

RADIUS®

The Guide to the Marketing Technology Landscape

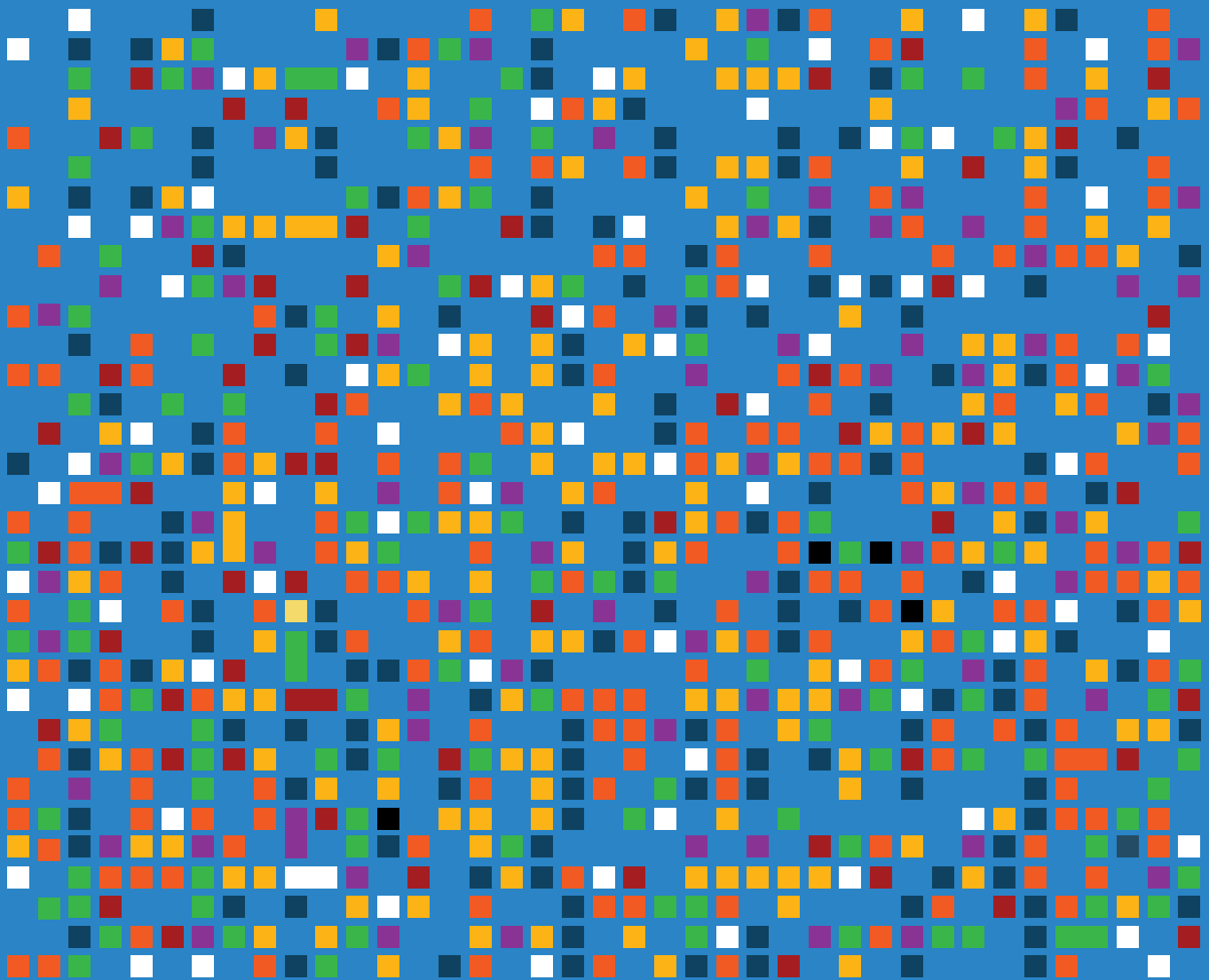


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Introduction

As you are reading this guide, changes to the marketing technology landscape are taking place. It is not the beginning of these shifts, but it's also nowhere near the end. The landscape is not stagnant, it's incredibly dynamic.

