

The State of Martech 2022/23



Table of Contents

01 Introduction.....	3
02 Martech growth continues, but the market has changed	5
03 2022 under the microscope.....	13
04 2023 Unpacked.....	26
05 Which emerging and disruptive technologies are marketers focusing on?	29
06 Martech shopping	34
07 Measurement of martech ROI	39
08 Summary.....	42
09 Citations	43
10 About LXA	47
11 LXA Team.....	48

01 Introduction

LXA has been researching marketing technology for five years. In that time, we have conducted a series of research studies and interviewed hundreds of marketing leaders and practitioners about the utility and application of marketing technology. This is our second annual State of Martech report, based on a survey of agencies and senior marketers.

One thing that has become clear is the growing importance of marketing technology for businesses. Martech budgets are growing, and expected to increase further in the next 12 months. Businesses also see martech as critical for meeting customer expectations.

This research examines how the market has changed during 2022; the challenges marketers face due to the economic conditions; the current state of martech maturity; the challenges around people and skills; the tools CMOs are adding and upgrading; and the business challenges they use tech to address.

Marketers who read this report will gain key insights into the current state of the martech industry, and the martech related initiatives CMOs are planning and the tools they're buying in 2023.



Carlos Doughty
CEO and Course Instructor,
LXA

Methodology

The methodology involved three main phases:



Phase 1: desk research to review some of the most recent and relevant literature that explores themes relating to marketing technology and operations.



Phase 2: qualitative research including a series of in-depth interviews with a range of senior client-side, agency and vendor marketing leaders across multiple sectors.



Phase 3: an online survey of 202 respondents was conducted to capture responses of senior marketers at CMO level or equivalent across a range of organisations, sectors and locations. The survey was fielded in August and September 2022.

Respondents were a mixture of B2B and B2C organisations, and from a range of industries, with greater response from the financial services, publishing, and healthcare.

This report uses data and survey responses from our State of CX 2022 report. It also contains commentary from respondents interviewed by LXA. LXA would like to thank the following people for their contributions to this report:

- **Henk-jan ter Brugge**, Global Marketing & E-Commerce and Business Partner Growth Digital Platforms, Philips.
- **Michael Klazema**, Chief Marketing Technologist / Director at EY Consulting.
- **Chris Packman**, Head of Audience Strategy, APAC, GroupM.
- **Kerry Dawes**, Technical Director, Digitas UK.
- **Frans Riemersma**, Founder and CEO, Martech Tribe.
- **Scott Brinker**, Editor, chiefmartec.com
- **Laura Merten**, Martech Solutions Architect, Hogarth Worldwide (WPP)
- **Darrell Alfonso**, Director of Marketing Strategy and Operations at Indeed and Course Instructor, LXA
- **Carlos Doughty**, CEO & Course instructor, LXA

02 Martech growth continues, but the market has changed

The martech sector continues to grow despite the economic conditions during 2022, which look set to continue into 2023.

Tech markets have been hit hard with looming global market downturn and rising inflation. Growth at any cost has been replaced with capital efficiency.

Some martech vendors have reacted to market conditions by changing focus from a growth at all costs strategy towards more capital efficiency. We've seen examples of reductions in headcount to streamline costs for example, and we've also seen fewer martech IPOs in 2022.

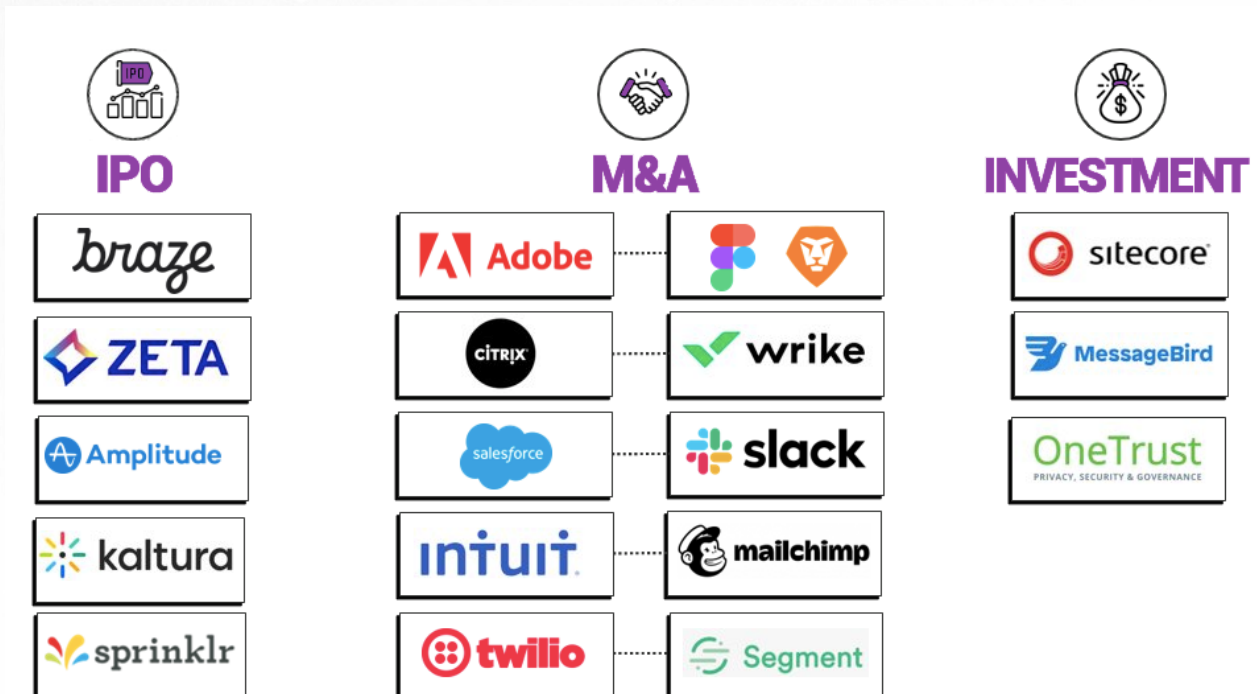
Companies are now looking to resize, and to grow the right way adapting to the current macroeconomic environment. Make no mistake though, there is still plenty of efficient growth to be had, but commercial strategies need to be adapted.

After several years of strong growth in M&A activity, and investment in the industry, 2022 has been more subdued. For example, LUMA's Q3 2022 report found that M&A activity had declined 20% year on year.⁽¹⁾

That said, there have still been some significant deals over the past 18 to 24 months with major examples including:

- Gnosis Safe (now Safe) received \$100m in funding.⁽²⁾
- Headless commerce platform Storyblok raised \$44.8m.⁽³⁾
- Bloomreach raised \$175m in a funding round which valued the company at \$2.2bn.⁽⁴⁾
- Elon Musk may yet complete the \$44bn purchase of Twitter.⁽⁵⁾
- Braze raised \$520m in 2021 at a \$5.9bn valuation.⁽⁶⁾
- Zeta raised \$250m in June last year at a \$1.7bn valuation.⁽⁷⁾
- Amplitude launched its IPO in September at \$7.1 valuation.⁽⁸⁾
- Kaltura was valued at \$1.24bn after an IPO in 2021.⁽⁹⁾

- Sitecore received investments totalling \$1.2bn.⁽¹⁰⁾
- MessageBird received a \$1bn investment.⁽¹¹⁾
- Onetrust received investment worth more than \$500m.⁽¹²⁾



And the same is true from an M&A activity perspective:

- Twilio expanded their offering to CDPs with the purchase of Segment for \$3.2bn.⁽¹³⁾
- Adobe has been an active martech shopper, acquiring Figma for a cool \$20b and last year Workfront for \$1.5bn.⁽¹⁴⁾
- Citrix snapped up wrike for \$2.2bn.⁽¹⁵⁾
- Intuit snapped up mailchimp for \$12bn.⁽¹⁶⁾
- Sprinklr launched its IPO.⁽¹⁷⁾

In Salestech, we've seen a number of significant deals, with more than \$1bn invested into a handful of companies in the last two years. There have also been some major M&A deals:

- Salesforce acquired Slack for \$27.7bn.⁽¹⁸⁾ (Note we list as both a martech and salestech deal).
- Drift was acquired by Vista.⁽¹⁹⁾
- ZoomInfo acquired sales intelligence tool Chorus.ai for \$575m.⁽²⁰⁾
- Sales enablement platform Seismic received \$170m investment and acquired Lessonly.⁽²¹⁾
- Sales engagement platform Salesloft received a \$100m investment.⁽²²⁾
- Outreach raised \$200m.⁽²³⁾

- Lusha received an investment worth \$205m.⁽²⁴⁾
- Gong raised \$250m in Series C funding.⁽²⁵⁾
- 6sense received \$200m.⁽²⁶⁾
- Sales Intelligence startup Cognism received \$87m in 2022.⁽²⁷⁾
- Sales enablement platform Mindtickle raised \$100m.⁽²⁸⁾
- Highspot closed a \$248m funding round in 2022.⁽²⁹⁾



The market performance of major martech vendors has also been an issue, with companies including SEMrush, Hubspot, and Shopify experiencing a decline in share price of 10% or more during Q3 2022. On average, martech valuations are returning to 10 year norms according to LUMA.⁽¹⁾

An overriding theme is that organisations are looking to extract more value from the tech they have. Our report finds that many firms are yet to achieve higher levels of martech maturity, so there is plenty of room for improvement.

With companies also lacking people with the skills and resources to manage martech, training will become even more important as a means to increase martech capability and improve performance.

Despite challenging economic conditions, the overall outlook for the martech industry remains positive. The fundamental drivers of martech adoption, namely changing customer behaviour and the need for digital transformation, remain in place.

Organisations need marketing technology to meet customer expectations around experience. In fact, transforming and improving CX during more challenging times can help companies to emerge from the downturn in a stronger position.

