

ActiveCampaign >

SMB Martech Report: Beyond Email Marketing

As marketing technology becomes more accessible,
SMBs are ready to graduate to marketing automation



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Introduction

Marketing technology has become accessible to the masses over the past few years, largely driven by the rise of cloud software and better integrations between tools. The rapid evolution of the martech space shows few signs of slowing down anytime soon, and its democratization means all businesses can now run sophisticated marketing campaigns using powerful tools once reserved for enterprise brands.

This is an exciting trend, especially for small-to-medium sized businesses (SMBs) that historically have been at a marketing disadvantage because of inaccessible technologies or a lack of resources to manage complex software. Martech has the potential to be an equalizer for small businesses, putting them on the same marketing footing with much larger companies.

So where will SMBs invest next in marketing technology?

New research from ActiveCampaign finds that marketing automation software will likely be

the next tool that small businesses add to their marketing technology arsenals. While email marketing has long been the foundation of many SMBs' marketing strategies, a growing number of these organizations are now ready to "graduate" from email marketing to marketing automation and other tools.

Despite SMB marketers' eagerness to add more software, there's a learning curve when it comes to building marketing technology stacks – and a fear factor. New solutions offer an exciting window into what's possible, but they're also a reminder of how much there's left to learn.

To help SMBs build effective marketing technology stacks, ActiveCampaign surveyed more than 300 SMB marketers on their software investments and habits. In taking a closer look at how today's organizations use and view martech, ActiveCampaign has documented how SMBs can succeed as they look to move beyond email marketing.

Key Findings

Many small businesses still rely heavily on email marketing, but they're increasingly eager to embrace all that more robust marketing technology solutions have to offer. Here are the key findings that show where SMBs stand today on the martech adoption curve:



76% of SMBs use more than one marketing software tool

Despite this behavior, 43 percent are still unfamiliar with the concept of a marketing technology stack. Nonetheless, 36 percent of SMBs say their companies have benefitted from marketing software, and 35 percent plan to invest more in martech. On the other hand, 30 percent of small businesses marketers have struggled to effectively use marketing software, and 16 percent of SMBs say martech intimidates them.



64% of SMBs using email marketing will add automation within two years

Today, only 30 percent of SMBs that use email marketing software also have marketing automation software in place. Overall, 82 percent of SMBs currently using email either already have marketing automation software or plan to add it in the next five years.



40% of SMB marketers believe automation is out of reach

If it's not out of reach, then the software is often too complex, according to 26 percent of current software users. While 85 percent of SMBs with marketing automation in place believe they are leveraging the software's full capabilities well, less than half use it for anything other than email drip campaigns, which is its most basic functionality.

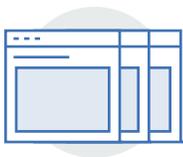


Marketing automation's footprint starts to grow at 10 employees

This trend rises steadily with adoption doubling to nearly 30 percent for companies with 10 to 49 employees. The number jumps close to 50 percent for companies with 100 or more employees.

SMBs Ready to Graduate From Email to Marketing Automation

There's a combination of exhilaration and fear that comes with any graduation, and SMBs feel that tension when it comes to taking the next step in marketing technology. While many small business marketers see value in email and want to become more sophisticated in their marketing strategies, they also think many of the more advanced solutions are out of reach for their companies.



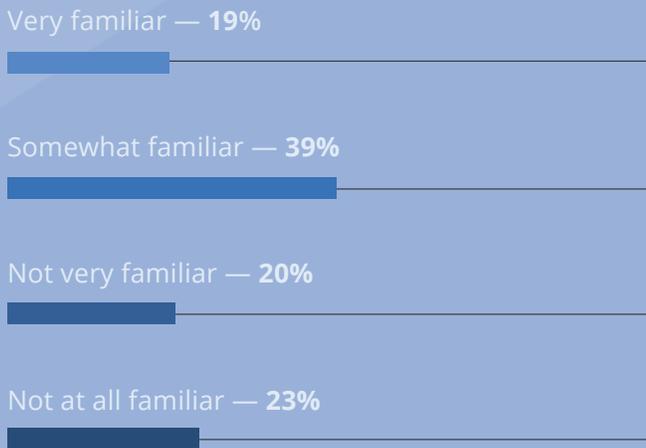
SMBs building martech stacks without realizing it

Although almost half of SMB marketers (43 percent) admit that they're not familiar with the concept of a marketing technology stack — a collection of software components and programs that work together to execute a comprehensive marketing strategy — SMBs are building them regardless. Seventy-six percent use more than one software marketing product on a regular basis, and more than a third use four or more solutions regularly. This demonstrates how far marketing technology has spread beyond the enterprise.

