

# TRENDS *and* TACTICS DRIVING MARKETING ROI

Insights from over 4,100 marketers worldwide



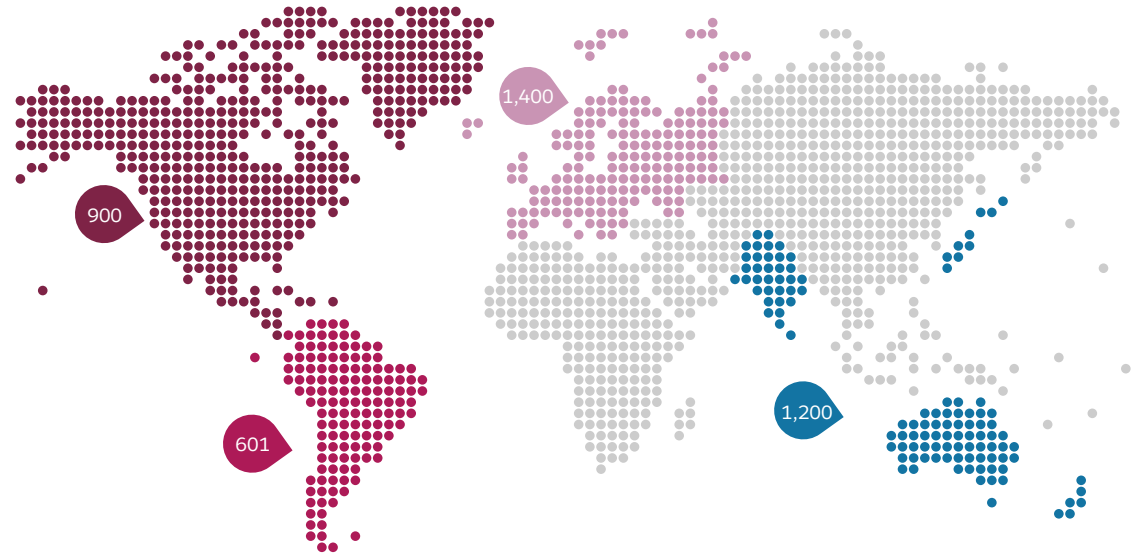
# About This Report

For this report, Salesforce Research surveyed over 4,100 marketing leaders worldwide to discover:

- Which metrics marketers track – and plan to track
- How measurement efforts are increasingly shared between marketing and other teams
- Which channels and strategies lead to marketing ROI
- How marketers are generating ROI with artificial intelligence – and what the future may hold

Data in this report is a subset of findings from the fifth edition of the “State of Marketing” study conducted August 13 through September 23, 2018 – a double-blind survey of over 4,100 full-time marketing leaders holding a manager or higher leadership role. Survey respondents are from North America, Latin America, Europe, and Asia Pacific. All respondents are third-party panelists (not limited to Salesforce customers). For further survey demographics, see page 18.

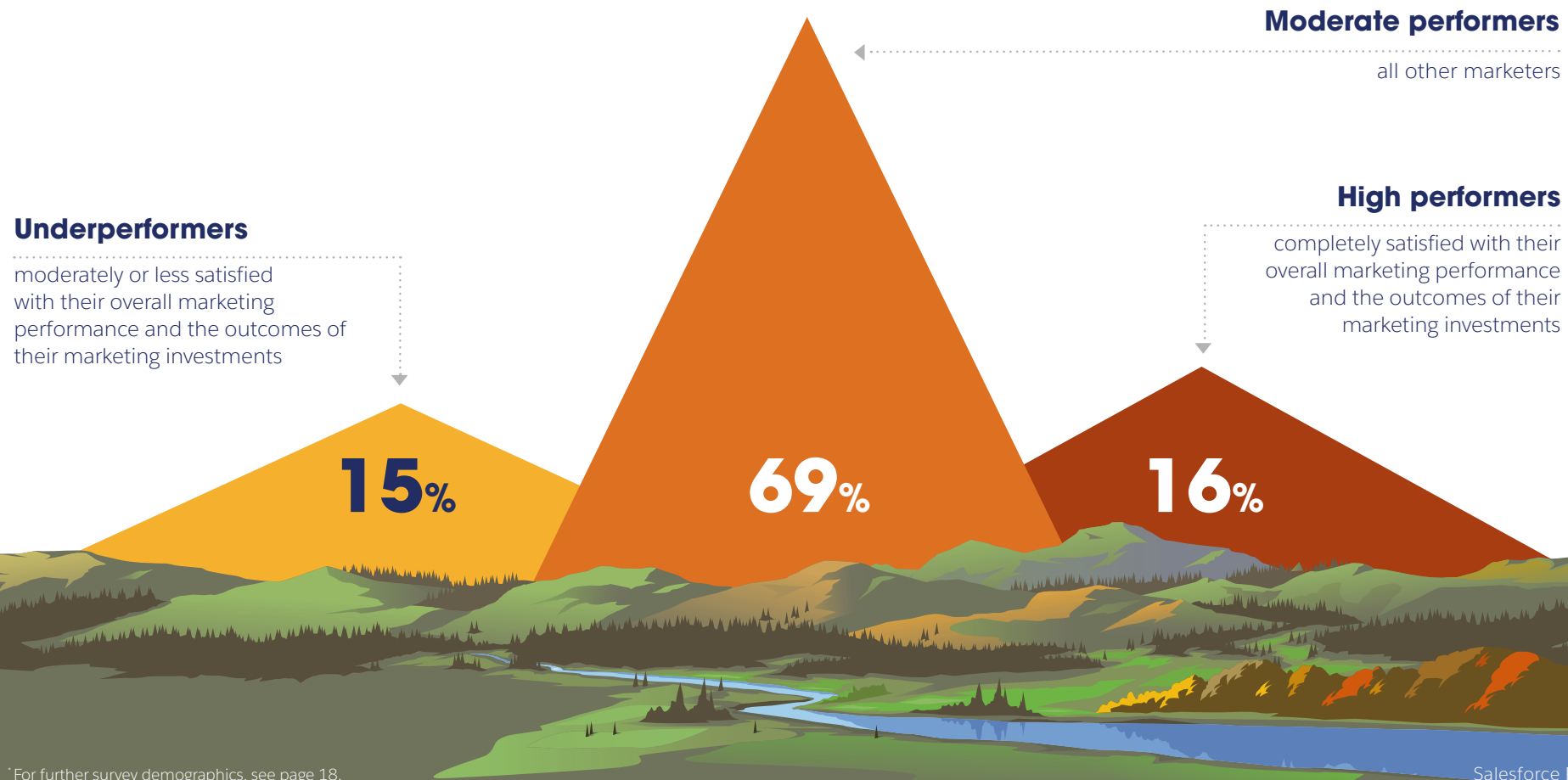
Due to rounding, not all percentage totals in this report equal 100%. All comparison calculations are made from total numbers (not rounded numbers).



