

Proxi

2021

Serious About SaaS Marketing Survey Report



Welcome to the 2021 Serious about SaaS Marketing Capability Report.

This is our second year of publishing this report, which brings together the findings and insights from a survey conducted amongst nearly 40 Kiwi SaaS businesses in late 2021. The survey allows organisations to benchmark themselves against their peers and gives NGOs and advisors an insight into areas where investment in capability is needed.

Based on our experience inside the sector, most SaaS business leaders understand the importance of great marketing but struggle to find the people and skills necessary to make their marketing investments pay back. We believe a lack of strategic marketing capability lies at the heart of the problem - however, with the right focus, training and investment, there is huge room for improvement.

The survey is built around ten marketing pillars which represent different areas of marketing, from website performance to strategic alignment. We've made one change from last year's survey, replacing one question with 'How well do you understand your target customer?'. To complete the survey, CEOs of SaaS businesses were invited to rank themselves on a scale of one to six, based on their assessment of their own capability. You'll see some interesting changes compared to last year throughout the report.

We hope you get some valuable insights from the report and welcome any feedback you might have.

Best wishes

The Proxi team

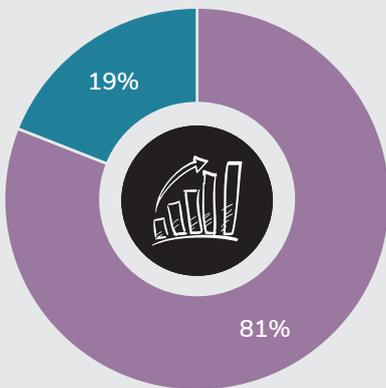
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Who took part?

We spoke to a mix of NZ SaaS businesses, including both Self-Service and Account-Sales SaaS, with a range of funding models, growth stages and geographies. Respondents tended to be in a leadership role. This year, there was a larger proportion of bootstrapped and VC funded organisations who took part in the survey.

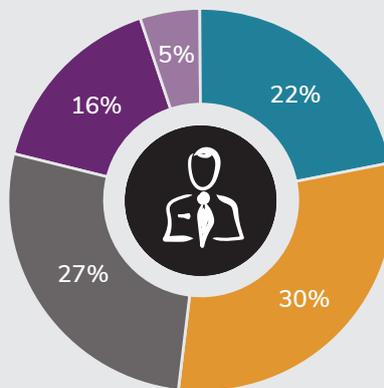
SALES MODEL

Account Sales Self Service



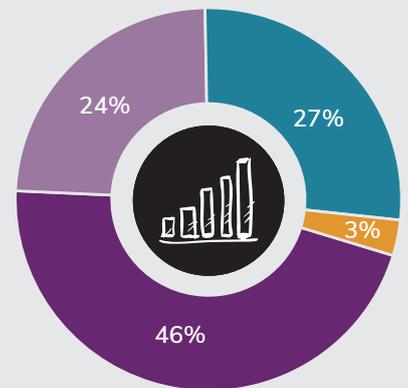
ROLE

CEO Director Founder Marketing Lead Other



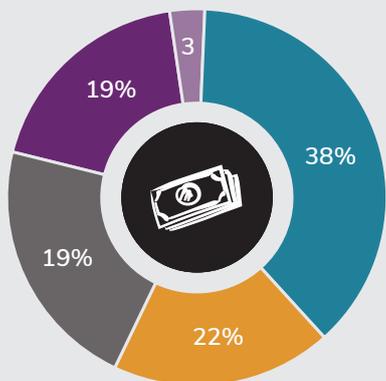
REVENUE STAGE

Early Stage Exponential Growth Mature Pre Revenue



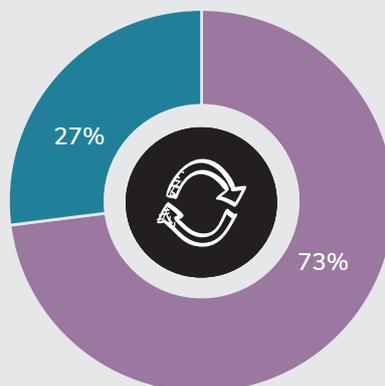
FUNDING MODEL

Angel Investors Financed by Friends / Family Proudly Bootstrapped Venture Capital Seed Funding