Mapping out a definitive MarTech action plan is not the purpose of this guide. The goal is to provide you with an understanding of the shifts taking place, and how you can navigate the deluge of emerging marketing technologies. The landscape is evolving, maturing, and consolidating, and these changes will continue for years to come.

This guide will also shed light on the challenge CMOs face in connecting new technologies with existing strategies, because new tools don't automatically come with a new plan. Understanding the importance of technologies like predictive that span multiple stages of the marketing funnel will help inform this feedback loop between technology and strategy.

If you come away with the information necessary to evaluate your current marketing technology stack and determine what you have, what you need, and what else is available, writing this and sharing it with you was a success.

ORINNA WEAVER, CONTENT MARKETING, RADIUS



Landscape Overview

Marketing technology is the fuel on which modern marketing organizations run. As the marketing technology landscape rapidly expands, CMOs are desperately trying to keep up with an evolving stack. Technology is taking over marketing.

Rather than detailing an exhaustive list of available technologies, this will present an overview of the current marketing technology landscape. It will include trends, challenges, and advice to marketing leaders navigating the turbulent and dynamic space.

The Rise of MarTech

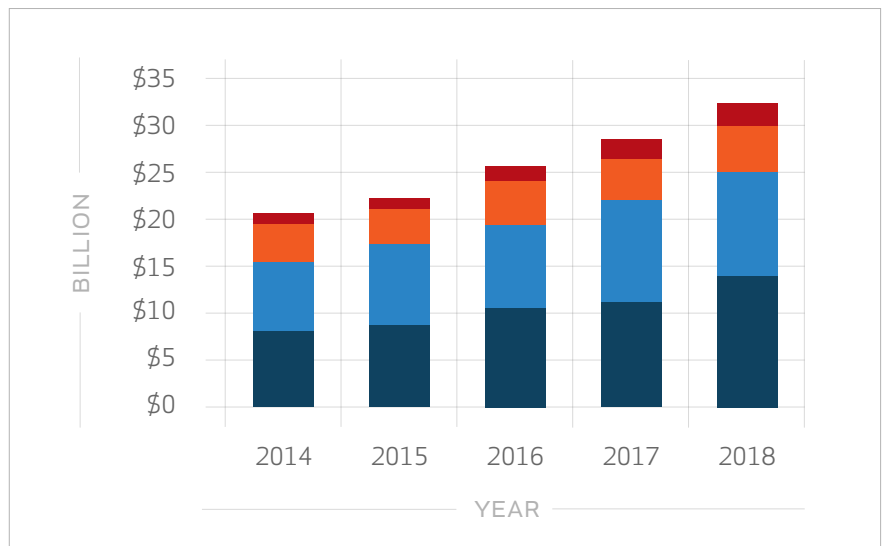
With so many technologies now targeting a wide range of sales and marketing issues, organizations must understand all available options to address their business problems and support corporate initiatives ([SiriusDecisions](#)). There are countless technologies at marketers' disposal to make their jobs easier. Investment activity around marketing technology is expanding, and the race for the marketing cloud is intensifying.

"The CMO's role is going to be more important next year than it is this year, and more important the year after that."

LARRY ELLISON, FOUNDER, [ORACLE](#)

MarTech Landscape Growth and Maturity

The growth and maturation of the marketing technology industry over the past few years has been significant. The marketing software market is expected to grow to more than \$32.3 billion in 2018, which is up 42% from 2015 ([IDC](#)). This rapid growth in spending suggests that companies see value in marketing technology investment and consider MarTech a catalyst to drive future growth.



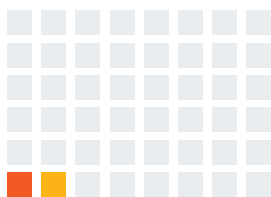
- Interaction Systems
- Data and Analytic Systems
- Content Production and Mgmt
- Management and Admin

The IDC forecast includes a wide range of solutions in four categories: interaction management, content production and management, data and analytics, and marketing management and administration. IDC predicts that out of these four categories, the two largest and fastest growing areas for investment will be interaction software and data analytics. The numbers concluded by IDC are astounding for such a short period of time and prompt a thorough analysis of the landscape.

