

Today In Startup Marketing:

Addressing Macro Challenges

2022



A note from leadership

After a record-breaking 2021, global venture funding pulled back by 35% in 2022.¹ Macroeconomic headwinds forced startups to recalibrate their target metrics; previous years' focus on revenue growth has been replaced by talk of burn multiples and extended runway.

For a group of companies defined by their lofty ambitions, it was a year filled with unnatural restraint. Venture Capitalists advised a range of cost controls, including layoffs and cuts to Sales & Marketing spend, as a means of avoiding a funding event in this difficult market. Paul Graham's famous "default alive or default dead?" question took on renewed interest.



ROI was the common refrain from startup execs; what would a dollar invested yield, and when? Marketers have not only had to adapt to this yardstick, but do so in a shifting economy with longer deal cycles and fewer buyers.

As the world's largest professional network – and biggest B2B advertising platform – LinkedIn has unique insight into how startup marketers evolved their approach in this difficult environment.

With that in mind, we studied 1,210 startups within our customer base to understand how they addressed three emergent challenges:

1 Buyers' shifting priorities

2 Slowing sales pipeline

3 Increasing competition

Our hope is these insights, anecdotes and best practices will be valuable to today's cohort of B2B startups balancing pragmatism and ambition. May they spark some inspiration.



Tom Eschbacher

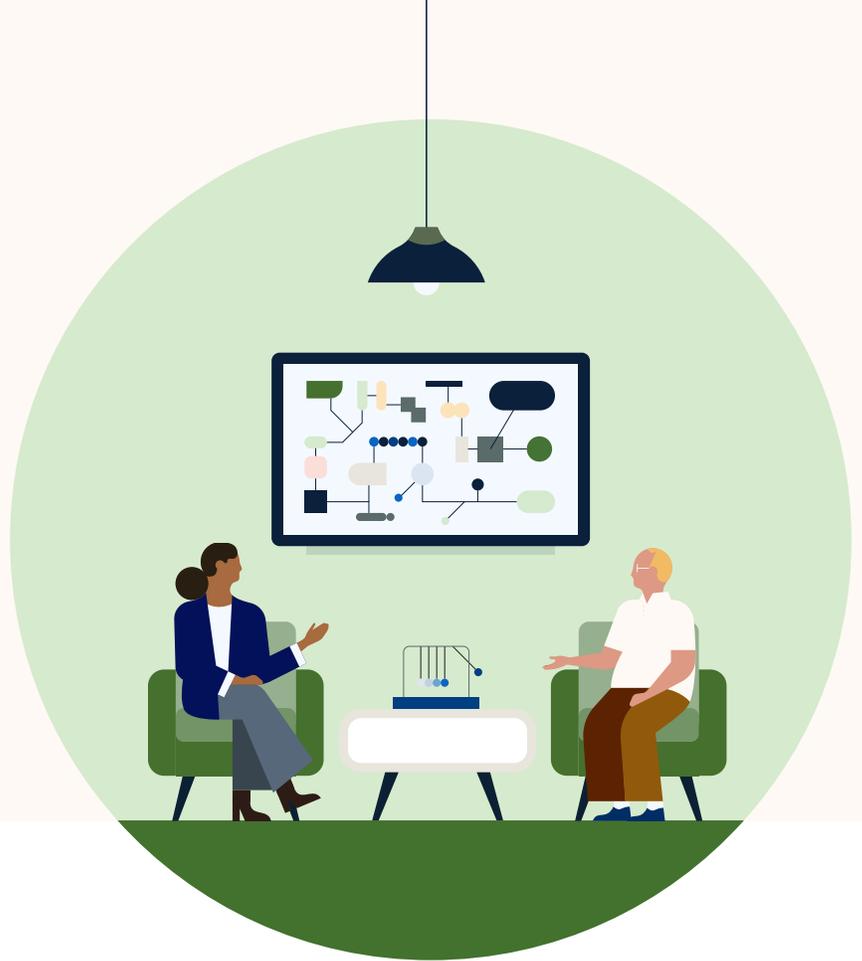
[Tom Eschbacher](#)