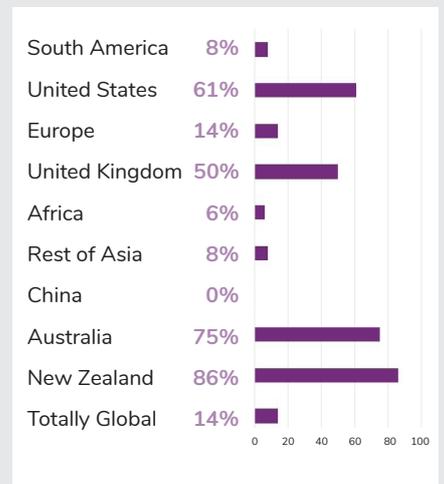


ANNUAL RECURRING REVENUE

ARR over NZ\$1 million ARR under NZ\$1 million



TARGETED MARKETS



What a difference a year makes.

Businesses rated their capability on the fundamental pillars of marketing using a six-point scale, where one was poor and six was awesome. We've analysed the data and ranked the pillars based on the proportion of businesses rating themselves as a five or six, indicating they think they've pretty much got that pillar nailed.

	2021 RANK	RANK CHANGE FROM 2020	INDUSTRY AVERAGE CHANGE FROM 2020
How well do you understand your target customer?	1	New	
How well do you look after and nurture your customers after you've won them?	2	-1	
How well defined are your marketing fundamentals?	3=	+2	
How well do you know your numbers?	3=	+1	
How well aligned are your marketing activities with your company strategy?	3=	-1	
How would you describe your marketing tech stack?	6=	-1	
Do you have the right people, systems and processes in place?	6=	-3	
How effective do you think your website is as the front door to your business?	8=	+2	
How mature is your product marketing practice?	8=	+1	
How effective is your customer acquisition engine?	10	-3	

The world of SaaS is getting more competitive. We see increased competition in-market and increased competition for talented marketers to help drive company growth.

These two driving forces are causing notable changes in ranking from last year's survey.

- Having an effective customer acquisition engine has dropped 3 places. This is a significant change for such a critical element of marketing capability.
- Having the right people, systems and processes in place declined 3 places. Once again, we are seeing that impact of talent creating a situation in which companies are finding it hard to hire and build the capabilities they need for success.

TARGET CUSTOMERS

How well do you understand your target customers?



We're still trying to figure out who our target customer really is.



Intimately. We know exactly who they are, where they are and how to engage with them.

Survey insights

This is a very positive result and shows Kiwi SaaS businesses have a really good handle on who they believe their target customers are and what their needs are. As more and more organisations enter markets and propositions become more and more niche, the need to get deep under the skin of target buyers becomes more intense.

In today's world it's not enough to just assume you understand your buyer. You need to walk in their shoes, see what they see and understand exactly how they see you through your buyer journey. The key to good persona-based marketing is focus and to understand what your perfect customer looks like. If your perfect customer doesn't get what you do, why would anyone else?

Note, this question was not asked last year, which is why there's no benchmark.

Best practice

1. Develop up to three personas to clearly define the attributes of your buyers and users, including their motivations and challenges, their watering holes and influencers. A persona is more than a job title! Give them a first name and socialise them with the whole company.
2. Interview your target customers to understand and map the typical buyer journey, who is involved in the decision and the a-ha moments that lead to a purchase.
3. Invest in a tech stack that helps you centralise all customer insights. Use tracking codes and regularly analyse the data points available to you from CRM, product, email, social media platforms, etc. to gain a clear idea of which channels your ideal customers originate from.

CUSTOMER RETENTION

How well do you look after and nurture your customers after you've won them?



We don't. We hope they stay, but we really don't do anything to keep them or understand why they leave.



We have a programme to stay in touch that keeps them informed, spending more and advocating for us.

Survey insights

Customer retention scores have declined over the last year with the industry average falling from 4.32 to 4.11. Respondents rating themselves a five or six declined by 25%. This is surprising as we see our customers going to great lengths to keep their hard-won customers happy. This decline reflects the ongoing battle for attention that goes on. To nurture and engage customers, they have to want to be nurtured and engaged and not everyone does, particularly in B2B.

With something like 50% of SaaS subscriptions being 'inactive' for whatever reason¹, churn is a huge risk for organisations and if the subscription is inactive it's very difficult to do anything about it.

Overall, we've seen email open rates go down a little over the last year and challenges with email deliverability which has impacted their ability to work with their customers. The organisations nurturing and engaging well have built content creation engines that work effectively.

