

Proxi

2022

Serious About SaaS Marketing Capability Report

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Welcome to the 2022 Serious about SaaS Marketing Capability Report.

This is our third year of publishing the Serious about SaaS Marketing Capability Report, which brings together the findings and insights from a survey conducted amongst nearly 60 Kiwi SaaS businesses in Spring 2022. The survey is designed to allow organisations to benchmark themselves against their peers and gives NGOs and advisors an insight into areas where investment in capability might be useful.

Based on our experience inside the Kiwi SaaS sector, most 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 significant room for improvement.

The survey is built around ten strategic marketing pillars, which represent different areas of marketing, from website performance to strategic alignment. To complete the survey, founders, CEOs and marketing leads 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 three-year trends throughout the report.

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

The Proxi team

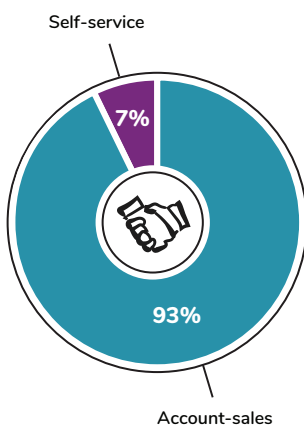
Proxi

REPORT OVERVIEW

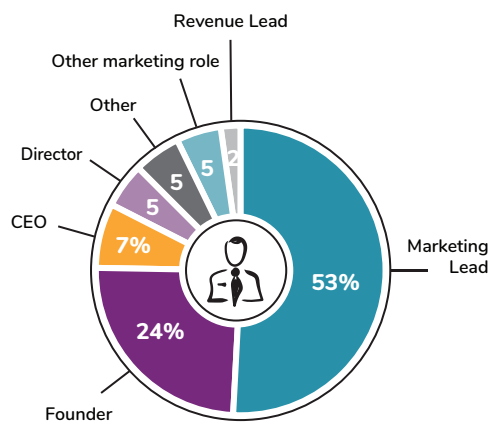
We spoke to a mix of NZ SaaS businesses, including both Self-service and Account-Sales SaaS, with a range of funding models, growth stages and geographies.

This year, there was a larger proportion of bootstrapped (31%), VC (27%) and angel investor (22%) funded organisations taking part in the survey.