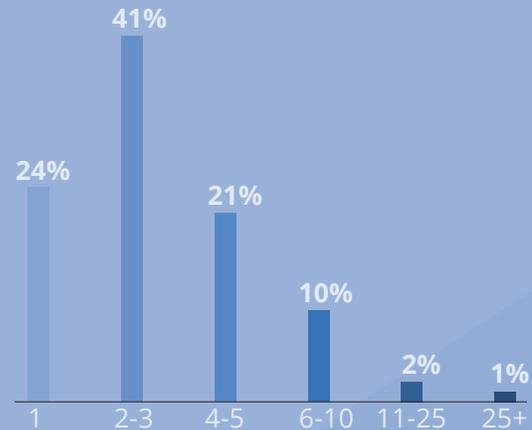
The lack of familiarity with the idea of a marketing technology stack decreases as adoption grows. Only 15 percent of small business marketers that use six or more marketing software products are not familiar with the concept of a martech stack, a finding that suggests SMBs view their software ecosystems more holistically as they branch out into new platforms.

This trend is also reflected in how SMBs describe their martech stacks. More than half (55 percent)

How familiar are you with the concept of a marketing technology stack?



How many total marketing software products does your company use on a regular basis?*



*Excluding email services like gmail and social media networks like Facebook

of small business marketers who only use one piece of marketing software on a regular basis aren't sure how to describe their stacks. That number drops significantly for SMBs with more than one martech solution in place, another indication that small businesses start to think about how software tools work together once they move beyond their first solutions. Overall, about a quarter of all small businesses don't know how to describe their stacks.

When it comes to what kind of marketing technology stacks they have in place, small businesses are fairly evenly split. About the same number of SMBs use an all-in-one solution (29 percent) or have built an integrated best-of-breed stack (28 percent), and one in five have multiple fragmented solutions that don't work well together.

Again, this shifts as the number of solutions grow. Almost half of SMB marketers who use four or more software platforms describe their ecosystems as best-of-breed stacks (47 percent), which stresses the importance of integration as small businesses wade further into marketing technology.

“More than half of small business marketers who only use one piece of marketing software on a regular basis aren't sure how to describe their stacks.”

Which of these best describes your marketing software and technology stack?

All-in-one solution (software suite like Hubspot, Adobe, etc.) — 29%



Multiple integrated solutions (best-of-breed) — 28%



Multiple solutions that don't integrate (fragmented) — 20%



I'm not sure — 24%



The limited grasp of marketing technology among SMBs has not stymied their enthusiasm toward martech. More than a third of small business marketers see value in martech, with 36 percent saying their companies have benefitted from marketing software. And 93 percent of SMBs say they track the ROI of their marketing technology investments, looking mostly at metrics like revenue growth (49 percent), customer engagement (49 percent) and lead generation (43 percent). With marketing technology adding value to their companies, many small businesses will bring on more solutions in the future. More than a third of SMBs plan to invest more in marketing technology, which should continue to drive the shift toward integrated best-of-breed martech stacks.

“More than a third of small business marketers see value in martech, with 36 percent saying their companies have benefitted from marketing software.”

On the other hand, 30 percent of small businesses have struggled to effectively use marketing software, and 16 percent of SMBs say martech intimidates them. So while SMBs are ready to adopt more marketing technology tools, there's a fear factor they must overcome to get the most value from their expanding arsenal of solutions.

Which of these sentiments describe(s) your view of marketing software and technology?

My company has embraced and benefitted from marketing software
 36%

My company plans to invest more in marketing software in the future
 35%

My company has struggled to effectively use marketing software
 30%

My company has seen a positive ROI from marketing software
 29%

Marketing software intimidates me
 16%

Marketing software distracts me from running my business
 11%

Takeaways:

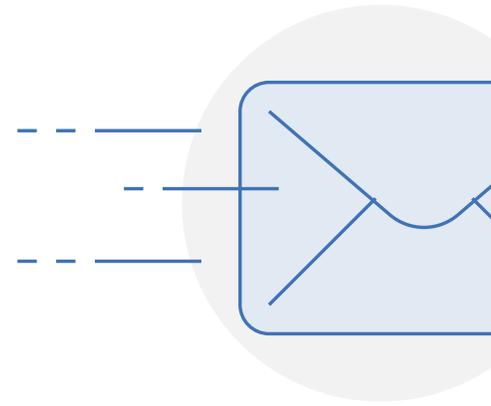
Bringing on new technologies may feel like a major undertaking, but it doesn't have to be. Thanks to integrated solutions — which don't sacrifice sophistication for conveniences — marketing automation is accessible to any business no matter its experience level.

