

LinkedIn Marketing Solutions

Which way now?

Mapping the route to growth for Tech Challenger companies



Lifting the lid on Tech Challengers

As emerging technologies and digital transformation sweep across all sectors, there are more and more opportunities for growing tech businesses to scale new heights and challenge bigger incumbents. We're calling these companies Tech Challengers: ambitious, mid-market B2B tech companies that are looking to scale rapidly and are operating in highly competitive markets.

With investment in early stage and high growth tech companies going up and up, Tech Challengers are attracting more capital than ever before. The European tech ecosystem alone is now worth more than \$800 billion, almost half of which was created between June 2020 and June 2021.¹

But Tech Challengers can often face the worst of both worlds. They operate under the same customer expectations as large enterprises, but they may not have the budget, staff or technical know-how of their bigger counterparts. Maximising the return on their marketing spend is crucial, which is why digital marketing is becoming an increasingly important approach.

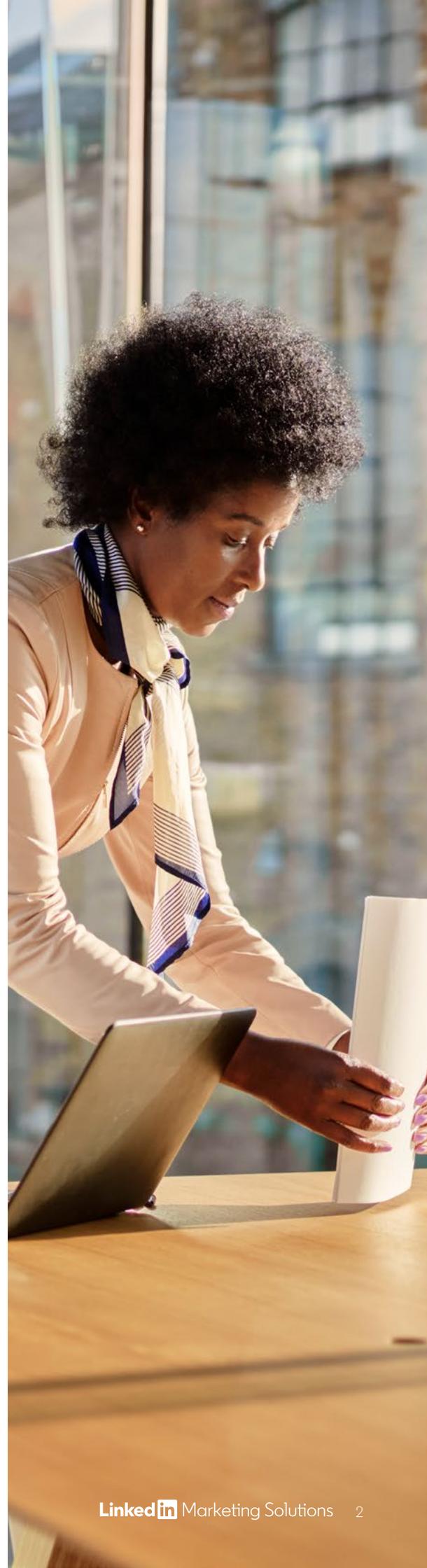
It's a vibrant, growing segment and we wanted to see what else was going on under the surface. To better understand Tech Challengers' relationship with digital marketing we surveyed over 200 Marketing Managers, Directors, VPs, Executives and CMOs about their specific digital advertising goals and challenges.

This report summarises the findings of LinkedIn's research survey of the dynamic Tech Challenger segment.

Methodology

LinkedIn surveyed 210 senior marketing managers and directors of technology organisations in EMEA and LATAM; 37% of whom had a single country remit, 31% had a European regional remit, The other 20% had regional remit and a further 12% had a global focus. To qualify for this survey, each organisation was required to have between 200-1000 employees, \$50-\$500 million turnover, or both. The survey was fielded in September 2021.

¹ Titans of Tech Report, GP Bullhound Global Insights, June 2021





Chapter 01

Marketing matters

Marketing vs advertising

What's the difference? Here's how we distinguish the two.

Digital marketing: The promotion of brands to connect with consumers using different forms of digital communication, such as social media, website, email, digital advertising.

Digital advertising: A type of digital marketing. Paid online advertising through third parties such as search engines or social media platforms.

Who's spending what and why?

More budget is going online

Given the need to achieve rapid growth in a crowded market and against big enterprise competitors, it's no surprise that nearly 75% of B2B tech marketers stated an increased dependence on digital marketing to generate leads and new business.² In the drive to meet demanding growth targets with finite budgets and resources, digital marketing now accounts for nearly half of Tech Challengers' total marketing budgets.

80%

of Tech Challengers spend between 31% and 60% of their marketing budget on digital marketing, with the average being 44%

\$57,900

is Tech Challengers' average monthly digital marketing spend, with 67% spending between \$10k and \$100k

Breaking these digital marketing budgets down further reveals that roughly a third is spent on digital advertising. And this proportion is growing, driven primarily by growth objectives, new product launches and the desire to build company profile.

