

# Proxi

2020/21

## 2020/21 Serious About SaaS Marketing Survey Report



63%

43%

63%

# Welcome to the 2020/21 'Serious about SaaS' Marketing Capability Report.

This report brings together the findings and insights from a survey conducted amongst nearly 50 Kiwi SaaS businesses in late 2020. The survey was created to help the sector understand and benchmark the level of marketing capability present inside Kiwi SaaS businesses.

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. 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. 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.

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

Best wishes

The Proxi team

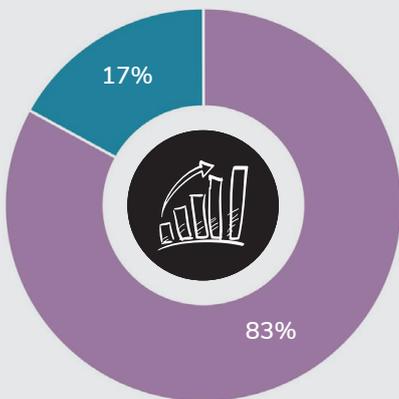
**Proxi**

# 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.

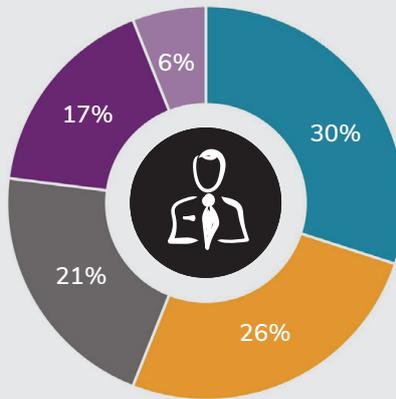
## SALES MODEL

Account Sales Self Service



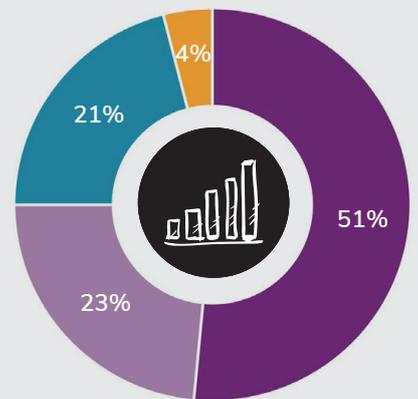
## ROLE

CEO Director Founder Marketing Lead Other



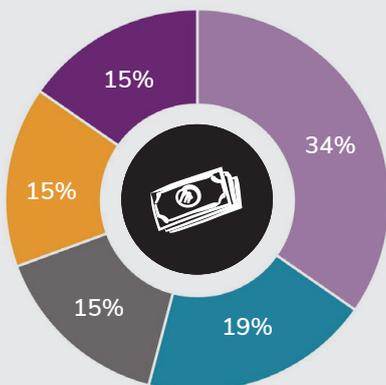
## REVENUE STAGE

Early Stage Exponential Growth Mature Pre Revenue



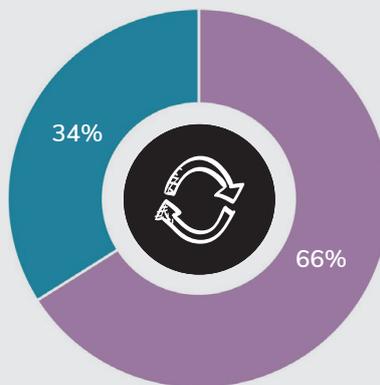
## FUNDING MODEL

Angel Investors Friends / Family Proudly Bootstrapped Venture Capital Seed Funding



## ANNUAL RECURRING REVENUE

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



## TARGETED MARKETS



# PILLAR 01

## CUSTOMER RETENTION

How well do you look after and nurture your customers after you've acquired 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

More than half of respondents, 55% rated themselves a five or six when it comes to looking after their customers. It makes this the highest scoring pillar in our survey, indicating Kiwi SaaS companies understand the value of building deep, long-lasting customer relationships.

Interestingly this is the sole pillar where we see early stage / pre-revenue SaaS businesses rating themselves higher than more mature / growth phase SaaS companies (54% vs 52% rating five or six). Businesses with external funding are more likely to have this pillar sorted vs their internally funded - bootstrapped or investment through friends or family - counterparts (63% vs 48% rating five or six).