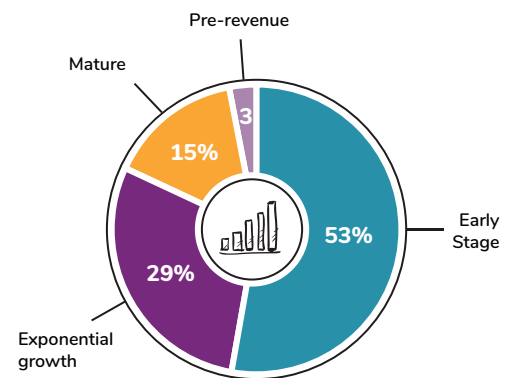
SALES MODEL



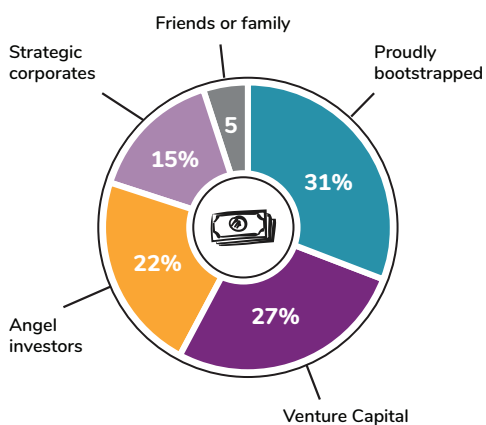
ROLE



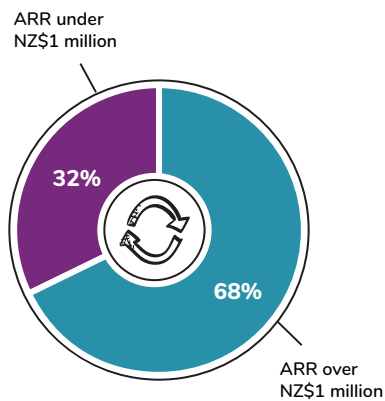
REVENUE STAGE



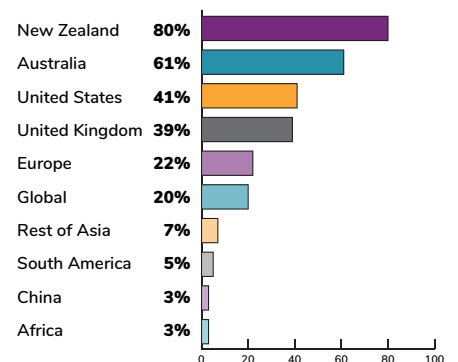
FUNDING MODEL



ANNUAL RECURRING REVENUE



TARGETED MARKETS



3-YEAR TRENDS AT A GLANCE

Businesses rated their capability on 10 strategic marketing pillars using a six-point scale, where one is poor and six is awesome. We've ranked the pillars based on the proportion of businesses rating themselves as a five or six (top two-box), indicating they think they've pretty much got that pillar nailed.

	SAAS MARKETING PILLARS	2022	2021	2020	CHANGE FROM 2021
	TARGET CUSTOMERS	1	1	7=	-
	STRATEGIC ALIGNMENT	2	3=	2	↑
	MARKETING METRICS	3	3=	4	-
	PEOPLE, SYSTEMS AND PROCESSES	4	6=	3	↑↑
	CUSTOMER RETENTION	5	2	1	↓↓↓
	MARKETING FUNDAMENTALS	6	3=	5=	↓↓↓
	TECH STACK	7	6=	5=	↓
	PRODUCT MARKETING PRACTICES	8	8=	9	-
	WEBSITE EFFECTIVENESS	9	8=	10	↓
	CUSTOMER ACQUISITION	10	10	7=	-

From the data, we can determine that Kiwi SaaS businesses feel confident they **know their customers intimately** - this marketing pillar was ranked #1, which is great to see. However, ranked way down the bottom at #10 is their ability to build an **effective customer acquisition engine**.

This creates an interesting dilemma. Businesses think they know who values their product or service, but they're struggling to effectively market that value and convert leads into customers. This highlights a fundamental strategic gap that needs to be addressed if businesses are to thrive in 2023.

Other notable changes in ranking from the 2021 survey: -

- Having well-defined marketing fundamentals (such as purpose, vision, values, brand guidelines and customer journey) has dropped three ranking places (dropping from 3rd to 6th). This is a critical element of marketing capability as it has a direct impact on many other pillars and without real clarity on mission and purpose it's really hard to hire and retain the right talent.
- Having a strong customer retention strategy also fell three rankings places. A lack of focus in this area inevitably results in expensive churn and adds additional pressure on the acquisition engine to keep filling the top of the funnel, while the bottom leaks. With the looming recession everyone's expecting, customer retention is more crucial than ever - it is the fuel to the SaaS engine.

01

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

Although this is the highest ranking pillar, just under half of respondents consider they nailed understanding their target customers. This means 52% have work to do in this area.

It goes without saying that in order to grow, it's critical to understand your customer's needs and how your business can serve them better than your competition. The tighter your focus is on a particular ICP, the more likely it is you will cut through (niche marketing). However it's a balancing act as getting too niche can reduce target addressable market (TAM) to a point that the business is unviable.

For a business to turn this insight into growth, the right marketing fundamentals need to be in place, including an integrated buyer journey and acquisition/retention strategy. Knowing your buyer intimately and crafting the right product message is important, but even more important is knowing where they hang out so you can build a strategy to reach and influence them.

Best practice

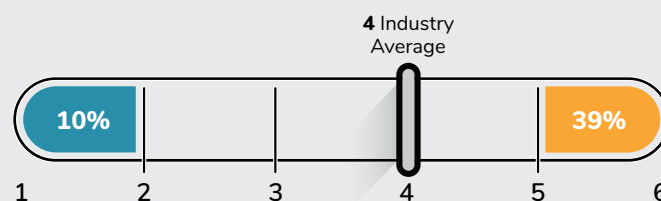
1. Develop up to three personas to clearly define the attributes of your buyers and users, including their motivations and challenges, their watering holes and influencers. A persona is more than a job title! Give them a first name and socialise them with the whole company.
2. Interview your target customers 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.