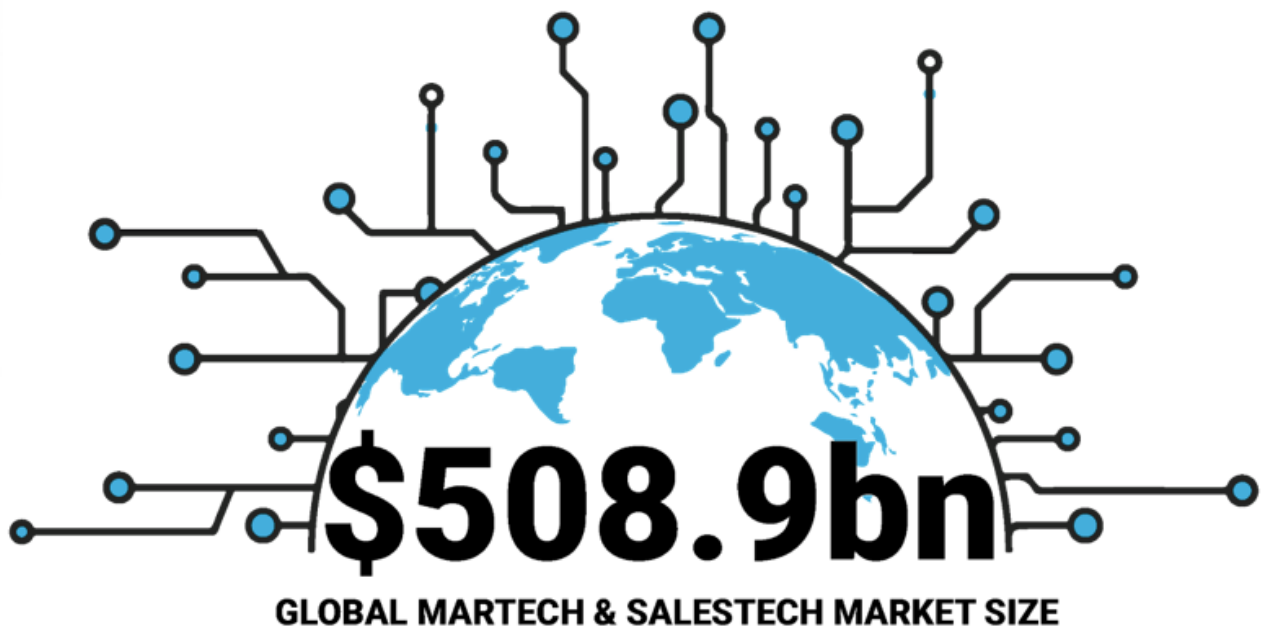
As our report finds, companies are still investing in tech, both replacing existing tools and adding new capabilities. Martech budgets increased this year, and are expected to increase again in 2023.

Global Martech and Salestech market size

We estimate that the global market for martech and salestech solutions was worth \$509.8bn in 2022.

For this year's report, we've produced a number which takes into account both salestech and martech. This is because the two are intrinsically connected, and salestech and martech tools frequently overlap.

Many tools are used (and should be used) by both marketing and sales teams. For example, Salesforce isn't exclusively a salestech or martech tool, it's both.



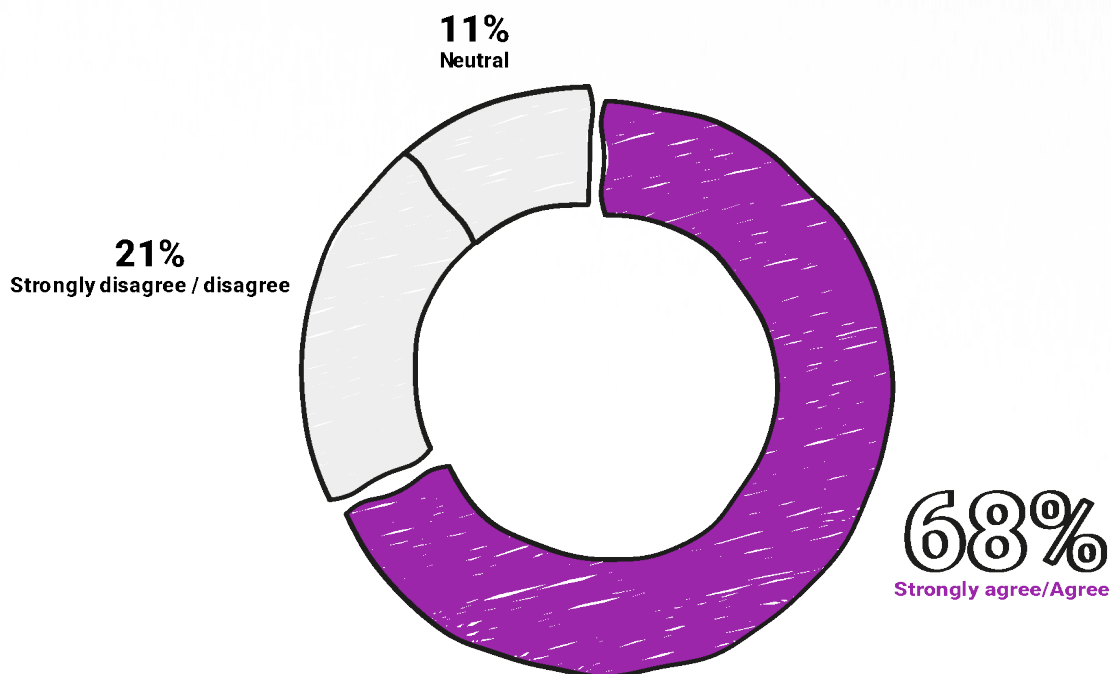
Note: The approximation of market sizing has been calculated using WARC's ad spend data (Global: US\$880.9bn 2022) and LXA's survey response data on marketing budget spend split by percentage (across martech, staff, agency/services and media). The methodology assumes ad spend is a proxy for marketing communication spend, which combines media and agency costs. And that survey responses are typical globally. This reflects how modern marketing is changing and any discrepancies in how media and agency spend is attributed. The sizing has been independently substantiated against a series of methodologies and data points including martech company public revenues, market sizing of key martech categories, M&A martech activity and martech landscape growth.

CMOs see martech as key to marketing strategy

Organisations see the value of martech, and understand its importance to marketing and overall business performance.

68% of CMOs agree that marketing technology is at the heart of their organisation's marketing strategy, and that its use is critical for meeting customer expectations.

To what extent do you agree with this statement: 'Marketing technology is at the heart of our organisation's / our typical client's marketing strategy and critical to meeting our customer's expectations'.



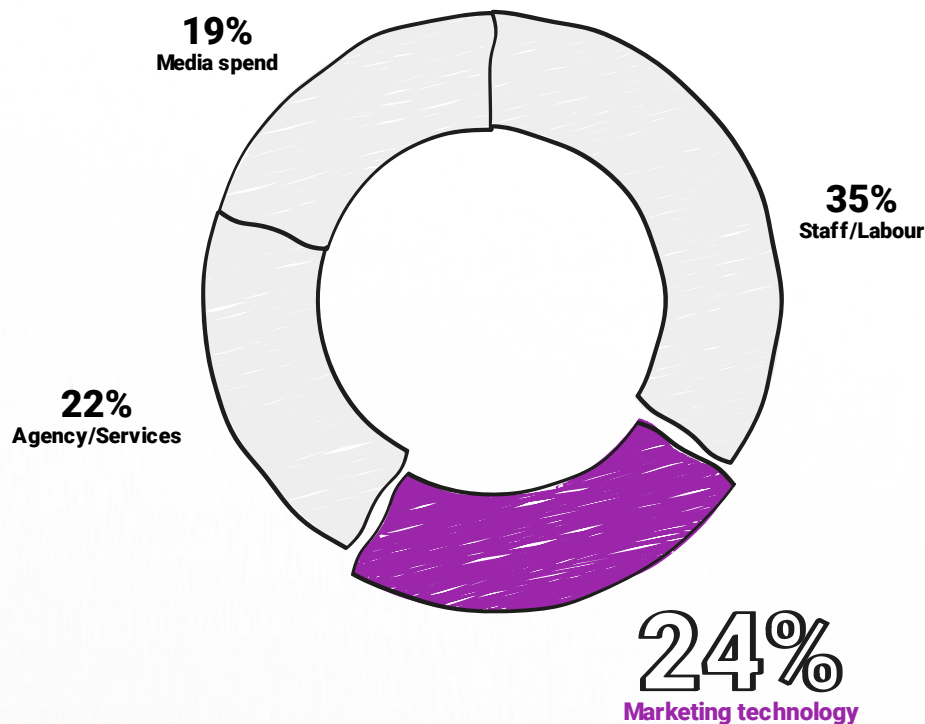
This year's survey found more support for this view than in 2021 (68% vs 61%), with fewer disagreeing. Another indication that organisations are understanding the value of martech.

Martech budgets up on last year

The importance of martech is reflected by the proportion of marketing budgets devoted to it.

It's also important to consider that, beyond the budget spent directly on technology, parts of the labour budget is spent on acquiring staff with martech expertise, while in many cases organisations are using agencies for martech projects.

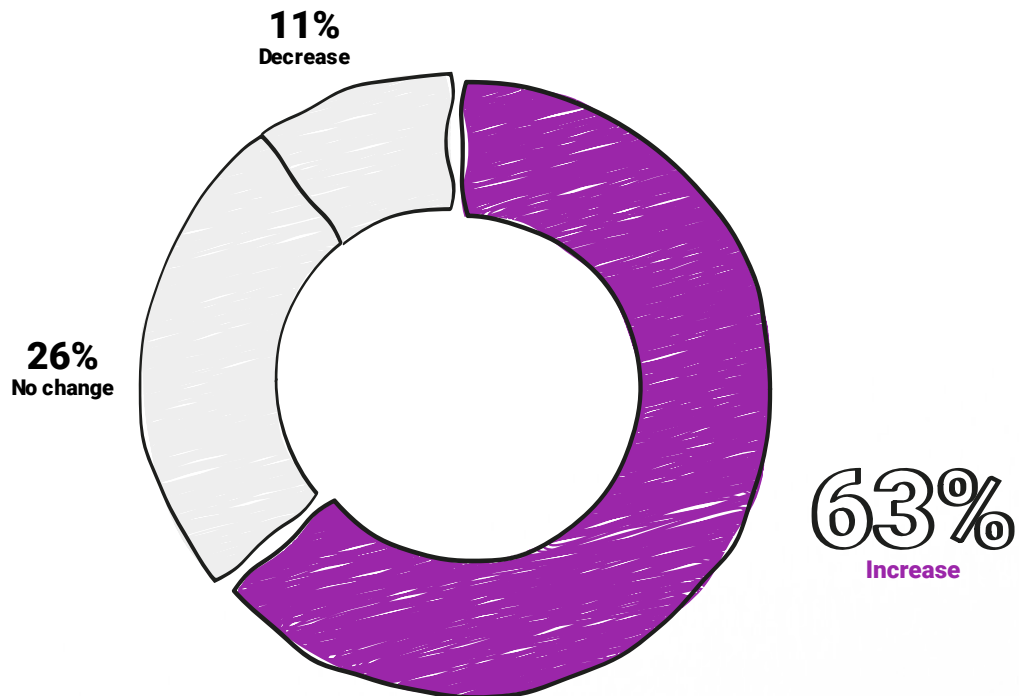
What percentage of your organisation's / your typical client's overall marketing budget is typically spent on:



Our survey finds a 1% increase in martech budgets compared to 2021, with martech now accounting for almost 24% of overall marketing budgets.

