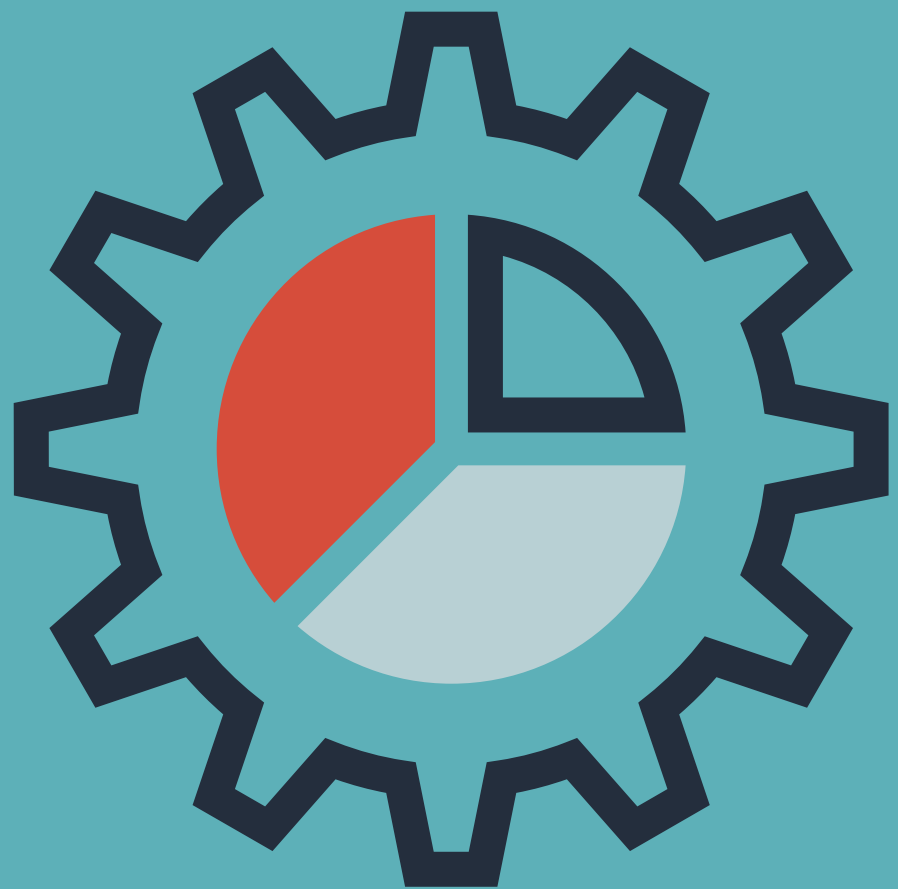


# THE STATE OF MARKETING AUTOMATION 2019



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## LONDON RESEARCH

London Research, set up by former Econsultancy research director Linus Gregoriadis, is focused on producing research-based content for B2B audiences. We are based in London, but our approach and outlook are very much international. We work predominantly, but not exclusively, with marketing technology (martech) vendors and agencies seeking to tell a compelling story based on robust research and insightful data points.

As part of Communitize Ltd, we work closely with our sister companies Digital Doughnut (a global community of more than 1.5 million marketers) and Demand Exchange (a lead generation platform), both to syndicate our research and generate high-quality leads.

For more information, visit <https://londonresearch.com>

## act-on

Act-On Software is the leader in Adaptive Marketing solutions that empower marketers to achieve the purposeful and personalized engagement that their business needs to thrive.

Act-On makes customer data actionable, enabling marketers to strategize better business outcomes, drive more relevant multi-channel marketing, and generate higher customer lifetime value—all with the fastest time-to-value.

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Michael is a London Research writer specializing in digital media and marketing. He was head of content for London Research sister company Digital Doughnut between 2012 and 2016, and during that time edited the European channel of Adobe's CMO.com website. Before that he was editor of New Media Age, the UK's leading news publication for interactive business from 2000 to 2007, and its editor-in-chief from 2007 to 2011. He has written widely about the sector, is a regular speaker in the media and on the conference circuit, and has lectured on the future of advertising and publishing at the London College of Communications.



**Linus Gregoriadis**  
Director, London Research

Linus is an experienced digital marketing analyst and business writer who co-founded London Research in 2017 as a sister company to Digital Doughnut, the world's largest community of marketers and digital professionals, and also to Demand Exchange, an advanced B2B lead generation platform. He spent more than a decade setting up and building the research function at Econsultancy, a digital research and training company now owned by Centaur Media. After leaving Econsultancy, where he oversaw the production of hundreds of survey-based trends reports, buyers' guides and best practice guides, he launched ClickZ Intelligence for B2B media company Contentive.



## Foreword - by Act-On

Despite the growing interest in and increased use of marketing automation software in recent years, there's a surprising lack of research around how and why marketers are using these platforms. In late 2018, we decided to fill this void by conducting our own comprehensive study to gain a better understanding of who's using marketing automation, to what end, and with what sort of success.

To help us answer these critical questions, we reached out to our friends at London Research to begin laying the foundation for what would eventually become the State of Marketing Automation report below. They surveyed a global cross-section of marketing and business leaders about their existing and future-state desires for marketing automation, what's working, and where there is still room for improvement.

As the marketing leader of a marketing automation software company, I would love to report back that the results showed that marketing automation technology on its own can act as a silver bullet solution. However, we all know that it takes much more than technology to deliver marketing success, ROI, and ideal business outcomes. Rather, it is the combination of marketing automation along with a clearly defined marketing strategy and organizational alignment that provide the strongest foundation to achieve success over the short and long term.

Still, I found the results of the report incredibly helpful in continuing to fine tune my own team's marketing priorities and strategies, and we've already begun activating several campaigns based on our findings. I sincerely hope you and your team are able to do the same.

We would like to express our gratitude to London Research for helping facilitate this study and bringing the report to life. We would also like to thank everyone who participated in our survey and contributed to this meaningful work.

Thank you, and happy marketing!

**Nina Church-Adams**  
SVP of Marketing



## 1. Executive summary

The use of marketing automation technology has become the norm. From its emergence as a tool for large-scale B2B businesses, falling costs have seen the technology adopted by smaller B2B companies while the benefits have seen it picked up by firms selling big-ticket B2C items. Now, with the rise of direct-to-consumer propositions in the consumer goods space, marketing automation is moving into B2C.

In 2017, Act-On research found that nearly every marketer surveyed felt marketing automation was critical to long-term business success. Two years later, this new report reveals that more than half (55%) are using marketing automation software — either on its own or alongside their email platform.

Investment in the technology is also continuing to grow. The majority of marketers expect their budgets to increase this year, with 28% planning to invest in a new marketing software platform. This intention varies significantly by sector, with 48% of financial services businesses planning to invest in a new platform this year, compared to only 19% of manufacturing companies. It also varies by business size, with smaller companies more likely to invest in martech than larger ones (31% vs. 22%).



### The future remains out of reach

Despite this widespread adoption, the use of marketing automation is still in its infancy. Although the majority of businesses surveyed are using marketing automation software, many still rely on their email service provider (ESP). And while a slight majority are using audience segmentation, only a minority (21%) have moved into using the technology for the sort of advanced personalization that is widely talked about as the future of marketing.

The research also looked at the challenges preventing more widespread (and more advanced) use of marketing automation. These obstacles fall into three main categories: issues with company management, issues with suppliers, and issues within the marketing department itself.

The marketers surveyed reported that the biggest challenge they face in improving their digital marketing efforts is their inability to measure ROI, a weakness that has long been seen as a barrier to winning support and investment from the CFO and the wider C-suite.

Part of this problem is the technology. The research shows that there is a striking gap between what marketers want from marketing automation technology and what they think their suppliers can provide, particularly in analytics and reporting. This was rated by marketers as the most important capability they need in marketing automation software, but it came near the bottom of their ratings for vendor capabilities. Only 14% of businesses rated their suppliers as “excellent” in this area, with 45% rating them as “good.”

There is also an issue with many marketing departments’ competence in this area. While only 36% of marketers said there was a lack of internal expertise within the marketing department, the agencies surveyed felt very differently, seeing this as the biggest problem. This lack of expertise, compounded by the lack of support from their chosen technology, was common across all the areas regarded as critical by the marketers surveyed, indicating that both sides need to step up their game in order to deliver on the promises of marketing automation.

## 1. Executive summary (continued)

Encouragingly, however, marketers appear to believe these problems can be resolved and that they can take full advantage of marketing automation. Among the marketing initiatives that emerged in the research as being critical for this year, “better measurement and data” was cited by 32% of B2B marketers and 43% of those in B2C. The research also found that although only 21% of marketers are currently using behavior-based targeting to personalize their websites for visitors, a further 45% are planning to start doing so.

The recent “Making Marketing Automation a Reality” ebook<sup>1</sup>, produced by London Research in partnership with Act-On, includes seven recommendations for companies hoping to successfully introduce, implement, and optimize marketing automation software. These are:

1. Build the business case.
2. Get buy-in from stakeholders.
3. Understand the customer journey.
4. Change the culture.
5. Choose your platform.
6. Develop your capabilities and skill sets.
7. Develop your data capabilities.

What this survey shows is that although marketers are early in their journey to maturity in the use of marketing automation, the majority have a clear understanding of these steps — and the barriers to achieving them.

1. <https://resources.digitaldoughnut.com/partner/act-on/making-marketing-automation-a-reality-167>

### METHODOLOGY

The State of Marketing Automation 2019 report is based on a survey of 501 marketers carried out in the first quarter of 2019.

The survey was publicized through LinkedIn and dedicated emails sent out by London Research and its sister company Digital Doughnut.