Best practice

1. Track customer tenure and satisfaction (e.g. Net Promoter Score) carefully and regularly. Churn is the silent killer of SaaS businesses and there are often clues as to what's happening buried in the data.
2. Get customers to their a-ha moment as quickly as possible during their trial period and recognise not everyone has the same a-ha.
3. Invest early in customer success and the programmes that seek to keep customers engaged and expanding over time.
4. Get customers to engage and embrace the broadest possible set of features. The broader their engagement the more loyal they become.
5. Keep feeding and talking to your customers - you want them to share the love with their friends and advocacy needs to be fed.

MARKETING FUNDAMENTALS

How well defined are your marketing fundamentals such as your purpose, vision, values, brand guide, customer journey etc?



Not much, if anything, is written down - we're essentially making it up as we go along.



Everyone in the business knows who we are selling to and the experience they should go through.

Survey insights

Another improvement over last year as organisations find deeper clarity in their vision, purpose and marketing fundamentals. In fact, this is one of the biggest climbers in the survey with the average going from 3.53 to 4.08 and only 3% of organisations ranking themselves at the bottom of the scale - which is an 88% improvement on 2020.

There's no doubt that clarity of vision and purpose is key to winning the hearts and minds of teams and the investor community. The more purpose driven organisations are, the more cut-through they have in the marketplace as people buy your WHY not your WHAT (at least according to Simon Sinek).

Getting the basics in place is not hard. There are plenty of templates and tools available to coach you through the process. Taking the time to work on them as a team is a great way to build customer empathy and a strong team spirit.

Best practice

1. Being crystal clear on what you do, why you do it and what value you create for customers is critical.
2. Develop thoughtful personas to truly understand what drives your customers. The more you can empathise with them the better you will communicate.
3. Get groups of customers together, ideally in-person (or virtually) to listen to them and learn from them. The words they use are key to your comms.
4. Keep testing and refining your assumptions. This stuff is hard to get right and you probably won't get it right first time.
5. Keep coming back to your fundamentals time-and-time again to make sure you are staying true to them. There's nothing saying they can't change - but change should be deliberate.

MARKETING METRICS

How well do you know your numbers? (Customer acquisition cost, lead conversion, churn, cash payback)



We don't. We need to get a handle on our KPIs, but don't know where to start.



We have a comprehensive KPI dashboard that's updated weekly. Our business is run by the insights we derive from them.

Survey insights

Good marketing metrics are arguably some of the hardest numbers to come up with and measure consistently, but it seems we're getting better at it. Kiwi SaaS businesses moved the needle from 3.57 to 4.08 over the last year with the number of organisations ranking themselves at the bottom of the scale improving by 50%.

With the right metrics, organisations can optimise their marketing efforts far more effectively not only in terms of budget / ad spend etc, but also the time invested by members of the marketing team. It's absolutely worth taking the time to get a small number in place, even if it's just the raw basics and track direction over time.

What you're really looking for from your marketing metrics is a signal that you've got something right and can then begin the process of doubling down...

Best practice

1. Build a basic dashboard that works for you and your business. Track the basics well (eg CAC payback / Average Revenue Per User / Lifetime value).
2. Add new metrics when you've got the basics working. Don't paralyse yourself with metrics.
3. Don't get hung up on the micro detail. A lot of this is directional (is it getting better/worse?).
4. Don't assume that everything is logical... sometimes you need to work really hard to make sense of activity based purely on the numbers.
5. Every SaaS business has a North Star metric - the one that measures what truly drives Annual Recurring Revenue (ARR). Once you've found it, monitor it religiously and make sure everyone understands it.

STRATEGIC ALIGNMENT

How well aligned are your marketing activities with your company strategy?



Our company strategy itself isn't clear and our marketing activities are scattergun.



In perfect sync; company strategic decisions are made in consultation with our marketing lead.

Survey insights

From a strategic alignment perspective, things have got a little better over the last year, which is good as this is arguably the pillar that can make the most difference to the performance of SaaS organisations. Whilst the industry average increased from 3.91 to 4.03, the number of organisations giving themselves a five or six decreased by 19%. This likely reflects the flow-on effect on business uncertainty of the global COVID-19 pandemic.

Strategy flows top-down and for organisations to succeed, CEOs and leadership teams need to be super clear on what success looks like, how it is going to be measured and how measures of success will change over time. Of course, having set the direction, clear and regular communication with the rest of the business is crucial.

