Adjusting Your Account-Based Marketing Program in an Economic Downturn

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Account-based marketing is an important go-to-market strategy for technology and service providers. During challenging economic times, product marketers should maintain proper investments in data and channel mix to drive ongoing engagement and continued program success.

Data Snapshot

Figure 1: Sales and Marketing Channels Used for ABM Programs by Pipeline Lift

Sales and Marketing Channels used for ABM – by ABM Lift
Percentage of respondents. Multiple responses allowed.

When asked to make cuts, technology marketing teams should consider reducing the scale of their ABM program, targeting fewer accounts,
limiting use cases or narrowing geographies, rather than cutting back on the channel mix.

Data Insights

Respondents to the 2019 Gartner Product Marketing Benchmarks Survey with more than $50 million in revenue reported an average lift (or increase) to the pipeline of 13% from ABM programs, when compared with traditional demand generation and prospecting efforts. However, roughly 35% of the respondents saw pipeline lift of 15% or more.

When comparing those respondents with higher pipeline lift against those below it, the number of channels used differ. On average, respondents with more than 15% pipeline lift reported using 5.8 sales and market channels, compared to 4.7 channels for those below it. While the channel mix varied by organization, the incremental channel frequently represented an additional advertising option. Using enough channels creates a “multiplier effect” and advertising in particular has the benefit of greater reach, which can drive engagement early in the buying cycle and consensus later in the buying cycle.

What You Need to Do

Near-Term Actions

Maintain a Balanced Marketing Channel Mix When Facing Budget Cuts

In the same survey, 88% of respondents with over $50 million in revenue had deployed or were piloting ABM programs. During challenging economic times, marketing budgets typically come under pressure as technology and service providers (TSPs) look for areas to cut. Marketing programs, which, according to the Gartner 2019 Product Marketing Benchmarks Survey, account for 36% of the average marketing budget (see “Benchmark Marketing Investment and Allocation for Optimal Results”), and are often the greatest impact of initial cuts. In addition, ABM efforts are also likely to come under pressure for potential cost reduction.

First, consider focusing ABM programs around accounts that are currently showing signs of being in-market, either via anonymous first-party web engagement or third-party intent data (see “Emerging Technology Analysis: Leveraging Intent Data for Marketing and Demand Generation”). In general, buyers that are showing signs of being in-market are more likely to engage and move throughout the funnel and pipeline more quickly. However, if there is not enough traffic to your website or your solution category doesn’t easily match up to intent data topics or keywords, this may be more challenging.
In addition, there is a natural tendency to focus on lower-cost engagement channels in an effort to save money, yet solely cutting channels for the sake of cutting will dramatically impact performance. Therefore, you must be selective when making channel decisions. For example, as Figure 1 shows, respondents with the higher pipeline lift were more likely to leverage sales representatives or SDRs to send personalized emails, conduct social outreach and make phone calls than their counterparts reporting lower pipeline lift. These channels should absolutely remain part of the engagement strategy. But while these activities come without additional marginal cost, they are difficult to scale and lack the reach of other channels. An SDR can only contact individuals who can be readily identified from within their CRM systems or data intelligence for sales tools, and outreach is often limited to a finite number of contacts.

Therefore, as the technology marketer, you must balance the very direct, personalized channel outreach with other channels that have much broader reach. Advertising, whether via a social network such as LinkedIn or Facebook or through a display network, has significantly higher reach than any other type of channel. Technology marketers have the ability to scale ABM advertising to reach a wider set of roles and titles and individuals who aren't appearing in first-party or third-party data systems. This extends beyond sales representatives and SDR outreach, and it enables multichannel efforts, and therefore, repetition. When advertising is targeted to a set of accounts, particularly those showing signs of third-party intent, Gartner clients report they generally see higher amounts of web traffic from those accounts, both directly from the ads and via anonymous web visits. And they also frequently report greater engagement through additional channels, such as email or social outreach. This is the channel “multiplier effect,” which argues that the repetition of messages across each additional channel improves the performance of all other channels.

Even with a constrained budget, advertising can work. Social advertising networks often use a cost per click (CPC) approach. As a technology marketer, you can start out with a more modest budget (depending on the ability to generate enough impressions) and then increase it based on performance. Display networks generally operate on a cost per thousand impression (CPM) metric, but a reduction in accounts can help keep the overall number of impressions to a manageable level.

Longer-Term Actions

Optimize Long-Term Program Investments Based on Success Metrics

The length of economic cycles are often unpredictable, particularly when driven by global pandemics or other unprecedented situations. If the economic environment improves over the medium term, marketing (and, consequently, ABM budgets) will likely increase again.

Account-based marketing programs have been shown to result in significant improvements in pipeline growth. If economic uncertainty continues, these programs should remain a core element of marketing strategy. During this time, look to the results of your ABM program to guide expansion decisions. For example, if a broad channel mix is applied to a more narrow number of accounts, and you see favorable results, you should create a business justification to scale the number of
accounts. This is particularly true if the sales and marketing staff are in place to support this expansion.

In addition, targeting companies showing signs of intent is always ideal, but programs can still be successful using only ideal customer profile (ICP) and fit criteria. If you focused on a top-of-the-funnel program targeted at new logos, add back additional use cases, including upsell or opportunity pursuits, and consider additional geographies.

What You Need to Know
The results presented are based on the 2019 Gartner Product Marketing Benchmarks Survey, conducted online from August through November 2019 among 506 respondents in the U.S. and Canada (n = 378) and the U.K. (n = 128). Participating organizations were TSPs with annual revenue of $10 million or more and primary product offerings for software, services and (for the U.S. only) hardware. This document references the 375 respondents working in organizations with annual revenue of at least $50 million.

Respondents were required to have one of the following primary job functions/roles:

- CEO/president/founder
- Demand/lead generation
- Marketing leadership
- Sales leadership
- Web/digital social marketing
- Marketing operations/analytics

They were also required to have knowledge of the marketing budget and spend for the company or business unit and knowledge of the marketing campaign/programs. At the country level, quotas were established to guarantee a good distribution in terms of product offering and company size (revenue).

The survey was developed collaboratively by a team of Gartner analysts, and it was reviewed, tested and administered by Gartner's Research Data and Analytics team.

Recommended by the Authors

Benchmark Marketing Investment and Allocation for Optimal Results
Emerging Technology Analysis: Leveraging Intent Data for Marketing and Demand Generation
Drive Significant Lift From Your Account-Based Marketing Programs
Market Guide for Account-Based Marketing Platforms