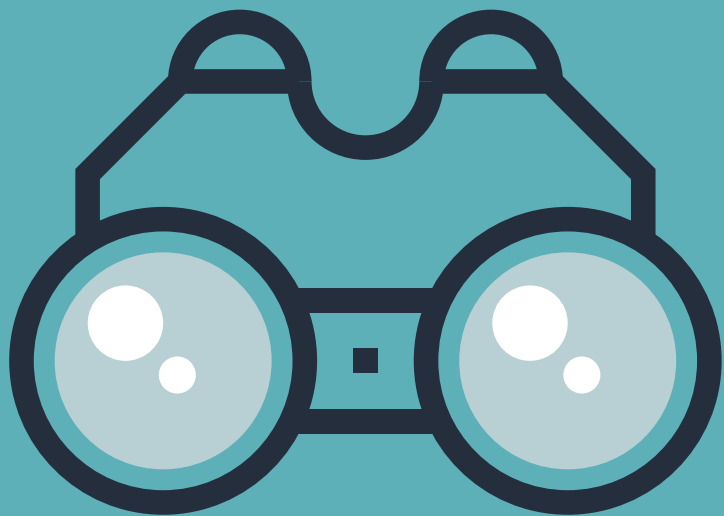
The majority of companies taking part in the survey are focused on business-to-business (B2B), with 53% saying B2B is their exclusive focus. Just under a fifth of companies operate exclusively on a business-to-consumer (B2C) basis. The report includes charts that break down the analysis for B2B and B2C, by company size (based on annual revenue), and also by region (for the US and the UK).

Just over half of the survey respondents (53%) are based in Europe, with a further 29% in the United States, and 13% from Asia Pacific.

Further information about the profile of survey respondents is contained in the appendix to the report.

The report also contains charts that show a breakdown of survey results for the industry sectors most strongly represented in the survey — namely technology/software (“technology”), manufacturing/distribution/wholesale (“manufacturing”) and financial services & insurance (“financial services”).

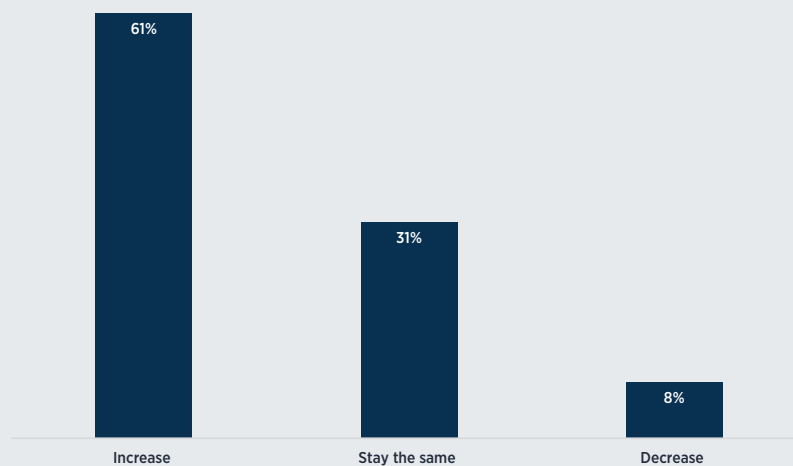
# 2 The quest for better leads and more customers





Our research found that the majority of marketers expect their budgets to increase this year.

**FIGURE 1**  
In 2019, will your company's projected marketing spend increase or decrease?



*Almost two-thirds (61%) of companies said they were planning to spend more on marketing in 2019.*

In all the hype about the need for digital transformation and the importance of marketing automation, it's easy to lose sight of the fact that both are just ways to achieve an organization's goals.

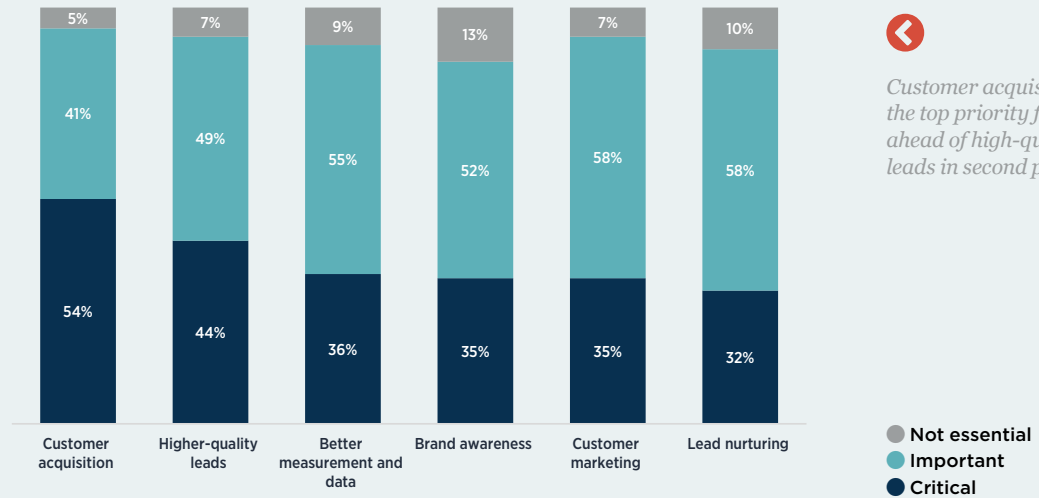
Act-On/Econsultancy research<sup>2</sup> from 2017 found that almost all marketers surveyed felt marketing automation was critical to long-term business success. As this latest survey reiterates, delivering marketing automation does not itself constitute business success. Rather, marketing automation needs to be seen in the context of the organization's marketing priorities and commercial goals.

Our research found that the majority of marketers expect their budgets to increase this year (*Figure 1*).

There's some variation by sector, with over two-thirds of tech companies spending more than last year compared to around half of those in financial services and manufacturing, but that's still a significant rise in spending from last year. What's driving it?

2. <https://www.act-on.com/resources/state-of-b2b-marketing-automation/>

**FIGURE 2**  
How are you  
prioritizing the  
following initiatives  
for 2019?



*Customer acquisition is the top priority for 2019, ahead of high-quality leads in second place.*

Our research showed that marketers' priorities are spread across the funnel, but the greatest emphasis is placed at the bottom. Just over half (54%) of respondents ranked customer acquisition as a critical priority, compared to just over a third (35%) who said the same about top-of-funnel activities, such as customer marketing and brand awareness (Figure 2).

The survey also found that 44% of respondents see the need for higher-quality leads as a critical priority, compared to 32% who rate lead nurturing as critical. This seeming paradox reflects a state of maturity in marketing, and also in business planning, that has held sway for several years. Most companies are driven by quarterly performance goals, which put pressure on marketers to drive conversions, leaving less time and resources for prospecting.

In order to hit their targets, they need the hottest, most conversion-ready leads possible. It's a state of affairs most clearly seen in B2C companies' continuing focus on retargeting, despite continued warnings that doing so without adding prospects at the top of the funnel is tantamount to drawing water from a drying well.

There is, however, a suggestion that this may be changing. The survey also found that just over two-thirds (36%) of marketers see "better measurement and data" as critical this year. This implies that the importance of understanding customers and the customer journey is slowly becoming more widely recognized and embraced.





**FIGURE 3**  
Proportion of  
respondents saying  
these initiatives will  
be “critical” in 2019  
(larger vs. smaller  
companies)



Larger organizations are giving equal priority to customer acquisition and higher-quality leads.

- Organizations with annual revenues of less than \$50m
- Organizations with annual revenues of \$50m+

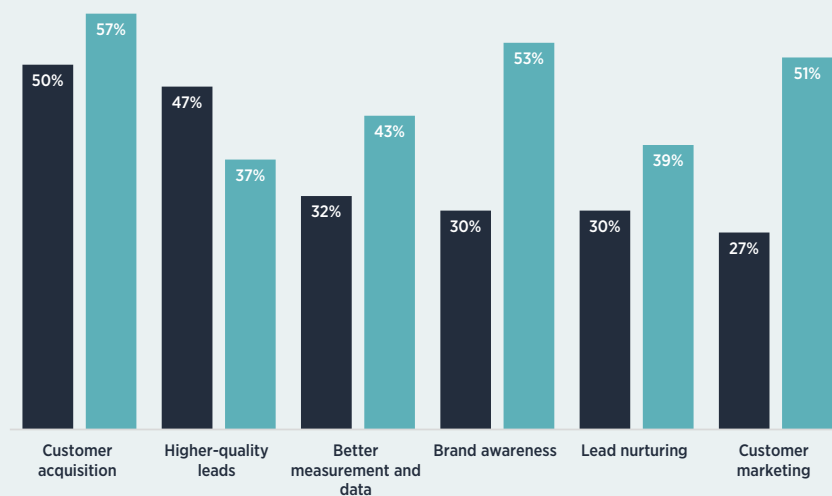
### Size differences

Looking into these findings in more depth, we uncover three significant differences in attitude between marketers at large companies (those with annual revenues of more than \$50m) and smaller ones (with annual revenues of less than \$50m).

Firstly, marketers at smaller companies give far more priority to customer acquisition than those at larger companies (61% vs. 44%, *Figure 3*). Secondly, marketers at larger organizations put less emphasis on customer marketing than their counterparts at smaller companies (32% vs. 37%). Finally, large companies are more likely to prioritize better measurement and data than smaller ones (39% vs. 34%).

The survey also compared attitudes among marketers in B2B and B2C. It found that B2C marketers are more likely to rank most named activities as “critical” for 2019 than their B2B counterparts (*Figure 4*). They put much more emphasis on top-of-funnel activities such as customer marketing (51% in B2C ranking it as critical compared to 27% in B2B) and brand awareness (53% vs. 30%). They are also significantly more likely to see better measurement and data as critical (43% vs. 32%).

**FIGURE 4**  
Proportion of  
respondents saying  
these initiatives will  
be “critical” in 2019  
(B2B vs. B2C)



B2C companies are significantly more focused on brand awareness and customer marketing than their B2B counterparts.

- B2B
- B2C



Large companies are more likely to have the resources to prioritize data and measurement than smaller ones.