02

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

The strategic alignment pillar has been rated high by Kiwi SaaS businesses for three years running, which is good as alignment is key. This year, 47% of businesses in the 'exponential growth' phase are confident they have their marketing team aligned to business strategy. Businesses that give marketing a seat at the leadership table, generally manage to create deeper integration and alignment with company strategy than those that relegate marketing to a back seat position.

SaaS leaders need to ensure their business units are aligned in order to deliver growth. This isn't just about communicating the vision of the CEO and leadership team. Real value comes when business units collaborate to deliver, measure and report back on the outcome of the strategy.

Best practice

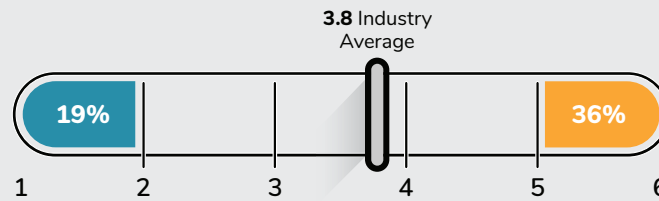
1. Make sure you have marketing representation on your leadership team, they are key to grounding growth targets in practical reality.
2. Run regular alignment sessions to check everyone is on the same page and working to the same end-goals.
3. Be clear on your marketing budget, target Cost of Acquisition (CAC) and target acquisition and retention numbers (based on known 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.

03

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

It's not enough to just define a clear growth strategy, Kiwi SaaS businesses need to ensure they identify the right metrics to measure their progress and success. As the old saying goes, "you can't influence what you don't measure" so measuring the right things matters. Aligning behind the right metrics is a great way to focus teams and optimise resources. This year just 36% of respondents think they have the marketing metrics pillar well defined, which is concerning.

On a positive note, two-thirds of VC-backed businesses are more confident they know the metrics that matter and are leveraging the insights they provide. This confidence comes from having defined growth expectations and progress reporting requirements.

Also of interest this year, 59% of businesses in the 'exponential growth' phase reported their marketing team is focused on optimising the right metrics to drive growth.

Best practice

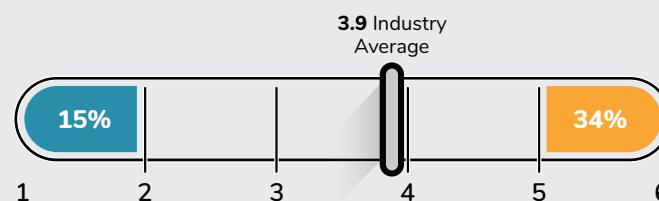
1. Build a basic dashboard that works for you and your business. Track the basics well (eg CAC payback / Average Revenue Per User / Lifetime value).
2. Add new metrics when you've got the basics working. Don't paralyse yourself with metrics.
3. Don't get hung up on the micro details or the one-off ups or lows. 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. Have 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.

04

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 businesses have made real progress on this pillar. There was a 42% increase in businesses rating themselves a 5 or a 6. However, overall only one third of businesses reported high confidence in their people, systems and processes, so there's still a lot of work to be done.

We see improvements come through more investment in training and upskilling of existing marketing staff members. We see the opening up of borders and an influx of skilled migrants having a positive impact on this pillar over the next 12 months.

Mature businesses rated themselves the highest for this pillar, with 56% believing their people, systems and processes are ready to deliver the right results.

Best practice

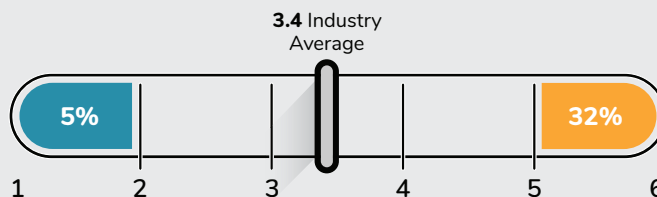
1. Hire senior people for less time rather than junior people full time - at least to start with. Make sure they are clear on what they are responsible for and have KPIs that reflect their responsibilities.
2. Recognise the breadth of skills across the marketing discipline. Brand building is different 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.