Customer retention (and usage) is the single best indicator of product market fit in today's market, so paying attention to the data makes good business sense. Remember, it costs seven times as much to win a new customer as to retain and grow an existing one.

### 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 to what's happening buried in the data.
2. Get customers engaged and expanding over time.
3. Get customers to engage and embrace the broadest possible set of features. Get them to their 'a-ha' moment as quickly as possible during their trial period and recognise not everyone has the same 'a-ha'.
4. Invest early in customer success and the programmes that seek to keep customer; 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.

# PILLAR 02

## STRATEGIC ALIGNMENT

How well aligned do you think your current marketing activities are 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

With 47% rating themselves either a five or a six, this is the second highest scoring pillar overall - suggesting Kiwi SaaS business believe they have a good handle on this. However, in our experience, it can be a blindspot within organisations and alignment can often be quite poor.

SaaS companies in the growth / mature phase rated themselves better than early / pre-revenue (62% v 31% rating five or six). However internally funded companies felt their marketing activity and strategic alignment was worse than their funded counterparts (35% v 58% rating five or six).

Getting deep alignment between all of the teams in a business is a significant challenge and requires marketing input into the plan. If your marketing team didn't help create the plan then the chances of there being deep alignment are significantly reduced.

### 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. Silence is not a good indicator of alignment.

## 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 was our most polarising pillar. 30% of respondents only rated themselves a one or a two on the scale, suggesting there are sizeable capability gaps in this space. Finding people with the right skills, for the right price-point, at the right time, is challenging in a small market such as New Zealand.

When it comes to systems and processes SaaS businesses in the mature / growth phase are more likely to rate themselves as a five or six vs a startup / pre-revenue SaaS business (62% v 46% rating five or six). Externally funded SaaS businesses rate themselves more highly than those that are internally funded, however the margin is one of our closest at only 11%. (46% v 35% rating five or six).

The low ranking pillar highlights the opportunity for government intervention in this space. Callaghan Innovation and NZTE both have important roles to play in building local capability and competency.

### 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.

## 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

Metrics matter and Kiwi SaaS companies are doing OK, but not great. 30% of respondents gave metrics of a one or a two meaning they don't have a good grasp on their numbers - missing a crucial tool for steering the ship and shaping marketing strategy.

SaaS companies in the mature / growth phase are in a much stronger space on this pillar. They rate themselves better by a margin of 29% vs those in start-up / pre-revenue (48% v 19% rating five or six). Externally funded companies felt they know their numbers better than their internally funded counterparts (42% v 22% rating five or six). Again, we see stronger ratings aligning to more developed organisational maturity.

Metrics don't have to be hard. The hardest bit is just getting started. The key is to keep it simple to start with and build up to more complex metrics over time. The key is to find your North Star.

### Best practice

1. Build a basic dashboard that works for you and your business. Track the basics well (eg CAC payback / Average Revenue Per Unit / 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 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.

# PILLAR 05

## MARKETING FUNDAMENTALS

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

Not much, if anything, 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

A real mix within our sample. Some are nailing this pillar and understand its value. But with respondents, on average, rating it a 3.53 overall there is significant room for improvement.

SaaS companies in the mature / growth phase rated themselves better on this pillar than those in start-up / pre-revenue (43% v 19% rating five or six). Externally funded companies felt they knew their marketing fundamentals better than their internally funded counterparts (42% v 13% rating five or six). This is one of the worst five or six ratings overall for internally funded SaaS businesses.

Being clear on WHY you do what you do is as important as understanding HOW you do what you do. For staff to feel truly engaged they need to feel they are making a difference and doing something worthwhile. Taking the time to understand your WHY will pay dividends in the long run.

### 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.

# PILLAR 06

## 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 third worst performer, coming in seventh overall. Whilst just over a quarter (28%) feel they are on top of the technology needed to facilitate great marketing, the same amount feel they are really missing the mark.

SaaS companies in the mature / growth phase rated themselves better on this pillar than those in start-up / pre-revenue (43% v 15% rating five or six). Externally funded companies felt they have a better handle on their tech stack than their internally funded counterparts (33% v 17% rating five or six).

Marketing automation is designed to help you identify the opportunities hidden within your data, however, it's important the tech does not become all-consuming. If it's not helping or working then you should go back to basics quickly and stop digging the technology hole even deeper.