83%

of Tech Challengers spend between 11% and 40% of their digital marketing budget on advertising, with the average being 31%

57%

of Tech Challengers expect spend on digital advertising to increase over the next 12-24 months

From lead generation to product launches and profile raising, Tech Challengers are taking the digital route and their spend is getting bigger.

"As a Tech Challenger, building awareness is integral to the success of GWI. We focus on building awareness of our brand, our product, and our unique selling proposition. When executing performance-driven media campaigns, we've found these activities to be much more successful when users know who we are and what we do. We're planning on ramping up our investment in brand awareness throughout FY23. Digital advertising features heavily in our plans due to

the ease of tracking, targetability, cost efficiency, and reach. To create a more holistic, well-rounded brand experience, we're also expanding our presence outside of the digital world, including print, outdoor and audio advertising."



Amy Fyfe
Senior Marketing Manager
GWI

² Isoline, 2021

Spend varies hugely by country and sector

At \$89,400 and \$97,600 respectively, Germany and Israel are spending more per month on digital advertising than the average Tech Challenger. Spend also varies by sector, with the amounts in the fast growth and more scalable telecoms sector (\$67,000) and software sector (\$73,000) both higher than average. The latter is also more prevalent in Germany and Israel.



“Building a brand focused on your employees and customers compounds every effort around your company. Marketing’s currency is attention. Generating awareness is a game of true differentiation and digital experiences that must be memorable for the people who interact with your brand.

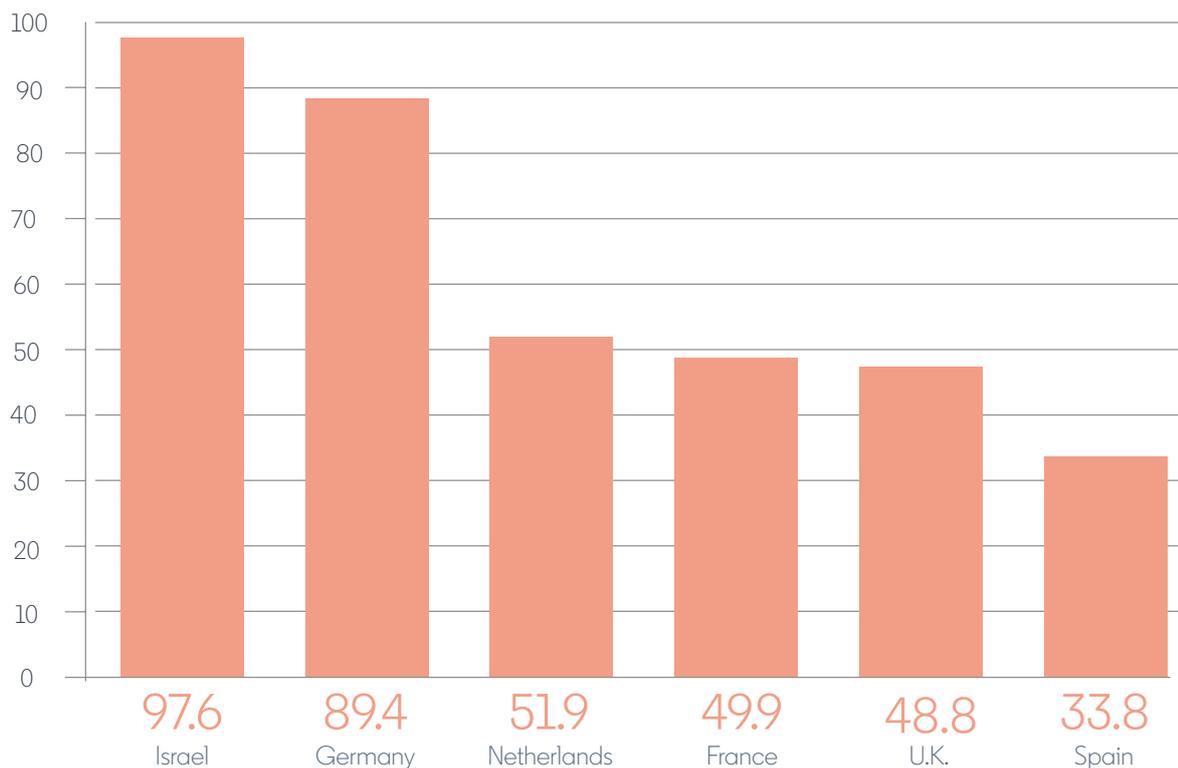
engaging with the person on the other end of the screen. Digital advertising helps accelerate this process, but a company must first have a clear vision, authentic values, and a purposeful mission before investing into these channels.”

Using empathy and observance, stepping into the shoes of your audience, designing your awareness strategy from their perspective... that’s the key to



Luca Pilurzu
Global Marketing Campaign Manager,
Rydo

Figure 1. On average, how much do you approximately spend on digital advertising in a typical month? (\$USk)



The need for early stage investing to achieve growth

The top end of the Tech Challenger segment spends the highest proportion of its overall marketing budget on digital marketing.

Figure 2. Cross-analysis of two questions: What is the turnover of the organisation that you work for? Approximately what proportion of your overall marketing budget do you currently spend on digital marketing?