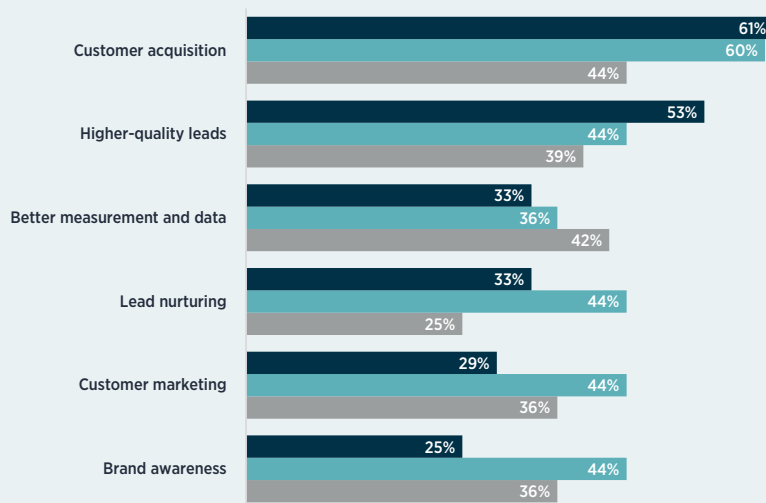
Some of this comes as no surprise; brand awareness, for example, has always been more significant in B2C than B2B, which relies more on relationship-based approaches to marketing. Large companies, meanwhile, are more likely to have the resources to prioritize data and measurement than smaller ones.

These patterns can also be at least partly explained by the history of marketing automation. Marketing automation was originally introduced by companies selling enterprise-level B2B products, where the length of the sales process, the amount of information required by buyers, and the size of the price tags justified investment in the technology. Subsequently, as the suppliers industrialized their software, it moved into lower-value areas of B2B and into high-end B2C. Now, low-end B2C is driving the latest wave of marketing automation adoption.

Therefore, B2C marketers' greater emphasis on data and measurement could represent their later adoption of the ideas around marketing automation. A similar conclusion could be drawn about the difference between attitudes to data and measurement by company size.

Figure 5 shows the differences in priorities for technology, financial services and manufacturing, the most strongly represented industries in the survey.

**FIGURE 5**  
Proportion of respondents saying these initiatives will be "critical" in 2019



*Manufacturing companies are less focused than financial services companies on customer acquisition and higher-quality leads, but more focused on better measurement and data.*

● Technology  
● Financial services  
● Manufacturing

# 3 Use of marketing automation software

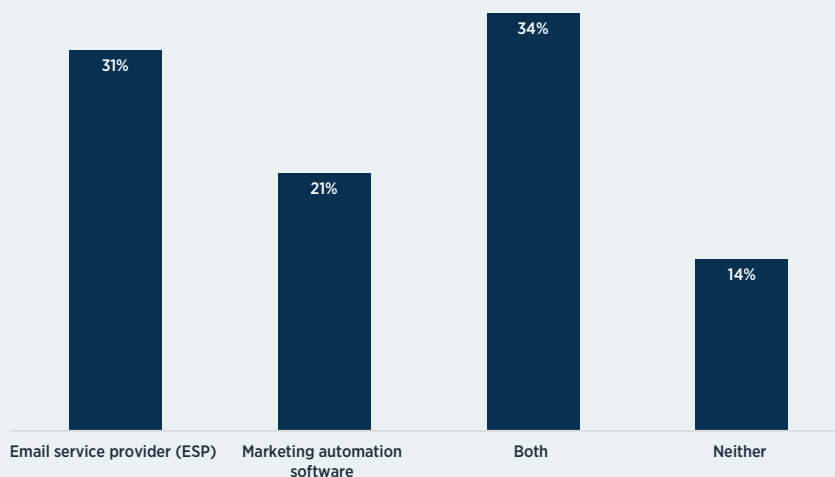


55%

of companies are using marketing automation software either exclusively (21%) or in addition to an email platform (34%)

**FIGURE 6**

Does your organization use an email service provider or marketing automation software?

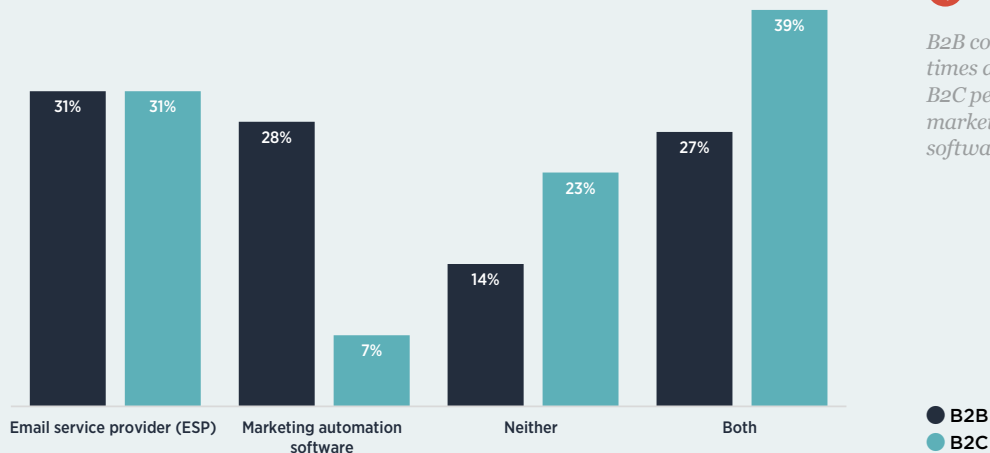


*More than half of companies (55%) are using marketing automation software, including 34% who are also using a separate email platform.*

Marketing automation software is now widely adopted. Our survey of marketers, based mainly in Europe and North America, found that 55% of companies are using marketing automation software either exclusively (21%) or in addition to an email platform (34%).

Email is obviously a well-established marketing technology and is often seen as a precursor for truly automated marketing activities. Just under one third of companies (31%) rely exclusively on an email service provider. By comparison, around a fifth (21%) are using marketing automation software on its own.

**FIGURE 7**  
Does your organization use an email service provider or marketing automation software?  
(B2B vs. B2C)



*B2B companies are four times as likely as their B2C peers to be using marketing automation software exclusively.*

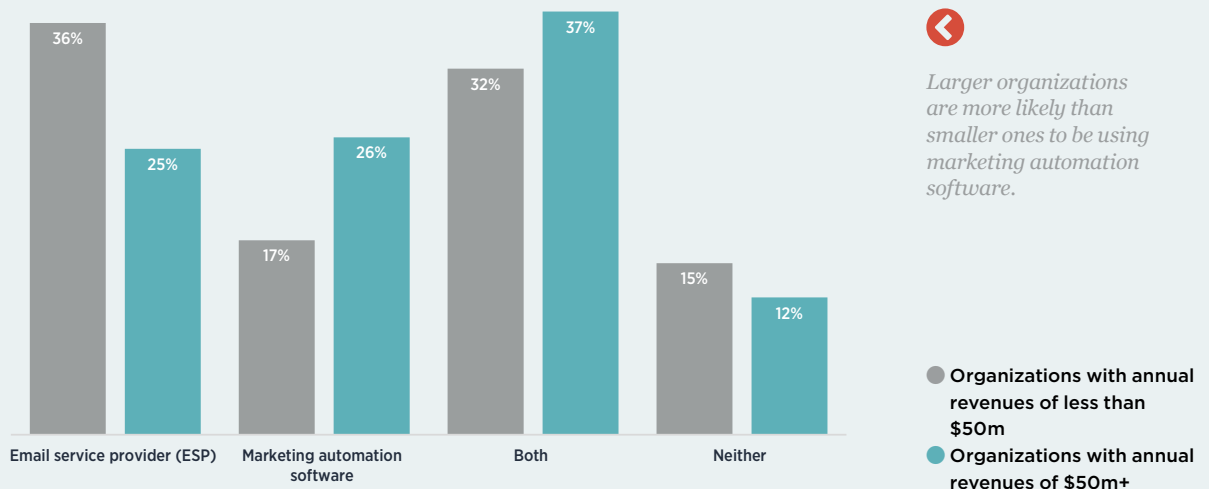
Breaking down these headline figures further shows equal penetration of email across B2B and B2C companies (Figure 7), a reflection of the fact that it has been around longer than marketing automation technologies, and of the greater emphasis on personal contact in B2B marketing. B2B companies are also more enthusiastic adopters of marketing automation. They are four times as likely as B2C companies to be using marketing automation software exclusively (28% vs. 7%).

The research also found that large businesses (those with annual revenues of more than \$50m) are more likely to have invested in marketing automation than smaller ones (63% vs. 49%, Figure 8).

The fact that they are less likely to solely use an ESP (25% vs. 36% of smaller companies) could be explained by their greater maturity in marketing automation, which will be covered in more depth in the next section.

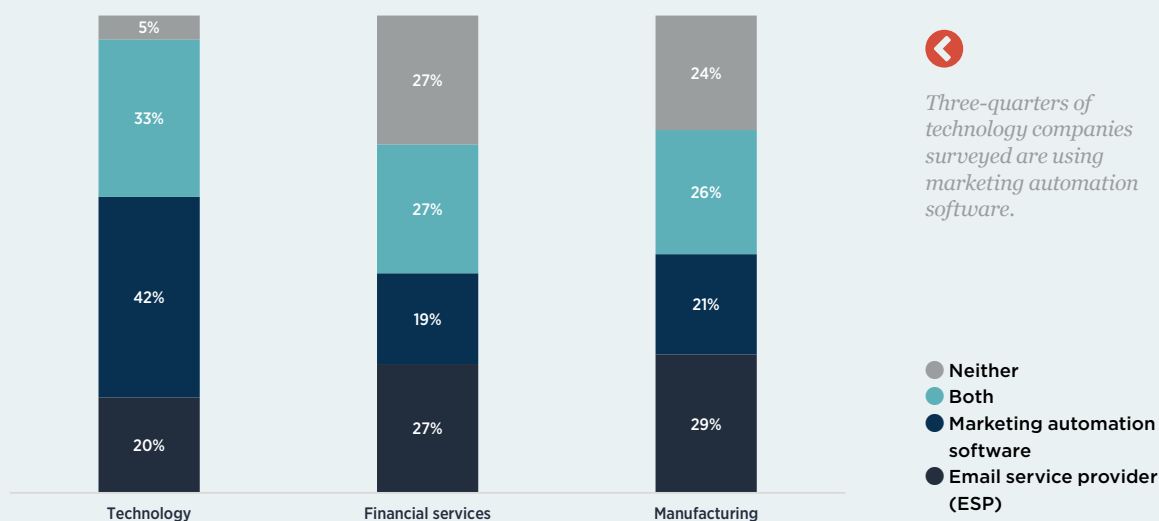
As discussed in the previous section, these findings reflect the evolution of marketing automation and its move from high-end B2B to B2C — beyond the obvious use cases for high-consideration purchases such as cars or big-ticket financial products.