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## Breakdown of Marketing Performance Levels

High-performing marketing teams represent 16% of the overall survey population. Marketers surveyed include B2C, B2B, and B2B2C teams.\*



\*For further survey demographics, see page 18.

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As customer demand for connected experiences and real-time interaction grows, the game plan for marketing measurement and attribution is adapting in response.

Marketers are tracking results throughout the full customer lifecycle to measure the true influence of their tactics, while top performers integrate key technologies and are already starting to see major ROI from their artificial intelligence investments.

## 01 | Customer Demand Spurs Full-Funnel Marketing (See page 6)

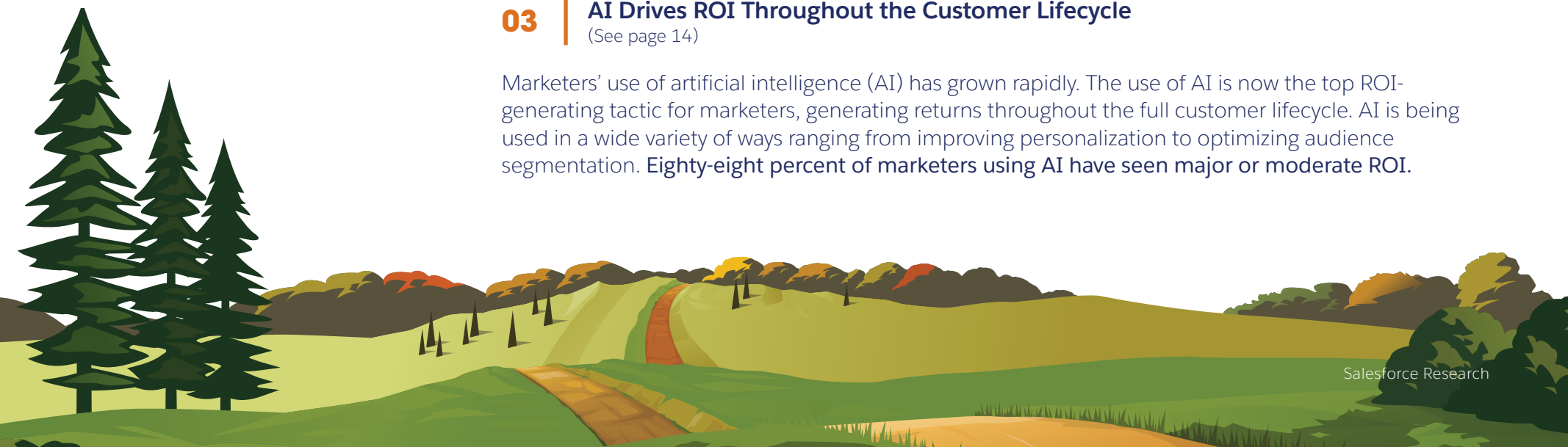
As marketers take the lead on more end-to-end customer experience initiatives, they are broadening their focus down the funnel, deepening relationships with other teams, and tracking metrics that extend beyond customer acquisition into purchase and post-purchase. **The number of marketers tracking lifetime customer value (LTV) is projected to grow 107%.**

## 02 | Unifying Data Sources Unlocks Richer Insights (See page 11)

To improve measurement and attribution, marketers are using customer data management and analytic tools to analyze multiple data sources in one place, and tightening integrations between the many technologies they use. **High performers are twice as likely as underperformers to have integrated their marketing technology with their analytics systems.**

## 03 | AI Drives ROI Throughout the Customer Lifecycle (See page 14)

Marketers' use of artificial intelligence (AI) has grown rapidly. The use of AI is now the top ROI-generating tactic for marketers, generating returns throughout the full customer lifecycle. AI is being used in a wide variety of ways ranging from improving personalization to optimizing audience segmentation. **Eighty-eight percent of marketers using AI have seen major or moderate ROI.**



# 01 Customer Demand Spurs Full-Funnel Marketing

Customer experience has become a guiding light for brands, with 73% of customers saying one extraordinary experience raises their expectations of other companies.\* The to-do list is long for today's marketers, but with 71% of customers now expecting real-time communication,\* marketers are focusing their efforts accordingly.

Second only to engaging customers in real time, optimizing the marketing mix for best return is a top marketing objective, thereby making solid attribution an imperative. It's perhaps no coincidence that modernizing tools and technology – such as those that better analyze customer journeys – rounds out the top three marketing priorities.

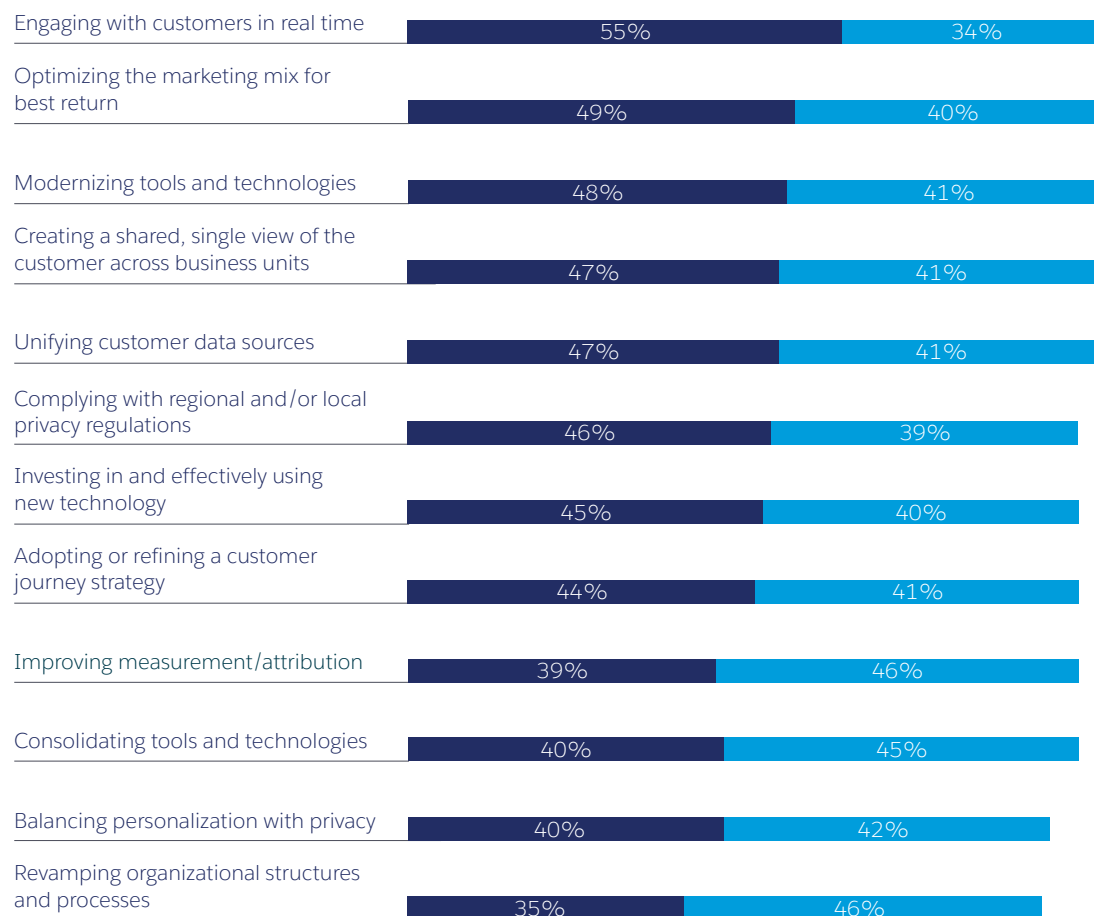
The value of attribution is underscored by the fact that top marketing teams – those who are higher performers – are particularly focused on it.