Having a third-party facilitate strategy discussions can help surface the things that matter most.

Best practice

1. Make sure you have marketing representation on your lead team, they are key to grounding growth targets in practical reality.
2. Run regular alignment sessions to check everyone is on the same page and working to the same end-goals.
3. Be clear on your marketing budget, target Cost of Acquisition (CAC) and target acquisition numbers (based on known lead conversion numbers).
4. Have a dashboard of key metrics which are used to govern the business - make sure marketing metrics are included alongside sales.
5. Don't assume that everyone knows what's going on. If they're not talking to you and asking questions, chances are they don't know and silence is a very poor indicator of alignment.

TECH STACK

How would you describe your marketing tech stack?



We use a free CRM and Google Analytics. What else do we need?



We have a fully integrated tech stack, providing a 360 degree view of our customers across all channels, from first touchpoint to product usage.

Survey insights

Our tech stacks have improved over the last year which is great news as a great stack underpins great marketing in our experience. The increase may not be huge (3.76 vs 3.45) but the upward trend is definitely positive. The number of organisations scoring themselves at the bottom decreased by 43% year-on-year.

Over the last year we've seen more and more organisations look for integration between their CRM and CMS and a real shift towards HubSpot as the platform of choice for Kiwi SaaS businesses. Like it or loathe it, HubSpot ticks a lot of boxes in terms of generating the insights and metrics necessary to build a successful SaaS business.

An important insight around tech relates to scale and how and when you upgrade your tech stack as you grow. We see lots of businesses wrestling with the 'when to grow up' question, and we certainly see organisations that take the plunge early benefit in the long run.

Best practice

1. Getting your different systems to talk to each other is key to building a clear view of your customer / prospect behavior (it helps to spot churn and upsell opportunities which are hugely valuable).
2. Data is king, but it's only useful if you do something with it... If it's not your skill set, get someone on the team who loves it.
3. Progressive profiling and lead scoring are important techniques for driving engagement and understanding where your next sale will come from.
4. Use a product analytics tool, like Heap or Gainsight, to get usage data from inside your product. It will help you to understand what people value.
5. Where you can, bring your sales and marketing data together into one place and build a RevOps engine to drive your growth.

PEOPLE, SYSTEMS AND PROCESSES

Do you have the right people, systems and processes in place?



No one is really responsible for marketing - there's no clear plan or budget and our systems and data are all over the place.



Marketing responsibilities are well defined and managed with a clear plan, budget and reporting with solid systems in place.

Survey insights

This year Kiwi SaaS leaders gave themselves an average of 3.43 compared to 3.7 last year, which isn't huge but it's worth exploring due to the changing nature of the market. The interesting insight is the 40% drop in organisations rating themselves at the top of the scale.

The lack of talent is causing the talent that does exist to move around more quickly, reducing the average time in role and increasing feeling of instability. Organisations are struggling to keep up

Having spent time in some of the top firms both here and overseas we see a delta between the way Kiwi companies approach scale up / scale out and how US companies approach the problem. US companies start out with a scale mindset - because they can - and build scale into their business systems and processes, whereas Kiwi companies seem to wait for their systems to break before scaling up and out which brings with it its own set of problems around 'ability to respond'.

Best practice

1. Hire senior people for less time rather than junior people full time - at least to start with. Make sure they are clear on what they are responsible for and have KPIs that reflect their responsibilities.
2. Recognise the breadth of skills across the marketing discipline. Brand building is different to acquisition and product marketing.
3. Invest in marketing automation early and avoid system siloes. If you can bring your CRM and CMS systems together in one place, do.
4. Get rigour into your marketing practice as soon as possible - regular meetings, quality metrics, decent plans and make it all visible to everyone.
5. Stay really close to your marketing team as they are also your sales team (in self service) which makes them very important to your success.

WEBSITE EFFECTIVENESS

How effective do you think your website is as the front door to your business?



I'd like to change just about everything on it. I'm not sure it's helping us at all. It's not optimised and I can't tell you how well it ranks in Google search.



Near perfect; it tells the right story, converts customers effectively. It ranks one in Google search against our key words.

Survey insights

It's good to see this score increase, albeit only by a small amount, as websites are the front door to most SaaS businesses. This year's 3.49 average compares favourably to last year's 3.21 and is reinforced by the fact that only 16% scored themselves a one or two this year compared to 28% last year.