The survey also finds a reduction in agency and media spending, and an increase in spending on labour costs. This may indicate a shift towards in-housing, with agency costs replaced by staff. It could also indicate an increase in salaries, as competition for martech talent increases.

How do you expect your organisation's / your typical client's marketing technology budget to change over the next 12 months?

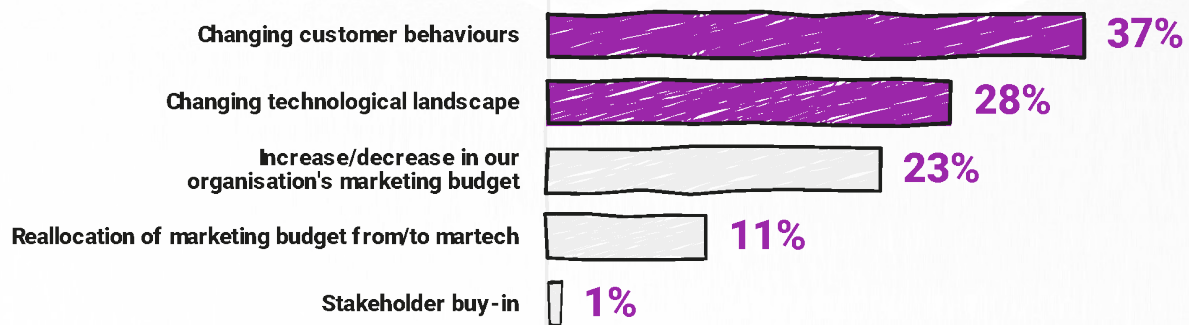


More than 63% of respondents expect martech budgets are expected to increase in the next 12 months, an increase from 61% in 2021. Despite talk of a global recession, fewer expect budgets to be reduced, which can be seen as a vote of confidence in the ability of martech to deliver results for marketers.

The figures may also include the reallocation of budget from other categories. For example, martech could be used to increase efficiency and reduce costs, by automation of tasks or improved ROI.

Most commonly, martech budgets are expected to increase by between 6% and 10%. This could reflect marketers' confidence in the technology, but may also be the result of price inflation from martech vendors.

What is the most influential driver to your organisation's / your typical client's increase or decrease in martech spend?



The biggest driver of martech spend is changing customer behaviour (37%) and the changing tech landscape (27%). This reflects the need for technology to meet customer expectations, and the need to keep on top of the tools required to provide great experiences.

The importance of customer experience lies at the heart of this. LXA's 2022 State of CX report found that 72% of CMOs see the ability to deliver excellent customer experience as a 'powerful competitive advantage'.⁽³⁰⁾

03 2022 under the microscope

Our survey finds that the lack of skills and knowledge related to martech remains a key barrier to maturity. Organisations may have the tech in place but they still need the people to plan and execute martech strategy.

It's a challenge which will affect the industry for some time, and ultimately one which can be addressed through training and upskilling staff. In this section, we'll look at how organisations rate themselves in terms of maturity, the barriers to maturity and investment in martech, and the debate between in-housing and outsourcing martech talent.

Martech maturity benchmarks

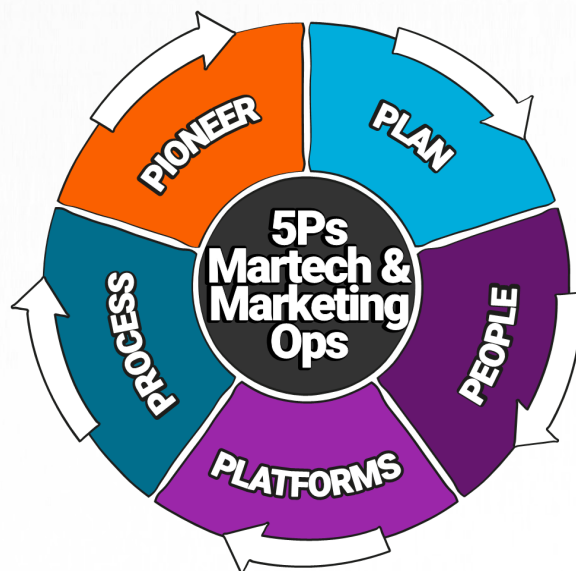
Companies that are using martech effectively generally have the right planning, processes and skills in place. We at LXA have developed a framework, the 5Ps of Marketing Technology, which helps to simplify the challenge of planning a martech strategy.

This methodology is used by LXA when training and helping organisations to develop their martech capabilities. We asked survey respondents questions based on the 5Ps to assess the state of martech maturity.

As our overall scores show, Platforms are the area of most advanced maturity. Organisations have the right tech in place, but lack of maturity around planning and people are preventing them from advancing.

Martech Maturity		Score Cards	
Dimension	2021	2022	
Planning & Strategy	3.19	3.40	
People & Teams	3.17	3.18	
Platforms, Apps & Ecosystems	3.58	3.54	
Process & Marketing Ops	3.44	3.44	
Pioneer & Pilot	N/A	3.52	

5Ps of MarTech & Marketing operations explained



PLAN & STRATEGY – The extent to which an organisation's / typical client's martech strategy, initiatives and roadmap align to the customer's journey and business goals. Put more simply the 'WHY' – Why is the business looking to invest nearly a quarter of its marketing budget on martech? What are the desired business goals and vision, what martech initiatives align to these goals?



PEOPLE & TEAMS – The extent to which an organisation / typical client is well resourced to deliver martech initiatives. And the extent to which an organisation / typical client can support martech expertise development; recruitment, agency selection and training. This can otherwise be labelled as the 'WHO' – Who will be the team that brings the martech vision to life.



PLATFORMS, APPS & ECOSYSTEMS – The extent to which an organisation / typical client has the tools needed to deliver the strategy. As well as the level to which the marketing stack is integrated and tools are adopted by the team. And the extent of the information security policies and procedures that are in place for setting up and managing martech tools. In plain english the 'WHAT' – What tech do we have, need, not need?



PROCESS & MARKETING OPS – The extent to which an organisation / typical client has the marketing and data governance, communication, collaboration and workflows, campaigning, analytics and measurability, vendor analysis, selection and management and programme and project management, underpinning martech activities. Otherwise defined as the 'HOW' – How will we ensure we get the best return on time and investment of martech?



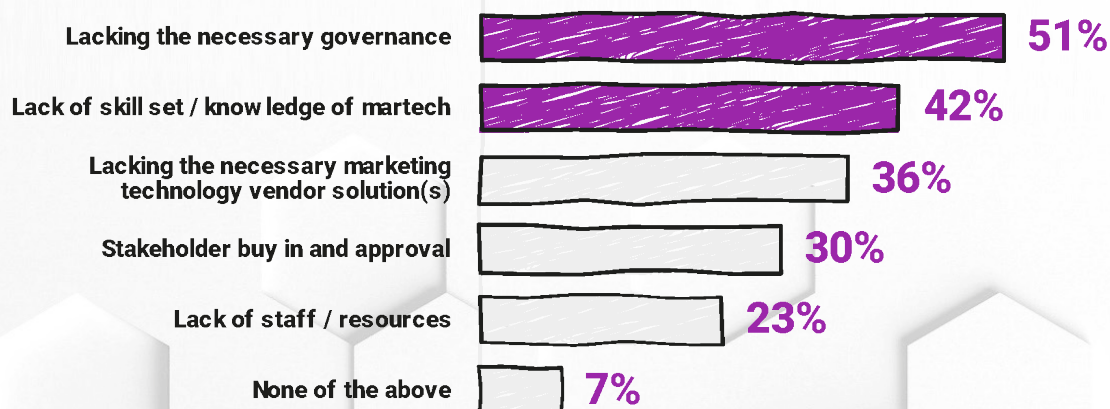
PIONEER & PILOT – The extent to which an organisation / typical client is up to date on market trends, able to react to changes in customer behaviour, able to assess and experiment with new technologies in marketing and CX. As well as the agility to adapt rapidly to new challenges. Put more plainly 'WHEN' – When should an organisation pay attention or ignore technological, customer and market changes in their marketing?

All Ps are interconnected. To achieve higher levels of martech maturity, organisations need to excel across each one.

Barriers to martech maturity

The lack of people with the right skills and knowledge are the biggest barriers to martech maturity. It's the people with the skills to fulfil the roles needed to plan and manage martech activities.

What are the biggest barriers to driving your organisation's / your typical client's martech maturity?



Martech maturity is an ongoing challenge for organisations. It can require a lot of effort to achieve higher levels of maturity, and even more effort to stay there.

The martech landscape is changing constantly, with more and more vendor options added each year, new technology coming into the market, and customer expectations growing all of the time.

This year's survey finds that, while there are some improvements in terms of martech maturity, we see maturity falling from Advanced to Optimal for many respondents.

For example, we can see some movement upwards in terms of maturity, but we also see a drop in those reporting themselves as advanced.

These results reflect the challenges for marketers. Essentially, the baseline for martech excellence continues to move upwards, and it takes a lot of work to improve, or even to maintain levels.

The barriers to martech maturity cited by our respondents are in the same order as 2021. The lack of governance is seen as the major barrier to martech maturity by more than 51% of respondents, though it's also interesting that the majority of respondents rated themselves as either Optimal or Advanced for Process & Marketing Operations.

It's this marketing operations role (or equivalent role) which holds the solution to the governance issue, as well as other barriers to maturity.

Marketing operations is the management of marketing, technology and data as an integrated process. It's a role that ideally combines some of the creativity of marketing with the technical and analytical knowledge required to assist in the procurement and day to day management of marketing technology.

It's a strategic function that is designed to lead on martech initiatives within organisations. The marketing operations function designs, optimises and governs operational marketing processes to improve performance and reduce waste, and to deliver on marketing strategy.



Darrell Alfonso
 Director of Marketing
 Strategy and Operations
 at Indeed, and LXA Course
 Instructor

The role of marketing ops has become increasingly important. The explosion of digital means more data and tech than ever. With this comes an ever increasing need for MOPs with the skills and knowledge to ensure the right governance, administration, stack management, and measurability is in place to drive success.

“

What do you see as the main barriers to marketing technology investment and use in your company / your typical client's company?

	Year	
	2021	2022
Inadequate technology integration	37%	57%
Measurement and metrics	33%	53%
Marketing budget constraints	30%	50%
Lack of understanding of the technology available	29%	49%
Lack of skills and talent	23%	41%
Unconnected data / poor data quality	23%	35%
Internal silos	19%	30%
Differentiating between a large number of similar suppliers	19%	27%
Support from senior management	11%	24%
Company culture	11%	20%

The integration challenge

Integration is the number one barrier to martech investment and use. One reason for this is the sheer volume of martech solutions available - almost 10,000 according to the most recent Marketing Technology Landscape.⁽³¹⁾

Most companies already have lots of martech solutions, and new tech has to be able to work alongside existing tech. Companies are buying more tech too, as they look to fill gaps in their marketing stacks and try new and emerging technology.