To overcome early fears and roadblocks, consider and plan for future integrations. Developing an investment roadmap breaks down new technologies needs into more approachable tasks, and can even help an SMB designate smaller responsibilities to appropriate players. There may be a learning curve during this early planning period, but SMBs should rest assured that their knowledge will only grow as they dive in. The toughest part is taking the first step.

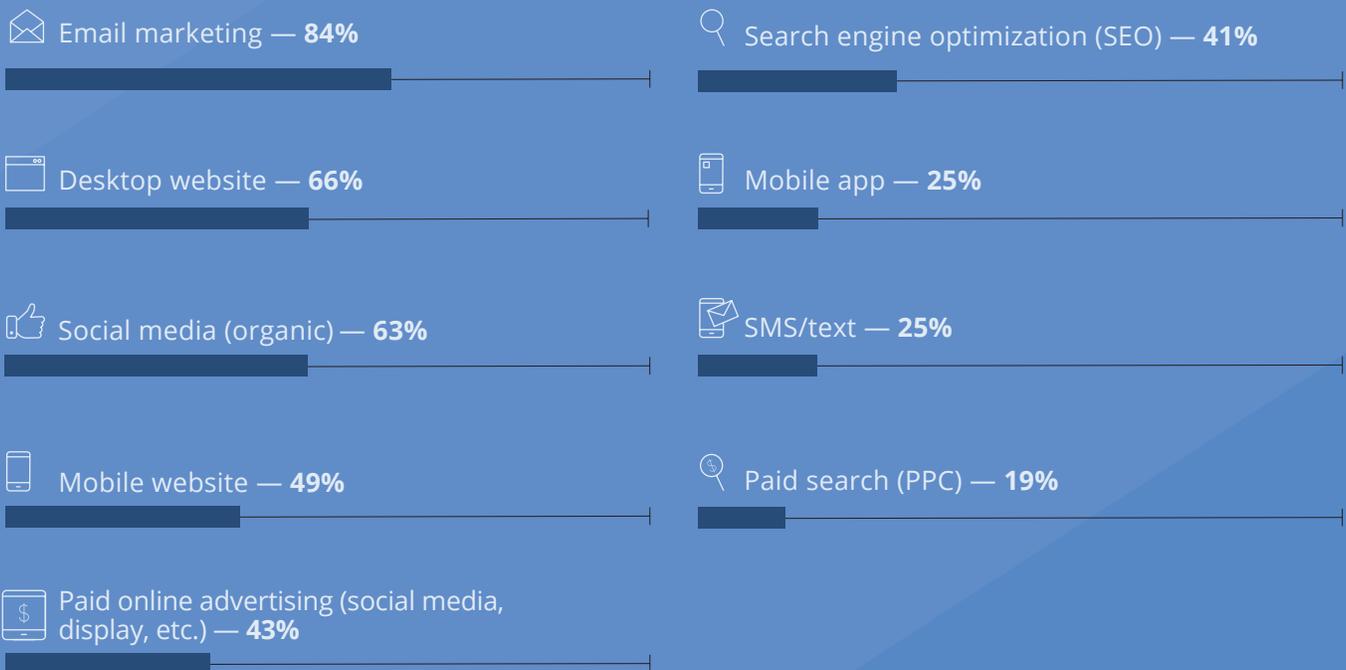


First comes email, then marketing automation

Email marketing is easily SMBs' top digital marketing channel, outranking other common channels like websites and social media. Among small businesses with email marketing software in place, more than half (54 percent) say it's the only martech tool they use or it serves as the foundation of their marketing program.



Which of the following channels are part of your company's digital marketing strategy? Select all that apply.



Which of the following statements best describes the role of email in your marketing program?