## High Performers vs. Underperformers

**2.1x** more likely to say improving measurement/attribution is a high priority (53% vs. 25%)

## Real-Time Engagement Tops Marketers' Many Priorities

### Marketing Priorities



■ High priority ■ Moderate priority

\* "State of the Connected Customer," Salesforce Research, June 2019.

# 01 Customer Demand Spurs Full-Funnel Marketing

Nearly half (45%) of marketing leaders say their organization is leading customer experience initiatives across the business, up from 24% who strongly agreed with this sentiment in 2017.\* As the number of marketers leading customer experience initiatives grows, marketing attribution efforts spread down-funnel into the purchase and post-purchase stages of the customer journey.

The majority of marketers now track down-funnel metrics like customer satisfaction and retention, in addition to classic marketing fare like web traffic and marketing return on investment (MROI).

Lifetime customer value (LTV) is currently the least tracked performance metric, with only 43% of marketers measuring it. However, an additional 46% of marketers plan to track LTV, representing projected growth of 107%.

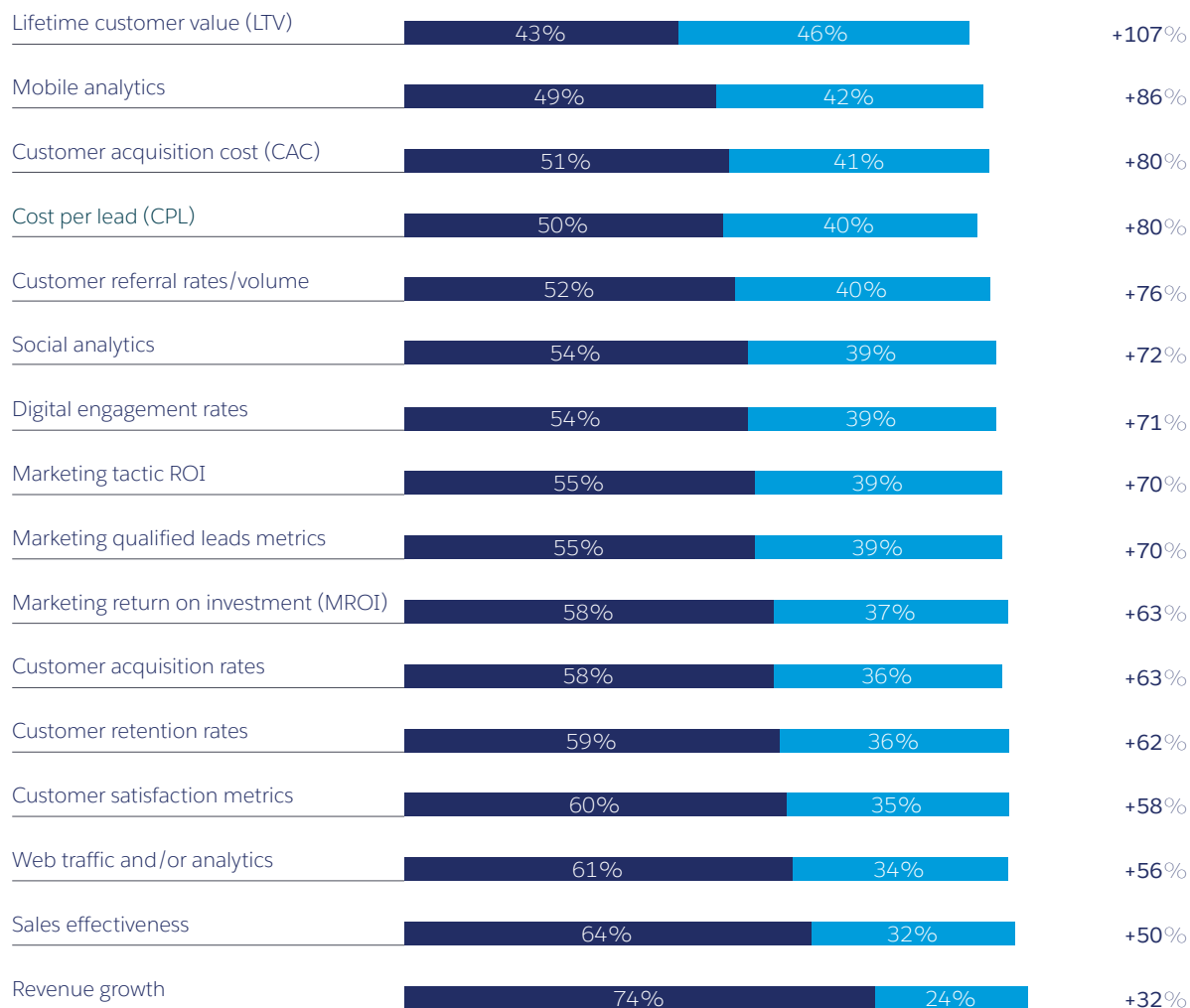
## High Performers vs. Underperformers

**1.9x** more likely to track lifetime customer value (58% vs. 30%)

The rise of LTV's prominence corresponds with marketer's growing LTV tracking corresponds with marketers' growing focus on the end-to-end customer experience.

## Marketers Increasingly Tackle Down-Funnel Metrics

### Marketers Who Track the Following Metrics



■ Currently track ■ Plan to track

Salesforce Research

\* "State of Marketing," Salesforce Research, December 2018.