Director, Startups + VC,
LinkedIn Marketing Solutions

¹ Source: [CB Insights, State of Venture 2022](#)

1

Buyers' shifting priorities



The Challenge

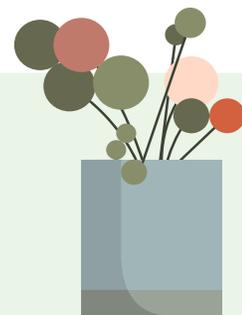
The impact of 2022's economic downturn went beyond funding availability and runway management; startups also had to contend with prospective customers shifting their priorities and buying behavior. Opportunities no longer progressed through the sales funnel as reliably or quickly, as companies across all industries shelved extraneous projects to optimize for efficiency.

Considering many early-stage startups are still validating product-market fit and honing their Ideal Customer Profiles (ICP), these developments increased the level of Go-to-Market (GTM) difficulty.

We observed startups adapt to the new buying environment in two ways:

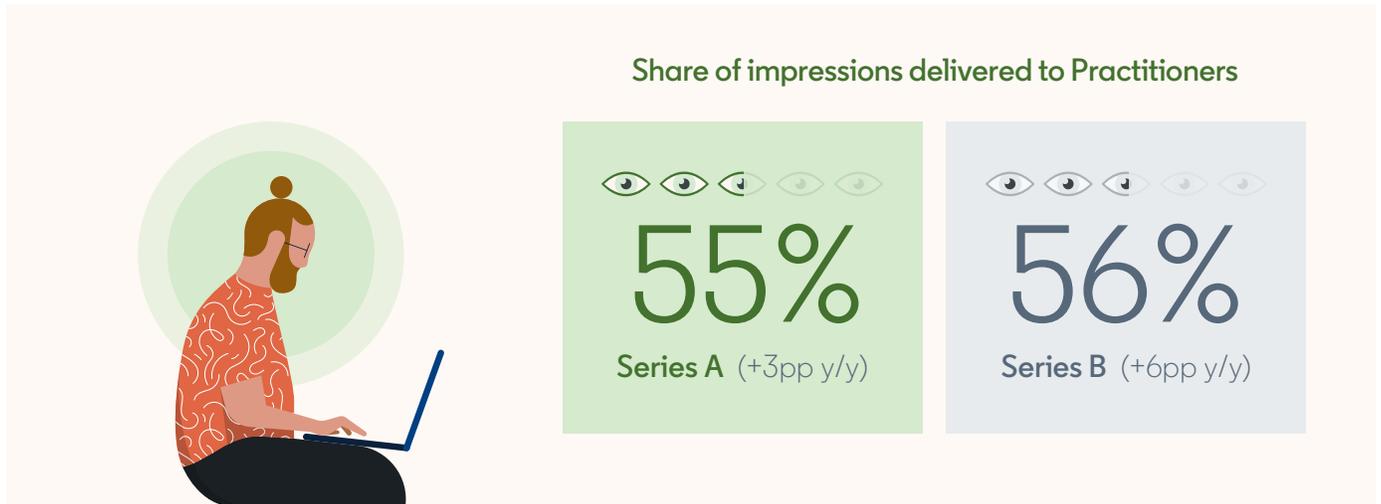
Motions

Messaging

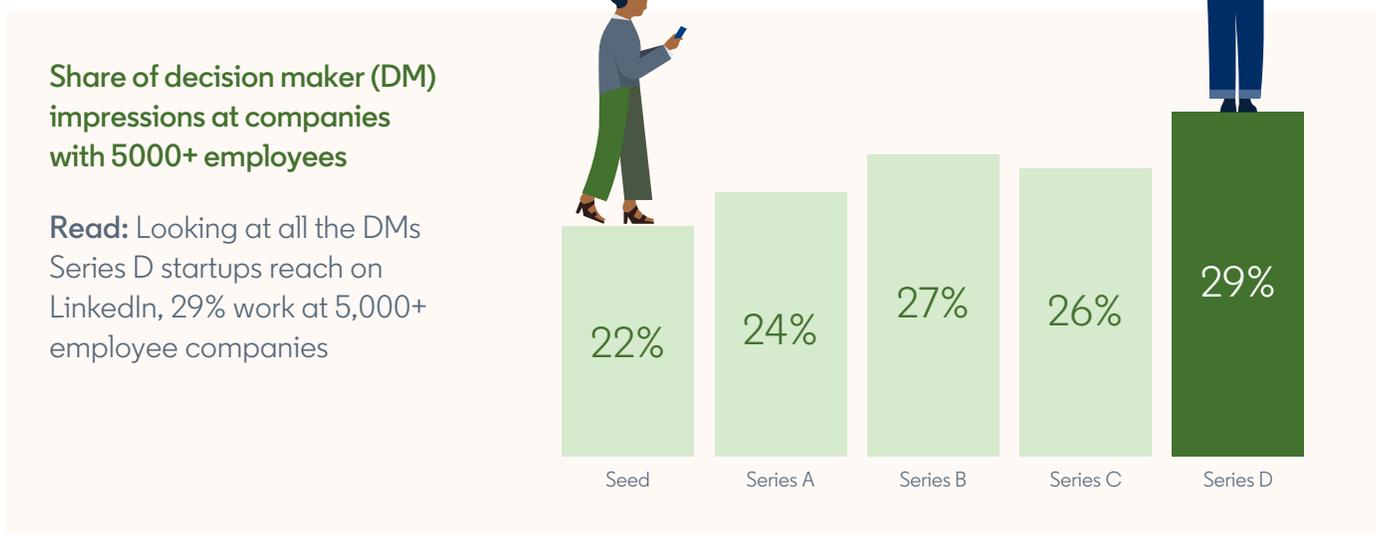


Motions

The well-documented rise in the bottoms-up, Product-Led Growth (PLG) GTM was noticeable among the startups we surveyed. Series A + B companies shifted more of their focus on the practitioner audience by targeting entry and senior-IC employees:



Looking at target audience data by company size, we see the historical trend of startups moving upmarket, toward enterprise-size customers, as they mature. This will be an interesting data point to monitor as PLG gains popularity and enterprise sales becomes more challenging.



Messaging

Renewed focus on operating margins impacts software budgets and buying decisions; we're beginning to see startup marketers work this reality into their value propositions. Where "accelerate growth" might have been effective messaging, "maximize ROI" has increased resonance in this economic climate.



