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COMMUNITY INDEX
FROM B2B MARKETING

Community Index Analysis Report:

Everything you need to know about marketing in the technology sector this year



MARCH
2024

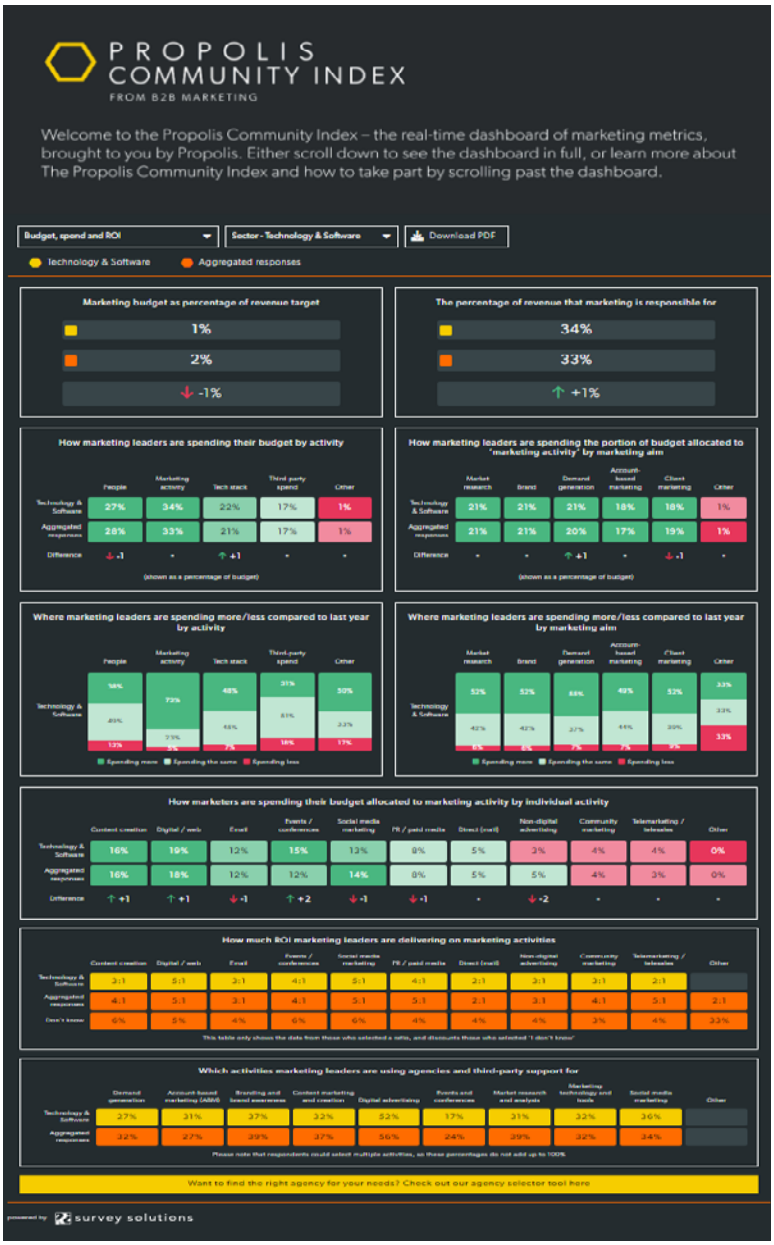
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Introduction

In August 2023, we launched The Propolis Community Index – the real-time dashboard of B2B marketing metrics, brought to you by Propolis. This dashboard was built to provide B2B marketers with reliable, up-to-date information about how marketers are spending their money, and how they're performing. Using the dashboard, our Propolis members can make recommendations to the board, assess their team's performance, and make any necessary adjustments.

Crucially, the data that is inputted into the index is provided exclusively from senior B2B marketing leaders (marketing directors, CMOs, etc) who manage a budget. All businesses that provide data for the index must generate at least £20 million in revenue each year, ensuring that only established, legitimate businesses are feeding into the overall dataset (no one-man-bands allowed!). The dashboard itself can then be filtered by UK or US responses, and by the following sectors, ensuring that members can access the data relevant to them:



- Technology and software
- Financial services
- Professional services
- Manufacturing, construction and industrial
- Healthcare

In this report, we'll be providing a breakdown of the data that we've seen since our first launch, and what this means for your marketing team. In order to make this report as helpful as possible, we've looked at the data from technology and software services specifically, ensuring that you're only seeing the data that's relevant to you. By looking at data from your sector, we can see where the opportunities lay, and what this means for you.

This report is based on data pulled from February 2024, and it's important to note that this data is constantly evolving as we collect more and more data. So, while this provides a helpful picture for marketers now, we expect to see changes in the months and years to come. Of course, if you'd like access to the live, evolving dashboard that is The Propolis Community Index, you can learn more about joining Propolis here.

