



The 2018 Marketing Impact Report

SaaS Organizations Prioritize Deeper Measurement To Prove Marketing Impact By Understanding What Works Across Channels, Buyer Stages

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Introduction

Given the continued focus on performance marketing and revenue generation in SaaS organizations over the past decade, measurement and reporting have been a growing priority for marketing teams. However, even as reporting and metrics have moved into the spotlight, the definition and sophistication of measurement have varied greatly across organizations.

The loose interpretations or differing expectations are quickly becoming a thing of the past, as the C-suite, sales leadership and marketing teams themselves are now succinctly focusing on delivering metrics that prove and demonstrate marketing's impact on revenue, growth and other key business initiatives.

Perhaps more importantly for the future of marketing measurement technology, companies are aiming to show that impact beyond revenue and volume. They're positioned to use more granular metrics to prove their impact on customer-focused metrics like retention, cross-sell and customer lifetime value.

The evidence for transition is one of the key takeaways from *The 2018 Marketing Impact Report*, which is one of the first studies to show the trend toward customer-based impact plans.

At a "current state" level, the report shows that priorities for SaaS enterprises are clearly focused on proving the impact of marketing campaigns, as **92% of those surveyed** said it was a growing priority for their company. However, the efforts to prove that impact are decidedly in development. Some companies still struggle with proving it, as **71% of respondents said their companies had room for improvement in measuring marketing impact**. Of that percentage, **33% noted there is significant room for improvement**.

But several challenges stand in the way of effectively measuring marketing impact – most notably the ongoing challenge of data silos within marketing tech stacks. More than half (54%) of respondents to this new survey said that their biggest challenge is breaking down the data silos between systems and channels to gain a holistic view of marketing impact.

Respondents also shared how they plan to enhance their marketing measurement efforts in the future to focus beyond the acquisition stage. The research shows that, while 33% of respondents track customer lifetime value, 40% plan to track it in the future. Close to half (46%) plan to track cross-sell opportunities, while 39% plan to track upsell opportunities.

This report will detail the drive for impact and the promise of deeper insights. Among the trends that will be highlighted in this report include:

- ▶ The top drivers for why marketers are looking to better measure and understand marketing impact, including the desire to gain insight into marketing performance by individual channels and help sales gain better conversions;
- ▶ The current challenges hindering marketing’s ability to prove impact, including data silos, organizational challenges and more;
- ▶ The go-to marketing metrics currently analyzed to prove impact, such as volume metrics, pipeline metrics and revenue metrics;
- ▶ How tracking marketing initiatives across the customer lifecycle has become the main priority for teams looking to better understand impact;
- ▶ The other priorities of marketing teams, such as integrating their tech stacks and aligning revenue goals;
- ▶ The internal perception of marketing and its ability to prove impact; and
- ▶ The payoffs of measuring marketing impact.



71%

of respondents said that the need for deeper insight into channel performance is the the top driver for proving marketing impact.

Deeper Insight Into Performance By Channel Main Driver For Proving Marketing Impact

Proving marketing impact is a growing priority for an overwhelming 92% of survey respondents, which begs the question, *What's motivating them?* Here, the main motivator is the need for deeper insight into what's working by channel. In fact, 71% said that was among their top drivers.

Other key drivers for proving impact:

- ▶ Helping sales achieve better conversion and performance from leads (61%);
- ▶ Convincing the C-suite to validate marketing spend (57%);
- ▶ Assisting sales and marketing with deeper intelligence on buying interests (40%);
- ▶ Demonstrating an ability to impact the customer lifecycle (39%); and
- ▶ Providing sales with deeper account intelligence (29%).

/ What are your top drivers for proving marketing impact?

Marketing organization looking for deeper insights into what's working by channel

71%

Sales organization looking for better conversion/performance from leads

61%

C-suite looking to validate marketing spend/investments

57%

Sales and marketing looking for deeper intelligence on buyer interests

40%

Demonstrating marketing's ability to impact customer lifecycle (renewals, upsell, etc.)

39%

Sales organization looking for deeper intelligence on accounts, key priorities

29%



68%

of respondents said they lacked the time and resources to accurately measure impact.

Data Silos, Technological & Organizational Issues Main Challenges To Measuring Marketing Impact

With more than 7,000 marketing technology solutions on the market, the average company interfaces with seven analytics tools on average. But it's only when integrated within the organization that marketing technology can produce measurable results. The challenges listed in this section will be alleviated, at least in part, by an increase in marketing spend and alignment in how that spend will be allocated to measuring results. As cited in Demand Gen Report's [2018 Marketing Measurement & Attribution Benchmark Survey](#), whether it's due to a lack of resources or lack of commitment to change, industry experts noted that data silos continue to plague SaaS organizations.