Tech Challenger company turnover	Proportion of marketing budget spent on digital marketing
\$50-\$100m	43.6%
\$100-\$250m	44.4%
\$250-\$500m	48%

But in real terms, this increase in proportional spend is by no means linear. In fact, digital advertising spend as a percentage of turnover halves once the latter shoots beyond the \$100m mark.

Figure 3. Cross-analysis of two questions: What is the turnover of the organisation that you work for? On average, how much do you spend on digital advertising in a typical month?

Tech Challenger company turnover	Average monthly digital advertising spend
\$50-\$100m	\$42,500 = 0.68% of median monthly turnover
\$100-\$500m	\$80,000 = 0.32% of median monthly turnover

This is as clear an indicator as any that the smaller the company, the more marketing resource it needs to put into growth and scaling effectively.



Who's in charge of advertising spend allocation?

Our survey revealed that 80% of digital advertising decision-making comes from the management level:

32% senior marketing managers (CMO/Director/VP)

32% digital marketing managers

16% general marketing managers

Other senior roles are important influencers in many companies, while a company strategy of overall co-operation can also be an important factor in digital advertising decisions.

Additionally, agencies have an important influence.

Up to 82% of Tech Challengers use agencies to get digital advertising expertise and guidance. But when it comes to the purchasing decisions, only 16% of Tech Challengers rely on agencies to make their purchase decisions on a regular basis.

With the limited resources that Tech Challengers have, it makes sense that they rely on in-house decision-makers to guide their investment in digital advertising.

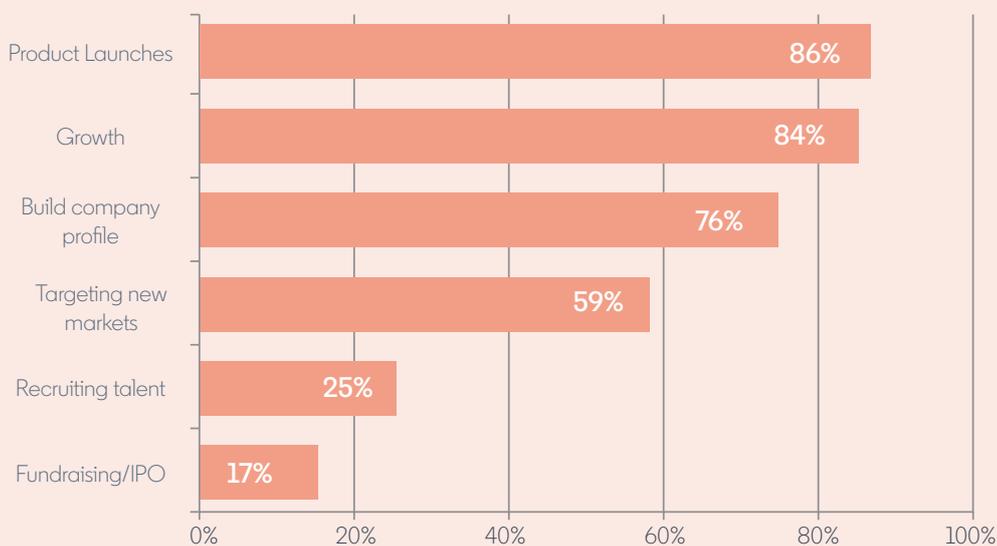


The business and marketing goals driving digital advertising spend

Going for growth

In a segment full of challenger brands, our data demonstrates that product launches (86%), growth (84%), and building company profile (76%) are the top business goals supported by digital advertising.

Figure 4. Which of the following business goals do you use digital advertising to support?



Tech Challengers who spend 8% more than the segment average cite growth goals as a significant driver of their digital advertising spend, especially when they're aiming to support a funding round or IPO. Of course, these factors wouldn't typically apply to enterprise companies. And it's also interesting to note that the Tech Challengers looking to an IPO were also more inclined to invest in brand awareness.

Tech Challengers with corporate brand-building goals (who are often more established incumbents) are spending 15% more on digital advertising than average. They're also more likely to invest in brand awareness. We look at this in more detail in the next section.

Tech Challengers launching new products and/or services spend 6% more on digital advertising than average.