So, the sheer volume of martech solutions presents this problem of integration. As Scott Brinker explains, integration is a common issue, though one which is improving:



Scott Brinker
VP Platform Ecosystem
at HubSpot and Editor at
chiefmartec.com

One of the things that jumps right out at me is “inadequate technology integration” as the number one barrier to martech. That aligns with data I’ve seen from a ton of other reports.

Integration is getting better in the martech ecosystem, but it’s still a massive field. Also, integration isn’t simply a yes/no proposition. Integrations are a wide spectrum of possibilities.

I do think the move towards aggregation – instead of a false obsession with consolidation – is the long-term solution to this challenge.

“

One solution to this issue is the ecosystem approach taken by many tech vendors, whereby tech solutions are developed with integration in mind, and are designed to work with commonly used tech.

In addition, while integration may be possible, there are different levels of integration. Not all integrations are equal. Scott Brinker talks of shallow versus deeper integrations. For example, data may flow in one direction between apps, but not the other.

Martech vendors still have room for improvement in terms of integration, but the extra effort and investment here can pay off in terms of reducing user effort for integration, creating better integrations, and ultimately ensuring customers experience maximum value.

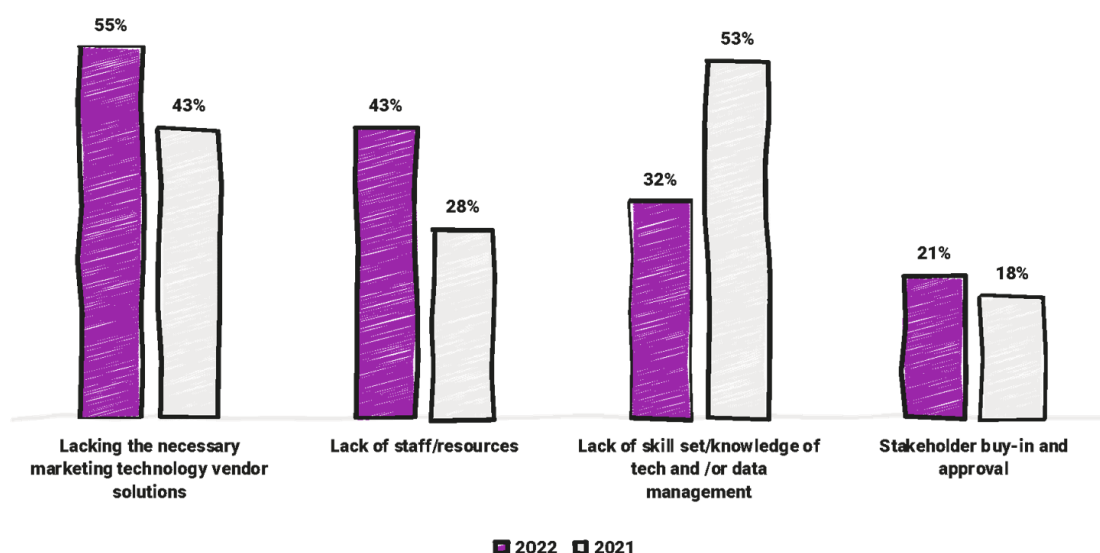
A further issue around integration is having the skills and processes in place to manage that integration successfully, to identify and solve challenges in areas such as the flow of data. We'll explore the challenges around skills and knowledge in the next section.

Martech talent wars

The importance of skills and talent, and the difficulties in finding people with the right skills, is a key theme running through this report. It's becoming harder to find talent, and this contributes to many other issues uncovered in our survey, with 41% seeing talent shortages as a barrier to martech investment and 23.7% seeing this as an issue which holds back improvements to martech maturity.

As we found in our State of CX 2022 report, lack of staff and skills is a major barrier to providing great customer experience.⁽³⁰⁾

What are the biggest barriers to realising your customer experience vision?



There is a shortage of martech talent in the market. 68% of respondents agree that the market lacks marketers 'with the necessary martech, data or marketing operations skills and knowledge'.

In addition, just 47.5% of organisations believe they have the necessary in-house skills and talent to make the most of martech investment.

We can see a split between those companies who are further along the road to martech maturity, and those which still have work to do to get there. The difference between the mature companies and the rest is very often to do with the skills and knowledge within the organisation that enables them to plan and execute martech initiatives.

This is, to some degree, an obvious consequence of rapid technological change. It's likely that we'll continue to experience this skills shortage for some time.

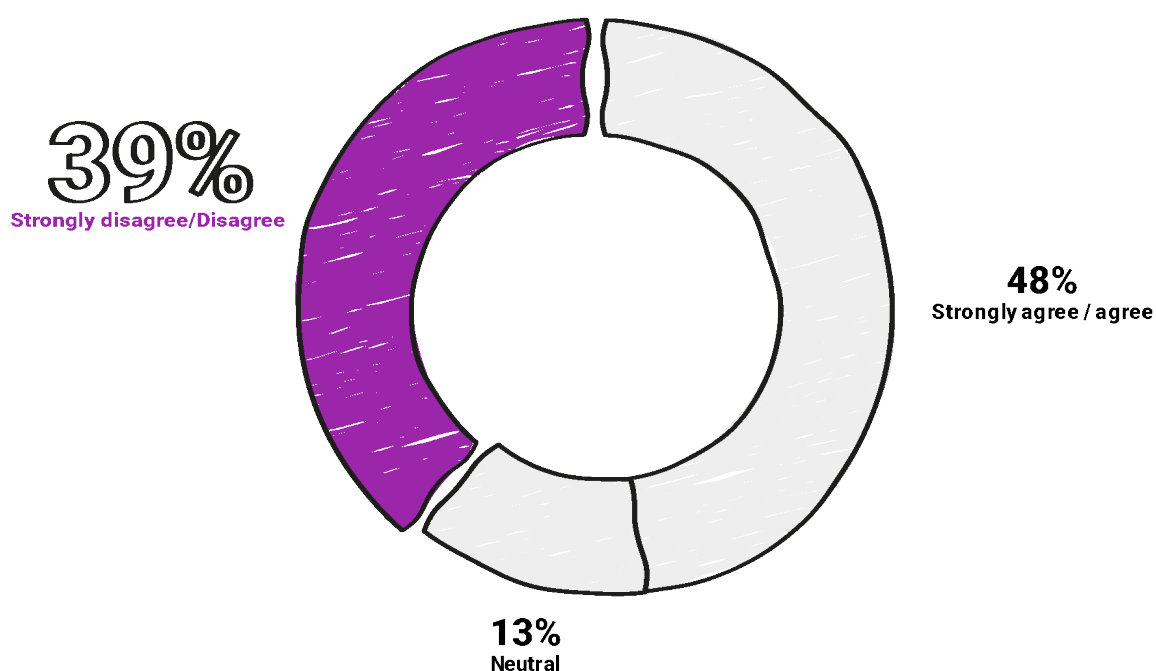
It's a situation which does provide clear opportunities for those companies that address this skills gap through continuous training and upskilling. These firms, which can acquire and deploy technology more effectively, can gain a vital competitive advantage.

Talent shortages also offer opportunities for agencies to fill gaps in technical knowledge, and to manage martech initiatives.

Agencies have been upgrading their martech capabilities in recent years, acquiring digital marketing agencies and setting up martech centres of excellence to better serve the needs of their clients.

Ultimately, the solution to skills shortages is training. The market needs more people with the required technical knowledge and skills to work with martech. Training can directly address this need. Companies that lack these skills can train existing staff while marketers looking to improve their career prospects need to keep upgrading.

To what extent do you agree with this statement: 'Our organisation / our typical client has the internal skills and talent needed to capitalise on the marketing technology investment'.





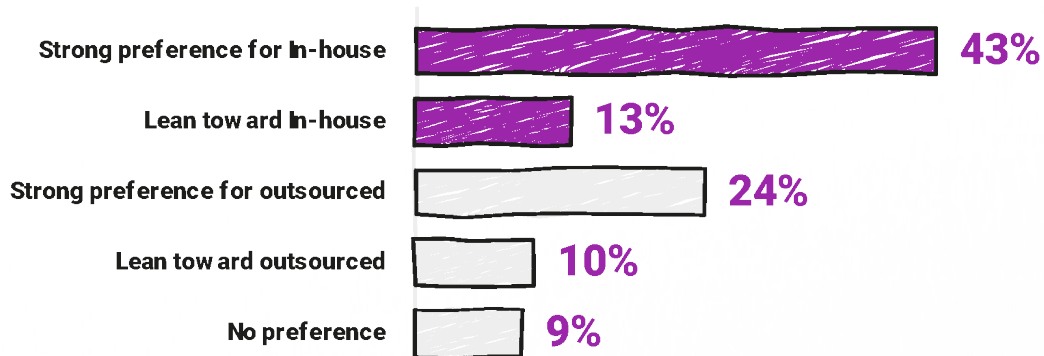
It's tougher than ever to find great talent in martech and marketing operations. There is just a complete imbalance between supply and demand.

“

Laura Merten

Martech Solutions Architect,
Hogarth Worldwide (WPP)

**How would you describe your organisation's /
your typical client's approach to martech talent?**

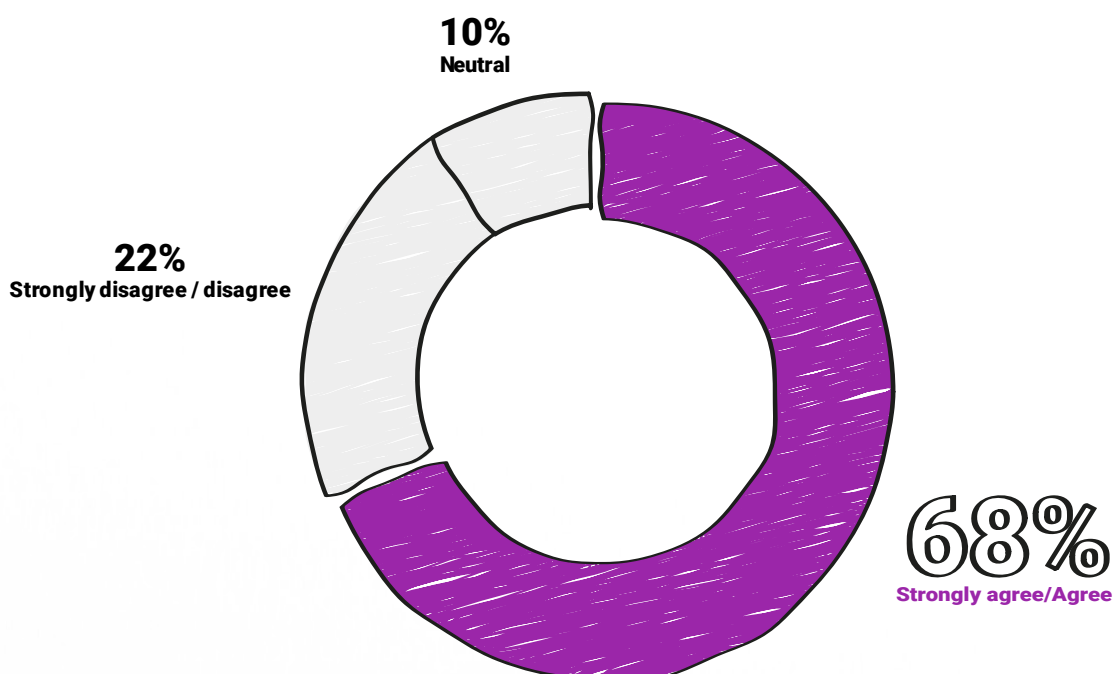


A majority of our respondents (almost 56%) either lean towards or express a strong preference for using in-house martech talent. However, the number of respondents expressing a preference for outsourced has increased by around 4%.