A list of the data points we've been collecting to date

So far, we have been collecting data on the following areas:

- Budget, spend and ROI.
- Customer growth and attrition.
- Resourcing and organization structure.

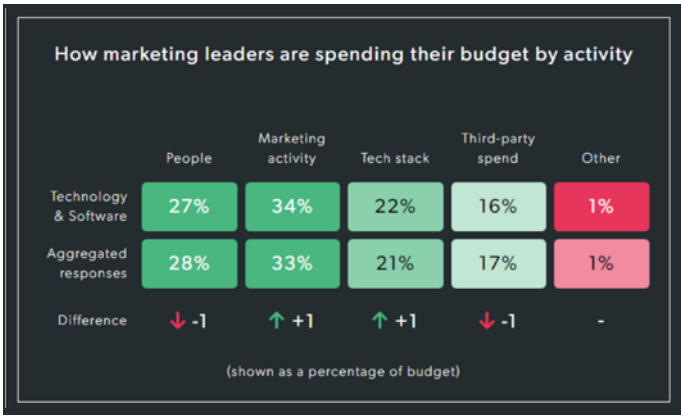
So, what stands technology and software marketing apart from the rest? Let's find out!

Technology marketers are delivering greater returns with less budget

Looking at the data provided by respondents in the technology and software sector, we can see that they are delivering higher returns on their budget, despite their budget being lower than the average. Simon Edward, former Vice President and CMO, IBM said: "The marketing mix has an impact. A lot of technology companies are selecting a marketing mix that is not necessarily traditional advertising or TV advertising, and therefore the costs are coming down. A lot of organizations now are looking for earned content as opposed to paid content with a lot of focus on social, and obviously the cost is slightly different."

In addition to having lower budgets and delivering greater return, it's clear that technology and software marketers are also expected to deliver slightly more revenue. As we can see, technology marketers are responsible for delivering 35% of their team's overall revenue target, compared to just 33% from the aggregated dataset. A marginal difference, of course, but when you consider the lower budgets technology marketers have to work with as well, it starts to provide an overall picture of the challenges technology marketers face.





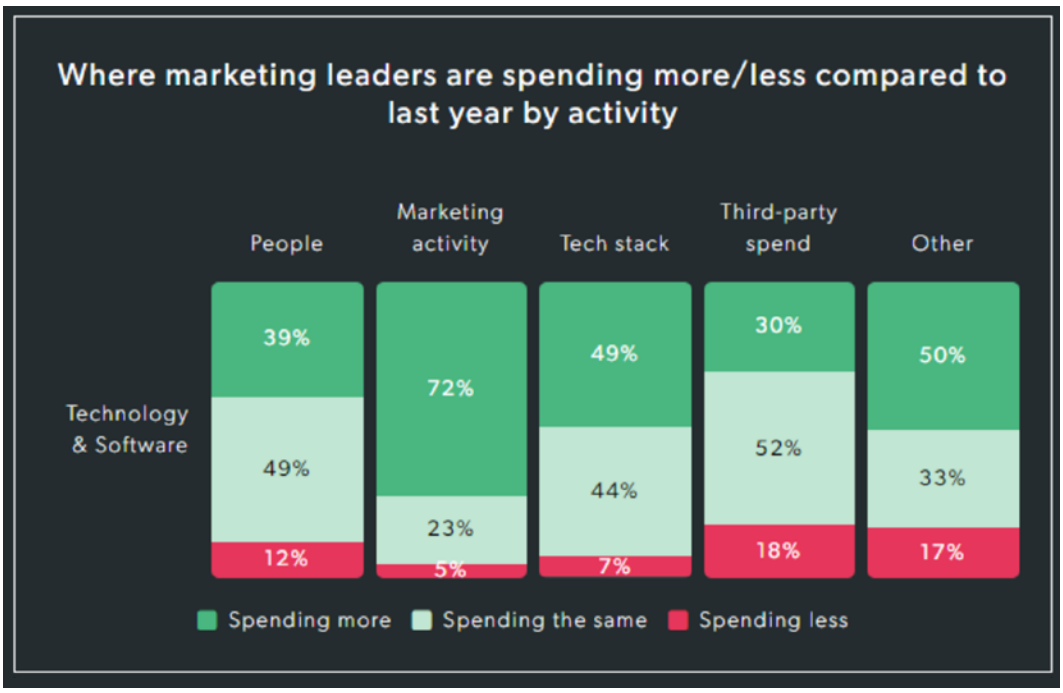
In terms of where this budget is being spent, the Propolis Community Index indicates that there is little difference with the aggregated dataset, with only marginal 1% differences across people, technology, marketing activity and third-party spend. Again, this suggests that, somehow or other, technology and software marketers are finding ways to deliver greater returns, without necessarily diverting spend in a certain area.

