke, Digital Development Director for Emap Middle East, said, "It is interesting to see that offsite social media is a hugely popular (and fast-growing) marketing channel (56%), yet onsite

formats such as blogs and forums are only half as popular. Forums and blogs are a relatively easy way of generating pages of SEO-rich (and Arabic-language) content but I suspect few companies are willing to invest the internal resource needed for pre-moderation, which is imperative in this region because of media laws and political and religious sensitivities.”ⁱⁱⁱ Firms need to improve their concept of social media marketing in order to reap the desired benefits from their investments.

Preethi Mariappan, Head of Digital Arts for TBWA\RAAD (a network of marketing agencies that revolve around the philosophy of ‘disruption’ and change), said that companies need to think out of the box and creatively if they hope to make the most of digital marketing, particularly social media marketing. She said that they will have to be willing to be pioneers and take that first step instead of relying on case studies and past successes.^v

In an interview with a reporter named Steven Bond of AMEinfo.com, the Econsultancy CEO Ashley Friedlein said that measuring social media marketing or digital marketing ROI is a challenge everywhere, not just in the ME. While firms in general are confused when it comes to ROI due to the explosion of digital in the region, “... the more mature, sophisticated companies are doing it.”

Particularly for social media marketing, measuring ROI is a galling task because it’s hard to define good metrics and these metrics change from company to company. A set of questions need to be asked by each firm, such as: How effective is Twitter for customer service? And what benefit does it provide for the business? Advertisement? Cost savings? Also, we have: Are writing ratings and reviews of products / services effective? What’s the value there?

Just as with any marketing campaign, firms need to assess the investment put into the social media marketing campaign in terms of technology, time and then they can check this against the return in terms of actual sales. For example, companies should note the amount of traffic a given campaign brings, assess the investment needed to bring it in, and then assess the sales brought by that traffic. Unfortunately, for now, most ME businesses are simply jumping on the social media bandwagon rather than really approaching the campaign from the perspective of a good, sensible, successful businessperson. And lastly, as mentioned also by Suzanne Locke, Mr Friedlein indicated that there should be a greater focus on on-site investment as “very few people sell on social platforms – they sell on their site or offline.”^{vi}

Measuring ROI has gotten more difficult for firms due to the surge of new marketing channels flooding the region but the future looks bright: companies are learning how to measure ROI on digital and no doubt, business cases and case studies will be abundant in the near future. According to the Econsultancy 2012 survey, “54% of companies indicated that their understanding of ROI was excellent or good, while 17% said it was poor or very poor. In comparison, in 2011, 64% of companies said understanding of ROI was excellent or good, while only 8% reported understanding to be poor or very poor.” This seems to suggest that things are getting worse but in fact, this is part of the natural development of digital marketing in a given region. As firms mature, their view of ROI becomes more realistic, more accurate; and this phenomenon coupled with multichannel campaigns including ever newer channels leads to complications early on. The more mature firms are already demonstrating that they can use digital marketing effectively; with time, the number of mature companies will undoubtedly increase and that trend is already visible.

“It’s natural that as digital develops in the Middle East, companies will invest in the analytics tools to make the most of the wealth of data available to them. However, as well as investing in the tools and technologies, companies also need to invest in skills, training and education to nurture local talent. The

survey found that a lack of Arabic speakers with significant online experience is holding back the industry. And as digital develops, there will be increasing demand for Arabic copywriters with a background in digital. So companies must skill up now in order to avoid getting left behind in this fast-paced digital environment.”^{vii}

We now discuss other important elements of the interview between Steven Bond of AMEinfo.com and the CEO of Econsultancy Ashley Friedlein. We learn that marketing spend reserved for digital marketing is growing, from 22% in early 2011 to 27% in early 2012 but in terms of experience / maturity / digital strategy, the ME is five (5) to six (6) years behind the U.K. and the U.S.

As mentioned earlier in this article, 20% of the marketing spend is for Google Adwords and 45% of firms are utilising display advertising (like banner ads) and ad networks and 39% use PPC. The interview with Ashley Friedlein indicates that ME firms are more focused on the quick fix: getting more brand awareness online and generating traffic.^{viii} This is also evident in the social media marketing ROI benchmarks typically used by firms: website traffic seems to be the indicator of success for most firms while less firms see higher revenues as the benchmark.ⁱⁱ According to Mr Friedlein, to be successful like the UK or the US, the ME has to focus much more on analytics, data-driven decision-making and conversion rate optimisation. Mr Friedlein says that there should be “... less focus on getting traffic for traffic's sake;” instead, as he suggests, firms should focus on “... optimising the business and the commercial results.”^{vi} The rule of thumb for marketing in general (not just for the ME) is that: organic growth (steadily developing content and the brand / company's reputation) is superior to initiatives that bring short-term surges of buyers.^{viii}

Mr Friedlein also explained that lack of technology or investment into technology is not the problem; instead, there is a lack of processes knowhow and qualified people for the space. The processes element includes concerns such as “How does digital work with IT and customer service? What's the organization structure internally? What's the culture like?”