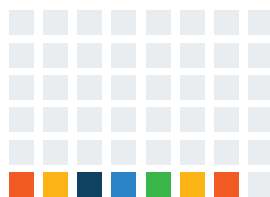
Landscape Analysis

Scott Brinker, Co-founder & CTO at Ion Interactive and author of the Chief Marketing Technologist Blog, is one of the pioneers in this subject. For the last several years, he has put together an infographic of the Marketing Technology Landscape. When he released his first collation in 2011, there were only 100 companies listed. By 2015, the landscape is up to 1,876 with a significantly higher number of categories. The landscape has seen an average annual year-over-year growth of 170%.

Each square equals 50 companies



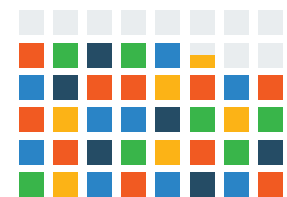
2011 | 100 companies



2012 | 350 companies



2014 | 947 companies



2015 | 1,876 companies

While new, innovative companies enter the landscape, incumbents are also cementing categories. The early adopters of these technologies are setting precedents for others to implement integrated solutions into their own technology stacks.

The limited changes to Brinker's landscape categorization demonstrates that MarTech is maturing. Since last year, the total number of categories went from 43 to 42. While many categories saw name revisions, and companies jumped from one category to another, most new entrants fell within existing categories. This is not surprising since

most technologies are startups in their introductory lifecycle stages when precise categorization is difficult. The bulk of newcomers are niche players in established categories. While companies exit and categories solidify, marketing technology newcomers are vastly outpacing the consolidation.

The momentum comes from the growth of the marketing landscape into a trillion-dollar-a-year industry that's undergoing a significant disruption. Software is propelling the bulk of the MarTech innovation, and entrepreneurs and investors are eager to pursue these opportunities. Other driving factors of this MarTech explosion include an increasingly digital era, changes in marketing culture, growing CMO budgets, and booming business investments and acquisitions.

Trends

As CMOs continue to spend more resources on emerging marketing technologies, their roles are fundamentally shifting. To handle the digital revolution and the data that comes with it, the CMO in the boardroom has changed from "Mad Men to Math Men" ([AMA](#)). Instead of developing campaigns based on intuition or simplistic frameworks, marketing decisions are made through advanced empirical engines with results that are objectively attributed and predicted through analytics. Marketers will always be storytellers, but now technology empowers and shapes their storylines.

These technologies are not trivial in cost or time, and with so many available, investment by the CMO is increasing dramatically. To support the infamous Gartner claim that CMOs will outspend CIOs by 2017, surveys report that 50 to 65% of marketing executives anticipate spending more on marketing technology in the coming year, including 28% who plan to increase their spending by more than 25% ([Conductor](#)). Marketing teams will have deeper pockets and increased flexibility to integrate more products to meet their needs. If this trend continues, by 2017 marketers will easily find budget to implement a wide array of technology tools to manage and automate their marketing machine.

Predictive Marketing: The Hot New Trend

Predictive marketing is the application of predictive analytics to marketing strategies to improve marketing forecasts and campaign ROI. By applying predictive analytics to marketing data, marketers can discover patterns in market and customer behavior that predict business priorities and key challenges, as well as likelihood to buy products and services.

Incumbent technologies are integrating predictive capabilities into their existing platforms, and new companies are building their products around predictive insight. The landscape trend encourages technologies with data and data science at their core. As companies refine their predictive technology and new businesses enter the space, the landscape will become increasingly competitive.



MarTech is Rocking the Marketing Boat

While the rise in innovative marketing technology solutions is exciting for marketers, it also introduces new challenges. Marketing leaders have a sea of products to wade through, and the technology is outpacing marketers' ability to consume it. Understanding all of the emerging marketing technologies as they continuously evolve presents an obstacle for any CMO.

The average marketing stack consists of 17 or more tools.

SIGNAL

Navigating the Deluge

Learning about all of the technologies available to modern marketing leaders is a feat in itself, but understanding how each technology maps to the goals of the marketing organization is even more challenging. Attempting to decipher how each technology fits into your strategy and which tools to incorporate and implement is like solving a complex jigsaw puzzle.