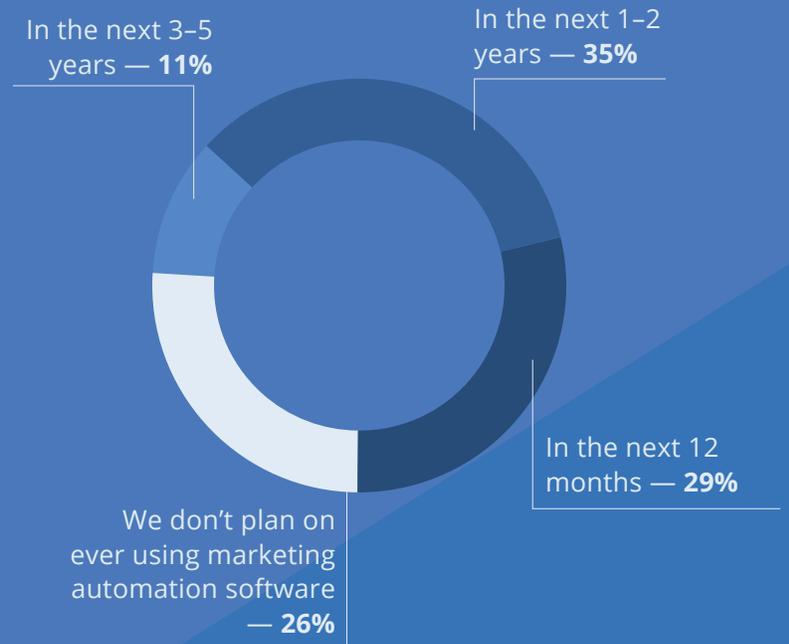
Email is just one part of our overall marketing strategy/technology stack — **33%**

Email is the foundation of our marketing program, but we also use other marketing software — **30%**

Email is the only marketing strategy/software that we use — **24%**

We have email marketing software, but we don't really use it — **14%**

When do you plan to start using marketing automation software?*



**Among SMBs not currently using marketing automation*

Among SMBs that currently use email marketing software, almost half (47 percent) also have a CRM in place, compared to 30 percent that also have marketing automation software. This indicates that for SMBs, first comes email, then CRM, then marketing automation.

In fact, more than half (56 percent) of SMBs with marketing automation software in place used email for three years or more before moving onto marketing automation software. This lag makes sense. SMBs take time to figure out their basic email marketing strategies before graduating to more advanced solutions. Only 7 percent adopted email marketing and marketing automation at the same time.

The findings show why so many SMBs are eager to add marketing automation software to their martech stacks: Early adopters of marketing automation are seeing value. An impressive 85 percent of SMBs that currently use marketing

automation software saw results within the first year, and only 5 percent have not seen any benefits. In terms of how marketing automation has helped grow their businesses, more than a third of SMBs say it's been a "game-changer" (35 percent), and 61 percent say the software has contributed to moderate growth.

"More than half of SMBs with marketing automation software in place used email for three years or more before moving onto marketing automation software."

Similarly, three-quarters of SMBs that use marketing automation rate their ROI from the

software as “excellent” or “good” (74 percent), compared to 63 percent who say the same thing about their email marketing software. Perhaps even more impressive is the fact that 80 percent of SMBs with marketing automation software in place rate the ROI of their overall marketing strategy as “excellent” or “good,” compared to 40 percent for email-only SMBs.

Takeaways:

SMBs should start with and master email to avoid biting off more than they can chew. However, it behooves businesses to simultaneously begin planning and budgeting to layer on marketing automation, so that they can do so

quickly when the investment opportunity becomes more realistic.

It’s important to prep internal stakeholders for future marketing automation purchases, so that internal buy in is already secured when the time comes to invest. There are two key points to convey. The first is that email and marketing automation are a package deal. While an SMB may only currently have the former, it should act as if there’s no question it will one day have the latter as well. Second, decision makers must emphasize that a best-of-breed approach really is smarter and allows their businesses to make smaller, more frequent purchases instead of one larger purchase.



Complexity deters adoption and limits ROI

Small businesses may be eager to add marketing automation to their martech stacks, but more than 40 percent of SMBs think marketing automation software is “out of reach.”

Outside of cost, SMBs cite a lack of familiarity with marketing automation as the biggest obstacle to adoption; a quarter of non-users are not even familiar with the concept of marketing automation software. Nearly just as many SMBs are experiencing the “blank-slate” challenge, meaning they don’t know where to start when using marketing automation software.

Interestingly, lack of need ranks as SMBs’ No.6 reason why they’re not currently using marketing

Which of these marketing software solutions do you feel are “out of reach” for your company, meaning it’s too sophisticated or complex? Select all that apply.