**FIGURE 8**  
Does your organization use an email service provider or marketing automation software?  
(larger vs. smaller companies)



*Larger organizations are more likely than smaller ones to be using marketing automation software.*

**FIGURE 9**  
Does your organization use an email service provider or marketing automation software?  
(by key sector)



Splitting the figures by sector shows that technology companies have embraced marketing automation more enthusiastically than those in manufacturing or financial services. Only 5% of tech firms are not using any form of marketing automation or email, compared to 24% of manufacturers and 27% of companies in financial services (Figure 9).

Further evidence for the greater adoption of marketing technology among tech firms can be seen in the relative levels of adoption of email and marketing automation software. The survey showed 20% of tech companies using just an ESP, compared to 27% of financial services companies and 29% of manufacturers.

But while roughly the same proportion of companies across all three sectors have supplemented their ESP with marketing automation software (33% for tech, 27% for financial services, and 26% for manufacturing), twice as many tech firms are using marketing automation software exclusively compared to their financial services and manufacturing counterparts (42% for tech compared to 19% for financial services and 21% for manufacturing).

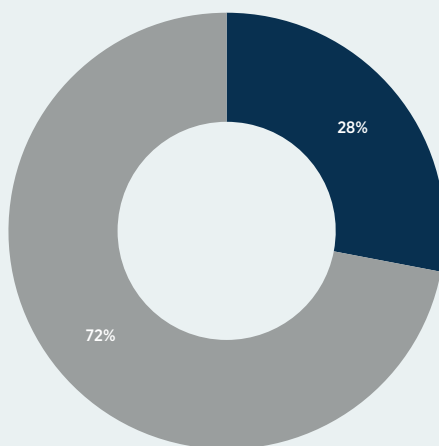
The survey results also suggest that this reluctance among manufacturers to adopt marketing automation is likely to continue. While 28% of all respondents said they would be investing in marketing software this year (Figure 11), only 19% of manufacturers said the same (compared to 29% of tech companies). The financial services sector, by contrast, seems to have gotten the message; 48% of financial services businesses surveyed said they planned to invest in a new marketing software platform this year.

Smaller businesses are also more likely to invest in marketing software this year than larger ones (Figure 12, 31% vs. 22%), which could be driven by the technology becoming cheaper and more accessible, and could also support the view that larger businesses have already made significant investments in marketing automation.



**FIGURE 10**

Are you considering purchasing a new marketing software platform (ESP or marketing automation) in the next 12 months?

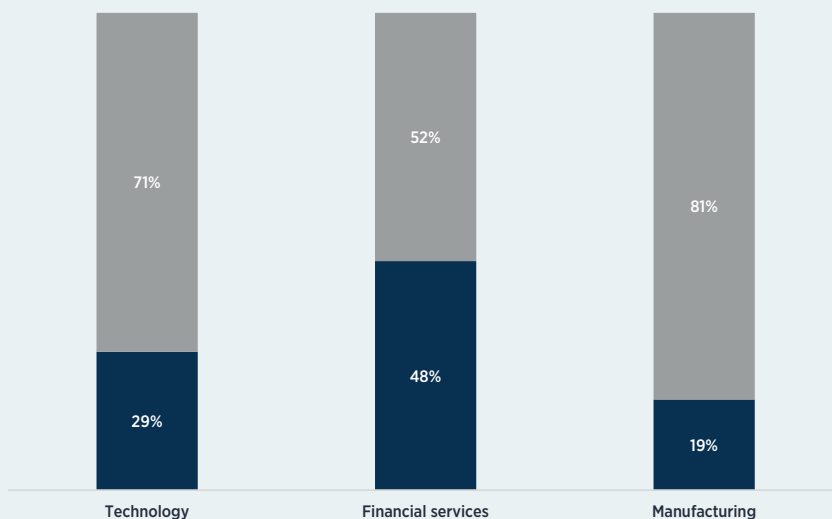


More than a quarter of companies (28%) said they were planning to invest in new marketing software in the next 12 months.

● No  
● Yes

**FIGURE 11**

Are you considering purchasing a new marketing software platform (ESP or marketing automation) in the next 12 months?  
(by key sector)

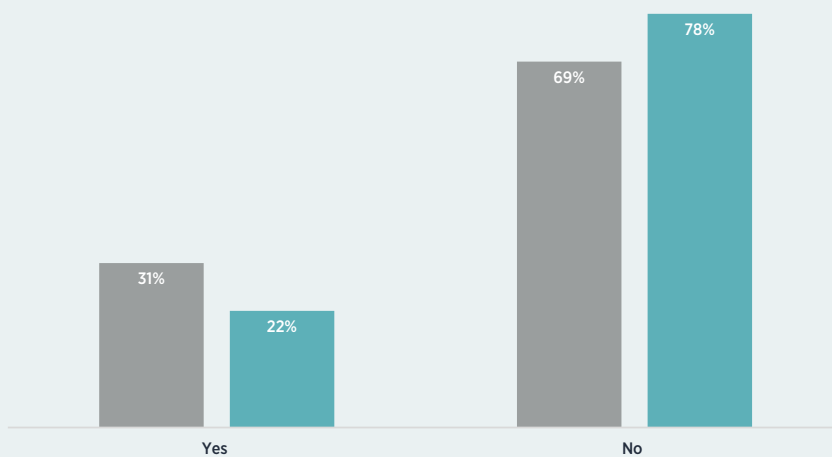


Financial services companies are most likely to be planning to invest in new email or marketing automation technology.

● No  
● Yes

**FIGURE 12**

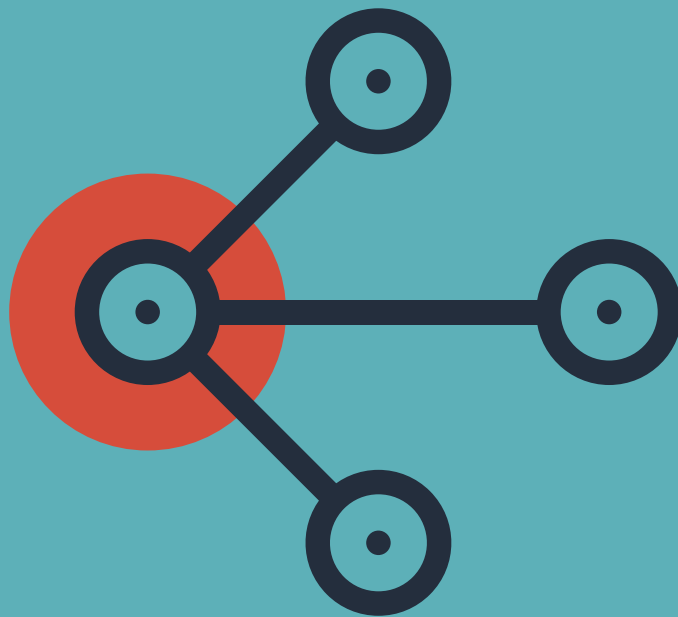
Are you considering purchasing a new marketing software platform (ESP or marketing automation) in the next 12 months?  
(larger vs. smaller companies)



Smaller companies are more likely to be making an investment in a marketing software platform this year.

● Organizations with annual revenues of less than \$50m  
● Organizations with annual revenues of \$50m+

# 4 Early days on the journey towards marketing automation maturity

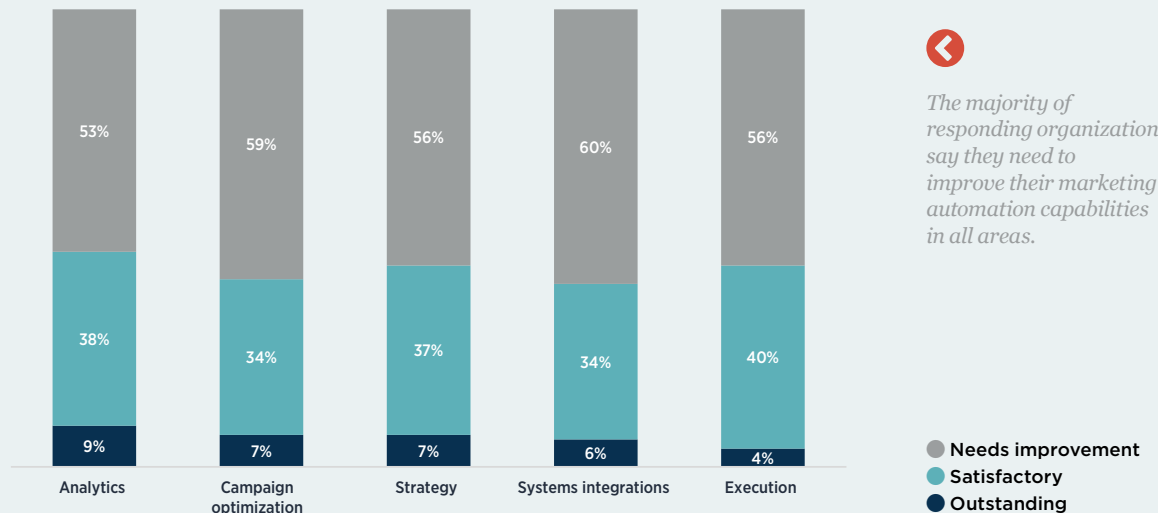






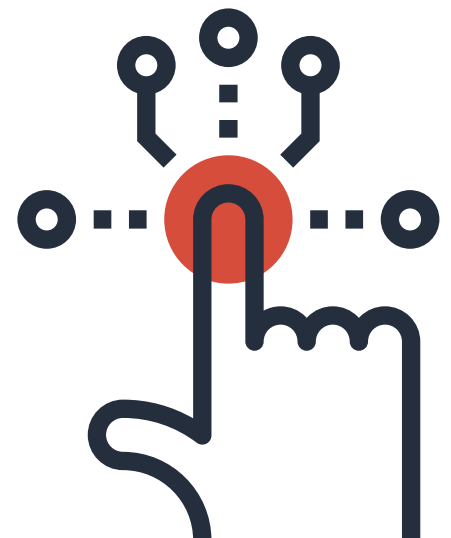
More than half of the companies surveyed feel they need to improve in all the key areas identified: analytics, campaign optimization, strategy, systems integration, and execution.