The new creative best practice is speaking directly to buyers' current priorities:

Silk
1,946 followers
Promoted

Cloud costs becoming unpredictable as you grow? Learn how Silk's shared data platform scales your cloud, not your costs. <https://lnkd.in/emmR4gsD>

SaaS Providers:
Cut Costs Per Customer as You Scale with Silk

LEARN MORE

An illustration of a person in a white shirt and tie pulling a stack of four red cylinders. The person is on the right, and the cylinders are on the left. The word "silk" is written in the top right corner of the ad.

Hightouch
6,669 followers
Promoted

+ Follow

Data engineers should be spending time on high-value tasks.

Hightouch helped Lucid build a data-driven marketing tech stack to increase return on ads and new users while saving engineering time per integration.

Read how 📖

hightouch ↓ Lucid

Lucid increased ROAS by 52%, lowered engineering time by 12.5 hours, and increased new users by 37%



Two popular ways LinkedIn Ads can help startups adapt to buyers' shifting priorities

Validate and reach your Ideal Customer Profile (ICP)

LinkedIn Campaign Manager's enhanced Audience Insights hub provides new ways to discover key attributes about your audience. Across website visitors, matched account- and contact-lists, and saved LinkedIn audiences, marketers are able to verify and identify member trends like job title, function, seniority level, product interest and more. At the company level, name, size, industry and growth rate are available. These insights can be shared with Sales partners while also feeding the most relevant facets into campaign targeting.