Andy Grant, Senior VP Marketing, Digital Barriers said: "Marketers are always challenged to do more with less. We strive to achieve metrics because that's one of the cool things about B2B marketing; we can celebrate our achievements based on metrics. You want to achieve as much as you can from the budget that you're allocated with, and you want to do the best based on your knowledge and on the activities that you feel are best suited for you to create the best results and opportunities."

Higher investment in tech stack

Regardless, let's take a closer look at the spend in marketing technology versus other industries. As we can see, there is a slightly higher allocation towards martech, which is hardly surprising and suggests that B2B marketers in the technology world are naturally more technologically inclined.

More interestingly, when asked how they foresee their spend changing going into the new financial year, 49% of technology and software marketers said they would spend more on technology, compared to an average of 43% across all sectors. If you take this further and look at, say, manufacturing alone, we can see that just 34% of marketers will be spending more on technology this coming financial year.



According to Simon: "This sector is very tech savvy, so there's a level of confidence in those products as well as a set of expectations. People who work in this area of the industry aren't scared of it. They look at it and go: 'Hey, I'm confident that's going to deliver value so I'm going to spend more money in that space.' They are looking at tech all the time, the expectations that people have are really high. People want to have information at their fingertips. They want to be able to talk to clients. They've got an enormous amount of granular data, which they want to look at and they want to use tech to do that."

Similar allocations for third-party spend and other activities across sectors highlight the significance of strategic outsourcing. The sector showcases a proactive shift in spending priorities compared to the previous year, especially in core areas like marketing activity, 72% of marketing leaders are spending more on it this year, and 49% are increasing their budget on tech stack. When it comes to strategic outsourcing, it's clear that technology and software marketers do not stray radically from the norm here either. This adaptability to evolving trends and market dynamics positions the sector as agile and responsive.

Indeed, even when we take a closer look, technology and software marketers tend to follow the aggregated norm, with digital advertising being the most common activity they employ agencies for (51%). Interestingly, however, it appears that technology and software marketers use fewer agency services than the average, with only ABM, martech and social media selected by tech marketers more than the average. Could this focus on third-party support activities be part of the reason for technology's greater returns?

Andy added: "Over the last two years to 18 months, marketing departments have been depleted because we're the spending department and when businesses look to reduce their headcount costs, marketing is an easy target. And you can outsource some of those activities at a fixed cost over a period of time. Now things are picking up, people have excellent experience and specialist skills so you can do some of those activities in-house. The expectation of the executive team or sales leaders is that marketing will react quickly to accommodate the needs of the business."

A look at customer growth expectations

A positive sentiment prevails across the board, with most marketing leaders foreseeing an increase or maintaining current customer acquisition levels.

Andy said: "There's obviously been a change in B2B marketing over the years. I think within a business of any size, the expectation of marketing automation and the ability to attract people to your business has been ramped up by other business leaders who are not necessarily marketing people. The CEO, CFO, CRO, anyone like that has an expectation that marketing will produce interactions, leads and opportunities. Opportunity pipeline is the main driver of what a modern B2B marketing function should be creating."

However, the technology and software sector appears slightly more reserved in its customer growth expectations compared to the broader industry, with only 13% expecting significant growth - that's 2% less than other sectors - potentially influenced by sector-specific challenges or market dynamics.

This financial year, marketing leaders are looking to retain 90% of customers but within the technology and software sector expectations are 6% lower than average.

According to Simon: "I think these are sector-specific challenges and what they'd stem from is the complexity of moving some of these products. Number one, they can be very complex in terms of setting them up and take a long time.

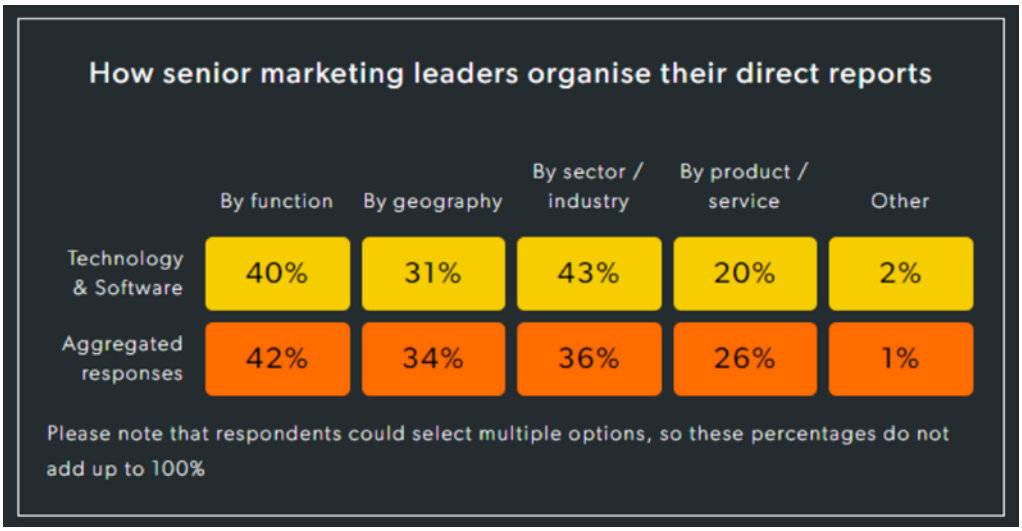
Number two is around the level of integration. The tech area is touching so many parts of the organization: the financial information, customer and employee information and it's also going to the outside world. Maybe you've got contracts with analysts or you're getting feeds of data coming in. So you've got a lot of interoperability; therefore, people are cautious about moving."