**FIGURE 13**  
How would you describe your organization's marketing automation aptitude in the following areas?

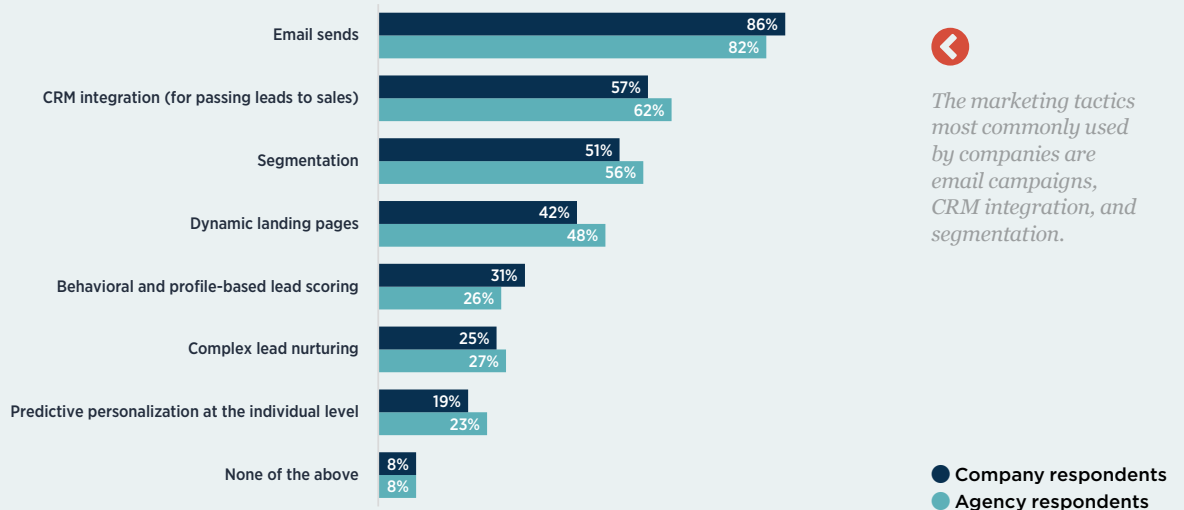


As the results discussed in the previous section suggest, the majority of companies are still at the beginning of their journey to marketing automation maturity.

More than half of the companies surveyed feel they need to improve in all the key areas identified: analytics, campaign optimization, strategy, systems integration, and execution (Figure 13). Of these areas, analytics is the most developed, with 47% of respondents rating their aptitude as "outstanding" or "satisfactory." By contrast, systems integration is where most companies need to improve, with only 40% rating their capabilities in this area as "outstanding" or "satisfactory."



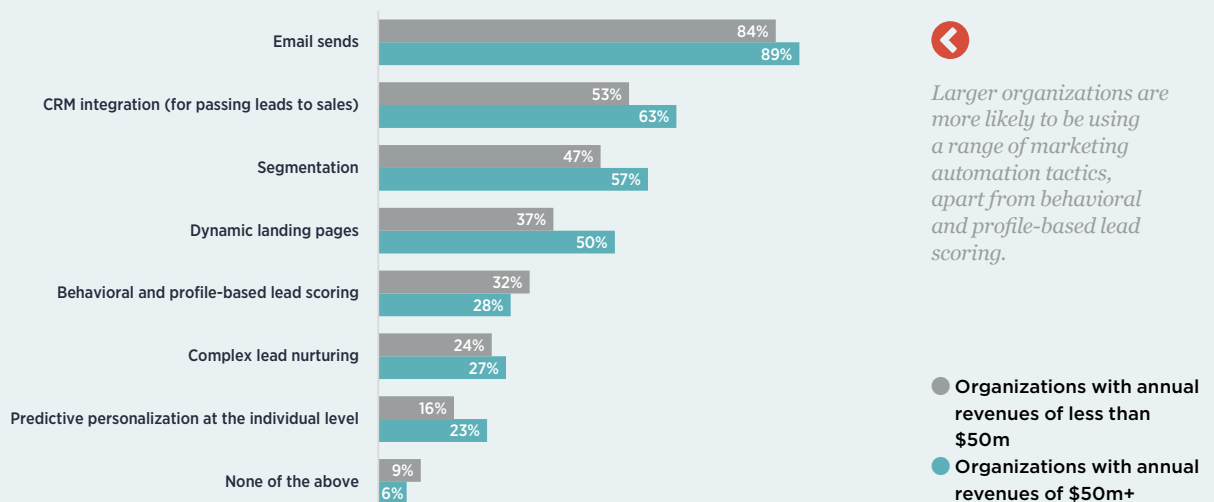
**FIGURE 14**  
What marketing  
automation tactics  
are you (or your  
clients) currently  
using?



Looking at which marketing automation tactics companies are using confirms the view that email is the base-level, with 86% of respondents using it (*Figure 14*). More than half (57%) of the companies surveyed have CRM integration in place to allow leads to be passed from marketing to sales, and a slight majority (51%) are segmenting their audience. Other tactics, such as dynamic landing pages, complex lead nurturing, and predictive personalization are still the preserve of the minority.

The survey shows a small difference when comparing the use of marketing automation by company size (*Figure 15*). Large businesses are slightly more likely than smaller ones to be using email sends, complex lead nurturing, and predictive personalization. They're noticeably more likely to have CRM integrations in place and to be using segmentation and dynamic landing pages, but nowhere is the gap more than 13 percentage points. This again illustrates that large businesses with significant budgets have been earlier adopters of marketing automation.

**FIGURE 15**  
What marketing  
automation tactics  
are you currently  
using?  
(larger vs. smaller  
companies)



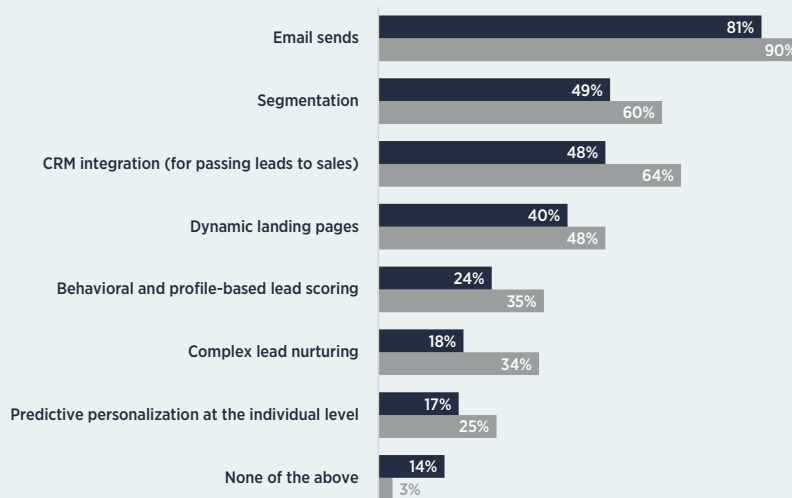
57%

of the companies surveyed have CRM integration in place to allow leads to be passed from marketing to sales

Geographically, it's a different story. US companies are significantly more likely than their UK counterparts to be using all the marketing automation tactics discussed in the survey (*Figure 16*). This suggests that the “trans-Atlantic technology lag” — much commented on in the early days of the commercial internet — still holds sway, driven by the fact that the majority of marketing automation suppliers are US companies that target their home market first.



**FIGURE 16**  
What marketing  
automation tactics  
are you currently  
using?  
(UK vs. US)



*The US are ahead of the UK when it comes to using the full range of marketing automation tactics.*

● UK  
● US

# 5 Personalization very much on the radar, with B2C companies ahead of B2B

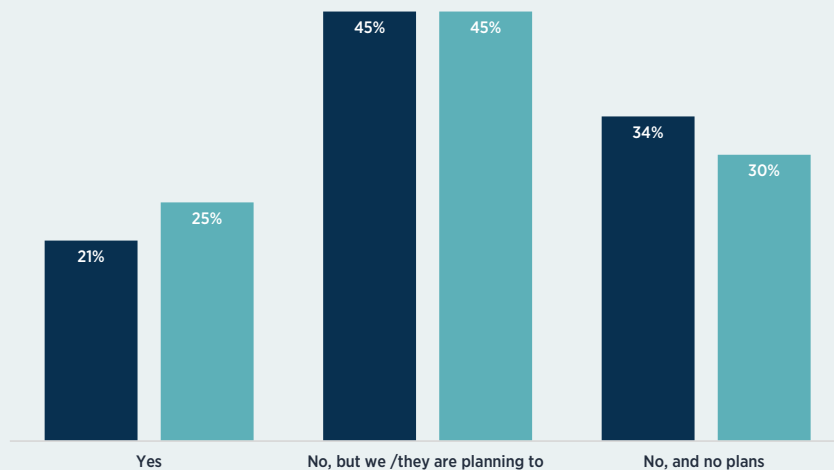




Personalization of marketing communications down to the individual level has always been one of the dreams of the digital age. A combination of big data and AI-powered analytics is starting to make that dream a reality.

**FIGURE 17**

Are you (or your clients) currently leveraging behavior-based website personalization?



Only a third (34%) of company respondents say they have not adopted behavior-based website personalization, and have no plans to do so.