The interesting finding here is that opinions on this issue seem to have hardened since last year's survey, with more respondents expressing a strong preference for either in-house (43%) or outsourcing (24%) of martech talent.

While organisations may lean towards in-house, finding the necessary talent remains a challenge, with 68% of respondents agreeing that the market lacks marketers with the necessary skills and knowledge.

To what extent do you agree with this statement: 'When recruiting for talent to work in martech/marketing operations we find it challenging. The market is lacking marketers with the necessary martech, data or marketing operations skills and knowledge'.



Who controls martech? IT or marketing?

Selecting, implementing and managing martech has traditionally involved a tug of war between marketers and IT.

The technical expertise of IT departments has meant that decisions around technology have often fallen to them, but it's marketing teams that use the tools day to day, and are looking for the technology to create great experiences and achieve their targets.

This scenario can result in inefficiencies. Sometimes the IT-managed process of choosing and onboarding new tech can be too slow for marketers, who often acquire their own tools to speed up campaigns and fill gaps in the funnels. This is often referred to as 'shadow IT'.

Our data finds that CMOs seem to be losing some ground to the IT department. The number of companies where martech is fully controlled by IT has risen by around 4%, while fewer firms than last year have martech mostly managed by marketing in collaboration with IT.

It's this collaboration which is the best long-term approach to the issue, and this is the approach taken by 40% of companies.

In reality, marketing and IT share common goals - the effective management of the tech stack, effective integration between different tools, and the ability to use technology to collaborate across teams.

Marketers should be included in the decision-making process, rather than simply handed an IT-selected suite of tools to work with.

Marketers are using this technology day to day, they have greater awareness of customer behaviour and expectations, and are closest to the workflow for creating customer experiences. For this reason, marketers should have a strong voice in the selection and management of martech tools.

Meanwhile, IT tends to have a greater understanding of the existing technology infrastructure, and can recognise the challenges to look out for when selecting and onboarding tech - integration and other operational challenges.



Kerry Dawes
Technical Director
at Digitas UK

Responsibility for Martech strategy shouldn't just sit in with one team, whether this is IT or marketing. It straddles both, and organisations need a number of roles working together to produce results, and this includes other teams around the business.

“

The need for collaboration makes the role of the marketing technologist / marketing operations professional more and more important.

This role - which is close enough to the marketing strategy but technical enough to speak the language the tech team understands is a critical one.

However, every marketer should still be looking to improve their martech knowledge and skills, so they understand the tech

they're using, can make the most of it, and can be involved in decision-making.

With skills shortages in the market, organisations also need to invest in martech training to overcome these barriers and upskill marketers so the tech they invest in produces results.



I've seen a shift in who controls martech investments, from an IT cost focus towards decisions being driven more by marketing and business value.

“

Henk-jan ter Brugge
Global Marketing &
E-Commerce and Business
Partner Growth Digital
Platforms, Philips

How would you describe your organisation's / your typical client's split of responsibility for managing martech between IT and marketing?

	Year	
	2021	2022
Even split of responsibility, Marketing and IT collaborate closely	41%	40%
Mostly managed by IT with some collaboration with marketing	24%	25%
Mostly managed by marketing with some collaboration with IT	25%	21%
Managed by marketing entirely	9%	8%
Managed by IT entirely	1%	5%

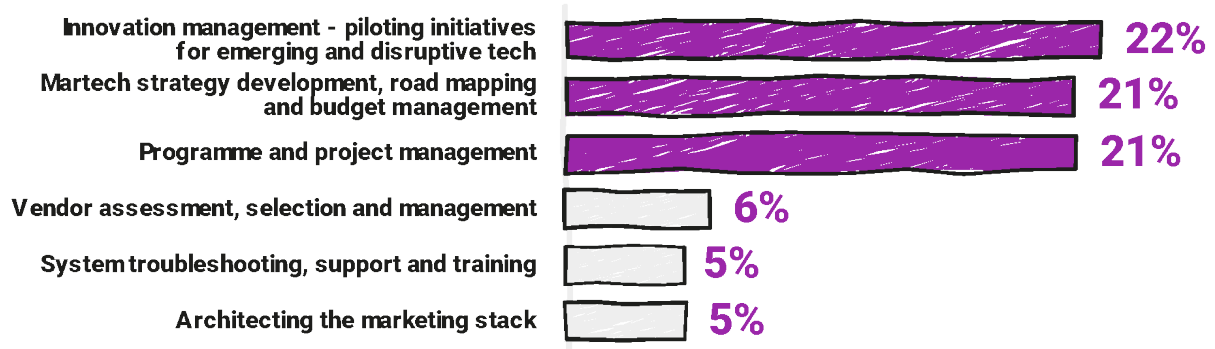
04 2023 Unpacked

The martech landscape is changing rapidly, with new tech solutions constantly coming into the market. Tech that was previously considered innovative or experimental is reaching the point where it reliably delivers a return on investment and has become essential for companies to remain competitive.

Innovation management becomes a key focus for marketers

Innovation management is high on the agenda for marketers. Almost 22% of respondents place piloting initiatives for emerging and disruptive tech as their key focus for the coming 12 months.

Which of the following martech functions is your organisation / your typical client focused on advancing in the next 12 months?



In last year's report, just over 4% of respondents saw this as a key focus, which perhaps reflects the increased attention paid to the metaverse by major tech giants, and the

explosion in interest around NFTs, which peaked in January 2022.

We also see more companies planning to use Metaverse related tech, with 46.5% currently using this to drive marketing strategy, compared to 23% in 2021.

While there may be some element of marketers being attracted to shiny new tools, when tech giants including Meta (Facebook), Microsoft and Apple, as well as brands such as Nike, Coca-Cola, and Gucci are investing in the metaverse, marketers do need to at least keep a watching brief on the potential of this new space.

As we move into 2023, it will be interesting to see how this plays out. Will initiatives around the metaverse and related tech come to fruition, or will they be deferred due to an economic downturn?

Marketers focus on essentials

The other two main areas of focus for marketers reflect the need to focus on some of the key business essentials, making sure martech strategy is properly planned, and ensuring projects are managed effectively.

21% of CMOs chose martech strategy development, road mapping, and budget management as an important focus. This is important to ensure that organisations use tech effectively for the best results in terms of ROI.

In more difficult economic times, the need to focus on basic principles become more important, so this is to be expected. We've seen demand for our courses and LXA MBA in Martech, which covers the planning and strategy needed to manage martech, and much more.

Programme and project management has become much more important in the past year, with 21% of respondents focused on this function in the coming year. This has jumped from 4% in last year's report.

This again reflects the tougher economic climate, and the need to ensure projects stay on time and within budget.

“

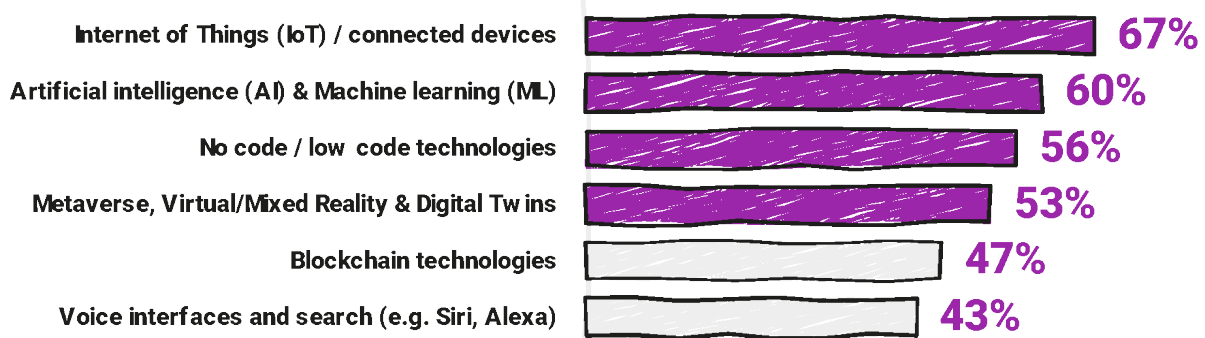
Lower budgets will mean more efficiency, so there'll be a bit of a reset, and pressure on contract costs. I have been preaching this many times, but as you mature as an organisation, you will see decentralised ad hoc tech planning becoming more centralised. Investments will be made into what really makes a value based impact.

Henk-jan ter Brugge, Global Marketing & E-Commerce and Business Partner Growth Digital Platforms, Philips.

05 Which emerging and disruptive technologies are marketers focusing on?

We asked marketers about the emerging tech they're currently using to drive marketing strategy, and the tech they're planning to use over the next 12 months.

Which of the following emerging and disruptive technologies is your organisation / your typical client planning to use to drive the marketing strategy in the next 12 months?



Internet of things (IoT) & connected devices

72% of CMOs are currently using IoT with 67% planning to double down on this tech in the next 12 months.

IoT adoption has risen rapidly in recent years, and the number of global cellular Internet of Things (IoT) connections grew by 22% over the past year, while it is predicted that 4.3bn IoT devices will be connected worldwide by 2026.⁽³²⁾

This technology has a wide range of use cases across different sectors.