Marketing automation — 41%

Email Marketing — 27%

Customer relationship management (CRM) — 23%

None of the above — 33%

automation. In fact, 82 percent of non-users see a need to add marketing automation into their existing technology frameworks; however, the significant barriers listed above have prevented many SMBs from following through on this desire.

The fears expressed by SMBs not using marketing automation are validated by the experiences of small businesses that do use the software. Among SMBs that have already invested in marketing automation, complexity of use remains a top challenge to getting more value from the software. What's worse, issues of complexity come second only to a lack of time. This indicates that while SMBs are unsure how to more effectively use the marketing automation software at their disposal, they also don't have the time to improve their capabilities and master the technology.

Why don't you use marketing automation software? Select all that apply.*



When asked about their existing uses for marketing automation, half of SMBs are using the software for email drip campaigns — the top use case. But less than half of SMBs are extending marketing automation to other channels and parts of the businesses, such as customer service outreach, website content changes, sales team notifications and mobile interactions.

Despite only using marketing automation software for its most basic functionality, 85 percent of SMBs say they are executing on the full capabilities of their marketing automation “very well” or “somewhat well.” Such a positive self-evaluation in the face of numerous untapped opportunities suggests that SMBs are not aware of the full possibilities of marketing automation, meaning they still have room to grow and can earn additional value from the technology.

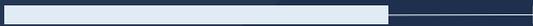


What are the biggest challenges to getting the most value from your marketing automation software? Select all that apply.*

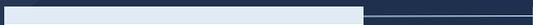


**How are you currently using your marketing automation software?
Select all that apply.***

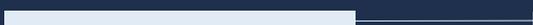
Email marketing drip campaigns — **50%**



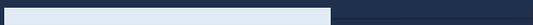
Social media reactions — **47%**



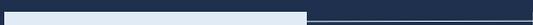
Customer service outreach — **46%**



Website content changes — **43%**



Sales team notifications — **39%**



Mobile app notifications — **30%**



SMS/text notifications — **27%**



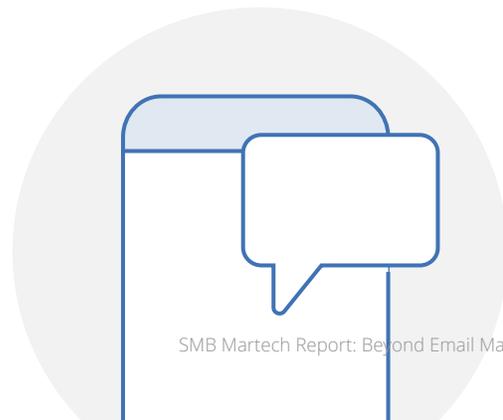
**Among SMBs currently using marketing automation*

This knowledge gap should close as more small businesses build marketing technology stacks and seek to integrate multiple martech solutions in a seamless way.

Takeaways:

SMBs must explore the full capabilities of their software to drive the most ROI from their martech investments. Businesses can approach this task in a number of ways.

First, SMBs should leverage any trainings and support offered by vendors. This is a simple step to overcome initial adoption hurdles and confusion. Then, SMBs should experiment internally, using A/B tests, trial-and-error and other strategies to work out kinks and build confidence around using new technologies. Finally, SMBs can seek out new team members who are already digitally savvy and task these hires with owning and mastering the entire martech stack. Organizations that have little history with martech should never be afraid to find external help.



The Road from Email to Marketing Automation

While revenue growth and customer acquisition are the two primary drivers of martech adoption for SMBs, it's also interesting to look at other trigger points that cause a company to invest in new tools. When it comes to marketing automation, two of the most common triggers are company size and size of its marketing department.



Here's a closer look at how SMB technology adoption habits change as **companies** grow:

Solo entrepreneurs:

- Tend to use only one marketing software tool (60%)
- Have email marketing software, but they don't use it (29%)

At 10–49 employees:

- Marketing suites become more prevalent (41%)
- SMBs experience their first bump in marketing automation adoption growth (29%)
- The majority of SMBs are now familiar with the concept of martech stack (61%)

At 50–99 employees:

- SMBs start using other tools alongside email to build out their marketing strategy (20%)

At 100–499 employees:

- SMBs tend to use four to five tools (41%)
- SMBs experience a second bump in marketing automation growth (45%)
- Email is just one tool in SMBs' technology stacks (21%)
- Best-of-breed stacks become popular among SMBs (50%)