Personalize value props with Conversation Ads

More than updating messaging to what you think will resonate with prospects, let them tell you. [LinkedIn Conversation Ads](#) allow audiences to choose their own pathway into the marketing funnel. Appearing in members' LinkedIn inbox, the personalized ad format lets the recipient identify what matters most to them at each stage in their buying journey.

14.3x

ROI driven on triggered opportunities



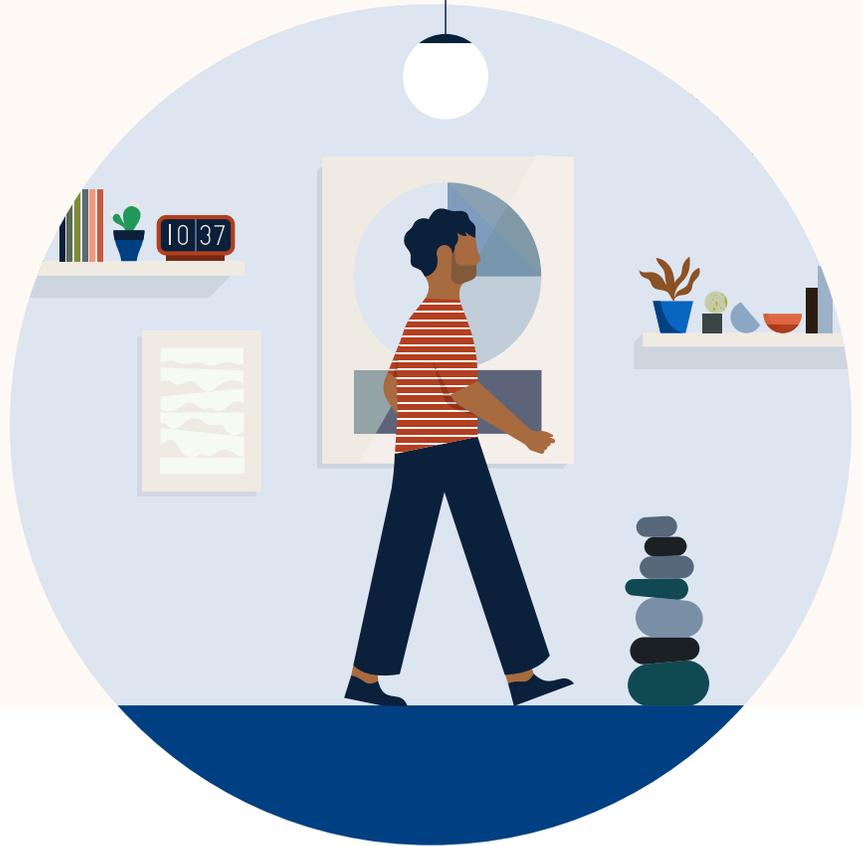
“I didn't know how close we could get to isolating the exact group of people that we want to target without working with LinkedIn.”

Monte Carlo, on driving 14.3x ROI on triggered opportunities

Learn more [»](#)

2

Slowing sales pipeline



The Challenge

As software buyers more closely scrutinize vendor offerings and deal terms, SaaS companies are seeing the already-long B2B sales cycle lengthen. Altimeter Capital's [Jamin Ball noticed this trend in public cloud companies](#), with Customer Acquisition Cost (CAC) payback periods increasing 58% y/y in Q3'22.

Startups, challenging these public incumbents for the same customers, can no longer view Marketing's role solely as demand generation. The job is not over once the lead is in; Marketing needs to align closely with Sales to influence and accelerate the existing pipeline as well.