In *The 2018 Marketing Impact Report*, more than two-thirds (68%) of respondents said they lacked the time and resources to accurately measure impact. Organizational challenges followed, including the data silos issue. Fifty-four percent said data silos between systems and channels prevent a holistic view. In fact, one of the comments made in this section cited the "inability to accurately attribute revenue to marketing activities."

Other key points:

- ▶ Organizational challenges (i.e. lack of sales and marketing alignment): 51%;
- ▶ Inability to attribute leads to revenue: 48%; and
- ▶ Disparate systems and reporting: 41%.

/ What are your main challenges for proving marketing's impact?

Limited time/resources to accurately measure marketing impact

68%

Data silos between systems and channels prevent holistic view of marketing initiatives

54%

Organizational challenges, such as lack of alignment between marketing and sales

51%

Inability to attribute leads to revenue

48%

Disparate systems and reporting between sales and marketing limit ability to tie influence to closed deals

41%

Unclear how to measure current marketing results versus company goals

29%



60%

review their
metrics monthly.

24%

review their
metrics quarterly.

Research Shows High Percentage Use Multiple Metrics To Prove Impact

The 2018 Marketing Impact Report showed strong reliance on volume, revenue and pipeline metrics. Volume metrics (leads, MQLs generated, etc.) is not surprisingly the top answer, but at 71%, it is a positive development. As companies continue to develop these more predictable metrics, they will become more comfortable moving into customer-specific KPIs.

Key stats on metrics used by respondents to show and prove marketing impact include:

- ▶ Volume (leads, MQLs generated, etc.): 71%;
- ▶ Pipeline (conversions, opportunities, etc.): 70%;
- ▶ Revenue (closed/won opportunities, etc.): 67%; and
- ▶ Activity data: (impressions, clicks, etc.): 66%.

While total metrics usage is encouraging, marketers need to pick up the pace on frequency. More than half (60%) of respondents reviewed their metrics monthly, while 24% said they reviewed their metrics quarterly. Effective SaaS marketing needs to be a daily number to gain insight into what works and what doesn't.

/ Which metrics and reports are you currently using to show and prove marketing's impact on the business?



- Volume metrics (leads, MQLs generated)
- Pipeline metrics (conversions, opportunities)
- Revenue metrics (closed/won opportunities)
- Activity data (impressions/clicks)



73%
currently track
acquisition metrics.



33%
track average customer
lifetime value.