And here's a closer look at how SMB technology adoption habits change as a company's **marketing department** grows:

1 marketer:

- SMBs with just one marketer tend to adopt CRM over marketing automation (24% compared to 14%)

At 2-3 marketers:

- Marketing automation software becomes more common among SMBs (30%)
- The number of SMBs with CRM nearly doubles (47%)

At 4-5 marketers:

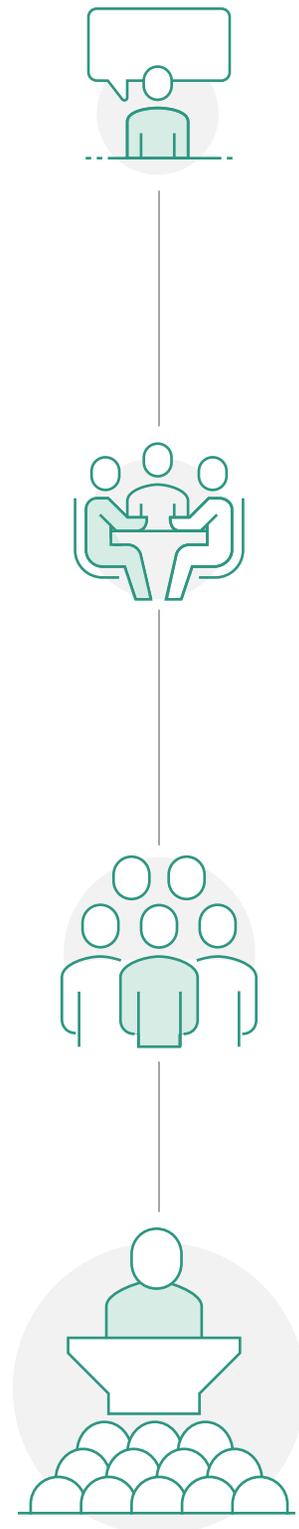
- Nearly half of SMBs have marketing automation software (48%)
- CRM usage continues to grow as marketing departments expand (59%)

At 5-10 marketers:

- CRM use rises as SMBs build out their marketing departments (59%)
- Marketing automation adoption momentarily plateaus (47%)

At 10+ marketers:

- Marketing automation experiences another period of adoption among SMBs (58%)
- CRM usage peaks among SMBs (74%)



Martech Takeaways for SMBs

Whether they realize it or not, many small businesses are actively building marketing technology stacks, and marketing automation appears to be the logical next step. Yet many SMBs are intimidated by marketing automation, and those that have invested in the software appear to be using it only for its most basic capabilities — limiting the value it can provide to their companies.

As small businesses consider the move from email marketing to marketing automation, here are a few recommendations to help them make the best technology decisions and get the most from their investments.

Try out these four takeaways as you move your business beyond email:

Choose technology that removes the “blank slate” challenge.

When evaluating marketing automation software, look for a solution that proactively makes recommendations, shows you trends and understands your unique business processes. With so many SMBs struggling with not knowing where to start — and even those with the software still finding it overly complex — it’s critical to seek out a solution that thinks for you and maps out the first steps and beyond.

Look for native integrations.

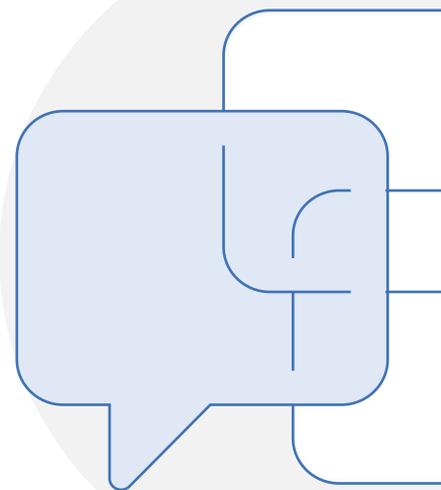
SMBs should embrace marketing automation solutions that act as the “hub” for their larger software ecosystems, and that easily and natively integrate with other platforms. It’s important to avoid third-party integration tools and APIs that require developer skills and resources. Most SMBs lack this type of expertise and will find themselves armed with sophisticated solutions that they have no idea how to use. Conversely, native integrations take on much of this burden for SMBs and are engineered to make integration as seamless as possible for the software user.

Start small and add more tools over time.