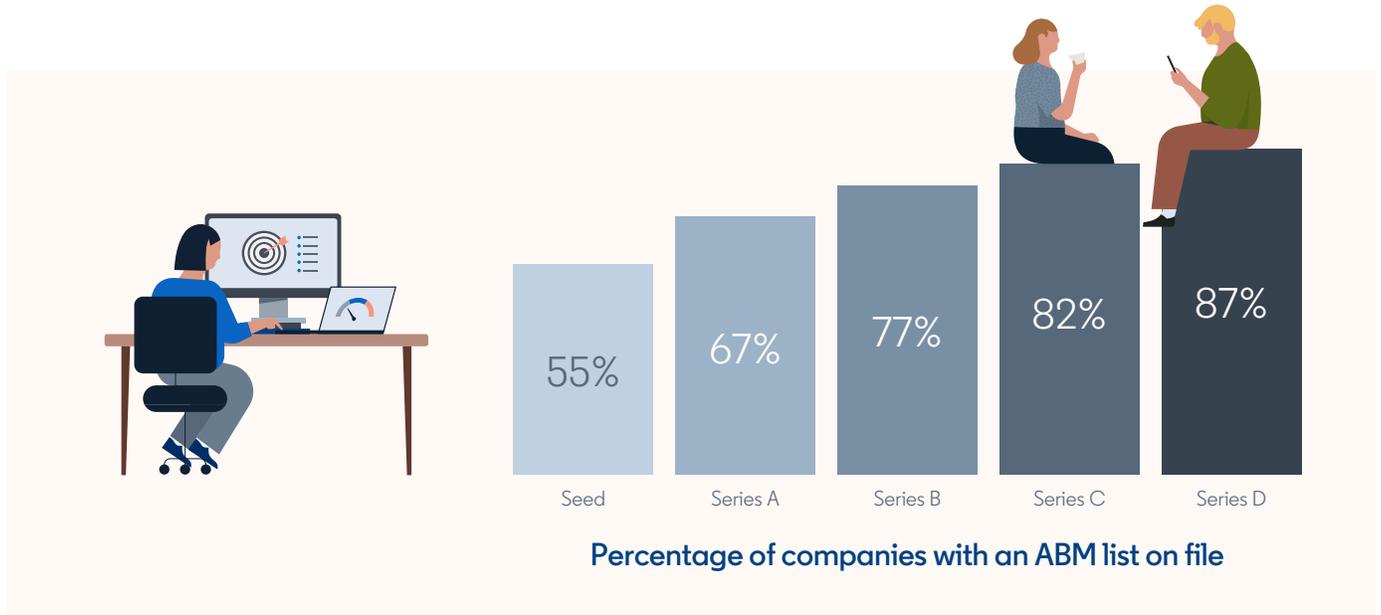


Customer Acquisition Cost payback periods y/y in Q3'22



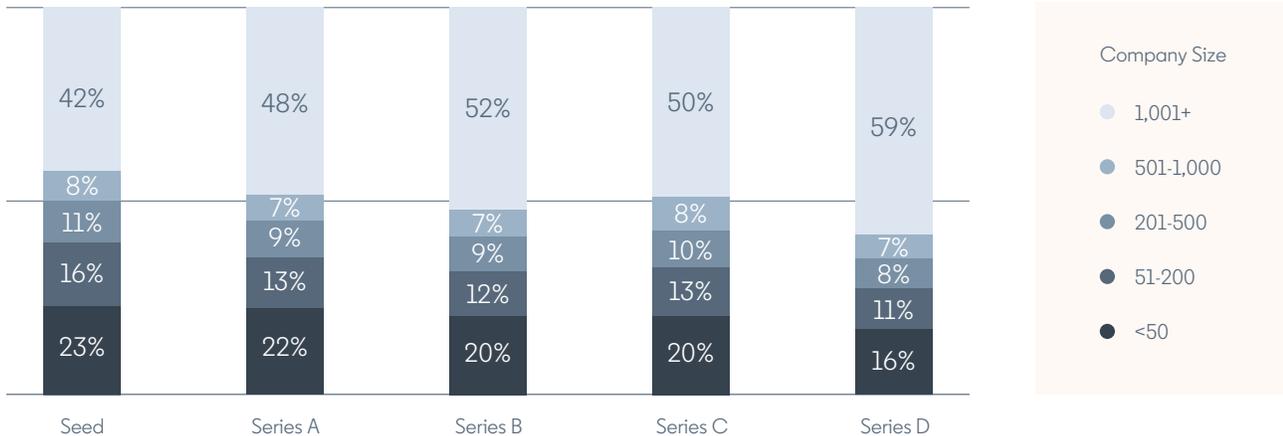
The Reaction

While still an area for development, we have noticed Sales and Marketing alignment become more of a focal point among our startup customers. More than half of Seed companies are using an account-based marketing (ABM) list as part of their LinkedIn strategy; that number increases steadily as startups mature.



Predictably, startups use their ABM lists to target enterprise-size companies with larger buying committees. This aligns to a Key Accounts focus that many outbound Sales teams employ, targeting deals with higher annual contract value. Marketing can reinforce key value propositions and warm new members of the buying group, improving Sales chances to advance active opportunities.

Targeted Audience by Company Size



Here are two approaches we see Startups leverage with LinkedIn Ads

Accelerate existing opportunities with Company Targeting

Help Sales move deals through the pipeline by targeting (the increasingly large) buying committees at companies with open opportunities. Extending messaging to senior decision-makers and adjacent cross-functional groups will increase awareness among those who can influence the deal's completion. You can add companies manually or upload a list to begin populating your audience. Read more about [Company Targeting](#).

Determine coverage with the Company Engagement Report