Most tech leaders organize their teams by sector/industry

In B2B marketing, the structure of marketing teams plays a pivotal role in operational effectiveness. Senior marketing leaders in the technology and software sector predominantly organize their direct reports by sector/industry (43%), while a significant portion (40%) opts for ordering them by function.

In comparison, aggregated responses across sectors indicate a marginally higher inclination toward functional organization (42%) with a lower emphasis on sector/industry (36%).

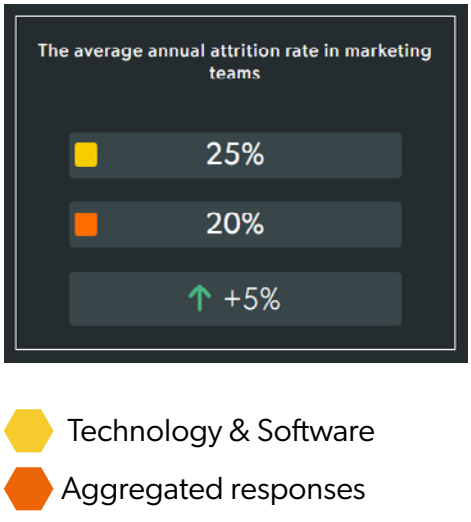


Despite a shaky start to 2023, the technology and software sector appears to have rebounded somewhat late last year, with 50% of marketing teams reporting an increase in headcount over the last six months. 45% reported no difference, while just 5% witnessed reductions.

This pattern aligns closely with the aggregated responses, indicating a collective rise in headcounts across sectors.

However, there's a clear distinction in attrition rates, with the technology and software sector reporting a higher average annual attrition rate of 25% within marketing teams compared to the broader industry's rate of 20%. This heightened attrition highlights a challenge in talent retention within B2B marketing teams in tech.

Simon explained: "Every company is a tech company now. How many companies don't have technology in them? So if you think about the B2B space and think about technology itself, it's a growth area.



Organizations are hiring and they want to hire quickly. They want to find new skills with the acceleration of AI, cloud, quantum computing and data science have all accelerated that skills exchange. There's a big change in terms of the skills required, there's more and more people but there is a scarcity of skills as well. So people are jumping a bit more and can demand quite high salaries."

The current state of technology: what did we find out?

As we know, understanding sector-specific intricacies is crucial for crafting a succesful marketing strategy. The insights from this report have hopefully provided you with an understanding of how tech marketing leaders are setting their teams up for success, and gives you an idea of what the state of play is.

Despite a smaller marketing budget, technology and software marketers achieve a higher ROI, showcasing the impact marketers in this sector are having. The consistent allocation of budgets towards skilled personnel and core marketing activities remains relevant, highlighting the sector's commitment to the fundamentals. It appears, therefore, that tech marketers aren't doing anything too radically different, but, somehow, they're managing to drive greater returns.

Customer retention is a concern, evident from the sector's lower expectations of customer retention compared to the industry average. This suggests a need for tech marketers to start thinking about how they can continue to drive value for their customers, and improve their existing customer experience.

Want to learn more about how to boost customer retention? Why not check out this best practice briefing from our Propolis Expert in CX, Barbara Stewart?

In addition to this, the substantially higher attrition rate within technology marketing teams calls for a deeper focus on talent retention strategies and robust talent management practices.

If you'd like to access the full, live Propolis Community Index, you can find out more by clicking here, and learning how you can get access to Propolis. While The Propolis Community Index acts as your reliable source of B2B marketing data, it's just one part of Propolis itself. Propolis members have access to a panel of marketing experts, who can help you through your biggest (or smallest) challenges. Our training courses and events also provide your team with the practical hands-on knowledge they need to meet these challenges and opportunities head on. So, what are you waiting for? Learn more about Propolis today.

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FROM B2B MARKETING

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