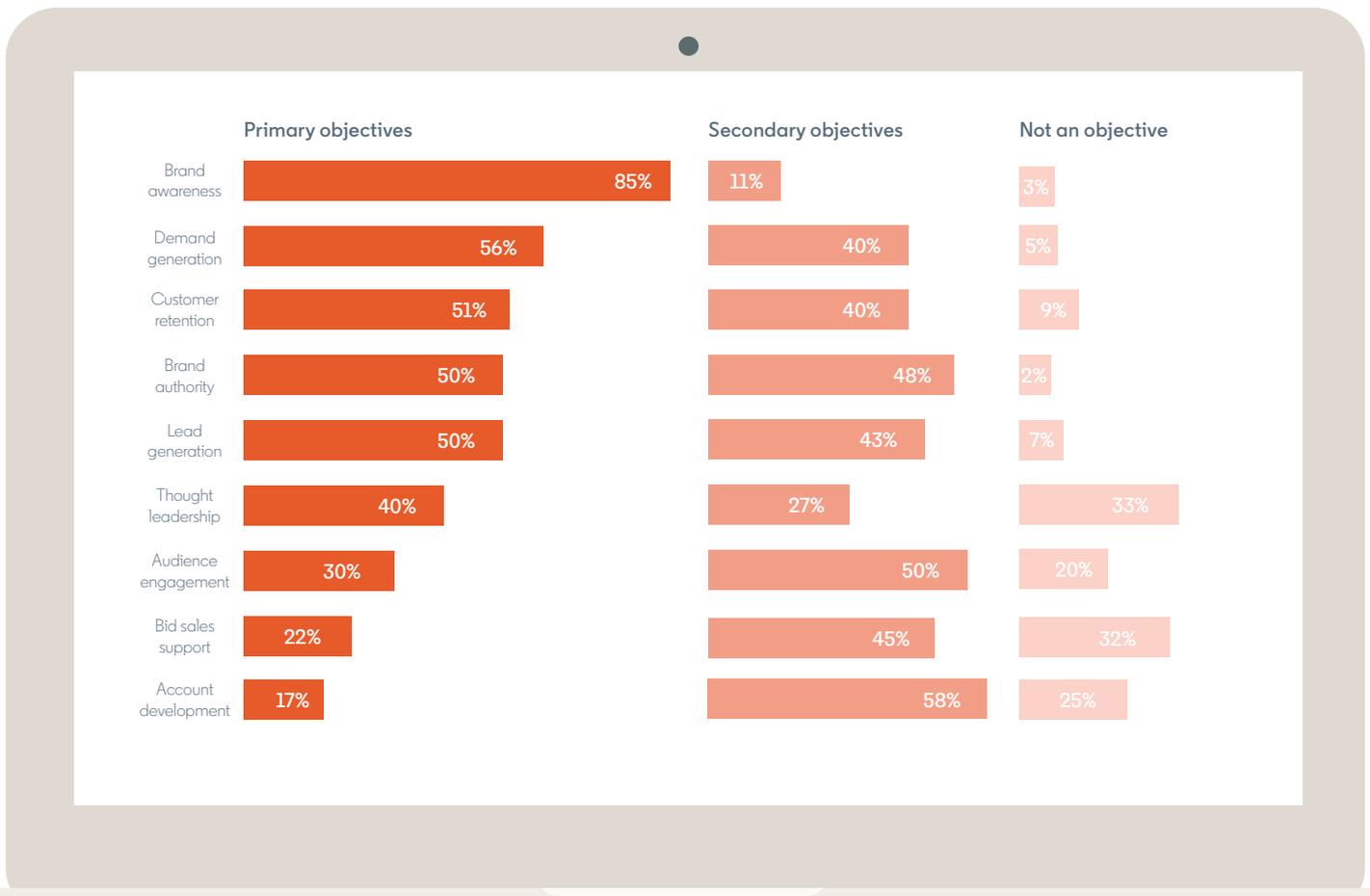
With product launches, growth and building company profile being, by some distance, the top three aims of Tech Challenger digital advertising activity, it's clear that the nature of this segment is reflected in its name – everyone's challenging for market leadership.

Building brand awareness

The primary marketing objective supported by digital advertising is brand awareness (85%), followed by demand generation (56%) and customer retention (51%). Lead generation and brand authority were also cited as objectives by a high majority of Tech Challengers.

With brand awareness clearly the primary goal, with very little variation across different countries, Tech Challengers may be battling it out between themselves, but they're clearly united in understanding the value of brand for B2B success.

Figure 5. What key marketing objectives are you using digital advertising to support?



“In a rapidly growing B2B Tech industry, marketing teams have often found themselves under pressure from internal stakeholders (and investors) to focus a large proportion of their budget and attention on lead generation. However, as Tech markets have become more and more crowded, it has become increasingly important to also invest in building your brand to achieve long term B2B success. Building and securing our brand footprint has proven to be a game changer



Romain Doutriaux
Vice President EMEA Marketing,
Dataiku

for Dataiku, especially as we’ve strategically expanded into new markets. As Tech marketers, we need to accept that digital ROI should not only be measured by leads and monthly pipeline, but also brand lift.”