# 01 Customer Demand Spurs Full-Funnel Marketing

Tracking a complex metric like LTV – and creating experiences that foster high LTV to begin with – requires close coordination across the entire company.

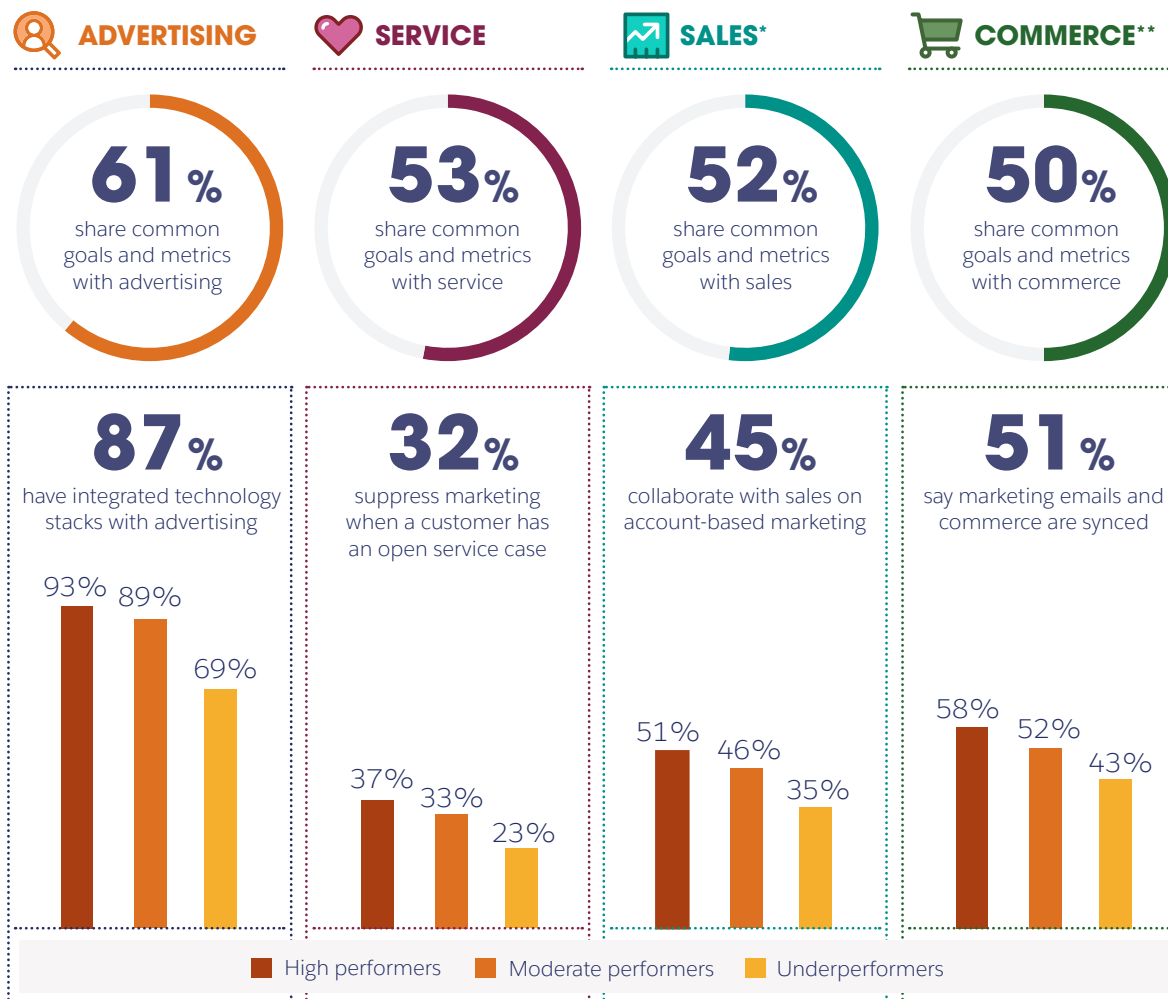
Sixty-two percent of marketing leaders say that individuals and teams within their marketing organization are more aligned with each other than ever before, and about half of marketers now share common metrics and goals with advertising, sales, service, and commerce teams.

High-performing marketing teams are integrating their marketing and advertising tech stacks, and making sure marketing communications are synced with commerce, service, and sales activities. For example, they are 1.6x more likely than underperformers to suppress marketing emails when there is an open service case.

**78%** of customers now expect consistent interactions across departments.<sup>†</sup>

## Cross Team Collaboration Is Standard Operating Procedure

### Marketers Who Say the Following



\* Base: Marketers who work at a B2B or B2B2C company.

\*\* Base: Marketers who have an internal commerce team.

<sup>†</sup> "State of the Connected Customer," Salesforce Research, June 2019.



# 01 Customer Demand Spurs Full-Funnel Marketing

Most of the top metrics for overall marketing success are simple and channel- or lead-focused. However, during specific stages of the customer lifecycle, more marketers find success using advanced metrics like revenue growth and LTV.

Interestingly, the top metrics marketers use to evaluate brand building are traditionally associated with customer advocacy – such as net promoter score (NPS) and customer satisfaction score (CSAT). Their power at the brand-building stage suggests today's customer journey may be better understood as a cycle than a linear trajectory. It also exemplifies just how much power today's customers have, in that they can make or break brands based on the experiences provided.

Further down the funnel, marketers measure upselling with traditional sales metrics, as well as by examining the result of specific marketing tactics on the process. Similarly, to gauge customer advocacy, marketers turn to traditional metrics like customer referral rates, while also monitoring social channels for the quality and quantity of public feedback.

## Marketers Lean on Advanced, Cross-Functional Metrics to Evaluate Customer Journey Stages

### Primary Success Metrics for Each Stage of the Customer Journey\*

	#1	#2	#3	#4
<b>Overall Marketing Program</b>	Marketing qualified leads	Marketing return on investment (MROI)	Sales effectiveness	Marketing tactic ROI
<b>Brand Building</b>	Customer satisfaction	Revenue growth	Marketing qualified leads	Sales effectiveness
<b>Lead Generation</b>	Marketing qualified leads	Cost per lead (CPL)	Sales effectiveness	Web traffic and/or analytics
<b>Customer Acquisition</b>	Customer acquisition rates	Customer acquisition cost (CAC)	Customer satisfaction	Customer referral rates/volume
<b>Upselling</b>	Sales effectiveness	Revenue growth	Marketing tactic ROI	Customer satisfaction
<b>Customer Retention</b>	Customer retention rates	Customer satisfaction	Lifetime customer value (LTV)	Customer referral rates/volume
<b>Customer Advocacy</b>	Customer satisfaction	Customer referral rates/volume	Social analytics	Lifetime customer value (LTV)

\* Base: Respondents who currently track the corresponding metric.