05

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

The ability for Kiwi SaaS businesses to nurture and retain customers has been steadily declining year-on-year. In 2020, this was our top pillar, with 55% of businesses rating themselves high. Two years on, that confidence had dropped significantly, with only 32% having the right customer retention processes in place. This represents a two-year decline of 42%.

It is well known that winning a new customer is much more expensive than retaining one. Far too often SaaS businesses put all their focus into customer acquisition but underinvest in customer satisfaction and retention. The customer experience doesn't end once first payment has been secured, businesses need to build a plan that spans the entire customer lifecycle to maximise returns. This is what SaaS is about.

Churn is a huge cost for organisations and churn is often driven by inactive subscriptions. If customers are not getting ROI from their investment, they will find a solution that better serves their needs.

Best practice

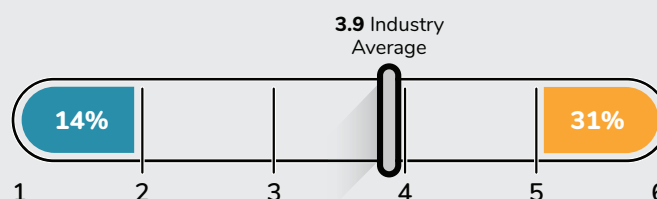
1. Track customer tenure and satisfaction (e.g. Net Promoter Score) carefully and regularly. Churn is the silent killer of SaaS businesses and there are often clues as to what's happening buried in the data.
2. Get customers to their a-ha moment as quickly as possible during their trial period or onboarding, 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.

06

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 significant decline from last year as more organisations struggle to gain clarity around their vision, purpose and marketing fundamentals. 2022 saw an 18% decline in the number of businesses rating themselves highly on this pillar.

Unsurprisingly, 47% of businesses experiencing exponential growth have their marketing fundamentals well established.

By taking the time to develop key SaaS marketing fundamentals, businesses provide clarity to clear direction. A strong purpose or relatable values can have a huge impact on the performance of employees, after all it's hard to get excited about a business without a meaningful purpose. This is also a critical factor when trying to attract new talent into a business, often the right vision and values can be the defining factor for prospective employees.

Best practice

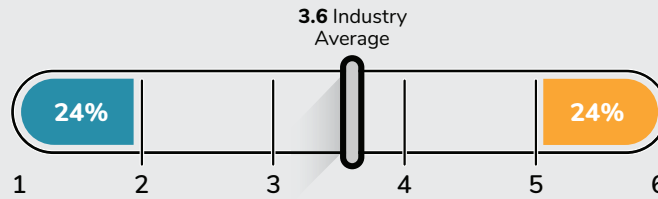
1. Being crystal clear on what you do, why you do it and what value you create for customers is critical.
2. Develop thoughtful personas to truly understand what drives your customers. The more you can empathise with them the better you will communicate.
3. Get groups of customers together, ideally in-person (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 the 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.

07

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 SaaS marketing tech stacks have not improved over the last year, which is concerning, as a great stack underpins great marketing in our experience. The number of organisations scoring themselves at the bottom for the scale increased by 33% year-on-year.

Bootstrapped businesses are clearly under-invested in the right tech due to a lack of operating cash, with 39% rating themselves at the bottom of the scale. Businesses under NZ\$1M ARR also rated themselves poorly, with 53% acknowledging they have been unable to invest in the optimal tech stack.

Although over-investment in a tech stack can add pressure on the balance sheet, under-investment can be equally expensive in the form of lost opportunity. When investing in your marketing tech stack, it's important to take a strategic view. Calculate the ROI from time-saving and your ability to scale, it should be easy to separate the good from the bad.

Best practice

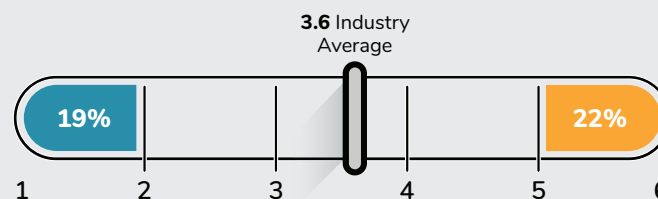
1. Getting your different systems to talk to each other is key to building a clear view of your customer / prospect behaviour (it helps to spot churn and upsell opportunities which are hugely valuable).
2. Data is king, but it's only useful if you do something with it... If it's not your skill set, get someone on the team who loves it.
3. Progressive profiling, lead scoring or visitor intelligence 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.