Over the last year we've seen organisations take their website experiences far more seriously employing usability testers, A/B testing techniques and a variety of other tools (e.g. HotJar) to improve their visitor experience and that work seems to be paying off.

The skill sets to build great user experiences are scarce in New Zealand which means SaaS companies need to get creative. The overarching message is 'your website can always be improved, so never stop experimenting'.

Best practice

1. Take the time to understand your user persona and their buying journey before you start your build so you can create content that is specific to them.
2. Design the journey you want the user to go through BEFORE you design the site so you can deliver what your target user needs.
3. Do your SEO work up-front so you know what terms you are optimising for and create content accordingly.
4. Pick a platform for your website that allows you to measure and track user behaviour effectively and learn from the data as you go.
5. Build in at least three CTAs per page to try and encourage visitors to do what you want them to do (buy / reveal their identity).
6. Make sure the site loads fast and is current. It is the only place where you tell your whole story end-to-end, so make it count.

PRODUCT MARKETING PRACTICES

How mature is your product marketing practice? (Incl. value proposition, product roadmap, competitive understanding, etc.)



We make it up as we go along, chasing deals and shaping the roadmap/product on what we think customers want.



We listen deeply to what our customers and the market wants, staying in sync with well-defined roadmaps and processes.

Survey insights

Product Marketing specifically is a special skill set and practice Kiwi SaaS businesses are finding hard. Compared to 2020, 76% more organisations ranked themselves at the bottom of the scale.

The issue is one of scale - in that NZ tech marketers tend to be generalists rather than specialists (due to the size of the market) and product marketing is definitely a specialism. The product marketing bar keeps getting higher and without specialist skills on staff, Kiwi companies are at a disadvantage.

Kiwi companies can compete, they just need to think harder and play smarter. This often starts with a product marketing playbook or framework which the whole team can work on together to drive out the insights necessary to compete on the global stage.

Best practice

1. Recognise product marketing as a separate discipline to general marketing (brand / acquisition requires different skills / knowledge).
2. Identify people inside your business with the skills and interest in the discipline and engage them in the product conversation.
3. Focus on creating a vision / roadmap you can communicate to customers to keep them engaged and informed. They love to know what's coming.
4. Get a customer forum together and engage with them regularly to get feedback from the frontline on what's good and bad.
5. Adopt a product marketing / management framework to help you manage the differing pieces (e.g. pricing).

CUSTOMER ACQUISITION

How effective is your customer acquisition engine?



It's a bit hopeless; we jump from one thing to the next and don't learn as we go. We are spraying and praying - it's really not working.



We've got a well-oiled acquisition machine that turns over customers at the right cost. We know what works, what doesn't and why.

Survey insights

Significantly, fewer organisations ranked themselves at the top of the scale (14% compared to 26% last year) which highlights the deep fundamental challenge of getting and keeping attention in an increasingly noisy market.

To build value you have to convince your target customer you have the right proposition for THEM and get them to engage with you (particularly in the self-service model). That means you have to FIND them, connect with them emotionally and rationally and then pull them through your funnel.

Acquiring customers is arguably the hardest part of getting any business to grow and it starts with a deep understanding of customer need and great marketing. But if you can't find a way to get them into your funnel, it doesn't matter how good your product is, you won't have a business.

Best practice

1. Acquisition is king. If you understand your prospects well you'll have a good idea where to find them.
2. Get the basics of SEO and SEM right. They are core pillars of MOST acquisition strategies and connect you to people that have the problem you solve right now.
3. After SEO/SEM, find at least one channel that gives you access to the right type of target customer (who doesn't necessarily have the problem you solve yet).
4. Measure what you can to understand and gauge the effectiveness / efficiency of different acquisition strategies / channels.
5. Continuously test and optimise your plans. But also, don't stop trying new things - you never know what will surprise you.



We're Proxi and we fit right in

GROWTH MARKETING FOR KIWI SAAS COMPANIES

Great SaaS marketing and product management are key to driving sustained growth. But how do you get the wheels turning without a super-sized budget?

Unlike contractors, consultants or agencies, Proxi's highly experienced marketing and product leaders work inside your business on a part-time basis for as long as it takes to get your flywheel spinning. We help you get results fast, build the capability you need, align strategy, employ the right resources and set you on the path to long-term sustainable growth both at home and offshore.



Proxi

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