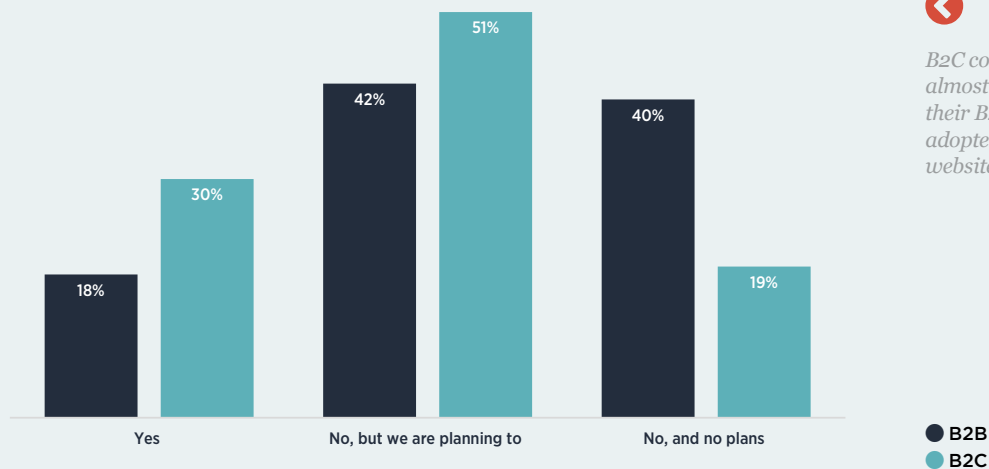
● Company respondents  
● Agency respondents

Personalization of marketing communications down to the individual level has always been one of the dreams of the digital age. A combination of big data and AI-powered analytics is starting to make that dream a reality. At the same time cost, privacy concerns, and a skills gap around analytics are holding back adoption.

Just as the use of an email service provider is the entry level for marketing automation for many businesses (as we saw earlier), website personalization based on behavior is often the starting point for the individualization of marketing. However, despite the fact that cookie-based behavioral targeting has been around for at least 10 years, the research revealed that only 21% of respondents are using the technology to personalize their websites for visitors (Figure 17). While 45% are planning to start using personalization, 34% have no plans to do so.

**FIGURE 18**

Are you currently leveraging behavior-based website personalization?  
(B2B vs. B2C)



*B2C companies are almost twice as likely as their B2B peers to have adopted behavior-based website personalization.*

Comparing responses from B2B and B2C companies showed that those in B2C are significantly more likely to be personalizing their website than those in B2B (30% vs. 18%, *Figure 18*). B2C companies are also more likely to be planning to introduce personalization than their B2B counterparts, although the gap is not as great (51% vs. 42%).

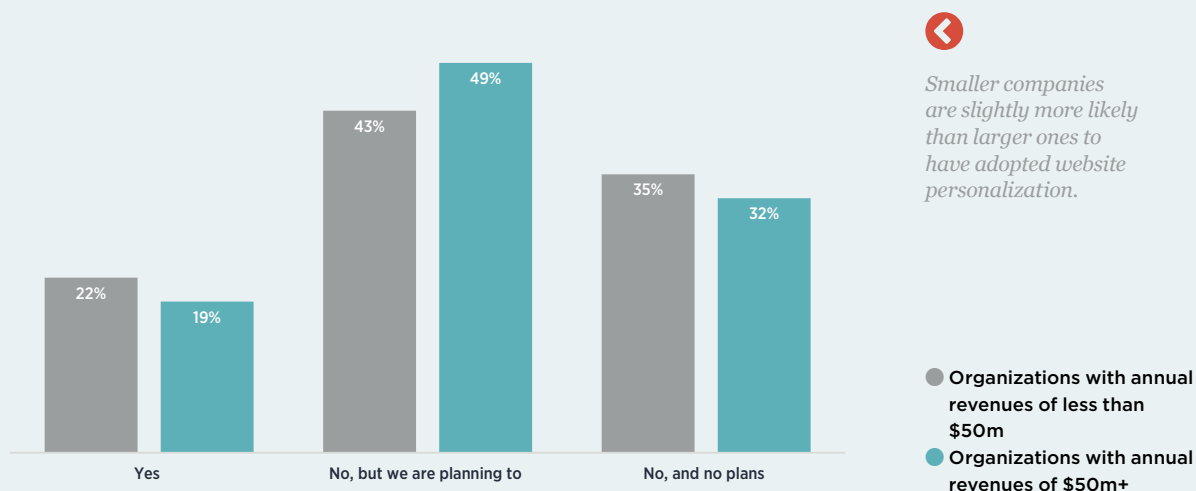
This discrepancy is surprising, since the changing nature of marketing is putting more emphasis on customers doing their own research in the mid-funnel before engaging as extremely well-informed

consumers with a salesperson. Buying a car is the most often cited example of this change, with visits to dealerships being replaced by visits to websites, but the same is true of big-ticket B2B purchases.

Looking at the data by company size also uncovered a surprising finding (*Figure 19*). Smaller companies are slightly more likely to be personalizing their website than larger ones (22% vs. 19%), although larger companies are more likely to be planning to use personalization (49% vs. 43%). This more tentative approach may be due to fears around data privacy and the fact that larger brands are subject to greater scrutiny. This may be leading them to fear they have more to lose from any controversy over targeting than smaller businesses might.

**FIGURE 19**

Are you currently leveraging behavior-based website personalization?  
(larger vs. smaller companies)



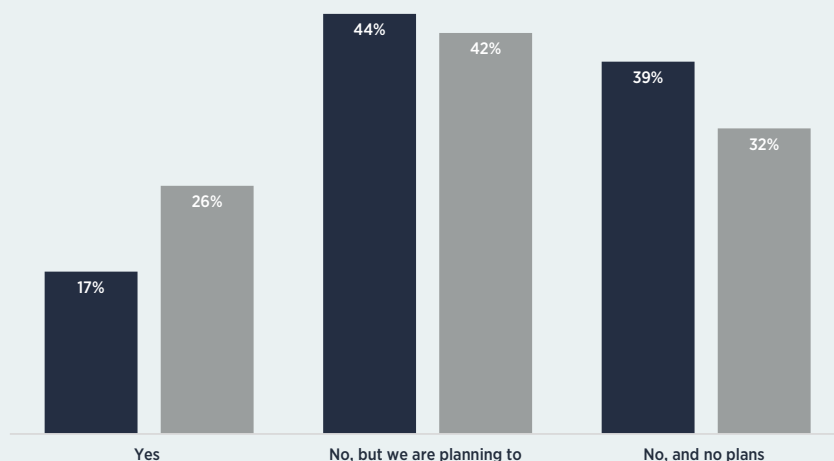
*Smaller companies are slightly more likely than larger ones to have adopted website personalization.*



Breaking down the results by region showed that US businesses are more likely to be using website personalization than those in the UK.

**FIGURE 20**

Are you currently leveraging behavior-based website personalization?  
(UK vs. US)

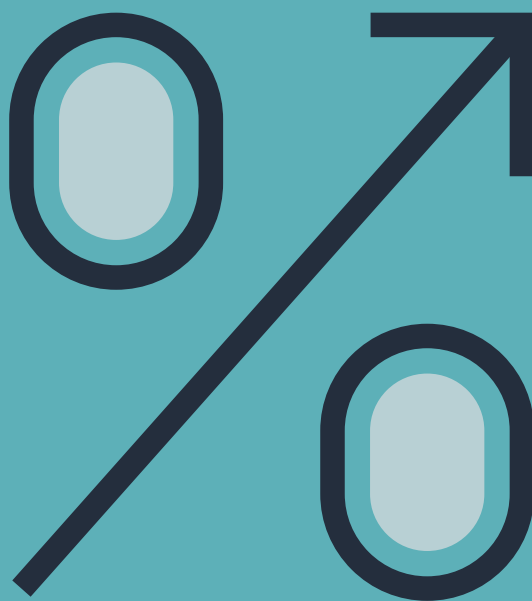


*Companies in the US are more likely than those in the UK to be personalizing their websites for users, based on their behavior.*

Breaking down the results by region showed that US businesses are more likely to be using website personalization than those in the UK (26% vs. 17%), another example of trans-Atlantic lag (*Figure 20*). However, UK businesses are slightly more likely to be planning for personalization (44% vs. 42%), suggesting the gap will narrow slightly this year.



# 6 Companies hindered by lack of ROI measurement and disconnected technology



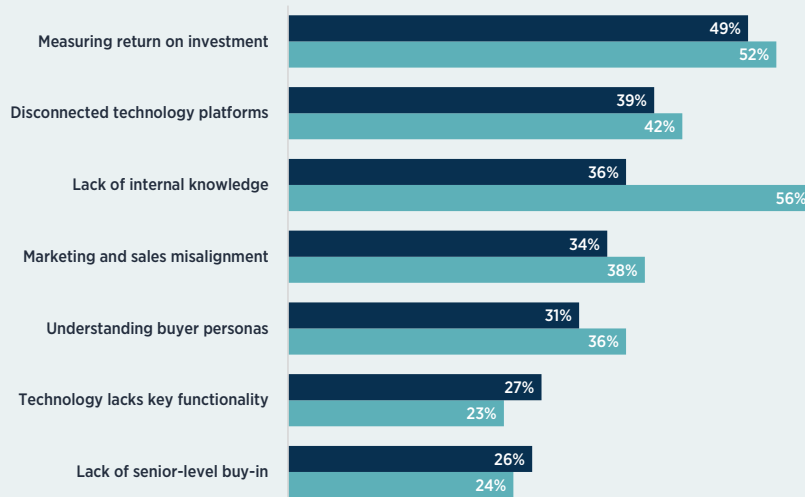


49%

of respondents cite difficulty of measuring ROI as the greatest barrier faced by companies seeking to improve their digital marketing efforts.

**FIGURE 21**

What are the main challenges you (or your clients) face in trying to improve your (or their) digital marketing efforts?