Tracking Impact Across Customer Lifecycle Growing Priority

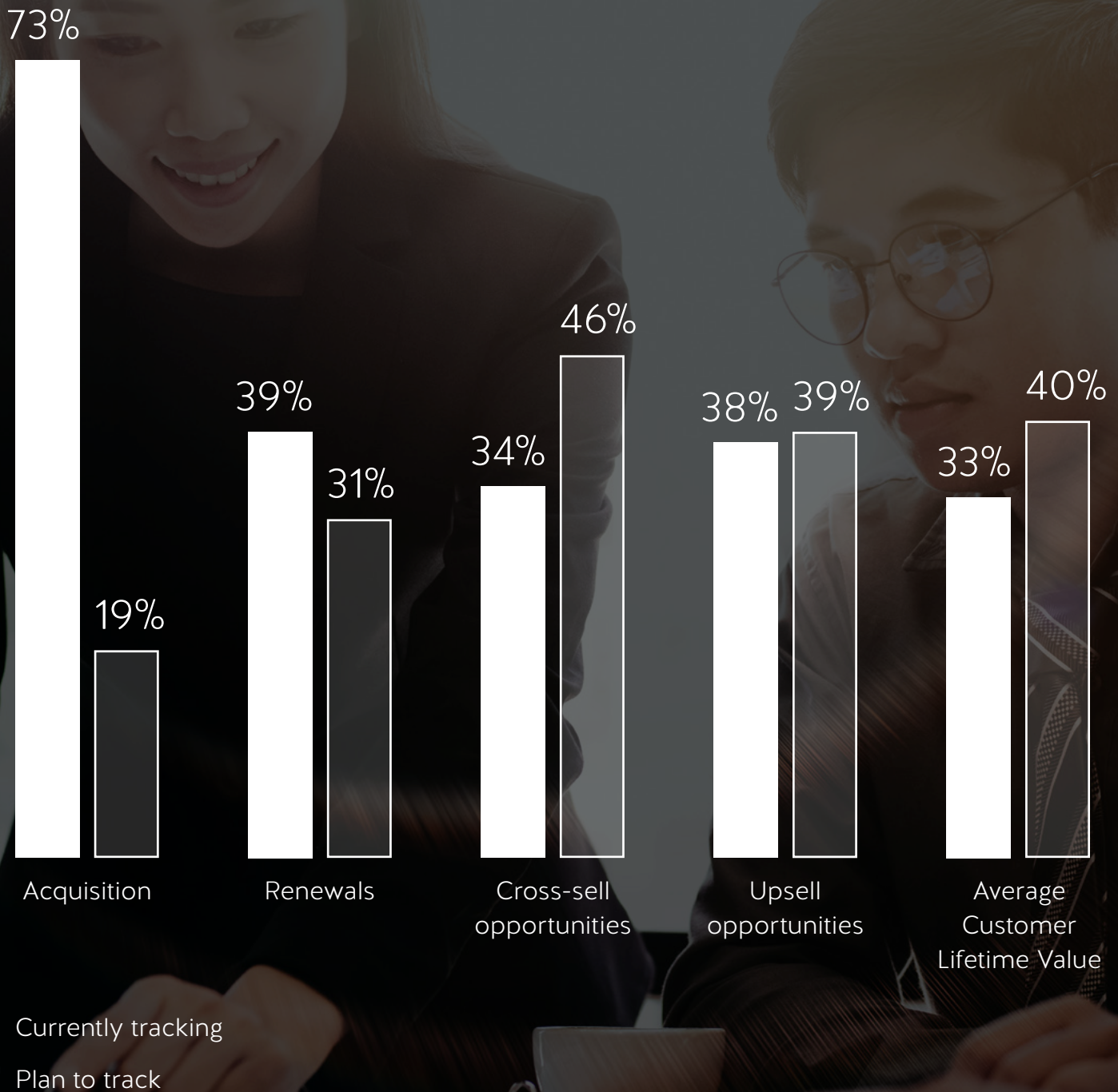
The current state of reporting and measurement initiatives show that proving impact is focused on acquisition. The majority (91%) said that they currently track – or plan to track – acquisition to measure marketing impact. The study shows that the future lies in tracking the metrics that are more aligned with customer value and impacting all stages of the customer lifecycle.

While plans for tracking acquisition (19%) and renewals (31%) remain stagnant, the upside can be seen for cross-sell (46%), upsell (39%) and measuring average customer lifetime value (40%). If SaaS marketers can show impact by tying their efforts to customer lifetime value, that puts an entirely new and extremely relevant KPI on the board.

In detail:

- ▶ Cross-sell opportunities are currently tracked by 34% of respondents, while 46% plan to track them in the future;
- ▶ Upsell opportunities are currently tracked by 38% of respondents, while 39% plan to track them in the future; and
- ▶ Average customer lifetime value is currently tracked by 33% of respondents, while 40% plan to track it in the future.

/ In your current measurement/reporting initiatives, which areas of impact on the business are you currently tracking?





36%

of respondents said purchasing the right technology will be necessary if the right metrics are not available.

Integration, Education Top Measurement Priorities

The study shows that companies are focusing on integration and education. As stated earlier, a focus on the current marketing technology stack will most likely yield the KPIs necessary to prove marketing impact – whether it's lead volume, revenue goals or eventually customer value.

For respondents who faced challenges with their current tech stack, 44% said they were unclear on whether they were maximizing its overall use. One-third (33%) said they struggle with data siloed in different systems. Purchasing the right technology will be necessary if the right metrics are not available, according to 36% of respondents.

Current priorities for measuring marketing impact include:

- ▶ Integrating and reporting data from current tech stacks for a holistic view (56%);
- ▶ Educating and aligning teams on measurement goals and expectations (56%);
- ▶ Formulating a streamlined process for consistent measurement (53%); and
- ▶ Prioritizing additional marketing technology applications (35%).

/ What are your current priorities for improving your ability to measure marketing impact?

Educating and aligning teams on measurement goals and expectations

56%

Integrating the reporting and data from our current marketing technology stack for a holistic view of impact

56%

Formulating a streamlined process to be incorporated into all marketing programs for consistent measurement

53%

Purchasing the right technology to automate and/or streamline the marketing measurement process

36%

Better prioritizing additional marketing technology applications that will integrate well and help us increase and prove marketing's impact

35%



49%

of respondents said marketing was perceived as a revenue generator.