Chapter 02

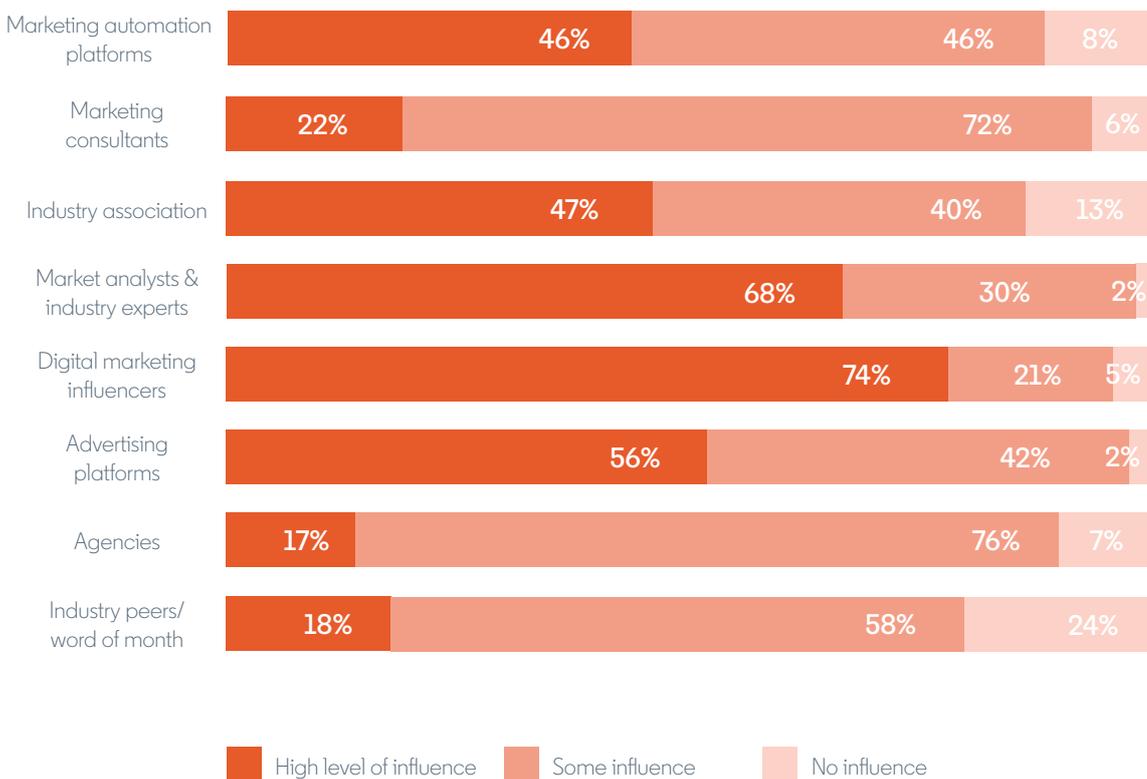
Who do Tech Challengers *listen to?*



Influencing Tech Challengers

No business is an island. And when it comes to finding information and advice to help achieve their marketing objectives, we've found that Tech Challenger brands are influenced by a broad range of platforms and voices.

Figure 6. To what extent do the following influence your decisions around digital advertising?



Marketing automation platforms

Most Tech Challengers use CRM or marketing automation platforms to help integrate and track the data for their campaigns, and individual touchpoints for attribution. The most popular platform is Salesforce (39%), followed by Adobe Marketing Cloud (28%) and Hubspot (25%).

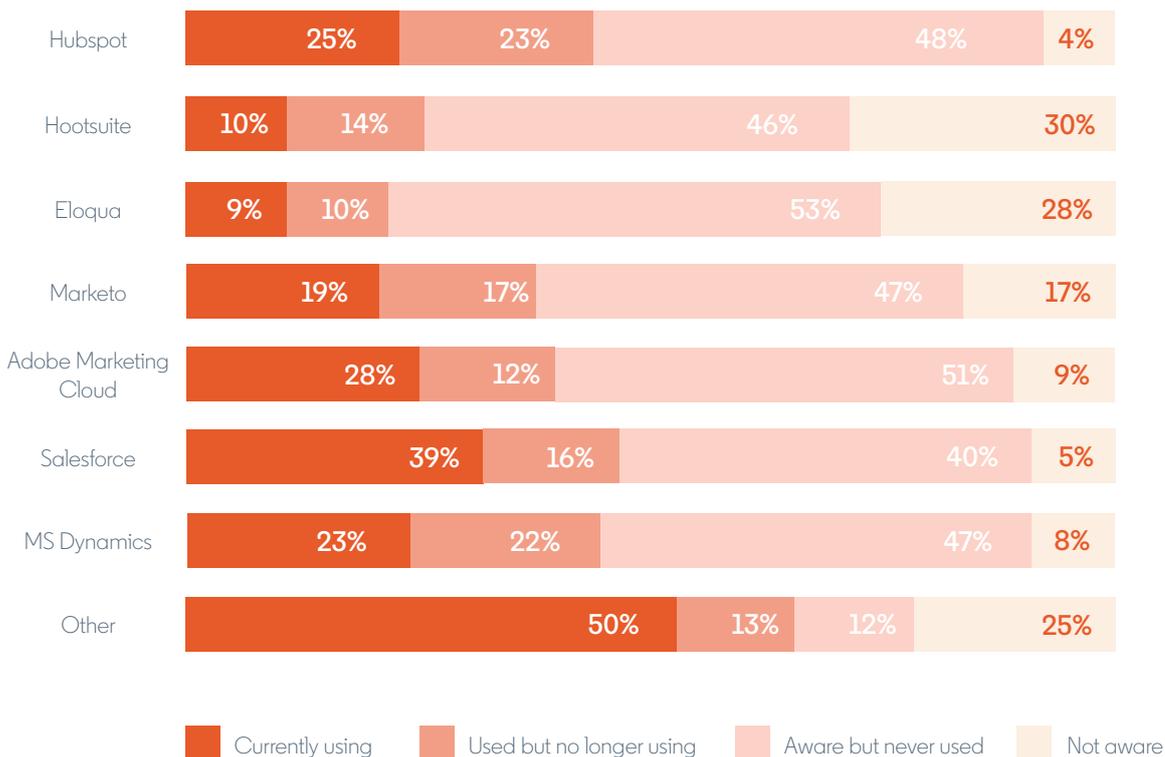
But it's interesting that companies with higher turnover are more likely to use these leading marketing automation platforms. Only 29% of companies with \$50-\$100m turnover are using Salesforce, compared to 45% of companies with \$100-\$500m turnover. The level of influence from marketing automation platforms over digital advertising decisions also increases with higher company turnover.