Understand and refine the impact of ABM efforts with our enhanced [Company Engagement Report](#). The latest version, freely available in Campaign Manager, highlights how frequently and widely LinkedIn campaigns are reaching key accounts and how that translates into engagement and website visits. Now exportable, it's a valuable tool to bring to meetings with Sales.

\$1.2M
in Marketing-
influenced pipeline



“As an AE or SDR, it is difficult to hit every buyer with the right value proposition at scale. But LinkedIn Company Targeting made it possible.”

Vivun, on using ABM to drive \$1.2M in Marketing-influenced pipeline.

Learn more [»](#)

3

Increasing competition



The Challenge

As alluded to above, it's not just fewer buyers in-market; there's more competition for each prospect. Incumbent vendors will work more aggressively to retain existing customers and large platforms will widen the scope of their ICP to meet acquisition targets.

The Venture Capitalist [Tomasz Tunguz](#), writing about the downstream economic impact on closed-won rates advises that “companies who can juice the pipeline-to-quota ratio from the thinner **3x to 5-7x** coverage should enjoy more predictable bookings.”



If [only 5% of buyers are in-market](#) at any given time—and even fewer during an economic downturn—how can startup marketers think about building pipeline and winning increasingly competitive deals? Looking at trends in campaign objectives, the answer is clear (and perhaps surprising): brand advertising.