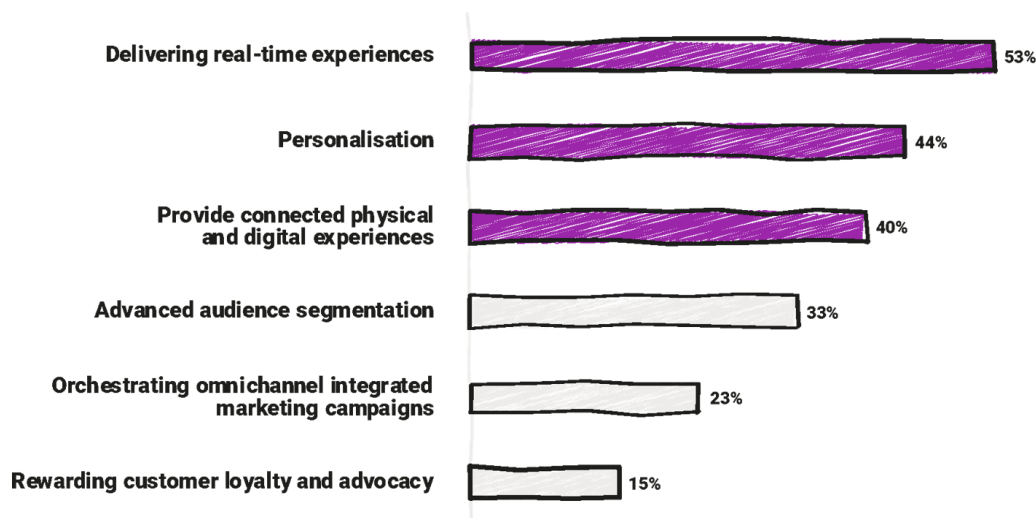
Automotive brands such as Volkswagen provide IoT apps to help customers monitor the use of their cars. IoT can provide predictive maintenance, increased vehicle security, and allow easy software updates.

In gaming, IoT helps to add a social element to gaming, and the use of VR and AR headsets adds an extra dimension through the use of motion control.

IoT has added gamification in areas like fitness, through apps such as Strava for athletes and cyclists, while wearable trackers allow people to monitor fitness and measure performance.

The move to a hybrid world means CMOs need to bridge the gap between physical and digital, to be present where customers are, and to provide great customer experiences. Indeed, our State of CX report 2022 found that providing connected experiences was a key focus for marketers in the year ahead.⁽³⁰⁾

Which of the following customer experience initiatives are you focused on achieving in the next 12 months?



Artificial intelligence (AI) & Machine learning (ML)

60% of marketers will use AI and ML to drive their marketing in the next 12 months. As the capabilities of this tech increase, it's becoming more widely used by marketers.

As costs reduce, this tech is becoming more accessible, as well as more mainstream. It's a key capability which is now baked into many existing tech tools - CDPs, MAPs, DAMs and many other core martech tools use AI to automate and enhance capabilities.

AI has been making headlines over the past couple of years. Generative AI is attracting attention, thanks in part to the image generator DALL-E 2, which has 1.5m users creating more than 2m images every day.⁽³³⁾

The use of AI for creative tasks such as painting and writing has also attracted attention, with many of these uses having potential from a marketing perspective.

With so many varied use cases, and its importance for carrying out personalisation at scale, and the efficiencies it creates, it's no surprise that AI and ML is a key area of focus for CMOs.

No Code / Low Code becomes a key martech capability

No code/Low code is one of the emerging and disruptive technologies currently being used by 58% of respondents, with 56% planning to use it to drive marketing strategy next year.

It's a pattern we've seen, which is why we've developed an online learning course to equip marketing operations professionals with no-code programming skills.

No code/low code refers less to specific pieces of technology, and more to a capability which exists across different types of martech solutions, which makes it easier for non-technical people to create digital solutions. It can turn marketers into marketing makers, empowered business users who create new or change existing business applications without the need to involve IT colleagues.

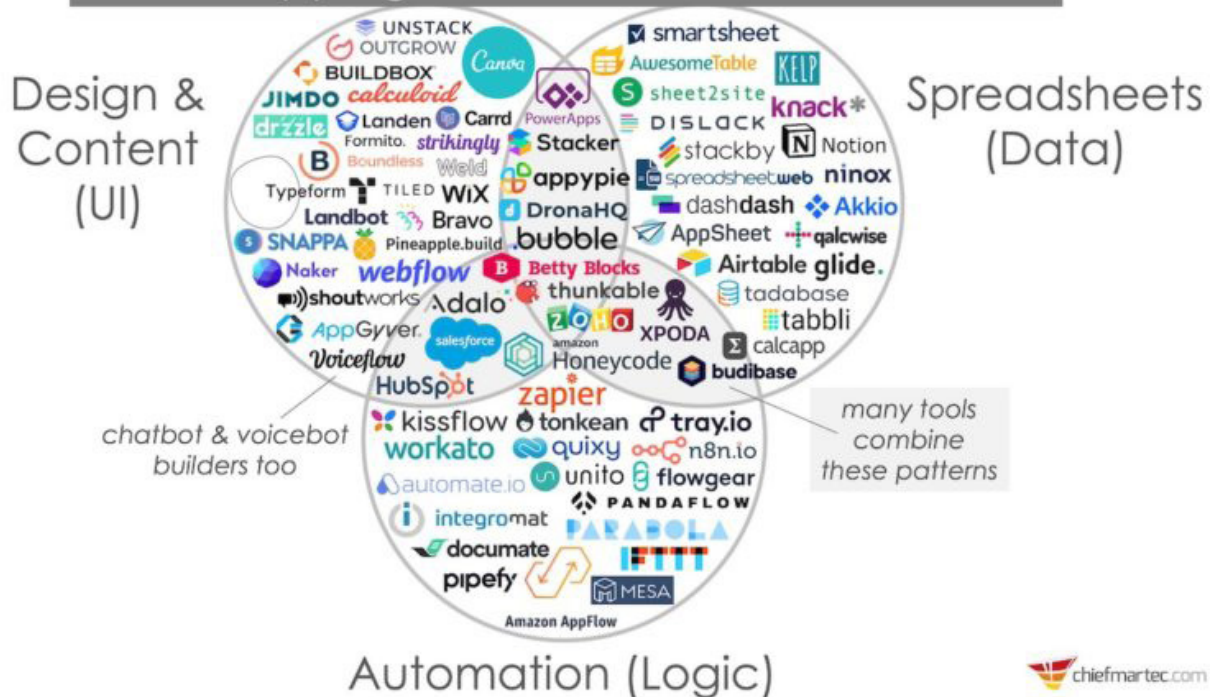
Low code tools have existed for some time, but the increased development of such capabilities is becoming more commonplace.

It could refer to technology such as email marketing platforms, which allow marketers to build and design email campaigns using drag and drop. Or a CMS such as Hubspot which allows marketers to create web pages without any understanding of HTML or CSS.

It also refers to the low code tools which require some technical knowledge, but allow marketers and marketing operations teams to create more sophisticated apps, develop websites and create better customer experiences.

As Scott Brinker's early no code landscape shows, many no code/low code tools fall into three main categories - design & content, data, and automation.⁽³⁴⁾

3 Overlapping Patterns of “No Code” Tools



chiefmartec.com

Low code/no code is an exciting prospect for marketers as it means that any kind of business user can create applications to make their jobs more efficient and effective. So, for marketers, it's an opportunity to bypass the tech team and speed up projects.

Essentially, marketing ideas no longer need to be limited by a lack of technical resources.

Equally, vendor-based systems don't always align with existing workflows. While it might be possible to configure systems, sometimes it can be easier to change the organisation to suit the system, rather than vice-versa.

The essence of 'no code' is about empowering people to do things that previously were limited to specialists. Marketers are already using no-code tools across the full spectrum of marketing operations.

Scott Brinker, VP Platform Ecosystem at HubSpot and Editor at chiefmartec.com

Metaverse, Virtual/Mixed Reality & Digital Twins

57% of CMOs will use Metaverse, Virtual/Mixed Reality & Digital Twins tech to drive strategy in the next year.

With coverage around this technology peaking in the past year, and Facebook's transition into Meta, it's natural that marketers will turn their attention in this direction.

We've seen some major brands making metaverse-related moves. Nike launched Nikeland, a branded virtual interactive space on Roblox. This was a blend of sales, marketing and gaming, a virtual showroom where people could dress avatars in Nike gear.

Other brands, including Coca-Cola, Adidas and Gucci have also been experimenting in this area. Agencies too, are preparing for the metaverse by building their capabilities up. For example, WPP has created the Metaverse Foundry to help brands design metaverse experiences.⁽³⁵⁾

Apple is rumoured to have a number of teams secretly working on VR and AR projects, with further speculation that the company will release its own VR headset in 2023.⁽³⁶⁾

A new headset could help to raise adoption and awareness among consumers, but it's unlikely to solve one key barrier to metaverse engagement, the price of headsets.⁽³⁷⁾

We're currently at the phase where the metaverse is an interesting area for brands to try new ideas, and there's much optimism about its potential. However, with this potential yet to be proven, will marketers change their focus over the next 12 months?

06 Martech shopping

In this section, we look at some of the major martech tools organisations have been adding to their marketing stacks, and those tech tools which are planned for the next six months.

CMOs are adding or upgrading six tools per year

Our survey results show that people are buying or upgrading an average of six martech tools. The percentage of respondents adding, or planning to add, major martech tools to their stack is higher than in 2021, which also suggests they're buying more.

More marketers are adding tech such as digital commerce platforms, DXPs, Marketing Analytics platforms, CDPs and more.

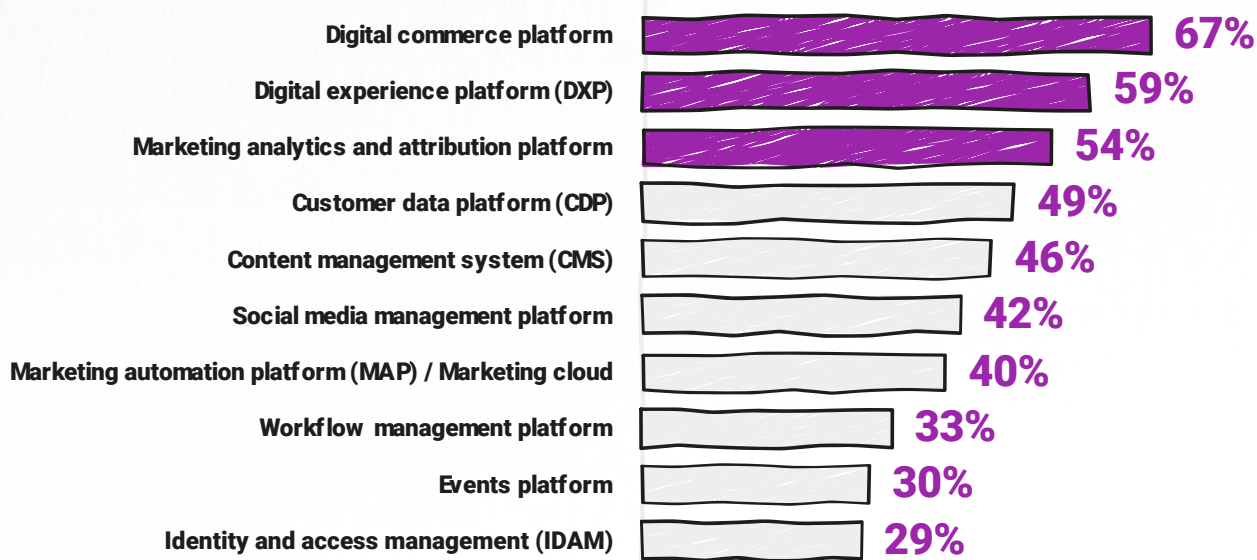
On average, marketers have added or upgraded six new pieces of software to their stacks in the past 12 months, with a similar number of tools planned over the next 12 months. It's likely that at least some of these additions are replacements for outdated martech, not simply the addition of brand new capabilities to the marketing stack.