This correlates with the growing access to – and reliance on – data-driven platforms to manage marketing automation and advertising. In fact, a massive 85% of Tech Challengers use a marketing platform, with the average number of platforms used being 1.5.

Where scale-ups may have previously relied on a marketing agency for advice on trends, tactics and channels, a significant portion of this information is now readily available to them as real-time data.

Being tech advocates themselves, it only makes sense that the Tech Challenger stack is evolving quickly and can be fairly complex.

Figure 7. Which of the following CRM/marketing automation platforms do you use to support your digital strategy?



Top platforms

- 39% Salesforce
- 28% Adobe Marketing Cloud
- 25% Hubspot

Evolution of agency input

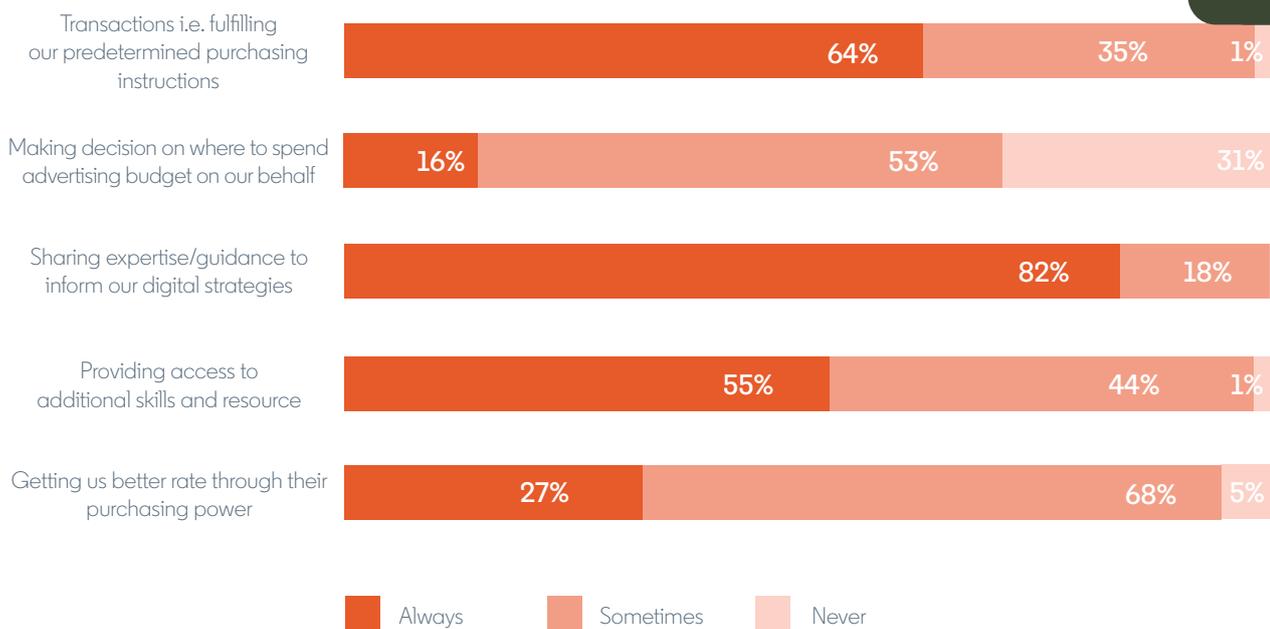
While agencies may have historically been expected to play a key role in influencing marketing decisions, just 17% of our respondents now agree that this is the case. And while conversions, attribution and ROI still remain a significant challenge for companies, they are nevertheless confident enough in their data to be willing to forego the long-term guidance that comes from retaining an agency.

But companies still need to get advice from somewhere. We've found that they're now relying more on independent analysts, consultants and influencers to help them make sense of their data and offer strategic direction.

When it comes to implementing their digital advertising strategies, even fewer respondents said that they rely heavily on agencies – just 12%. But that doesn't mean the role of agencies has diminished. It's just evolved: 84% of challenger brands use, or have used, agencies to inform and implement their strategies. The difference is that the vast majority (56%) do so on an intermittent basis.

Higher turnover companies are more likely to make heavy use of agencies for implementation, with 18% of companies in the \$250-\$500m bracket taking this approach. It seems that Tech Challenger brands have decided their budget can be most efficiently spent on the things they can't do themselves.

Figure 8. What is the role of the agency/agencies in informing and implementing your digital advertising strategies?