# SPOTLIGHT

## The Data Source Count Is Growing

Customer data sources – from first-party website analytics to syndicated third-party databases – have been increasing in number year-over-year for companies of all sizes.

Over a three-year period,\* the pace of data source growth for small and medium businesses (SMBs) has mirrored that of enterprises, with the median count of enterprise data sources consistently twice that of SMBs. However, while data source growth has slowed over the past year for enterprises and SMBs, it is picking up for mid-market companies.

Unifying customer data sources is at least a moderate priority for 88% of marketers across the board. Enterprise marketers, however, are more likely than those at SMBs and mid-market companies to call it a high priority (54% vs. 45% and 46%, respectively).

\* 2019 data comes from marketers' projections.

## Data Sources Are Proliferating – No Matter the Company Size

### Median Number of Data Sources Used by Marketing Organizations

#### SMB (21–100 employees)



#### Mid-market (101–3,500 employees)



#### Enterprise (3,501+ employees)



\*\* Projected number of data sources.

## 02 Unifying Data Sources Unlocks Richer Insights

A lot goes into improving measurement and attribution, and 34% of marketers say they're challenged by the process. Measurement of complex metrics – like revenue growth – benefits from both fluid cross-team collaboration and data source integration.

The number of customer data sources used by marketers has been climbing, but for many marketers, it can't be accessed in a single location. **Currently, only 47% have a completely unified view of customer data.**

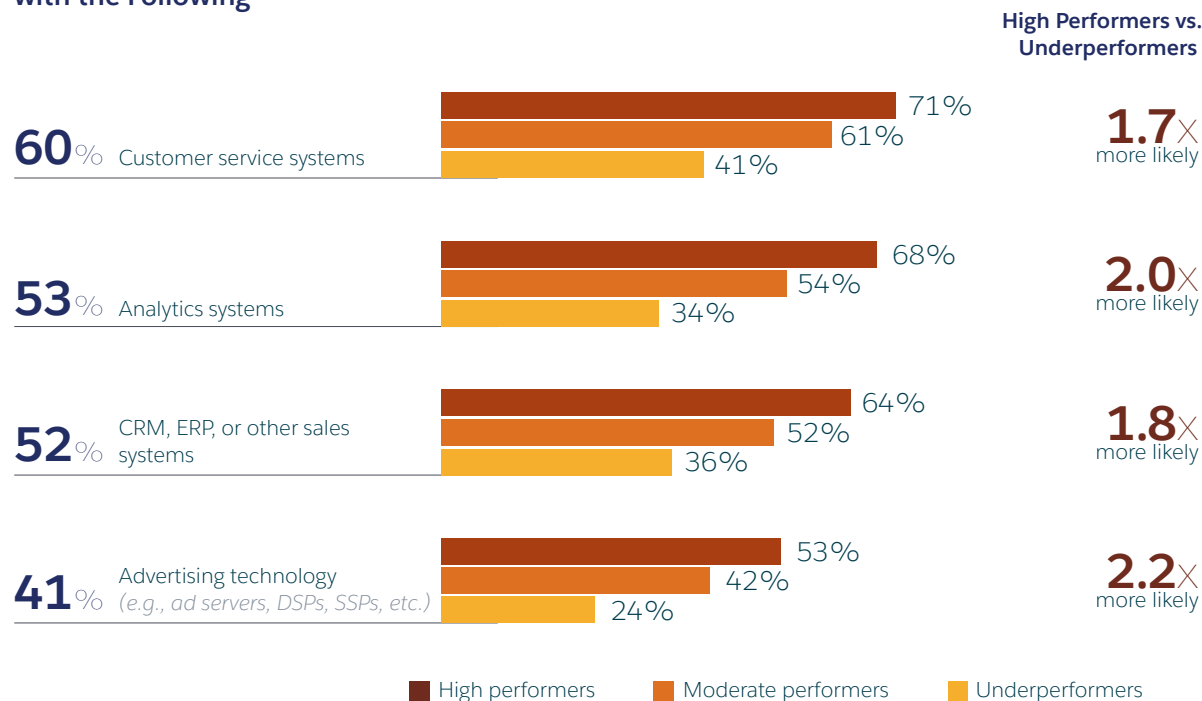
High-performing marketing teams are more likely than underperformers to have a completely unified view of customer data sources. They are also more likely to completely integrate marketing tools with other business systems.

### High Performers vs. Underperformers

**1.6x** more likely to have a completely unified view of customer data sources (55% vs. 35%)

### Top Marketers Take System Integration Seriously

#### Marketers Who Have Completely Integrated Their Technology with the Following



## 02 Unifying Data Sources Unlocks Richer Insights

Never mind the days when measuring marketing effectiveness was largely guesswork, or based on glimpses into simple top-of-funnel data like opens and impressions. Today's methods of measuring success are rapidly growing in sophistication.

While simpler, singular-focused measurement technologies like web analytics and ad channel platforms are used by many marketers, more sophisticated technologies like DMPs and marketing analytics platforms are close behind.

These more advanced tools unlock insights gathered across multiple data sources, providing a “forest for the trees” view. Seventy-one percent of marketers with a DMP use it for marketing analytics and advertising performance measurement – for example, through custom dashboards.

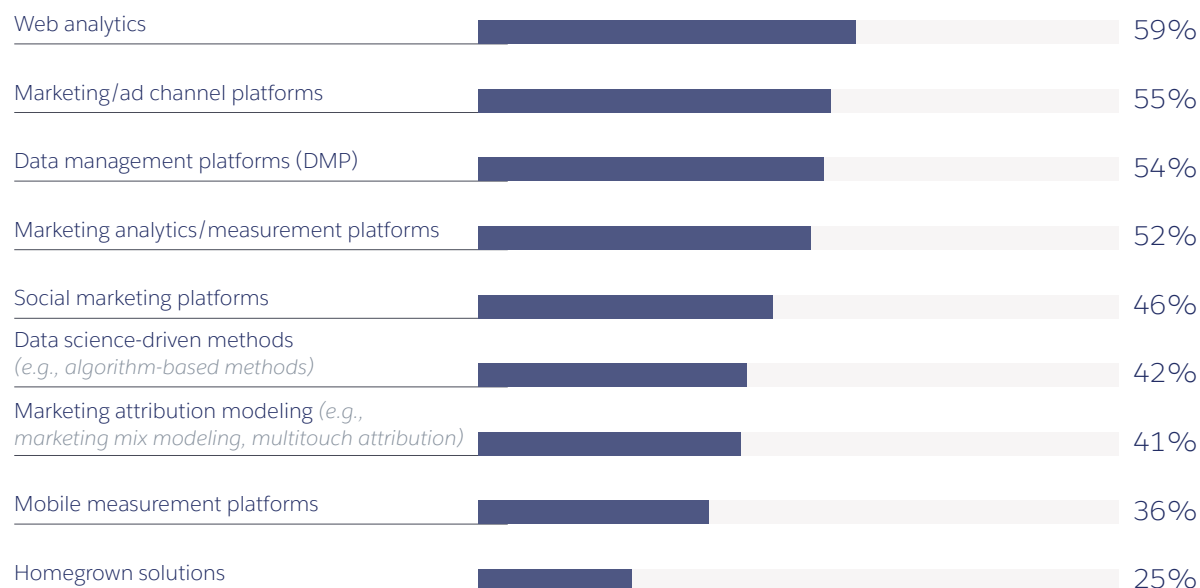
Already, **four in 10 marketers are using newer methods of measurement based on data science and attribution modeling.**