And then there's the people element: “... here at the moment there's probably a lack of people who have enough experience to know about this stuff [digital marketing].” “You've got to hire younger and newer people, not the 40+ people who didn't grow up with digital marketing. You could acquire personnel from overseas but ultimately, the best strategy is to train people locally and hire them.” Mr Friedlein explained further in the interview that hiring a young, “digital-native” workforce creates new challenges in that these young professionals for whom digital comes as second nature need to be trained on traditional business, broader marketing, and the marketplace and customers. So, one strategy is to train existing staff on digital, if at all feasible.^{vi}

“While adapting your message to the local audience is critical to the success of the campaign, the ramifications of not doing so in the region can be far worse than just an unsuccessful campaign.” “And as Lucy Miller notes on Forbes.com, effective marketing in this region goes far beyond simply adding some Arabian flavour to a campaign, or adding some camels and sand dunes to the creative.”

Firms should mind the demographics, usage habits, and cultural sensitivities of the people of the region. Marketing material using provocative language or boldly sexual material will not work in ME. Durex has toned its provocative style down to suit the more subtle style accepted here. Any effort that involves women breaking their veils is not a good idea as many women in the region abide by strict dress codes. Rainbow Milk and AXE Middle East, therefore, “used quizzes and personality tests” to sell their beauty and hygiene products. Other effective tactics include some of Nokia's work: “Nokia developed a downloadable

Ramadan calendar, which includes trivia, daily fasting tips, images and prizes. For each download of the app, Nokia will donate 5 AED to one of three selected charities during the month, including UAE Red Crescent, Dubai Autism Center and the Children with Cancer Support Organization.” Direct mail doesn’t work since few people have mail boxes like they do in North America. This is but a fraction of the considerations that need to be made. These examples merely highlight some effective campaigns.

“It may seem common knowledge that communication needs to be adapted to local tastes, regardless of what country or region you are in, but this holds especially true for the Middle East and its importance **cannot be overstated**, for here, customisation is not just the difference between a successful campaign and an unsuccessful one; rather, it’s the line between a brand that has been embraced by the consumers and one that has been exiled from their minds.”^{viii}

WHAT TO EXPECT IN THE FUTURE - LIVE CHAT

In spite of the barriers and challenges, the shortfalls in methodology and approach of digital marketing initiatives will improve. The challenges can be overcome, and some obstacles will be surmountable in the near future (while others will take more time). There are signs of improvement and many of the problems discussed in the previous sections are expected in the natural development of digital marketing in any region. In many ways, the digital marketing condition here is reminiscent of the condition in the U.S. and U.K. about five (5) years ago, with notable cultural differences. Hence it seems that digital marketing in the Middle East will become an increasingly essential component of marketing strategy / business planning.

As the local digital marketing revolution takes place, a host of new technologies and services will become prominent throughout the region. Internet-related or internet-based products and services will be spawned. Live Chat is one such technology / service, and even though there are countless others, the only one I will discuss here is chat.

While chat starts out as a tool for entertainment and leisure, the digital revolution eventually matures to the point that a professional chat culture develops – i.e. people begin to see chat as a medium over which they can conduct business discourse. This is exactly the way chat has matured in North America and Europe. As people’s dependency upon the internet increases, whether they use it for research or to make online purchases, generating online interaction between the business and its consumers becomes a business need. Live Chat is the only appropriate medium to meet this growing need. As the number of e-services (particularly of e-governments) rises, chat becomes increasingly appropriate for on-demand customer support – in order to ensure, for example, that government bodies are able to deliver effective service for their districts. Ideally, customer support should be delivered *at the site* of the purchase – the customer service department should be available for queries *where* consumers purchased the product, such as one finds in large retail stores. As chat develops in the region, the customer-centric organisations will undoubtedly warm up to the idea of using chat as a basic component of their consumer contact services solutions, increasingly viewing chat as a medium for customer support.