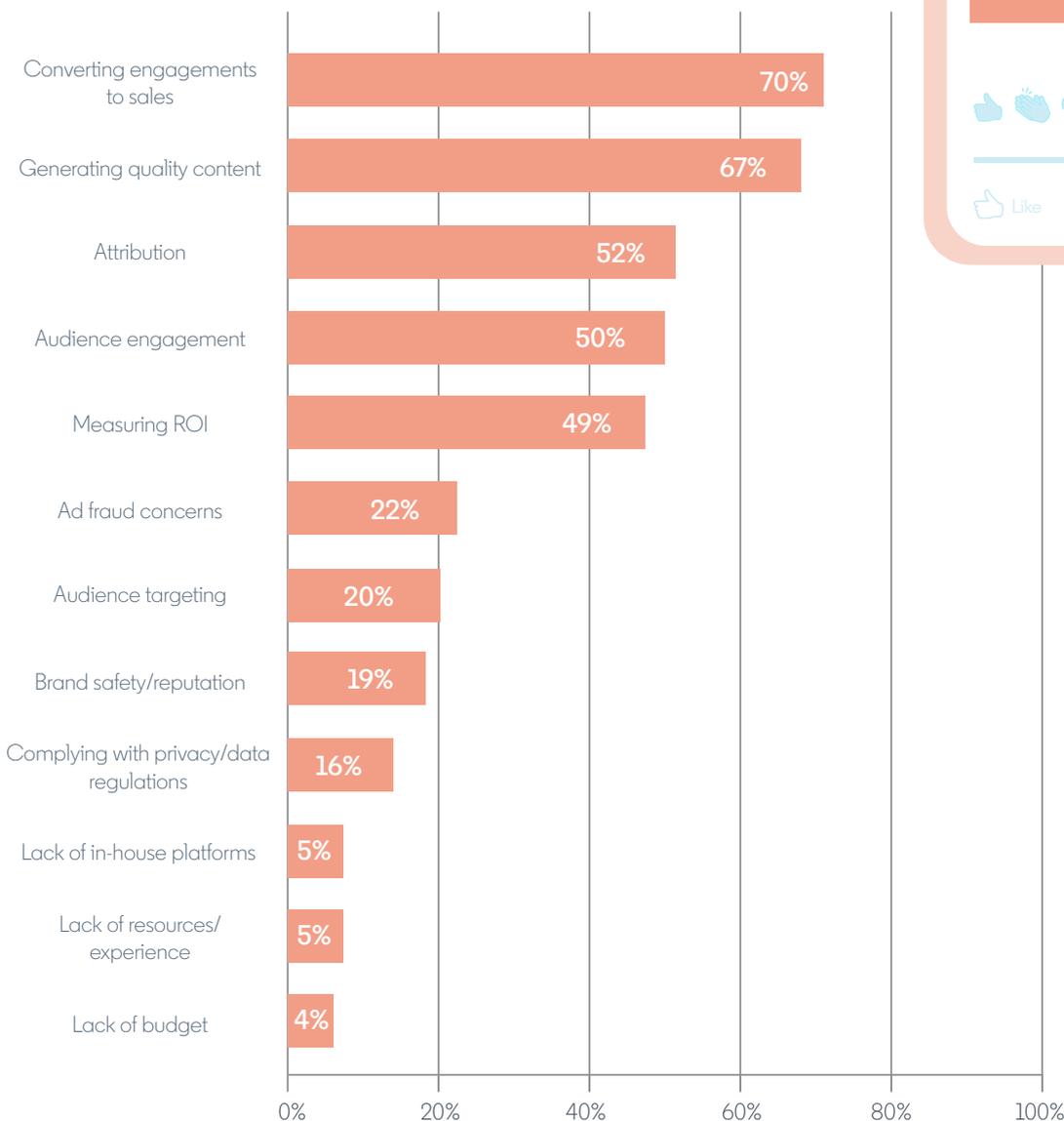
Chapter 03

Challengers' challenges

The challengers' challenges

Of course, Tech Challengers have their own challenges. One of their most highlighted pain points was reaching their sales-related objectives. Converting engagement to sales and creating quality content are the top two challenges among all Tech Challengers, regardless of their turnover.

Figure 9. What are the biggest digital advertising challenges you face?



Converting brand to demand

It is interesting to note that, while 88% of Tech Challengers feel very confident in their ability to reach brand awareness objectives, this is not the case with demand or lead generation. In fact, only 55% and 31% of companies considered themselves very confident in hitting each goal respectively.

The question of how to hit demand and lead generation targets is not just reflected in companies' confidence levels. Our respondents were explicit that converting engagement into sales is by far their biggest challenge.

Another consistently highlighted challenge is the inability to demonstrate ROI. Tech Challengers are struggling to prove value to senior stakeholders due to the lack of relevant metrics and attribution tools with some digital advertising platforms.

If Tech Challengers are to hit their ambitious sales targets, it's clear that they need to achieve a better alignment between marketing and sales – an alignment that can be validated with clear campaign metrics.