### High Performers vs. Underperformers

**1.4x** more likely to say traditional approaches to marketing measurement are no longer effective

### Marketers Leverage Platforms to Consolidate Data Sources

#### Marketers Using the Following Technologies/Methods to Measure Success



# SPOTLIGHT

## Channel Effectiveness Varies by Business Type

Marketing channel strategy is not one-size-fits-all. Customer communities are highly valued by all company types when it comes to customer acquisition and retention. However, channel ROI diverges for B2B, B2B2C, and B2C elsewhere in the customer journey.

Social advertising is one of the top customer acquisition channels for B2C and B2B2C companies, but it doesn't rank as highly for B2B marketers, whose sales are less impulse-driven. Meanwhile, affiliate marketing shows strongly for both B2B and B2B2C companies, whose sales models often rely heavily on partnerships to expand reach.

The B2C marketers who use the internet of things (IoT) find it particularly valuable for upselling. This reflects the IoT's ability to blend digital and physical worlds – a concern for retailers operating online and brick-and-mortar storefronts.

Down the funnel, email is widely reported as a high-performing channel. Both B2B and B2C buyers say email is their most preferred channel to interact with brands,\* a finding consistent with the channel's strong performance across business types for upselling and retention.

\* "State of the Connected Customer," Salesforce Research, June 2019.

## Different Businesses Favor Different Channels

### Highest ROI Channels Across Key Stages of the Customer Journey by Business Type\*\*

	B2B	B2C	B2B2C
<b>Customer Acquisition</b>	Customer communities	Customer communities	Customer communities
	Website	Social advertising	Social advertising
	Email marketing	Website	Affiliate marketing
	Affiliate marketing	Social publishing	Website
<b>Upselling</b>	Website	Website	Website
	Email	Social advertising	Social advertising
	Affiliate marketing	Email	Affiliate marketing
	Social advertising	IoT/connected devices	Email
<b>Customer Retention</b>	Customer communities	Customer communities	Customer communities
	Email	Email	Email
	Website	Website	Website
	Social advertising	Mobile app	Social advertising

\*\* Base: Marketers currently using the indicated channel.

## 03 AI Drives ROI Throughout the Customer Lifecycle

Artificial intelligence (AI) has a growing influence in marketers' toolkits. **Marketers' adoption of AI has grown by 44% since 2017.\***

Twenty-nine percent of marketing organizations use AI today, and an additional 46% are piloting or planning to use the technology within two years – representing a speedy **157% projected growth rate**.

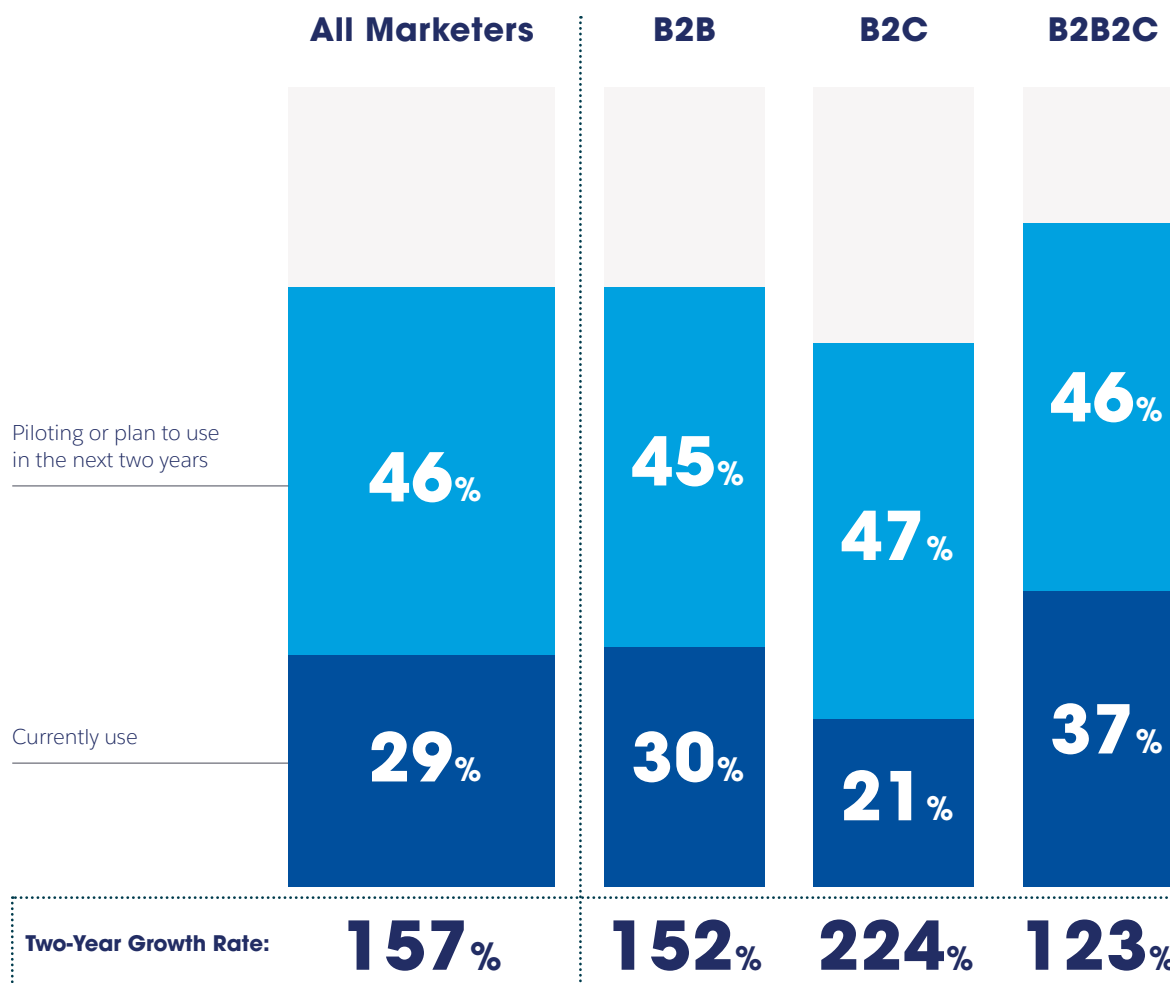
While high-performing teams are nearly three times more likely than their underperforming competition to use AI, patterns of AI use vary across business types. At 37%, B2B2C marketers are the most likely to be using AI, followed by B2B marketers and then B2C.