One way to think about this problem is analogous to someone buying power tools before they know what they are building. To properly craft something, there needs to be a set expectation about what is being built, and a clear understanding of the necessary steps to complete the task. If they go out and purchase power tools before they know what it

is that they are building, they will waste significant time and resources. With so many tools spanning anywhere from predictive analytics to marketing automation it's easy to get bogged down in the technology in absence of a map to the desired outcome.

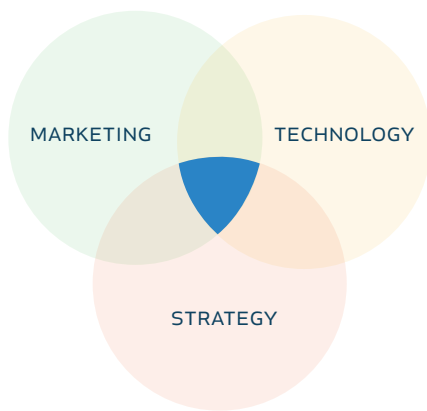
With the deluge of marketing technologies emerging in a short amount of time, many marketers are buying power tools before they have a grasp on what's available to them, or know what they are trying to build. Marketers need to prioritize predictive tools rooted in data to inform, justify, and adapt their strategies.

What comes first: Strategy or Technology?

The inundation of marketing technologies provides modern CMOs with an interesting new "chicken or the egg" situation. On one hand, access to innovative marketing technologies can help shape marketing strategies based on new processes that were not even possible before. On the other hand, buying technology is a poor way to figure out your strategy. It's important to have a grasp on your marketing goals before implementing a marketing technology solution.

David Raab on the toughest challenge marketers face with MarTech:

"The biggest challenge is having the patience to really test products thoroughly before they buy. Nobody really wants to spend time on this – the buyers are busy, the IT people supporting them have other work, and the vendors just want to close out the deal and move on the next one. My advice is generally along the lines of 'eat your spinach.' It may be tough to find time to do this correctly, but you're going to really regret it if you install the system and then find out it doesn't do what you wanted."



The Most Interesting Intersection in the World

As Scott Brinker aptly says, “no technology is a strategy-in-a-box, and no strategy comes with a defined technology bundle” ([CheifMarTec](#)). He replicates this concept in a venn diagram, detailing the relationship between marketing, technology, and strategy. He claims that where the three of these meet is the “most interesting intersection in the world.”

A Circular Relationship

This is a fitting description, and great way of looking at the dynamics between the three areas; each one is inextricably linked to the other two. Since all three of these areas are connected and shape one another, they should not be siloed across various departments—particularly IT.

With this many components, the decision journey should not be viewed as a strictly linear progression; it should be viewed as a circular relationship. There must be a clear understanding of what is possible with the marketing technologies available to adequately inform strategic development. This will also shed light on which solutions are the best options for the marketing department as a whole. As the chosen marketing technologies become cemented into the organization’s everyday processes, the results will start to shape strategies—both new and old. These revised strategies will then guide where to make additional technology investments. The conclusions from the new technologies and strategic evaluations will feed back into the cyclical loop for further refinement and optimization of the marketing department.

The marketing technology you use and how you use it can shape the way you practice marketing. Ultimately, these choices frame your marketing strategies and set the tone for how your customers experience your brand.

IDC’s 5 Action Items for CMOs:

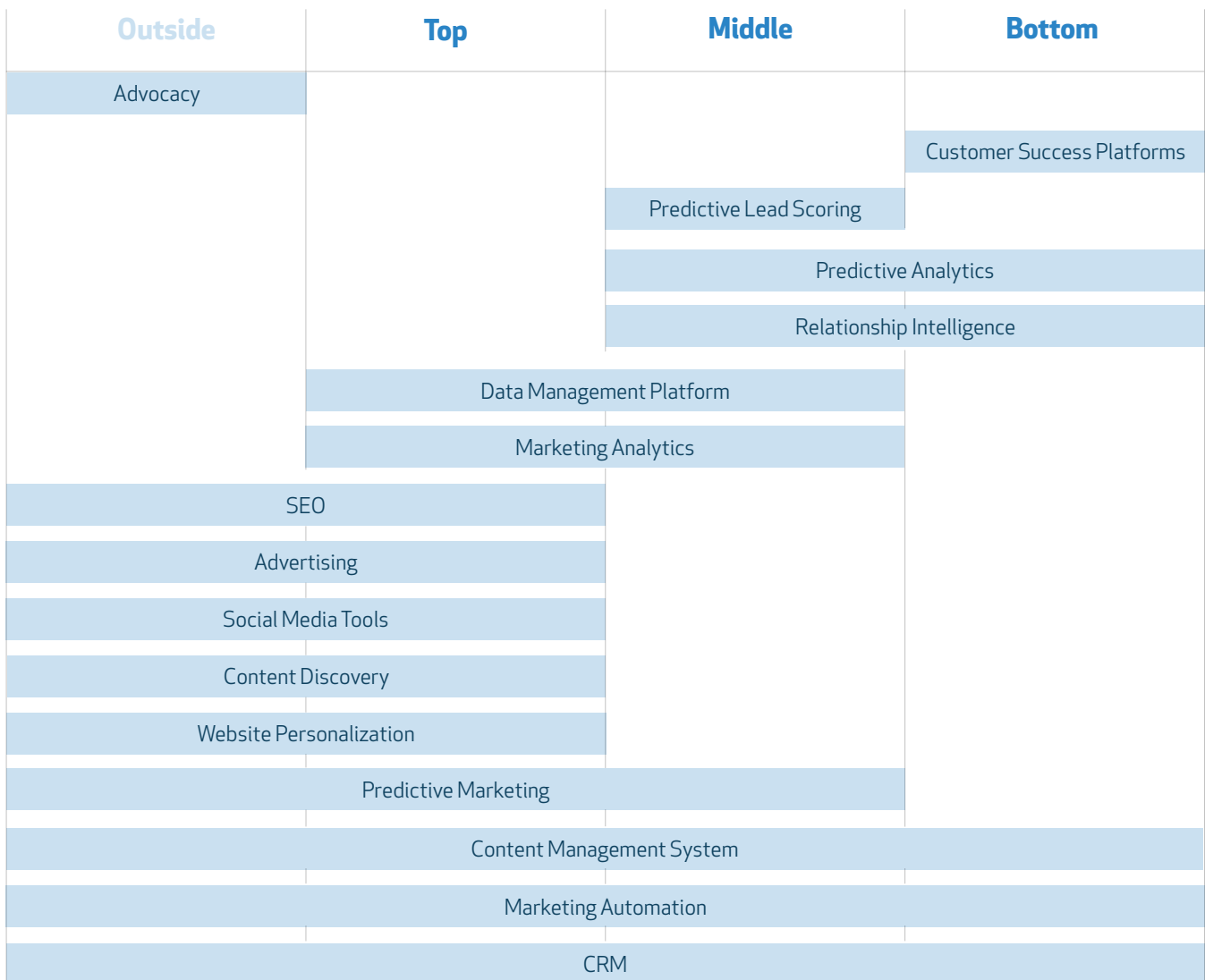
- 01 Construct a technology road map based on business drivers to guide investment
- 02 Consolidate applications into a platform with data and process level integration to improve efficiency and effectiveness
- 03 Work to integrate marketing technology with the enterprise infrastructure to reveal deeper insights into customers, partners, and market opportunities
- 04 Establish inter-disciplinary teams and processes to combat the silos point solutions can create
- 05 Learn to leverage corporate IT to improve vendor management, due diligence, and governance practices

Technologies in the Marketing Stack

In an ever-changing marketing technology ecosystem, it's nearly impossible to organize the companies in the space perfectly. Scott Brinker shares his annual list of companies inside a plethora of categories, but that depiction is still overwhelming. Rather than an exhaustive list of companies, think about the landscape in terms of category and funnel stage.

MarTech Categories

Because it's difficult to try and restrict each marketing technology category into a specific stage of the funnel, the representation below reflects that challenge. Some of these marketing technology categories do fit neatly into one section, while others span multiple funnel stages and impact your entire marketing process.



Questions Industry Leaders Struggle with at Each Funnel Stage

Top

How do you pick the right lead sources and optimize the mix, since you can't use or test them all?

DAVID RAAB, RAAB ASSOCIATES INC.