The top 10 tools CMOs are shopping for in 2023

Regular upgrades and additions to the marketing stack require careful planning and should be acquired with key business

goals in mind. With CMOs adding an average of six of the top 10 tools, it's useful to look at from the perspective of the business use for tech.

Which major martech tools does your organisation / your typical client plan to add to the marketing stack in the next 12 months?



Looking at some of the most common issues we've heard from our community recently, we can look at how marketers are acquiring tech to solve business issues and unlock opportunities.



Ways of working

The pandemic changed the way we work forever, and we're now in a new hybrid world of work. In the UK, 24% of people were working hybridly in May 2022, and 14% remotely.⁽³⁸⁾

Organisations need to adapt ways of working to suit this, and workflow management platforms provide the tools for companies to improve efficiency, increase productivity, and incorporate distributed teams through more effective planning and management of processes.

33% of CMOs are planning to add or replace workflow management platforms in 2023, an increase of 12% on last year.



Data

There is now more data than ever for marketers. Companies are naturally acquiring more data, and so the volume and variety of data points expand rapidly.

This presents a challenge as the volume of data expands, but also an opportunity to use this data to improve the customer experiences and drive better business results.

Currently, it's fair to say that many organisations could use data more effectively to gain insight and improve execution, and they're choosing the tech that can help them do this.

54% are adding or upgrading their marketing analytics and attribution platforms, an increase of 10% on last year's survey.

In addition, 49% of marketers plan to add a Customer Data Platform (CDP) to their stack in 2023, a 29% increase on last year.

Organisations are increasingly using CDPs as they offer a solution to data related issues for many businesses, bringing data together from disparate sources and enabling marketers to use it more effectively.

61% of respondents to our State of CX 2022 report said CDPs were 'key to realising their customer experience vision', which explains the increased focus on this technology.⁽³⁰⁾



Insights

Keeping up with changing customer behaviour, and understanding user intent is another key issue for marketers. It's these insights which ensure the right actions, content and messaging are served to customers.

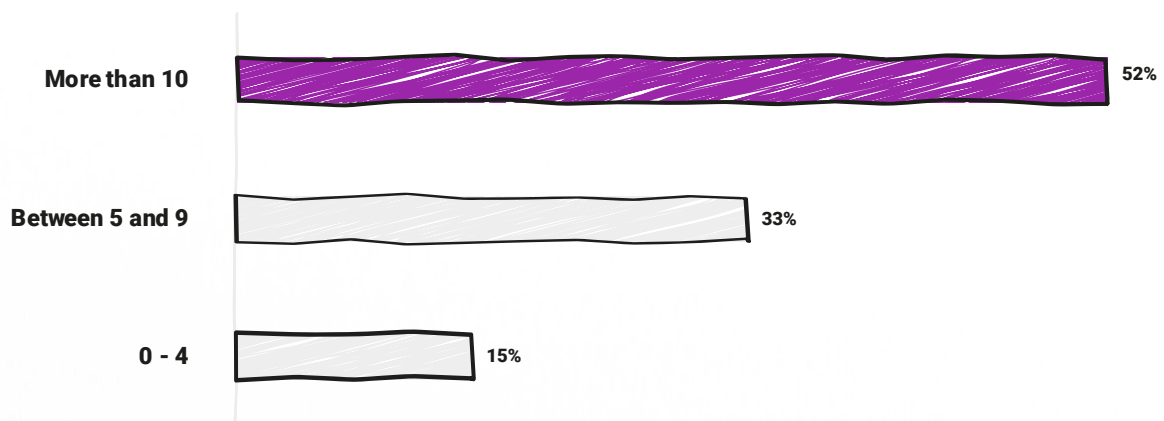
Marketing analytics and attribution platforms enable marketers to understand customer behaviour across their websites, apps and other digital channels, while social media management tools, added by 42% of CMOs, allow insights into changing customer behaviour.



Execution

This set of martech tools help marketers to understand and orchestrate customer journeys, and aid conversion. As we found in our State of CX 2022 report, organisations are using more and more channels to engage with customers, with a majority using more than ten. ⁽³⁰⁾

How many marketing and sales channels are you using to engage with your customers?



So we see 69% of CMOs adding or upgrading a digital commerce platform, in the latter case this may be replatforming to add extra capabilities to drive more conversions.

40% have added marketing automation platforms, and we can also add social platforms and CDPs into this category. These help marketers to gather and take actions based on customer data, by sending messaging related to customer actions for example.



Customer experience

Delivering a richer CX is more important than ever, and marketing technology is central to improving this experience.

59% of CMOs are adding or upgrading a digital experience platform (DXP), which helps them to provide optimised experiences across multiple channels, identity and access management tools (IDAM) which are used to provide a more seamless experience for users.

CDPs also play a key role in providing excellent customer experience, helping organisations to capture customer attributes and interactions across channels, and to develop a single customer view.

Using this single customer view, marketers can provide integrated and contextualised communications to send the right message at the right time to the right person.

We can also see an increase in interest around events platforms, with 30% of CMOs adding one to their stacks, a 10% rise year on year. There has been a reduction in digital and a move to more physical events as the pandemic lifts and people are back in-person.

This, coupled with remote working, means events represent an even more important part of bringing communities together. And an even greater importance in the marketing mix. Whether digital, physical, or hybrid events, tech platforms are key to delivering a great CX.

07 Measurement of martech ROI

Measurement of ROI takes a number of forms, with businesses tending to measure martech investments based on broad metrics.

“

There is no specific and accurate measure of martech effectiveness outside of whether that platform is enabling a solution or capability for many of our clients.

Henk-jan ter Brugge, Global Marketing & E-Commerce and Business Partner Growth Digital Platforms, Philips.

The majority of organisations are measuring martech in terms of reduced costs / increased ROI (48.5%) or improvements to the customer experience, sometimes measured via NPS scores (41%).

Other measures of martech may relate to specific campaigns, where several martech tools may be used to achieve specific goals.

Companies often have very category specific measurement of martech - measurement for email or direct marketing campaigns. Marketers will show results based on the specific use cases for each tool, number of conversions/ leads, rather than having one overarching approach to measuring ROI.

“



Michael Klazema
Chief Marketing
Technologist / Director at
EY Consulting

There are challenges in measuring the effectiveness of specific martech tools, as they tend to be used in conjunction with others. This makes it difficult to isolate the effects of one particular piece of tech.

It's not easy to tie the final advertising metrics back to the impact that a piece of technology has on the same campaign. The simplest form of measurement comes in cost, where our client's take a view of the overall costs saved using martech, and the increased accuracy this has on campaigns. In other words, providing the advertising ROAS increases and the cost per acquisition of a consumer or piece of data reduces by a set amount, the martech platform used to achieve this is deemed to be a success. This is a rudimentary way of gauging success, or effectiveness, but cost vs return remains one of the simplest forms of measurement at present.

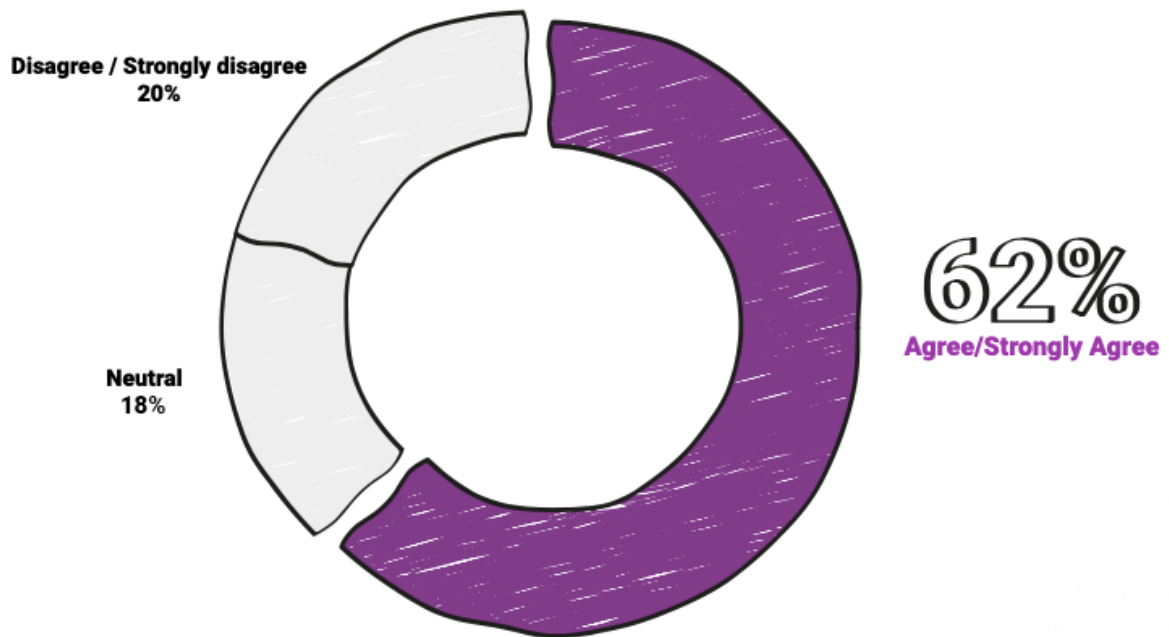
“



Chris Packman
Head of Audience Strategy,
APAC, GroupM

However martech is measured, marketers are confident in their ability to form a clear and accurate picture of martech effectiveness.

To what extent do you agree with the statement: 'We have a clear and accurate measure of martech effectiveness on our business.'



62% are confident that they can measure martech effectiveness, while 20% lack a clear and accurate measure of this.

In the current climate it will be interesting to see if the ability to clearly measure martech results in budgets being justified and therefore protected or increased in tough times.

While markers may be able to broadly measure the overall impact of technology, it may be necessary to find ways to assess and therefore justify the addition of specific martech tools.

08 Summary

This report finds a martech sector that still has plenty of room for growth, but has also changed to adapt to different economic conditions. M&A activity and investment in the sector has flatlined or fallen after several years of growth, and companies have had to adapt growth strategies, moving from growth at all costs to focus on capital efficiency.