### High Performers vs. Underperformers

**2.7x** more likely to use AI  
(40% vs. 15%)

### B2B2C Marketers Lead in AI Use

#### Marketers Across Business Types and How They Are Using or Planning to Use AI



\* "State of Marketing," Salesforce Research, December 2018.

## 03 AI Drives ROI Throughout the Customer Lifecycle

Analyzing customer data – and taking action based on its insights – is one of the most critical marketing tactics, with 87% of marketers reporting at least moderate ROI. However, data is only as powerful as the insights extracted from it, and only 30% of marketers report complete satisfaction with their ability to use customer data to create more relevant experiences.<sup>†</sup>

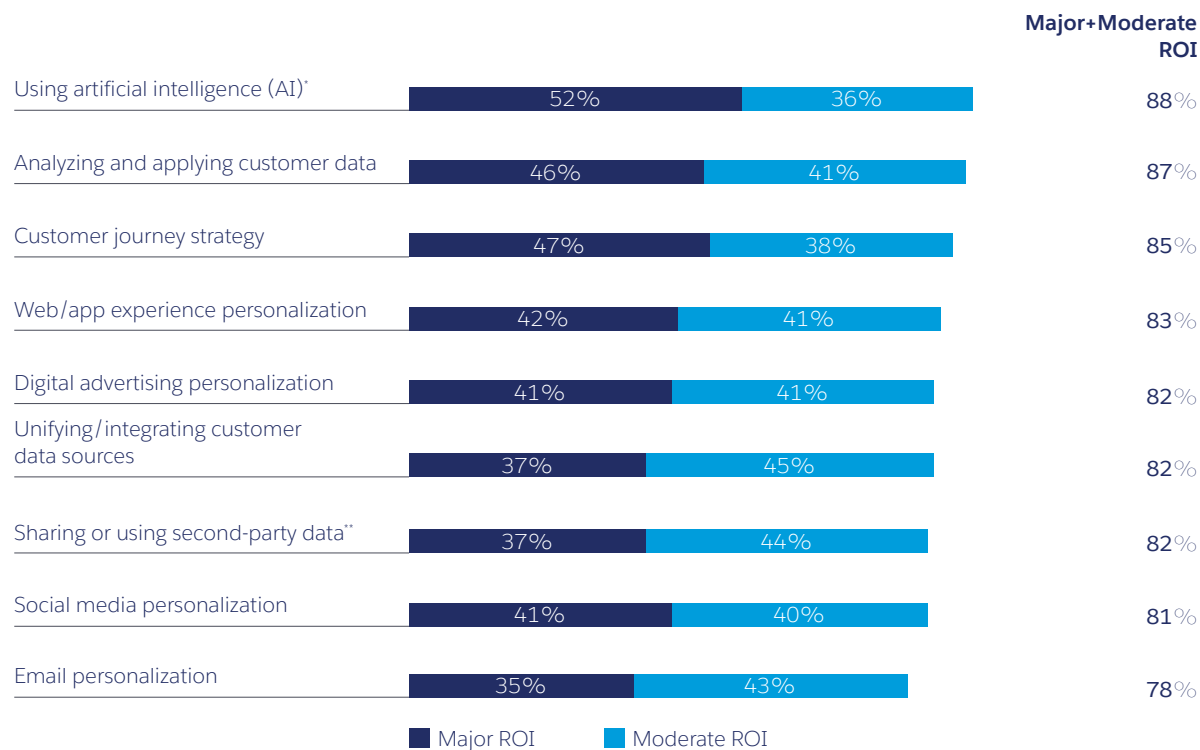
Despite its relative newness on the scene, AI use comes out on top for tactics and strategies leading to major marketing ROI. It's perhaps no coincidence that AI can be used to push data further, for instance, by enabling personalization at scale.

Of the 29% of marketers currently using AI, 88% report at least moderate ROI, with over half saying they've seen major ROI.

<sup>†</sup> "State of Marketing," Salesforce Research, December 2018.

### AI Use Tops Tactics for Marketing ROI

#### Extent to Which the Following Tactics and Strategies Lead to Marketing ROI



<sup>\*</sup> Base: Respondents who use AI.

<sup>\*\*</sup> Base: Respondents who currently use second-party data or used it last year.

## 03 AI Drives ROI Throughout the Customer Lifecycle

Marketers using AI report benefits throughout the full customer lifecycle. Brand building is a particular standout – where nearly three in five marketers see major improvements as a result of the technology.

Fifty percent of marketers using AI credit it with major revenue growth. However, the impact of AI may be substantially magnified when other aspects of a marketing program mature.