How does marketing drive higher quantity of higher quality leads into the top of the funnel so that the shrinkage in opportunity from top to bottom is not so drastic (i.e. how do I refine what the funnel looks like so it is more like a cylinder and not an upside-down triangle)?

LIZ MILLER, CMO COUNCIL

In what ways can top-of-funnel, demand generation marketing techniques be measured, or at least be shown to work?

STEWART ROGERS, VB INSIGHT/VENTUREBEAT

Middle

What can marketers do to help the sales team close more deals faster?

JEFF CANADA, THE PEDOWITZ GROUP

How do I determine a mix — and cadence — of digital and human nurturing touches that will not only increase the conversion ratio of MQL to SQLs, but also increase velocity.

LORI WIZDO, FORRESTER RESEARCH

How can marketing technologies aid delivery of middle-of-funnel content, without clashing with or putting in jeopardy sales/marketing qualification efforts?

STEWART ROGERS, VB INSIGHT/VENTUREBEAT

Bottom

How do you understand where people are in the buying process and, in particular, when they're really ready to make a decision?

DAVID RAAB, RAAB ASSOCIATES INC.

Do you have content that helps prospects make decisions in your favor, even when they are not interacting with sales?

KERRY CUNNINGHAM, SIRIUSDECISIONS

How do I immediately transition the bottom of the funnel into top-of-funnel prospects for upsell or cross-sell engagements to drive account growth and improve customer lifetime value?

LIZ MILLER, CMO COUNCIL



The Future of the Marketing Department

While there's no precedent for the modern MarTech takeover, there are a few assumptions that are safe to conclude. The key takeaway is that marketing departments need to become more technology-literate.

A New Alignment

The age old alignment story has been between marketing and sales, but with MarTech in the mix, a new track is forming between marketing and IT. While it's critical that marketers become more technology-literate, it's also important for IT to understand what marketers are aiming to accomplish with each of the technologies in their stack. This may be problematic at first, as the two departments are typically siloed in separate areas of the company with very little, if any, overlap.

CMOs will need to have a deep enough understanding of the technology landscape to effectively advocate for the solution that will best achieve their goals. During this transition, it's more important than ever for the two departments to work together to advance the objectives of the company as a whole.

“The CMO and wider business team around that CMO is going to take responsibility for growth, and that means owning the technology that allows it...Marketers will need disparate technologies to track their data and their customers and achieve revenue growth, and will need to integrate all this technology coherently.”

MATT MARSHALL, CEO, VENTURE BEAT

Rise of the Marketing Technologist

As alignment between marketing and IT strengthens, and the marketing department takes on additional technologies, an entirely new role within the marketing organization is emerging—the marketing technologist. This position represents the link between the two departments, and can act as the technology champion for the marketing department. As Kathleen Schaub, VP of IDC CMO Advisory Service said, “companies can’t just reap all of the benefits of marketing technology without proficiency in operations” ([IDC](#)). Marketing technologists need to have a deep competency of the technology landscape in order to piece together how their team’s marketing strategy fits in; or more importantly, what technologies are available that can execute operations more smoothly for the organization.

“Marketers have the shiny new toys, it’s now time to focus on closing the skills gap to ensure returns on all these hefty investments.”

MATT MARSHALL, CEO, VENTURE BEAT

Designating a specific member of the marketing team as the technology owner helps ensure the marketing technology platforms that a company uses align with overarching marketing strategies and business goals. A clear delineation and delegation also gives the marketing organization the best chance at staying operationally efficient and independent from outside IT or engineering departments. The marketing technologist’s goal is to strategically and intelligently apply technology that facilitates great marketing.

Conclusion

The MarTech landscape is evolving and consolidating at an astonishing rate. Marketing and technology are already on a collision course and predictive weaves the two together. As the landscape continues to grow and shift, marketers should strive to maintain a technology stack that’s as lean as possible with predictive solutions woven throughout.

RADIUS®

ABOUT US

Fueled by data science, Radius is changing the way B2B marketers understand, target, and acquire customers. Radius empowers marketers to discover their best prospects, create compelling campaigns and increase conversion rates – all in an intuitive software experience. By combining advanced data science with powerful software, the Radius Marketing Intelligence platform brings a new generation of technology to the marketing cloud.

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