That said, martech remains central to marketing strategy, and is key to adapt to changing customer behaviour, so the market will continue to grow with a more efficient approach.

CMOs see marketing technology is key to strategy, and are expecting budgets to increase in 2023, which represents confidence in the ability of tech to help them deliver excellent customer experience.

A key theme again this year has been the battle for martech talent. Companies find it hard to recruit people with the necessary skills and knowledge around martech, and this in turn can hold companies back from reaching higher levels of martech maturity.

Some are turning to agencies to fill these skills gaps, but with a preference for in-house expressed by our respondents, the long-term solution is to invest in training teams and giving them the skills they need.

09 Citations

- 1** Source: LUMA: 'Q3 2022 Market Report', lumapartners.com, October 2022. (<https://lumapartners.com/content/presentations/q3-2022-market-report/>)
- 2** Source: Dan Taylor: 'Gnosis Safe drops the Gnosis, picks up \$100 million in venture round', tech.eu, July 15, 2022. (<https://tech.eu/2022/07/15/gnosis-safe-drops-the-gnosis-picks-up-100-million-in-venture-round/>)
- 3** Source: Patricia Allen: 'Austrian startup Storyblok picks up €44.8 million to make headless CMS the new market standard', EU Startups, May 17, 2022. (<https://www.eu-startups.com/2022/05/austrian-startup-storyblok-picks-up-e44-8-million-to-make-headless-cms-the-new-market-standard/>)
- 4** Source: Khyathi Dalal: 'Bloomreach valuation surges to \$2.2B post \$175M investment led by Goldman Sachs', Seeking Alpha, February 23, 2022. (<https://seekingalpha.com/news/3804174-bloomreach-valuation-surges-to-22b-post-175m-investment-led-by-goldman-sachs>)
- 5** Source: Graham Charlton, 'Elon Musk buys Twitter for \$44bn', LXA, 25 April, 2022. (<https://www.lxahub.com/stories/elon-musk-buys-twitter-for-44bn>)
- 6** Source: Robert Lavine: 'Braze breaches public markets in \$520m IPO', Global Venturing, November 8, 2021. (<https://globalventuring.com/corporate/braze-breaches-public-markets-in-520m-ipo/>)
- 7** Source: PRNewswire: 'Zeta Announces Pricing of its Initial Public Offering', PRNewswire, June 9, 2021. (<https://www.prnewswire.com/news-releases/zeta-announces-pricing-of-its-initial-public-offering-301309668.html>)
- 8** Source: Jordan Novet: 'Amplitude's direct listing is at least the sixth this year as the IPO alternative gains traction in tech', CNBC, September 28, 2021. (<https://www.cnbc.com/2021/09/28/amplitude-starts-trading-on-nasdaq-in-direct-listing.html>)

- 9** Source: Adrian Pennington: 'Kaltura Valued at \$1.24 Billion After IPO', Streaming Media, July 22, 2021. (<https://www.streamingmedia.com/Articles/ReadArticle.aspx?ArticleID=148100>)
- 10** Source: Sitecore, 'Sitecore Embarks on \$1.2B Investment Plan to Accelerate Growth', Sitecore, January 19, 2021. (https://www.sitecore.com/company/news-events/press-releases/2021/01/sitecore-embarks-on-1_2b-investment-plan-to-accelerate-growth)
- 11** Source: UKTN: 'MessageBird raises largest Series C in Europe', UKTN, 28 April, 2021. (<https://www.uktech.news/featured/messagebird-raises-largest-series-c-in-europe-at-1b-twilio-rival-acquires-us-based-sparkpost-20210428>)
- 12** Source: Onetrust: 'OneTrust Extends Series C Funding Round', April 8, 2021. (<https://www.onetrust.com/news/onetrust-extends-series-c-softbank-franklin-templeton/>)
- 13** Source: Jeff Lawson: 'Twilio Acquires Segment, the Market-leading Customer Data Platform', 2 November, 2020. (<https://www.twilio.com/blog/twilio-acquires-segment>)
- 14** Source: Adobe, 'Adobe to acquire Figma', adobe.com, September 15, 2022. (<https://news.adobe.com/news/news-details/2022/Adobe-to-Acquire-Figma/default.aspx>)
- 15** Source: Marian McHugh: 'Citrix acquires work management platform for \$2bn', Channel Web, 19 January, 2021. (<https://www.channelweb.co.uk/news/4026008/citrix-acquires-management-platform-usd2bn>)
- 16** Source: Adam Clarke, 'Why is accounting giant Intuit buying Mailchimp?' 15 September, 2021. (<https://www.lxahub.com/stories/why-is-accounting-giant-intuit-buying-mailchimp>)
- 17** Source: Dmytro Spilka, 'Sprinklr's \$361 Million IPO Shows That The Future of Shopping Remains Online After The Pandemic', Finextra, June 21, 2021. (<https://www.finextra.com/blogposting/20489/sprinklrs-361-million-ipo-shows-that-the-future-of-shopping-remains-online-after-the-pandemic>)
- 18** Source: Slack, 'Salesforce completes acquisition of Slack', 21 July, 2021. (<https://slack.com/intl/en-gb/blog/news/salesforce-completes-acquisition-of-slack>)
- 19** Source: Drift, 'Drift acquires Vista', Drift, September 1, 2021. (<https://www.drift.com/press-releases/drift-vista-equity-partners-investment/>)
- 20** Source: Natalie Severino, 'ZoomInfo acquires Chorus.ai', ZoomInfo, July 13, 2021. (<https://www.chorus.ai/blog/zoominfo-to-acquire-chorus-ai>)
- 21** Source: Michael Rodriguez, 'Seismic raises \$170m', DemandGen Report, August 17, 2021. (<https://www.demandgenreport.com/features/news-briefs/seismic-raises-170m-acquires-lessonly-to-enhance-sales-enablement-training>)

- 22** Source: Sophie Kunthara, SalesLoft raises \$100m', January 6, 2021. (<https://news.crunchbase.com/startups/salesloft-raises-100m-reaching-1-1b-valuation/>)
- 23** Source: Finsmes, 'Outreach raises \$200m in Series G', Finsmes, June 2, 2021. (<https://www.finsmes.com/2021/06/outreach-raises-200m-in-series-g-valued-at-4-4-billion.html>)
- 24** Source: PRNewswire, 'Lusha Reaches \$1.5 Billion Valuation', PRNewswire, November 10, 2021. (<https://www.prnewswire.com/news-releases/lusha-reaches-1-5-billion-valuation-with-205-million-funding-to-build-the-largest-crowd-sourced-data-community-for-salespeople-301420862.html>)
- 25** Source: Gong, 'Gong raises \$250m', Gong, June 3, 2021. (<https://www.gong.io/press/gong-raises-250-million-in-series-e-funding-at-7-25-billion-valuation/>)
- 26** Source: 6sense, '6sense Announces \$200 Million Series E Round, Increasing Valuation to \$5.2 Billion' 6sense, January 20, 2022. (<https://6sense.com/resources/series-e/6sense-announces-200-million-series-e-round-increasing-valuation-to-5-2-billion>)
- 27** Source: Olivier Feldman 'Cognism lève \$87M pour s'étendre en Europe et aux USA', BtoB Leaders, January 26, 2022. (<https://www.btob-leaders.com/sales-intelligence-cognism-leve-87m-pour-setendre-en-europe-et-aux-usa/>)
- 28** Source: Mindtickle, 'Mindtickle raises an additional \$100m', Mindtickle, August 5, 2021. (<https://www.mindtickle.com/news/mindtickle-raises-an-additional-100-million-led-by-softbank-vision-fund-2/>)
- 29** Source: Highspot, 'Highspot Closes \$248 Million Series F Round to Accelerate Growth and Product Innovation', Highspot, 13 January, 2022. (<https://www.highspot.com/en-gb/blog/highspot-closes-248-million-series-f-round-to-accelerate-growth-and-product-innovation/>)
- 30** Source: LXA, 'The State of CX 2022', LXA, June 2022. (<https://www.lxahub.com/ebook/the-state-of-customer-experience-cx-2022>)
- 31** Source: Scott Brinker, 'Martech Landscape 2022', chiefmartec.com, May, 2022. (<https://chiefmartec.com/2022/05/marketing-technology-landscape-2022-search-9932-solutions-on-martechmap-com/>)
- 32** Source: Richard Hook, 'IoT Connections Continue to Rapidly Rise', 18 July, 2022, Land Mobile. (<https://www.landmobile.co.uk/news/iot-connections-continue-to-rapidly-rise/>.)
- 33** Source: Kevin Roose 'A Coming-Out Party for Generative A.I., Silicon Valley's New Craze', New York Times, October 20, 2022. (<https://www.nytimes.com/2022/10/21/technology/generative-ai.html>)

34 Source: Scott Brinker, '3 overlapping patterns of "no code" martech and the rise of marketing makers', chiefmartec.com, August, 2020. (<https://chiefmartec.com/2020/08/3-overlapping-patterns-code-martech-rise-marketing-makers/>)

35 Source: Campaign, 'WPP launches The Metaverse Foundry', Campaign, February 24, 2022. (<https://www.campaignasia.com/article/wpp-launches-the-metaverse-foundry/476071>)

36 Source: MacRumors, 'Apple Glasses', MacRumors, October 14, 2022. (<https://www.macrumors.com/roundup/apple-glasses/>)

37 Source, Erum Ahmed, 'Consumers want cheaper VR tech before entering the metaverse', Insider Intelligence, April 18, 2022. (<https://www.insiderintelligence.com/content/consumers-want-cheaper-vr-tech-before-entering-metaverse>)

38 Source: Office for National Statistics, 'Is Hybrid Working Here to Stay?', ONS, May 23, 2022. (<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/ishybridworkingheretostay/>)

10 About LXA

LXA is an education business focused on the MarTech, SalesTech & NextTech space. The LXA delivers modern learning experiences through the LXA MBA Series Membership: events, courses and resources.

You and your team can customise your journey with a blend of digital, formal and informal, self-led, instructor-led & community-based learning.

LXA MBA courses are mini-MBA 6-week programmes designed for ambitious busy marketing, sales and tech professionals like you. The LXA MBA series membership provides the essential learning to build your skills, knowledge and network in rapid time at an affordable price.

Through our courses, a wide range of best practice reports and buyers' guides, and the most unique and valuable events in the industry, you can build the skills you need to stand out, to advance your career, and make a difference to business performance.

Head to <https://lxahub.com/> to find out more.

11 LXA Team



Carlos Doughty
CEO and Course Instructor



Richard Nolan
COO



Graham Charlton
Head of Content



Rachael Smith
Director



LXAhub.com