### High Performers Using AI vs. Underperformers Using AI

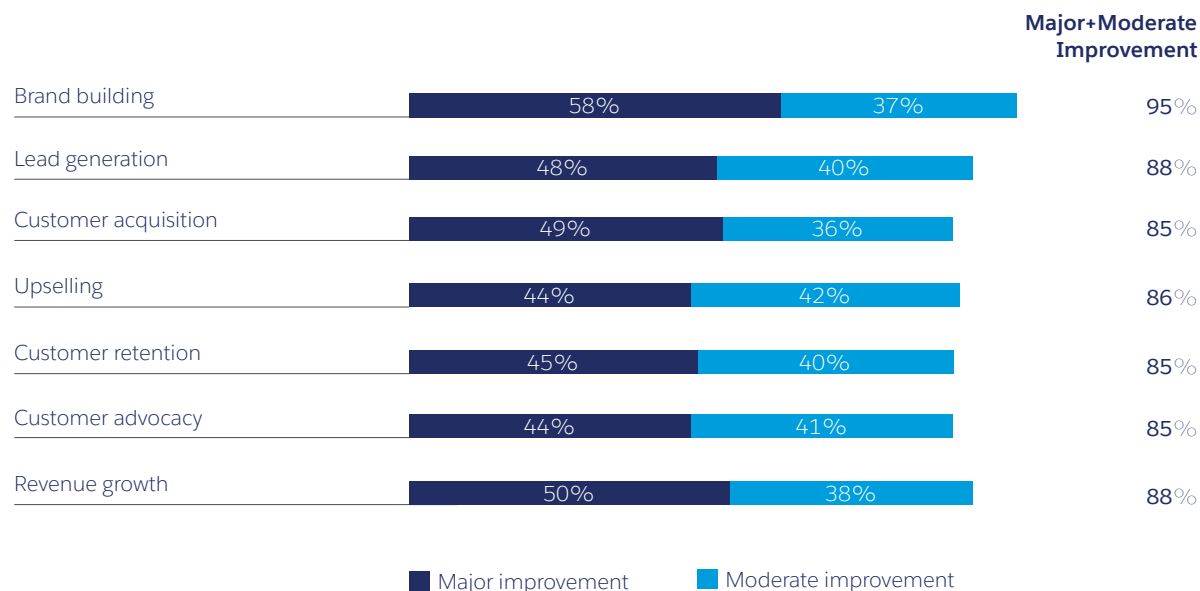
**2.5x** as likely to see a major improvement in revenue growth due to AI (64% vs. 26%)

Additionally, customers are growing more comfortable with the presence of AI. Currently, 62% of customers are open to the use of AI to improve their experiences – up from 59% in 2018.\*

\* "State of the Connected Customer," Salesforce Research, June 2019.

## AI Shines Across the Customer Journey

### Marketers Using AI Who Have Seen Improvements to the Following\*\*



\*\* Base: Marketers who use AI.



## 03 AI Drives ROI Throughout the Customer Lifecycle

With 62% of customers now expecting companies to anticipate their needs,\* many marketers are turning to AI to elevate experiences.

Some of the top uses for AI, in fact, correspond closely with marketers' biggest priorities – engaging with customers in real time and optimizing the marketing mix for the best return.

Marketers are also putting AI to work across a wide variety of other tasks, ranging from personalizing communications to automating social media conversations with chatbots.

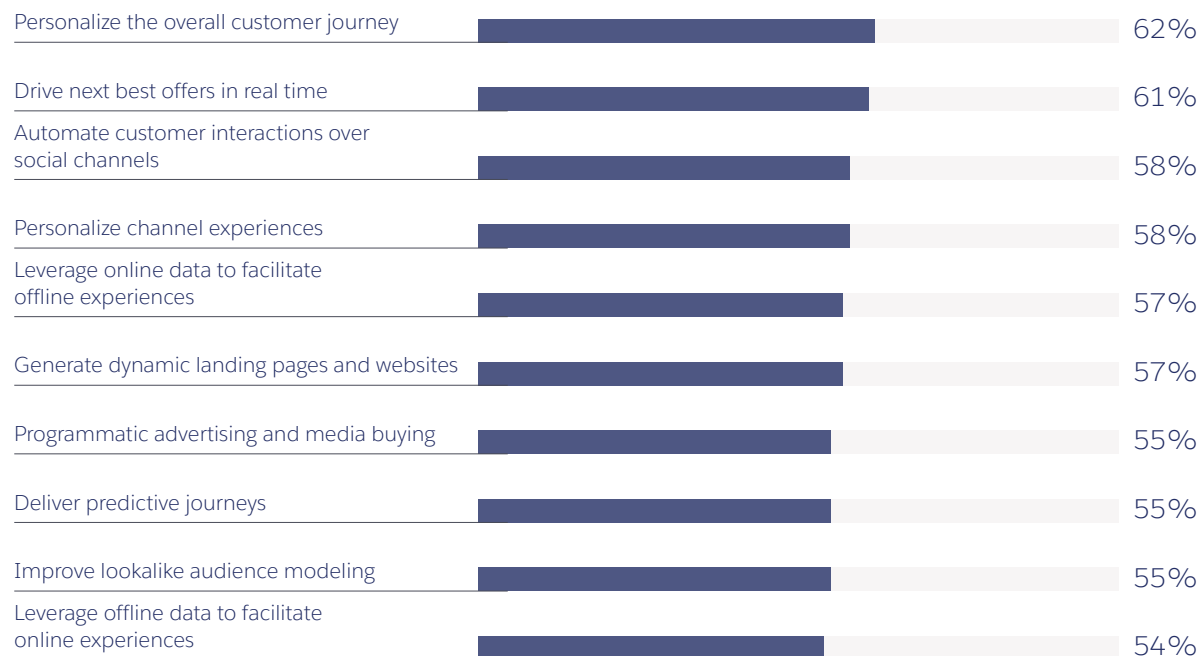
The fact that 75% of customers expect companies to use new technologies to improve experiences,\* coupled with triple-digit projected growth rates of AI in marketing, means that AI use cases and their measurable impacts across the customer journey will continue to evolve.

### High Performers Using AI vs. Underperformers Using AI

**1.4x** more likely to use AI to drive next best offers in real time (67% vs. 48%)

## AI's Marketing Use Cases Come Into Focus

### Marketers Who Currently Use AI for the Following\*\*



\*\* Base: Marketers who use AI.

## INDUSTRY

Retail .....	11%
Technology .....	11%
Consumer products .....	11%
Manufacturing .....	9%
Engineering, architecture, construction, real estate .....	6%
Professional services .....	5%
Banking .....	5%
Healthcare provider .....	5%
Automotive .....	5%
Communications .....	4%
Hospitality, travel, and transportation .....	4%
Other .....	25%

## COMPANY SIZE

Small (21–100 employees) .....	21%
Medium (101–3,500 employees) .....	63%
Enterprise (3,501+ employees) .....	17%

## COMPANY TYPE

Business-to-business (B2B) .....	24%
Business-to-consumer (B2C) .....	37%
Business-to-business-to-consumer (B2B2C) .....	39%

## COUNTRY

United States .....	15%
Brazil .....	7%
Australia/New Zealand .....	7%
Canada .....	7%
France .....	7%
Germany .....	7%
India .....	7%
Japan .....	7%
Mexico .....	7%
United Kingdom/Ireland .....	7%
Netherlands .....	5%
Singapore .....	4%
Belgium .....	4%
Hong Kong .....	4%
Nordics .....	4%

## REGION

Europe .....	34%
Asia Pacific .....	29%
North America .....	22%
Latin America .....	15%

## DEPARTMENT

Executive management .....	44%
Marketing .....	56%

## ROLE WITHIN MARKETING

CEO, owner, or equivalent .....	26%
CMO .....	15%
VP of marketing .....	12%
Director, manager, or equivalent .....	47%



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