SMBs adopt new technology faster when they start with a scalable solution and add more tools as they see sustained success. Don’t fall for promises of all-in-one solutions that claim to do everything right away. Rather, establish a best-of-breed framework so you can tack on new technologies as needs arise. This approach offers you the flexibility to try out new tools, determine what works best and only pay for solutions that provide ROI. With a best-of-breed martech stack, you can tackle new business opportunities with the confidence that your technology can scale to meet every challenge.

Don’t chase after shiny objects.

A potential downside of a best-of-breed approach is that it’s enticing to add the latest buzzworthy tool. With new martech solutions coming to market all the time, this temptation is not going away. To avoid this pitfall, focus on business outcomes rather than the tools themselves. Thinking this way will help you better determine whether the solution truly has the capabilities you need to achieve your goals, or if you’ve gotten swept up in the hype. While there’s value in comparing your SMB to similar or aspirational companies, the guidance they provide should always be tempered against the unique needs your business is experiencing today.



Research Methodology

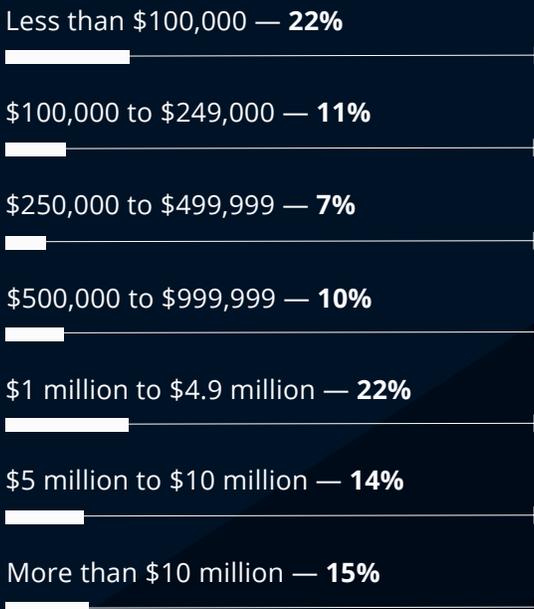
The ActiveCampaign “SMB Martech Report: Beyond Email Marketing” study is based on a survey of 310 U.S. small business employees who oversee their company’s marketing strategy or activities. Respondents were limited to professionals working at companies with less than 1,000 employees that have an email marketing solution in place. The survey was conducted online between Sept.18-20, 2017, and has a 5.57 percent margin of error at a 95 percent confidence level.



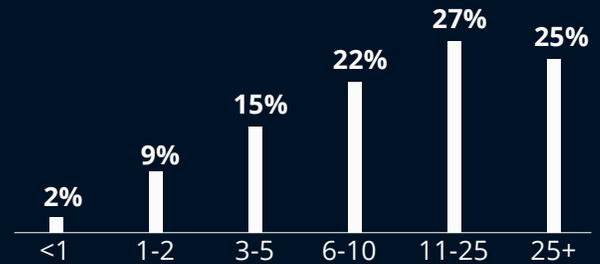
Company Size (number of employees)



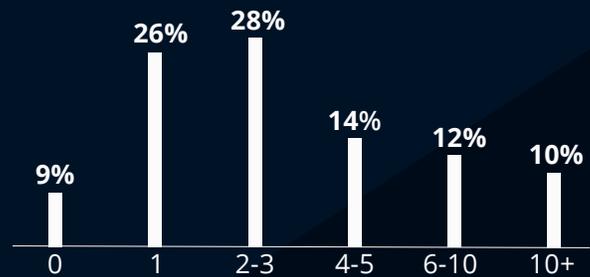
Annual Company Revenue



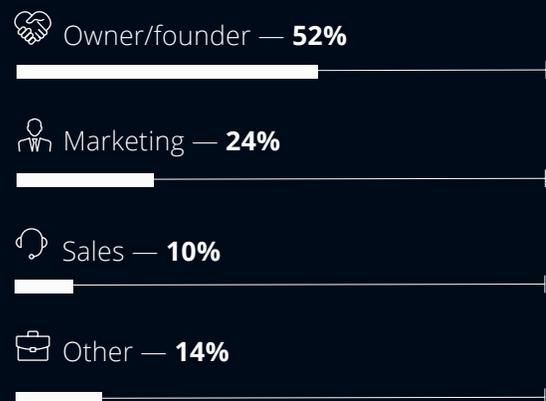
Years in Business



Marketing Team Size



Company Role



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