08

PRODUCT MARKETING PRACTICES

How mature is your product marketing practice? (Including: 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

The focus on product marketing still lacks well behind where it should be. Although there was a slight improvement this year, only 22% of businesses ranked themselves at the top of the scale. Businesses under NZ\$1M ARR are really struggling with 37% of them ranking themselves at the bottom of the scale.

Great inroads can be made with the right focus and commitment from the business to invest in product marketing. As the name suggests, a product marketer should be a free agent to work within both the product and marketing teams, aligning the business behind a value proposition that will motivate others to deliver.

Great product marketing can significantly reduce churn by engaging customers in more product features and building loyalty. Too often customers use very narrow slices of products that can be replaced - by getting customers to use more of a product the risk of churn is proven to drop.

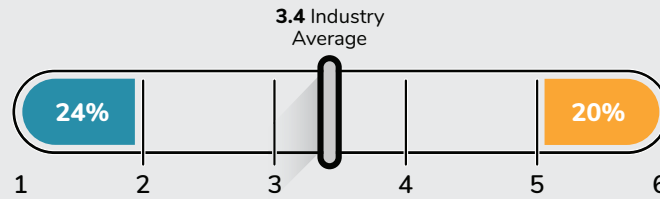
Best practice

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 framework to help you manage the differing pieces (e.g. pricing).

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

Another year of disappointment for this critical pillar and we should be alarmed that a quarter of Kiwi SaaS businesses have low confidence in their own website effectiveness. For SaaS businesses, the website IS (generally) the front door and, if it's not working, then everyone should be focussed on fixing it fast.

Building a great website is hard and the results are always subjective (someone, somewhere always hates your website no matter how good it is!). The key to building a great website is NOT to start with the website, but to start with the messaging, the value proposition, the story, the customer journey and the brand.

Building a website that no one goes to is a waste of everyone's time. You should be spending 10% of your effort on building a site and 90% of your effort getting the right people to it and understanding how to convert them.

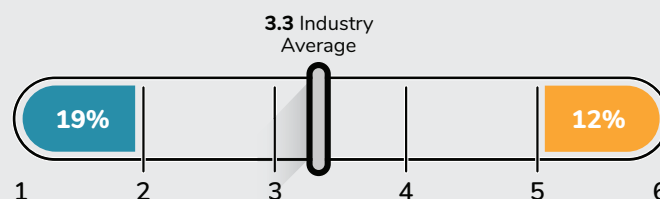
Best practice

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. 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.

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

Confidence in the customer acquisition pillar continues to drop year after year, which is not surprising. Getting the right customers through your front door into your process and getting them to convert at the bottom of your funnel is super hard. Where markets are highly competitive and customers have more and more choice, it can be incredibly frustrating.

It's important to ask yourself: - Would you buy your own product? Do you understand who you are selling to and the value you're creating? Are you differentiated from your competition? Have you got the pricing right? Do you have a genuinely compelling proposition? Do you understand your buyer journey? Have you built a brand that appeals to customers?

Until you've got all these things nailed, there's work you can do to improve and optimise your conversion funnel. The worst things you can do are stop testing and experimenting.

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.

GROWTH MARKETING FOR KIWI SAAS COMPANIES

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



CAPABILITY BUILDING

Proxi's highly experienced marketing leaders work inside your business, part-time, 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 sustainable growth.



MARKETING RECRUITMENT

There is a better way to recruit marketing professionals. Not only do we take time to understand your needs, write the job ad, interview and find the perfect person for your business, we also coach them in their role until they are firing on all cylinders.



ONLINE COURSE

A unique 10-week online course designed for SaaS marketers by SaaS marketers. We run several cohorts a year for junior to intermediate marketers to learn how to develop and execute a marketing strategy that delivers business outcomes to a realistic budget.

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