Content that cuts

Similar to the conversion conundrum, creating quality content was recognised as a challenge by respondents of every territory, sector and size. In fact, 67% said it's their biggest challenge. Achieving audience engagement and standing out from the crowd is a top concern among 50% of Tech Challengers.

It's interesting to note that Germany and Brazil consider audience engagement as more of a challenge than other countries do.

Given that Tech Challengers are increasing their spend on digital advertising, they need to ensure they're extracting maximum value from their budgets. And that means using creativity and innovation to ensure their advertising is cutting through.

Only

31%

of companies considered themselves very confident in hitting their lead generation goals





Chapter 04

Key action points

Key action points

Digital marketing offers Tech Challengers the ability to cut through the noise, stay ahead of the competition and grow brand awareness. So, it's no surprise that the proportion of budget allocated to digital is growing.

But to overcome the challenges and maximise the impact of their digital investments, Tech Challengers need to continually enhance their strategies. Here we highlight a number of ways this can be achieved.

1. Deliver the right message on the right platform

While individual departments often buy their own technology, the process now commonly involves between 14-23 people and thus targeting the right buyers to drive higher ROI can be a tedious task. In LinkedIn's recent The Age of Agility survey, we found that IT was the influential stakeholder in only 39% of purchases.³ We therefore recommend that Tech Challengers:

- Create brand messaging that appeals to a wider cross section of audiences.
- Tailor this messaging to the priorities of individual departments as it moves further down the funnel.
- Ensure that this tailored messaging reaches the right buyers to maximise high-quality lead generation.
- Choose the right B2B platform – one that enables precision targeting of buyers and is trusted by business professionals.

2. Create content that creates sales

In our Thought Leadership Impact Study, 47% of buyers said thought leadership led them to discover and ultimately purchase from a company that was not considered to be among the leaders in a particular category.⁴ For Tech Challengers, the take-out for driving sales is to:



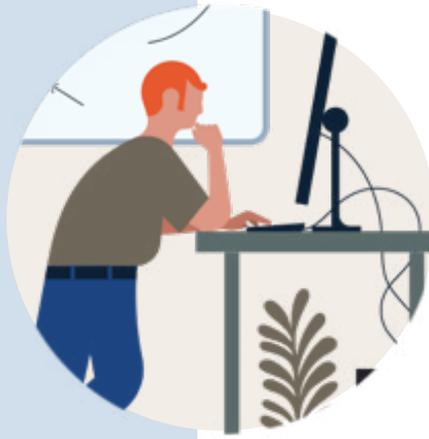
- Create quality content that engages potential buyers and initiate sales journeys.
- Maintain engagement levels with, for example, educational thought leadership content that audiences may not know they needed.
- Take a personalised approach to increase content quality – segmenting the audience, creating customer personas, then mapping content to customer interests and needs.
- Remix successful content into multiple assets for different channels to reduce time and costs.

³ The Age of Agility: A LinkedIn B2B Technology Buying Survey, LinkedIn, July 2020

⁴ B2B Thought Leadership Impact Study, Edelman and LinkedIn, 2021

57%

of technology buyers say that post-sales support is a major factor in their choice of brand



3. Work together to get it together

Converting engagement to sales is Tech Challengers' number one digital marketing challenge. The solution relies on building close alignment between marketing and sales from the outset. We recommend that Tech Challengers:

- Start by ensuring marketing and sales agree shared goals, continue through jointly agreed programmes and campaigns targeted at the same audiences, and conclude with the shared or comparable metrics needed for evaluation and for optimising future activity.
- Ensure that marketing and sales also share post-sale support, reducing time-to-value for new customers and boosting retention rates.

4. Keep track to keep getting better

Although they're spending more on digital advertising, Tech Challengers are still financially constrained compared to larger and more established competitors. To ensure they maximise the value of their spend, Tech Challengers should:

- Consistently measure digital advertising effectiveness to optimise future initiatives and reduce budget wastage.
- Use a platform with reporting and analytic functions that enable measurement of performance and ROI.
- Achieve further optimisation by gaining visibility of who is engaging most with ads across demographics such as company, size, job titles, industry and location.
- Integrate real-time tracking into CRM to strengthen marketing and sales alignment and further optimise ROI.

Appendix

Segments and variation

The majority of respondents sell to multiple vertical sectors (53%), with the rest targeting a wide spread of single markets, including education, finance and life sciences. ICT is the only single-focus sector that reached double figures in terms of the percentage of companies targeting it (16%).

Primary business activity

- 34% software industry
- 29% computing/IT consulting
- 15% telecoms
- 9% ICT wholesale/distribution
- 7% information services
- 3% ICT manufacture
- 2% other ICT services

Job title of respondents

- 34% Marketing Manager/Head of Marketing
- 27% Marketing Director/VP
- 19% Marketing Executive
- 10% CMO
- 10% Other



How LinkedIn can help Tech Challengers

Get Started

Tech Challengers are making their mark

Tech Challengers recognise that the only way to compete with established companies is by investing more in their digital strategy. We know that technology buyers want brands to demonstrate both their expertise in the market and their status as challengers to the status quo. The value of strong digital marketing cannot be overstated.

 Marketing Solutions

For additional tech marketing
resources, visit lnkd.in/techhub