*Measuring ROI is the stand-out challenge for company respondents, while agency respondents are most likely to flag up lack of internal knowledge among their clients.*

● Company respondents  
● Agency respondents

The greatest barrier faced by companies seeking to improve their digital marketing efforts relates to the difficulty of measuring ROI. Almost half (49%) of the companies surveyed cited this as a problem (*Figure 21*), with smaller companies more likely to wrestle with this (53% vs. 41% of larger companies, *Figure 22*).

Agencies, however, had a different view. They saw the biggest barrier as being lack of internal knowledge among their clients (56%), although this was closely followed by ROI measurement difficulties (52%). Interestingly, client-side marketers had a more positive view of their expertise, with only a third (36%) rating internal knowledge as a problem.

Issues around technology integration were also recognized as a significant barrier by both agencies (42%) and client-side marketers (39%). Breaking down the data by company size revealed this integration issue to be the biggest problem for large companies — being cited by 44% of respondents (compared to 36% for smaller companies).



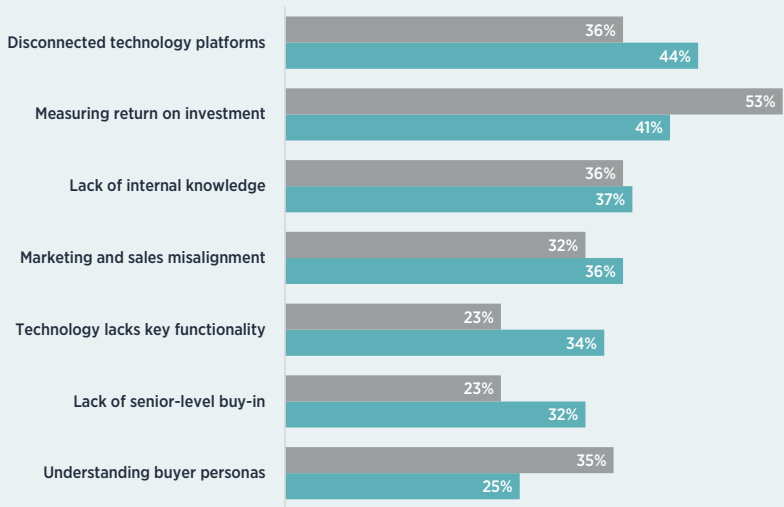
Smaller companies are much less likely than larger ones to be struggling with the functionality of their technology, which may also reflect the fact that they are using less complicated software with fewer features.

This may reflect the greater likelihood of large companies to suffer from ad-hoc investment in martech, with individual channel heads buying point solutions without regard for how well they integrate with the company's overall tech stack. Smaller companies are much less likely than larger ones to be struggling with the functionality of their technology, which may also reflect the fact that they are using less complicated software with fewer features. In addition, they are likely to be less advanced in their marketing automation journey, so they may only have set up basic automated tasks (such as email) using robust, well-proven technologies.

Achieving senior level buy-in also emerged as a bigger problem for large companies than for smaller ones (32% vs. 23%). This seems not to square with the fact that smaller companies are more likely to struggle to prove the ROI of their investment, as noted earlier. However, as larger companies are more likely to be publicly listed, the greater scrutiny they are under means that they need to demonstrate return on investment to their shareholders.

It is also interesting to note that the skills gap applies just as much to large companies as it does to smaller ones (cited by 37% and 36% of respondents, respectively). Clearly this is an industry-wide problem that will only be resolved in the long term by greater emphasis on training and better liaison between industry and academia.

**FIGURE 22**  
What are the main challenges you face in trying to improve your digital marketing efforts? (larger vs. smaller companies)



*Disconnected technology platforms are the greatest challenge for larger companies, while smaller ones struggle most with measuring ROI.*

- Organizations with annual revenues of less than \$50m
- Organizations with annual revenues of \$50m+

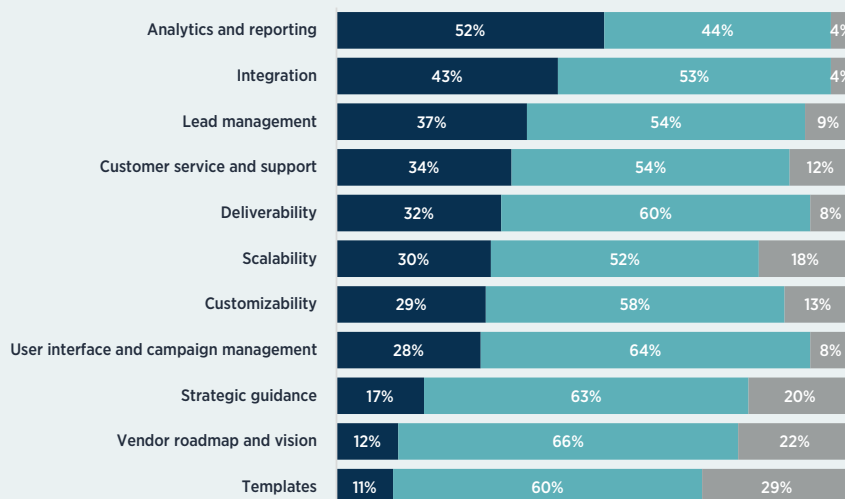
# 7 Vendor capabilities – technology providers need to close the gap





The most important marketing automation capability for businesses is analytics and reporting, which 52% of respondents rated as “critical”.

**FIGURE 23**  
How important are the following marketing automation technology capabilities and services when selecting a vendor?



*Analytics and reporting are regarded as the most critical marketing automation platform capability when choosing a software platform.*

● Critical  
● Important  
● Not essential

One of the most striking findings of this research is the gap between what companies want from their marketing automation software providers and what they think those providers are delivering.

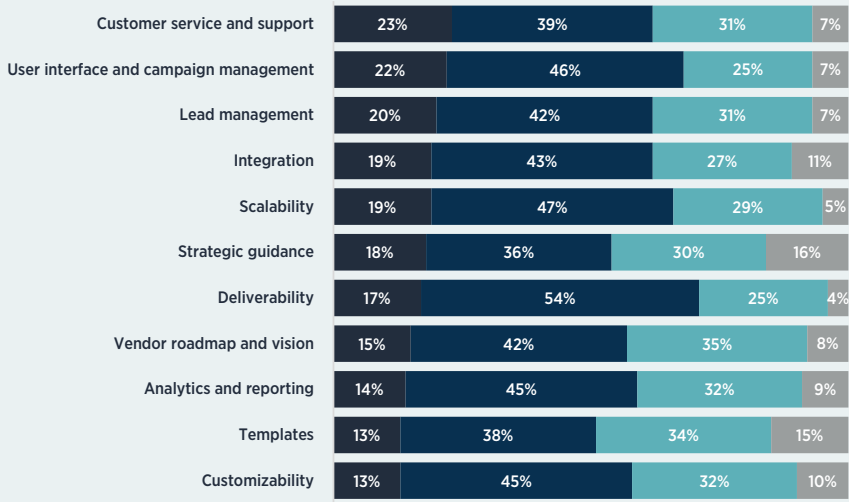
The most important marketing automation capability for businesses is analytics and reporting, which 52% of respondents rated as “critical” and 44% rated as “important” (Figure 23). This is consistent with organizations’ desire to address their main challenge in improving digital marketing efforts, which is around measuring ROI (as discussed in the previous section).

The next highest rated requirement is integration, which is viewed as critical by 43% and important by 53%. Again, this echoes the findings in the previous section, which showed disconnected technology platforms were the second biggest challenge for businesses seeking to improve their digital marketing.

When respondents were asked to rate the performance of their marketing automation software suppliers, a dramatic gap between desire and actual experience emerged. Although analytics and reporting is the most important capability for businesses, it came near the bottom of their ratings for vendor capabilities (Figure 24). Only 14% of businesses rated their suppliers as “excellent” in this area, with 45% rating them as “good.”

Vendors scored a little better for their integration capabilities, but the gap is still significant. Some 19% of businesses rated their supplier as “excellent” in this area, with 43% rating them as “good.”

**FIGURE 24**  
How do you rate  
your marketing  
automation  
vendor in relation  
to the following  
capabilities?



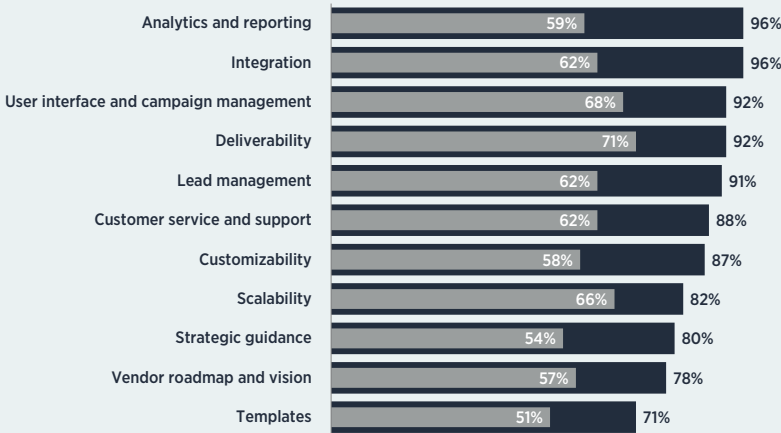
*The weakest areas for marketing automation vendors are templates and customizability.*

- Excellent
- Good
- Okay
- Poor

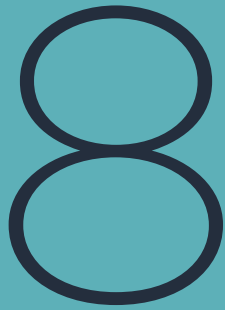
Suppliers scored best at customer service and support, and for the quality of their user interface and campaign management capabilities when judged by the proportion of respondents ranking their vendor as “excellent.” Even here, a third of businesses only regarded their supplier’s performance as “okay” or “poor.” In fact, the research suggests that marketing automation suppliers are underperforming in all areas their customers regard as critical or important (Figure 25). Clearly, businesses need their suppliers to improve, and the market opportunity for any supplier that can demonstrate superior performance in any or all of the most business-critical areas is just as clear.