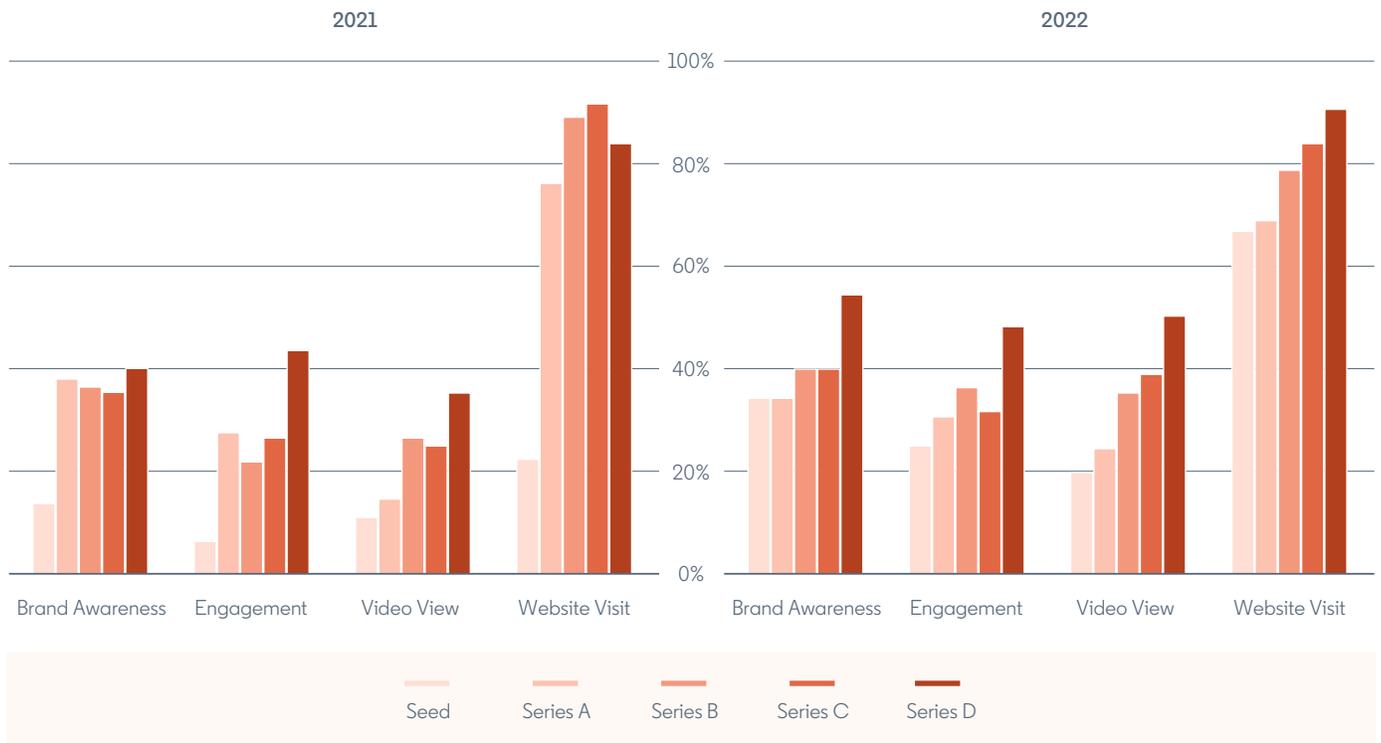
The Reaction

Interestingly, this shift was most pronounced among Seed and Series A startups, with each cohort meaningfully increasing their upper funnel* activity in 2022.



In fact, among Seed, Series A and Series B advertisers, Website Visits surpassed Lead Generation as the most popular campaign objective in 2022. This suggests more startups are understanding the importance of increasing mental availability among all category buyers – not just those currently in-market.

YOY growth in brand building objectives



Two ways to improve competitive standing with LinkedIn Ads

Increase credibility with Thought Leadership

Providing value ahead of a transaction creates mental availability with new buyers; over half of B2B decision-makers report purchasing from a vendor they had not considered until consuming that company's [thought leadership](#). LinkedIn's new [Document Ads](#) format, great for e-books and whitepapers, provides an effective approach to get a startup's perspective and name in front of out-of-market audiences.

Move through the consideration funnel with Engagement Retargeting

Stay connected with prospective buyers as they move in-market with LinkedIn's [Engagement Retargeting](#). With the ability to create audiences based on who has engaged with an ad, watched a video, opened or submitted a lead gen form, startups can accelerate the journey from awareness to conversion by delivering the right message at the right time.

+30%
Qualified lead volume



“Incorporating additional brand-building initiatives has enabled us to increase our overall return on ad spend compared to focusing on direct response alone.”

Alma, whose full-funnel strategy drove a 30% q/q increase in qualified lead volume.

Learn more [»](#)

Parting note

As we move forward, startups and their customers can expect more headwinds and a challenged environment for Marketing and Sales teams.