Internal Perceptions Show Majority Confident In Ability To Prove Marketing Impact

Looking at the list of impact drivers, you will see that the intention for SaaS marketers (in three cases) is to help drive sales and gather more data about buyers. That correlates directly with the perceived value of marketing within the organization, according to the survey findings. Marketing is seen as a revenue generator for nearly half (49%) of companies. That would put marketing on the right track, aligning with sales to produce revenue or even generating its own revenue-positive campaigns.

The perception was backed up with a high-level of confidence that it could be supported by proving impact. Almost three-quarters (72%) of all respondents were confident or extremely confident that they could show, support and prove their marketing impact on the business.

Other notable data points include:

- ▶ Marketing was perceived as a cost center by 22% of respondents;
- ▶ The organization “did not know or understand marketing’s value” for 12% of respondents;
- ▶ One respondent commented that “marketing’s value should be more transparent;” and
- ▶ Another respondent commented that their company sees marketing as “somewhere between a revenue generator and indifference.”

/ What is the perceived value of marketing within your organization?



Marketing is perceived as a revenue generator

Marketing is perceived as a cost center

My organization is indifferent on marketing's value

My organization doesn't know or understand marketing's value



33%

of respondents cited the ability to prove value to senior leadership as the most positive gain from measuring marketing impact.

Proving Impact To The C-Suite, Sales Teams Main Payoffs Of Effective Reporting

The average CMO spends 44 months on the job. That's not a long time to prove that marketing efforts are working, returning expected KPIs and merit budget increases. That pressure to perform in a tight window is what drives CMOs and other members of the C-suite, and it's contagious. When it comes to positive gains from measuring marketing impact, respondents to the report cited the ability to prove value to senior leadership as the top achievement (33%).

The question in this section was limited to respondents who said they improved their ability to provide reporting on marketing programs. In addition to proving value to senior leadership, respondents cited that effectively measuring marketing impact helped:

- ▶ Prove marketing's impact to sales on driving opportunities (25%);
- ▶ Identify programs that drive significant return (22%); and
- ▶ Prove marketing's impact to all stakeholders on influencing closed revenue (11%).

/ As you have expanded and improved your ability to provide reporting on marketing programs, what have you seen as the most positive gains from measuring impact?

Ability to prove marketing's value to senior leadership

33%

Ability to prove marketing's impact to sales on driving opportunities

25%

Ability to identify programs that are driving significant returns for the company


22%

Ability to prove marketing's impact to all stakeholders on influencing closed revenue

11%

We haven't made progress in this area

9%



More than half (55%) of respondents said their marketing analytics and attribution spend will increase “somewhat” or “greatly” over the next year. **More than half (51%)** said less than 10% of the total budget was spent on measurement.

Proving Marketing Impact Vital To Budget Growth

Findings from the survey show that unproven marketing impact is met with a complete freeze from the C-suite. From a lack of budget increase to missed marketing opportunities to a lack of experimentation with data and reporting, the lack of marketing impact proof points has severe consequences for the future of SaaS marketing.

Without proving marketing impact, the study findings show that:

- ▶ 41% say their company will not increase marketing budgets;
- ▶ 37% say their team cannot consider additional opportunities; and
- ▶ 32% say they are unable to build a case for experimenting with new channels.

/ What are your biggest challenges related to your current marketing budget?

My company will not increase my marketing budget until I can prove marketing's current impact on business goals

40%

My marketing team is unable to consider additional marketing opportunities during the year without proving ROI in advance

37%

We are unable to build a case for experimenting with new channels and programs without agile marketing and reporting capabilities

32%

My company has gradually been cutting my marketing budget

16%

My sales team is controlling too much of our marketing budget

12%



Conclusion

SaaS marketers have reached a tipping point. They have shown the ability to prove impact with volume and activity data – as per 71% and 66% of respondents, respectively – and made generating leads at the point of acquisition table stakes. The next phase for growth, according to the study, is to get complete buy-in from the C-suite (57%), align with sales (56%) and drive the ability to innovate and experiment with potentially impactful metrics, including pipeline (70%) and revenue (67%) metrics.

To prove impact and create the future of SaaS marketing measurement, better reporting is needed. More than three-quarters (79%) of respondents said their companies had room for improvement in measuring marketing impact. This reporting will drive insight into buyer behavior and marketing performance right down to the channel level, as shown by the 71% of respondents that said it was among their top driver. New insights become available with a deeper level of reporting that can ultimately position marketers to measure impact beyond acquisition, such as a better understanding of upsell and cross-sell opportunities and CLV reporting.

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