**FIGURE 25**  
Marketing  
automation vendor  
capabilities:  
importance vs.  
performance



- Proportion of respondents rating marketing automation technology capabilities and services as 'critical' or 'important' when selecting a vendor
- Proportion of respondents rating their marketing automation vendor as 'excellent' or 'good' in relation to these capabilities



# Conclusions

Despite all the talk about digital transformation and marketing automation, it is clear from this report that marketing is only in the early days of these changes.

Around 90% of those surveyed for this report rate the marketing tasks listed (customer acquisition, higher-quality leads, better measurement and data, brand awareness, customer marketing, and lead nurturing) as either critical or important. They're also expecting to spend more money to deliver against those tasks, at least in the three sectors examined in most detail.

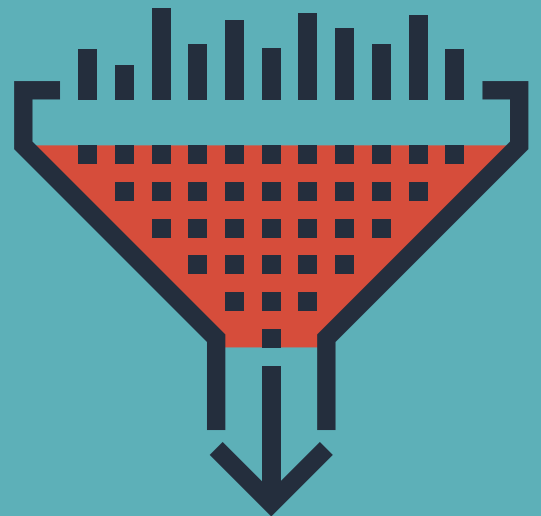
However, only around half are using marketing automation over and above an ESP, and just over a quarter expect to purchase any kind of marketing software platform this year. This suggests there is more work to be done to convince marketers (or, more likely, their boards) that marketing automation will help deliver against their key priorities.

The barriers to greater adoption of marketing automation are clear. Marketers are struggling to prove the return on their investment, which makes it harder to win C-level support and constricts investment. As this report shows, marketers put at least part of the blame for this on their suppliers and on the capabilities of their products. However, cultural and organizational issues are also a factor. Businesses that operate in silos and don't have joined-up metrics across the organization are much more likely to struggle to measure ROI than those that have a clear understanding of the customer journey and have aligned their metrics to it.

Marketers also blame suppliers for the difficulty of integrating their platforms with existing technologies to form a coherent stack. There are now around 7,000 martech suppliers — a landscape of astonishing complexity for anyone wishing to invest in marketing automation. The phenomenon of “shadow IT,” where individual channel marketers buy inexpensive SaaS point solutions for their particular problems without regard for interoperability issues (and often without oversight from the CTO), has made this problem significantly worse for many businesses.

At the same time, there is a shortage of expertise in marketing departments in data and analytics, which is slowing down the adoption of marketing automation and also increasing its cost as demand for the relevant skills makes talent recruitment and retention more expensive.

The result is a complex knot of problems that cannot be resolved one at a time but must be tackled simultaneously. Technology on its own is not the silver bullet. By combining marketing automation with greater cultural agility and with organizational structures that reflect the primacy of the customer and their journey, marketers will be able to meet the goals set for them by the business.

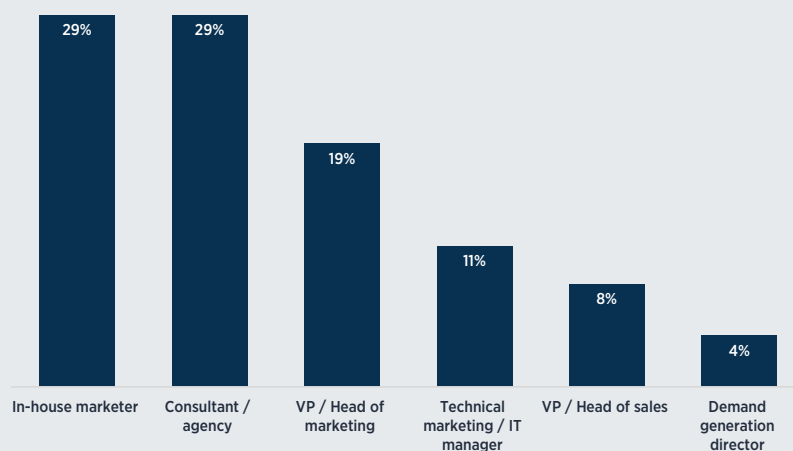


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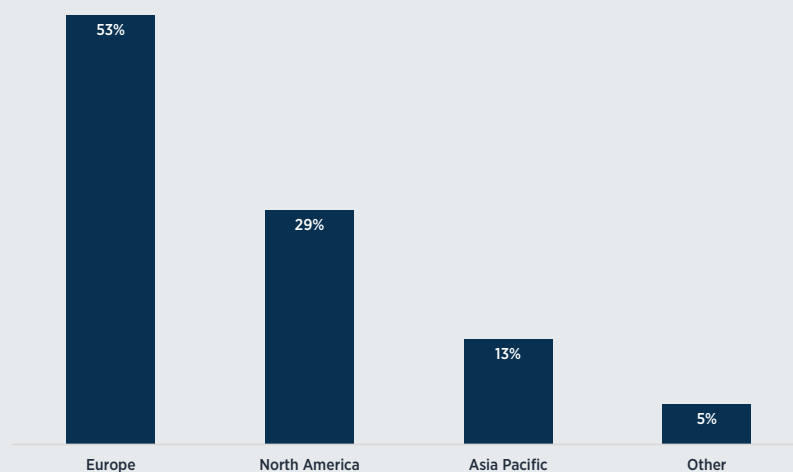
## Appendix

### Respondent profiles

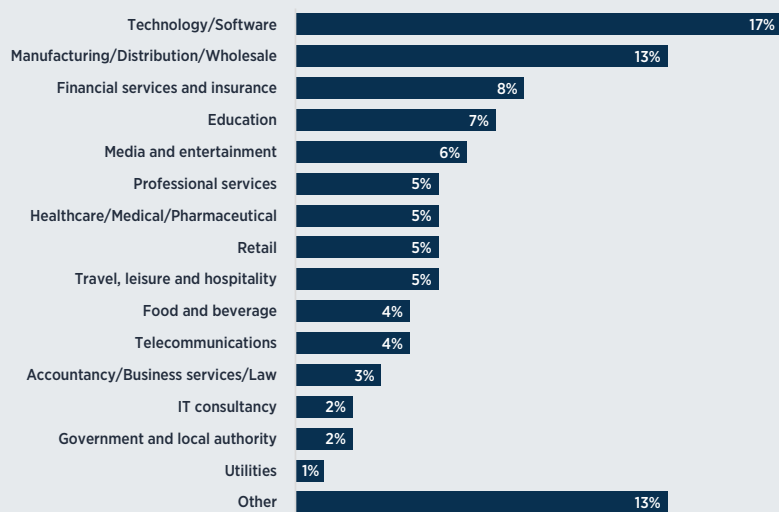
**FIGURE 26**  
What best describes  
your job role?



**FIGURE 27**  
In which region are  
you based?



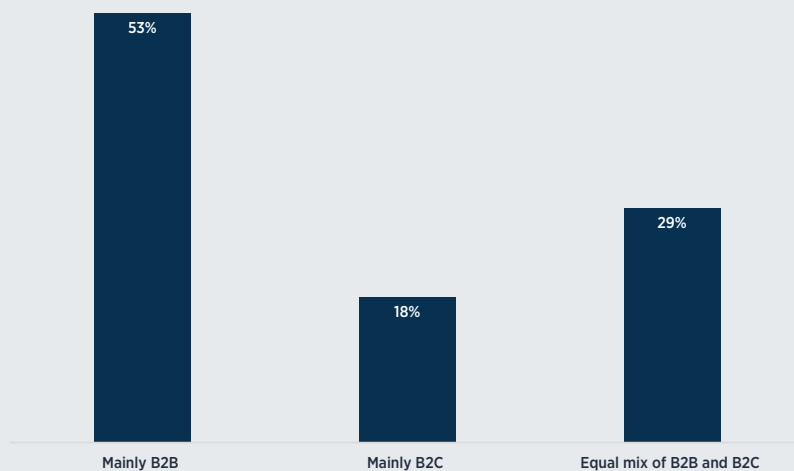
**FIGURE 28**  
In what industry  
does your organization  
mainly operate?



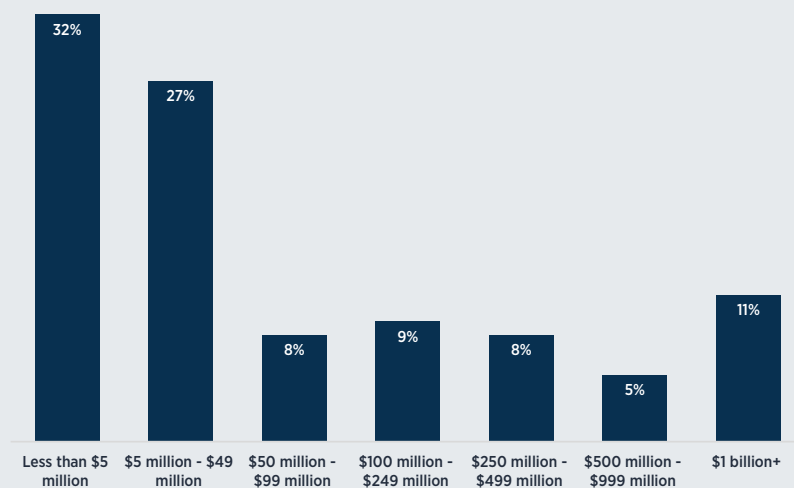


**FIGURE 29**

Does your organization operate mainly in business-to-business or business-to-consumer?

**FIGURE 30**

What is your company's annual revenue?



# Get in touch



To learn more about our marketing automation solution, please contact Act-On Software:

 [sales@act-on.com](mailto:sales@act-on.com)



If you are interested in producing high-quality B2B research, please contact London Research:

 [info@londonresearch.com](mailto:info@londonresearch.com)