Rather than trying to predict the future, startup marketers should focus on shaping it by making strategic decisions and taking proactive action. They can do that by:

1

Being agile

As we've discussed, ICPs, buying groups, and sales cycles are constantly changing. Marketers should be flexible and responsive to changing market conditions and customer needs.

2

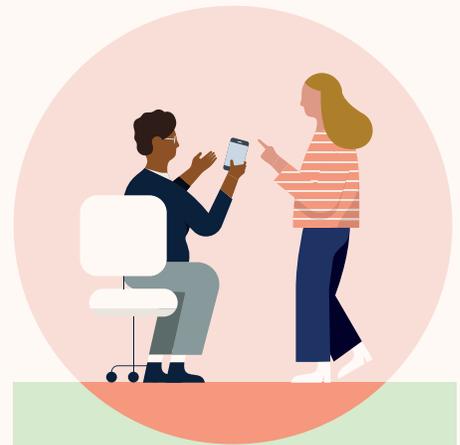
Using data to inform decisions

LinkedIn provides a free set of tools every marketer can leverage to understand their target audience, track the effectiveness of their marketing efforts, and make informed decisions about future efforts.

3

Marketing across the customer journey

Marketing should be focused on the entire customer journey, from initial awareness to purchase and beyond. While most spending will focus on demand capture, the winners in a downturn will reserve a percentage of their efforts to target the 95%+ audience who are not in the market today but will be in the future.



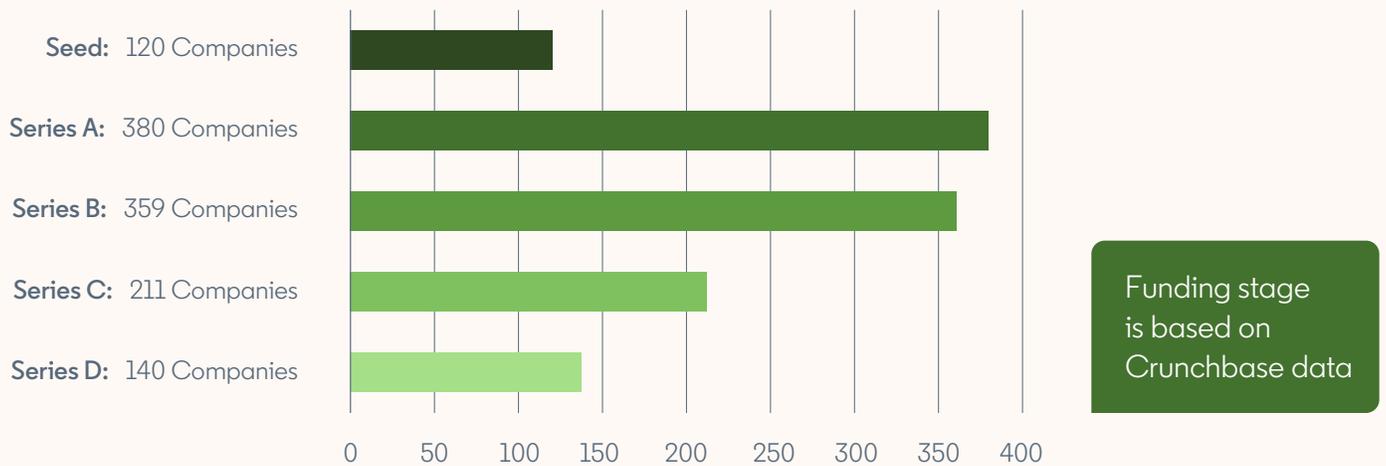
As Peter Drucker wrote in his book *The Practice of Management*:

“The best way to predict the future is to create it.”

This report has been produced by LinkedIn Ads.

We analyzed the behavior of 1,210 B2B startups in the US who identified as existing LinkedIn Ads customers from 1/1/2022 through 8/30/2022.

These startups are labeled by funding series, as of August 30th, 2022



Accelerate the growth of your startup today

[Visit our LinkedIn Marketing for Startups hub for more resources](#)

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