### 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 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.

# PILLAR 07

## 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

With almost a third of the sample (30%) rating their company as a one or two in this pillar it's one of the worst performing pillars. It presents a huge opportunity to powerfully improve business results - given that acquiring customers is a focus for all of us.

SaaS companies in the mature / growth phase rated themselves better on this pillar than those in start-up / pre revenue (38% v 15% rating five or six). We see the largest variance on this pillar with externally funded companies far stronger than their internally funded counterparts (42% vs 9% rating five or six).

The best and most effective acquisition engine is your customer base talking about your product (known as Product Led Growth or PLG). If your customers aren't talking about your product pro-actively then you need to find out why.

### 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 SEM/SEO, find at least one channel that gives you access to the right type of target customer (who don't necessarily have the problem you solve yet).
4. Measure what you can to understand to 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.

# PILLAR 08

## MARKETING CHANNELS

### How mature are your marketing channels?

We're doing ad-hoc paid advertising, there's no PR and we don't have a good grip on how to use social media or email.



We're using the right channels. Our comms strategy is on point, balancing earned and paid media so we spend budget effectively.

### Survey insights

Maturity and effectiveness go hand-in-hand and Kiwis SaaS businesses are battling - 34% of respondents ranked this pillar as a one or a two. There is very rarely a silver bullet in marketing SaaS, so you'll need a blend of activity to keep the lights on.

Unsurprisingly, SaaS companies in the mature / growth phase rated themselves better on this pillar than those in start-up / pre-revenue (43% v 12% rating five or six). Externally funded companies rate the maturity of their channels more highly vs their internally funded counterparts (33% v 17% rating five or six).

COVID-19 has dramatically changed the acquisition landscape by effectively eliminating face-to-face marketing opportunities. In the absence of face-to-face, the importance of great digital marketing has increased dramatically. It's important SaaS companies have access to skilled digital and content creation capability.

### Best practice

1. Take the time to understand what your target customers read, in which format, where they go, etc and align your channels accordingly.
2. Use social media to create awareness and maintain engagement, but don't be surprised if it doesn't sell - this is about social proof.
3. Create awesome content and work it lots of different ways (a piece of content can be skinned many ways to create value).
4. Use a platform that allows you to measure and track conversions. Use the data to build an efficacy model.
5. Trial different channels and always keep your eye out for new opportunities.

# PRODUCT MARKETING PRACTICES

How mature is your product marketing practice? (Includes 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

Although this is the fourth strongest pillar overall, almost two thirds of respondents rate themselves as only average (62%). Indicating there is significant room to grow when it comes to building product marketing capability.

The largest variance for any pillar is evident when it comes to product marketing. SaaS companies in the mature / growth phase rate themselves better than start-up / pre-revenue by 35% (43% v 8% rating five or six). Externally funded companies rate the maturity of their product marketing more highly vs their internally funded counterparts (25% v 17% rating five or six).

The fastest way to improve product marketing capability is to adopt a framework which will give you the structure you need to make better product-related decisions.

## 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).

# 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

Only 19% of respondents indicated they have a strong website which is troubling in a world where the business IS the website. Furthermore, not a single business rated itself as a six on this pillar suggesting significant room for improvement in this area.

SaaS companies in the mature / growth phase rated themselves better on this pillar than those in start-up / pre-revenue (33% v 8% rating five or six). Interestingly, the variance between externally funded companies and internally funded is the smallest when it comes to website performance, with a variance of only 4% (21% v 17% rating five or six).

Getting a website to deliver clear, measurable results is hard work and requires ongoing testing and continuous management. The ink never dries on a site, but it's surprising how many SaaS companies fail to maintain their sites on a regular basis. Small changes can have a major impact on conversion if you can find the gems.

## 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 Calls To Action (CTA) 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.



We're Proxi and we fit right in

## BUILDING TECH MARKETING CAPABILITY FAST

We all know great marketing is key to driving growth in a SaaS business. But how do you build that capability without a super-sized budget? Quite simply - Proxi.

Proxi's experienced marketing leaders work inside your business as part of your team, for as long as it takes. On a part-time basis, we help you build the right capability, align strategy, employ the right resources and set you on the path to long-term sustainable growth. We measure our success in leaving you in a better place - shifting from hands-on to hands-off as fast as we can.

Proxi



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