Live Chat only becomes a tool for business if the company and regional culture allows it; we are getting there in the Middle East. People have to warm up to the idea that chat can be used for business effectively, that it’s not just a tool for entertainment purposes, and this is beginning to happen although we have a long

way to go. Many Middle Eastern businesses are yet to establish website traffic from all of the digital marketing efforts made; such efforts will only improve with time, as consumers become more internet-oriented and as marketers gain more knowledge of digital. Ecommerce is yet to be prevalent in ME because of security concerns and lack of payment options, as discussed in the previous section; once such hurdles are surmounted, ecommerce in the region will grow and chat will become more prominent. There is a shortage of “digital-native” Arabic / bilingual human resources but, again, as digital marketing awareness and initiatives spread throughout the region, this shortage will disappear, which will mean that there will be more consumers chatting in Arabic and more Arabic / bilingual chat agents to serve them. As companies figure out a way to face the challenges intelligently, more and more will consider chat as a part of the digital marketing solutions, recognising it as an important component of their sales and customer support departments.

While digital marketing and chat lack business cases in the eyes of most ME firms, there is a company in Dubai that brings 10 years of experience in delivering Live Chat solutions, 10 years of delivering real business results through its Live Chat sales & customer support services: the name of the company is LiveAdmins.

LiveAdmins is a pioneer in the industry with veteran experience in making Live Chat solutions for a variety of industries. In the United States, LiveAdmins has a key role in changing the way the automotive sector works – i.e. car buyers now depend upon auto dealership websites and our chat representatives to research their options in full before the consumers go to the dealership in person and make their decision. LiveAdmins and other chat pioneers have invented the online legal secretary, who filters website visitors for individuals whom the law firm can actually service – e.g. a criminal defense firm won’t handle divorce. LiveAdmins is sometimes called on to increase the sales of online stores or to provide chat-based customer support only. LiveAdmins has serviced with a variety of roles a multitude of industries, not limited to those mentioned above, and with each new industry / role, LiveAdmins develops a new, customized solution appropriate for the business. LiveAdmins is the foremost authority on getting businesses more opportunities from its website and improving their customer service at the same time.

LiveAdmins brings its chat expertise, proprietary chat technology, multilingual and multi-regional human resource access, reliable (often 24/7) service to the Middle East. While we understand that the culture here will be different and we’ll have to adjust our approach to deliver results for business, we are confident that we can do so. As digital marketing awareness and initiatives spread throughout the region, chat will start becoming a viable option for many businesses. ME Firms are warming up to the idea of chat being used as a business tool. We played our part in the digital revolution in North America and are part of the revolution in Europe now; within the next 5 years, we shall play an important part in the developing of a professional chat culture in the Middle East.

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ⁱ Throughout this article, I rely heavily on the survey-based research papers ‘The State of Digital Marketing in the Middle East and North Africa’ published April 2011 and February 2012 produced by Econsultancy Digital Marketers United and supported by ArabianBusiness.com, AMEinfo, and Tecom, and references will only be given for other sources used. As such, where statements are quoted or statistics are provided and no source is given, it should be understood that these 2011 and 2012 reports were the sources relied upon.

ⁱⁱ Surveys conducted at IQPC’s 2011 ‘Click 5.0: The Digital Marketing Event for the Middle East’ in Dubai

ⁱⁱⁱ “Email and social media dominate digital in the Middle East” 12 April 2011 by Aliya Zaidi, Research Manager at Econsultancy (<http://econsultancy.com/us/blog/7398-email-social-media-dominate-digital-in-the-middle-east>)

^{iv} “Lack Of Awareness In Digital Marketing A Major Barrier To Middle East Businesses” 2 Oct 2011 (<http://marketinghub.bayt.com/news/lack-awareness-digital-marketing-major-barrier-middle-east-businesses>)

^v “Middle East firms yet to tap power of digital media” 7 March 2012 by Aya Lowe, Staff Reporter (<http://gulfnews.com/business/media-marketing/middle-east-firms-yet-to-tap-power-of-digital-media-1.991055>)

^{vi} “Econsultancy CEO: Middle East digital marketing five years behind US and UK” 22 February 2012 by Steven Bond, Reporter at AMEinfo.com (page 1 of 2) [<http://www.ameinfo.com/290987.html>] and (page 2 of 2) [<http://www.ameinfo.com/290987-more2.html>]

^{vii} “What’s holding back digital in the Middle East?” 26 February 2012 by Aliya Zaidi, Research Manager at Econsultancy (<http://econsultancy.com/us/blog/9100-whats-holding-back-digital-in-the-middle-east>)

^{viii} “Adapting digital marketing for the Middle East” (<http://econsultancy.com/us/blog/7881-adapting-digital-marketing-for-the-middle-east>) 17 Aug 2011 by Bhavishya Kanjhan, Senior Executive - Digital at Clique Media